

2016 ANNUAL REPORT



CONTENTS

MESSAGE FROM CHIEF EXECUTIVE OFFICER	1
FINANCIAL HIGHLIGHTS AND FINANCIAL RATIOS	3
COMPANY PROFILE	
Company History	4
Milestones	4
Mission and Vision	6
Business Relationship with Major Shareholder	6
Types of Business	7
Overseas Investment in Hotels and Resorts	12
Developments in 2016	13
Future Plans	13
Awards	16
INCOME STRUCTURE AND FINANCIAL ANALYSIS	
Income Structure	18
Explanation and Analysis by Management	20
ECONOMIC TRENDS : TOURISM IN THAILAND AND THE PHUKET MARKET	
Sales and Marketing	21
The Phuket Situation	22
Competition	23
Pricing Strategy	24
Three Year Outlook	24
CORPORATE SOCIAL RESPONSIBILITIES	25
EVENTS IN 2016	32
BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY	
Board of Directors	38
Management, Head of Group Internal Audit and Company Secretary of the Company	45
Details of Positions of Directors and Management	50
Information on the Directors of Subsidiaries	52
LAGUNA PHUKET MANAGEMENT TEAM	54
CORPORATE AND MANAGEMENT STRUCTURE	
General Information	57
Companies in which the Company's Shareholding Exceeds 10 percent	58
Corporate Structure	60
Major Shareholders	61
Management Structure	62
Method of Appointment and Removal of Directors as Included in the Company's Articles of Association	68
REMUNERATION	
Report of the Nomination and Remuneration Committee	69
Remuneration Policy	70
Remuneration and Other Benefits of the Directors during the Year 2016	71
Directors and Management's Remuneration	72
CORPORATE GOVERNANCE	73
SUPERVISION ON THE USE OF INSIDE INFORMATION	90
RISK FACTORS	91
PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS	93
LEGAL DISPUTE	100
REPORT OF THE AUDIT AND RISK COMMITTEE	102
OPINION OF THE AUDIT AND RISK COMMITTEE ON THE COMPANY'S INTERNAL CONTROL	104
OPINION OF THE BOARD OF DIRECTORS ON THE COMPANY'S INTERNAL CONTROL	105
BOARD OF DIRECTORS' RESPONSIBILITY FOR THE COMPANY'S FINANCIAL STATEMENTS	106
FINANCIAL REPORTS	
Independent Auditor's Report	108
Financial Statements	112
Notes to Consolidated Financial Statements	120
AUDITOR'S REMUNERATION	177
REFERENCES	178
BUSINESS LOCATIONS	179
FACILITIES	180
ABBREVIATIONS AND COMPANY NAME IN FULL	

MESSAGE FROM CHIEF EXECUTIVE OFFICER



Message from Chief Executive Officer

In 2016 we mourn with all Thai people on the passing of Thailand's beloved King Bhumibol Adulyadej. King Bhumibol was held in the highest esteem for his pivotal role in the development of modern Thailand. His Majesty's contributions to the happiness and livelihoods of the Thai people have been immeasurable, and he will continue to be the source of great wisdom and inspiration for many generations to come.

Both Phuket and Bangkok remain to be popular international holiday destinations despite Thailand's political issues over the years. In 2016 international tourist arrivals into Phuket and Bangkok through the airports increased 16 percent and 5 percent, respectively, over the prior year. Our 3 hotels were able to capitalize on this growth along with a renewed effort on sales and marketing to achieve a year-on-year combined revenue and profit improvement of 10 percent and 21 percent respectively.

Tourism in Phuket continues to be dominated by Chinese and Russian holiday makers and the 2 markets make up a major part of Banyan Tree Phuket and Angsana Laguna Phuket's room revenue in 2016. Phuket benefitted from a resurgence of the Russian market, which increased by 51 percent and this was largely due to the strengthening of the Ruble against the Thai Baht, and also more Russians selecting Phuket during the high season as a result of the political instability in the Middle East. Our hotels benefitted not only from more business from this source market but also from their preference of the higher room categories.

Banyan Tree Bangkok's rooms and food and beverage outlets continue to perform well with revenues improving by 10 percent and 7 percent respectively despite the decline in business during the mourning period of the late King Bhumibol Adulyadej. Overall revenue and profit of the hotel improved 8 percent and 9 percent, respectively, over the prior year (excluding extraordinary revenue in prior year).

On the property sales front, we successfully launched Angsana Beachfront Residences condominiums in December 2016. At the time of writing, all the 30 units valued at Baht 1,211 million had been reserved with a deposit (7 units and 23 units in 2016 and 2017 respectively). On the back of this successful launch, a further phase of 18-24 units will be released.

All-in-all, a total of 64 properties with a sales value of Baht 922 million was sold in the year. This represents an increase of 28 percent in the number of units sold as compared to 2015. At the end of January 2017 our property sales pipeline amounted to 86 units with a sales value of Baht 2,077 million which will be recognized in 2017-2019 barring any cancellations.

MESSAGE FROM CHIEF EXECUTIVE OFFICER

At Laguna Phuket, CSR is one of the pillars of our business philosophy and in 2016 we take pride to be awarded the ACE Award (American Chamber of Commerce's CSR Excellence Recognition) for our Greening Community Initiative that resulted in 25,000 mangrove saplings planted over the course of 10 years. In addition, Laguna Phuket also received the Thai-US Creative Partnership recognition and was the winner of the Ambassador's Award, a special award presented by the United States Ambassador to Thailand for outstanding CSR and contribution we have made to Thai social and economic development.

Laguna Phuket Associate Saving Cooperative (COOP) was awarded the 2016 Excellence Cooperative Award from the Phuket Vice Governor. The COOP is an important initiative which has helped us retain our talent by creating a work environment that supports associates to be more financially independent.

Laguna Phuket first started operations in 1987 with the opening of Dusit Thani Laguna Phuket (formerly known as Dusit Laguna Resort) and in 2017 Laguna Phuket will be celebrating its 30th Anniversary. A series of events have been lined up to commemorate this auspicious occasion.

As we partake in the anniversary celebrations, management is cognizant that the economic outlook in 2017 is uncertain at best and will hence focus on strengthening its core businesses and at the same time build up a strong balance sheet in preparation for any downturn in business or the global financial situation.



Mr. Ho KwonPing
Chief Executive Officer

FINANCIAL HIGHLIGHTS AND FINANCIAL RATIOS



Financial Highlights

(Unit : Million Baht)

Information from Consolidated Financial Statements	2016	2015	2014
Total Assets	20,725	20,091	18,714
Total Liabilities	8,040	8,416	7,306
Total Shareholders' Equity	12,685	11,675	11,408
Revenue from Hotel Operations	3,484	3,109	3,085
Revenue from Property Development Operations	1,306	2,348	804
Total Revenue	5,342	5,658	4,050
Operating Profit	751	527	228
Share of Gain (loss) from Investment in Associate	(49)	(45)	(36)
Finance Cost	(190)	(166)	(162)
Income Tax Expenses	(133)	(139)	(9)
Non-Controlling Interests of the Subsidiaries	(2)	(1)	(3)
Profit for the Year	377	176	18

Financial Ratios

Information from Consolidated Financial Statements	2016	2015	2014
Quick Ratio (Times)	0.50	0.51	0.26
Receivables Turnover (Times)	8.11	11.20	8.98
Accounts Payable Turnover (Times)	3.56	5.23	7.70
Return on Total Revenue (%)	7.12	3.10	0.45
Return on Total Equity (%)	3.12	1.52	0.16
Return on Total Assets (%)	1.89	0.90	0.10
Earnings Per Share (Baht)	2.28	1.05	0.11
Dividend Per Share (Baht)	0.38*	0.36	0.125
Net Asset Value Per Share (Baht)	76.10	70.04	68.44
Weighted Average Number of Ordinary Shares	166,682,701	166,682,701	166,682,701

* On 10 August 2016 the Board of Directors approved the interim dividend payment of Baht 0.12 per share. At the time of printing this report, the Board of Directors proposed the annual dividend of Baht 0.26 per share but it is subject to the approval of the Annual General Meeting.

COMPANY PROFILE

Company History

Laguna Resorts & Hotels Public Company Limited (The Company) was founded in 1983. It shortly thereafter acquired a large parcel of land on the site of an abandoned tin mine at Bangtao Bay, Phuket, Thailand which was later developed to become the Laguna Phuket integrated resort complex.

Major businesses of the Company and its subsidiaries (The Group) are hotel business and property development. The subsidiaries also engage in operating a golf club, sales of merchandise, office and resort rental and sales of holiday club memberships.

Milestones

- 1987 Dusit Thani Laguna Phuket (formerly known as Dusit Laguna Resort) opened.
- 1991 Laguna Beach Resort opened.
- 1992 Sheraton Grande Laguna Phuket and the Laguna Phuket Golf Club opened.
- 1993 The Company listed on Stock Exchange of Thailand.
Property Sales operations commenced with the Allamanda condominium units.
- 1995 The resort's flagship hotel, Banyan Tree Phuket's Grand Opening.
- 1998 Laguna Holiday Club commenced operations.
- 2002 The Group acquired a large parcel of land adjacent to Laguna Phuket for future development opportunities.
- 2005 The Group acquired Thai Wah Plaza Limited which owns Banyan Tree Bangkok and commercial offices.
- 2006 Banyan Tree Lijiang, People's Republic of China and Laguna Holiday Club Phuket Resort opened. The latter is operated under the Holiday Club Business.
- 2008 The Group entered into an agreement to acquire additional land adjacent to Laguna Phuket for future development.
- 2009 The Group invested in the Banyan Tree Indochina Hospitality Fund which has developed an integrated resort in Hue, Vietnam.
Outrigger Laguna Phuket Resort & Villas commenced operations in December.
- 2010 Divestment of Dusit Thani Laguna Phuket Hotel in October.
- 2011 Divestment of Laguna Beach Resort in May.
Closure of the former Sheraton Grande Laguna Phuket in mid 2011 for a major renovation and rebranding and reopening as Angsana Laguna Phuket in December.
- 2013 Upgrade of Laguna Phuket Golf Club from mid 2013 to end 2014 which included the golf course, club house and the introduction of golf carts.
- 2015 Reopening of Laguna Phuket Golf Club in January.
Grand opening of Cassia Phuket in October.
- 2016 Angsana Vacation Club commenced operations in January.
Rebranding of Outrigger Laguna Phuket Resort & Villas to Angsana Villas Resort Phuket in August.
The Company further invested 1.25 percent in Thai Wah Public Company Limited.



Banyan Tree Bangkok



COMPANY PROFILE

Mission

The Company has a clearly defined corporate mission designed to further its business aims and generate maximum returns for its shareholders. Principal in the Company's mission statement is to include a culture of cooperation between the hotels and business units to ensure a positive experience for each and every hotel guest, holiday club member and property owner in Laguna Phuket, its most significant investment. In order to avoid an over reliance on its operations in Laguna Phuket, the Company continues to diversify its investment portfolio away from Phuket by investing in projects in other parts of Thailand and within the Southeast Asia region and the People's Republic of China. Paramount in its mission of generating continued growth through expansion, innovation and maximisation of market share, the Company seeks to conduct its operations in an environmentally sensitive manner.

Vision

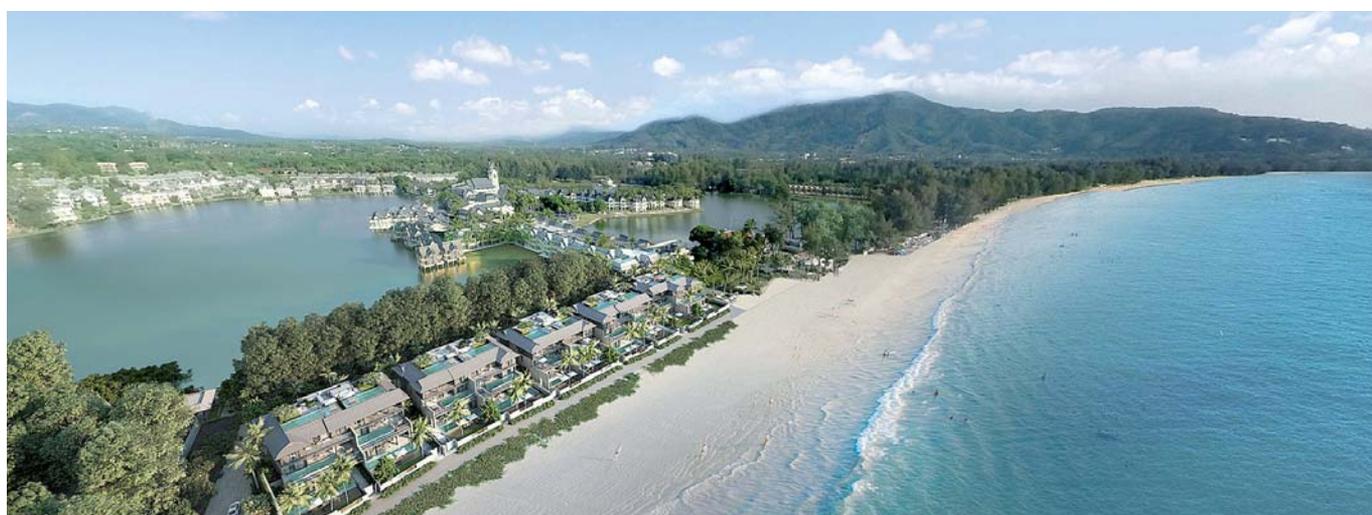
To be a leading international hotel and property developer with full commitment to environmental protection, social responsibility and maximum satisfaction to all stakeholders.

Business Relationship with Major Shareholder

Banyan Tree Holdings Limited (BTH), a listed company in the Singapore Exchange, is a leading, international hospitality brand that manages and develops premium resorts, hotels and spas. It is a major shareholder which directly and indirectly holds 65.8 percent in aggregate of the total issued and paid-up shares of the Company. BTH is also a major shareholder holding (both directly and indirectly) more than 10 percent of the shares in several subsidiaries and one associate of the Company.

The subsidiaries and associate whose shares are held by BTH engage in hotel and property development as well as souvenir retail in the hotels managed by BTH. With BTH's expertise and experience of international hotel development and management of award-winning hotels under the trademarks of "Banyan Tree", "Angsana", "Cassia" and "Dhawa", the joint investment with BTH will result in the said subsidiaries and associate benefitting from the use of trademarks, reputation and managerial assistance of BTH.

Angsana Beachfront Residences



COMPANY PROFILE

Type of Business

The key businesses of the Group are hotel operations, property development operations and office rental. The Group's major business investment largely revolves around the operation and management of the integrated resort of Laguna Phuket, located on the island of Phuket in Thailand, as well as its investments in the Banyan Tree Bangkok and the Banyan Tree Lijiang, People's Republic of China.

Hotel Operations

Hotels

The Group has ownership in 2 hotels in Phuket and 1 hotel in Bangkok all of which are top-tier and luxury properties. Additionally, the Group has ownership interests in 2 branded residences which are operated as hotels and a hotel which is used for the timeshare business in Laguna Phuket. The hotels offer diverse range of accommodations which also include bars and restaurants, swimming pools, fitness centres, meeting rooms and facilities, business centres, etc.

The Group owns majority of the room inventories in those hotels but some are owned by property investors who receive a return on their investment by joining a hotel management scheme and renting their properties to guests while some units are sold as holiday club membership.

Hotel	Location	Opening year	Number of rooms owned by LRH Group (in operation)*	Company (% held by LRH Group)	Operator
Banyan Tree Phuket	Bangtao, Phuket	1995	112 (175)	LBTL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Angsana Laguna Phuket	Bangtao, Phuket	2011	328 (402)	BGL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Banyan Tree Bangkok	Sathorn, Bangkok	2002	304 (325)	TWPL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Angsana Villas Resort Phuket	Bangtao, Phuket	2009	14 (49)	LVL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd.
Cassia Phuket	Bangtao, Phuket	2015	49 (229)	PKRD (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Laguna Holiday Club Phuket Resort**	Bangtao, Phuket	2006	79 (79)	LHC (100%)	Banyan Tree Hotels & Resorts (Thailand) Limited

* The number of rooms shown in parenthesis include those owned by the Group which are developed for property sales, and those which have been sold as property sale units or holiday club membership.

** Classified under the Holiday Club Business for accounting purpose.

COMPANY PROFILE



Angsana Beachfront Residences

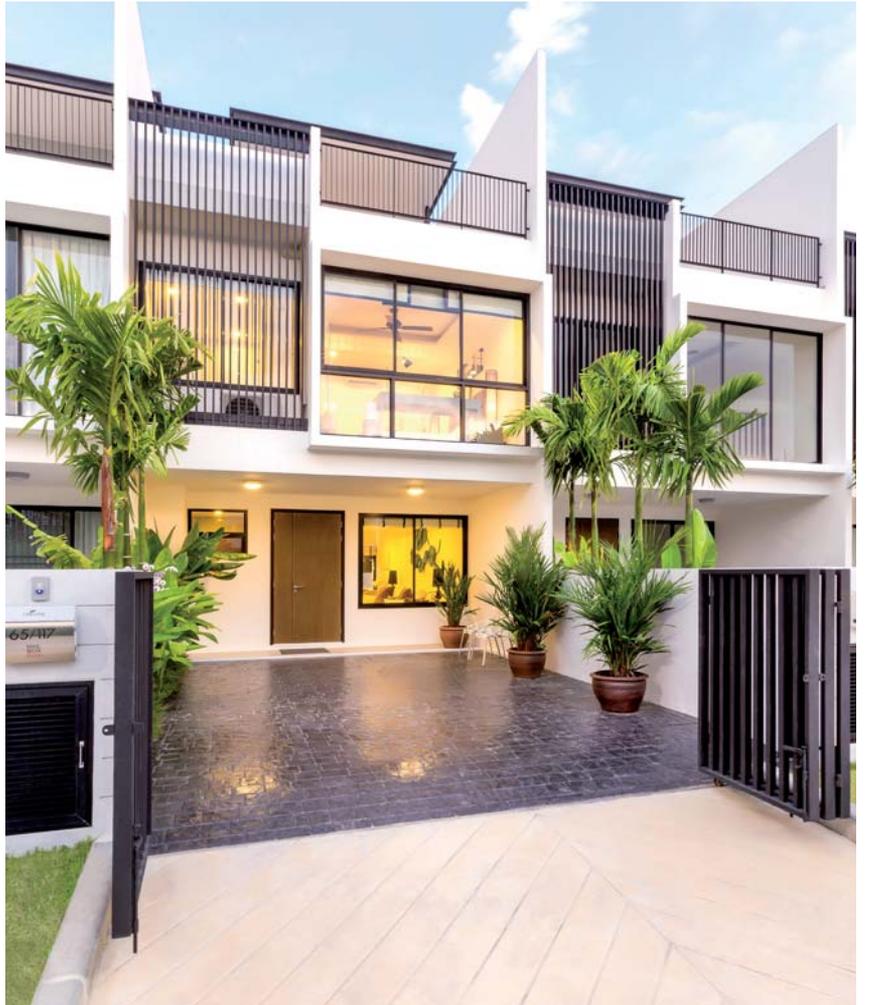
Hotel – Related Operations

Laguna Phuket is operated under an integrated resort concept, along with many hotel-related facilities which are also provided to support the concept. All of these facilities are owned and operated by the Group.

Hotel – related operation	Opening year	Company (% held by LRH Group)	Type of business/ facilities
Laguna Service	1991	LSC (72.9%)	Provides essential services such as laundry, water supply, inter-resort transport, landscaping, common area maintenance, marquee facilities, a gas station, staff transportation, centralised destination marketing and other centralised services for the Laguna Phuket hotels and ancillary operations.
Canal Village	1994	LRH (100%)	A boutique shopping centre centrally located on 10 Rai of land within Laguna Phuket.
Quest	1994	LEL (49%)	A corporate training operation providing management groups with programs tailored to suit individual company goals. Quest also operates recreational programs for resort guests and children.
Banyan Tree Gallery and Angsana Gallery	1996	BTG (T) (51%), BTG (S) (51%), LBTG (51%)	A chain of retail outlets specialising in indigenous handicrafts and spa products. There are many outlets worldwide operated and managed under these companies, 6 of which are located within Laguna Phuket.
Angsana Wedding Chapel	2005	BGL (100%)	Thailand's first resort wedding chapel offering comprehensive wedding packages and well positioned to capture the lucrative wedding market.
Laguna Tours	2007	LEL (49%)	Started operations by selling selected third party tours to Laguna Phuket guests. From mid-2008, Laguna Tours established its own operated tours offering speed boat tours and city tours as well as offering luxury boat charters.



Laguna Park



COMPANY PROFILE

Golf Operations

Laguna Golf - Phuket

Laguna Golf Phuket is an 18-hole, par 71 award-winning golf course, set within the world renowned Laguna Phuket Resort. The skillfully designed golf course provides the perfect golf experience for players of all abilities. The Laguna Golf Phuket offers annual and 5 & 10 year memberships with exclusive membership privileges.

Laguna Golf - Bintan

Laguna Golf Bintan is an 18-hole, par 72 golf course, set within Laguna Bintan. Originally designed by Greg Norman, the course was leased and upgraded by Laguna Golf in 2016. Local golf memberships are available.

Golf operation	Opening year	Company (% held by LRH Group)	Type of business / facilities
Laguna Golf - Phuket	1992	LGL (100%)	A resort style 18-hole golf course.
Laguna Golf - Bintan	2016	AVCI (100%)	A resort style 18-hole golf course.

Property Development Operations

Property Sales

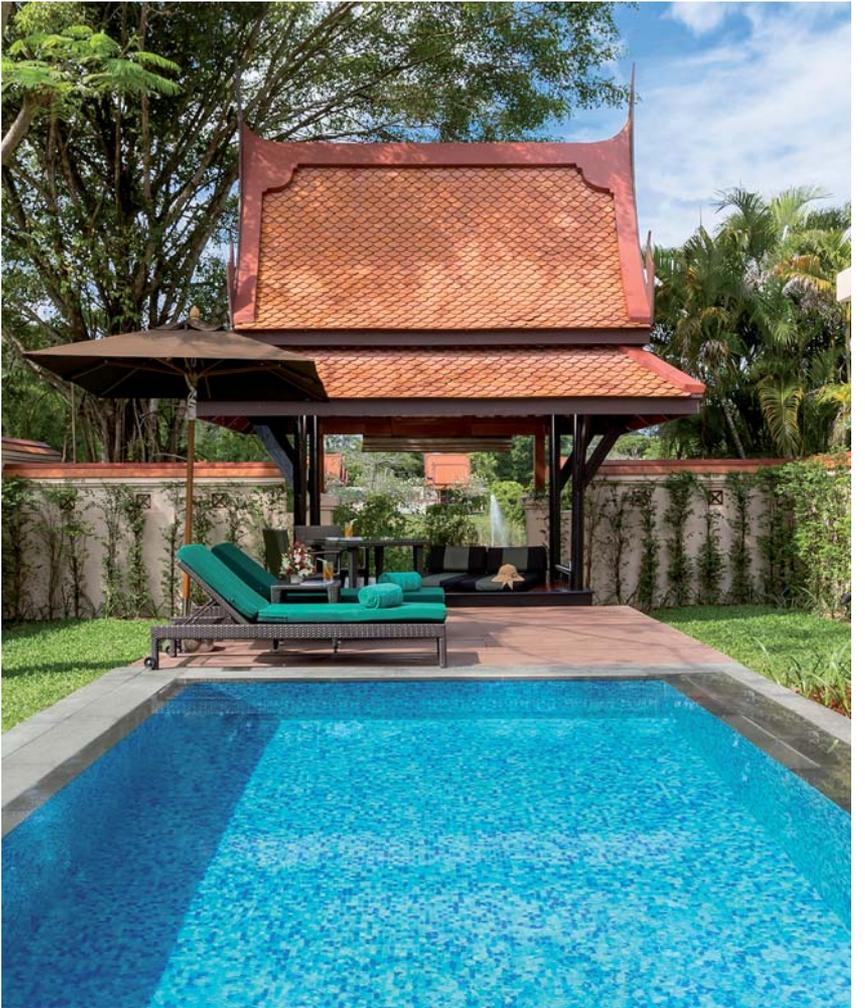
Property Sales offers a range of residential and vacation properties such as apartments, semi-detached and detached villas including hotel residences such as the high-end Banyan Tree Residences that are situated within a resort or hotel property. Investors in some Laguna properties have the option to receive a return on their investment by joining a hotel management scheme and renting their properties to guests. The current developments available for sale are the following.

Project	Location	Type	Price (Million Baht)
Angsana Beachfront Residence	Phuket	Apartment	38-42
Banyan Tree Bangkok	Bangkok	Apartment	21-24
Banyan Tree Phuket	Phuket	Grande Residences Double Pool Villa	101-114 60-65
Cassia Phuket	Phuket	Apartment	5-10
Laguna Park	Phuket	Detached Homes Townhome	15-16 9-11
Laguna Village	Phuket	Residence Apartments	37-38 11-25

The Group owns significant land both within and adjacent to Laguna Phuket upon which it plans to construct future property developments.



Banyan Tree Phuket



COMPANY PROFILE

Estate Service Management

A vital differentiation from other property developers, Laguna Property Management and Estate Services started operation in 2007 to provide services to the customers who buy properties within Laguna Phuket. The services comprise of pool maintenance, handyman services, ground and landscape maintenance, engineering services and common area management.

Laguna Phuket Rental

Launched in late 2014, Laguna Phuket Rental offers holiday and long-term rentals service for all non-hotel branded residential properties developed by the Group in Laguna Phuket. The objective of this service is to further enhance the ease of property ownership in Laguna Phuket which is unmatched by any other development in Phuket. The service now provides a one stop shop for housekeeping, maintenance and rental services on an optional basis for property owners.

Holiday Club Business

Laguna Holiday Club commenced operations in 1998 selling memberships that entitle participants to annual vacations at the current participating member home resorts of Laguna Holiday Club Phuket Resort, Allamanda Laguna Phuket, Angsana Laguna Phuket, Laguna Holiday Club Private Pool Villas, Angsana Resort & Spa Bintan, Twin Peaks Chiang Mai, Boathouse Hua Hin and View Talay Residence 6 Pattaya. At the end of 2015, the company ceased selling new memberships under Laguna Holiday Club. Existing members of Laguna Holiday Club continue to enjoy all club home resorts and privileges they are entitled to under their membership.

In January 2016 Angsana Vacation Club (ANVC) was launched. ANVC is a 25-year point-based membership club which allows its members the use of predominantly Angsana properties and some selected participating Banyan Tree properties. To safe guard the rights and interest of its members, ANVC is incorporated and owned by an independent trustee and the Company is engaged in selling and marketing only.

Office Rental

Strategically located on South Sathorn Road, Thai Wah Tower I is a 24-storey granite clad building and is one of the very first office condominium buildings in Bangkok. The entire building has approximately 20,000 sq.m. of usable area of which 15,389 sq.m. is owned by the Group. Through the years the building has maintained its reputation as a premium office building with timely refurbishments.

In 2013, the lobby of the building underwent a renovation to improve its competitiveness against newer office buildings which have opened in the vicinity in recent years.

Overseas Investment in Hotels and Resorts

Banyan Tree Lijiang, opened in 2006, is a joint venture company incorporated in the People's Republic of China between Laguna Banyan Tree Limited (LBTL), a wholly owned subsidiary of the Company, and Banyan Tree Holdings Limited (BTH). The property features 125 luxurious villas, restaurants, bar, spa complex, gallery shop, gym, and treks and tours.

COMPANY PROFILE

The Group also has an investment in the Banyan Tree Indochina Hospitality Fund which has developed an integrated resort in Laguna Langco in Vietnam.

Additionally, the Group has other investments overseas through Tropical Resorts Limited (TRL) and Bibace Investments Ltd (BI) which invest in luxury resorts largely throughout the Pacific Rim area.

Developments in 2016

In January 2016 the Group was appointed by the trustees of Angsana Vacation Club to launch and market membership of the club. The Angsana Vacation Club is an exclusive membership which allows its members the right of use of a bespoke collection of one and two-bedroom suites and resort accommodation at several global destinations under the Angsana Vacation Club collection. This includes an exquisitely curated collection of Angsana Vacation Club owned suites as well as its associate accommodation at Angsana resorts, Cassia resorts and Banyan Tree resorts.

Banyan Tree Bangkok is consistently striving to offer impeccable food and beverage options to its guests and marked the opening of "Vertigo TOO" in February, a tapas-and-cocktail sister bar of Banyan Tree's renown "Vertigo" rooftop alfresco bar and restaurant.

Outrigger Laguna Phuket Resorts & Villas was rebranded and are now operating as Angsana Villa Resorts Phuket since August 2016. As part of the Angsana family, guests of Angsana Villas Resort Phuket enjoy access to all the amenities at Angsana Laguna Phuket including the resort's free-form pool, Xana Beach Club, award-winning Angsana Spa and restaurants such as Bodega & Grill, Baan Talay and The Poolside. A complimentary scheduled shuttle service is available to transport guests between Angsana Villas and Angsana Laguna Phuket.

Given the Company's experience in the golf business and with Laguna Golf Club Phuket being voted as "Thailand's Best Golf Course" by World Golf Awards in November 2015, the Company leased Laguna Golf Club Bintan in 2016 which reopened in July after an extensive renovation.

In December 2016 the Company acquired additional shares in Thai Wah Public Company Limited (TWPC) totaling 11,020,000 ordinary shares or about 1.25 percent through the Main Board of the Stock Exchange of Thailand (the "Stock Exchange"). As a result, the Company currently holds a total of 88,347,051 ordinary shares of TWPC representing 10.03 percent of TWPC's total issued shares.

Future Plans

The Group is confident that in the medium to long term there are opportunities to improve profitability and expand existing facilities, particularly in light of the ongoing high demand for Phuket and Bangkok in terms of both hotel and residential accommodation.

Going forward the Group will focus on residential property development as its impetus of growth, it is therefore important to build up a pipeline of property sales and to do this the Group needs to maintain average annual sales at significant high level for sustainable revenue growth. The Group will also seek to continue to diversify its investment portfolio away from Phuket by identifying investment opportunities in other parts of Thailand and within the Southeast Asia region.

COMPANY PROFILE

Hotels

It is also the Group's policy to have the hotels maintain their reputation as being luxury hotels with timely and periodic renovations and refurbishments of hotel rooms and public areas.

Property Sales

The Group is continuing with the strategy to unlock value from its land bank by developing new property sales projects which cater to both primary and vacation home buyers. As a result of the market dynamics, the strategy to offer more affordable homes (sub Baht 10 million) have been continuously implemented, particularly catering to the emerging Asian middle-class with the Cassia Phuket (a Banyan Tree brand by for part hotel, part serviced apartment) and Laguna Park (townhomes and detached homes) in order to keep pricing points attractive. Cassia Phuket and Laguna Park are expected to account for a significant proportion of sales. That being said, the Group recognizes there is demand for very high-end branded villas and has therefore launched Banyan Tree Grande Residence in 2014 and the new Angsana Beachfront Residences in December 2016 to target this niche market.

Other Hotel Operations

To further strengthen Laguna Phuket as Asia's finest integrated resort destination, the Group will continue to explore ways to enhance guests' experience by improving and increasing recreational, lifestyle and sporting amenities.

Holiday Club Business

The new "Angsana Vacation Club" looks promising with its product offering being highly competitive and unlike the previous club, it is a point-based membership with the inventory owned by an independent trustee, providing members access to numerous properties within the Banyan Tree Group managed hotels and resorts. The Company is engaged in selling and marketing only.

Golf Business

The recently upgraded golf courses of both Phuket and Bintan offer players of all abilities a unique and challenging experience. The group will continue to strive for the most exquisite golf experience for its golfers.



Cassia Phuket



COMPANY PROFILE

Awards

Angsana Laguna Phuket was voted:

- Best Restaurant 2016 as selected by the readers Thailand Tatler
- XANA Beach Club - Certificate of Excellence Winner 2016 Trip Advisor
- Bodega & Grill - Certificate of Excellence Winner 2016 Trip Advisor
- Luxury Resort of The Year for Phuket The Luxury Travel Guide Awards 2016
- Australia's Top 10 Family Resort for 2016 Holiday with Kids Magazine Reader's Choice, Australia
- Certificate of Excellence Winner 2016 Trip Advisor
- Hot 25 Conference Hotels in Asia Smart Travel Asia 2016
- Top 5 Hotels, Top Producer by Revenue 2015 Expedia Annual Partner Awards 2016
- Outstanding 4.6/5.0, Loved By Guest 2016 Award Hotels.com
- 10th place for the Best Asia & Indian Subcontinent Hotel Condé Nast Reader's Travel Award 2016.
- Best 5-Star Hotel HAPA Regional 2016-2018 Series Awards
- Hotel of The Year HAPA Regional 2016-2018 Series Awards
- Service Excellence (Accommodation) HAPA Regional 2016-2018 Series Awards
- Green Hotel Award 2016 - Gold level Department of Environmental Quality Promotion
- Vertigo & Moon Bar - Top 50 Best Roof Top Bar, Lonely Planet recommendations award: Lonely Planet Magazine
- Vertigo - Restaurant of The Year HAPA Regional 2016-2018 Series Awards
- Vertigo - Nightspot of The Year HAPA Regional 2016-2018 Series Awards
- Vertigo - Best Restaurant Wongnai Users' Choice 2016-2017
- Vertigo & Moon Bar - Luxury Rooftop View Hotel World Luxury Hotel Awards 2016
- Vertigo TOO - World's best bars with a view Forbes.com
- Saffron - Best Asian Cuisine HAPA Regional 2016-2018 Series Awards
- Saffron-Restaurant of The Year HAPA Regional 2016-2018 Series Awards
- Romsai - Best Casual Dining/All Day Dining HAPA 2016-2018 Series Awards

Banyan Tree Bangkok was voted:

- Good Nursery Certification Office of National Education Standards and Quality Assessment
- 2016 Forbes Travel Guide Recommended Award The Forbes Travel Guides
- Best Hotel in Bangkok No.2 DestinAsian Readers' Choice Awards 2016
- "Readers' Choice Awards - Spa Hotel, Condé Nast traveler - 2016
- "Best Honeymoons Award" for the category of Top City Hotel under \$350 BRIDES Magazine
- The Outstanding Guest Review Rating Award- 4.6/5 Hotels.com
- Top 10 Hotels 2016 People's Choice Awards Thailand Voted by Chinese Tourists
- Top Choice Awards 2016 People's Choice Awards Thailand Voted by Chinese Tourists

Banyan Tree Phuket was voted:

- Thailand's best golf hotel (No. 1) 2016 World's Golf Award
- Best Hotel in Phuket (No. 1) 2016 DestinAsian Reader's Choice Award
- Best Spa Hotel (No. 1) 2016 SmartTravelAsia.com

COMPANY PROFILE

- Best Asia Resort (No. 31)
Condé Nast Traveler – 2016
- The Best Overseas Spas in the world (No. 9)
Condé Nast Traveler – 2016

Laguna Resorts & Hotels Public Company Limited was voted:

- AMCHAM CSR Excellence Recognition (ACE Award) 2016
- Thai-U.S. Creative Partnership Designation
American Chamber of Commerce in Thailand
- The U.S. Ambassador's Award 2016
American Chamber of Commerce in Thailand
- Laguna Phuket Triathlon as Best Amateur Sports Event of the Year in Thailand (Bronze)
Sports Industry Awards & Conference (SPIA Asia) 2016
- Outstanding Supporter of Phuket's Sport Tourism Award
Phuket Province Annual Meeting 2016

Laguna Phuket Golf Club was voted:

- Asia Pacific Business Initiative Awards
Asian Golf Awards 2016
- Top 10 Best Maintained Course in Asia Pacific No.6
Asian Golf Awards 2016
- Top 10 Best Course in Thailand No.7
Asian Golf Awards 2016
- Asia's Best Golf Course
World Golf Awards 2016
- Thailand's Best Golf Course (for 2nd consecutive year)
World Golf Awards 2016

Banyan Tree Spa was voted:

- Travel Hall of Fame – Best Spa Operator
(second year since induction)
27th Annual TTG Travel Awards 2016
- Best Spa Brand
16th China Hotel Industry Golden Horse Awards 2016
- Best Spa (for 4th consecutive year)
11th DestinAsian Readers' Choice Awards 2016
- Best Spa Brand (for 10th consecutive year)
2016 Hurun Best of the Best Awards

- Best Spa Brand (for 4th consecutive year)
2016 Shanghai Morning Post Tourism Awards
- Top 10 Spas Voted by Chinese Tourists
Tourism Authority of Thailand – 2016 Top 10 People's Choice Awards Thailand
- Best Spa Management Brand
2016 Asia Hotel Forum (AHF) Asia Hotel Awards

Banyan Tree Spa Phuket was voted:

- The World's Top 100 No.9
Condé Nast Traveler – Readers' Travel Awards 2016

Banyan Tree Spa Sanctuary Phuket was voted:

- Best Spa Hotel
2016 Asia Hotel Forum (AHF) Asia Hotel Awards

Banyan Tree Spa Bangkok was voted:

- Spa/Health Tourism
2016 Condé Nast Traveler Readers' Choice Awards

Banyan Tree Gallery was voted:

- Most CSR Award
Spa & Bath Times Awards 2016 (Guangzhou)
- Best CSR Hotel Retailer
16th China Hotel Industry Golden Horse Awards 2016
- Best Brightening Cleanser – Jasmine Rice Facial
Foaming Wash
Harper's BAZAAR's Beauty Awards 2016 (Singapore)

INCOME STRUCTURE AND FINANCIAL ANALYSIS

Income Structure

The percentage of income generated by each individual line of business is detailed as follows:

(Unit : Thousand Baht)

	2016	%	2015	%	2014	%
Revenue from Hotels	3,483,555	65	3,108,617	55	3,085,125	76
Revenue from Property Development	1,305,895	24	2,348,479	42	803,905	20
Revenue from Office Rental	90,827	2	86,428	1	90,369	2
Other Income	461,380	9	114,706	2	70,861	2
Total Revenue	5,341,657	100	5,658,229	100	4,050,260	100

The most significant businesses of the Group are hotels and property development operations for which further details are provided below. Note 37 to the financial statements of the Company for the year ended 31 December 2016 and 2015 (note 36 for the year ended 31 December 2014) discloses the operating results by business segment in accordance with accounting standards and principles.

Hotel Operations – Overall	2016	2015	2014
Occupancy (%)			
Angsana Laguna Phuket	71	63	64
Banyan Tree Phuket	66	55	60
Banyan Tree Bangkok	77	74	59
Average - LRH Hotels	72	65	61
Average Room Rate (Baht)			
Angsana Laguna Phuket	4,473	4,672	4,983
Banyan Tree Phuket	15,172	15,603	16,094
Banyan Tree Bangkok	4,432	4,196	4,132
Average - LRH Hotels	6,333	6,241	6,778
Total Revenue (Thousand Baht)			
Angsana Laguna Phuket	814,883	753,429	790,614
Banyan Tree Phuket	921,057	780,299	880,586
Banyan Tree Bangkok	988,773	952,771	754,534
Total LRH Hotels	2,724,713	2,486,499	2,425,734
Gallery operations	216,197	231,077	222,754
Other hotel - related operations	542,645	391,041	436,637
Total Revenue of Hotel Operations	3,483,555	3,108,617	3,085,125

INCOME STRUCTURE AND FINANCIAL ANALYSIS

Hotel Operations - Overall

The total combined hotel revenue in 2016 increased 12 percent from 2015. The Company's active ownership role in the hotel operation proved fruitful and all 3 hotels performed exceptionally well compared to the prior two years and demonstrated resilience to unfortunate events such as passing away of King Bhumibol Adulyadej of Thailand and the ability for tourism to recover quickly.

Property Development Operations

(Unit : Thousand Baht)

Property Development Operations	2016	%	2015	%	2014	%
Property Sales business*	1,090,485	84	2,156,122	92	614,851	76
Holiday Club business	215,410	6	192,357	8	189,054	24
Total Revenue - Property Development Operations	1,305,895	100	2,348,480	100	803,905	100

* Including other income

Property Sales business

A total of 80 units amounting to Baht 1,059 million in revenue were recognized in 2016 in accordance with accounting income recognition policies.

Holiday Club Business

In 2016 the Holiday Club business did better than the prior year as the Company started to earn fees from the marketing of the new Angsana Vacation Club memberships.

Other Income

(Unit : Thousand Baht)

Other Income	2016	2015	2014
Gain on Revaluation of Investment Property	18,887	-	4,122
Interest Income	41,726	21,151	20,217
Dividend Income	27,838	25,551	25,551
Rental and Service Fee	12,211	11,233	12,954
Insurance Claim	-	39,372	-
Gain on Fair Value Adjustment of Investment from Changing Status of Investment in Thai Wah Public Company Limited	345,660	-	-
Others	15,058	17,398	8,017
Total Other Income	461,380	114,705	70,861

The "gain on revaluation of investment property" relates to the office units for lease at Thai Wah Tower I located in Bangkok and the Canal Village retail development located in Laguna Phuket. A revaluation of these two properties are conducted annually by an independent appraiser.

INCOME STRUCTURE AND FINANCIAL ANALYSIS

Explanation and Analysis by Management

For the year ended 31 December 2016, Laguna Resorts & Hotels Public Company Limited recorded a net profit of Baht 380 million which was Baht 205 million higher when compared to the year before.

Total revenue for the year decreased by Baht 317 million as compared to last year and this was mainly due to the following:

- The overall revenue from hotel operations which comprise of hotel, golf and retail operations increased by Baht 375 million as a result of the improved performances of Laguna Phuket hotels and Banyan Tree Bangkok over the same period last year.
- Revenues from property development operations which comprise of property sales and the sale of holiday club memberships declined by Baht 1,043 million due largely to the lower revenue recognition of two property sales projects namely Cassia Phuket and Laguna Park. The two said property sales projects were completed in 2015 and the Company was able to recognize the backlog of sales done in the prior years. At the time of this report, there is a total of Baht 989 million in property sales revenue in the pipeline which will be recognized over the next several years barring any cancellations.
- Office rental operations which include retail leasing benefited from the higher occupancy in Thai Wah Tower 1 which contributed to an increase of Baht 4 million in revenue.
- Other Income grew by Baht 347 million and this is attributed to the Baht 346 million gain in fair value adjustment of the Company's investment in Thai Wah Public Company Limited when it was moved from "other investments" to "investment in associates" in 2016.

Total expenses decreased by Baht 541 million as compared to last year due mainly to the following:

- Cost of hotel operations increased by Baht 163 million which is in line with the higher hotel revenue.
- Cost of property development operations decreased by Baht 661 million as less property sales were recognized during the period.
- Cost of office rental operations increased by Baht 5 million due mainly to common area charges for building renovations.
- Selling expenses decreased by Baht 24 million due mostly to the reduction in selling expenses of the old time share club which stopped selling new memberships offset by the increase in selling expenses of the hotels.
- Administrative expenses decreased by Baht 24 million from lower payroll costs, hotel repair and maintenance expenses and insurance expenses offset by higher hotel management and legal fees.

The Baht 4 million increase in share of loss from investment in associates relates to the higher loss of Lijiang Banyan Tree Hotel Company Limited.

Finance cost increased by Baht 24 million as compared to last year because of higher loan balances in the current year.

Income tax expenses fell by Baht 5 million in 2016 as a result of lower taxable profit offset by higher unused tax losses of this year.

For the reasons stated above, the Company's profit in 2016 is higher as compared to the prior year.

ECONOMIC TRENDS

Sales and Marketing

Hotels

All of the Group's hotels and business units prepare an annual Sales and Marketing Plan to support and demonstrate how they plan to achieve the budgeted revenues. For the hotels, the plans include statistics showing comparisons to prior year, market segmentation analysis, pricing strategy, promotion and PR plans etc.

The 2016 markets, source of reservations and geographical segmentations in terms of room revenue are set out in the table below:

	Laguna Phuket hotels	Banyan Tree Bangkok
Targeted Markets / Type of Customers	The leisure markets account for more than 88 percent of room revenue especially during the high season month while MICE business contribute to the rest particularly during the low season months.	The leisure markets account for 80 percent of total revenue, while business travelers and corporate meeting groups represent the remainder.
Source of Reservations	More than 50 percent are from travel agencies.	More than 50 percent are from direct bookings.
Geographical Segmentation	<p>Asia 48 percent, mainly from People's Republic of China, Hong Kong, Korea, Japan, Thailand and Singapore</p> <p>Europe 40 percent, mainly from Russia, United Kingdom, Germany, Switzerland and France</p>	<p>Asia 56 percent, mainly from People's Republic of China, Japan, Taiwan, Korea and Hong Kong</p> <p>Europe 27 percent, mainly from United Kingdom, Germany, Switzerland and France</p>

The increase in supply of upscale hotels in recent years has increased competition resulting in downward pressure on room rates. The Group believes there is room for continued upward movement of room rates and occupancy levels as demand for Phuket and Bangkok remains strong as a result of:

- Popularity with the existing European markets during high season.
- An increase in the emerging outbound markets from the People's Republic of China throughout the year and Indian weddings.
- An increase in direct flights within the regional markets which significantly assists the demand during low season.

ECONOMIC TRENDS

Property Sales

The number of property units sold in 2016 was ahead of 2015 with a large portion of the sales being of the newer properties such as Cassia, Laguna Park and the Company's latest offering, Angsana Beachfront Residences. The Group is hopeful property sales performance will improve even further going forward if economic and political stability remains. Areas of focus will include:

- Selling the already completed property sales inventory.
- Penetration into newly emerging regional markets such as the People's Republic of China, continued focus on currently strong markets such as Russia and having collateral in several different languages.
- Offering a good mix of products i.e. more profitable and high-end products such as Angsana Beachfront Residences and also affordable products such as the Cassia holiday apartments, Laguna Park projects comprising condominium, townhomes and detached homes and developing competitively priced products for both primary and secondary home buyer segments.
- Organizing exhibitions and road shows in key potential markets such as Russia, Singapore, Hong Kong and People's Republic of China.
- Introducing innovative promotions and incentives such as long-term payment plans.
- Continuing to improve our excellent after sales service offerings.

The Group will stay very close to market forces to ensure that the Group continues its leadership position.

The Phuket Situation

A summary of the infrastructure in Phuket and recent developments is set out below:

- The Phuket International Airport's new passenger terminal opened in September 2016. The passenger handling capacity at Phuket airport has effectively doubled from 6.5 million to 12.5 million. The expansion includes a new terminal, an upgraded runway and taxiways and a new car park.
- The light-rail project has been approved by the central government. The project is expected to relieve the island's traffic as well as boost tourism in Phuket. The line is expected to run from Phuket International Airport in Thalang district to Chalong intersection in Muang district, covering a total distance of 60 kilometers and 20 stations.
- Continued road network improvements.
- The four existing marinas can accommodate over 1,000 yachts.
- There are currently six international schools with almost 2,500 students.
- There are eight major hospitals, which are increasingly catering for the medical tourism sector.
- There are seven golf courses, which cover more than 4,000 rais.
- There are several retail development projects in the pipeline including mixed-use projects, shopping malls and community malls. Shilla Duty Free was completed and opened in 2016 and the new Central Phuket Festival by Central Group is currently under construction.

ECONOMIC TRENDS

Competition

Hotels

Top Tier Properties - Phuket	Luxury Villa Properties – Phuket	Top Tier Properties - Bangkok
<ul style="list-style-type: none">• Dusit Thani Laguna Phuket• Outrigger Laguna Phuket Beach Resort• Le Meridien Phuket Beach Resort• JW Marriott Resort & Spa• Renaissance Phuket Resort & Spa• The Westin Siray Bay Resort & Spa	<ul style="list-style-type: none">• The Amanpuri• Trisara• Six Senses• Anantara	<ul style="list-style-type: none">• The Sukhothai Bangkok• Conrad Bangkok• Le Meridien Bangkok• Dusit Thani Bangkok• Sofitel So• W Bangkok

Phuket: The competitive sets of Laguna Phuket are upper-tier hotels and luxury villas. There continue to be development activity. In addition, hotels in Phuket continue to face competition from rental properties which offer competitive rates for longer stay visitors, as well as competition from other resort destinations within the region.

Bangkok: The number of newly built hotels in recent years has led to an oversupply in downtown Bangkok. Moreover, the increased supply of new hotels and serviced apartments in Bangkok has resulted in a highly competitive market.

Property

The majority of Laguna Phuket's direct competitors are located along the northwest coast where much of the newer, upper-end properties are located. The less developed east-coast does not have the same quality of infrastructure and lacks good quality beaches. Further, due to the high price of land and freehold ownership being available to foreigners, there has been an increased number of condominium developments in recent years.

Laguna Phuket has a combination of its brand, location, quality and range of products to set it apart from its competitors. There are many developers targeting buyers in the sub Baht 10 million segment, including large Bangkok based developers such as Sansiri, Supalai and Land & House. However, they are primarily targeting the domestic market and do not compete directly with the resort based product such as ours. Other developments targeting secondary home buyers currently are not as well located or have a strong brand identity.

ECONOMIC TRENDS

Laguna Phuket has a lot to offer our property buyers which cannot be matched by other competing projects. These include a long history of developing quality homes in a safe, secure and beautifully landscaped environment supported by a team of well-trained after sales staff offering a myriad of home services. Laguna Phuket also offers our home owners a wide variety of dining and recreational facilities including an 18-hole golf course right at their doorstep.

Pricing Strategy

The hotels in Phuket and Bangkok are operating in a competitive environment and the Group will need to maintain vigilant and be flexible on its room rates to adapt to market changes market so as to maximize yield and RevPAR (revenue per available room).

In the property sector, competitive pricing will be required to sell the existing completed inventory. The Group will also continue with the strategy to offer more affordable vacation homes (sub Baht 10 million) such as Cassia Phuket and Laguna Park. Cassia is an apartment development managed by a new Banyan Tree brand with units priced from Baht 5 million while Laguna Park is a gated residential development adjacent to the resort comprising townhomes (from Baht 9-11 million) and detached homes (from Baht 15-16 million). These townhomes and villas are typically smaller than the previous Laguna Village projects in order to keep pricing points attractive.

Three Year Outlook

The hotel is seeing the returning of the Russian market since the decline in 2014 and 2015. The governments' crack down on the zero-dollar tours from China is causing some reduction in Q4 2016 business for some hotels. However, this should be a short term impact and in the long run China continues to be a strong source market for Phuket. Furthermore, there is continued investment in luxury hotels and resorts in Phuket and Bangkok which will further enhance Phuket and Bangkok as world-class holiday destination. Several major international operators are now present or are set to debut over the coming years, and the necessary infrastructure is being developed to support these hotels.

In the short-term, uncertainties in the domestic political situation and global economic conditions could affect the performance of the hotel and property sales divisions. However, given the enduring appeal of Phuket Island and Bangkok, their value proposition, and their standing among global resort markets, it is expected that any downturn will be limited. Historically, political disturbances in Thailand have served to defer demand for hospitality and property in Phuket and Bangkok, but not cancel it. As such, the Company is still confident about the long-term prospects.

CORPORATE SOCIAL RESPONSIBILITIES



CORPORATE SOCIAL RESPONSIBILITIES

Overview

Corporate Social Responsibility (CSR) is a major undertaking at Laguna Phuket. The Company focuses on socially responsible business that touches all stakeholders in its quest to deliver environmental and social benefits alongside increasing economic performance.

Since the establishment in 1984 - which began with the rehabilitation of Bangtao Bay which was once a tin mine and declared by the United Nations Development Program as "too environmentally damaged to have any development potential," - the Company has continued to safeguard the natural environment, cultural heritage, and promote a shared prosperity. It continuously support associates with fair employment and comprehensive benefits, it has also maintained a commitment to communities through community relations and CSR efforts.

The Company's Community Relations & CSR programs are divided into the following focus areas:

1. Cultural Diversity
2. Social Equity
3. Educational Empowerment
4. Health & Sports Promotion
5. Environmental Preservation

Operation and Report Preparation

The report on CSR initiatives is included in CSR Section. The section highlights the program background, objectives, and provides a synopsis of the CSR initiatives implemented during the year under report.

Impact of Business Operations on CSR

The Company emphasizes and aims to be a socially responsible company and has established a dedicated team of CSR and Community Relations practitioners who strive to make a positive difference to the local communities where the Company operates.

There is no report of claim on impact of the Company's business operations on CSR





CSR Initiatives and Projects

1. Cultural Diversity

Our Cultural Diversity initiatives help to promote and preserve ancient traditions of various origins in local communities. In doing so, Laguna Phuket contributes to uplifting the spiritual well-being of associates, their families, and local community members, to ensure a balance between the influx of western influences brought by tourism and preservation of the local way of life.

Buddhist Lent

The annual Laguna Phuket Buddhist Lent activity was held on 15 July 2016 at Bangtao Temple and attended by 100 Laguna Phuket associates and community members. Apart from corporate donation of lent candle, this year Laguna Phuket has donated 9 sets of electric fans and raised Baht 55,860 to the temple. Laguna Phuket has annually celebrating Buddhist Lent for over 21 years.

Sart Duen Sib (Ghost Festival)

The Ghost Festival (Baan Don Sart Duen Sib) is a southern traditional festival for Buddhists to make merit in remembrance of loved ones who passed away, and our local heroes who sacrificed their life to enrich and improve our community. The festival was held on 24 September 2016 with 70 associates and students from Laguna Phuket Kindergarten joined in a colorful Ghost Festival parade marching to Baan Don temple and Baht 20,000 was given to the temple for their ongoing public services.

Vegetarian Festival

The Phuket Vegetarian Festival is an annual event held during the ninth lunar month of the Chinese calendar, in 2016 the festival fell on 1 to 9 October 2016. We contributed Baht 200,000 for food and supplies given to 3 local shrines and set up an offering shelter to worship Ma-Song devotees through whom the gods are said to enter during the annual Phuket Vegetarian Festival.

Loy Krathong

Loy Krathong ceremony was organized on 14 November 2016 in a small-scale during the mourning period for our late King Bhumibol Adulyadej, ceremony featured Food & Beverage stalls from community vendors, and a live jazz trio from Phuket Rajabhat University performed selection of H.M. King Bhumibol's musical compositions. Over 1,500 guests, associates and residents participated in releasing Krathong and expressing their gratitude towards the plentiful use of water.

CORPORATE SOCIAL RESPONSIBILITIES



2. Social Equity

Our social equity initiatives aim to build the capacities of local communities and associates through socially beneficial projects whereby community members and associates can benefit from our support for their personal betterment as well as professional advancement.

Seedlings – Social Enterprise Restaurant

Seedlings is the first restaurant launched by Laguna Lang Co under Banyan Tree's group-wide mentorship program with the aim to provide training and job opportunities for disadvantaged local youths, giving them the necessary life skills to forge successful careers in hospitality. Seedlings serves as a launching platform for local youth development in collaboration with non-governmental and non-profit organizations, providing invaluable vocational skills and experience.

Seedlings Phuket restaurant is located in the heart of Laguna Phuket, situated at Laguna Holiday Club Resort, opens daily from 06.30 a.m. to 10.00 p.m. for all day dining, serving Phuket, Asian and Western dishes.

Laguna Phuket Associate Saving Co-Operative

Laguna Phuket Social Committee successfully established the Laguna Phuket Associate Saving Co-Operative in January 2010 with the objective of providing secure, reliable, profitable, and fair financial services to members. As "shareholders," members are entitled to such benefits as annual dividends, low interest loans, and high interest savings schemes. To-date, the cooperative holds Baht 51 million share volume with 1,076 associate members.

Laguna Phuket Children's Day

Laguna Phuket organized the 24th Children's Day event on 9 January 2016 which was attended by more than 4,000 people from the local communities and guests of Laguna Phuket hotels. Highlights of the event were stage performance, magic show, merry-go-round, game booths and goodies. Our children's day activities aim to encourage and inspire children to become active, informed and concerned citizens of the next generation, and to help them recognize the importance of their role in the society.

3. Educational Empowerment

Educational empowerment initiatives aim to build the capacities of local communities and associates through our programs that empower people of all ages in order to help people pursue a life-long learning journey, and realize their potential.

At Laguna Phuket, we seek to fulfil our stakeholders' needs in order to match guidance and knowledge to their own interests and sources of inspiration. We believe that there is no greater empowerment than the will and feverish desire to learn something new every day.

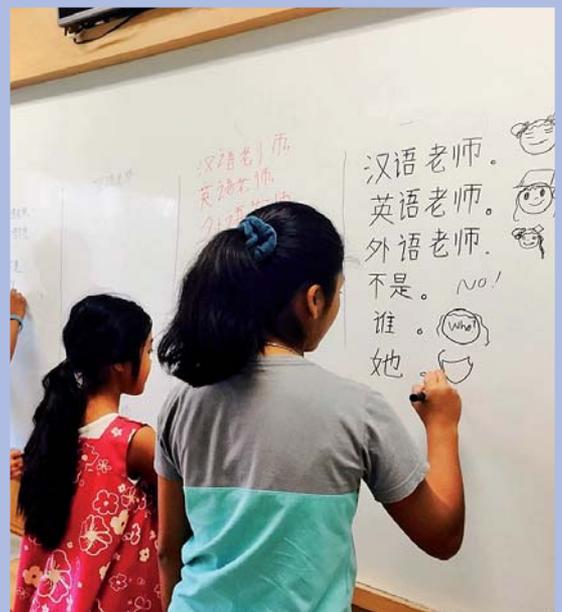
Laguna Phuket Kindergarten

Originally established in 1992 as a Child Care Centre. The centre is widely acknowledged as one of the best in Thailand and at the end of 2008 was formally established as Laguna Phuket Kindergarten under the guidance of the Ministry of Education. Today, the greatly-expanded program caters to 173 children aged between three to six, with 12 certified teachers creating fun and educational daily activities. To-date, 3,214 students have enrolled and 813 students have graduated from Laguna Phuket Kindergarten.

Laguna Phuket Community Learning Centre (CLC)

Laguna Phuket Community Learning Centre (CLC) was established in March 2007 from Phuket Tsunami Recovery Funds (PTRF) to develop long-term assistance for those affected by the 2004 Tsunami, it was originally set up as community English language centre providing free English courses to community members, with the generous support of Cherngtalay Sub-District Administrative Office.

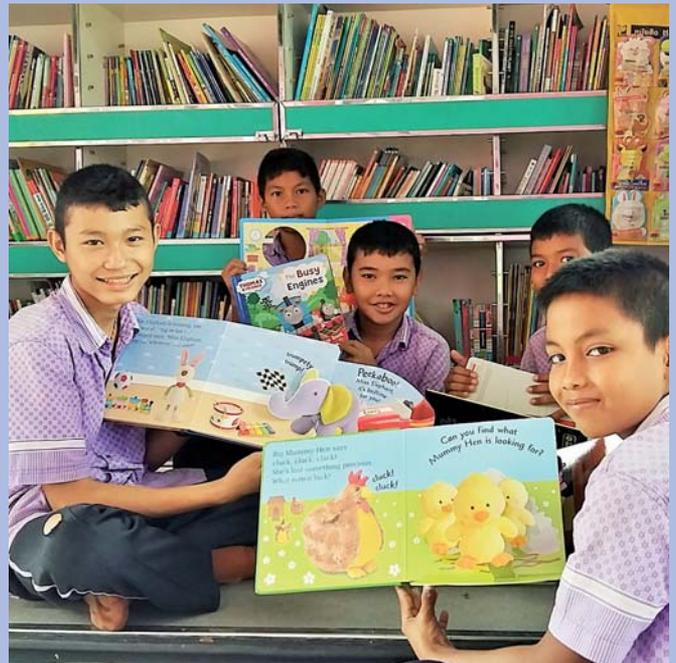
On 22 December 2014, the newly refurbished centre was relaunched as the Community Learning Centre in recognition of the 10th Tsunami commemoration and has become a community hub where people can develop their general life skills, and further their knowledge in Chinese, and performing arts in addition to English courses. To-date, 8,250 learners have participated in our programs.



Fully Booked! Mobile Learning Centre (MLC)

Fully Booked! Mobile Learning Centre project aims to re-introduce reading, the basis of self-empowerment. To children in the local community who lack adequate access to books on diverse range of topics. The Mobile Learning Centre was launched in April 2014 with the objective to provide a 2-in-1 service as a library and a classroom to increase the rate and quality of literacy among pilot schools in Phuket and neighboring provinces.

Our program start-up was funded by Baht 2.2 million fundraised from Laguna Phuket sports events and another Baht 2.2 million matching fund from Banyan Tree Global Foundation. MLC visits schools 4 days per week and creating learning courses including English day camp and Sufficiency Economy day trip benefiting over 1,100 students and 50 teachers in Phuket and Pang-Nga.



4. Health & Sports Promotion

Laguna Phuket is dedicated to helping people achieve a sensible work-life balance. We encourage people to work hard, and we promote play and leisure. We believe that leisure is the most fun when it exercises the mind and body, so our health and sports promotion events focus on meaningful sporting activities, such as Survival Swim and Red Cross Blood Donation.

Red Cross Blood Donation

Laguna Phuket is one of Thailand's prominent corporate blood donors to the Thai Red Cross Blood Donation Program. Since 2003, we have donated 1,653,750 cc of blood and 3,675 associates have participated in our Blood Drive program.

Survival Swim

Survival Swim teaches children how to survive in water, either a swimming pool or in the ocean. How can children in a seaside community not know how to swim? Yet many do not. Laguna Phuket is committed to seeing that no children are scared of water but do have a healthy respect of the ocean and even for play in and around swimming pools. We make sure they have a chance to save themselves if they find themselves in trouble in the sea. We provide free swim training lessons to primary school students in Phuket.

The funding support of Baht 1.2 million was raised from Laguna Phuket sports and community events in 2011. To-date, 2,285 students have been trained since 2011.

5. Environmental Preservation

Our Environmental Conservation initiatives emphasize raising awareness of climate change and human impact on local natural resources. In partnering with local conservation efforts, Laguna Phuket supports various initiatives that ensure sustainable rehabilitation of marine and shoreline resources around Phuket Island and nearby provinces.

EarthCheck

EarthCheck is the environmental certification program that Laguna Phuket is registered with as a precinct. The key objective is to monitor and improve our environmental practices to achieve sustainability outcomes in our business operations by providing a framework for environmental and social sustainability.

Laguna Phuket has received EarthCheck's Bronze Status in September 2014 and has been awarded Silver Status since April 2015. The annual audit to retain the Silver Status was conducted in December 2016.

Mangrove Tree Planting : The 10th Anniversary of our Greening Community Initiative

Since 2007, Laguna Phuket has worked in collaboration with Phuket Mangrove Station. In 2016, we have planted 2,400 mangrove saplings. To-date over 25,000 mangrove saplings were planted in southern provinces of Thailand. 1,000 associates have participated with this project and 450 community members have joined us.

Sea Turtle Conservation

Laguna Phuket has supported sea turtle conservation programs in Phuket province since 1994. Our efforts focus on raising funds and awareness in support of the Phuket Marine Biological Centre and the 3rd Area Naval Command, Royal Thai Navy, whose ongoing conservation and rehabilitation programs include studies of nesting behavior, tracking and analysis of turtle migration via microchips and satellite tracking devices attached to released turtles.

50 turtles were released in 2016 with the help of 200 participants. To-date, 2,020 turtles have been released and nearly 4,000 people have participated in this program since 1994.



EVENTS IN 2016



National Children's Day Celebration

The annual National Children's Day Celebration was hosted by Laguna Phuket on 9 January 2016 at Canal Village. The event featured Family Comedy Show "Chuanchyn", stage performances and game booths. This annual celebration aims to strengthen relationships with our local communities and cultivated positive family interaction.



Laguna Golf Appoints "Sir Nick Faldo" as Brand Ambassador

The Exclusive Golf Weekend at Laguna Phuket hosted by world-renowned golf legend and six-time Major winner Sir Nick Faldo on 11-12 March 2016 had concluded with great success with several exciting events. Over the two days, 26 golfers and media had the privilege to interact closely with Sir Nick who led a fun thirty-minute Golf Clinic for all golfers before kicking start the game. At the Welcome Cocktail Party on Friday 11 March 2016, Laguna Phuket officially announced the appointment of six-time Major winner Sir Nick Faldo as Laguna Golf's Brand Ambassador.



Miss Thailand World 2016 Camping at Angsana Laguna Phuket

Angsana Laguna Phuket welcomed Miss Thailand World 2016's contestants in May 2016. The beautiful ladies were here as part of training camp and to do some activities in the resort grounds as well as to promote Phuket tourism.

EVENTS IN 2016



The 11th Laguna Phuket International Marathon

The 11th Laguna Phuket International Marathon during 4-5 June 2016 saw a record field of more than 6,000 runners representing 54 countries from all ages and abilities competing a variety of course distances in a fun, family-friendly atmosphere of the integrated resort Laguna Phuket and the Thalang communities in Phuket.



Laguna Phuket Hospitality Challenge

On 15 July 2016, Laguna Phuket resort hotels, spa and golf course came together to welcome over 60 golfers comprising hospitality professionals for a day of fun-filled speed golf, gourmet golf and gala celebrations at XANA Beach Club of Angsana Laguna Phuket. The event was also aimed to raise funds towards the Laguna Phuket Foundation for the Community Learning Centre programme (CLC). The amount totalled Baht 138,000 was donated to Laguna Phuket CSR team and CLC kids at Laguna Golf Phuket following the event.



New Angsana Property Rebrand Launch

Banyan Tree Hotels & Resorts proudly presented "Angsana Villas Resort Phuket" as part of the Angsana family from 1 August 2016. It was rebranded from the former Outrigger Laguna Phuket Resort and Villas.

EVENTS IN 2016



Faldo Series Thailand Championship in Southern

Laguna Golf Phuket hosted the very first Faldo Series Championship tournament in Southern Thailand during 8-11 September 2016. As part of the Faldo Series Asia qualifier event, the event attracted entries from all over Thailand, India, Malaysia and Singapore. One of the pre-tournament favourites, Napat Paramacharoenroj, a 15-year-old two-handicapper, claimed victory in the inaugural tournament and he will be able to join the 11th Faldo Series Asia Grand Final, to be hosted by Sir Nick Faldo at Laguna Lang Cỏ in Danang, Central Vietnam, in March 2017.



Vegetarian Festival

The Annual Phuket Vegetarian Festival was held during 1-9 October 2016. It is believed that those who observe strict vegetarianism will be granted good fortune. Laguna Phuket continued to support local shrines by donating rice, dried food, and white t-shirts, as well as setting up an offering station to honour "Ma-Song" devotees, at Laguna Phuket entrance for the Cherngtalay Street Procession. This offering station exemplified our commitment and support to cultural diversity in our society.



Loy Krathong Festival

Laguna Phuket hosted the annual Loy Krathong event on 14 November 2016 at Canal Village featuring 20 F&B stalls and live jazz performance from Rajabhat University performing H.M. King Bhumibol's musical composition. More than 1,500 community members, guests, and associates participated in releasing the Krathong and showing their gratitude on the plentiful gift of water.

EVENTS IN 2016



The 23rd Laguna Phuket Triathlon (LPT)

A field of over 1,100 individual pro and age group athletes representing 40 nationalities, 55 relay teams and 6K Fun Runners crowded Asia's premier destination resort "Laguna Phuket" from the Race Finish at the resort's beachfront to the Transition Area at Laguna Grove outdoor event venue to take part in the 23rd "Race Legends" comprising 1.8 km. swim, 50 km. bike ride and 12 km. run on 20 November 2016.



AMCHAM CSR Excellence Recognition (ACE Award)

Laguna Resorts & Hotels Public Company Limited was awarded AMCHAM's "CSR Excellence (ACE) Recognition", "Thai-U.S. Creative Partnership recognition" and "the Ambassador's Award" by the American Chamber of Commerce in Thailand (AMCHAM) for outstanding CSR and contribution to Thai social and economic development. The award was presented by the U.S. Ambassador to Thailand, Mr. Glyn T. Davies on 22 November 2016 in Bangkok.



Vertigo TOO Grand Opening @ Banyan Tree Bangkok

Banyan Tree Bangkok recently celebrated the grand opening of Bangkok's newest sky-high cosmopolitan cocktail bar, Vertigo TOO on 11 February 2016. Offering a sublime bar experience, Vertigo TOO is the latest addition to Banyan Tree Bangkok's award-winning dining venues where you can relax on lush loungers while feasting your eyes to the stunning views of Bangkok cityscape and the Chao Phraya River. This event was attended by CEO, Management teams, Corporate client, Travel agents, Media and Thai Celebrities.

EVENTS IN 2016



Banyan Tree Bangkok's Seedlings Scholarship

In April 2016, Ms. Nopparat Aumpa, General Manager of Banyan Tree Bangkok and Banyan Tree Bangkok's associates presented the scholarships under "The Banyan Tree Bangkok's Seedlings Project" in the amount of Baht 252,500 to 16 students from Duang Pateep Foundation and Mahamek Home for Boys and hosted lunch at Romsai Restaurant, Banyan Tree Bangkok.



Banyan Tree Bangkok 20th Anniversary

Banyan Tree Bangkok celebrated their 20th anniversary on 8 August 2016 with a merit making ceremony and gala dinner at Vertigo and Moon Bar on the 61st floor. The event was led by Mr. Ho KwonPing, CEO of Laguna Resorts & Hotels Public Company Limited and Executive Chariman of Banyan Holdings Limited and attended by Board of Director, hotel executives, celebrities and media.



Banyan Tree Bangkok Sponsored Lunch and A Treat for the Hua Takhe Community

On November 2016, Ms. Nopparat Aumpa, General Manager of Banyan Tree Bangkok and the hotel associates, recently hosted lunch for 180 children and community members at the Hua Takhe to commemorate World Food Day as part of Banyan Tree's Stay for Good programme. Apart from that we also take part in community cleanup activities to clean the public spaces around Hua Takhe area.



Laguna Holiday Club Phuket Resort



BOARD OF DIRECTORS

Board of Directors as at 31 December 2016

Mr. Ho KwonPing⁽¹⁾

Chairman of the Board

(Age 64 Years)

Date of First Appointment as Director: 4 July 1986



Highest Educational Background and Director Certificate Program:

- Honorary Doctorate of Business Administration in Hospitality Management, Johnson & Wales University, USA
- Honorary Doctorate of Business Administration, The Hong Kong Polytechnic University, Hong Kong
- Bachelor of Arts (Economics), University of Singapore (Currently known as National University of Singapore)

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management:

Mr. Ho KwonCjan's elder brother and
Mr. Ho Ren Hua's father

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Chairman of the Board and Chief Executive Officer, Laguna Resorts & Hotels Public Company Limited
- Chairman of the Board, Thai Wah Public Company Limited
- Director and Executive Chairman, Banyan Tree Holdings Limited
- Non-Executive Director, Audit Committee Member, Nomination Committee Member and Remuneration Committee Member, Diageo plc

2000-2015

- Chief Executive Officer, Thai Wah Food Products Public Company Limited

1997-2015

- Chairman of the Board, Thai Wah Food Products Public Company Limited

In Non-Listed Companies

Present

- Chairman of the Board / Director, Certain related companies of Banyan Tree Holdings Limited
- Chairman of the Board of Trustees, Singapore Management University
- Chairman of the Board / Director, Tropical Resorts Limited
- Chairman of the Board / Director, Tropical Resorts Management Co., Ltd.
- Chairman, School of Hotel and Tourism Management of the Hong Kong Polytechnic University - School Advisory Committee
- Director, Bibace Investments Ltd. and certain related companies
- Director, Bibace Management Company Limited
- Director, Chang Fung Company Limited
- Director, Freesia Investments Ltd
- Director, ICD (HK) Limited
- Director, KAP Holdings Ltd. and certain related companies
- Director, Li-Ho Holdings (Private) Limited and certain related companies
- Director, Mae Samat Land Limited
- Director, Maypole Ltd. and certain related companies
- Director, Platinum Enterprise Limited and certain related companies
- Director, Recourse Investments Ltd. and certain related companies
- Director, RHYC Pte. Ltd.
- Director, Sin-Hai Offshore Company Limited

2000-2016

- Director, Asia Tapioca Products Company Limited

2006-2012

- Director, Tay Ninh Tapioca Joint Stock Company

1988-2011

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited

BOARD OF DIRECTORS

Mr. Vudhiphol Suriyabhivadh Independent Director

(Age 72 Years)

Date of First Appointment as Director:

7 May 2003



Dr. Jingjai Hanchanlash Independent Director

(Age 74 Years)

Date of First Appointment as Director:

15 May 2001



Highest Educational Background and Director Certificate Program:

- Bachelor of Commerce (Accountancy),
University of New South Wales, Australia
- Bachelor of Law, Sukhothai Thammathirat University
- Director Certification Program (2003) and
- Audit Committee Program (2005),
Thai Institute of Directors Association
- Executive Course, IMD Lausanne, Switzerland

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member, Laguna Resorts & Hotels Public Company Limited
- Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member, Thai Wah Public Company Limited
- Independent Director, Audit Committee Chairman and Nomination, Remuneration and Good Corporate Governance Committee Chairman, L.P.N. Development Public Company Limited
- Independent Director and Audit Committee Chairman, Bangkok Ranch Public Company Limited

2003-2015

- Nomination and Remuneration Committee Member, Thai Wah Food Products Public Company Limited

1999-2015

- Audit and Risk Committee Member, Thai Wah Food Products Public Company Limited

1996-2015

- Independent Director, Thai Wah Food Products Public Company Limited

2010-2014

- Audit Committee Member, L.P.N. Development Public Company Limited

2008-2014

- Nomination, Remuneration and Good Corporate Governance Committee Member, L.P.N. Development Public Company Limited

In Non-Listed Companies

None

Highest Educational Background and Director Certificate Program:

- Doctorate University de Caen (Mention droit), France
- Certificate in Project Analysis Training,
University of Connecticut, USA
- Certificate in Mid Career Management Training,
University of Western Ontario, Canada
- Director Accreditation Program (2003) and
- Audit Committee Program (2007),
Thai Institute of Directors Association

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman, Laguna Resorts & Hotels Public Company Limited
- Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman, Thai Wah Public Company Limited
- Vice Chairman, Muang Thai Insurance Public Company Limited
- Director, Loxley Public Company Limited
- Director, Asian Phytoceuticals Public Company Limited

2013-2015

- Nomination and Remuneration Committee Member, Thai Wah Food Products Public Company Limited

2000-2015

- Independent Director and Audit and Risk Committee Member, Thai Wah Food Products Public Company Limited

In Non-Listed Companies

Present

- Honorary Chairman, Greater Mekong Sub-Region Business Forum
- Chairman of the Executive Board, Rutnin-Gimbel Excimer Laser Eye Centre
- Vice Chairman, Thai Chamber of Commerce
- Board Member, SPIE Oil & Gas Services (Thailand) Limited
- Board Member, King Prajadhipok's Institute
- Board Member, Hamilcar Company Limited

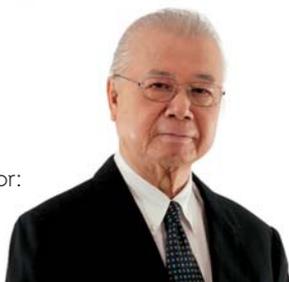
BOARD OF DIRECTORS

Mr. Udom Vichayabhai Independent Director

(Age 81 Years)

Date of First Appointment as Director:

28 December 1992



Ms. Srinthorn Ounayakovit Independent Director

(Age 46 Years)

Date of First Appointment as Director:

9 March 2015



Highest Educational Background and Director Certificate Program:

- Bachelor of Business Administration, Boston University, USA
- Role of the Chairman Program (2001),
- Director Accreditation Program (2003),
- Director Certification Program (2004),
- Finance for Non-Finance Directors (2004),
- Audit Committee Program (2005), and
- Role of the Compensation Committee (2008),
Thai Institute of Directors Association

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member, Laguna Resorts & Hotels Public Company Limited
- Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member, Thai Wah Public Company Limited

2013-2015

- Audit and Risk Committee Chairman,
Thai Wah Food Products Public Company Limited

2008-2015

- Nomination and Remuneration Committee Chairman,
Thai Wah Food Products Public Company Limited

2003-2015

- Independent Director,
Thai Wah Food Products Public Company Limited

1993-2014

- Independent Director, Audit Committee Chairman and Nomination Committee Member,
Thai Reinsurance Public Company Limited

In Non-Listed Companies

Present

- Chairman, Phuket Fantasea Public Company Limited
- Chairman, Carnival Magic Company Limited
- Independent Director,
Amcor Flexibles Bangkok Public Company Limited

Highest Educational Background and Director Certificate Program:

- Bachelor of Art - Economics, Smith College, USA
- Director Accreditation Program (2015),
Thai Institute of Directors Association

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Independent Director,
Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

1999-2013

- Chief Executive Officer, Burda (Thailand) Company Limited

BOARD OF DIRECTORS

Mr. Surapon Supratya Non-Executive Director

(Age 64 Years)

Date of First Appointment as Director:

22 March 1996



Mr. Ho KwonCjan⁽¹⁾ Director

(Age 60 Years)

Date of First Appointment as Director:

27 February 1995



Highest Educational Background and Director Certificate Program:

- Master of Accounting, Thammasat University
- Certified Public Accountant of Thailand
- Director Accreditation Program (2009),
Thai Institute of Directors Association

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Non-Executive Director,*
Laguna Resorts & Hotels Public Company Limited
- Director, Thai Wah Public Company Limited

2013-2016

- Deputy Chairman of the Board,
Laguna Resorts & Hotels Public Company Limited

1996-2015

- Director, Thai Wah Food Products Public Company Limited

2007-2012

- Deputy Chairman of the Company,
Laguna Resorts & Hotels Public Company Limited

1996-2012

- Director, Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

2000-2016

- Director, Asia Tapioca Products Company Limited

2003-2016

- Director, Vietnam Tapioca Company Limited

1996-2016

- Director, Tay Ninh Tapioca Joint Stock Company

2008-2012

- Director, Tapioca Development Corporation Limited

1996-2012

- Director, Certain related companies of
Laguna Resorts & Hotels Public Company Limited

Highest Educational Background and Director Certificate Program:

- Bachelor of Architecture (Hons),
National University of Singapore

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management:

Mr. Ho KwonPing's younger brother and

Mr. Ho Ren Hua's uncle

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Director, Laguna Resorts & Hotels Public Company Limited
- Director, Thai Wah Public Company Limited

1997-2015

- Director, Thai Wah Food Products Public Company Limited

2005-2011

- Managing Director (Design Services),
Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

Present

- Director, Certain related companies of
Laguna Resorts & Hotels Public Company Limited⁽²⁾
- Director, Certain related companies of
Banyan Tree Holdings Limited
- Director, Profit Chain Ltd.
- Director, Lanna Land Development Company Limited
- Director, Mae Malai Doi Resorts Company Limited
- Director, Platinum Enterprise Limited and
certain related companies
- Director, Li-Ho Holdings (Private) Limited and
certain related companies
- Director, Chang Fung Company Limited
- Director, PT Bintan Hotels
- Director, Freesia Investments Ltd
- Director, Vail Enterprises Group Corp.

2000-2016

- Director, Asia Tapioca Products Company Limited

2006-2016

- Director, Bibace Investments Ltd

BOARD OF DIRECTORS

Mr. Ariel P. Vera Non-Executive Director

(Age 64 Years)

Date of First Appointment as Director:
13 May 1997



Mr. Eddy See Hock Lye⁽¹⁾ Director

(Age 52 Years)

Date of First Appointment as Director:
21 November 2012



Highest Educational Background and Director Certificate Program:

- Master of Business Administration,
National University of Singapore
- Certified Public Accountant of Philippines

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Non-Executive Director,
Laguna Resorts & Hotels Public Company Limited
- Director, Thai Wah Public Company Limited
- Non-Independent and Non-Executive Director,
Banyan Tree Holdings Limited

2013-2015

- Director, Thai Wah Starch Public Company Limited
- Director, Thai Wah Food Products Public Company Limited

1997-2013

- Director, Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

Present

- Director, ICD (HK) Limited

1994-2014

- Director, Certain related companies of
Laguna Resorts & Hotels Public Company Limited

1995-2014

- Chairman of the Board / Director,
Certain related companies of Banyan Tree Holdings Limited

Highest Educational Background and Director Certificate Program:

- Bachelor of Commerce,
University of Auckland, New Zealand
- Associate Chartered Accountant,
New Zealand Society of Accountants
(Currently known as New Zealand Institute of
Chartered Accountants)

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Director, Laguna Resorts & Hotels Public Company Limited
- Group Managing Director and Chief Financial Officer,
Banyan Tree Holdings Limited

In Non-Listed Companies

Present

- Director, Certain related companies of
Laguna Resorts & Hotels Public Company Limited⁽²⁾
- Director, Certain related companies of
Banyan Tree Holdings Limited
- Director, Tropical Resorts Limited and
certain related companies
- Director, Tropical Resorts Management Co. Ltd.
and certain related companies
- Director, Singapore-Bintan Resort Holdings Pte Ltd
- Director, Donvale Limited
- Director, Debenham Limited
- Director, Hotel Management Ltd
- Director, Private Collection (S) Pte. Ltd.

BOARD OF DIRECTORS

Mr. Ho Ren Hua⁽¹⁾

Director

(Age 34 Years)

Date of First Appointment as Director:

9 November 2011



Mr. Shankar Chandran⁽¹⁾

Director

(Age 54 Years)

Date of First Appointment as Director:

21 November 2012



Highest Educational Background and Director Certificate Program:

- Bachelor of Science in Economics (Honors) majoring in Finance and Management, The Wharton School, University of Pennsylvania, USA

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management:

Mr. Ho KwonPing's son and Mr. Ho KwonCjan's nephew

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Director, Laguna Resorts & Hotels Public Company Limited
- Director and Chief Executive Officer, Thai Wah Public Company Limited

2015

- Director and Chief Executive Officer, Thai Wah Starch Public Company Limited

2011-2015

- Director, Thai Wah Food Products Public Company Limited

In Non-Listed Companies

Present

- Chairman of the Board / Director, Certain related companies of Banyan Tree Holdings Limited
- Chairman of the Board, Thai Wah International Trade (Shanghai) Company Limited
- Director, Asia Tapioca Products Company Limited
- Director, Bibace Investments Ltd
- Director, Bibace Management Company Limited
- Director, Casita Holdings Ltd.
- Director, Dawina Investments Ltd.
- Director, ICD (HK) Limited
- Director, Maypole Ltd. and certain related companies
- Director, Sin-Hai Offshore Company Limited
- Director, Tapioca Development Corporation Limited
- Director, United Insulation Services Pte. Ltd.

Highest Educational Background and Director Certificate Program:

- Postgraduate Diploma in Management Studies, Kingston University, London, UK
- Higher National Diploma Finance, South West London College, UK

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Director and Managing Director, Laguna Resorts & Hotels Public Company Limited
- Managing Director, Owned Hotels and Managing Director (Spa Operations), Banyan Tree Holdings Limited
- Director, Thai Wah Public Company Limited

In Non-Listed Companies

Present

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited⁽²⁾
- Director, Certain related companies of Banyan Tree Holdings Limited
- Director, Banyan Tree Hotels & Resorts (Thailand) Limited

2011-2016

- Managing Director, Laguna Lang Co Vietnam

BOARD OF DIRECTORS

Mr. Stuart David Reading⁽¹⁾

Director

(Age 49 Years)

Date of First Appointment as Director:

10 August 2006



Highest Educational Background and Director Certificate Program:

- Bachelor of Business Degree in Accounting, University of Western Sydney, Australia
- Associate Chartered Accountant, Institute of Chartered Accountants in Australia
- Director Certification Program (2010), Thai Institute of Directors Association

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Director, Laguna Resorts & Hotels Public Company Limited

2013

- Deputy Managing Director, Laguna Resorts & Hotels Public Company Limited

2009-2012

- Vice President - Finance, Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

Present

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited⁽²⁾
- Senior Vice President - Group Property Development, Laguna Banyan Tree Limited

Remark

- No directors or management of the Company have any record of committing any illegal action.

- Disclosure on "Percentage of Shareholding in the Company" is in accordance with section 59 of the Securities and Exchange Act B.E. 2535.

* Mr. Surapon Supratya, Deputy Chairman of the Board was appointed as Non-Executive Director in accordance with the resolution of the Board of Directors' Meeting on 11 May 2016.

(1) Authorized directors as shown in the Company Affidavit

(2) Details as shown in the section of "Position of Directors and Management as at 31 December 2016"

MANAGEMENT OF THE COMPANY

Management, Head of Group Internal Audit and Company Secretary of the Company

Name	Position	Profile
Management*		
Mr. Ho KwonPing	Chief Executive Officer	Profile as shown in the section of "Board of Directors as at 31 December 2016"
Mr. Shankar Chandran	Managing Director	
Mr. Kuan Chiet	Senior Assistant Vice President – Finance & Administration	Profile as shown in the following pages
Mr. Yew How David Seet	Senior Assistant Vice President – Resort Operations	
Ms. Piploy Pluemarom	Assistant Vice President – Group Human Resources	
Ms. Areewan Sriwichupong	Assistant Vice President – Finance	
Head of Group Internal Audit		
Mr. Cheng Sai Him ⁽¹⁾	Head of Group Internal Audit	
Company Secretary		
Ms. Nanchalee Kecharananta	Company Secretary and Assistant Vice President – Corporate Affairs	

Remark

- No directors or management of the Company have any record of committing any illegal action.
 - Mr. Passapong Nantarak resigned from the Company effective from 5 March 2016 and from the directorship in subsidiaries of the Company effective from 10 March 2016.
 - Mr. Ho Ming Wai, Assistant Vice President – Group Internal Audit, resigned from the Company effective from 9 July 2016.
 - * Effective 1 February 2015, all positions from Assistant Vice President and above are considered management of the Company in accordance with the definition of the Securities and Exchange Commission.
- (1) Mr. Cheng Sai Him was appointed as Head of Group Internal Audit on 1 July 2016.

MANAGEMENT OF THE COMPANY

Mr. Kuan Chiet

Senior Assistant Vice President –

Finance & Administration

(Age 50 Years)

Highest Educational Background and Director Certificate Program:

- Bachelor of Business Administration, National University of Singapore
- Director Certification Program (2002), Thai Institute of Directors Association

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Senior Assistant Vice President – Finance & Administration, Laguna Resorts & Hotels Public Company Limited

2000–2015

- Director, Thai Wah Food Products Public Company Limited

2012–2013

- Senior Assistant Vice President – Group Asset Management, Development and Special Projects, Laguna Resorts & Hotels Public Company Limited

2008–2011

- Senior Assistant Vice President – Group Asset Management, Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

Present

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited⁽¹⁾

2008–2015

- Director, Tapioca Development Corporation Limited

Mr. Yew How David Seet

Senior Assistant Vice President –

Resort Operations

(Age 62 Years)

Highest Educational Background and Director Certificate Program:

- Certificate in Hotel Management, SHATEC Institutes, Singapore

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Senior Assistant Vice President – Resort Operations, Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

Present

- Director, Banyan Tree Resorts & Spas (Thailand) Company Limited

2012 – 2013

- Senior Assistant Vice President & Deputy Managing Director, Laguna Vietnam Company Limited

2000 – 2012

- Senior Assistant Vice President & Executive Director, Banyan Tree Resorts & Spas (Thailand) Company Limited

MANAGEMENT OF THE COMPANY

Ms. Piploy Pluemarom
Assistant Vice President –
Group Human Resources
(Age 58 Years)

**Highest Educational Background and
Director Certificate Program:**

- Master of Public Administration, Chulalongkorn University

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Assistant Vice President – Group Human Resources,
Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

Present

- Director, Certain related company of
Laguna Resorts & Hotels Public Company Limited⁽¹⁾

Ms. Areewan Sriwichupong
Assistant Vice President – Finance
(Age 44 Years)

**Highest Educational Background and
Director Certificate Program:**

- Master of Business Administration (Strategic Management),
Thammasat University
- Director Certification Program (2014),
Thai Institute of Directors Association

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Assistant Vice President – Finance,
Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

Present

- Director, Certain related companies of
Laguna Resorts & Hotels Public Company Limited⁽¹⁾

MANAGEMENT OF THE COMPANY

Mr. Cheng Sai Him⁽²⁾
Head of Group Internal Audit
(Age 35 Years)

Highest Educational Background and Director Certificate Program:

- Bachelor of Accountancy (First Class Honors), Nanyang Technological University, Singapore
- Chartered Accountant of Singapore (CA (Singapore))
- Certified Internal Auditor (CIA),
- Certification in Control Self-Assessment (CCSA) and
- Certification in Risk Management Assurance (CRMA), The Institute of Internal Auditors, USA
- Certified Fraud Examiner (CFE), Association of Certified Fraud Examiners, USA
- Certified Information Systems Auditor (CISA), ISACA, USA

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Head of Group Internal Audit, Laguna Resorts & Hotels Public Company Limited
- Head of Group Internal Audit, Banyan Tree Holdings Limited

2014-2016

- Senior Manager - Group Internal Audit, Banyan Tree Holdings Limited

2011-2014

- Internal Audit Manager, OUE Limited / OUE Hospitality Trust / OUE Commercial REIT

In Non-Listed Companies

2010-2011

- Assistant Manager, KPMG - Internal Audit, Risk and Compliance Services

2008-2010

- Senior Associate, KPMG - Internal Audit, Risk and Compliance Services

2007-2008

- Associate, KPMG - Internal Audit, Risk and Compliance Services

2005-2007

- Audit Assistant, Ernst & Young - Assurance & Advisory Business Services

Ms. Nanchalee Kecharananta
Company Secretary and
Assistant Vice President - Corporate Affairs
(Age 50 Years)

Highest Educational Background and Director Certificate Program:

- Master of Development Administration, Western Michigan University, USA
- Director Accreditation Program (2003),
- Company Secretary Program (2002), and
- Effective Minutes Taking Program (2006), Thai Institute of Directors Association

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Company Secretary and Assistant Vice President - Corporate Affairs, Laguna Resorts & Hotels Public Company Limited

2008-2012

- Senior Vice President, Corporate Secretariat Office, TISCO Financial Group Public Company Limited

In Non-Listed Companies

None

Remark

- No directors or management of the Company have any record of committing any illegal action.
- Disclosure on "Percentage of Shareholding in the Company" is in accordance with section 59 of the Securities and Exchange Act B.E. 2535.

(1) Details as shown in the section of "Information on the Directors of Subsidiaries as at 31 December 2016"

(2) Mr. Cheng Sai Him was appointed as Head of Group Internal Audit on 1 July 2016.



Angsana Laguna Phuket



BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

Details of Positions of Directors and Management as at 31 December 2016

No.	Name list		LRH	Subsidiaries												
				AVCI	BGL	BT1	BT2	BT3	BT4	BTD	BTG(S)	BTG(T)	CGL	L3	LBTG	LBTL
1	Mr. Ho	KwonPing	BoDC, CEO, M	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Mr. Vudhiphol	Suriyabhivadh	ID, ARCC, NRC	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Dr. Jingjai	Hanchanlash	ID, ARC, NRCC	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Mr. Udom	Vichayabhai	ID, ARC, NRC	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Ms. Srinthorn	Ounayakovit	ID	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Mr. Surapon	Supratya	NED	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Mr. Ho	KwonCjan	/	-	/	/	/	/	/	/	/	-	/	-	/	-
8	Mr. Ariel	P. Vera	NED	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Mr. Eddy	See Hock Lye	/	PC	/	/	/	/	/	/	/	/	/	/	/	/
10	Mr. Ho	Ren Hua	/	-	-	-	-	-	-	-	-	-	-	-	BoDC	-
11	Mr. Shankar	Chandran	/, MD, M	-	/	/	/	/	/	/	/	-	/	/	/	-
12	Mr. Stuart	David Reading	/	PD	/	/	/	/	/	/	/	/	/	-	/	-
13	Mr. Kuan	Chiet	M	/	/	/	/	/	/	/	/	-	/	/	/	-
14	Mr. Yew	How David Seet	M	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Ms. Piploy	Pluemarom	M	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Ms. Areewan	Sriwichupong	M	-	/	/	/	/	/	/	/	-	/	/	/	-
17	Ms. Nanchalee	Kecharananta	M	-	-	-	-	-	-	-	-	-	-	-	-	-

Remark:

BoDC = Board of Directors Chairman

ID = Independent Director

PD = President Director

ARCC = Audit and Risk Committee Chairman

NRCC = Nomination and Remuneration Committee Chairman

NED = Non-Executive Director

- = None

CEO = Chief Executive Officer

MD = Managing Director

PC = President Commissioner

ARC = Audit and Risk Committee Member

NRC = Nomination and Remuneration Committee Member

/ = Director

M = Management according to the definition of the Securities and Exchange Commission

Full Company name as shown in the section of "Abbreviations"

BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

Subsidiaries																Associated Companies		Related Companies			
LCL	LEL	LGL	LHC	LLL	LSC	LVL	MCP	PKRD	PSD	TLDC	TWDC	TWPL	TWRH	TWT	TWT2	LBTH	TRL	BI	HHBR	TWPC	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	BoDC	/	-	-	BoDC
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	/	/	/	-	/	/	/	/	/	/	-	-	-	-	/
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/
-	-	-	-	/	-	/	/	/	/	-	/	/	/	/	/	/	/	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	BoDC	-	/	-	-	CEO,/
-	-	/	/	/	/	/	/	/	/	-	/	/	/	/	/	-	-	-	-	-	/
-	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	-	-	-	-	-	-
-	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	/	/	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	/	/	-	-	/	/	/	/	/	-	/	/	/	/	/	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

Information on the Directors of Subsidiaries as at 31 December 2016

No.	Name list		Subsidiaries											
			AVCI	BGL	BT1	BT2	BT3	BT4	BTD	BTG(S)	BTG(T)	CGL	L3	
1	Mr. Ho	KwonCjan	-	/	/	/	/	/	/	/	-	/	-	/
2	Mr. Kuan	Chiet	/	/	/	/	/	/	/	/	-	/	/	/
3	Mr. Stuart	David Reading	PD	/	/	/	/	/	/	/	/	/	-	/
4	Ms. Areewan	Sriwichupong	-	/	/	/	/	/	/	/	-	/	/	/
5	Mr. Shankar	Chandran	-	/	/	/	/	/	/	/	-	/	/	/
6	Ms. Claire	Chiang See Nghoh	-	-	-	-	-	-	-	-	/	/	-	-
7	Mr. Phitak	Boonpojanasoonorn	-	-	-	-	-	-	-	-	-	-	-	-
8	Mr. Ho	Ren Hua	-	-	-	-	-	-	-	-	-	-	-	-
9	Mr. Eddy	See Hock Lye	PC	/	/	/	/	/	/	/	/	/	/	/
10	Mr. Ussawin	Mouensoi	-	-	-	-	-	-	-	-	-	-	-	-
11	Mr. Boon	Yongsakul	-	-	-	-	-	-	-	-	-	-	-	-
12	Ms. Sriya	Yongsakul	-	-	-	-	-	-	-	-	-	-	-	-
13	Ms. Kanruethai	Roongruang	-	-	-	-	-	-	-	-	-	/	-	-
14	Ms. Pilanthana	Charinkan	-	-	-	-	-	-	-	-	-	/	-	-
15	Ms. Piploy	Pluemarom	-	-	-	-	-	-	-	-	-	-	-	-
16	Mr. Kontee	Warapitayut	-	/	/	/	/	/	/	-	-	/	-	/
17	Mr. Kittneth	Tienwuttiwong	-	-	-	-	-	-	-	/	-	-	-	-
18	Mr. Amnuay	Navachotechaiyakul	-	-	-	-	-	-	-	-	-	-	-	-
19	Mr. Djunaidi	Maskur	/	-	-	-	-	-	-	-	-	-	-	-

Remarks:

BoDC = Board of Directors Chairman
 PC = President Commissioner
 PD = President Director
 / = Director
 - = None

Full Company name as shown in the section of "Abbreviations"

BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

Subsidiaries																	
LBTG	LBTL	LCL	LEL	LGL	LHC	LLL	LSC	LVL	MCP	PKRD	PSD	TLDC	TWDC	TWPL	TWRH	TWT	TWT2
-	/	-	-	-	-	-	-	-	/	/	/	-	/	/	/	/	/
-	/	-	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
-	/	-	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
-	/	-	/	/	-	-	/	/	/	/	/	-	/	/	/	/	/
-	/	-	-	/	/	/	/	/	/	/	/	-	/	/	/	/	/
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-
BoDC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
/	/	-	-	-	-	/	-	/	/	/	/	-	/	/	/	/	/
-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	/	/	-	-	/	-	-	-	-	-	-	-	-	-	-
-	-	-	/	/	-	-	/	/	/	-	/	-	-	-	-	/	/
-	/	-	-	/	/	/	/	-	-	/	-	-	/	/	/	-	-
-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



11	12	13	14	15	16	17	18	19	20	21	22
1	2	3	4	5	6	7	8	9	10		

LAGUNA PHUKET MANAGEMENT TEAM

1. **Teerawut Totarat**, Director of Tours & Travel,
Laguna Excursions Limited
2. **David Seet Yew How**, Senior Assistant Vice President - Resort Operations,
Laguna Resorts & Hotels Public Company Limited
3. **Anthony Loh**, Senior Assistant Vice President - Services,
Laguna Service Company Limited
4. **Gary Allan Holden**, Development Director,
Phuket Resort Development Limited
5. **Stuart David Reading**, Senior Vice President - Group Property Development,
Laguna Banyan Tree Limited
6. **Shankar Chandran**, Senior Vice President / Managing Director,
Laguna Resorts & Hotels Public Company Limited
7. **Kuan Chiet**, Senior Assistant Vice President - Finance & Administration,
Laguna Resorts & Hotels Public Company Limited
8. **Kontee Worrakitayut**, Senior Manager - Legal,
Laguna Resorts & Hotels Public Company Limited
9. **Roy Lau**, Assistant Vice President - Property Sales,
Laguna Banyan Tree Limited
10. **Sarawut Chantarasuwan**, Project Director,
Phuket Resort Development Limited
11. **Porntip Kankhew**, Director of Corporate IT,
Laguna Resorts & Hotels Public Company Limited
12. **Piploy Pluemarom**, Assistant Vice President - Group Human Resources,
Laguna Resorts & Hotels Public Company Limited
13. **Bubpha Prateep Na Thalang**, Senior Manager - Rental Pool Owner Services,
Laguna Banyan Tree Limited
14. **Brian Connelly**, General Manager,
Angsana Laguna Phuket
15. **Itthipat Chirasathit**, Hotel Manager,
Laguna Holiday Club Phuket Resort
16. **Sriram Kailasam**, Area General Manager - Phuket,
Banyan Tree Phuket
17. **Paul Anthony Wilson**, Assistant Vice President / Director of Group Golf,
Laguna Grande Limited
18. **Ilias Vamvakas**, General Manager,
Cassia Phuket
19. **Sree Valsan**, Hotel Manager,
Angsana Villas Resort Phuket
20. **Passaraporn Kaotan**, Director of Operations,
Laguna Grande Limited
21. **Prapa Hemmin**, Director of Marketing and Corporate Events,
Laguna Service Company Limited
22. **Prae Sunantaraks**, Director of Community Relations & Corporate Social Responsibilities,
Laguna Resorts & Hotels Public Company Limited



Laguna Golf Club



CORPORATE AND MANAGEMENT STRUCTURE

General Information

Head Office

Laguna Resorts & Hotels Public Company Limited
Thai Wah Tower I, 7th, 22nd and 24th floor, No. 21/17B, 21/17C, 21/65, 21/66 and 21/68
South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
Telephone 66 (0) 2677 4455 | Facsimile 66 (0) 2285 0733

Branch

390/1 Moo 1, Srisoontorn Road, Cherngtalay, Talang, Phuket 83110, Thailand
Telephone 66 (0) 7636 2300 | Facsimile 66 (0) 7632 4061

Homepages

www.lagunaresorts.com (Corporate Website) | www.lagunaphuket.com (Marketing Website)

Corporate Registration number

0107535000371

Type of Major Businesses

Hotel Business and Property Development

Registered Capital

Baht 2,116,753,580

Issued and Paid-up Capital

Baht 1,666,827,010

No. and Type of Shares Issued and Par Value

166,682,701 ordinary shares at the par value of Baht 10 per share

Foreign Limit

Not exceeding 49 percent of total issued and paid-up shares of the Company

Percentage Allowed For Thai Trust Fund Management Company Limited

Not exceeding 20 percent of the total issued and paid-up shares of the Company

Dividend Policy of the Company

The Company's dividend policy seeks to maximize shareholder value and encourage shareholder loyalty with predictable annual growth in dividend payout which is not impacted by profit volatility. With that objective, the Company's Dividend Policy is based on the principles of stability, predictability and managed growth, outlined as follows:

- **Stability** Unless the Company suffers a substantial net loss, it will pay a dividend each year so that shareholders are not negatively affected by annual profit volatility.
- **Predictability** Shareholders will be able to better anticipate the appropriate level of dividends to expect each year and therefore may be better able to manage their portfolio investment strategy.
- **Managed growth** The Company will strive to increase and smooth out the dividends year-on-year within a broad band but the specific rate will be dependent on the Company's actual profit performance, cash and cash flow projections.

Dividend Policy of the Subsidiaries

In respect of dividend payment policy of the subsidiaries, such subsidiaries will pay dividends from their net profits. There is no specific dividend policy and dividend payment is subject to many factors such as their financial condition and results of operations, liquidity, business expansion and factors related to the operation of their business.

Total Employees

75 employees (only employees employed by Laguna Resorts & Hotels Public Company Limited as of 31 December 2016)

Companies in which the Company's Shareholding Exceeds 10 percent

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
AVCI	Holiday club membership and Golf club operations	Bintan	USD2,335,000	USD10.00	USD850,000	100.00	(62) 770 693 402	(62) 770 693 402
BGL	Hotel operations	Phuket	1,546,000,000	100.00	1,546,000,000	100.00	6 (0) 7632 4101-7	66 (0) 7627 1808
BI	Investment holdings	British Virgin Islands	USD50,000	USD0.01	USD10,100	19.80	(65) 6849 5888	(65) 6849 5713
BT1	Property development	Phuket	20,930,000	100.00	20,930,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT2	Property development	Phuket	19,100,000	100.00	19,100,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT3	Property development	Phuket	7,750,000	100.00	7,750,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT4	Property development	Phuket	14,550,000	100.00	14,550,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BTD	Property development	Phuket	80,000,000	100.00	80,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BTG(S)	Sale of merchandise	Singapore	-**	-**	SGD432,000	51.00	(65) 6849 5888	(65) 6462 0186
BTG(T)	Sale of merchandise	Bangkok	7,750,000	100.00	7,750,000	51.00	66 (0) 2677 3100	66 (0) 2677 3200
CGL	Investment holding	Hong Kong	-***	-***	HKD2	100.00	(852) 2598 5234	(852) 2598 7500
HHBR	Dormant	Bangkok	10,000,000	10.00	10,000,000	10.00	66 (0) 2454 0037	66 (0) 2454 1097
L3	Property development	Phuket	100,000	100.00	100,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LBTG	Trading and retailing of consumer goods in resorts	Yunnan	USD75,000	-	USD75,000	51.00	(86) 888 533 1111	(86) 888 533 2222
LBTH	Hotel operations and property development	Yunnan	USD18,400,000	-	USD18,400,000	49.04	(86) 888 533 1111	(86) 888 533 2222
LBTL	Hotel operations and property development	Phuket	1,500,000,000	100.00	1,500,000,000	100.00	66 (0) 7632 4374	66 (0) 7632 4375
LCL	Dormant	Bangkok	1,000,000	100.00	1,000,000	85.00	66 (0) 2677 4455	66 (0) 2285 0733
LEL	Travel operations	Phuket	8,000,000	100.00	8,000,000	49.00	66 (0) 7636 2300	66 (0) 7636 2370
LGL	Golf club operations and property development	Phuket	1,000,000,000	100.00	1,000,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LHC	Holiday club membership and property development	Phuket	330,000,000	100.00	330,000,000	100.00	66 (0) 7636 2400	66 (0) 7636 2401

Companies in which the Company's Shareholding Exceeds 10 percent (con't)

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
LLL	Property development	Phuket	1,000,000	100.00	1,000,000	95.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LSC	Provide utilities and other services to hotels of the subsidiaries	Phuket	90,500,000	100.00	90,500,000	72.90	66 (0) 7630 5639-42	66 (0) 7630 5643
LVL	Hotel operations	Phuket	6,000,000	100.00	6,000,000	100.00	66 (0) 7633 6900	66 (0) 7633 6970
MCP	Property development	Bangkok	232,300,000	100.00	232,300,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
PKRD	Property development	Phuket	100,000,000	100.00	100,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
PSD	Property development	Bangkok	28,400,000	100.00	28,400,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TLDC	Property development	Bangkok	251,000,000	1,000.00	251,000,000	50.00	66 (0) 2677 4455	66 (0) 2285 0733
TRL	Resort investment and development	Hong Kong	-***	-***	USD21,000,000	25.87	(852) 2525 8854	(852) 2845 2754
TWDC	Property development	Phuket	214,370,000	100.00	214,370,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
TWPC	Manufacture and distribution of tapioca product, vermicelli and other food product	Bangkok	880,420,930	1.00	880,420,930	10.03	66 (0) 2285 0040	66 (0) 2285 0270-1
TWPL	Hotel operations, lease of office building space and property development	Bangkok	2,250,000,000	100.00	2,250,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TWRH	Investment holding and property development	Bangkok	1,550,000,000	100.00	1,550,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TWT	Lease of office building space	Bangkok	455,000,000	100.00	455,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TWT2	Property development	Bangkok	21,000,000	100.00	21,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733

Remark:

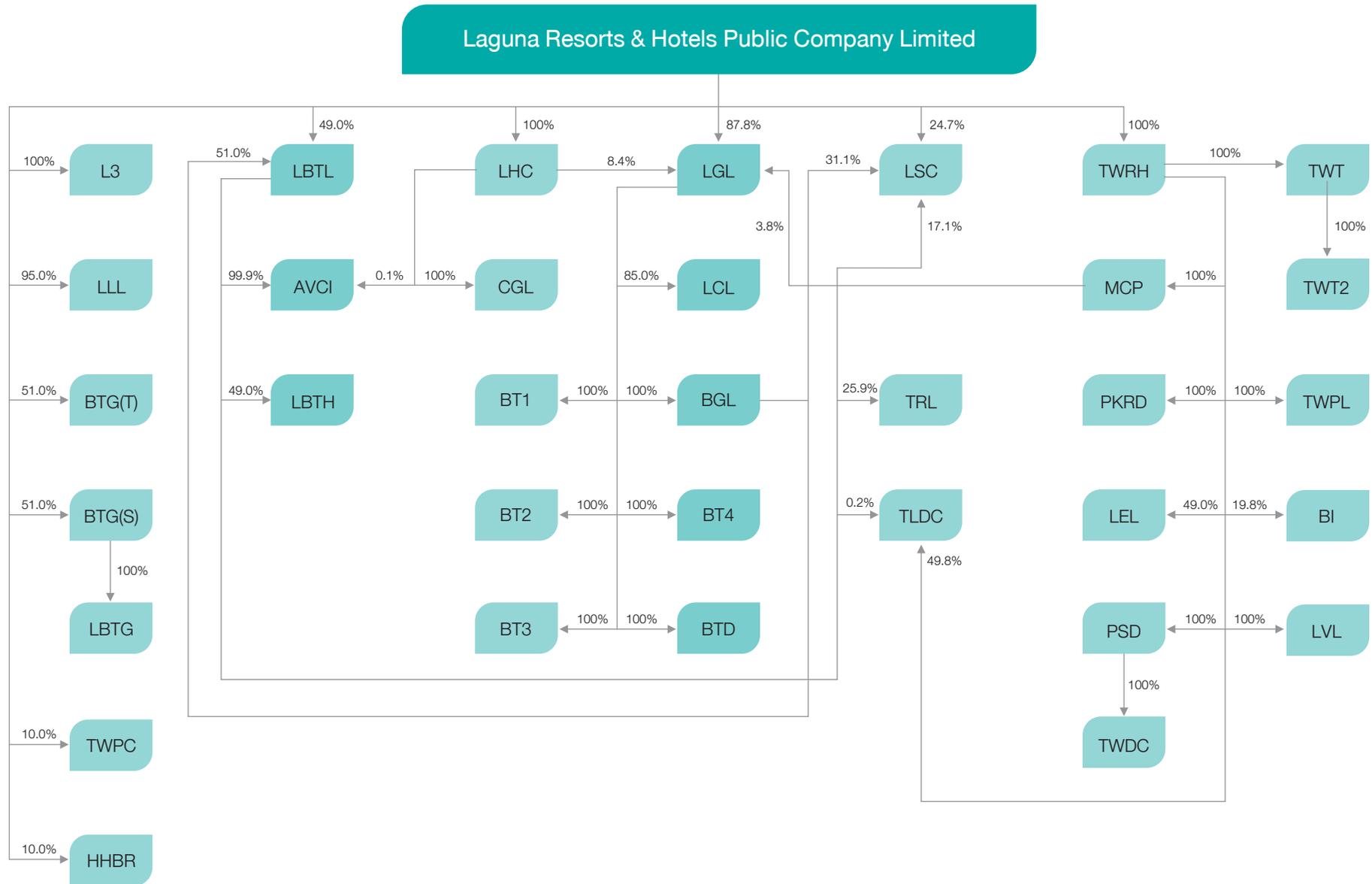
* Taking into account only on companies in which the Company has shareholding through a subsidiary(ies) (exceeding 50 percent)

** With effect from 30 January 2006, the concepts of authorized / registered capital and par value have been abolished by law in respect of all Singapore companies.

*** With effect from 3 March 2014, the concepts of authorized / registered capital and par value have been abolished by law in respect of all Hong Kong companies.

- Full Company name as shown in the section of "Abbreviations"

Corporate Structure as at 31 December 2016



Remark : Full company names as shown in the Section of "Abbreviations"

CORPORATE AND MANAGEMENT STRUCTURE

Major Shareholders as at 30 December 2016[#]

No.	Shareholders	No. of Shares Held	Total Shareholdings	%
1	Banyan Tree Holdings Limited Group of Companies		91,422,911	54.8
	(1) Banyan Tree Holdings Limited	74,632,342		
	(2) Banyan Tree Resorts & Spas (Thailand) Company Limited*	15,737,807		
	(3) Maybank Kim Eng Securities Pte Ltd**	1,052,762		
2	Thai Trust Fund Management Company Limited***		23,469,665	14.1
3	Thai NVDR Company Limited		17,194,782	10.3
4	Mr. Suvit Laohapholwattana		3,509,400	2.1
5	Thai Wah Public Company Limited		3,480,200	2.1
6	Goldman Sachs International		3,000,500	1.8
7	Mr. Wachira Thayanaraporn		2,360,000	1.4
8	Dusit Thani Public Company Limited		1,250,000	0.7
9	The Viriyah Insurance Public Company Limited		1,103,725	0.7
10	State Street Bank Europe Limited		1,073,802	0.6
	Other Minority Shareholders		18,817,716	11.4
	Total		166,682,701	100.0

Remarks:

= As at the last share register book closing date. Updated shareholder information prior to the 2017 Annual General Meeting can be accessed through www.lagunaresorts.com, the Company's corporate website.

* = A company which is under the control of Banyan Tree Holdings Limited.

** = Holds the Company shares for and on behalf of Banyan Tree Corporate Pte. Ltd., a wholly-owned subsidiary of Banyan Tree Holdings Limited.

*** = Banyan Tree Holdings Limited holds 18,175,265 units in Thai Trust Fund Management Company Limited

CORPORATE AND MANAGEMENT STRUCTURE

Management Structure

The Board structure is comprised of the main board and 2 committees: (1) Board of Directors, (2) Audit and Risk Committee, and (3) Nomination and Remuneration Committee.

Board of Directors

The Board of Directors of the Company comprises 12 Directors, 4 of whom are Independent Directors representing one-third of total Board members as follows:

Name	Position	Number of Meeting Attendance during 2016 / Total
Mr. Ho KwonPing	Chairman of the Board	4/4
Mr. Vudhiphol Suriyabhivadh	Independent Director*	4/4
	Audit and Risk Committee Chairman	
	Nomination and Remuneration Committee Member	
Dr. Jingjai Hanchanlash	Independent Director*	4/4
	Nomination and Remuneration Committee Chairman	
	Audit and Risk Committee Member	
Mr. Udom Vichayabhai	Independent Director*	4/4
	Audit and Risk Committee Member	
	Nomination and Remuneration Committee Member	
Ms. Srinthorn Ounayakovit	Independent Director*	4/4
Mr. Surapon Supratya	Non-Executive Director ¹	3/4
Mr. Ho KwonCjan	Director	4/4
Mr. Ariel P. Vera	Non-Executive Director	4/4
Mr. Eddy See Hock Lye	Director	4/4
Mr. Ho Ren Hua	Director	4/4
Mr. Shankar Chandran	Director	4/4
Mr. Stuart David Reading	Director	4/4

* The definition of "Independent Director" is disclosed under the section of "Corporate Governance".

¹ Mr. Surapon Supratya, Deputy Chairman of the Board was appointed as Non-Executive Director in accordance with the resolution of the Board of Directors' Meeting on 11 May 2016.

CORPORATE AND MANAGEMENT STRUCTURE

Authorized Signatory

The Company's authorized signatories are "Two directors from the following six directors namely Mr. Ho KwonPing, Mr. Ho KwonCjan, Mr. Stuart David Reading, Mr. Ho Ren Hua, Mr. Eddy See Hock Lye and Mr. Shankar Chandran can jointly sign with the seal of the Company affixed".

Duties and Responsibilities of the Company's Board of Directors

The Board's primary functions are to set the Company's policy and overall strategy for the Group and to provide effective oversight on the management of the Group's business and affairs. Apart from its statutory duties, the responsibilities of the Board include:

1. Formulating and approving broad policies, strategies and financial objectives of the Group;
2. Reviewing the financial performance and taking responsibility for the financial statements of the Group;
3. Monitoring and approving the Group's key operational initiatives, annual budget, major investment and funding decisions;
4. Ensuring that the adequacy of internal controls and risk management of the Group is regularly reviewed and evaluated;
5. Approving the nominations of Board of Directors and appointments to the various Board committees;
6. Assuming responsibility for corporate governance; and
7. Approving the Charter of the Audit and Risk Committee and Nomination and Remuneration Committee so as to clearly state the scope of its duties and responsibilities.

These functions are either carried out directly by the Board or through Sub-Committees established by the Board, principally the Audit and Risk Committee and Nomination and Remuneration Committee. The delegation of authority by the Board to Sub-Committees enables the Board to achieve operational efficiency by empowering these Sub-Committees to decide on matters within certain limits of authority and yet maintain control over major policies and decisions.

The Term of Office

The term of office of a director of the Board shall be 3 years. A director of the Board who vacates his/her office by rotation may be re-appointed.

Audit and Risk Committee

The Audit and Risk Committee comprises 3 Independent Directors of the Company as follows:

Name	Position
Mr. Vudhiphol Suriyabhivadh	Chairman
Dr. Jingjai Hanchanlash	Member
Mr. Udom Vichayabhai	Member

Mr. Vudhiphol Suriyabhivadh, the Chairman of the Audit and Risk Committee, has adequate expertise and experience to review financial reports. Mr. Vudhiphol's formal education as a trained accountant and his former employment as the Financial Director of East Asiatic (Thailand) Public Company Limited have gave him ample experience in reviewing the creditability of the financial reports.

Duties and Responsibilities of the Audit and Risk Committee

1. To seek to ensure that the financial reports of the Company are accurate and sufficient;
2. To seek to ensure that the Company has appropriate and effective internal control and internal audit systems as well as to determine the independence of the internal audit unit, and to approve the appointment, transfer and termination of employment of the chief of the internal audit unit;
3. To consider, select, nominate an independent person to be the external auditor of the Company and propose fees for such person, as well as to attend a non-management meeting with the external auditor at least once a year;
4. To be responsible for the resolution of disagreements between management and the external auditor regarding financial reporting;
5. To seek to ensure that the Company has complied with the law on securities and exchange, the Stock Exchange of Thailand's regulations, and the laws related to the business of the Company;
6. To seek to ensure that the connected transactions or transactions that may lead to conflicts of interests are in compliance with the laws and the Stock Exchange of Thailand's regulations, and are reasonable and for the highest benefit of the Company;
7. To review or discuss, as and when appropriate, policies regarding risk assessment and risk management and the steps management has taken to monitor and control such exposures;
8. To seek to oversee and ensure a continuous process for managing risk and to report on all areas of concern to the Board;
9. To review and assess the adequacy of the Charter of Audit and Risk Committee annually and recommend modification to the Board as needed;
10. To prepare a report of the Audit and Risk Committee to be disclosed in the annual report of the Company, which must be signed by the Chairman of the Audit and Risk Committee; comprising at least the following information:
 - a. an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - b. an opinion on the adequacy of the Company's internal control system,
 - c. an opinion on the compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations, or the laws related to the business of the Company,
 - d. an opinion on the suitability of an auditor,
 - e. an opinion on the transactions that may lead to conflicts of interests,
 - f. the number of the Audit and Risk Committee meetings, and the attendance of such meetings by each committee member,
 - g. an opinion or overview comment received by the Audit and Risk committee from its performance of duties in accordance with the charter, and
 - h. other transactions which, according to the Audit and Risk committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board;
11. In performing the duty of the Audit and Risk Committee, if there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results:
 - a. a transaction which causes a conflict of interest;
 - b. any fraud, irregularity, or material defect in an internal control system; or
 - c. an infringement of the law on securities and exchange, the Stock Exchange of Thailand's regulations, or any law related to the business of the Company.

The Audit and Risk Committee shall report such transaction or act to the Board for rectification within the period of time that the Audit and Risk Committee thinks fit. If the Board or management fails to make a rectification within such period of time, any Audit and Risk Committee member may report on such transaction or act to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand;

CORPORATE AND MANAGEMENT STRUCTURE

12. To investigate and report the preliminary result to the Office of the Securities and Exchange Commission and the external auditor within 30 days upon receipt of the fact from the external auditor in relation to any suspicious circumstance that the director, manager or any person responsible for the operation of the Company commits an offence under the law on Securities and Exchange; and
13. To perform any other acts authorized by the Board of Directors of the Company with the approval of the Audit and Risk Committee.

In order that the duties and responsibilities of the Audit and Risk Committee can be fulfilled, the Audit and Risk Committee shall have the power to investigate related persons and matters within the scope of the authority and duty of the Audit and Risk Committee and, with the approval of the Board of Directors, shall have the power to employ or ask a specialist to provide advice and opinions as deemed appropriate by the Audit and Risk Committee.

The Term of Office

The term of office of a member of the Audit and Risk Committee shall be 2 years. A member of the Audit and Risk Committee who vacates his/her office by rotation may be re-appointed.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises 3 Independent Directors of the Company as follows:

Name		Position
Dr. Jingjai	Hanchanlash	Chairman
Mr. Udom	Vichayabhai	Member
Mr. Vudhiphol	Suriyabhivadh	Member

Duties and Responsibilities of the Nomination and Remuneration Committee

1. To propose guidelines and make broad recommendations for the annual salary increment and bonus policies for the Company;
2. To review and award the bonus, salary increment and incentives of the Company Chairman and his relatives who are employees of the Company;
3. To review and approve the expenses claims of the Company Chairman;
4. To review and if necessary, propose changes to the remuneration of the Company's directors serving on the Board of Directors, Audit and Risk Committee and Nomination and Remuneration Committee;
5. To review and if necessary, propose changes or additions to senior management welfare, benefits, (such as employee stock options and other employee welfare allowances, subsidies and schemes), salary increment and bonus policies. The emoluments of individual employees shall be determined by the management of the Company;
6. To establish criteria for Board membership;
7. To formulate a standard and transparent process for the selection of directors;
8. To propose and/or evaluate directorial candidates and Board committee members for consideration by the Board when there is a vacancy;

CORPORATE AND MANAGEMENT STRUCTURE

9. To assess independent directors to identify if the independence of any is compromised and if new independent directors are required under the Board's policy;
10. To inform the Board of the names of directors and Board committee members who are retiring by rotation and make recommendations to the Board as to whether the Board should support the renomination of those retiring directors and committee members;
11. To review the Committee Charter at least once a year and recommend modifications to the Board of Directors as needed; and
12. To report to the Board of Directors on the Committee's activities and findings.

To assist the Nomination and Remuneration Committee in achieving its objectives, the Nomination and Remuneration Committee shall have the discretion to appoint appropriate third party consultants to review existing employee related policies, propose new employee benefit and welfare programs and/or undertake other HR related research and studies.

The Term of Office

The term of office of a member of the Nomination and Remuneration Committee shall be 2 years. A member of the Nomination and Remuneration Committee who vacates his/her office by rotation may be re-appointed.

Management*

Management of the Company comprised of the following members:

Name	Position
Mr. Ho KwonPing	Chief Executive Officer
Mr. Shankar Chandran	Managing Director
Mr. Kuan Chiet	Senior Assistant Vice President, Finance & Administration
Mr. Yew How David Seet	Senior Assistant Vice President, Resort Operations
Ms. Piploy Pluemarom	Assistant Vice President, Group Human Resources
Ms. Areewan Sriwichupong	Assistant Vice President, Finance
Ms. Nanchalee Kecharananta	Assistant Vice President, Corporate Affairs

Remark:

- Mr. Ho Ming Wai, Assistant Vice President – Group Internal Audit, resigned from the Company effective from 9 July 2016
- Mr. Passapong Nantarak resigned from the Company effective from 5 March 2016 and from the directorship in subsidiaries of the Company effective from 10 March 2016.
- * Effective from 1 February 2015 all positions from Assistant Vice President and above are considered management of the Company in accordance with the definition of the Securities and Exchange Commission

Head of Group Internal Audit

Mr. Cheng Sai Him was appointed as Head of Group Internal Audit on 1 July 2016.

Mr. Cheng Sai Him graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy. He has over 10 years of audit experiences of which 5 years were in the hospitality and property development industries. The Company views that based on his experiences and knowledge, he meets the qualifications to head the internal audit function.

CORPORATE AND MANAGEMENT STRUCTURE

Company Secretary

Ms. Nanchalee Kecharananta was appointed as the Company Secretary of the Company effective from 1 June 2012 in accordance with the resolution of the Board of Directors' Meeting on 11 May 2012. The Company Secretary is responsible for preparing and maintaining register of directors, notice and minutes of the Board of Directors' meeting, annual report, notice and minutes of shareholders meeting, maintaining directors and management's report on interests, and performing other duties as required by the Capital Market Supervisory Board and as assigned by the Board of Directors of the Company.

CORPORATE AND MANAGEMENT STRUCTURE

Method of Appointment and Removal of Directors as Included in the Company's Articles of Association

Appointment of Directors

- a. The number of the Board of Directors shall not be less than 5 directors and at least half of the total directors shall reside in Thailand.
- b. Directors shall be elected in a shareholders' meeting in accordance with following rules and procedures:
 - In voting to elect directors, the votes shall be non-cumulative.
 - In voting, the shares of each shareholder shall be counted as one vote for every share.
- c. If any vacancy occurs in the Board of Directors other than by rotation, the Board of Directors shall elect another person who is qualified and has not been prohibited by Section 68 of the Public Limited Company Act. B.E. 2535 to be a director for the next directors' meeting, except when the period of office for the vacating director is less than 2 months, it is then not necessary to appoint any new director. The appointed person shall stay in office for the remaining period of the vacating director.

The resolution of the Board of Directors for the above paragraph shall not be less than three-fourths of the remaining number of directors.

In the event where there are director positions vacant and the numbers of remaining directors are unable to form a quorum, the remaining directors shall transact on behalf of the Board of Directors only to arrange for a shareholders' meeting to appoint new directors for the vacant positions. The shareholders' meeting to appoint new directors to fill the vacant positions shall be made within 1 month from the date they became vacant.

Removal of Directors

- a. At each Annual General Meeting, one-third of the directors shall retire from office, or if their number is not a multiple of 3, then the number nearest to one-third shall retire from office.
- b. Directors due to retire during the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the director who has been longest in the office shall retire.

A retiring director shall be eligible for the re-election.

Apart from retiring by rotation, a director position shall also be vacated upon:-

- Death
 - Resignation
 - Lack of qualification or subject to any prohibition under Articles 68 of the Public Limited Company Act B.E. 2535
 - Removal by a resolution of a shareholders' meeting
 - Removal by a court order
- c. A director may be removed by a resolution of the shareholders' meeting passed by a vote of not less than three-fourths of the number of the shareholders who attend the meeting and are entitled to vote and the shares which voted shall not be less than half of the total shares of the shareholders who attended the meeting and are entitled to vote thereon.

REMUNERATION

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) of Laguna Resorts & Hotels Public Company Limited comprises three independent directors and has the following objectives:

1. To formulate and align HR policies and programs for senior management to business goals and market practices;
2. To attract and retain the right people for senior management positions in the Company;
3. To ensure that the Company's senior management remuneration and benefit package remain competitive with the industry's benchmark;
4. To advise the Board on matters relating to the composition of the Board and its committees so that the Board is able to adequately discharge its responsibilities and duties; and
5. To resolve and/or advise on any employee's remuneration which have conflict-of-interest issues.

In the pursuit of its objectives, the NRC is empowered to perform the following functions:

1. To propose guidelines and make broad recommendations for the annual salary increment and bonus policies for the Company;
2. To review and award the bonus, salary increment and incentives of the Company Chairman and his relatives who are employees of the Company;
3. To review and approve the expense claims of the Company Chairman;
4. To review and if necessary, propose changes to the remuneration of the Company's directors serving on the Board of Directors, Audit and Risk Committee and Nomination and Remuneration Committee;
5. To review and if necessary, propose changes or additions to senior management welfare, benefits (such as employee stock options and other employee welfare allowances, subsidies and schemes), salary increment and bonus policies. The emolument of individual employees shall be determined by the management of the Company;
6. To establish criteria for Board membership;
7. To formulate a standard and transparent process for the selection of directors;
8. To propose and/or evaluate directorial candidates and Board committee members for consideration by the Board when there is a vacancy;
9. To assess independent directors to identify if the independence of any is compromised and if new independent directors are required under the Board's policy;
10. To inform the Board of the names of directors and Board committee members who are retiring by rotation and make recommendations to the Board as to whether the Board should support the re-nomination of those retiring directors and committee members;
11. To review the Committee charter at least once a year and recommend modifications to the Board of Directors as needed; and
12. To report to the Board of Directors on the Committee's activities and findings.

The NRC met twice in 2016 to review the NRC Charter and Nomination and Remuneration Policy, to consider the Company's senior management welfare and benefits and to consider and make recommendations to the Board regarding the re-nomination of those retiring directors by rotation and the remuneration for the directors and sub-committee members. Additionally, the NRC reviewed the expenses claims by the Chairman of the Company and approved the amount of annual bonus and salary increment policy for the Company's employees.



Dr. Jingjai Hanchanlash

Nomination and Remuneration Committee Chairman

13 January 2017

REMUNERATION

Remuneration Policy

Employees' Remuneration

The Group's remuneration policy is built on a transparent appraisal system and formulated to drive performance of its employees, who are its most important asset.

The objective of the Group's remuneration policy is to attract, motivate, reward and retain quality staff. The typical compensation package for employees comprises basic salary, variable performance bonus, allowances, as well as benefits. In determining the composition of the package, the nature of the role performed and market practice are taken into consideration. To ensure that its remuneration package is competitive with the industry's benchmark, the Group periodically reviews its base salary ranges and benefits package with comparative groups in the hospitality sector.

The remuneration for the Group's senior management and senior executives aims to motivate them to achieve the Group's annual and long-term goals to ensure that they are aligned with shareholders' interests. Performance-related elements therefore form a part of senior management and senior executives' total remuneration.

The Group's approach to rewarding employees not only helps to attract, retain and motivate talented employees but also fosters a performance-oriented culture across the organization that will help attain the Group's financial objectives.

Directors' Remuneration

The fees for Independent Directors, Non-Executive Directors and Directors reflect the scope and extent of a director's responsibilities and obligations. They are measured against industry benchmarks and are competitive. Directors' fees are subject to shareholders' approval at the Annual General Meeting. In addition to directors' fees, Independent Directors and Non-Executive Directors also receive compensation in kind in terms of goods and services provided at hotels operated by the Group.

Details of the remuneration paid to directors of the Board and management in 2016 are disclosed in the Company's 2016 annual report and Form 56-1 under the section "Directors' and Management's Remuneration".

REMUNERATION

Remuneration and Other Benefits of the Directors during the year 2016

Name	Position	Remuneration/Other Benefits (Baht/Year)		
		The Board	Audit and Risk Committee	Nomination and Remuneration Committee
Mr. Ho KwonPing	Chairman of the Board and Chief Executive Officer	1,012,000 / -	- / -	- / -
Mr. Vudhiphol Suriyabhivadh	Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member	676,000 / 68,000 ¹	336,000 / -	86,000 / -
Dr. Jingjai Hanchanlash	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman	676,000 / 68,000 ¹	172,000 / -	168,000 / -
Mr. Udom Vichayabhai	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member	676,000 / 68,000 ¹	172,000 / -	86,000 / -
Ms. Srinthorn Ounayakovit	Independent Director	676,000 / 68,000 ¹	- / -	- / -
Mr. Surapon Supratya	Non-Executive Director ²	758,000 / 68,000 ¹	- / -	- / -
Mr. Ho KwonCjan	Director	444,000 / -	- / -	- / -
Mr. Ariel P. Vera	Non-Executive Director	676,000 / - ³	- / -	- / -
Mr. Eddy See Hock Lye	Director	444,000 / -	- / -	- / -
Mr. Ho Ren Hua	Director	444,000 / -	- / -	- / -
Mr. Shankar Chandran	Director and Managing Director	444,000 / -	- / -	- / -
Mr. Stuart David Reading	Director	444,000 / -	- / -	- / -

Remark:

¹ Spa and Gallery Voucher amounting to USD 2,000 (approximately Baht 68,000 per person)

² Mr. Surapon Supratya, Deputy Chairman of the Board, was appointed as Non-Executive Director in accordance with the resolution of the Board of Directors' Meeting on 11 May 2016.

³ Mr. Ariel P. Vera, Non-Executive Director, did not take spa and gallery vouchers.

REMUNERATION

Directors and Management's Remuneration

Monetary Remuneration

(a) Directors

The remuneration fees of year 2016 for each category of directors of the Board and for each category of committee members of the Audit and Risk Committee (ARC) and Nomination and Remuneration Committee (NRC) remained at the same amount and format approved by the 2015 Annual General Meeting and will continue to be in effect for each subsequent year, unless or until resolved otherwise by a general meeting of the shareholders of the Company. Details of the remuneration are shown in the following table.

Board of Directors

Position	Remuneration / Meeting / Person (Baht)	Spa & Gallery Vouchers / Year / Person
Chairman of the Board	253,000	-
Deputy Chairman of the Board	210,000	-
Independent Director	169,000	USD 2,000 (Approximately Baht 68,000)
Non-Executive Director	169,000	USD 2,000 (Approximately Baht 68,000)
Director	111,000	-

Audit and Risk Committee and Nomination and Remuneration Committee

Position	Remuneration / Meeting / Person (Baht)
Chairman	84,000
Member	43,000

Monetary remuneration for the Directors and Sub-Committee Members in 2016 was in the total amount of Baht 8,730,000. Directors of LRH are not paid director fees by any of LRH's subsidiary companies.

Details as shown in the section "Remuneration and Other Benefits of the Directors during the Year 2016".

(b) Management

Monetary remuneration for the top 9 management in 2016 amounted to Baht 49,792,436 consisting of salaries, bonus, car allowance, housing allowance, social security payment, provident fund payment, tax paid by the Company, children education subsidy, medical expenses, etc.

Non-Monetary Remunerations

(a) Directors

Benefits in the form of spa and gallery vouchers for the Independent Directors and Non-Executive Directors in 2016 were in the total amount of Baht 340,000.

Details as shown in the section "Remuneration and Other Benefits of the Directors during the Year 2016".

(b) Management

Employee benefits such as personal accident and health insurance and complimentary vouchers, etc., for the top 9 management in 2016 were in the total amount of Baht 3,155,131.

Corporate Governance Policy

The Company is committed to maintaining high standards of good corporate governance within the organization to protect and enhance long-term shareholder value. The Company has adopted and is continuously developing a set of good corporate governance practices and policies which are modeled on principles advocated by the SET as per the details set out in the following sections. Additionally, the Company has put in place a Code of Corporate Conduct approved by the Board of Directors and Standard Operating Procedures which have been communicated throughout the organization for all employees of the Company to strictly follow in the course of performing their duties. As and when required, new internal rules and regulations are introduced to ensure there are no gaps in the policies.

1. Rights of Shareholders

The Company recognizes the importance of shareholders' rights. In the Company's Annual General Meeting held on 26 April 2016 the Company conducted the meeting in full compliance with all relevant laws and regulations in respect of shareholders' rights in the following manner.

- 1.1 All shareholders have the same basis and rights in the casting of votes at the meetings and the receipt of dividends when declared by the Company. These are calculated based on their respective shareholding in the Company.
- 1.2 At every shareholders' meeting, shareholders are given the right to approve important matters such as election of directors (shareholders can elect directors individually), directors' remuneration, appointment of auditors and dividend payment, etc.

Furthermore, any shareholders who arrive at the meeting after the meeting has begun are still entitled to vote on the agenda items that are still under consideration and have not been voted upon.

- 1.3 The Company has a policy to facilitate and encourage all groups of shareholders including institutional shareholders to attend the Company's Annual General Meeting such as giving an opportunity to every shareholder to propose agenda or send questions related to the Company's business in advance, distributing a package containing the notice and meeting documents in English to foreign shareholders, selecting meeting venue that is convenient for attendance, etc.
- 1.4 The Company invites shareholders to propose agenda items in advance of the AGM through the SET and the Company's website (www.lagunaresorts.com). However, none have been proposed by the shareholders.
- 1.5 The Company does not invite the minority shareholders to nominate their own candidates to be appointed as the Company's directors ahead of the meeting. This is because the Company already gives all shareholders an opportunity to nominate their own candidates (who meet the requirements under the Plc Act) and to vote for candidates at the shareholders' meeting.
- 1.6 Through the Thailand Securities Depository Company Limited, the Company's share registrar, the Company sends out package containing the notice and agenda of the meeting to the shareholders at least 21 days prior to the meeting. The meeting documents include the facts and rationales and opinions of the Board as well as other

CORPORATE GOVERNANCE

information relating to the agenda items such as information on the persons nominated for election as directors, auditors' profiles, the part of the Company's Articles of Association that relates to the shareholders' meeting, map showing the venue of the shareholders' meeting, proxy forms, documents and evidence of entitlement to attend the meeting, etc. This is to enable the shareholders to prepare themselves for the meeting. In addition, the notice of the shareholders' meeting is advertised in the newspaper and all information contained in the meeting documents will also be posted on the Company's website (www.lagunaresorts.com) at least 30 days prior to the meeting. Moreover, shareholders are always invited to register at least 1 hour before the meeting begins.

For convenience, transparency and accuracy of the registration and vote counting at the shareholders' meeting, a barcode system has been utilized.

- 1.7 At every shareholders' meeting, all agenda items are clearly identified and particularized, objectives, and rationale and opinions of the Board are also presented in the meeting for consideration of the shareholders. The Chairman will conduct the meeting according to the sequence of the agenda and will not add any additional agenda items which are not indicated in advance in the notice unless there is a proposal to consider other matters other than those specified in the notice, in accordance with the law, from shareholders holding not less than one-third of the total number of shares issued.

No additional agenda item proposed to the 2016 Annual General Meeting other than those specified in the notice.

- 1.8 Before the start of every shareholders' meeting, the Company Secretary will explain the voting methodology to shareholders. In the interest of good corporate governance in regard to transparency, minority shareholders are also invited to witness vote counting of each agenda item. A team of legal counsels from a leading international law firm is appointed to verify the registration procedure before the Chairman of the meeting announces to the shareholders, the number of shareholders and proxy holders present at the meeting and the number of shares held by them. The legal counsels also verify the vote counting procedure in respect of each agenda item before the votes are announced as resolution of the shareholders' meeting. Shareholders may verify the detailed results of the vote of each agenda item at the end of each meeting. The same results and a summary of questions from shareholders will also be included in the minutes of the meeting which are accurately and completely documented in all material aspects and will be sent to all shareholders for their review prior to the following meeting. The minutes of the 2016 Annual General Meeting is posted on the Company's website (www.lagunaresorts.com) within 14 days after the meeting was held.
- 1.9 The Company's policy in conducting shareholders' meetings is not only to meet all legal requirements but to also provide a platform and opportunity for shareholders to communicate their views and ask the directors and management questions regarding matters affecting the Company. The Chairman allocates sufficient time for the meeting and conducts the meeting in an appropriate and transparent manner. During the meeting, shareholders are allowed to give comments and ask questions before the resolution on each agenda item. In addition, shareholders who have any questions that require the Company's clarification during the meeting may send their questions in advance at "ir@lagunaresorts.com" or fax them to 66 (0) 2285 0733.
- 1.10 Apart from the external auditor who will attend the Annual General Meeting, the Chairman of the Board, the Chairman of the Audit and Risk Committee and the Chairman of the Nomination and Remuneration Committee, and all of the Company's directors will endeavour to be present at the shareholders' meeting in order to assist

CORPORATE GOVERNANCE

the Board in addressing queries raised by the shareholders. The Company also invites its legal counsels from a leading international law firm to attend the meeting in case there are any legal questions which requires clarification during the meeting. Furthermore, the Company provides a professional translator to be present at the meeting to assist shareholders and the Board to communicate more effectively in English and Thai. At the 2016 Annual General Meeting, the Chairman of the Board, the Chairman of the Audit and Risk Committee, the Chairman of the Nomination and Remuneration Committee, and other directors were present at the Meeting. Details of their names are stated in the minutes of the 2016 Annual General Meeting.

- 1.11 The Company gives an opportunity for shareholders to freely communicate with each other without creating any barriers and also provides convenient access to relevant news and information via the Company's website (www.lagunaresorts.com) for shareholders to receive adequate important information such as the resolutions of the Company's Board of Directors on important matters, resolutions of the shareholders' meetings, financial information, information which may affect the Company's share price, Annual Report, etc.
- 1.12 The Company received a score of 96 points out of 100 points for the 2016 AGM assessment conducted by the Thai Investors Association. The Company will continue to strive to improve its good corporate governance practices.

2. Equal Treatment of Shareholders

The Company treats all shareholders fairly despite different shareholding proportions and voting power due to their shares. In recognition of its duty to ensure equal treatment of shareholders, the Company complied with all relevant laws and regulations as follows:

- 2.1 The Company has only one class of shares, the ordinary shares. Shareholders shall have votes equal to the number of shares held by each of them, which means one share is entitled to one vote.
- 2.2 For shareholders who are unable to attend a meeting in person, the Company provides opportunity for such shareholders to appoint another person as proxy to attend the meeting on their behalf by using a proxy form B sent by the Company. The Proxy form B is one of the forms prescribed by the Ministry of Commerce which allow shareholders to make voting directions. Moreover, the Company provides opportunity for shareholders to appoint the Company's independent director as proxy to undertake proxy voting on behalf of shareholders who are unable to attend the meeting. The name of the independent director is provided in the proxy forms, together with the profile of that independent director who has been given proxy to vote on behalf of shareholders who are unable to attend the meeting, all of which are attached as part of the meeting documents.
- 2.3 The Company ensures that directors and management are aware of their duty to report a change in their holding of the Company's securities to the SEC within 3 business days in accordance with the Securities and Exchange Act. The securities holding report is also included in the agenda of the Board meeting for the Board's acknowledgment once every 3 months.
- 2.4 Any director or management who has an interest in, or is related to, any transaction between the Company and an interested or related person will not participate in the decision making process involving such transaction. The Company has disclosed the details and reasonableness of transaction to shareholders prior to dealing with any transaction in case such transaction requires the approval from shareholders and strictly follows the procedures on such transaction in accordance with the notification of the Capital Market Supervisory Board. The details of all connected transactions are disclosed under the heading "Related Party Transactions" in Form 56-1 and under the heading "Persons with Mutual Interest and Connected Transactions" in the Company's Annual Report.

CORPORATE GOVERNANCE

During 2016, there is no report of non-compliance with the notification of the Capital Market Supervisory Board on connected transactions.

2.5 The Company has formulated a Code of Corporate Conduct to provide guidelines for the Board, senior management and employees of all levels to comply with. The Statement includes the prohibition on the improper use of insider information for personal benefit or to benefit others. Additionally, the Board approved a policy on dealing in securities of the Company which prohibits the dealing in the Company's shares while in possession of unpublished confidential and price-sensitive information during the "Embargo Period." Details are further described under the heading "Supervision on the Use of Inside Information" in the Form 56-1 and in the Company's Annual Report. There is no violation of the policy found during the past year.

2.6 Apart from the credit term payment given under the normal course of business, the Company has no policy on providing financial assistance to any non-subsidiary companies except those whose loans or guarantees are in accordance with the proportion of shareholding in a joint venture agreement. In the prior year, the Company did not provide the financial assistance to any non-subsidiary companies.

3. Role of Stakeholders

In its pursuit for sustainable growth and financial returns for its shareholders, the Company strives to become a role model corporate citizen. It respects the rights of all its stakeholders and conducts its operations fairly and strictly in compliance with all laws, rules and regulations.

Shareholders:

The Board of Directors is committed to perform its duties honestly, transparently and diligently in the best interest of all its shareholders, to preserve and enhance long-term shareholder value. All important information which may have an impact on the Company's share price and/or shareholders decisions are fully disclosed in a timely manner.

Employees:

Being in the hospitality industry, the Company believes that its people are its greatest asset. The Company has taken steps to ensure that all labour laws are complied with and all employees are treated fairly without discrimination or favoritism. The Company offers competitive pay packages and welfare benefits such as meal allowance, laundry allowance, complimentary vouchers and health & personal accident insurance to all its employees with continually upgraded programs. Additionally, the Company provides its employees a safe, hygienic and conducive working environment, air-conditioned buses and provident fund. Furthermore, the Company not only encourages its employees to attend training related to their line of responsibility to enhance their knowledge and skills but also selects talented employees to join Human Resource Development programs annually such as the Talent Development Program in order to develop their capabilities and raise their self-potential through training to improve their skills in many areas and to groom them for performing in key and challenging positions in the future, and the Management Development Program in order to develop employees in accordance with the succession plan. The Company's operations are not in violation of any principles of human rights.

CORPORATE GOVERNANCE

Customers:

The Company aims to provide its guests a safe and unforgettable experience at its hotels and resorts. Safety of its guests is one of the Company's top priorities and in this regard a safety committee has been formed at each property with the objective of improving the safety of our guests.

Competitors:

The Company believes that competition is the essence of a free and open market and therefore avoids any actions which may prevent, obstruct or discourage potential competitors from entering the markets in which the Company operates in. The Company takes the view that healthy competition encourages product and service innovations in the market place which would increase market standards and ultimately benefit consumers and society at large. The Company will neither engage in any fraudulent act to violate or obtain competitors' trade secrets nor in any infringement of intellectual property or copyright including corruption and bribery, which has been stipulated in the Code of Corporate Conduct approved by the Company's Board of Directors, for the benefit of the Company's business.

Society & Environment:

The Company emphasized and aims to be a socially responsible company and has established a dedicated team of CSR and Community Relations practitioners who strive to make a positive difference to the local communities where the Company operates and to develop sustainable communities by initiating various CSR programs which focus on social and educational development, environmental conservation, religious and cultural preservation, associate benefits and relations, details as shown under the heading "CSR" in Form 56-1 and in the Company's Annual Report as well as in the Company's website (www.lagunaresorts.com).

Green Leaf Awards received by the individual hotels reflect recognition of Laguna Phuket's commitment to conserve the environment. In property development, the Environmental Impact Assessment (EIA) has been carried out to evaluate the likely environmental impacts of the Company's development projects, taking into account inter-related socio-economic, cultural and human-health impacts, both beneficial and adverse including proposed measures for shaping projects to suit the local environment and reducing any potential impact. The Company encourages and supports the staff to use resources efficiently. Day-to-day operations at the resort apply the "Three Rs" of green management: Reduce, Re-use and Recycle. Each hotel has a staff education program to teach the importance of caring for the environment, and consumption of energy and water is closely monitored through the extensive checklists to be completed by the staff. No raw sewerage is discharged into the sea from the resort complex. After being treated, sewerage and wastewater are directed into a sophisticated recycling system. The resulting water is used to irrigate the gardens, details as shown under the heading of "CSR/Environmental Policy" in the Company's website (www.lagunaresorts.com).

Suppliers:

The Company strives to forge long-term business relationships with its suppliers and therefore has the policy to always give a fair profit to its suppliers and to respect payment terms and conditions. In addition, the Company has a policy in selecting its suppliers fairly and transparently, competitive quotations from at least 3 suppliers are required according to the criteria specified in the Company's Standard Operating Procedures which have been distributed and communicated throughout the organization in order to understand and to strictly adhere to the procedures accordingly.

Creditors:

The Company considers creditors as important business partners and therefore aims to fulfill all its obligations to its creditors. In the previous year, no creditors challenged that the Company had failed to comply with any obligations.

There is no violation of laws and regulations regarding to labour, employment, consumer protection, commercial competition and environmental found in the previous year.

Policy and Practice Relating to the Control and Prevention of Corruption Involvement

The Company has established Code of Corporate Conduct and Standard Operating Procedure for directors, management, employees and associated parties to strictly follow in order to prevent corruption, fraud including commercial bribery and to ensure all decisions and business operations that may be at risk of fraud and corruption are attentively considered and practiced.

The Company has put in place a risk management system suitable to the Company's business nature and implemented risk assessment procedure, which included internal compliance and control program to monitor and prevent possible risks including corrupt practices. As part of the on-going risk management process, the Company's Group Risk Committee in collaboration with Group Internal Audit regularly conduct a risk monitoring, assessment, evaluation and propose a control program to prevent and mitigate possible risk and report findings to the Audit and Risk Committee. The Audit and Risk Committee is responsible for overseeing and reviewing strategic and operational risk management including risk assessment and control procedures as well as seeking to ensure that the Company has a continuous process for managing risk, appropriate and effective internal control and internal audit systems.

Failure to comply with the Code of Corporate Conduct may result in strict disciplinary action including termination of employment and referral to relevant external regulatory authorities in accordance with any applicable laws and regulations.

Seeing the long-term benefits to operate business ethically with integrity, and to implement business principles to encounter corruption, the Company has declared an intent to fight corruption by declaration of intent with Thailand Private Sector Collective Action Coalition Against Corruption.

There is no report of wrongful conduct involving fraud and corruption during the past year.

Policy on Whistle Blowing and Complaints

The Company recognizes the importance of compliance with good corporate governance and adheres to the high standards of conduct and responsibility for all stakeholders. The Whistle Blowing Policy has been established and approved by the Board of Directors and communicated throughout the organization. The policy emphasizes to encourage and enable associates and third parties to raise any serious concerns on wrongdoing, irregularity or impropriety within the Group. The Head of Group Internal Audit was appointed as the Receiving Officer or a channel for stakeholders to communicate critical corporate issues with the Company, any concerns can be raised either in writing via "ethics@lrh.co.th" or directly by hotline number 66 (0) 2285 0112. The Receiving Officer will ensure that the report from the whistle blowers will be professionally and independently addressed, assessed and investigated. Additional the Whistle Blowing Evaluation Team, comprising of members of Audit and Risk Committee and Head of Group Internal Audit, was set up to evaluate

the reports from whistle blowers, assess and review the nature of the complaints, and set the direction of the investigation, where necessary. An appropriate timeframe to consider the complaints is set and the protection of the genuine whistle blowers from any unfair treatment will be observed. If, at the conclusion of an investigation, the Company determines that a violation has occurred or the allegations are substantiated, effective remedial action commensurate with the severity of the offence will be taken. Results and conclusions of the investigation shall be reported to the Board of Directors. There have been no complaints or allegations during the past year.

Policy on Environmental and Social Sustainability

The Company is committed to strive towards achieving environmental and social sustainability. With the participation in EarthCheck program, which is widely regarded as the world's leading sustainable environmental benchmarking and certification program used by the travel and tourism industry, the Company is committed to continually improve its environmental and social sustainability performance by implementing an environmental management system, identifying environmental risks, recording and monitoring any impact to meet the standard of EarthCheck and will comply with all relevant legislation and regulations, and strive to achieve international best practice. In 2015, the Company was certified to environmental standards and achieved EarthCheck Silver Certification.

The Company has constantly provided an environmental training session for employees to raise awareness about environmental sustainability. A risk assessment on potential environmental impacts resulting from the Company's business operation have been conducted and an environmental approach have been established and communicated throughout the organization by posting on intranet and bulletin board so that all employees understand the policy and contribute to environmental sustainability.

Policy on Preventing Violation of Intellectual Property or Copyright

The Company has established a policy and practice not to support any violation of intellectual property or copyright, which has been stipulated in the Code of Corporate Conduct such as using a licensed computer program or program authorized by the copyright owner and restricting computer program installation by authorized person only. The use of computers and information technology will be monitored periodically by the Group Internal Auditor. There is no violation of intellectual property or copyright found in the past year.

Policy on Respecting Human Rights

The Company gives importance to respecting human rights by conducting business in compliance with laws and human rights which are the basic rights ensuring that all human beings are born free and equal in dignity and rights without discrimination against race, nationality, color, gender, religion, age, language, personal status, social value, education or political opinion.

The Company provides equal opportunity to all employees in working under the rules, regulations, notifications and orders of the Company. The Company treats the employees' personal information confidential and shall neither send or distribute such information to irrelevant person nor disclose personal information without the consent of the owner. The Company also supports and respects the protection of human rights e.g. by not conducting or concerning in any violation of human rights such as forced labor, unfair dismissal and the use of child labor. No complaints on the unfair treatment to employees in the past year.

4. Information Disclosure and Transparency

The Company's emphasis on the disclosure of accurate and complete information in a transparent and timely manner as shown by the following.

- 4.1 Each of the directors and executives of the Company has filed with the Company a report covering his interest or his related person's interest in relation to management of the Company or its subsidiaries in accordance with the criteria and procedures as specified in the notification of the Capital Market Supervisory Board, and has updated and filed with the Company within 30 days should there be any change in the report. The report is also included in the agenda of the Board meeting for the Board's acknowledgment once every 3 months.
- 4.2 In the previous year, the Company disclosed all general and financial information as well as information which may affect the price of the Company's securities correctly, completely, transparently and on a timely manner, in accordance with the rules and regulations of the SEC and the SET. All information is communicated to investors, shareholders and relevant sectors through the channels of the SET and the Company's website (www.lagunaresorts.com).
- 4.3 Individual investors, shareholders, stock analysts and state agencies may contact the Company through the Company Secretary at telephone number 66 (0) 2677 4455 or at "ir@lagunaresorts.com".
- 4.4 The Company's financial statements contain accurate and complete information and are prepared in accordance with generally accepted accounting standards. In addition, they are audited / reviewed by auditors from a well-known auditing firm approved by the Securities and Exchange Commission (currently EY Office Limited) and are approved by the Company's Audit and Risk Committee and Board before being disclosed through the SET. The information relating to the "Board of Directors' Responsibility for the Company's Financial Statements" is available in the Company's Annual Report. In 2016, the Company's quarterly and annual financial statements were unconditionally certified by the auditor.
- 4.5 The Company wishes to refer the following matters to the disclosure made in other places:
 - The name of directors and the scope of the powers, duties and responsibilities of the Board and other committees are detailed under the heading "Management Structure" in the Form 56-1 and in the Company's Annual Report.
 - The professional experience of the directors, members of other committees, Head of Group Internal Audit and Company Secretary is detailed in Attachment 1 to Form 56-1 and under the heading "Board of Directors Management, Head of Group Internal Audit and Company Secretary of the Company" in the Company's Annual Report.
 - The number of Board meetings held and the number of Board meetings attended by each director in 2016 are detailed in clause 5 under "Board Responsibility" hereof.
 - The performance of the Audit and Risk Committee in the past year is detailed in Attachment 4 to Form 56-1, and under the heading "Report of the Audit and Risk Committee" in the Company's Annual Report.

- The performance of the Nomination and Remuneration Committee in the past year is detailed in Attachment 5 to Form 56-1, or under the heading "Report of the Nomination and Remuneration Committee" in the Company's Annual Report.
- The remuneration for directors and management is detailed under the heading "Directors' and Management's Remuneration" in Form 56-1 and in the Company's Annual Report.

4.6 In 2016, the Company made full disclosure of information within the time frame specified in the regulations of the SET and the SEC. In addition, neither the SET nor the SEC challenged that the Company had failed to comply with any disclosure requirement.

5. Board Responsibility

5.1 Board Structure

5.1.1 Members of the Board and Terms of Directorship

The Company's Board of Directors currently comprises 12 members, 4 of whom are Independent Directors namely Mr. Vudhiphol Suriyabhivadh, Mr. Udom Vichayabhai, Dr. Jingjai Hanchanlash and Ms. Srinthorn Ounayakovit, representing one-third of the total Board members.

The Board member are selected on the basis of, among other things, knowledge, experience, skill, diversity of expertise, integrity, abilities to make independent analytical inquiries, and their understanding of the Company's business. Currently the Board comprises business leaders and professionals with financial, accounting, legal, business management and sales & marketing backgrounds.

Directors and senior management of the Company have never been an employee or partner of the current external auditor in the past 2 years.

All independent directors of the Company are independent of management and major/substantial shareholders and meet the Company's definition of Independent Director which also in line with the qualification of Audit Committee in accordance with the notification of the Capital Market Supervisory Board.

The Company's directors are the persons with knowledge, competence, honesty, have ethical business practices and sufficient time to devote themselves to serve the Company. There are no independent directors of the Company who serve on more than five boards of listed companies and no executive directors who serve on more than two boards of listed companies outside of the Group.

The Company's policy to fix the term of office of directors is under Article 14 of the Company's Articles of Association which stipulates that at each annual general meeting, one-third of directors shall retire from office and that the director who has been longest in the office shall retire. Therefore, the term of office of a director of the Board shall be 3 years. Retiring directors would be eligible for re-election.

5.1.2 Definition of "Independent Director"

"Independent Directors" means the persons who have all the necessary qualifications and independence which meet the criteria set by the Capital Market Supervisory Board. At present, the said criteria prescribes that the qualifications of an Independent Director are as follows:

- (a) holding shares not exceeding 1 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;
- (b) neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest unless the foregoing status has ended not less than 2 years prior to the date of appointment;
- (c) not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;
- (d) not having a business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgement, and neither being nor having been a major shareholder, non-independent director or executive of any person having a business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than 2 years prior to the date of appointment.

The term 'business relationship' in the aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or his counterparty being subject to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

- (e) neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than 2 years from the date of appointment;

- (f) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding Baht 2 million from the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than 2 years from the date of appointment;
- (g) not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;
- (h) not operating any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or holding shares not exceeding 1 percent of the total number of voting rights of any other company operating a business which has the same nature as and is in significant competition with the business of the Company or subsidiary;
- (i) not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

After having been appointed as independent director with qualifications complying with the criteria under (a) to (i) of paragraph one, the independent director may be assigned by the board of directors to take part in the business decision of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest on the condition that such decision must be a collective one.

5.1.3 Nomination and Appointment of Directors

The nomination for the Company directorship including an independent director will be based on the suggestion among directors or searching from professional director pool e.g. the Thai Institute of Directors Association (IOD) where a candidate had undergone the directors certification programs. The nomination is considered from the board diversity, competence, knowledge, working experience, expertise from variety of professions, necessary skills which are lacking among the existing Board of Directors, to be of any gender and to have the qualifications prescribed by the SET, the SEC, the Capital Market Supervisory Board and the Public Limited Companies Act. The Nomination and Remuneration Committee will consider and recommend qualified candidates to the Board of Directors and/or the Annual General Shareholder Meeting for approval in each case. Details of director appointment are described under the heading "Method of Appointment and Removal of Directors as included in the Company's Articles of Association".

5.1.4 Roles of the Chairman of the Board

The key roles of the Chairman of the Board are: to ensure that Board meetings are conducted effectively and matters that are essential to the Company's operations and/or performances are placed on the meeting

agenda, particularly matter related to corporate strategy; to allocate sufficient time for management to present clear and timely information; to allow board members to express their opinions and ask questions; and to ensure that board resolutions are clear and the minutes are accurate. The Chairman of the Board also presides over the shareholders' meeting. In making decision, the Chairman has a deciding or casting vote in the event of tie votes.

5.1.5 Aggregation or Separation of Positions — Chairman of the Board and Chief Executive Officer

Currently, Mr. Ho KwonPing is the Chairman of the Board and the Chief Executive Officer of the Company. He is closely associated with the Group's success. The Board is of the view that the current structure is appropriate and adequate given that Mr. Ho KwonPing has been able to effectively and competently execute the responsibilities of both the Chairman of the Board and Chief Executive Officer positions.

5.2 Sub-Committees

The Board approved the establishment of two sub-committees comprising all Independent Directors to assist the Board to screen details in order to achieve operational efficiency. Additionally, in order to perform their duties transparently and independently, the Chairman of the Board is neither a Chairman nor a member of both committees as follows:

5.2.1 Audit and Risk Committee

The Audit and Risk Committee comprises three independent directors, one of whom has adequate expertise and experience to review the creditability of the financial reports by reviewing the financial reports of some listed companies in the Stock Exchange of Thailand. The members and the scope of duties and responsibilities of the Audit and Risk Committee have been disclosed under the heading "Management Structure" in Form 56-1 and in the Company's Annual Report.

5.2.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises three independent directors, thus forming a strong and independent element which will enable decisions on nomination and remuneration to be made independently. Members and the scope of duties and responsibilities of the Nomination and Remuneration Committee have been disclosed under the heading "Management Structure" in Form 56-1 and in the Company's Annual Report.

5.3 Role, Duty and Responsibility of the Board

5.3.1 Corporate Governance Policy

The Company is committed to maintaining high standards of good corporate governance within the Company. The Company has adopted and is continuously developing a set of good corporate governance practices and policies which are modeled on the 2006 principles of good corporate governance for listed companies advocated by the SET. The Company has also adopted and continues to apply the Code of Corporate

CORPORATE GOVERNANCE

Conduct approved by the Board of Directors and communicated throughout the organization. The Standard Operating Procedures have also been documented and applied by the Company. In addition, new internal rules and regulations with an aim to continuously improve the good corporate governance of the Company are approved and announced from time to time.

In the past year, there was no director resigned due to the issue of corporate governance of the Company and no conduct causing a negative reputation of the Company due to the failure of the Board of Director's supervisory performance.

5.3.2 Code of Corporate Conduct

The Board of Directors has approved the Code of Corporate Conduct to set the framework for its officers, executive directors, associates and agents to act in business matters solely for the benefit of the Company and not enter into any business or other transactions which cause or appear to cause a conflict of interest between him / her and a hotel within the group, the Company / subsidiary, owning company or any other related parties. The Code of Corporate Conduct was distributed and communicated to all relevant persons in order to understand and to strictly adhere to the Code accordingly. The Code was drafted based on the highest level of business ethics and law compliance.

During 2016, the Company's Board of Directors was not aware of any claim or allegation that the Company's Code of Corporate Conduct was disobeyed.

5.3.3 Leadership and Vision

The Board's primary functions are to set and annually review vision, mission, corporate policy and overall strategy for the Company and to provide effective oversight of the management of the Company's business and affairs.

Investment & Debt Approval Policy

The delegation of authority by the Board to the management is clear. All major investments, acquisition of assets and loans made by the Company and/or its subsidiaries require approvals from the Board as follows:

- New investments and acquisition of assets with the value from 1.5 percent of the Company's total assets and
- New loans with the value from 5 percent of the Company's shareholders' equity

The approval to enter into a significant transaction by the Company's Board of Directors and/or shareholders' meeting as well as all information disclosure must comply with rules and regulations of the Stock Exchange of Thailand and/or the Capital Market Supervisory Board.

Duties and responsibilities of the Board have been disclosed under the heading "Management Structure" in Form 56-1 and the Company's annual report.

5.3.4 Conflict of Interest

Transactions between the Company and its related parties which may give rise to a conflict of interest are scrutinized by the Audit and Risk Committee and if necessary, the approval to enter into such transactions is sought from the Board of Directors and/or shareholders. Any director or management who has an interest in, or is related to, such transaction will not participate in the decision-making process.

Such transactions are made on terms and pricing that has been negotiated on an arm's length basis. In the event that the price is unavailable, the Company will then rely on the report of an independent appraiser appointed by the Company to value important related party transactions to arrive at a pricing which is fair to both the Company and the related party.

All related party transactions are disclosed clearly and accurately. Details are further described under the heading "Related Party Transactions" in Form 56-1 and under the heading "Persons with Mutual Interest and Connected Transactions" in the Company's Annual Report.

5.3.5 Internal Audit and Control

The Company realizes the significance of effective system of control, such as Standard Operating Procedures, particularly in management and operations. Hence, the duties and responsibilities of the employees and the management are clearly defined. The Company has put in place policies to safeguard the Company's assets and duties between the operators and the appraisal which are clearly separated for effective checks and balances. Furthermore, the Company has also implemented internal audit of the financial and information technology systems.

Internal Audit

Internal audit is an independent function within the Company which reports directly to the Audit and Risk Committee on audit matters and to the Managing Director on administrative matters. Internal audits are performed to assist the Board and Management in the discharge of their corporate governance responsibilities and to improve and promote effective and efficient business processes within the Group. The internal auditor plans its internal audit schedules annually in consultation with, but independent of, Management and its plans are submitted to and approved by the Audit and Risk Committee. The Audit and Risk Committee reviews the activities of the internal auditors on a quarterly basis to ensure it is adequately resourced; and has appropriate standing within the Company to perform its role effectively.

Enterprise Risk Management

In 2005 the Company appointed an external consultant to assist management in implementing a Risk Management framework for the business of the Company. The Risk Management framework covers all aspects of the Company's operations to enable significant business risks within the Group's current business environment to be identified, assessed, monitored, managed and evaluated. As part of the on-going risk management process, the Company's Group Risk Committee annually conducts a risk assessment, evaluation and treatment; considers the adoption of adequate and cost-effective system of internal controls to mitigate significant business risks; and provides for significant risks to be managed through regular reviews by the Company's Group Risk Committee and the Audit and Risk Committee. The Audit and Risk Committee has reviewed the Group's risk management processes and procedures and is satisfied that there are adequate internal controls in place to manage the significant risks identified.

5.3.6 Meetings of the Board and Committees

1. The Board

The Company conducts Board meetings at least 4 times a year on a quarterly basis which are planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. The meeting documents shall be sent out to the directors in advance at least 5 days prior to the meeting date. Additional meetings are convened as and when circumstances warrant. In 2016, the Company conducted 4 Board meetings and the attendance of all directors is shown below.

Name	Number of Attendances
Mr. Ho KwonPing	4
Mr. Vudhiphol Suriyabhivadh	4
Dr. Jingjai Hanchanlash	4
Mr. Udom Vichayabhai	4
Ms. Srinthorn Ounayakovit	4
Mr. Surapon Supratya	3
Mr. Ho KwonCjan	4
Mr. Ariel P. Vera	4
Mr. Eddy See Hock Lye	4
Mr. Ho Ren Hua	4
Mr. Shankar Chandran	4
Mr. Stuart David Reading	4

The Board is of the view that the contribution of each director should not be focused only on his or her attendance at Board and/or Committee meetings. A director's contribution may also extend beyond the confines of the formal environment of Board meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

2. Audit and Risk Committee

The Company conducts regular scheduled Audit and Risk Committee meetings on a quarterly basis at least 4 times a year, prior to the Board meeting, which are planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. Additional meetings are convened as and when circumstances warrant. In 2016, the Company conducted 4 Audit and Risk Committee meetings. Each of the Audit and Risk Committee members attended all the meetings as follows:

Name	Number of Attendances
Mr. Vudhiphol Suriyabhivadh	4
Mr. Udom Vichayabhai	4
Dr. Jingjai Hanchanlash	4

CORPORATE GOVERNANCE

In addition, in 2016, the Audit and Risk Committee attended 1 non-management meeting with the external auditor to deliberate accounting approaches and audit plans.

3. Nomination and Remuneration Committee

The Company conducts Nomination and Remuneration Committee at least 2 times a year. The meetings are planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. Additional meetings are convened as and when circumstances warrant. In 2016, the Company conducted 2 Nomination and Remuneration Committee meetings. Each of the Nomination and Remuneration Committee members attended the meetings as follows:

Name	Number of Attendances
Dr. Jingjai Hanchanlash	2
Mr. Udom Vichayabhai	2
Mr. Vudhiphol Suriyabhivadh	2

5.3.7 The Non-Management Meeting

The Company encourages non-executive directors to hold meetings with the external auditor as necessary without the presence of executive directors and management attendance to review and discuss freely on any business issues that are of interest. In 2016, there was one non-management meeting held in November.

5.3.8 Board of Directors' Report

1. Financial Report

The Board of Directors is accountable to its shareholders for the Company's financial statements as well as the financial information as shown in the Annual Report. The Board of Directors is satisfied that the Company's financial statements are prudently prepared in accordance with generally accepted accounting principles and are independently reviewed by the external auditors every quarter with a full audit performed at each year-end. Additionally, the Audit and Risk Committee has been tasked to independently review the Company's financial report and internal control practices directly with the auditors. All pertinent information relating to the financial statements is clearly and completely disclosed in the accompanying notes.

Details are described under the heading "Internal Control and Risk Management" in Form 56-1 and under the heading "Opinion of the Board of Directors on the Company's Internal Control" and the "Board of Directors' Responsibility for the Company's Financial Statements" in the Company's Annual Report.

2. Minutes of Meetings

The minutes of the meetings of the Board and other committees are accurately and completely recorded in all material aspects addressed at each meeting, including the questions, opinions and clarifications. The

Company has a safe and secure filing system in place to keep the minutes of meetings and other supporting documents.

5.3.9 Development of Directors and Management

The Company's directors, management and employees are constantly encouraged to develop their skills by attending various seminars and training courses organized by various organizations, e.g. the Thai Institute of Directors Association, the SET and the SEC, etc. Seminars and training courses are periodically forwarded to them. Furthermore, relevant information is regularly provided to the directors so that they are kept abreast of latest developments thus enabling them to make informed decisions. In 2016, Dr. Jingjai Hanchanlash, an Independent Director, attended the seminar "The UK Experience on Implementing the Enhanced Auditor Reporting" held by the SEC, SET and Federation of Accounting Professions.

Details of the training previously undertaken by each director are set out in Attachment 1 to Form 56-1 and under the heading "Board of Directors, Management, Head of Group Internal Audit and Company Secretary of the Company" in the Company's Annual Report.

5.3.10 Orientation for New Director

The Company recognizes the importance of supporting new directors in performing their duties. The Company has provided the information on its business and other information related to the operations of the Company to new directors such as an annual report and relevant laws and regulations so that they are adequately informed of the rules and regulations and business of the Company prior to performing their duties.

SUPERVISION ON THE USE OF INSIDE INFORMATION

Supervision on the Use of Inside Information

In order to prevent the misuse of confidential and price-sensitive corporate information, the Board of Directors of the Company approved the policy on dealing in securities of the Company which prohibits any directors, management and employees, regardless of rank, from disclosing or using such confidential and price-sensitive corporate information. Employees are prohibited to trade in the Company's shares for personal gain or for any other reason not in the Company's interest or dealing in the Company's securities while in possession of unpublished confidential and price-sensitive information during the "embargo period" which is defined as 2 weeks before and up to the date of announcement of results for each of the first three quarters of the Company's financial year, and 1 month before and up to the date of announcement of the full-year financial results. The policy and reminder of the embargo period is communicated to directors, management and employees on an annual and quarterly basis to strictly comply with this policy. Confidential and price-sensitive information is also restricted to only directors, management and those officers who have a direct responsibility over such matters. Any violation of this policy shall be subject to disciplinary actions under the working regulation. Additionally, the Company monitors the trading of the Company's securities by its directors, and senior management who are required to report to the Board of Directors on a quarterly basis on the holding of the Company's securities and in accordance with the rules of the Securities and Exchange Commission.

RISK FACTORS

Rick Factors

Economy and Tourism in Thailand

As most of the Group's revenue is generated from tourism and property sales in Thailand, the Group has exposure to both the world and Thai economies and the tourism industry in Thailand. Any conditions, such as changes in the attractiveness of Thailand as a tourism destination, an economic downturn, acts of terrorism, natural disasters, increased levels of criminal activity, civil unrest or epidemics which affect tourism in Thailand or result in a depression in property values in Phuket, may have an adverse effect on the Group's business, financial condition and performance.

Political Uncertainty

Thailand's tourism industry has been adversely impacted in recent years from ongoing political tensions in Thailand. Such events were internationally publicized and created a negative perception of Thailand as being a safe place to travel for foreign tourists and for investors to invest. Political uncertainty in Thailand adversely impact the tourism sector and investor sentiment.

Over-Reliance on Some Key Markets

The over reliance on any market carries with it a certain degree of risk as a downturn in that market would adversely impact the performance of the hotel if it fails to replace the business in a timely manner. Like many hotels in Thailand, Russia and China have become the 2 largest markets for the Group hotels in recent years. In 2015, a significant devaluation of the ruble impeded the performance of the two hotels in Phuket making China the key business market. In 2016 the Group's hotels were not affected by the clamp down of the China zero-dollar tour operations. During the year-end high season of 2016 the hotels in Phuket saw the return of the Russian market and whilst this is good news, it also means managing this market is crucial (Russian is not a key source market for Banyan Tree Bangkok). In view of this the Group will seek for alternative markets so as to achieve a balanced customer base.

Interest Rate Fluctuation

The Group's exposure to interest rate risk relates primarily to the deposits with financial institutions, long-term trade accounts receivable and bank overdrafts and loans. Most of the financial assets and liabilities have floating interest rates or fixed interest rates as disclosed in the notes of the financial statements and the interest rate risk is not expected to be significant. The Group does not use derivative financial instruments to hedge such risk.

Foreign Currency Fluctuation

The exchange rate of the Thai Baht as compared to the currencies of China, US, Russia, UK, and other European markets has the potential to impact the pricing and affordability of products and services of the Group for such market segments.

Land Title

In recent years, there have been a number of disputes in Thailand relating to property owners having valid title to their properties. Although the Company is confident that it has valid title to all the land upon which it operates or which is for sale by it in Thailand, there can be no assurance that other parties will not challenge the claim of title. Even if such challenges are not successful, they may have a material adverse effect on the property sales business in Thailand if purchasers express concern that the Group is unable to transfer good title to them.

RISK FACTORS

Thai Labour Laws

Nearly all of the employees are based in Thailand. Labour laws in Thailand are highly protective of employees. Under Thai labour laws, the Group is generally prohibited from discharging employees without compensation absent gross misconduct, neglect, or acts of dishonesty. As such, the Group has limited measures at disposal to reduce headcount in order to increase efficiencies, reduce costs or achieve similar objectives. During crises in recent years such as the global economic crisis, the Group was restricted from dismissing employees and could only institute a voluntary unpaid leave program. The Group has been restricted in the past and expects in the future to be limited to using voluntary separation plans where the Group is required to pay high amounts of severance pay and similar measures under which selected employees may elect to leave the Group in return for lump-sum compensation packages and other benefits.

Operating Risks Inherent in the Hospitality Industry

The hotels are subject to operating risks inherent in the hospitality industry. These risks include:

- Seasonality of the industry in that the Group is subject to different levels of tourism and business/commercial travel across the year, and thereby the revenues tend to vary within the year.
- Competition from new resorts and hotels both locally and within the region.
- The dependence on travel patterns and destination preferences.
- Changes in regulatory conditions in Thailand.
- Periodic local oversupply of or reduced demand for guest accommodation, which may adversely affect occupancy rates and actual room rates achieved.
- Changes in general, regional and local economic conditions which may affect, among other things, the disposable income of consumers and the traveling public and which may not be offset by increased revenues.
- Regional and local political and social conditions affecting market demand, including crime, civil disorder and terrorism.
- Epidemics affecting the travel and tourism industries.
- Travel advisories cautioning people to defer and/or avoid travel.
- Foreign exchange rate movement.
- Convenience of access to Thailand and in particular the airline capacity into Thailand and Phuket.
- Adverse weather conditions and natural disasters.

Operating Risks Inherent in the Property Industry

The property sales business is subject to operating risks inherent in the property industry. These risks include:

- Changes in general, regional and local economic and political conditions which may affect, among other things, the disposable income of buyers and their confidence in the property market.
- The ability to generate sustainable investment returns which may affect the future demand for properties.
- Foreign exchange rate movements which may affect the pricing and affordability of property for foreign buyers.
- Developing new and innovative product designs which will appeal to buyers.
- Provision of high quality after sales services to retain strong brand loyalty and buyer satisfaction.
- Changes in regulatory conditions in Thailand which may impose restrictions on buyers, future development of land or types of product offerings.
- Rising construction costs which may affect operating margins if selling prices cannot be adjusted accordingly. The ability to source and retain quality building contractors who can deliver a quality product on time.

Any of these factors could have an adverse effect on the business and management monitor each of these closely so that the strategies can be quickly adapted to any changes in the operating environment.

Persons with Mutual Interest and Connected Transactions

Transactions between the Company and its subsidiaries with related parties including the amounts paid and received, and the terms of the transactions are included in note 9 to the financial statements. Such transactions are disclosed and grouped by type of transaction.

Additional information relating to the significant transactions which is from Baht 1 million are the name of the persons with mutual interest and the necessity and reasonableness of the transactions. This is disclosed as follows:

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2016

(Unit: Million Baht)

	Payee	Payer	Transactions in 2016	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity / Reasonableness
Transactions with associate							
Inter resort receipts	LBTG	LBTH	3	BTH	B	ESHL, HRH	Convenience of guest's payment
Reimbursement payments	LBTH	LBTG	1	BTH	B	ESHL, HRH	Convenience of payment
Rental and service expenses	LBTH	LBTG	1	BTH	B	ESHL, HRH	Providing the hotel facility of a high class retail outlet
Transactions with related companies							
Credit card commission receipts	TWPL	BTRS(T)	1	BTRS(T)	C	CSH, ESHL, KCH	Convenience of guest's payment
Inter resort payments	BTRS(T)	BGL	15	BTRS(T)	C	CSH, ESHL, KCH	Convenience of guest's payment to promote Laguna Phuket Resort Integration
	BTRS(T)	LBTL	47	BTRS(T)	C	CSH, ESHL, KCH	
	BTRS(T)	LVL	1	BTRS(T)	C	CSH, ESHL	
	BTRS(T)	PKRD	1	BTRS(T)	C	CSH, ESHL, KCH	
	BTRS(T)	TWPL	21	BTRS(T)	C	CSH, ESHL, KCH	Convenience of guest's payment
Management fee income	LRH	BTRS(T)	1	BTRS(T)	C	CSH, ESHL, KCH	Technical Assistant for providing management services for Information Technology, Human Resource, and maid services.
Management fees expenses	BTCO(S)	BTG(T)	2	BTH	A, B	ESHL	For the use of "Banyan Tree" and "Angsana" trademarks and all proprietary rights associated with them
	BTHR	BGL	24	BTH	B	ESHL	For the use of "Angsana" trademark and all proprietary rights associated with it
	BTHR	LBTL	18	BTH	B	ESHL	For the use of "Banyan Tree" trademark and all proprietary rights associated with it
	BTHR	LVL	1	BTH	B	ESHL	For the use of "Angsana" trademark and all proprietary rights associated with it
	BTHR	PKRD	2	BTH	B	ESHL	For the use of "Cassia" trademark and all proprietary rights associated with it

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2016

(Unit: Million Baht)

	Payee	Payer	Transactions in 2016	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity / Reasonableness
Management fees expenses	BTHR	TWPL	30	BTH	B	ESHL	For the use of "Banyan Tree" trademark and all proprietary rights associated with it
	BTHR(T)	BGL	30	BTRS(T)	C	CSH, ESHL	Expertise in managing hotels - Management fees are in line with industry standards.
	BTHR(T)	LBTL	37	BTRS(T)	C	CSH, ESHL	
	BTHR(T)	PKRD	3	BTRS(T)	C	CSH, ESHL	
	BTHR(T)	TWPL	43	BTRS(T)	C	CSH, ESHL	
	BTMG	BGL	21	BTH	B	ESHL	Centralised marketing to promote "Angsana" brand.
	BTMG	LBTL	23	BTH	B	ESHL	Centralised marketing to promote "Banyan Tree" brand.
	BTMG	LVL	1	BTH	B	ESHL	Centralised marketing to promote "Angsana" brand.
	BTMG	PKRD	3	BTH	B	ESHL	Centralised marketing to promote "Cassia" brand.
	BTMG	TWPL	25	BTH	B	ESHL	Centralised marketing to promote "Banyan Tree" brand.
Purchase of spa and gallery vouchers	BTS	BGL	1	BTH	B	CSH, ESHL	Vouchers to use spa service at the Banyan Tree Spa and Angsana Spa or to buy goods from the Banyan Tree Gallery and Angsana Gallery provided to management as a benefit
	BTS	LBTL	2	BTH	B	CSH, ESHL	
	BTS	LRH	3	BTH	A	CSH, ESHL	
	BTS	TWPL	1	BTH	B	CSH, ESHL	
Sale of goods	BTG(T)	HVRS	2	BTH	A, B	ESHL	Purchase of guest supplies for the hotel
	BTG(T)	BTRS(T)	1	BTRS(T)	C	CSH, ESHL, KCH, KR	Purchase of supplies for the spa operation and outlets
	BTG(T)	BTS	1	BTH	A, B	CSH, ESHL	
	BTG(T)	MAPL	1	BTH	A, B	ESHL	Purchase of guest supplies for the hotel
	BTG(T)	LVCL	1	-	-	ESHL	
	BTG(T)	MBPL	2	BTH	A, B	ESHL	
	BTG(T)	PTMB	2	BTH	A, B	ESHL	
	BTG(T)	PTBH	5	TRL	C	KCH	
	BTG(T)	VM	2	BTH	A, B	ESHL	
	LBTG	WLH	1	BTH	B	ESHL, HRH	

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2016

(Unit: Million Baht)

	Payee	Payer	Transactions in 2016	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity / Reasonableness
Reimbursement receipts	AVCI	PTBH	1	TRL	C	DM	Convenience of payment
	BTG(S)	BTS	4	BTH	A, B	ESHL	
	BTG(T)	BTRS(T)	2	BTRS(T)	C	CSH, ESHL, KCH, KR	
	BTG(T)	BTS	8	BTH	A, B	CSH, ESHL	
	BTG(T)	PTBH	2	BTH	A, B	KCH	
	LBTL	BTHR(T)	1	BTRS(T)	C	CSH, ESHL	
	LBTL	BTI	1	BTH	B	ESHL	
	LBTL	BTRS(T)	7	BTRS(T)	C	CSH, ESHL, KCH	
	LGL	LVCL	7	BTH	B	-	
	LRH	BTH	2	BTH	A	APV, KPH	
	TWPL	BTHR(T)	11	BTRS(T)	C	CSH, ESHL	
	TWPL	BTMG	6	BTRS(T)	C	ESHL	
	TWPL	BTRS(T)	6	BTRS(T)	C	CSH, ESHL, KCH	
	TWPL	BTHR	1	BTH	B	ESHL	
TWPL	TWPC	2	BTH	B	CSH, KCH		
Reimbursement payments	ADPL	PKRD	3	BTH	B	ESHL	Convenience of payment
	ADPL	LBTL	3	BTH	B	ESHL	
	BTCO(S)	BTG(S)	2	BTH	A, B	ESHL	
	BTHR	LBTL	2	BTH	B	ESHL	
	BTHR	BGL	2	BTH	B	ESHL	
	BTHR	TWPL	1	BTH	B	ESHL	
	BTHR	PKRD	1	BTH	B	ESHL	
Reimbursement payments	BTRS(T)	BTG(T)	4	BTRS(T)	C	CSH, ESHL, KCH, KR	Convenience of payment
	BTS	LRH	6	BTH	C	CSH, ESHL	
	BTRS(T)	LBTL	5	BTRS(T)	C	CSH, ESHL, KCH	
	PTBH	AVCI	5	TRL	C	DM	
	WLH	LBTL	2	BTH	C	CSH, ESHL	
WLH	LBTG	2	BTH	C	ESHL, HRH		

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2016

(Unit: Million Baht)

	Payee	Payer	Transactions in 2016	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity / Reasonableness
Rent and service income	BGL	BTRS(T)	3	BTRS(T)	C	CSH, ESHL, KCH	Angsana Spa is a recognised spa brand name which enhances image of hotel and helps in its marketing.
	LBTL	BTRS(T)	14	BTRS(T)	C	CSH, ESHL, KCH	Banyan Tree Spa is a recognised spa brand name which enhances image of hotel and helps in its marketing.
	TWPL	BTRS(T)	9	BTRS(T)	C	CSH, ESHL, KCH	
	TWPL	TDC	2	-	-	HRH	Rental of the corporate head office - The building is well located and has good amenities.
	TWPL	TWPC	17	-	-	CSH, KCH	
Rental return on hotel units	CGL	PTBH	4	TRL	C	-	Purchase of units to set up a Holiday Club operation in the Angsana Resort & Spa Bintan. A very good rental return is being received from the hotel prior to the units being required for the operation.
Resort service income	LSC	BTRS(T)	7	BTRS(T)	C	CSH	Centralization of facilities and services to each operation in Laguna Phuket
Training charges	BTHR(T)	BGL	2	BTRS(T)	C	CSH, ESHL	Centralized training for Laguna Phuket staff of all operations and allocated based on actual cost
	BTHR(T)	LBTL	4	BTRS(T)	C	CSH, ESHL	
	BTHR(T)	LGL	1	BTRS(T)	C	CSH	
	BTHR(T)	LHC	1	BTRS(T)	C	CSH	
	BTHR(T)	LSC	1	BTRS(T)	C	CSH	
	BTHR(T)	TWPL	1	BTRS(T)	C	CSH, ESHL	

Transactions within the Group and a Company which is Owned by Persons with a Mutual of Interest more than 10 percent in Year 2016

(Unit: Million Baht)

	Payee	Payer	Transactions in 2016	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity / Reasonableness
Inter resort charges	BTG(T)	BGL	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	Convenience of guest's payment to promote Laguna Phuket resort integration
	BTG(T)	LBTL	7	BTH	A, B	AS, CH, CSH, ESHL, KCH, SDR	
	BTG(T)	LGL	4	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	
	BTG(T)	TWPL	3	BTH	A, B	AS, CH, CSH, ESHL, KCH, SDR	Convenience of guest's payment
Purchase of gallery vouchers	BTG(T)	LBTL	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, SDR	Purchase of gallery vouchers for using as a marketing tool
Purchase of goods	BTG(T)	LBTG	1	BTH	A, B	ESHL	Central purchasing to facilitate bulk purchasing for competitive pricing
	BTG(T)	BGL	8	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	Purchase of guests supplies for the hotel
	BTG(T)	LBTL	10	BTH	A, B	AS, CH, CSH, ESHL, KCH, SDR	
	BTG(T)	PKRD	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, SDR	
	BTG(T)	TWPL	13	BTH	A, B	AS, CH, CSH, ESHL, KCH, SDR,	
Reimbursement of costs	BTG(S)	BTG(T)	2	BTH	A, B	CSN, ESHL, SDR	Convenience of payment
	LBTL	BTG(T)	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, SDR	
	TWPL	BTG(T)	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, SDR	
Rent and service	LBTL	BTG(T)	2	BTH	A, B	AS, CH, CSH, ESHL, KCH, SDR	Providing the hotel facility of a high class retail outlet
	TWPL	BTG(T)	3	BTH	A, B	AS, CH, CSH, ESHL, KCH, SDR	

Remarks:

- A Major shareholder
- B Major shareholder of parent company (LRH)
- C The company in which the major shareholder of LRH is its major shareholder

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Abbreviations

ADPL	Architrave Design & Planning Services Pte. Ltd.	LGL	Laguna Grande Limited
AVCI	PT. AVC Indonesia	LHC	Laguna Holiday Club Limited
BGL	Bangtao Grande Limited	LRH	Laguna Resorts & Hotels Public Company Limited
BTCO(S)	Banyan Tree Corporate Pte. Ltd.	LSC	Laguna Service Company Limited
BTG(S)	Banyan Tree Gallery (Singapore) Pte Ltd.	LVCL	Laguna (Vietnam) Company Limited
BTG(T)	Banyan Tree Gallery (Thailand) Limited	LVL	Laguna Village Limited
BTH	Banyan Tree Holdings Limited	MAPL	Maldives Angsana Pvt Ltd.
BTHR	Banyan Tree Hotels & Resorts Pte. Ltd.	MBPL	Maldives Bay Pvt Ltd.
BTHR(T)	Banyan Tree Hotels & Resorts (Thailand) Limited	PKRD	Phuket Resort Development Limited
BTI	Banyan Tree Investment Pte. Ltd.	PTBH	PT Bintan Hotels
BTMG	Banyan Tree Marketing Group Pte. Ltd.	PTMB	PT Management Banyan Tree Resorts & Spas
BTRS(T)	Banyan Tree Resorts & Spas (Thailand) Company Limited	TDC	Tapioca Development Corporation Limited
BTS	Banyan Tree Spas Pte. Ltd.	TRL	Tropical Resorts Limited
CGL	Cheer Golden Limited	TWPC	Thai Wah Public Company Limited
HVRS	Hill View Resorts (Seychelles) Limited	TWPL	Thai Wah Plaza Limited
LBTG	Lijiang Banyan Tree Gallery Trading Company Limited	VM	Vabbinvest Maldives Pvt. Ltd.
LBTH	Lijiang Banyan Tree Hotel Company Limited	WLH	Wanyue Leisure Health (Shanghai) Co., Ltd.
LBTL	Laguna Banyan Tree Limited		

Initials

APV	Mr. Ariel P Vera
AS	Ms. Areewan Sriwichupong
CH	Mr. Kuan Chiet
CSH	Mr. Shankar Chandran
CSN	Ms. Chiang See Ngoh Claire
DM	Mr. Djunaidi Maskur
ESHL	Mr. Eddy See Hock Lye
HRH	Mr. Ho Ren Hua
KCH	Mr. Ho KwonCjan
KPH	Mr. Ho KwonPing
KR	Ms. Kanruethai Roongruang
KW	Mr. Kontee Warapitayut
SDR	Mr. Stuart David Reading

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Reference for Valuation Price / Rental Fee Compared to 3rd Parties

Transaction Type	Justification for Transactions
Retail Rental	<ul style="list-style-type: none">- Rental rate set on a square metre basis is in line with market rate.- The majority of the rental of Banyan Tree Gallery, Spa and restaurants are contracted on a percentage of revenue basis and have been separately negotiated with the management of each hotel operation.- Spa contracts being negotiated with other unrelated hotel operators are also structured on a percentage of revenue basis i.e. this is the general rental policy applied by the Banyan Tree Group.
Office Rental	<ul style="list-style-type: none">- Rental rate is in line with market rate. Generally, in the upper range if compared to the same type of building in a similar location.- Terms and conditions in the agreement are similar to other customers and the market.- Service fee has been separated from rental for tax reasons.
Land Rental	<ul style="list-style-type: none">- Land lease rates are very different in the market depending on the location and type of land.- Net present value calculation of rent charged has been compared to valuations as performed by an independent property valuer.

Procedures for approving related party transactions

It is the Group's policy to ensure that there is no conflict of interest when related party transactions are executed. All existing related party transactions are communicated by each of the operations on a quarterly basis and reviewed by management. New proposed related party transactions are identified by and/or communicated to higher level management and the transactions are approved by either senior management, directors or the shareholders in accordance with the requirements of the SET and SEC. All new significant related party transactions are presented to the Audit and Risk Committee for opinion which includes demonstrating that the transaction is on commercial terms and on an arm's length basis. Once recommended by the Audit and Risk Committee the transaction will be proposed to the Board of Directors or the Board of Directors and shareholders for approval. Interested directors do not take part in approving the transaction.

Future policy or tendency of related party transactions

It is the intention of the Company to minimise the incidence of related party transactions wherever practicable. However given the nature of the Group structure and the Groups' business it is not possible to cease many of the current transactions. As a result, the Group's future policy is geared towards ensuring that all current and future transactions are necessary and are on commercial terms and on arm's length basis.

LEGAL DISPUTE

Legal Dispute

Breach of the Condominium Sale and Purchase Agreement, principal and agent, wrongful act and claim of damages

Black case No. 2290/2552 between:

**Allamanda 1 Condominium Juristic Person and 9 Unit Owners
Laguna Grande Limited, Bangtao Development Limited,
Bangtao (1) Limited, Bangtao (2) Limited, and 10 individual directors**

**"Plaintiffs"
"Defendants"**

Background

This case was brought to the Phuket Provincial Court on 8 October 2009, in which 4 of LRH's affiliated companies and 10 individual directors are the defendants. The plaintiffs referred in the plaint that they purchased units in Allamanda 1 Condominium from Laguna Grande Limited during 1991-1995. The plaintiffs claimed the Sale and Purchase Agreement called for an area of approximately 20 Rai. On registration of Allamanda 1 Condominium, Allamanda 1 Condominium was registered with only 9 Rai 2 Ngan 9 Square Wah. As a result, the plaintiffs claimed the defendants have breached the Sale and Purchase Agreement. Therefore, the plaintiffs requested the defendants to completely deliver the common area as specified by the Agreement by transfer of the land totaling 10 Rai 3 Ngan 97.1 Square Wah to Allamanda 1 Condominium Juristic Person, as the 10th plaintiff, or to be jointly liable for the compensation of Baht 131,913,000 in case the transfer of land cannot be made. The plaintiffs also requested for additional compensation in the amount of Baht 55,685,895 for unlawful use of the land which is supposed to be common property of Allamanda 1 Condominium. Total amount of claim is Baht 187,598,895 with interest at the rate of 7.5 percent per annum from the date of the claim is lodged until the defendants have made full payment. The plaintiffs also claimed that the former and current directors of those subsidiaries as the 5th to 14th defendants were the representatives of the subsidiaries being the 1st to 4th defendants, and therefore must also be jointly liable with those subsidiaries. On 5 April 2011, the plaintiffs filed a petition with the Court seeking the Court's interim injunction of which the defendants shall not dispose or amend the status of nine plots of land in dispute with the land registry office during the trial. On 20 January 2012, the Court granted the interim injunction for the plaintiffs and ordered the defendants not to dispose or amend the status of nine plots of land in dispute.

Both parties have completed the taking of evidences and hearing of witnesses. The Court initially set the hearing of judgment on 7 February 2014 but on the day the Court postponed the hearing to 28 March 2014. On 28 March 2014, the Phuket Provincial Court postponed the hearing for judgment to 30 May 2014. On 30 May 2014, the Phuket Provincial Court postponed the hearing for judgment to 27 June 2014.

On 27 June 2014, the Phuket Provincial Court ordered the defendants (1) to transfer the nine plots of land totaling 10 Rai 3 Ngan 97.1 Square Wah to the plaintiffs or compensate in the amount of Baht 131,913,000 with interest at the rate of 7.5 percent per annum from the date the claim was lodged until payment has been made in full, (2) to pay Baht 5,890,956 for unlawful usage of the two plots of land no. 7257 and 7264 with interest at the rate of 7.5 percent per annum from the date the claim was lodged until payment is made in full, (3) to pay Baht 16,000.79 per day for unlawful usage of those two land pieces from the date the claim was lodged until the transfer of aforementioned land has been completed, and (4) to pay a further Baht 500,000 for legal fees to the plaintiffs. On 17 July 2014, the defendants filed the request for extension of submitting the appeal and the Court granted the extension to 27 August 2014. On 21 August 2014, the defendants filed the second request for extension

LEGAL DISPUTE

of submitting the appeal and the Court granted the extension to 27 November 2014. On 19 November 2014, the defendants filed the third request for extension of submitting the appeal and the Court granted the extension to 27 January 2015.

On 23 January 2015, the defendants lodged an appeal on the judgment at the Court of First Instance and the Court ordered the acceptance of the appeal of the defendants. The plaintiffs filed the 1st, 2nd, 3rd and 4th requests for extension of submitting the reply to an appeal and the Court granted the extension to 9 April 2015, 8 May 2015, 7 June 2015 and 6 July 2015 respectively. On 26 June 2015, the plaintiffs' have submitted the answer statement to the Company's appeal and the petition of objection for stay of execution upon the judgment. The Court set a hearing on 15 October 2015 to read out the Appeal Court order in relation to the plaintiffs objection for the defendants stay of execution. In hearing on 15 October 2015, the Appeal Court ordered the company to place a deposit for the money compensations, amounting to Baht 36,000,000 that the Court of First Instance has awarded the plaintiffs. The Court set a further hearing on 18 December 2015 to consider the particulars of the deposit. The Company intended to pledge land title deeds of the land in Chiang Rai owned by its subsidiary company as security for the deposit. In hearing on 18 December 2015, the Court has granted the defendants placement of the land in Chiang Rai as the deposit.

The company had already transferred two plots of the disputed land to the plaintiff on 19 August 2014 and 27 May 2015 respectively in order to stop the increase of daily interest payments, amounting to Baht 30,115,853.68 as of the transfer date of the two plots of the land, upon the verdict of the Phuket Provincial Court.

On 19 April 2016, the Appeal Court issued judgment ordering the defendants to transfer eight land plots (totaling 4 Rai 1 Ngan 90.9 Square Wah) out of the nine land plots (totaling 10 Rai 3 Ngan 97.1 Square Wah) awarded by the Phuket Provincial Court to the plaintiffs. The Appeal Court also ruled that the defendants did not unlawfully use the land, so the company does not have to compensate the plaintiffs. On 13 May 2016, 14 July 2016, and 15 September 2016, the defendants filed the requests for extension of submitting the appeal to the Supreme Court and the Court granted the extension to 19 July 2016, 19 September 2016, and 4 October 2016 respectively.

On 4 October 2016, the company submitted the request of submitting the appeal to the Supreme Court and the appeal statement. On 25 October 2016, the company also submitted the counter-statement to object the plaintiffs' request of submitting the appeal.

The Present Circumstances

This case is currently pending at the Supreme Court.

Opinion of the Lawyer

The lawyer considers that the company did not breach the Sale and Purchase Agreement nor commit a wrongful act against the prosecutors as accused.

The Management Opinion

As per the opinion of the lawyer above.

REPORT OF THE AUDIT AND RISK COMMITTEE

Report of the Audit and Risk Committee

The Audit and Risk Committee of Laguna Resorts & Hotels Public Company Limited comprises 3 independent directors and is empowered to:-

- review the Company's financial reports, internal control and internal audit systems, connected transactions and compliance with all relevant regulations and laws;
- recommend special audit plans to the internal auditor;
- advise management on matters related to the principles of good corporate governance;
- recommend the appointment of the Company's external auditors and their remuneration;
- review or discuss policies regarding risk assessment and risk management and the steps management has taken to monitor and control such exposures; and
- seek to oversee and ensure a continuous process for managing risk.

During 2016 the Audit and Risk Committee convened 4 meetings, with the Company's external auditors and internal auditors including the Management to review compliance with accounting standard requirements and internal controls prior to approving the quarterly reports and the annual financial statements. These meetings also included discussions with the Company's internal audit team to review and advise on its findings and to follow up on matters arising from the schedule of work that the Audit and Risk Committee had approved the internal auditor to undertake during 2016, thereby ensuring that this work was both sufficient and effective. Apart from this, the Audit and Risk Committee attended one non-management meeting with the external auditor to deliberate accounting approaches and audit plans.

Each of the Audit and Risk Committee members attended all meetings convened in 2016.

With regard to risk management, the Audit and Risk Committee reviewed the risk registers of the Company's major business units with the Company's Group Risk Committee. During the review, the Audit and Risk Committee advised on mitigation measures for identified risks and checked that the risk management policies and work undertaken by the Company's Group Risk Committee continues to be adequate and effective.

The Audit and Risk Committee is satisfied that the Group's internal controls are sufficient and effective both to support its operations and to enable the external auditors to express an opinion on the financial statements that they present fairly in all material respects the financial position and results of the Group's operations. Where internal control weaknesses have been detected during the course of the Audit and Risk Committee's reviews these have not been considered material and in all cases management has been alerted and has taken appropriate corrective action.

The Audit and Risk Committee is of the opinion that risk management is now well understood and practiced throughout the Group and that systems are generally in place to ensure an ongoing process of risk management.

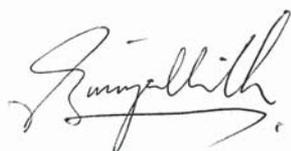
The Audit and Risk Committee is satisfied that the Company has performed in compliance with the SEC/SET rules and regulations and the laws related to the business of the Company and that the Company has supported and continuously developed its good corporate governance principles. As a pledge of the Company's ongoing commitment to operate its business ethically and to avoid any corrupt practices, the Audit and Risk Committee recommended the Company to join the Thailand Private Sector Collective Action Coalition Against Corruption which the Company has done since 2014.

REPORT OF THE AUDIT AND RISK COMMITTEE

Despite the complexity of the Group's structure which primarily arises from the integration of several resorts at Laguna Phuket, the Audit and Risk Committee is satisfied that all connected transactions that were reviewed by it and arose in 2016 were fair and reasonable and had been entered into on an arms-length basis applying the principles of an open market transaction between willing parties.

The interests of all shareholders remain the principal objective of the Audit and Risk Committee. The Company's operating results and financial reports are therefore reviewed for transparency and completeness. In this regard the Audit and Risk Committee has been able to satisfactorily resolve all matters arising within the terms of its Charter with both the management and the external and internal auditors.

The Audit and Risk Committee has recommended the Board to appoint Mr. Sophon Permsirivallop, Certified Public Accountant No. 3182 and/or Ms. Rungnapa Lertsuwankul, Certified Public Accountant No. 3516 and/or Ms. Rosaporn Decharkom, Certified Public Accountant No. 5659 and/or Ms. Pimjai Manitkajohnkit, Certified Public Accountant No. 4521 and/or Ms. Sumana Punpongsonon, Certified Public Accountant No. 5872 of EY Office Limited to be the Company's auditors for the fiscal year 2017 with a recommended audit fee of Baht 760,000.



Mr. Vudhiphol Suriyabhivadh
Audit and Risk Committee Chairman
15 February 2017

Opinion of the Audit and Risk Committee on the Company's Internal Control

The Audit and Risk Committee met four times in 2016 to perform its tasks as per the charter and amongst other activities, it reviewed the work of both the Company's internal and external auditors. These reviews were based upon a structured schedule of works which the Audit and Risk Committee approved annually in advance and also takes in additional reviews when it is deemed appropriate.

Throughout the year 2016, Risk Management was implemented across the Laguna Resorts & Hotels Public Company Limited group. In this regard, controls that mitigate risks to an acceptable level identified in the risk registers were seriously reviewed; additionally the process documentation review of internal controls have also been conducted to ensure that the Company has sufficient procedures and controls.

Based upon these reviews, the Audit and Risk Committee is satisfied that the Group's internal controls are sufficient both to support its operations and to enable the external auditors to express an opinion on the Company's financial statements presented fairly in all material respects, the financial position and the results of its operations.



Mr. Vudhiphol Suriyabhivadh
Audit and Risk Committee Chairman

OPINION OF THE BOARD OF DIRECTORS ON THE COMPANY'S INTERNAL CONTROL

Opinion of the Board of Directors on the Company's Internal Control

Based upon the reports of work carried out by the external auditors, the Board of Directors is of the opinion that the Company's internal accounting controls are adequate and have enabled the external auditors to opine that the financial statements for the year ended 2016 are presented fairly. The Board has also taken note of and accepted the Audit and Risk Committee's report on the internal control system and therefore concludes that there are no material weaknesses in the Company's internal control system.



Mr. Ho KwonPing
Chairman of the Board

Board of Directors' Responsibility for the Company's Financial Statements

The Board of Directors is responsible for the Company's financial statements including the notes to the financial statements.

In its review of the financial statements, the Board of Directors has relied upon the reports and work performed by the Company's external auditors, EY Office Limited, and the Company's Audit and Risk Committee which has carried out extensive discussions with management of the Company. The Board has also satisfied itself that there are no material weaknesses in the Company's internal accounting controls, internal control system and standard operating procedures.

The Board of Directors is therefore able to conclude that the financial statements for the year ended 2016 have been prudently prepared in accordance with generally accepted accounting principles to give a correct and complete presentation, in all material aspects, the financial position of the Company and its subsidiaries.



Mr. Ho KwonPing
Chairman of the Board



FINANCIAL REPORTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and of Laguna Resorts & Hotels Public Company Limited as at 31 December 2016, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition of hotel and property development

Revenue from hotel and property development is the most significant amount in the consolidated income statement and it is a key performance indication to which the management and users of the financial statements pay particular attention. In addition, intense competition in the hotel and real estate industry in Phuket province, which is the key location of the Group operations, has significantly effected the Group's operating performance. There are therefore risks with respect to the timing of revenue recognition.

INDEPENDENT AUDITOR'S REPORT

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls related to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls which respond to the above risks.
- Applying a sampling method to select agreements related to revenue recognition to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual revenue transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes and reversals of revenue transactions after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Fair value measurement of land, buildings and investment properties

Land and buildings are stated at revalued amount and investment properties are stated at fair value. The management arranged for an independent valuer to appraise the their fair value. The measurement of fair value is identified as a key audit matter because land, buildings and investment properties are the most significant amounts in the consolidated statement of financial position. In addition, the assessment of fair value required the management to exercise judgment in respect of the key assumptions and estimates, as described in Notes 17 and 18. There are therefore risks with respect to the value of land, buildings and investment properties.

I assessed the management's determination of the fair value by performing the following procedures:

- Gaining an understanding of internal controls of the Group relevant to the measurement of fair value of land, buildings and investment properties.
- Evaluating the independence and competence of the independent valuer.
- Evaluating the scope and objectives of the engagement of the independent valuer, together with the appropriateness of valuation model or method and key assumptions used.
- Having discussions with the management and independent valuer and performing a review of key assumptions and methods applied in determination of fair value.
- Comparing the consistency of valuation model or method used and key assumptions with those used in the prior year.
- Reviewing the completeness and correctness of data prepared by management which were used in determination of fair value.
- Reviewing the disclosures related to land, buildings and investment properties in the note to financial statements.

Investment in associate - Thai Wah Public Company Limited

As described in Note 15 to the financial statements, during the current year, the Company acquired additional shares in Thai Wah Public Company Limited and the Company's key management was appointed as a director of Thai Wah Public Company Limited. The Company's management have considered that this event leads the Company to have significant influence over Thai Wah Public Company Limited and therefore, the Company has changed the status of investment in such company from other long-term investment to investment in associate. I have focused on this transaction since its effect is material to the financial statements as a whole, and the determination of significant influence over investee requires management to exercise substantial judgement.

I inquired with the management as to the nature and objectives of the acquisition and the management's assessment of significant influence over investee in order to evaluate whether it meets the definition under Thai Accounting Standard No. 28 (revised 2015) Investment in Associates and Joint Ventures. In addition, I checked the value of the acquisition with supporting

INDEPENDENT AUDITOR'S REPORT

documents and related payments, and traced the appointment of the additional director with the minute of the board of directors of Thai Wah Public Company Limited. In addition, I tested the calculation of the investment valuation as at the date of change in status of investment and checked the correctness of the recording of related transactions. I reviewed the disclosures related to this transaction in the notes to financial statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audits, or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

INDEPENDENT AUDITOR'S REPORT

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Sophon Permsirivallop.



Mr. Sophon Permsirivallop
Certified Public Accountant (Thailand) No. 3182
EY Office Limited
Bangkok: 21 February 2017

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	6	669,769,787	859,881,278	18,206,259	25,640,769
Current investment - short-term fixed deposit		12,885,011	10,719,374	-	-
Short-term restricted deposit at financial institution	7	-	75,930,055	-	-
Trade and other receivables	8	671,731,602	635,439,326	182,268,078	169,471,964
Inventories	10	114,938,229	129,484,970	-	-
Property development cost	11	3,539,955,487	3,787,142,311	120,224,314	185,502,070
Other current assets	12	156,820,494	200,791,227	20,638,146	25,906,002
Total current assets		5,166,100,610	5,699,388,541	341,336,797	406,520,805
Non-current assets					
Long-term restricted deposit at financial institution	7	41,189	41,189	-	-
Long-term fixed deposit		2,178,200	2,178,200	2,178,200	2,178,200
Long-term trade accounts receivable	13	393,400,576	457,995,364	-	-
Investments in subsidiaries	14	-	-	4,269,025,777	4,269,025,777
Investments in associates	15	1,082,787,678	383,086,601	777,454,049	-
Other long-term investments	16	606,364,594	1,132,188,540	-	525,823,948
Long-term loans to subsidiaries	9	-	-	1,116,000,629	1,142,800,630
Investment properties	17	1,149,510,731	1,120,761,173	186,037,559	198,210,268
Property, plant and equipment	18	11,742,223,905	10,687,451,126	55,671,829	48,930,762
Deferred tax assets	31	83,964,488	113,538,768	-	-
Goodwill	14	407,903,881	407,903,881	-	-
Leasehold rights	19	14,206,019	17,279,331	-	-
Other non-current assets		76,666,384	69,459,076	1,300,854	1,352,152
Total non-current assets		15,559,247,645	14,391,883,249	6,407,668,897	6,188,321,737
Total assets		20,725,348,255	20,091,271,790	6,749,005,694	6,594,842,542

The accompanying notes are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 31 DECEMBER 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Bank overdraft and short-term loans from financial institutions	20	515,000,000	554,803,557	265,000,000	260,000,000
Trade and other payables	21	819,841,816	959,252,849	34,285,427	34,892,882
Current portion of long-term loans from financial institutions	23	590,860,000	469,750,000	-	35,000,000
Income tax payable		43,802,222	62,547,936	-	-
Advance received from customers		391,616,838	546,545,142	490,555	404,695
Other current liabilities	22	163,639,624	140,483,145	9,821,525	4,492,303
Total current liabilities		2,524,760,500	2,733,382,629	309,597,507	334,789,880
Non-current liabilities					
Long-term loans from subsidiaries	9	-	-	746,680,000	648,280,000
Long-term loans from financial institutions - net of current portion	23	2,456,960,726	2,819,388,750	-	-
Unsecured debenture	24	495,913,040	493,846,200	-	-
Provision for long-term employee benefits	25	59,611,030	63,605,646	14,906,073	15,352,976
Long-term provision - provision for legal case	41	40,575,712	40,132,680	-	-
Deferred tax liabilities	31	2,356,960,085	2,166,335,216	107,470,687	208,255,229
Other non-current liabilities		105,264,828	99,409,011	5,742,444	5,695,424
Total non-current liabilities		5,515,285,421	5,682,717,503	874,799,204	877,583,629
Total liabilities		8,040,045,921	8,416,100,132	1,184,396,711	1,212,373,509
Shareholders' equity					
Share capital					
Registered		2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580
211,675,358 ordinary shares of Baht 10 each					
Issued and fully paid-up		1,666,827,010	1,666,827,010	1,666,827,010	1,666,827,010
166,682,701 ordinary shares of Baht 10 each					
Share premium		2,062,460,582	2,062,460,582	2,062,460,582	2,062,460,582
Capital reserve	26	568,130,588	568,130,588	-	-
Retained earnings					
Appropriated - statutory reserve	28	211,675,358	211,675,358	211,675,358	211,675,358
Unappropriated		2,952,374,270	2,642,748,247	1,480,927,234	908,789,814
Other components of shareholders' equity		4,935,426,870	4,239,617,362	142,718,799	532,716,269
Equity attributable to owner of the Company		12,396,894,678	11,391,459,147	5,564,608,983	5,382,469,033
Equity attributable to non-controlling interests of the subsidiaries		288,407,656	283,712,511	-	-
Total shareholders' equity		12,685,302,334	11,675,171,658	5,564,608,983	5,382,469,033
Total liabilities and shareholders' equity		20,725,348,255	20,091,271,790	6,749,005,694	6,594,842,542

The accompanying notes are an integral part of the financial statements.

INCOME STATEMENT

AS AT 31 DECEMBER 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Revenue					
Revenue from hotel operations		3,483,554,597	3,108,617,130	39,766,631	33,655,545
Revenue from property development operations		1,305,895,061	2,348,479,352	117,450,269	13,147,291
Revenue from office rental operations		90,827,134	86,427,410	23,295,595	31,673,108
Other income	29	461,380,608	114,705,625	809,209,643	132,428,362
Total revenue		5,341,657,400	5,658,229,517	989,722,138	210,904,306
Expenses					
Cost of hotel operations		2,002,259,840	1,839,228,448	31,991,782	26,411,793
Cost of property development operations		842,835,961	1,504,468,651	65,277,756	7,782,287
Cost of office rental operations		49,581,444	44,257,387	6,966,696	7,107,548
Selling expenses		359,094,920	382,738,784	6,868,880	3,377,801
Administrative expenses		1,336,405,109	1,360,504,289	170,457,917	167,916,446
Total expenses		4,590,177,274	5,131,197,559	281,563,031	212,595,875
Profit (loss) before share of loss from investment in associate, finance cost and income tax expenses		751,480,126	527,031,958	708,159,107	(1,691,569)
Share of loss from investment in associate	15	(49,605,032)	(45,041,156)	-	-
Profit (loss) before finance cost and income tax expenses		701,875,094	481,990,802	708,159,107	(1,691,569)
Finance cost		(190,195,577)	(166,147,594)	(59,300,084)	(32,566,209)
Profit (loss) before income tax expenses		511,679,517	315,843,208	648,859,023	(34,257,778)
Income tax expenses	31	(133,891,494)	(139,409,887)	3,285,174	11,984,074
Profit (loss) for the year		377,788,023	176,433,321	652,144,197	(22,273,704)
Profit (loss) attributable to:					
Equity holders of the Company		380,251,507	175,262,057	652,144,197	(22,273,704)
Non-controlling interests of the subsidiaries		(2,463,484)	1,171,264		
		377,788,023	176,433,321		
Basic earnings per share	32				
Profit (loss) attributable to equity holders of the Company		2.28	1.05	3.91	(0.13)

The accompanying notes are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit (loss) for the year		377,788,023	176,433,321	652,144,197	(22,273,704)
Other comprehensive income (loss):					
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		(3,515,821)	2,545,464	-	-
Unrealised gain on available-for-sales security, net of income tax		123,570,087	98,718,926	123,570,087	98,718,926
Share of other comprehensive income (loss) of associate	15	(28,147,939)	18,662,774	-	-
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods, net of income tax		91,906,327	119,927,164	123,570,087	98,718,926
<i>Other comprehensive income (loss) reclassified to profit or loss for the year - unrealised gain on available-for-sales security, net of income tax</i>	15	(276,528,032)	-	(519,300,409)	-
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>					
Addition of revaluation surplus on assets, net of income tax	27	896,971,135	-	5,732,852	-
Actuarial loss of post-employment benefits, net of income tax	25	-	(7,984,789)	-	(5,147,571)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of income tax		896,971,135	(7,984,789)	5,732,852	(5,147,571)
Other comprehensive income (loss) for the year		712,349,430	111,942,375	(389,997,470)	93,571,355
Total comprehensive income (loss) for the year		1,090,137,453	288,375,696	262,146,727	71,297,651
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		1,085,442,308	286,293,947	262,146,727	71,297,651
Non-controlling interests of the subsidiaries		4,695,145	2,081,749		
		1,090,137,453	288,375,696		

The accompanying notes are an integral part of the financial statements.

Consolidated financial statements													
	Equity attributable to the owners of the Company											Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Capital reserve	Retained earnings		Other components of Shareholders' equity					Total equity attributable to shareholders of the Company		
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income				Total other components of shareholders' equity			
						Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets	Unrealised gain on available-for-sales security	Share of other comprehensive income (loss) of associate				
Balance as at 1 January 2015	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,482,805,944	106,987,581	3,935,217,792	54,239,019	37,656,425	4,134,100,817	11,126,000,299	281,630,762	11,407,631,061
Profit for the year	-	-	-	-	175,262,057	-	-	-	-	-	175,262,057	1,171,264	176,433,321
Other comprehensive income (loss) for the year	-	-	-	-	(7,984,789)	1,634,979	-	98,718,926	18,662,774	119,016,679	111,031,890	910,485	111,942,375
Total comprehensive income (loss) for the year	-	-	-	-	167,277,268	1,634,979	-	98,718,926	18,662,774	119,016,67	286,293,947	2,081,749	288,375,696
Dividend paid (Note 34)	-	-	-	-	(20,835,099)	-	-	-	-	-	(20,835,099)	-	(20,835,099)
Reversal of revaluation surplus on disposal of assets (Note 27)	-	-	-	-	13,500,134	-	(13,500,134)	-	-	(13,500,134)	-	-	-
Balance as at 31 December 2015	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,642,748,247	108,622,560	3,921,717,658	152,957,945	56,319,199	4,239,617,362	11,391,459,147	283,712,511	11,675,171,658
Balance as at 1 January 2016	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,642,748,247	108,622,560	3,921,717,658	152,957,945	56,319,199	4,239,617,362	11,391,459,147	283,712,511	11,675,171,658
Profit (loss) for the year	-	-	-	-	380,251,507	-	-	-	-	-	380,251,507	(2,463,484)	377,788,023
Other comprehensive income (loss) for the year	-	-	-	-	-	(2,987,901)	889,284,586	(152,957,945)	(28,147,939)	705,190,801	705,190,801	7,158,629	712,349,430
Total comprehensive income (loss) for the year	-	-	-	-	380,251,507	(2,987,901)	889,284,586	(152,957,945)	(28,147,939)	705,190,801	1,085,442,308	4,695,145	1,090,137,453
Dividend paid (Note 34)	-	-	-	-	(80,006,777)	-	-	-	-	-	(80,006,777)	-	(80,006,777)
Reversal of revaluation surplus on disposal of assets (Note 27)	-	-	-	-	9,381,293	-	(9,381,293)	-	-	(9,381,293)	-	-	-
Balance as at 31 December 2016	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,952,374,270	105,634,659	4,801,620,951	-	28,171,260	4,935,426,870	12,396,894,678	288,407,656	12,685,302,334

The accompanying notes are an integral part of the financial statements.

(Unit: Baht)

Separate financial statements								
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total shareholders' equity
			Appropriated – statutory reserve	Unappropriated	Other comprehensive income		Total other components of shareholders' equity	
					Revaluation surplus on assets	Unrealised gain on available for sales security		
Balance as at 1 January 2015	1,666,827,010	2,062,460,582	211,675,358	957,046,188	136,985,947	297,011,396	433,997,343	5,332,006,481
Loss for the year	-	-	-	(22,273,704)	-	-	-	(22,273,704)
Other comprehensive income (loss) for the year	-	-	-	(5,147,571)	-	98,718,926	98,718,926	93,571,355
Total comprehensive income (loss) for the year	-	-	-	(27,421,275)	-	98,718,926	98,718,926	71,297,651
Dividend paid (Note 34)	-	-	-	(20,835,099)	-	-	-	(20,835,099)
Balance as at 31 December 2015	1,666,827,010	2,062,460,582	211,675,358	908,789,814	136,985,947	395,730,322	532,716,269	5,382,469,033
Balance as at 1 January 2016	1,666,827,010	2,062,460,582	211,675,358	908,789,814	136,985,947	395,730,322	532,716,269	5,382,469,033
Profit for the year	-	-	-	652,144,197	-	-	-	652,144,197
Other comprehensive income (loss) for the year	-	-	-	-	5,732,852	(395,730,322)	(389,997,470)	(389,997,470)
Total comprehensive income (loss) for the year	-	-	-	652,144,197	5,732,852	(395,730,322)	(389,997,470)	262,146,727
Dividend paid (Note 34)	-	-	-	(80,006,777)	-	-	-	(80,006,777)
Balance as at 31 December 2016	1,666,827,010	2,062,460,582	211,675,358	1,480,927,234	142,718,799	-	142,718,799	5,564,608,983

The accompanying notes are an integral part of the financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit (loss) before income tax expenses	511,679,517	315,843,208	648,859,023	(34,257,778)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	340,791,357	313,576,026	5,638,523	4,560,302
Amortisation of leasehold rights	2,661,918	2,594,320	-	-
Amortisation of transaction costs related to debenture issuance	2,066,840	-	-	-
Allowance for doubtful accounts	19,335,735	23,558,243	130,048	1,428,649
Reduction of inventory to net realisable value	459,258	210,757	-	-
Share of loss from investment in associate	49,605,032	45,041,156	-	-
Loss (gain) on change in fair value of investment properties	(18,887,446)	3,033,372	12,187,489	(7,570,000)
Loss (gain) on sales of property, plant and equipment	1,092,564	(535,089)	2,815	(4,776)
Write off property, plant and equipment	348,503	1,112,211	-	-
Reversal of loss on impairment of property, plant and equipment	(5,672,563)	-	-	-
Dividend income from other long-term investment	(27,837,738)	(25,550,812)	(27,837,738)	(25,550,812)
Provision for long-term employee benefits	5,364,816	10,637,944	525,099	779,260
Forfeited money from property unit	-	(13,494,141)	-	-
Provision for loss on compensation claim	443,032	1,479,197	-	-
Gain on fair value adjustment of investment from changing status of investment	(345,660,040)	-	(649,125,512)	-
Interest income	(41,725,975)	(21,151,268)	(74,106,802)	(61,235,312)
Interest expenses	190,195,577	166,147,594	59,300,084	32,566,209
Profit (loss) from operating activities before changes in operating assets and liabilities	684,260,387	822,502,718	(24,426,971)	(89,284,258)
Operating assets (increase) decrease				
Trade and other receivables	(55,583,208)	(111,741,198)	(12,407,939)	25,732,619
Inventories	14,087,483	(21,916,625)	-	-
Property development cost	291,348,102	(172,576,561)	65,277,756	7,764,994
Other current assets	57,394,536	(9,219,618)	9,687,785	3,213,218
Long-term trade accounts receivable	64,594,788	(292,951,089)	-	-
Other non-current assets	(7,207,308)	(1,102,193)	51,298	(17,499)
Operating liabilities increase (decrease)				
Trade and other payables	(138,133,539)	268,770,494	(1,611,095)	10,542,641
Advance received from customers	(154,928,304)	(470,667,022)	85,860	(310,901)
Other current liabilities	23,152,140	18,436,649	3,173,258	(5,466,968)
Provision for long-term employee benefits	(9,359,432)	(9,635,288)	(972,002)	(1,882,458)
Other non-current liabilities	5,855,817	13,949,019	47,020	(185,621)
Cash flows from operating activities	775,481,462	33,849,286	38,904,970	(49,894,233)
Cash received for interest income	41,681,173	21,242,023	73,588,579	68,501,540
Cash paid for interest expenses	(203,560,974)	(175,635,543)	(58,296,444)	(33,141,584)
Cash paid for income tax	(132,166,984)	(79,039,914)	(4,419,928)	(5,581,542)
Net cash flows from (used in) operating activities	481,434,677	(199,584,148)	49,777,177	(20,115,819)

The accompanying notes are an integral part of the financial statements.

CASH FLOW STATEMENT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Increase in current investment – short-term fixed deposit	(2,165,637)	(131,383)	-	-
Decrease (increase) in short-term restricted deposit at financial institution	75,930,055	(75,930,055)	-	-
Increase in long-term fixed deposit	-	(178,200)	-	(178,200)
Cash paid for purchase of investment in subsidiaries	-	-	-	(790,000,700)
Cash paid for purchase of other long-term investment	(97,167,493)	-	(97,167,493)	-
Dividend received from other long-term investment	27,837,738	25,550,812	27,837,738	25,550,812
Cash received from long-term loans to subsidiaries	-	-	698,600,000	3,108,820,000
Cash paid for long-term loans to subsidiaries	-	-	(671,800,000)	(1,994,600,000)
Cash received from long-term loans to a related company	2,205,209	-	-	-
Cash paid for long-term loans to a related company	(2,205,209)	-	-	-
Cash paid for acquisition of investment properties	(9,862,112)	(11,518,613)	(14,780)	(9,415,238)
Cash received from sales of property, plant and equipment	332,469	931,044	2,210	4,804
Cash paid for acquisition of property, plant and equipment	(301,847,070)	(455,176,363)	(3,062,585)	(3,694,915)
Net cash flows from (used in) investing activities	(306,942,050)	(516,452,758)	(45,604,910)	336,486,563
Cash flows from financing activities				
Increase (decrease) in bank overdraft and short-term loans from financial institutions	(39,803,557)	(155,196,443)	5,000,000	(100,000,000)
Proceed from debenture issuance	-	500,000,000	-	-
Payment of transaction costs related to debenture issuance	-	(6,153,800)	-	-
Draw down of long-term loans from subsidiaries	-	-	561,800,000	1,169,880,000
Repayment of long-term loans from subsidiaries	-	-	(463,400,000)	(1,287,450,000)
Draw down of long-term loans from financial institutions	374,316,950	1,454,000,000	-	-
Repayment of long-term loans from financial institutions	(615,634,974)	(642,187,070)	(35,000,000)	(70,000,000)
Payment of dividends	(80,006,777)	(20,835,099)	(80,006,777)	(20,835,099)
Net cash flows from (used in) financing activities	(361,128,358)	1,129,627,588	(11,606,777)	(308,405,099)
Net exchange differences on translation of financial statements in foreign currency	(3,475,760)	1,657,396	-	-
Net increase (decrease) in cash and cash equivalents	(190,111,491)	415,248,078	(7,434,510)	7,965,645
Cash and cash equivalents at beginning of year	859,881,278	444,633,200	25,640,769	17,675,124
Cash and cash equivalents at end of year	669,769,787	859,881,278	18,206,259	25,640,769
Supplemental cash flows information				
Non-cash items				
Share of comprehensive income (loss) of associate	(28,147,939)	18,662,774	-	-
Transferred of property, plant and equipment to property development cost	31,198,781	-	-	-
Transferred property development cost to property, plant and equipment	-	302,010,647	-	-
Addition of revaluation surplus on assets	1,121,213,919	-	7,166,065	-
Reversal of revaluation surplus on disposal of assets	9,381,293	13,500,134	-	-
Actuarial loss of post-employment benefits	-	9,980,986	-	6,434,464
Increase in investment in associate from changing status of investment	777,454,049	-	777,454,049	-
Interest recorded as property development cost	12,962,497	11,996,995	-	-

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes to consolidated financial statements For the year ended 31 December 2016

1. General information

Laguna Resorts & Hotels Public Company Limited ("the Company", "LRH") is a public company incorporated and domiciled in Thailand. Its major shareholder is Banyan Tree Holdings Limited, which was incorporated in Singapore.

The Company and its subsidiaries are principally engaged in the hotel business and property development. There are four hotels in Laguna Phuket, namely Angsana Laguna Phuket, Banyan Tree Phuket, Outrigger Laguna Phuket Resort and Villas and Cassia Phuket, located in Phuket province and one hotel, the Banyan Tree Bangkok, located in Bangkok. The subsidiaries are also engaged in operating golf clubs (Laguna Phuket Golf Club and Laguna Golf Bintan), sales of merchandise (Banyan Tree Gallery), office and shops rental and sale of holiday club memberships.

The registered office of the Company is at 21/17B, 21/17C, 21/65, 21/66 and 21/68 Thai Wah Tower 1, 7th, 22nd and 24th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

On 1 August 2016, Outrigger Laguna Phuket Resort and Villas changed the hotel name to Angsana Villas Resort Phuket.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and the Company has early adopted Thai Accounting Standard No. 105 (revised 2016) regarding "Accounting for investment in debt and equity securities", before the date of enforcement. Their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

(a) The consolidated financial statements include the financial statements of Laguna Resorts & Hotels Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016 %	2015 %
Subsidiaries directly held by the Company				
Banyan Tree Gallery (Singapore) Pte. Limited	Sale of merchandise	Singapore	51.0	51.0
Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	51.0	51.0
Laguna Banyan Tree Limited ⁽¹⁾	Hotel operations, property development sales and marketing service for holiday club membership	Thailand	100.0	100.0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016 %	2015 %
Subsidiaries directly held by the Company (con't)				
Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	100.0	100.0
Laguna Grande Limited	Operating a golf club and property development	Thailand	100.0	100.0
Laguna Lakes Limited	Property development	Thailand	95.0	95.0
Laguna (3) Limited	Owens land on which a hotel is situated	Thailand	100.0	100.0
Laguna Service Company Limited ⁽²⁾	Provide utilities and other services to hotels of the Company and subsidiaries	Thailand	72.9	72.9
TWR - Holdings Limited	Investment holding and property development	Thailand	100.0	100.0
Subsidiaries held through TWR - Holdings Limited				
Laguna Excursions Limited	Travel operations	Thailand	49.0	49.0
Laguna Village Limited	Hotel operations	Thailand	100.0	100.0
Mae Chan Property Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Pai Smart Development Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Phuket Resort Development Limited	Property development and hotel operations	Thailand	100.0	100.0
PT AVC Indonesia	Holiday club membership and operating a golf club	Indonesia	100.0	100.0
Talang Development Company Limited	Property development	Thailand	50.0	50.0
Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	100.0	100.0
Thai Wah Tower Company Limited	Lease of office building space	Thailand	100.0	100.0
Thai Wah Tower (2) Company Limited	Owens land on which a hotel is situated	Thailand	100.0	100.0
Twin Waters Development Company Limited	Property development	Thailand	100.0	100.0
Subsidiaries held through Laguna Grande Limited				
Bangtao (1) Limited	Owens land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (2) Limited	Owens land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (3) Limited	Owens land on which a hotel staff dormitory is situated	Thailand	100.0	100.0
Bangtao (4) Limited	Owens land on which the golf course is situated	Thailand	100.0	100.0
Bangtao Development Limited	Owens land on which a hotel is situated	Thailand	100.0	100.0
Bangtao Grande Limited	Hotel operations	Thailand	100.0	100.0
Laguna Central Limited	Dormant	Thailand	85.0	85.0
Subsidiary held through Banyan Tree Gallery (Singapore) Pte. Limited				
Lijiang Banyan Tree Gallery Trading Co., Ltd.	Sale of merchandise	The People's Republic of China	51.0	51.0
Subsidiary held through Laguna Holiday Club Limited				
Cheer Golden Limited	Investment holding	Hong Kong	100.0	100.0

⁽¹⁾ Laguna Banyan Tree Limited is held 49 percent by the Company and 51 percent through Bangtao Grande Limited.

⁽²⁾ Laguna Services Company Limited is held by the Company and 2 subsidiaries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A subsidiary has a 49 percent shareholding in Laguna Excursions Limited. However, the subsidiary has recognised its share of the income of this subsidiary at 100 percent after deducting the cumulative preferential annual dividend of 15 percent of the par value of the preference shares, in accordance with the income sharing percentage in the Articles of Association.

- (b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- (c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- (e) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- (f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- (g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenue recognition

(a) Revenue from hotel operations

- Revenue from hotel operations mainly comprises room sales, food and beverage sales and revenue from auxiliary activities. Sales are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts.
- Revenue from sales of merchandise (Gallery operation) is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

(b) Revenue from property development operations

- Revenue from the real estate sales
Revenue from sales of real estate is recognised when significant risks and rewards of ownership are transferred to the buyer, and the Company and its subsidiaries retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate sold. In addition, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiaries and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Where properties are sold to non-Thais, the land is sold under a long-term lease agreement comprising an initial term of thirty years with an option to extend for two or three successive periods of thirty years each, without any additional consideration to be paid in addition to the sum of the rental paid for the initial lease term. These long-term lease agreements also contain a further option that provides if Thai law permits non-Thais to own land on a freehold basis, the lessor shall consent to sell the land to the lessee in return for a token payment. Consequently, long-term leases are recognised as sales of land for accounting purposes in accordance with the principle of applying substance over form.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Revenue from sales of furniture

Revenue from sales of furniture is recognised when furniture is completely and satisfactorily installed.

- Revenue from sale of holiday club memberships

Revenue from the sale of holiday club memberships is wholly recognised when a legally binding contract has been signed and at least fifty percent of the contract price has been received.

- (c) Revenue from rental and services

Rental income is recognised over the lease period. Service revenue is recognised when services have been rendered taking into account the stage of completion.

- (d) Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

- (e) Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cost of property development

In determining the cost of property development sold, the anticipated total development cost (after recognising the cost incurred to date) are attributed to units already sold and then recognised as cost in profit or loss.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.5 Property development cost

Property development cost is valued at the lower of cost and net realisable value. Cost comprises cost of land, design fee, infrastructure, construction and related interest.

4.6 Inventories

Inventories are valued at the lower of cost and net realisable value, cost being determined on either the first-in, first-out or the weighted average basis.

4.7 Investments

- Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- Investments in associates are accounted for in the consolidated financial statements using the equity method.
- Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.9 Property, plant and equipment/Depreciation

Land is stated at its revalued amount. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. As a policy, the revaluation will be performed every three years. If within that period, there are factors which may cause significant changes in the value of assets, the revaluation will be performed in that year to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation of the Company's and subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus on assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's and subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on assets" in respect of the same assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amounts on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10 - 50	years
Machinery and equipment	5 - 15	years
Furniture, fixtures and motor vehicles	5	years
Operating and office equipment	3 - 5	years
Golf course, land improvement and external work	5 - 10	years

Depreciation is included in determining earnings.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised. The revaluation surplus presented in other components of shareholders' equity has been directly transferred to retained earnings on retirement or disposal of the assets.

4.10 Leasehold rights and amortisation

Leasehold rights of hotel units are stated at cost less accumulated amortisation and any impairment losses (if any). Amortisation of leasehold rights is calculated by reference to their cost on a straight-line basis over 20 years.

The amortisation is included in determining income.

4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Capitalisation rates are calculated based on the weighted average of the interest expenses incurring during the year on loans for development of projects.

4.12 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.13 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in profit or loss.

4.14 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.15 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.16 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items on each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.17 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However, in cases where property, plant and equipment was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.18 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefits, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

4.19 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.20 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of equity investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

Investment properties

The Company and its subsidiaries present investment properties at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 17.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes.

The Company and its subsidiaries measure land and buildings at revalued amounts. Such amounts are determined by independent valuer using the Market Approach for land, the Replacement Cost Approach or the Income Approach for buildings. The valuation involves certain assumptions and estimates as described in Note 18.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that the recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's and subsidiaries' management has used judgement to assess of the results of the litigation and recorded contingent liabilities under "Long-term provision – provision for legal case" as at the end of reporting period.

Investment in associate

The management of the Company determined that the Company has significant influence over Thai Wah Public Company Limited, even though the Company holds less than 20 percent of its shares and voting rights. This is because the Company acquired additional shares in Thai Wah Public Company Limited during the year and the Company's key management was appointed as a director of the investee. As a result, Thai Wah Public Company Limited is deemed to be an associate company and the equity method has been applied for recording of investment in associate as from the date on which the Company has significant influence over the investee.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	7,712	7,831	144	143
Bank deposits	662,058	852,050	18,062	25,498
Total	669,770	859,881	18,206	25,641

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interest rates between 0.25 percent and 0.85 percent per annum (2015: between 0.375 percent and 0.85 percent per annum).

7. Short-term and long-term restricted deposits at financial institution

As at 31 December 2015, the short-term restricted deposit was reserved for payments of loan principal and interest of a subsidiary as per the bank loan agreement only (2016: Nil).

The long-term restricted deposit pledged with a financial institution as security for bank guarantee facilities of a subsidiary.

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade accounts receivable				
Trade accounts receivable - hotel operations	290,920	302,851	8,034	6,172
Less: Allowance for doubtful accounts	(52,436)	(37,578)	(1,559)	(1,429)
Trade accounts receivable - hotel operations, net	238,484	265,273	6,475	4,743
Trade accounts receivable - sales of property				
- Installments due	41,083	81,076	-	3,760
Current portion of long-term trade accounts receivable (Note 13)	204,135	161,122	-	-
Trade accounts receivable - sales of property, net	245,218	242,198	-	3,760
Trade accounts receivable - sales of holiday club memberships - Installments due	93,485	10,323	-	-
Current portion of long-term trade accounts receivable (Note 13)	5,481	13,716	-	-
Trade accounts receivable - sales of holiday club memberships, net	98,966	24,039	-	-
Trade accounts receivable - net	582,668	531,510	6,475	8,503

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Other receivables				
Amounts due from related parties (Note 9)	39,455	45,930	158,582	144,124
Other receivables	30,335	33,582	341	3,904
Insurance claim receivable	98	8,071	-	-
Accrued other income	2,431	3,603	175	233
Interest receivable	86	41	37	6
Accrued rental	16,659	12,702	16,658	12,702
Total other receivables	89,064	103,929	175,793	160,969
Trade and other receivables, net	671,732	635,439	182,268	169,472

The balances of trade accounts receivable - hotel operations as at 31 December 2016 and 2015, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Age of receivables				
Not yet due	126,587	121,415	163	329
Past due				
Up to 30 days	68,472	75,418	312	486
31 - 60 days	11,368	14,646	306	440
61 - 90 days	10,584	5,473	2,297	413
91 - 120 days	1,898	7,691	310	4,504
Over 120 days	72,011	78,208	4,646	-
Total	290,920	302,851	8,034	6,172
Less: Allowance for doubtful debts	(52,436)	(37,578)	(1,559)	(1,429)
Trade accounts receivable - hotel operations, net	238,484	265,273	6,475	4,743

The balances of trade accounts receivable - sales of property as at 31 December 2016 and 2015, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Age of receivables				
Not yet due	222,918	210,723	-	3,760
Past due				
Up to 30 days	7,460	12,148	-	-
31 - 60 days	4,503	8,298	-	-
61 - 90 days	2,738	4,564	-	-
91 - 120 days	1,900	1,339	-	-
Over 120 days	5,699	5,126	-	-
Trade accounts receivable - sales of property, net	245,218	242,198	-	3,760

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The balances of installments due of trade accounts receivable – holiday club memberships as at 31 December 2016 and 2015, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Age of receivables				
Not yet due	17,900	-	-	-
Past due				
Up to 30 days	18,415	2,915	-	-
31 – 60 days	4,972	780	-	-
61 – 90 days	5,883	550	-	-
91 – 120 days	6,923	300	-	-
Over 120 days	39,392	5,778	-	-
Trade accounts receivable – sales of holiday club membership – installment due, net	93,485	10,323	-	-

9. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2016	2015	2016	2015	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Estate service expenses	-	-	-	1	(17) at market price
Guarantee fee income	-	-	1	1	(3) agreed basis
Guarantee fee expenses	-	-	3	5	(3) agreed basis
Interest income	-	-	73	61	(5) agreement
Interest expenses	-	-	49	14	(5) agreement
Management fee income	-	-	56	34	(4), (7) agreement
Reimbursement receipts	-	-	4	19	(11) agreed basis
Reimbursement payments	-	-	10	11	(11) agreed basis
Rental and service income	-	-	6	10	(12)(i), (iii) agreement
Rental and service expenses	-	-	6	6	(12)(iv), (v) agreement
Resort service expenses	-	-	7	8	(14) agreed basis
Transactions with associates					
Inter resort receipts	3	3	-	-	(1) agreed basis
Reimbursement payments	1	3	-	-	(11) agreed basis
Rental and service expenses	1	1	-	-	(12)(i) agreement
Sale of goods	-	4	-	-	(9) agreed basis

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2016	2015	2016	2015	
Transactions with related companies					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	85	78	-	-	(1) agreed basis
Management fee income	2	1	1	1	(4), (16), (18) agreement
Management fee expenses	263	264	-	3	(6), (15) agreement
Purchase of spa and gallery vouchers	8	8	3	2	(2), (8) agreed basis
Sale of gallery vouchers	-	1	-	-	(2), (8) agreed basis
Sale of goods	18	40	-	-	(9) agreed basis
Reimbursement receipts	77	71	6	3	(11) agreed basis
Reimbursement payments	47	86	7	11	(11) agreed basis
Rental and service income	46	34	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental and service expenses	-	1	-	-	(12)(viii) agreement
Rental return on hotel units	4	4	-	-	(13) agreement
Resort service income	7	8	-	-	(14) agreed basis
Spa service expenses	-	1	-	-	(2) agreed basis
Training charges	10	11	-	-	(10) agreed basis

The nature, pricing policy and agreements relating to the above transactions are summarised below:

- (1) These charges relate to goods and services that are consumed by customers in one part of Laguna Phuket but are billed centrally to the customer at the hotel in which the customer is staying. Such charges relate to meals at restaurants, golf fees, treatments at the spa and goods purchased at shops in the resort.

On receiving the funds centrally from the customer, the hotel reimburses the company in which the goods and services are consumed. Actual receipts are paid and credit card commission is charged ranging from 2 percent to 5 percent of the revenue based on the commission rate charged by the credit card companies. Such inter resort charges are also incurred at the Banyan Tree Bangkok and Banyan Tree Lijiang primarily for treatments at the spa and goods purchased at the shops.

- (2) This relates to sale of spa and gallery vouchers by companies which operate Banyan Tree Spas and Banyan Tree Gallery to related companies for using as a marketing tool. The Spa vouchers are priced at a 20 percent to 60 percent discount to the Spa price list. The Gallery vouchers are priced at 20 percent to 40 percent discount to the face value of the voucher.
- (3) Guarantee fee among group companies for permitting their assets to be pledged as collateral for other related companies' bank loans by charging on 1 percent of proportion of value of pledged assets to total loan facilities.
- (4) The Company charges a management fee to its subsidiaries for providing centralised duties and services for each operation in the group. The monthly fixed rate is charged dependent on the department serviced, except the internal audit service is charged by the working hours and project management service is charged as Note (7).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (5) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht. The loans carry interest at a rate equal to the lenders' borrowing costs per annum (based upon commercial bank's interest rates) plus a margin of 1.1 percent. The loans are repayable on demand, however it is expected that those loans would not be called for repayment in the short-term. Therefore such loans are recorded as non-current assets/liabilities in the statements of financial position.
- (6) The terms of the operating agreements are disclosed in Note 35 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:
Royalty fee paid for the use of "Banyan Tree", "Angsana", and "Cassia" trademarks and all other proprietary rights associated with it.
- (i) Banyan Tree Phuket (Laguna Banyan Tree Limited) and Cassia Phuket (Phuket Resort Development Limited) and Angsana Villas Resort Phuket (Laguna Village Limited) pay a royalty fee of 2 percent of total revenue.
 - (ii) Banyan Tree Bangkok (Thai Wah Plaza Limited) and Angsana Laguna Phuket (Bangtao Grande Limited) pay a royalty fee of 3 percent of total revenue.
 - (iii) Banyan Tree Gallery (Thailand) Limited and Banyan Tree Gallery (Singapore) Pte. Ltd. pay a royalty fee of 1 percent of total revenue.

Hotel management and technical assistance fees.

- (iv) The Technical Assistance Agreement of the Banyan Tree Phuket pay a technical fee of 7.5 percent of gross operating profit.
- (v) The Hotel Management Agreement of the Banyan Tree Bangkok and the Angsana Laguna Phuket pays a hotel management fee of 10 percent of gross operating profit. Cassia Phuket and Angsana Villas Resort Phuket pay a hotel management fee of 7.5 percent of gross operating profit.
- (vi) In addition, pursuant to the hotel management and technical assistance agreements, expenses relating to the sharing of group marketing costs such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by the Banyan Tree and/or Angsana and/or Cassia corporate head office shall be charged as follows:
 - Group marketing services shared on a group basis are based on 3 percent of total actual hotel revenue. The rate has been reduced to 2 percent of total actual hotel revenue since 1 July 2016.
 - Reservation service fees are 1 percent of room revenue plus USD 12 per booking sourced through third party channels.

All management fees are consistent with industry practice and the sharing of group marketing costs incurred by Banyan Tree Phuket, Banyan Tree Bangkok, Angsana Laguna Phuket, Angsana Villas Resort Phuket and Cassia Phuket are the reimbursement of costs benefiting each of the hotels. As a result, these transactions are on normal commercial terms and conditions.

- (7) The Company provides project management services, the contracted fee is set at a rate of 5 percent of the actual or budgeted costs of the project.
- (8) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.
- (9) These transactions relate to:
- (i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies is priced at a 20 percent to 35 percent discount to the retail price depending on the volume purchased.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (ii) Sale of guest and spa supplies of high volume purchases from companies which operate galleries to related companies is priced at cost plus up to 35 percent margin.
- (10) Training charges by Banyan Tree Hotels & Resorts (Thailand) Limited in respect of providing centralised training facilities and courses for staff. The training costs are allocated to each operation based on actual cost.
- (11) Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed.
- (12) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated in (12)(i).
- (i) Rental and service fee is on the basis of 5 percent to 10 percent of sales revenue which is dependent on criteria such as the location, budgeted sales, term of the lease, size of area leased and type of operation.

Payer	Payee	Rental Period	Expire Date
BGL	BTRS(T)	30 years	November 2041
LBTL	BTRS(T)	2 years	December 2017

BGL : Bangtao Grande Limited
 BTRS(T) : Banyan Tree Resorts & Spas (Thailand) Company Limited
 LBTL : Laguna Banyan Tree Limited

- (ii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store is at Baht 1,138 per square metre per month.
- (iii) Rental of space and service in Canal Village. The charges include rental and related service fees which are at market rate.
- (iv) Rental and service income earned by Thai Wah Plaza Limited for renting the office space at Thai Wah Tower I and Banyan Tree Bangkok. The charges include rental and related service fees which are at market rate.
- (v) Rental of land and lagoon on which hotel and hotel-related operations are located are at Baht 117,325 and Baht 11,733 per rai per annum respectively.
- (vi) Service income from rental of Banyan Tree Management Academy is at Baht 128,750 per month.
- (vii) Rental of land on which Spa premises are located is on the basis of Baht 0.7 million per annum.
- (viii) Rental and service fee for Banyan Tree Gallery (Singapore)'s office, monthly rental is SGD 3 per square feet.
- (13) This relates to a Management Agreement to manage the hotel units of Cheer Golden Limited in the Angsana Resort & Spa on Bintan Island, Indonesia under which Cheer Golden Limited receives a return of 15 percent the per annum on the investment of the leasehold rights.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(14) Resort service charged to the operations relates to revenue of Laguna Service Company Limited which provides centralised services to each operation in the group located at Laguna Phuket at the following rates:

- Water supply : at the determined price and actual usage
- Laundry charge : at the price based on cost plus a certain margin
- Common area services, transportation charges : based on actual cost
- Staff buses : at the price based on cost plus a certain margin
- Marketing fee : at the rate of 0.75 percent of the operations' actual revenue
- Community service : based on actual cost
- Other services : at the determined price and actual usage

(15) This relates to architectural and interior design services which the fees are based on construction cost at progressive rates which depend on type of services and type of constructions. The fees are consistent with industry practice. As a result, these transactions are on normal commercial terms and conditions.

(16) The Company charges a management fee to Banyan Tree Resorts & Spas (Thailand) Company Limited for providing administration services of information technology and human resources. The monthly fee is Baht 55,000.

(17) Estate maintenance and service charges by Laguna Grande Limited in respect of providing services such as pool cleaning service, gardening service, etc. to residential projects in Laguna Phuket which are charged at market price.

(18) This relates to management fee charge to related companies for providing operational, visual and product training services. The fee are annual fee at SGD according to each agreement plus 15 percent of gross operating profit.

The Company has contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of its subsidiaries as follows:

(Unit: Million Baht)

	2016	2015
Overdrafts and bank guarantee facilities	106	106

Subsidiaries have contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of the Company and other subsidiaries as follows:

(Unit: Million Baht)

	2016	2015
Short-term loan facilities	150	170
Long-term loan facilities	900	900
Overdrafts and bank guarantee facilities	20	30

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Amounts due from related parties				
Subsidiaries	-	-	156,971	143,553
Associated companies	4,140	3,001	-	-
Related companies (related by common shareholders)	35,315	42,929	1,611	571
Total amounts due from related parties (Note 8)	39,455	45,930	158,582	144,124
Amounts due to related parties				
Subsidiaries	-	-	12,138	5,700
Associated companies	376	302	-	-
Related companies (related by common shareholders)	105,207	162,292	2,891	5,060
Total amounts due to related parties (Note 21)	105,583	162,594	15,029	10,760

Long-term loans to subsidiaries and long-term loans from subsidiaries

As at 31 December 2016 and 2015, the balance of loans between the Company and those related companies and the movement are as follows:

Long-term loans to subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	1 January 2016	Addition	Repayment	31 December 2016
Laguna Banyan Tree Limited	640,100	313,000	(294,000)	659,100
Laguna Holiday Club Limited	-	29,600	(28,600)	1,000
Laguna Lakes Limited	377,301	2,000	(55,000)	324,301
Laguna Grande Limited	125,400	327,200	(321,000)	131,600
Total	1,142,801	671,800	(698,600)	1,116,001

Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	1 January 2016	Addition	Repayment	31 December 2016
Laguna Holiday Club Limited	400	16,000	(16,400)	-
Laguna (3) Limited	6,700	18,800	(1,500)	24,000
TWR-Holdings Limited	641,180	527,000	(445,500)	722,680
Total	648,280	561,800	(463,400)	746,680

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	100,435	106,832	63,402	57,344
Post-employment benefits	2,506	2,543	1,440	1,398
Other long-term employee benefits	44	95	28	13
Total	102,985	109,470	64,870	58,755

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 36 b).

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net Realisable value		Inventories	
	2016	2015	2016	2015	2016	2015
Food and beverage	26,757	25,616	-	-	26,757	25,616
Finished goods and supplies	88,457	104,117	(276)	(248)	88,181	103,869
Total	115,214	129,733	(276)	(248)	114,938	129,485

11. Property development cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Property for sale under holiday club memberships	414,537	418,914	-	-
Completed buildings	461,796	702,359	-	64,749
Land	1,699,661	1,753,237	111,429	111,958
Leasehold land	-	3,000	-	-
Property under construction	963,961	909,632	8,795	8,795
Total	3,539,955	3,787,142	120,224	185,502

Subsidiaries have mortgaged property development cost amounting to Baht 1,029 million (2015: Baht 1,300 million) as collateral against its credit facilities received from financial institutions.

The property development cost has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 13 million were capitalised for the year ended 31 December 2016 (2015: Baht 12 million). The weighted average rate of 4.88 percent (2015: 5.41 percent) has been used to determine the amount of borrowing costs eligible for capitalisation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Value added tax	46,449	47,158	625	801
Prepaid expenses and withholding tax deducted at source	49,298	65,416	4,903	6,286
Advances to suppliers and staff	35,784	54,011	9,534	1,307
Income tax and VAT refundable	25,289	34,206	5,576	17,512
Total	156,820	200,791	20,638	25,906

13. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

13.1 Installments receivable from property sales which bear interest at a rate of 5.0 percent - 12.0 percent and MLR plus 0.5percent per annum and installments are repaid over a period of 2 to 10 years.

13.2 Installments receivable from sales of holiday club memberships which bear interest at a rate of 8.0 percent - 9.0 percent per annum and installments are repaid over a period of 2 to 5 years.

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Current portion of long-term trade accounts receivable	209,616	174,838
Long-term trade accounts receivable	393,401	457,995
Total	603,017	632,833
Sales of property		
Within 1 year (Note 8)	204,135	161,122
Over 1 year to 5 years	389,862	454,644
Over 5 years	588	1,169
Long-term trade accounts receivable - sales of property	594,585	616,935
Sales of holiday club memberships		
Within 1 year (Note 8)	5,481	13,716
Over 1 year to 5 years	2,951	2,182
Long-term trade accounts receivable - sales of holiday club memberships	8,432	15,898
Total	603,017	632,833

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2016	2015	2016	2015	2016	2015
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
Subsidiaries held by the Company						
Banyan Tree Gallery (Singapore) Pte Limited	SGD 0.43 Million	SGD 0.43 Million	51.0	51.0	4.0	4.0
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51.0	51.0	4.0	4.0
Laguna Banyan Tree Limited ⁽¹⁾	1,500.0	1,500.0	100.0	100.0	1,325.1	1,325.1
Laguna Holiday Club Limited	330.0	330.0	100.0	100.0	330.0	330.0
Laguna Grande Limited	1,000.0	1,000.0	100.0	100.0	984.8	984.8
Laguna Lakes Limited	1.0	1.0	95.0	95.0	0.9	0.9
Laguna Service Company Limited ⁽²⁾	90.5	90.5	72.9	72.9	22.4	22.4
Laguna (3) Limited	0.1	0.1	100.0	100.0	47.8	47.8
TWR-Holdings Limited	1,550.0	1,550.0	100.0	100.0	1,550.0	1,550.0
Subsidiaries held through TWR-Holdings Limited						
Laguna Excursions Limited	8.0	8.0	49.0	49.0	-	-
Laguna Village Limited	6.0	6.0	100.0	100.0	-	-
Mae Chan Property Company Limited	232.3	232.3	100.0	100.0	-	-
Pai Samart Development Company Limited	28.4	28.4	100.0	100.0	-	-
Phuket Resort Development Limited	100.0	100.0	100.0	100.0	-	-
PT AVC Indonesia	USD 0.9 Million	USD 0.9 Million	100.0	100.0	-	-
Talang Development Company Limited	251.0	251.0	50.0	50.0	-	-
Thai Wah Plaza Limited	2,250.0	2,250.0	100.0	100.0	-	-
Thai Wah Tower Company Limited	455.0	455.0	100.0	100.0	-	-
Thai Wah Tower (2) Company Limited	21.0	21.0	100.0	100.0	-	-
Twin Waters Development Company Limited	214.4	214.4	100.0	100.0	-	-
Subsidiaries held through Laguna Grande Limited						
Bangtao (1) Limited	20.9	20.9	100.0	100.0	-	-
Bangtao (2) Limited	19.1	19.1	100.0	100.0	-	-
Bangtao (3) Limited	7.8	7.8	100.0	100.0	-	-
Bangtao (4) Limited	14.6	14.6	100.0	100.0	-	-
Bangtao Development Limited	80.0	80.0	100.0	100.0	-	-
Bangtao Grande Limited	1,546.0	1,546.0	100.0	100.0	-	-
Laguna Central Limited	1.0	1.0	85.0	85.0	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2016	2015	2016	2015	2016	2015
	Million Baht	Million Baht	Percent	Percent	Million Baht	Million Baht
Subsidiary held through Banyan Tree Gallery (Singapore) Pte Limited						
Lijiang Banyan Tree Gallery Trading Company Limited	USD 75 Thousands	USD 75 Thousands	51.0	51.0	-	-
Subsidiary held through Laguna Holiday Club Limited						
Cheer Golden Limited	-	-	100.0	100.0	-	-
Total investments in subsidiaries					4,269.0	4,269.0

- (1) Laguna Banyan Tree Limited is held 49 percent by the Company and 51 percent through Bangtao Grande Limited.
(2) Laguna Services Company Limited is held by the Company and 2 subsidiaries

A subsidiary has a 49 percent shareholding in Laguna Excursions Limited. However, the subsidiary has recognised its share of the income of this subsidiary at 100 percent after deducting the cumulative preferential annual dividend of 15 percent of the par value of the preference shares, in accordance with the income sharing percentage in the Articles of Association.

The Company has goodwill from purchase of shares in subsidiaries as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Thai Wah Plaza Limited	56,976	56,976
Laguna Banyan Tree Limited	350,928	350,928
Total	407,904	407,904

Goodwill acquired through business combination was related to Thai Wah Plaza Limited and Laguna Banyan Tree Limited. Each entity has been identified as the single cash-generating unit ("CGU") for impairment testing.

The recoverable amount of the CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Key assumptions used for value in use calculations are as below:

	Thai Wah Plaza Limited		Laguna Banyan Tree Limited	
	2016	2015	2016	2015
Growth rate (% per annum)	3.63	3.27	4.93	3.89
Discount rate (% per annum)	7.14	8.93	7.49	8.70

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rate represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets.

With regards to the assessment of value in use, management believes that goodwill is not impaired.

15. Investments in associates

15.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2016 %	2015 %	2016	2015	2016	2015
Lijiang Banyan Tree Hotel Co., Ltd.	Hotel operations and property development	The People's Republic of China	49	49	348,414	348,414	305,334	383,087
Tropical Resorts Limited	Holding company	Hong Kong	26	26	17,673	17,673	-	-
Less: Allowance for impairment of investment					(17,673)	(17,673)	-	-
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	-	777,454	-	777,454	-
Total investments in associates - net					1,125,868	348,414	1,082,788	383,087

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2016 Percent	2015 Percent	2016	2015
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	-	777,454	-
Total					777,454	-

Lijiang Banyan Tree Hotel Company Limited, held by Laguna Banyan Tree Limited, was incorporated in the People's Republic of China and is engaged in the hotel business and property development.

Tropical Resorts Limited, held by Laguna Banyan Tree Limited, was incorporated in Hong Kong and is engaged in investment holding.

On 10 August 2016, the Company's Board of Directors' meeting approved the additional acquisition of shares of Thai Wah Public Company Limited ("TWPC") from the Stock Exchange of Thailand.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the current year, the Company additionally acquired 11 million ordinary shares of TWPC, equivalent to 1.25 percent of its register capital, with the purchase price of Baht 97 million. As a result, the Company holds totaling 10.03 percent shareholding in that company. In addition, TWPC's Board of Directors' meeting approved the appointment of the Company's key management as TWPC's director which will be effective on 25 December 2016. The management has assessed that the Company has significant influence over TWPC, therefore, the Company has changed the status of investment in TWPC from other long-term investment to investment in associate. The Company reversed unrealised gain on available-for-sale investment previously recognised in other comprehensive income through the consolidated statements of income amounting to Baht 346 million (Separate financial statements: Baht 649 million), under the caption "Gain on fair value adjustment of investment from changing status of investment", due to transfer of investment from other long-term investments to investments in associate.

At present, the Company is in the process of assessing the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment process is ongoing and mainly relates to the identification and valuation of intangible assets and certain tangible assets. The assessment shall be completed within measurement period of twelve months from the acquisition date pursuant to the period allowed by Thai Financial Reporting Standard No. 3 (revised 2015). During the measurement period, the Company shall retrospectively adjust provisional amounts recognised at the acquisition date and adjust earnings to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

15.2 Share of comprehensive income (loss)

During the years, the subsidiary has recognised their share of comprehensive income (loss) from investment in associate companies in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of loss from investment in associate during the years		Share of other comprehensive income (loss) from investment in associate during the years	
	2016	2015	2016	2015
Lijiang Banyan Tree Hotel Co., Ltd.	(49,605)	(45,041)	(28,148)	18,663
Thai Wah Public Company Limited	-	-	-	-
Total	(49,605)	(45,041)	(28,148)	18,663

15.3 Fair value investments in a listed associate

In respect of investment in an associated company that is a listed company on the Stock Exchange of Thailand, its fair value is as follows:

(Unit: Million Baht)

Associate	Fair values as at 31 December	
	2016	2015
Thai Wah Public Company Limited	826	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15.4 Summarised financial information of material associates

Summarised information about financial position

(Unit: Million Baht)

	Lijiang Banyan Tree Hotel Co., Ltd.		Thai Wah Public Company Limited	
	2016	2015	2016	2015
Current assets	205	260	2,797	-
Non-current assets	1,371	1,518	3,606	-
Current liabilities	(796)	(712)	(750)	-
Non-current liabilities	(158)	(284)	(308)	-
Net assets	622	782	5,345	-
Shareholding percentage (%)	49	49	10	-
Share of net assets	305	383	535	-
Excess of investment cost over net asset value	-	-	242	-
Carrying amounts of associates based an equity method	305	383	777	-

Summarised information about comprehensive income

(Unit: Million Baht)

	Lijiang Banyan Tree Hotel Co., Ltd.		Thai Wah Public Company Limited	
	2016	2015	2016	2015
Revenue	283	323	6,306	-
Profit (loss)	(101)	(92)	746	-
Other comprehensive income (loss)	(57)	38	3	-
Total comprehensive income (loss)	(158)	(54)	749	-

15.5 Summarised financial information of other associate

(Unit: Million Baht)

	For the year ended 31 December	
	Tropical Resorts Limited	
	2016	2015
Loss	(157)	(148)
Other comprehensive income (loss)	6	(310)
Total comprehensive income (loss)	(151)	(458)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15.6 Investment in associates with capital deficit

The subsidiary recognised share of losses from investment in Tropical Resorts Limited, until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the subsidiary's accounts since the subsidiary has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognised share of losses is set out below.

(Unit: Million Baht)

Company's name	Unrecognised share of losses			
	Share of losses during the years		Cumulative share of losses up to 31 December	
	2016	2015	2016	2015
Tropical Resorts Limited	(41)	(38)	(229)	(190)

16. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Investment in available-for-sale security				
Thai Wah Public Company Limited	-	334,627	-	31,161
Unrealised gain on available-for-sale security	-	191,197	-	494,663
Total investment in available-for-sale security - net	-	525,824	-	525,824
Investments in other companies				
Bibace Investments Ltd.	188,425	188,425	-	-
Banyan Tree Indochina Hospitality Fund, L.P.	417,940	417,940	-	-
Total investments in other companies	606,365	606,365	-	-
Total other long-term investments - net	606,365	1,132,189	-	525,824

On 1 October 2015, Thai Wah Public Company Limited ("TWPC") was formed by the amalgamation of Thai Wah Starch Public Company Limited ("TWS") and Thai Wah Food Products Public Company Limited ("TWFP"). TWPC's shares were allocated to the shareholders of TWS at a rate of 6.05280574 shares of TWPC for 1 existing share of TWS and as a result the Company holds 77,327,051 shares, or a 8.78 percent shareholding, in Thai Wah Public Company Limited ("TWPC").

On 25 December 2016, the Company has changed the status of investment in TWPC to investment in associate as described in Note 15.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements							
	2016				2015			
	Land awaiting for development / sales	Units in office building and shops for rent	Construction in progress	Total	Land awaiting for development / sales	Units in office building and shops for rent	Construction in progress	Total
Balance at beginning of year	376,896	733,871	9,994	1,120,761	376,896	735,380	-	1,112,276
Addition	-	-	9,862	9,862	-	1,524	9,994	11,518
Transfer	-	10,426	(10,426)	-	-	-	-	-
Net gain (loss) from a fair value adjustment	57,885	(38,997)	-	18,888	-	(3,033)	-	(3,033)
Balance at end of year	434,781	705,300	9,430	1,149,511	376,896	733,871	9,994	1,120,761

(Unit: Thousand Baht)

	Separate financial statements							
	2016				2015			
	Land awaiting for development / sales	Units in office building and shops for rent	Construction in progress	Total	Land awaiting for development / sales	Units in office building and shops for rent	Construction in progress	Total
Balance at beginning of year	141,745	47,050	9,415	198,210	141,745	39,480	-	181,225
Addition	-	-	15	15	-	-	9,415	9,415
Net gain (loss) from a fair value adjustment	17,633	(29,820)	-	(12,187)	-	7,570	-	7,570
Balance at end of year	159,378	17,230	9,430	186,038	141,745	47,050	9,415	198,210

The fair value of the investment properties has been determined based on valuation performed by an accredited independent valuer, using the basis as follows:

- Land awaiting development / sales was revalued using the Market Approach.
- Units in office building and shops for rent were revalued using the Income Approach.

Key assumptions used in the valuation are summarised below:

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Discount rate (%)	11 - 13	13	Decrease in fair value
Average rental rate per square metre per month (Baht)	580 and 660	660	Increase in fair value
Price per rai (Thousand Baht)	85 - 11,500	147 - 7,637	Increase in fair value

As at 31 December 2016, the subsidiaries have pledged investment properties amounting to approximately Baht 663 million (2015: Baht 653 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation in Note 41.

18. Property, plant and equipment

Consolidated financial statements

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building And improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
At cost										
As at 1 January 2015	1,471,012	4,546,766	298,236	1,480,177	954,553	397,367	55,180	176,804	206,315	9,586,410
Additions	-	6,084	-	41,579	24,405	53,548	807	2,896	326,544	455,863
Disposals and write off	-	(1,096)	-	(263)	(22,603)	(16,383)	-	(871)	-	(41,216)
Transfers in/out	-	45,925	109,151	24,000	11,731	2,701	2,532	1,314	(197,354)	-
Transfer from property development cost	41,291	252,472	-	-	-	-	-	-	-	293,763
Adjustments	(184)	(3,186)	-	27	184	118	-	(13)	3,124	70
As at 31 December 2015	1,512,119	4,846,965	407,387	1,545,520	968,270	437,351	58,519	180,130	338,629	10,294,890
Additions	-	9,564	-	29,209	39,146	34,617	748	4,139	184,560	301,983
Disposals and write off	-	930	(71)	(569)	(5,631)	(4,538)	-	(2,005)	-	(11,884)
Transfers in/out	-	264,940	27,242	63,936	90,541	24,331	18	527	(471,535)	-
Transfer to property development cost	(134)	(26,141)	-	(3,991)	(9,527)	-	-	-	-	(39,793)
Adjustments	-	(1,014)	-	-	391	(135)	-	68	237	(453)
As at 31 December 2016	1,511,985	5,095,244	434,558	1,634,105	1,083,190	491,626	59,285	182,859	51,891	10,544,743
Accumulated depreciation										
As at 1 January 2015	(571)	(1,283,868)	(290,722)	(937,094)	(831,473)	(278,770)	(31,279)	(147,307)	-	(3,801,084)
Depreciation charged for the year	-	(119,078)	(14,924)	(75,087)	(50,346)	(38,303)	(5,110)	(10,444)	-	(313,292)
Disposals and write-off	-	143	-	257	22,421	16,017	-	871	-	39,709
Adjustments	-	(19)	-	(26)	(123)	(118)	-	(12)	-	(298)
As at 31 December 2015	(571)	(1,402,822)	(305,646)	(1,011,950)	(859,521)	(301,174)	(36,389)	(156,892)	-	(4,074,965)
Depreciation charged for the year	-	(125,457)	(13,889)	(80,528)	(60,631)	(45,712)	(5,045)	(9,341)	-	(340,603)
Disposals and write-off	-	(1,850)	3	568	5,470	3,914	-	2,005	-	10,110
Transfer to property development cost	-	6,854	-	3,185	4,351	-	-	-	-	14,390
Adjustments	-	60	-	(1)	(34)	153	-	(58)	-	120
As at 31 December 2016	(571)	(1,523,215)	(319,532)	(1,088,726)	(910,365)	(342,819)	(41,434)	(164,286)	-	(4,390,948)

Consolidated financial statements (continued)

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building And improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Allowance for impairment loss										
As at 1 January 2015	-	(11,321)	-	-	-	-	(1,298)	-	-	(12,619)
Reversal	-	284	-	-	-	-	649	-	-	933
As at 31 December 2015	-	(11,037)	-	-	-	-	(649)	-	-	(11,686)
Reversal	-	5,673	-	-	-	-	-	-	-	5,673
Adjustments	-	271	-	-	-	-	649	-	-	920
As at 31 December 2016	-	(5,093)	-	-	-	-	-	-	-	(5,093)
Net book value - At cost										
As at 1 January 2015	1,470,441	3,251,577	7,514	543,083	123,080	118,597	22,603	29,497	206,315	5,772,707
As at 31 December 2015	1,511,548	3,433,106	101,741	533,570	108,749	136,177	21,481	23,238	338,629	6,208,239
As at 31 December 2016	1,511,414	3,566,936	115,026	545,379	172,825	148,807	17,851	18,573	51,891	6,148,702

Consolidated financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and land improvement	Building And improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Revaluation portion										
As at 1 January 2015	4,431,383	58,228	-	-	-	-	-	-	-	4,489,611
Transfer from property development cost	8,248	-	-	-	-	-	-	-	-	8,248
As at 31 December 2015	4,439,631	58,228	-	-	-	-	-	-	-	4,497,859
Addition	1,095,066	47,153	-	-	-	-	-	-	-	1,142,219
Transfer to property development cost	(5,342)	(648)	-	-	-	-	-	-	-	(5,990)
As at 31 December 2016	5,529,355	104,733	-	-	-	-	-	-	-	5,634,088
Accumulated depreciation										
As at 1 January 2015	-	(17,430)	-	-	-	-	-	-	-	(17,430)
Depreciation of revaluation surplus on assets	-	(1,217)	-	-	-	-	-	-	-	(1,217)
As at 31 December 2015	-	(18,647)	-	-	-	-	-	-	-	(18,647)
Depreciation of revaluation surplus on assets	-	(1,108)	-	-	-	-	-	-	-	(1,108)
Addition	-	(21,005)	-	-	-	-	-	-	-	(21,005)
Transfer to property development cost	-	194	-	-	-	-	-	-	-	194
As at 31 December 2016	-	(40,566)	-	-	-	-	-	-	-	(40,566)
Net book value - revaluation portion										
As at 1 January 2015	4,431,383	40,798	-	-	-	-	-	-	-	4,472,181
As at 31 December 2015	4,439,631	39,581	-	-	-	-	-	-	-	4,479,212
As at 31 December 2016	5,529,355	64,167	-	-	-	-	-	-	-	5,593,522
Property, plant and equipment - net										
As at 1 January 2015	5,901,824	3,292,375	7,514	543,083	123,080	118,597	22,603	29,497	206,315	10,244,888
As at 31 December 2015	5,951,179	3,472,687	101,741	533,570	108,749	136,177	21,481	23,238	338,629	10,687,451
As at 31 December 2016	7,040,769	3,631,103	115,026	545,379	172,825	148,807	17,851	18,573	51,891	11,742,224
Depreciation for the year										
2015										313,576
2016										340,791

Separate financial statements

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in process	Total
At cost									
As at 1 January 2015	189	56,790	15,565	11,663	22,902	1,369	7,640	-	116,118
Additions	-	512	543	997	1,522	51	70	-	3,695
Disposal and write off	-	-	-	-	(401)	-	-	-	(401)
As at 31 December 2015	189	57,302	16,108	12,660	24,023	1,420	7,710	-	119,412
Additions	-	-	-	322	4,049	-	848	-	5,219
Disposal and write off	-	-	-	(162)	(43)	-	-	-	(205)
As at 31 December 2016	189	57,302	16,108	12,820	28,029	1,420	8,558	-	124,426
Accumulated depreciation									
As at 1 January 2015	-	(27,782)	(2,231)	(10,600)	(20,629)	(1,261)	(7,424)	-	(69,927)
Depreciation charged for the year	-	(1,746)	(1,068)	(397)	(1,162)	(64)	(69)	-	(4,506)
Disposal and write off	-	-	-	-	401	-	-	-	401
As at 31 December 2015	-	(29,528)	(3,299)	(10,997)	(21,390)	(1,325)	(7,493)	-	(74,032)
Depreciation charged for the year	-	(1,816)	(1,074)	(514)	(1,981)	(39)	(165)	-	(5,589)
Disposal and write off	-	-	-	157	43	-	-	-	200
As at 31 December 2016	-	(31,344)	(4,373)	(11,354)	(23,328)	(1,364)	(7,658)	-	(79,421)
Net book value - At cost									
As at 1 January 2015	189	29,008	13,334	1,063	2,273	108	216	-	46,191
As at 31 December 2015	189	27,774	12,809	1,663	2,633	95	217	-	45,380
As at 31 December 2016	189	25,958	11,735	1,466	4,701	56	900	-	45,005

Separate financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and land improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in process	Total
Revaluation portion									
As at 1 January 2015	1,586	3,657	-	-	-	-	-	-	5,243
As at 31 December 2015	1,586	3,657	-	-	-	-	-	-	5,243
Additions	2,218	10,435	-	-	-	-	-	-	12,653
As at 31 December 2016	3,804	14,092	-	-	-	-	-	-	17,896
Accumulated depreciation									
As at 1 January 2015	-	(1,638)	-	-	-	-	-	-	(1,638)
Depreciation of revaluation surplus on assets	-	(54)	-	-	-	-	-	-	(54)
As at 31 December 2015	-	(1,692)	-	-	-	-	-	-	(1,692)
Depreciation of revaluation surplus on assets	-	(50)	-	-	-	-	-	-	(50)
Additions	-	(5,487)	-	-	-	-	-	-	(5,487)
As at 31 December 2016	-	(7,229)	-	-	-	-	-	-	(7,229)
Net book value - revaluation portion									
As at 1 January 2015	1,586	2,019	-	-	-	-	-	-	3,605
As at 31 December 2015	1,586	1,965	-	-	-	-	-	-	3,551
As at 31 December 2016	3,804	6,863	-	-	-	-	-	-	10,667
Property, plant and equipment — net									
As at 1 January 2015	1,775	31,027	13,334	1,063	2,273	108	216	-	49,796
As at 31 December 2015	1,775	29,739	12,809	1,663	2,633	95	217	-	48,931
As at 31 December 2016	3,993	32,821	11,735	1,466	4,701	56	900	-	55,672
Depreciation for the year									
2015									4,560
2016									5,639

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company and subsidiaries arranged for an independent professional valuer to re-appraise the value of certain assets in the report dated 14 October 2016 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the Market Approach.
- Buildings were revalued using the Replacement Cost Approach or Income Approach.

Key assumptions used in the valuation are summarised below:

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Building - Price per square metre (Baht)	1,000 - 67,000	1,000 - 15,000	Increase in fair value
Discount rate (%)	13%	-	Decrease in fair value
Average room rate per night (Baht)	15,452	-	Increase in fair value
Land - Price per rai (Million Baht)	1.5 - 380	18	Increase in fair value

As at 31 December 2016, certain buildings and equipment of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 1,774 million (2015: Baht 1,872 million) (Separate financial statements: Baht 38 million, 2015: Baht 37 million).

The subsidiaries have mortgaged land and buildings at fair value of Baht 7,824 million (2015: Baht 5,523 million) as collateral against credit facilities received from financial institutions.

19. Leasehold rights

(Unit: Thousand Baht)

	Hotel units
Cost	
As at 1 January 2016	51,838
Exchange rate adjustment	(1,471)
As at 31 December 2016	50,367
Accumulated amortisation	
As at 1 January 2016	(34,559)
Amortisation for the year	(2,662)
Exchange rate adjustment	1,060
As at 31 December 2016	(36,161)
Net book value	
As at 1 January 2016	17,279
As at 31 December 2016	14,206

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Thousand Baht)

	Hotel units
Cost	
As at 1 January 2015	49,124
Exchange rate adjustment	2,714
As at 31 December 2015	51,838
Accumulated amortisation	
As at 1 January 2015	(29,675)
Amortisation for the year	(2,594)
Exchange rate adjustment	(2,290)
As at 31 December 2015	(34,559)
Net book value	
As at 1 January 2015	19,449
As at 31 December 2015	17,279

Leasehold rights of hotel units are amortised over the term of the lease of 20 years from July 2002 to June 2022.

20. Bank overdraft and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Bank overdraft and short-term loans from financial institutions	3.63 - 5.00 (2015: 3.65 - 7.37)	515,000	554,804	265,000	260,000
Total		515,000	554,804	265,000	260,000

These bank overdraft and short-term loans from financial institutions are secured by the mortgage of plots of land and buildings of its subsidiaries, as described in Note 18 and by the guarantee provided by subsidiaries.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade accounts payable	316,377	412,166	927	5,703
Amounts due to related parties (Note 9)	105,583	162,594	15,029	10,760
Accrued expenses	164,454	152,078	10,686	10,924
Other payables	100,181	130,671	114	1,876
Service charge payable to hotel staff	36,128	32,150	-	-
Accrued rental to villa owners	97,119	69,594	7,529	5,630
Total	819,842	959,253	34,285	34,893

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Value added tax payable	56,478	52,821	4,086	2,854
Unearned income	39,709	43,006	-	-
Other tax payable	57,248	40,888	4,686	1,488
Short-term provision	10,205	3,768	1,050	150
Total	163,640	140,483	9,822	4,492

23. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Secured	3,047,821	3,289,139	-	35,000
Long-term loans are repayable as follows:	590,860	469,750	-	35,000
Within 1 year				
Over 1 year to 5 years	2,125,182	1,965,860	-	-
Over 5 years	331,779	853,529	-	-
	2,456,961	2,819,389	-	-
Total	3,047,821	3,289,139	-	35,000

Long-term loans consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
The Company				
(1) Baht loan from a bank, with a facility of Baht 420 million repayable quarterly from July 2010 to April 2016, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.5% per annum	-	35,000	-	35,000
Subsidiaries				
(2) Baht loan from a bank, with a facility of Baht 1,000 million ^(a) repayable quarterly from October 2009 to July 2022, at an interest rate as follows: 2012 -2017: MLR less 1% and 1.5% per annum 2018 onwards: MLR less 0.5% per annum	741,050	813,050	-	-
(3) Baht loan from a bank, with a facility of Baht 145 million repayable quarterly from August 2010 to May 2016, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.5% per annum	-	62,500	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
(4) Baht loan from a bank, with a facility of Baht 800 million repayable quarterly from March 2013 to December 2022, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.5% per annum	480,000	560,000	-	-
(5) Baht loan from a bank, with a facility of Baht 298 million ^(a) repayable quarterly from June 2014 to March 2022, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.25% per annum	178,729	194,729	-	-
(6) Baht loan from a bank, with a facility of Baht 520 million repayable quarterly from June 2014 to June 2017, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.5% per annum	63,610	193,610	-	-
(7) Baht loan from a bank, with a facility of Baht 175 million, repayable quarterly from January 2017 to October 2023, at an interest rate as follows: 2015 onwards: MLR less 1%, 1.25% and 1.5% per annum	175,000	175,000	-	-
(8) Baht loan from a bank, with a facility of Baht 100 million, repayable quarterly from December 2016 to September 2022, at an interest rate as follows: 2015 onwards: MLR less 1%, 1.25% and 1.5% per annum	96,000	100,000	-	-
(9) Baht loan from a bank, with a facility of Baht 600 million ^(a) repayable quarterly from April 2017 to October 2021, at an interest rate as follows: 2015 onwards: MLR less 0.75% and 1.25% per annum	503,916	548,000	-	-
(10) Baht loan from a bank, with a facility of Baht 900 million ^(a) repayable quarterly from April 2018 to August 2022, at an interest rate as follows: 2015 onwards: MLR less 0.75%, 1.25% and 1.5% per annum	606,199	607,250	-	-
(11) Baht loan from a bank, with a facility of Baht 450 million ^(a) repayable quarterly from August 2017 to May 2023, at an interest rate as follows: 2016 onwards: MLR less 1.0%, 1.25% and 1.5% per annum	203,317	-	-	-
Total long-term loans from financial institutions	3,047,821	3,289,139	-	35,000

MLR: Minimum Lending Rate

(a) Also subject to mandatory prepayment in inverse order of maturity upon the ownership transfer of property sales units.

The loans are secured by mortgage of plots of land and buildings of its subsidiaries, as described in Note 11, 17 and Note 18. The loan in (10) above is guaranteed by a subsidiary.

The loan agreements contain several covenants which, among other things, require the Company and its subsidiaries to maintain debt to equity ratios and debt service coverage ratios at the rate prescribed in the agreements.

As at 31 December 2016, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 472 million (2015: Baht 771 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

24. Unsecured debenture

(Unit: Thousand Baht)

Debenture	Interest rate	Terms	Due date	Consolidated financial statements	
				2016	2015
Debenture No. 1/2016	5.15% p.a.	3 years	24 December 2018	500,000	500,000
Total debenture, at face value				500,000	500,000
Less: Unamortised portion of deferred transaction costs				(4,087)	(6,154)
Total debenture				495,913	493,846

Under rights and responsibilities of debenture issuer, the Company has to comply with certain covenants and restrictions including maintenance of a debt to equity ratio of consolidated financial statements at the rate prescribed in the prospectus.

25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company and other employee benefits plan, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2016			2015		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Balance at beginning of year	33,950	29,656	63,606	24,705	27,917	52,622
Current service cost	2,088	2,173	4,261	3,103	2,937	6,040
Interest cost	483	621	1,104	1,081	983	2,064
Benefits paid during the year	(3,150)	(6,210)	(9,360)	(4,920)	(4,715)	(9,635)
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	-	-	(5,167)	16,266	11,099
Financial assumptions changes	-	-	-	773	(8,202)	(7,429)
Experience adjustments	-	-	-	14,375	(5,530)	8,845
Balance at end of year	33,371	26,240	59,611	33,950	29,656	63,606

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Thousand Baht)

	Separate financial statements					
	2016			2015		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Balance at beginning of year	13,056	2,297	15,353	7,088	2,934	10,022
Current service cost	166	111	277	414	187	601
Interest cost	79	48	127	261	98	359
Benefits paid during the year	(134)	(838)	(972)	(1,142)	(741)	(1,883)
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	-	-	(3,331)	(1,162)	(4,493)
Financial assumptions changes	-	-	-	498	586	1,084
Experience adjustments	-	-	-	9,268	395	9,663
Transfer from a subsidiary	31	90	121	-	-	-
Balance at end of year	13,198	1,708	14,906	13,056	2,297	15,353

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current service cost	4,261	6,040	277	601
Interest cost	1,104	2,064	127	359
Transfer from a subsidiary	-	-	121	-
Actuarial (gain) loss of other long-term benefits recognised during the year	-	2,534	-	(181)
Total expenses recognised in profit or loss	5,365	10,638	525	779
Line items in profit or loss under which such expenses are included				
Cost of sales	4,963	9,863	12	(39)
Selling and administrative expenses	402	775	513	818

As at 31 December 2016, cumulative actuarial gains (net of actuarial losses) of post-employment benefits, which were recognised in other comprehensive income of the Company and its subsidiaries, amounted to Baht 19 million (2015: Baht 19 million) (Separate financial statements: Baht 1 million and 2015: Baht 1 million).

The Company and its subsidiaries expect to pay Baht 7 million of long-term employee benefits during the next year (Separate financial statements: Baht 1 million) (2015: Baht 23 million, separate financial statements: Baht 11 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 10 years (Separate financial statements: 10 years) (2015: 10 years, separate financial statements: 10 years).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Significant actuarial assumptions are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate (% per annum)	2.75	2.75	2.75	2.75
Salary increase rate (% per annum)	3.00	3.00	3.00	3.00
Gold price (Baht)	19,000	19,000	19,000	19,000

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(108)	114	(7)	8
Salary increase rate (+/-1.00%)	194	(174)	14	(13)
Gold Price (+/- 1,000 Baht)	44	(44)	6	(6)

26. Capital reserve

The capital reserve relates to the accounting of assets in subsidiaries at their fair values as at the acquisition date and cannot be used for dividend payments.

27. Revaluation surplus

This represents surplus arising from revaluation of property, plant and equipment.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Balance - beginning of year	3,921,718	3,935,218	136,986	136,986
Addition of revaluation surplus on assets	889,284	-	5,733	-
Reversal of revaluation surplus on disposal of assets	(9,381)	(13,500)	-	-
Balance - end of year	4,801,621	3,921,718	142,719	136,986

The revaluation surplus can neither be offset against a deficit nor used for dividend payment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

28. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

29. Other income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Interest income	41,726	21,151	74,107	61,235
Dividend income	27,838	25,551	27,838	25,551
Insurance claim	-	39,372	-	-
Gain on fair value adjustment of investment from changing status of investment (Note 15)	345,660	-	649,126	-
Gain on change in fair value of investment properties	18,887	-	-	7,570
Management fee income	1,236	-	56,900	36,558
Other	26,034	28,632	1,239	1,514
Total	461,381	114,706	809,210	132,428

30. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Salaries, wages and other employee benefits	1,149,206	1,062,172	118,028	129,633
Depreciation	340,791	313,576	5,639	4,560
Rental expenses from operating lease agreements	245,696	208,176	35,379	29,856
Repairs and maintenance	180,656	204,919	2,437	2,978
Water and electricity	206,826	204,612	5,349	5,624
Management, incentive fee and royalty fees	171,335	148,366	-	-
Commission	145,677	127,735	-	-
Sales and marketing expenses	239,562	232,597	2,427	1,120
Food and beverage cost	356,991	311,848	-	-
Increase in land and construction during the year	595,649	1,402,902	-	17
Change in property development cost	247,187	101,567	65,278	7,765

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current income tax:				
Current income tax charge	101,651	93,681	-	-
Adjustment in respect of income tax of previous year	(1,654)	3,610	-	-
Write off prepaid withholding tax	-	7,857	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	33,894	34,262	(3,285)	(11,984)
Income tax expense reported in the income statement	133,891	139,410	(3,285)	(11,984)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax relating to actuarial loss of post-employment benefits	-	1,996	-	1,287
Deferred tax relating to unrealised gain on available-for-sale security	38,239	(24,680)	98,933	(24,680)
Deferred tax relating to revaluation surplus on assets	(224,243)	-	(1,433)	-
	(186,004)	(22,684)	97,500	(23,393)

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit (loss) before income tax	511,680	315,843	648,859	(34,258)
Applicable tax rate	0%-30%	0%-25%	20%	20%
Accounting profit before tax multiplied by income tax rate	97,055	61,273	129,772	(6,852)
Adjustment in respect of income tax of previous year	(1,654)	11,467	-	-
Effects of:				
Gain on fair value adjustment of investment from changing status of investment	(69,132)	-	(129,825)	-
Dividend income	(5,568)	(5,110)	(5,568)	(5,110)
Unused tax losses	77,970	18,353	2,400	-
Non-taxable expenses	35,220	53,427	(64)	(22)
Total	38,490	66,670	(133,057)	(5,132)
Income tax expense reported in the income statement	133,891	139,410	(3,285)	(11,984)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position	
	Consolidated financial statements	
	2016	2015
Deferred tax assets (liabilities)		
Unutilised tax losses	175,845	209,450
Provision for long-term employee benefits	11,922	12,721
Intercompany charges to property development cost and property, plant and equipment	15,939	18,486
Other items of deferred tax assets	13,274	4,953
Revaluation surplus on assets	(1,588,137)	(1,367,289)
Temporary differences arising from revenue and cost recognition	(740,374)	(736,361)
Gain on change in fair value of investment properties	(161,465)	(156,517)
Unrealised gain on available-for-sales security	-	(38,239)
Net deferred tax liabilities	(2,272,996)	(2,052,796)
Reflected in the statements of financial position as follows:		
Deferred tax assets	83,964	113,539
Deferred tax liabilities	(2,356,960)	(2,166,335)
Deferred tax liabilities, net	(2,272,996)	(2,052,796)

(Unit: Thousand Baht)

	Statements of financial position	
	Separate financial statements	
	2016	2015
Deferred tax assets (liabilities)		
Unutilised tax losses	27,204	27,193
Provision for long-term employee benefits	2,981	3,071
Other items of deferred tax assets	1,257	575
Revaluation surplus on assets	(22,145)	(20,722)
Temporary differences arising from revenue recognition	(92,224)	(92,626)
Gain on change in fair value of investment properties	(24,544)	(26,813)
Unrealised gain on available-for-sales security	-	(98,933)
Net deferred tax liabilities	(107,471)	(208,255)

As at 31 December 2016, the Company and its subsidiaries have unused tax losses totaling Baht 369 million (2015: Baht 190 million), on which deferred tax assets have not been recognised on these amounts as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Details of expiry date of unused tax loss are summarised as below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
31 December 2016	-	27,090	-	-
31 December 2017	22,673	22,673	-	-
31 December 2018	34,340	34,079	-	-
31 December 2019	48,627	48,627	-	-
31 December 2020	60,132	57,579	-	-
31 December 2021	203,549	-	11,552	-
	369,321	190,048	11,552	-

32. Basic earnings per share

Basic earnings per share is calculated by dividing the profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	380,252	175,262	652,144	(22,274)
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	2.28	1.05	3.91	(0.13)

33. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Contributions are made to the fund by both employees and the Company and its subsidiaries and will be paid to employees upon termination in accordance with the fund rules of the Company and its subsidiaries' provident fund.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the years, the contributions were recognised as expenses as following details:

(Unit: Million Baht)

	Fund Manager		Company's Contribution	
	Hotel staff	Office staff	2016	2015
Laguna Resorts & Hotels Public Company Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	3.0	2.7
Laguna Grande Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	1.0	1.1
Bangtao Grande Limited	SCB Asset Management Company Limited	-	3.6	3.6
Laguna Banyan Tree Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	6.8	6.1
Banyan Tree Gallery (Thailand) Limited	-	MFC Asset Management Plc.	0.7	0.8
Banyan Tree Gallery (Singapore) Pte Ltd.	-	Central Provident Fund Board	1.5	0.6
Laguna Service Company Limited	-	MFC Asset Management Plc.	2.1	2.2
Laguna Holiday Club Limited	-	MFC Asset Management Plc.	0.8	1.1
Thai Wah Plaza Limited	TISCO Assets Management Company Limited	MFC Asset Management Plc.	3.5	3.6
Laguna Village Limited	MFC Asset Management Plc.	-	0.9	0.9
Laguna Excursions Limited	-	MFC Asset Management Plc.	0.5	0.5
Phuket Resort Development Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	1.0	1.0

34. Dividends

Dividends declared in 2016 and 2015 consisted of:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividend	Board of Directors' Meeting on 10 August 2016	20.00	0.12
Dividends on 2015 retained earnings	Annual General Meeting of the shareholders on 26 April 2016	60.01	0.36
Dividends on 2014 retained earnings	Annual General Meeting of the shareholders on 27 April 2015	80.01	0.125
		20.84	

35. Commitments

Capital commitment

As at 31 December 2016, the Company and its subsidiaries have capital commitments as follows:

- The subsidiaries have commitments in respect of constructing new and renovating existing hotel properties and office rental amounting to Baht 13 million (2015: Baht 10 million).
- The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 439 million (2015: Baht 262 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- c) A subsidiary entered into an Agreement to Purchase and Sale of Land, having a total land area of 237 rai 1 ngan 39.6 square wah, with a third party. The subsidiary will periodically acquire the land in accordance with terms and conditions as set forth in the aforesaid Agreement. The subsidiary initially acquired the land, having a total area of 53 rai 2 ngan 3.4 square wah. The subsidiary holds the right to acquire the remaining land, having a total area of 183 rai 3 ngan 36.2 square wah, by 1 July 2018. The subsidiary paid the deposit of Baht 65 million and the purchase price of the remaining land shall be increased at rate of 5 percent on every anniversary date following the date that the Agreement to Purchase and Sale of Land was executed.

Operating agreements

As at 31 December 2016 and 2015, the subsidiaries have operating agreements as follows:

- (a) The subsidiaries have entered into operating agreements with certain companies whereby these companies are to operate the subsidiaries' hotels and golf businesses. In consideration of such services, the subsidiaries are committed to pay remuneration at the rates, terms and basis specified in the agreements. These agreements are summarised below:

Company	Business unit	Operator	Contract period	Fees
Bangtao Grande Limited	Angsana Laguna Phuket	Banyan Tree Hotels & Resorts Pte. Ltd.	1.7.2012 - 30.11.2031	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 30.11.2031	- Management fee: 10% of gross operating profit
Laguna Banyan Tree Limited	Banyan Tree Phuket	Banyan Tree Hotels & Resorts Pte. Ltd.	1.1.2016 - 31.12.2025 (a)	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.1.2016 - 31.12.2025 (a)	- Technical fee: 7.5% of gross operating profit
Thai Wah Plaza Limited	Banyan Tree Bangkok	Banyan Tree Hotels & Resorts Pte. Ltd.	1.7.2012 - 31.12.2021 (b)	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2021 (b)	- Management fee: 10% of gross operating profit
Laguna Village Limited	Angsana Villas Resort Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.8.2016 - 31.7.2041 (c)	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.8.2016 - 31.7.2041	- Management fee: 7.5% of gross operating profit
Phuket Resort Development Limited	Cassia Phuket	Banyan Tree Hotels & Resorts Pte. Ltd.	20.10.2015 - 19.10.2040 (c)	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	20.10.2015 - 19.10.2040 (dc)	- Management fee : 7.5% of gross operating profit

(a) Operator has option to extend for 1 additional period of 10 years.

(b) Operator has option to extend for 1 additional period of 20 years.

(c) Either party may extend the contract period for another 20 years with indefinite number of extension.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (b) The Company and its subsidiaries have commitments in respect of cash rewards options for villa rental scheme agreements. The cash rewards options are included fixed return or variable return based on actual hotel revenue or hotel profit. The terms of the agreements are generally 3 years.

As at 31 December 2016 and 2015, future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Payable within:				
In up to 1 year	31	45	6	3
In over 1 and up to 5 years	40	71	18	6

During the year 2016, the Company and its subsidiaries recognised rental expenses of Baht 44 million (2015: Baht 88 million) (Separate financial statements: Baht 7 million and 2015: Baht 8 million).

Servitude over land

As at 31 December 2016, some subsidiaries have land servitudes of approximately 10 rai (2015: 10 rai) in Phuket province, which are presented under property development cost and property, plant and equipment.

36. Guarantees

- a) As at 31 December 2016, there were bank guarantees amounting to Baht 50 million (Separate financial statements: Baht 2 million) issued to various parties on behalf of the Company and its subsidiaries, mainly provided for the usage of electricity, other utilities and telecommunication channels (2015: Baht 47 million, Separate financial statements: Baht 2 million).
- b) As at 31 December 2016 and 2015, the Company has the provision of a guarantee for a loan obtained by Lijiang Banyan Tree Hotel Co., Ltd. (LBTH) by issuing the letter of indemnity to its parent company, Banyan Tree Holdings Limited. The provision of the guarantee is to secure the loan of LBTH in proportion to the equity interest of 49.04 percent of the Company in LBTH (through Laguna Banyan Tree Limited).

37. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have the reportable segments as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Hotel business segment relates to hotel and restaurant operations including other relating businesses such as golf club and sales of merchandise.
 - Property development segment relates to property sales and sale of holiday club memberships.
 - Office rental segment relates to rental and service from lands and buildings which managements manage for lease.
 - Head office segment relates to expenses incurred by corporate office and is not allocated to other operating segments.
- No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015, respectively.

Intersegment revenues are eliminated on consolidation.

(Unit: Million Baht)

	For the year ended 31 December 2016				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,681	1,320	104	-	5,105
Intersegment revenues	(198)	(14)	(13)	-	(225)
Revenue from to external customers	3,483	1,306	91	-	4,880
Results:					
Segment results	160	281	22	(173)	290
Unallocated income					420
Profit from operations and other income					710
Interest income	2	39	1	-	42
Finance cost	(113)	(69)	-	(8)	(190)
Share of loss from investment in associate	(48)	(2)	-	-	(50)
Profit before income tax expenses					512
Income tax expenses	(86)	(80)	(4)	36	(134)
Profit for the year					378
Other segment information					
Depreciation of property, plant and equipment	323	10	3	5	341
Amortisation of leasehold rights	-	3	-	-	3
Gain on fair value adjustment of investment from changing status of investment	-	-	-	346	346

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Million Baht)

	For the year ended 31 December 2015				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,297	2,351	106	-	5,754
Intersegment revenues	(188)	(3)	(20)	-	(211)
Revenue from to external customers	3,109	2,348	86	-	5,543
Results:					
Segment results	(26)	578	25	(165)	412
Unallocated income					94
Profit from operations and other income					506
Interest income	1	19	1	-	21
Finance cost	(97)	(54)	-	(15)	(166)
Share of loss from investment in associate	(42)	(3)	-	-	(45)
Profit before income tax expenses					316
Income tax expenses	(7)	(127)	(5)	(1)	(140)
Profit for the year					176
Other segment information					
Depreciation of property, plant and equipment	301	8	1	4	314
Amortisation of leasehold rights	-	3	-	-	3

Revenue from external customers is based on locations of the customers.

(Unit: Million Baht)

	2016	2015
Revenue from external customers		
Thailand	4,821	5,478
Others	59	65
Total	4,880	5,543
Non-current assets other than financial instruments and deferred tax assets		
Thailand	13,326	12,253
Others	65	50
Total	13,391	12,303

For the years 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

38. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	1,150	1,150
Property, plant and equipment - land and building	-	-	10,672	10,672
Liabilities for which fair value are disclosed				
Unsecured debenture	-	465	-	465

(Unit: Million Baht)

	Separate financial statements			
	31 December 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	186	186
Property, plant and equipment - land and building	-	-	37	37

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2015			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments - equity instruments	526	-	-	526
Investment properties	-	-	1,121	1,121
Property, plant and equipment - land and building	-	-	9,424	9,424
Liabilities for which fair value are disclosed				
Unsecured debenture	-	444	-	444

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Million Baht)

	Separate financial statements			
	31 December 2015			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments - equity instruments	526	-	-	526
Investment properties	-	-	198	198
Property, plant and equipment - land and building	-	-	32	32

39. Financial instruments

39.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables and payables, loans, investments, short-term and long-term loans and debenture. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable from the hotel, space rental, and property development businesses. However, due to the large number and diversity of the entities comprising the Company and its subsidiaries' customer base, the Company and its subsidiaries do not anticipate material losses from debt collection.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relate primarily to their deposits with financial institutions, long-term trade accounts receivable, bank overdrafts, loans and debenture. Most of the Company and its subsidiaries' financial assets and liabilities have floating interest rates or fixed interest rates which are close to the market interest rates. The Company and its subsidiaries do not use derivative financial instruments to hedge such risk (the detail of long-term loans are set out in Note 23).

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2016					
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
Financial assets						
Cash equivalents (excluding cash)	-	-	662	-	662	0.375 - 0.85
Current investments	13	-	-	-	13	1.40
Trade and other receivables	238	-	13	421	672	3 - 12
Long-term fixed deposit	-	2	-	-	2	1.40
Long-term trade accounts receivable	-	371	22	-	393	3 - 12
Financial liabilities						
Trade and other payables	-	-	-	819	819	-
Bank overdraft and short-term loans from financial institutions	-	-	515	-	515	3.60 - 5
Unsecured debenture	-	496	-	-	496	5.15
Long-term loans from financial institutions	-	-	3,048	-	3,048	4.48 - 5.28

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2016					
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
Financial assets						
Cash equivalents (excluding cash)	-	-	18	-	18	0.375
Trade and other receivables	-	-	-	182	182	-
Long-term fixed deposit	-	2	-	-	2	1.40
Long-term loans to subsidiaries	-	-	1,116	-	1,116	6.01
Financial liabilities						
Trade and other payables	-	-	-	34	34	-
Long-term loans from subsidiaries	-	-	747	-	747	2.10 - 6.62
Bank overdraft and short-term loans from financial institution	-	-	265	-	265	3.65

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2015					
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
Financial assets						
Cash equivalents (excluding cash)	-	-	852	-	852	0.375 - 0.85
Current investments	11	-	-	-	11	1.10
Short-term restricted deposits	76	-	-	-	76	1.15
Trade and other receivables	222	-	19	394	635	3 - 12
Long-term fixed deposit	-	2	-	-	2	1.40
Long-term trade accounts receivable	-	417	41	-	458	5 - 12
Financial liabilities						
Trade and other payables	-	-	-	959	959	-
Bank overdraft and short-term loans from financial institution	-	-	555	-	555	3.65 - 7.37
Unsecured debenture	-	494	-	-	494	5.15
Long-term loans from financial institutions	-	-	3,289	-	3,289	5.025 - 5.525

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2015					
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
Financial assets						
Cash equivalents (excluding cash)	-	-	25	-	25	0.375
Trade and other receivables	4	-	-	165	169	3
Long-term fixed deposit	-	2	-	-	2	1.40
Long-term loans to subsidiaries	-	-	1,143	-	1,143	6.17
Financial liabilities						
Trade and other payables	-	-	-	35	35	-
Long-term loans from subsidiaries	-	-	648	-	648	2.25 - 6.80
Bank overdraft and short-term loans from financial institution	-	-	260	-	260	3.65
Long-term loans from financial institutions	-	-	35	-	35	5.525

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. In addition to those transactional exposures, the Company is also exposed to the effect of foreign exchange movements on its investment in foreign subsidiaries and associates, which currently are not hedged by any derivative financial instrument.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements				Separate financial statements				Average exchange rate as at 31 December	
	Financial assets as at 31 December		Financial liabilities as at 31 December		Financial assets as at 31 December		Financial liabilities as at 31 December		2016	2015
	2016 (Million)	2015 (Million)	2016 (Million)	2015 (Million)	2016 (Million)	2015 (Million)	2016 (Million)	2015 (Million)		
US Dollar	2	3	-	1	-	-	-	-	35.7843	36.0417

39.2 Fair value of financial instruments

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash at banks, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
- For equity securities, their fair value is generally derived from quoted market prices.
- For fixed rate debenture, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- For short-term and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

The fair values of the Company and its subsidiaries' financial instruments are estimated to approximately the amounts presented in the statements of financial position, except for the following:

(Unit: Million Baht)

	Consolidated financial statements			
	Carrying amount		Fair value	
	2016	2015	2016	2015
Financial liabilities				
Unsecured debenture	496	494	465	444

40. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at 31 December 2016, the Group's debt-to-equity ratio was 0.63:1 (2015: 0.72:1) and the Company's was 0.21:1 (2015: 0.23:1).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

41. Litigation

A case was brought to the Phuket Provincial Court on 8 October 2009, in which 4 of LRH's affiliated companies and 10 individual directors are the defendants. The plaintiffs referred in the plaint that they purchased units in Allamanda 1 Condominium during 1991 to 1995. The plaintiffs claim the Sale and Purchase Agreement called for common area of approximately 20 rai. On registration of Allamanda 1 Condominium, Allamanda 1 Condominium was registered with only 9 rai 2 ngan 9 square wah. As result, the plaintiffs claim that defendants have breached the Sale and Purchase Agreement. Therefore, the plaintiffs requested the defendants to completely deliver the common area as specified by the Agreement by transfer of the land totaling 10 rai 3 ngan 97.1 square wah to Allamanda 1 Juristic Person, as the 10th plaintiff, or to be jointly liable for the compensation of Baht 132 million in case the transfer of land cannot be made. The plaintiffs also requested for additional compensation in the amount of Baht 56 million for unlawful use of the land which is supposed to be common property of Allamanda 1 Condominium. The total amount of claim is Baht 188 million with interest at the rate of 7.5 percent per annum from the date the claim was lodged until the defendants have made full payment. The plaintiffs also claimed that the former and current directors, totaling ten, of those subsidiaries as the 5th to 14th defendants were the representatives of the subsidiaries being the 1st to 4th defendants, therefore, must also be jointly liable with those subsidiaries.

The plaintiffs filed a petition with the Court seeking the Court's interim injunction of which the defendants shall not dispose and amend the status of nine plots of land in dispute with land registry office during the trial. On 20 January 2012, the Court granted the interim injunction.

On 27 June 2014, the Phuket Provincial Court has ordered the defendants (1) to transfer the nine plots of land totaling 10 rai 3 ngan 97.1 square wah to the plaintiffs (2) to pay Baht 5,890,956 for unlawful usage of the two plots of land with interest at the rate of 7.5 percent per annum from the following day after the claim was lodged until payment is made in full (3) to pay Baht 16,000.79 per day from the following day after the claim was lodged until the transfer of aforementioned land has been completed, and (4) to pay a further Baht 500,000 as legal fees to the plaintiffs. On 23 January 2015, the subsidiaries lodged an appeal on the judgement at the Court of First Instance. On 15 October 2015, the Appeal Court ordered the defendants to place a deposit, amounting to Baht 36 million for the monetary compensations that the Court of First Instance has awarded the plaintiffs. On 18 December 2015, the Court has granted the Company's placement of land in Chiang Rai as security for the deposit.

On 19 April 2016, the Appeal Court has issued judgement ordering the defendants to transfer eight plots of land out of nine plots of land as awarded by the Court of First Instance totaling 4 rai 1 ngan 90.9 square wah to be common property of Allamanda 1 Condominium. The Appeal Court also ruled that the defendants did not unlawfully use the land, so the defendants do not have to compensate the plaintiffs. Moreover, the Appeal Court dismissed the plaint against the 5th to 14th defendants as directors. On 4 October 2016, the defendants submitted the request of submitting the appeal to the Supreme Court and the appeal statement. On 25 October 2016, the defendants also submitted the counter - statement to object the request of submitting the appeal of the plaintiffs.

As at 31 December 2016, subsidiaries have set aside a provision of Baht 40.6 million for liabilities arising as a result of this case (2015: Baht 40.1 million). This provision will be adjusted as per court order when the case is final.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

42. Event after reporting period

On 21 February 2017, the meeting of the Company's Board of Directors passed the following resolutions to propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from the retained earnings as at 31 December 2016. The dividend will be paid by cash at the rate of Baht 0.38 per share. As the Company's Board of Directors Meeting held on 10 August 2016 has the resolution to approve interim dividend payment to the shareholders as cash dividend of Baht 0.12 per share. The interim dividend was paid on 9 September 2016. The Company will pay a final dividend of Baht 0.26 per share. The payment of the final dividend is dependent on approval being granted by the shareholders.

43. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2015 have been reclassified to conform to the current year's classification but with no effect to previously reported profit (loss) or shareholders' equity. The reclassifications are as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2015			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Income statements				
Cost of hotel operations	1,839,228	1,790,560	Nil	Nil
Selling expenses	382,739	348,249	3,378	1,500
Administrative expenses	1,360,504	1,443,662	167,916	169,794
Other comprehensive income (loss)				
Exchange differences on translation of financial statements in foreign currency	2,545	21,208	-	-
Share of other comprehensive income (loss) of associate	18,663	-	-	-

44. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2017.

AUDITORS' REMUNERATION

Auditors' Remuneration

Audit Fees

The Company and subsidiaries paid audit fees for the fiscal year to an audit firm which amounted to Baht 7,530,000 and subsidiaries paid audit fees to other audit firms which amounted to Baht 1,064,273. This amount does not include the audit fees paid by associated companies.

Non-Audit Fees

There is no non-audit fees for agreed upon procedures of net sales and other consultant fees for the fiscal year paid to other audit firms by the Company and subsidiaries. There is no outstanding commitment to pay any fees in the future for uncompleted engagements relating to the year 2016.

REFERENCES

References

Regulator for Issuing Company:

The Securities and Exchange Commission (SEC)

333/3 Vibhavadi Rangsit Road,
Chomphon, Chatuchak, Bangkok 10900, Thailand
Telephone 66 (0) 2033 9999
Facsimile 66 (0) 2033 9660
Email info@sec.or.th
Homepage www.sec.or.th

Regulator for Listed Company:

The Stock Exchange of Thailand (SET)

The Stock Exchange of Thailand Building
93 Ratchadapisek Road, Dindaeng,
Bangkok 10400, Thailand
Telephone 66 (0) 2009 9000 and 66 (0) 2009 9999
Facsimile 66 (0) 2009 9991
Email SETContactCenter@set.or.th
Homepage www.set.or.th

Registrar:

Thailand Securities Depository Company Limited

The Stock Exchange of Thailand Building,
93 Ratchadapisek Road, Dindaeng,
Bangkok 10400, Thailand
Telephone 66 (0) 2009 9000
Facsimile 66 (0) 2009 9991
Email SETContactCenter@set.or.th
Homepage www.set.or.th/tsd

Auditor:

EY Office Limited by

Mr. Sophon Permsirivallop, C.P.A. No. 3182 and/or
Ms. Rungnapa Lertsuwankul, C.P.A. No. 3516 and/or
Ms. Rosaporn Decharkom, C.P.A. No. 5659 and/or
Ms. Pimjai Manikajohnkit, CPA No. 4521
Lake Rajada Office Complex, 33rd floor,
193/136-137 Ratchadapisek Road, Klongtoey,
Klongtoey, Bangkok 10110, Thailand
Telephone 66 (0) 2264 0777
Facsimile 66 (0) 2264 0789-90

Legal Counselors:

Allen & Overy (Thailand) Company Limited

Sindhorn Tower 3, 22nd floor,
130-132 Wireless Road, Lumpini,
Patumwan, Bangkok 10330, Thailand
Telephone 66 (0) 2263 7600
Facsimile 66 (0) 2263 7699

Amphon Anuporn & Associates Law Office Company Limited

80/2 Trok Sathien, Tanao Road, Sarnchaophorsua,
Phranakorn, Bangkok 10200, Thailand
Telephone 66 (0) 2622 0200
Facsimile 66 (0) 2622 0198

Baker & McKenzie Limited

Abdulrahim Place, 25th floor,
990 Rama IV Road, Silom, Bangrak, Bangkok 10500, Thailand
Telephone 66 (0) 2636 2000
Facsimile 66 (0) 2636 2111

Dharmniti Law Office Company Limited

Nai Lert Tower, 4th floor,
2/4 Wireless Road, Lumpini, Patumwan,
Bangkok 10330, Thailand
Telephone 66 (0) 2252 1260
Facsimile 66 (0) 2252 1104

DLA Piper (Thailand) Limited

Empire Tower, 47th Floor, Unit 4707,
195 South Sathorn Road, Yannawa,
Sathorn, Bangkok 10120, Thailand
Telephone 66 (0) 2686 8500
Facsimile 66 (0) 2670 0131

Jakkrapong Law Office Company Limited

195 Soi Sannibatthetsaban, Ratchadapisek Road,
Chandrakasem, Chatuchak, Bangkok 10900, Thailand
Telephone 66 (0) 2930 0123
Facsimile 66 (0) 2513 6011

Atthaworadej & Associates Company Limited

Srijulsup Tower, 12th Floor
44 Rama I Road, Rong Mueang, Patumwan,
Bangkok 10330, Thailand
Telephone 66 (0) 2613 9449

Weerawong, Chinnavat & Peangpanor Limited

Mercury Tower, 22nd Floor
540 Ploenchit Road, Lumpini, Patumwan,
Bangkok 10330, Thailand
Telephone 66 (0) 2264 8000
Facsimile 66 (0) 2657 2222

Financial Advisor:

-None-

Financial Institutions:

Siam Commercial Bank Public Company Limited, Head Office
Siam Commercial Bank Public Company Limited,
Thanon Sathon Branch
Siam Commercial Bank Public Company Limited, Phuket Branch
Kasikorn Bank Public Company Limited, Head Office
Kasikorn Bank Public Company Limited, Silom Main Branch
Bangkok Bank Public Company Limited, Head Office
Bangkok Bank Public Company Limited, Silom Branch

Other Material Information

-None-

BUSINESS LOCATIONS

Business Locations

Laguna Resorts & Hotels Public Company Limited

Head Office

Thai Wah Tower I, 7th, 22nd and 24th floor,
21/17B, 21/17C, 21/65, 21/66 and 21/68
South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
Telephone: 66 (0) 2677 4455
Facsimile: 66 (0) 2285 0733
Email: ir@lagunaresorts.com

Phuket Office

390/1 Moo 1, Srisoontorn Road, Cherngtalay, Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7636 2300
Facsimile: 66 (0) 7632 4061
Email: info@lagunaphuket.com

Banyan Tree Bangkok

21/100 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
Telephone: 66 (0) 2679 1200
Facsimile: 66 (0) 2679 1199
Email: bangkok@banyantree.com

Banyan Tree Phuket

33, 33/27 Moo 4, Srisoontorn Road, Cherngtalay, Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7637 2400
Facsimile: 66 (0) 7632 4375
Email: phuket@banyantree.com

Angsana Laguna Phuket

10 Moo 4, Srisoontorn Road, Cherngtalay, Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7635 8500
Facsimile: 66 (0) 7632 4108
Email: reservations-lagunaphuket@angsana.com

Laguna Cassia Phuket

64 Moo 4, Srisoontorn Road, Cherngtalay, Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7635 6999
Facsimile: 66 (0) 7635 6900
Email: reservations-phuket@cassia.com

Laguna Hoilday Club Phuket Resort

61 Moo 4, Srisoontorn Road, Cherngtalay, Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7627 1888
Facsimile: 66 (0) 7627 1853
Email: inforesort@lagunaholidayclub.com

Angsana Villas Resort Phuket

Laguna Village
142/3, Moo 6, Cherngtalay, Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7633 6900
Facsimile: 66 (0) 7633 6970
Email: reservations-villaresort@angsana.com

FACILITIES

Facilities

Laguna Phuket Golf Club

34 Moo 4, Srisoontorn Road, Cherngtalay,
Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7632 4350
Facsimile: 66 (0) 7632 4351
Email: golf@lagunaphuket.com

Quest

322/1 Moo 2, Srisoontorn Road, Cherngtalay,
Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7636 2300 ext 1806
Facsimile: 66 (0) 7636 2370
Email: info@questleadingtheway.com

Canal Village Laguna Shopping

390/1 Moo 1, Srisoontorn Road, Cherngtalay,
Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7636 2330
Fax: 66 (0) 7636 2331
Email: shopping@lagunaphuket.com
assist-shopping@lagunaphuket.com

Laguna Tours

390/1 Moo 1, Srisoontorn Road, Cherngtalay,
Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7636 2330 ext 8
Facsimile: 66 (0) 7627 0497
Email: tours@lagunaphuket.com

Laguna Property Sales

390/1 Moo 1, Srisoontorn Road, Cherngtalay,
Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7636 2333
Facsimile: 66 (0) 7636 2334
Email: info@lagunaproperty.com

Rental Pool Owner Services

Unit 28-29 Canal Village
390/1 Moo 1, Srisoontorn Road, Cherngtalay,
Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7636 2330 ext 2401-3
Facsimile: 66 (0) 7636 2342
Email: rpo-services@lagunaphuket.com
sanctuaryclub@banyantree.com

Estate Services

57 Moo 4 Srisoonthorn Road, Cherngtalay
Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7630 5650-52
Facsimile: 66 (0) 7630 5653
Email: estateservices@lagunaphuket.com

Laguna Holiday Club - Phuket

390/1 Moo 1, Srisoontorn Road, Cherngtalay,
Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7636 2400
Facsimile: 66 (0) 7636 2401
Email: info@lagunaholidayclub.com

Laguna Holiday Club - Bangkok

Thai Wah Tower 1, 7th Floor,
21/15 South Sathorn Road,
Tungmahamek, Sathorn,
Bangkok 10120, Thailand
Telephone: 66 (0) 2690 4900
Facsimile: 66 (0) 2690 4901
Email: info@lagunaholidayclub.com

Laguna Service Company Limited

57 Moo 4, Srisoontorn Road, Cherngtalay,
Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7630 5639-42
Facsimile: 66 (0) 7630 5643

Angsana Wedding Chapel

390/62 Moo 1, Srisoontorn Road, Cherngtalay,
Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7632 4101
Facsimile: 66 (0) 7632 4109
Email: weddings@lagunaphuket.com

Thai Wah Plaza Limited

Thai Wah Tower 1, 22nd and 24th floor,
21/65, 21/66 and 21/68 South Sathorn Road,
Tungmahamek, Sathorn,
Bangkok 10120, Thailand
Telephone: 66 (0) 2677 4455
Facsimile: 66 (0) 2285 0733

ABBREVIATIONS AND COMPANY NAME IN FULL

Abbreviations	Company Name in Full
AVCI	PT. AVC Indonesia
BGL	Bangtao Grande Limited
BI	Bibace Investments Ltd
BT1	Bangtao (1) Limited
BT2	Bangtao (2) Limited
BT3	Bangtao (3) Limited
BT4	Bangtao (4) Limited
BTD	Bangtao Development Limited
BTG(S)	Banyan Tree Gallery (Singapore) Pte Ltd
BTG(T)	Banyan Tree Gallery (Thailand) Limited
CGL	Cheer Golden Limited
HHBR	Hua Hin Beach Resorts Company Limited
L3	Laguna (3) Limited
LBTG	Lijiang Banyan Tree Gallery Trading Company Limited
LBTH	Lijiang Banyan Tree Hotel Company Limited
LBTL	Laguna Banyan Tree Limited
LCL	Laguna Central Limited
LEL	Laguna Excursions Limited
LGL	Laguna Grande Limited
LHC	Laguna Holiday Club Limited
LLL	Laguna Lakes Limited
LRH	Laguna Resorts & Hotels Public Company Limited
LSC	Laguna Service Company Limited
LVL	Laguna Village Limited
MCP	Mae Chan Property Company Limited
PKRD	Phuket Resort Development Limited
PSD	Pai Samart Development Company Limited
TLDC	Talang Development Company Limited
TRL	Tropical Resorts Limited
TWDC	Twin Waters Development Company Limited
TWPC	Thai Wah Public Company Limited
TWPL	Thai Wah Plaza Limited
TWRH	TWR-Holdings Limited
TWT	Thai Wah Tower Company Limited
TWT2	Thai Wah Tower (2) Company Limited



LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED