

PART II
MANAGEMENT AND CORPORATE GOVERNANCE

7. SECURITIES AND SHAREHOLDERS

7.1 Registered and Paid-up Capital

- The Company has a registered capital of Baht 2,116,753,580 and issued and paid-up capital of Baht 1,666,827,010 divided into 166,682,701 ordinary shares at par value of Baht 10 per share.
- The Company has no shares of which the rights and conditions are different from the ordinary shares.
- The Company is participating in the Thai Trust Fund Scheme and has consented to the Thai Trust Fund's investment in and holding of the Company's shares in the amount not exceeding 20 percent of the total issued and paid-up shares of the Company.

As of the latest share register book closing on 30 December 2014, the total shares held by Thai Trust Fund Management Company Limited and Thai NVDR Company Limited (a subsidiary wholly owned by the Stock Exchange of Thailand issuing "Non-Voting Depository Receipt" or "NVDR") in the Company's shares are 23,469,665 shares or 14.1 percent and 19,958,196 shares or 12.0 percent of the total issued and paid-up shares of the Company respectively. Pursuant to the provisions of the prospectus of Thai Trust Fund Management Company Limited and Thai NVDR Company Limited, they will not attend nor vote in any meeting of shareholders' meeting of the Company other than delisting. Then the shares held by Thai Trust Fund Management Company Limited and Thai NVDR Company Limited will not be considered for quorum and voting in shareholders' meeting except when the Company wishes to delist its shares from the Stock Exchange of Thailand.

7.2 Shareholders

7.2.1 Major shareholders as at 30 December 2014[#]

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		19,958,196	12.0
4	Mr. Suvit Laohapholwattana		3,556,200	2.1
5	Thai Wah Starch Public Company Limited		3,480,200	2.1
6	Goldman Sachs International		3,000,500	1.8
7	Mr. Wachira Thayanaraporn		1,322,500	0.8
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		17,045,002	10.3
	Total		166,682,701	100.0

Remarks:

= As at the last share register book closing date. Updated shareholder information prior to the 2015 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

Major shareholder who has significant influence on determining Company's policy or the operation of business

Banyan Tree Holdings Limited is a listed company in the Singapore Exchange operating as a leading manager and developer of premium resorts, hotels and spas in the Asia-Pacific. It is a major shareholder holding 65.8 percent in aggregation of both direct and indirect of the total shares issued and paid-up of the Company.

7.2.2 Shareholders' Agreement

There are no shareholding agreements among the major shareholders, to which the Company is a party, which has an effect on the issue and offer for sale of securities or business operations of the Company.

7.3 Issuing of other securities

The Company has not issued any debentures, notes, convertible securities, debt instruments, etc.

7.4 Dividend Policy

7.4.1 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

7.4.2 Dividend Policy of the Subsidiaries

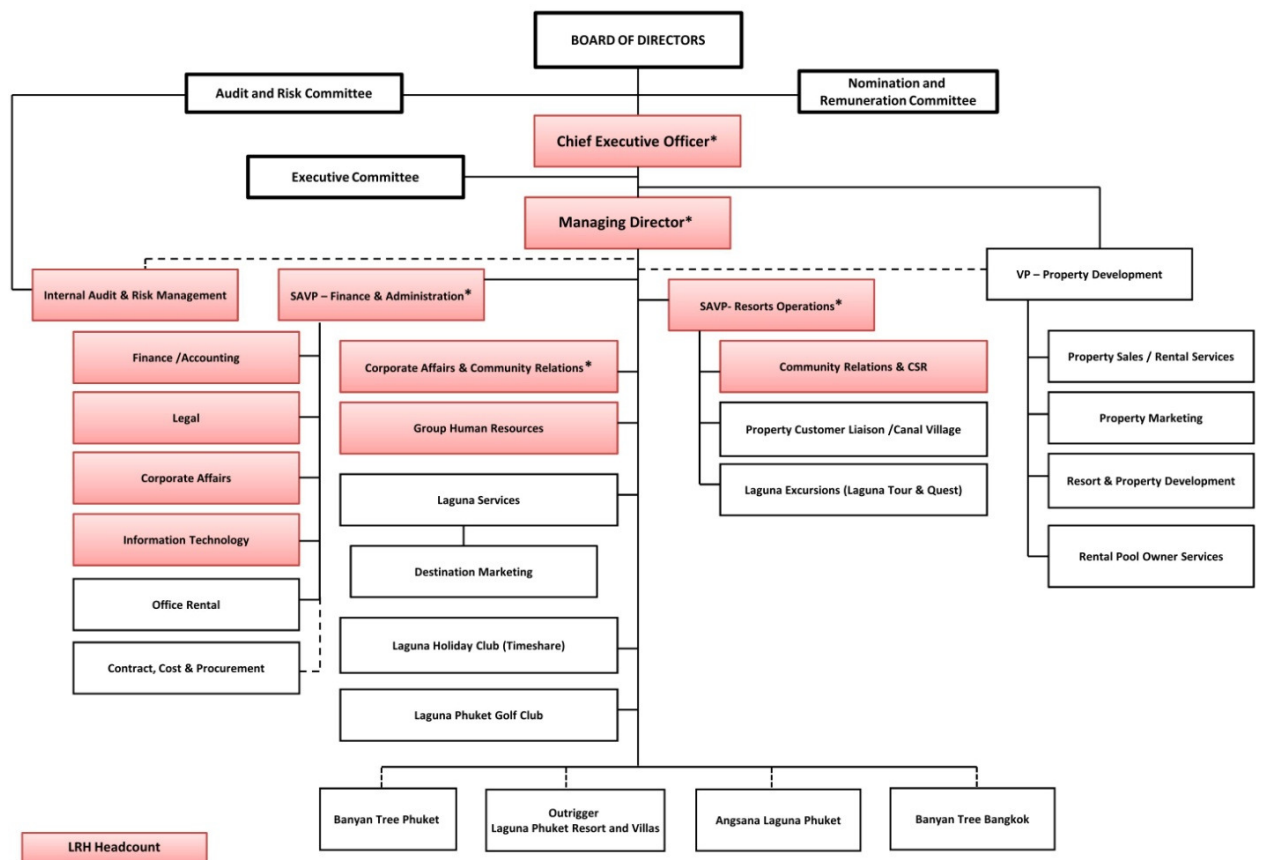
In respect of dividend payment policy by the subsidiaries, such subsidiaries will pay dividends from their net profits. There is no specific dividend policy and dividend payment is subject to many factors such as their financial condition and results of operations, liquidity, business expansion and factors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

8. MANAGEMENT STRUCTURE as of 31 December 2014

8.1 Board 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.

Organization Chart



As of December 2014

Remark:

* Management of the Company in accordance with the definition of the Securities and Exchange Commission

(1) 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 2014 / Total
1. Mr. Ho	KwonPing	• Chairman of the Board	4/4
2. Mr. Surapon	Supratya	• Deputy Chairman of the Board	4/4
3. Mr. Vudhiphol	Suriyabhivadh	• Independent Director* • Audit and Risk Committee Chairman • Nomination and Remuneration Committee Member	4/4
4. Dr. Jingjai	Hanchanlash	• Independent Director* • Nomination and Remuneration Committee Chairman • Audit and Risk Committee Member	4/4
5. Mr. Udom	Vichayabhai	• Independent Director* • Audit and Risk Committee Member • Nomination and Remuneration Committee Member	4/4
6. Ms. Srinthorn	Ounayakovit ¹	• Independent Director*	-
7. Mr. Ho	KwonCjan	• Director	4/4
8. Mr. Ariel	P. Vera	• Non-Executive Director	4/4
9. Mr. Eddy	See Hock Lye	• Director	3/4
10. Mr. Ho	Ren Hua	• Director	3/4
11. Mr. Shankar	Chandran	• Director	4/4
12. Mr. Stuart	David Reading	• Director	4/4

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

- Qualification and profile of the directors is shown in Attachment 1

¹ Ms. Srinthorn Ounayakovit was appointed as new Independent Director, replacing Dr. Satit Rungkasiri who resigned since 10 July 2013, in accordance with the resolution of the Board of Directors’ Meeting on 24 February 2015. Ms. Srinthorn Ounayakovit will retain office for only the remaining term of Dr. Satit Rungkasiri which ends at 2015 AGM.

Authorized Signatory

The Company's authorized signatories are "Two directors from the following seven directors namely Mr. Ho KwonPing, Mr. Surapon Supratya, 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.

(2) Audit and Risk Committee

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

Name		Position
1. Mr. Vudhiphol	Suriyabhivadh	Chairman
2. Dr. Jingjai	Hanchanlash	Member
3. 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;

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.

(3) Nomination and Remuneration Committee

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

Name		Position
1. Dr. Jingjai	Hanchanlash	Chairman
2. Mr. Udom	Vichayabhai	Member
3. 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;
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.

8.2 **Management** *

Management of the Company comprised of the following members:

Name			Position
1.	Mr. Ho	KwonPing	Chief Executive Officer
2.	Mr. Shankar	Chandran	Managing Director
3.	Mr. Kuan	Chiet	Senior Assistant Vice President, Finance & Administration
4.	Mr. Niyom	Tassaneetipagorn**	Senior Assistant Vice President, Corporate Affairs and Community Relations
5.	Mr. Yew	How David Seet	Senior Assistant Vice President, Resort Operations

Remark:

- Qualification and profile of the management is shown in Attachment 1
- Effective from 2014 Mr. Stuart David Reading who was appointed as Vice President - Property Development of Laguna Banyan Tree Limited, subsidiary of the Company, is no longer considered management of the Company in accordance with the definition of the Securities and Exchange Commission
- Effective from 1 February 2014 Mr. Niphon Kitisook, Senior Assistant Vice President – Resort and Property Development, who was appointed as management of subsidiary of the Company, is no longer considered management of the Company in accordance with the definition of the Securities and Exchange Commission.
- Ms. Ho Soo Hooi Cindy, Senior Assistant Vice President – Group Internal Audit, resigned from the Company effective from 1 March 2014.
- * Effective from 1 March 2012 all positions from Senior Assistant Vice President and above are considered management of the Company in accordance with the definition of the Securities and Exchange Commission
- ** Mr. Niyom Tassaneetipagorn, Senior Assistant Vice President - Corporate Affairs and Community Relations, resigned from the Company effective from 1 February 2015.

8.3 **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. (Qualification and profile of the Company Secretary is shown in Attachment 1)

8.4 Remuneration

8.4.1 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 Executive 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 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 2014 are disclosed in the Company's 2014 annual report and Form 56-1 under the section "Directors' and Managements' Remuneration".

8.4.2 Remuneration and Other Benefits of the Directors during the Year 2014

No.	Name	Position	Remuneration/Other Benefits (Baht/Year)		
			The Board	Audit and Risk Committee	Nomination and Remuneration Committee
1	Mr. Ho KwonPing	Chairman of the Board and Chief Executive Officer	988,000 / -	- / -	- / -
2	Mr. Surapon Supratya	Deputy Chairman of the Board	820,000 / -	- / -	- / -
3	Mr. Vudhiphol Suriyabhivadh	Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member	660,000 / 60,000 ¹	328,000 / -	84,000 / -
4	Dr. Jingjai Hanchanlash	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman	660,000 / 60,000 ¹	168,000 / -	164,000 / -
5	Mr. Udom Vichayabhai	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member	660,000 / 60,000 ¹	168,000 / -	84,000 / -
6	Ms. Srinthorn Ounayakovit ²	Independent Director	- / -	- / -	- / -
7	Mr. Ho KwonCjan	Director	432,000 / -	- / -	- / -
8	Mr. Ariel P. Vera	Non-Executive Director ³	660,000 / -	- / -	- / -
9	Mr. Eddy See Hock Lye	Director	432,000 / -	- / -	- / -
10	Mr. Ho Ren Hua	Director	432,000 / -	- / -	- / -
11	Mr. Shankar Chandran	Director and Managing Director	432,000 / -	- / -	- / -
12	Mr. Stuart David Reading	Director	432,000 / -	- / -	- / -

Remark:

- 1 Spa and Gallery Voucher amounting to USD 2,000 (approximately Baht 60,000)
- 2 Ms. Srinthorn Ounayakovit was appointed as new Independent Director, replacing Dr. Satit Rungkasiri who resigned since 10 July 2013, in accordance with the resolution of the Board of Directors' Meeting on 24 February 2015. Ms. Srinthorn Ounayakovit will retain office for only the remaining term of Dr. Satit Rungkasiri which ends at 2015 AGM
- 3 Effective from 1 January 2014 Mr. Ariel P. Vera has become Non-Executive Director and do not receive spa and gallery vouchers.

8.4.3 Directors and Managements' Remuneration

Monetary Remuneration

(a) Directors

The 2014 Annual General Meeting of the Company approved the remuneration 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) effective 1 January 2014 and 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	247,000	-
Deputy Chairman of the Board	205,000	-
Independent Director	165,000	USD 2,000 (Approximately Baht 60,000)
Non-Executive Director	165,000	USD 2,000 (Approximately Baht 60,000)
Executive Director	108,000	-

Audit and Risk Committee and Nomination and Remuneration Committee

Position	Remuneration / Meeting / Person (Baht)
Chairman	82,000
Member	42,000

Monetary remuneration for the Directors and Sub-Committee Members in 2014 was in the total amount of Baht 7,784,000. 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 2014".

(b) Management

Monetary remuneration for the top 8 management in 2014 amounted to Baht 34,745,029 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 Remuneration

(a) Directors

Benefits in the form of spa and gallery vouchers for the Independent Directors in 2014 were in the total amount of Baht 180,000.

Details as shown in the section "Remuneration and Other Benefits of the Directors during the Year 2014".

(b) Management

Employee benefits such as personal accident and health insurance and complimentary vouchers, etc., for the top 8 management in 2014 were in the total amount of Baht 1,419,741.

8.5 Human Resources

The number of employees as at 31 December 2014 was 71 employees detailed below:

Department	No. of Employees
Management office	4
Cost, Contract & Procurement	6
Accounts	8
Administration	13
IT (Information Technology)	2
Corporate Affairs	13
Finance	1
Human Resources	8
Internal Audit	5
Canal Village	5
Legal	3
Group Asset Management & Special Project	2
LP Foundation	1
Total	71

Total remuneration and benefits paid to employees (such as salary, bonus, car allowance, social security payment, provident fund payment, medical, accident & health insurance, complimentary vouchers, etc.) during the 12 months ended 31 December 2014 amounted to Baht 109,904,317.

Human Resources Development Policy

There are Human Resources Development policies announcing;

- 1) eCornel Training Program offered by Banyan Tree Management Academy (BTMA).
- 2) Management Development Program and Talent Management Program arranged by Banyan Tree Management Academy (BTMA).
- 3) Talent Development Program for potential associates who are in supervisory level to be developed their career path to managerial level.
- 4) Succession Planning Program to develop potential associates who are in managerial level for their career path to higher level in key position.

9. CORPORATE GOVERNANCE

9.1 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 22 April 2014 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 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 2014 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 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 2014 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 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 2014 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 2014 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 2014 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.

During 2014, 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 2014.

- 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.

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 aims to be a socially responsible company and has continued to safeguard its natural environment, cultural heritage, and promote communal prosperity by establishing the Corporate Social Responsibility ("CSR") Committee named "Laguna Phuket Social Committee". This committee strives to contribute towards environmental conservation programs 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 2014, 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.

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 2014, 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 2014 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 2014, 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 (who was appointed to be new Independent Director replacing the vacant position arising from the resignation of Dr. Satit Rungkasiri in accordance with the resolution of Board of Directors' Meeting on 24 February 2015), 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 and business management 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 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 2014, 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.

The delegation of authority by the Board to the management is clear. All major investments require approval as follows:

- Investments more than USD 10 million to be approved by the Board.
- Investments between USD 5 million to USD 10 million to be jointly approved by the Chief Executive Officer and any one of the directors.
- Investments less than USD 5 million to be approved by the Chief Executive Officer.

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 2014, the Company conducted 4 Board meetings and the attendance of all directors is shown below.

Name		Number of Attendances
Mr. Ho	KwonPing	4
Mr. Surapon	Supratya	4
Mr. Vudhiphol	Suriyabhivadh	4
Dr. Jingjai	Hanchanlash	4
Mr. Udom	Vichayabhai	4
Ms. Srinthorn	Ounayakovit ¹	-
Mr. Ho	KwonCjan	4
Mr. Ariel	P. Vera	4
Mr. Eddy	See Hock Lye	3
Mr. Ho	Ren Hua	3
Mr. Shankar	Chandran	4
Mr. Stuart	David Reading	4

¹ Ms. Srinthorn Ounayakovit was appointed as new Independent Director, replacing Dr. Satit Rungkasiri who resigned since 10 July 2013, in accordance with the resolution of the Board of Directors' Meeting on 24 February 2015. Ms. Srinthorn Ounayakovit will retain office for only the remaining term of Dr. Satit Rungkasiri which ends at 2015 AGM.

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 2014, 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

In addition, in 2014, 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 2014, 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 2014, 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 2014, Mr. Vudhiphol Suriyabhivadh, an Independent Director, attended 2 seminars namely "The challenge of the Audit Committee and the sustainable development of listed companies" held by the SEC and "CG Forum 1/2014 - Effectiveness in boardroom : Route to success & best practices" held by the SET.

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.

9.2. Board Structure

Details on Board Structure and Management of the Company are described in Section 8.1 and 8.2 under the heading "Board Structure" and "Management".

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

9.3.1 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.

9.3.2 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.

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 re-election.

- (b) 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.

9.4 Governing Over Operations of Subsidiary / Associated Companies

Members of the Company's management have been assigned to act as Directors, as well as being entrusted with Directorship roles within subsidiaries and affiliates companies. They act as representatives on behalf of the Company. This allows the Company to have a say in the formation of policy. It also helps the Company to stay current and monitor the performance of these companies more efficiently, being able to closely track their key performance indicators.

9.5 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.

9.6 Auditors' Remuneration (for the fiscal year ended 31 December 2014)

1. Audit fees

The Company and subsidiaries paid audit fees for the fiscal year to an audit firm which amounted to Baht 6,900,000 and subsidiaries paid audit fees to other audit firms which amounted to Baht 971,641. This amount does not include the audit fees paid by associated companies.

2. Non-audit fees

The Company and subsidiaries paid non-audit fees for agreed upon procedures of net sales and other consultant fees for the fiscal year to other audit firms which amounted to Baht 50,255. There is no outstanding commitment to pay any fees in the future for uncompleted engagements relating to the year 2014.

10. CORPORATE SOCIAL RESPONSIBILITIES

10.1 Overview

Corporate Social Responsibility (CSR) is a major undertaking at Laguna Phuket. We turn profits into a strong ethically motivated focus on socially responsible business that touches all stakeholders in our quest to deliver environmental and social benefits alongside increasing economic performance.

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

Our Community Relations & CSR programs are categorized under the following focus areas:

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

10.2 Operation and Report Preparation

The report on CSR initiatives is included in CSR Section of the Company’s annual report. The section highlights the program background, objectives, and synopsis of the CSR initiatives implemented.

10.3 Impact of Business Operations on CSR

The Company emphasizes and aims to be a socially responsible company and has established the Corporate Social Responsibility (CSR) Committee named “Laguna Phuket Social Committee”. This committee strives to contribute towards environmental, educational and social development programs. There is no report of claim on impact of the Company’s business operations on CSR.

10.4 CSR Initiatives and Projects

10.4.1 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

Over 200 Laguna Phuket management and associates paraded on the 2km route to Som Phan Ngor Monastery, a local temple, in celebration of Buddhist Lent Day on 9 July 2014. The procession, with a float that showcased an elaborately carved Lent candle, wove through Chernohtalay community and collected Baht 43,621 in donations for the temple. Laguna Phuket has been committed to celebrating Buddhist Lent for 19 years.

Vegetarian Festival

The Phuket Vegetarian Festival is an annual event held during the ninth lunar month of the Chinese calendar, in 2014 the festival fell on 24 September to 3 October. Baht 129,506 was donated for food and supplies given to 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

For the community Loy Krathong festival, Laguna Phuket has hosted an event jointly with Chernohtalay Municipality for 13 years. Our annual Loy Krathong festival brings people together on full moon night of 6 November 2014, we provide great entertainment to more than 4,000 community members and tourists to relax around and enjoy. Then in the honorable ways of traditions and peaceful observances we pay respect to the water goddess Pra Mae Khongkha and the water spirits.

10.4.2 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 programme 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 not-for-profit organisations, providing invaluable vocational skills and experience.

The programme is designed for disadvantaged and marginalised local youths, aged between 17-25 years old. In September 2014, fifteen local youths in Phuket were selected from over 80 interested applicants. Since then, they have gone through a series of interviews, orientation, and workshops that will prepare them for the actual training programme which started on 20 October 2014.

Training and mentoring programme focuses on career and personal development. Other training courses provided include English language and computer skills training. The 18-month programme is divided into two phases - the first 9 month focusing on food & beverage skills training at Banyan Tree and another 9 month working experience in Seedlings restaurant.

The Seedlings curriculum is developed in consultation with Prince of Songkla University, Phuket campus.

Laguna Phuket Associates Saving Co-Operative

Laguna Phuket Social Committee successfully established the Laguna Phuket Associates 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 share volume reached Baht 32 million with 900 members.

Laguna Phuket Children’s Day

Laguna Phuket has organised the 22nd Children’s Day event on 11 January 2014. More than 5,000 people participated. Children and their families enjoyed various activities in celebrating the day with laughter and family togetherness. 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.

10.4.3 Educational Empowerment

Educational empowerment initiatives aim to build the capacities of local communities and associates through our programmes that empower people of all ages. 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 programme caters to 167 children aged between three to six, with 11 certified teachers creating fun and educational daily activities.

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.

To-date 7,328 learners have enrolled with our programme (4,250 learners completed Beginner Level, 3,025 learners completed Intermediate Level, and 13 learners completed Advanced Level).

In 22 December 2014, the newly refurbished centre was relaunched as the Community Learning Centre in recognition of the 10th Tsunami commemoration and will 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.

Fully Booked! Mobile Learning Centre (MLC)

The National Statistical Office Thailand reported in 2008 that more than 14 percent of Thai people cannot read, and over one third of Thais do not read for pleasure or self education. Our experience, coupled with these alarming numbers, has compelled us to initiate the “Fully Booked! Mobile Learning Centre” project which aims to re-introduce reading, the basis of self-empowerment. 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 neighbouring provinces.

Our programme 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. To-date MLC visits schools 4 days per week, benefiting over 600 students and 60 teachers in Phuket and Pang-Nga.

Sustainable School Development

Laguna Phuket in collaboration with the Population and Community Development Association, partnered with Baan Yaansabaa School in Pang Nga province to improve the schools and quality of education in a sustainable way.

The sustainable school development project arose from consultation with associates, who identified their alma mater schools as worthy institutions in urgent need of sustaining aid. The initial funding is obtained via fundraising events organised by our associates raised Baht 280,000, and additional funding of Baht 1 million is supported by the Banyan Tree Global Foundation.

10.4.4 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 Programme. Since 2003, we have donated 1,376,550 cc of blood and 3,059 associates have participated in our Blood Drive programme. In September 2014, Laguna Phuket was awarded the Certification of Honour presented by HRH Princess Maha Chakri Sirindhorn, the Executive Vice President of the Thai Red Cross Society, in recognition of Laguna Phuket's long-term contribution and commitment to Red Cross blood donation.

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, 2,120 students have been trained since 2011 and 700 students have been trained in 2014.

10.4.5 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 programme that Laguna Phuket is registered as a precincts with the key objective to monitor 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 is in process for Silver Status which is to be announced in the first quarter of 2015.

Mangrove Tree Planting

Since 2007, Laguna Phuket has worked in collaboration with Phuket Mangrove Station 23. In 2014, we have planted 4,500 mangrove saplings. To-date over 20,000 mangrove saplings were planted in southern provinces of Thailand. 700 associates have participated with this project and 350 community members have joined us.

Sea Turtle Conservation

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

90 turtles were released in 2014 with the help of 300 participants. To-date, 1,890 turtles have been released and 3,000 people have participated in this programme since 1994.

In terms of donation, more than US\$ 30,000 (over Baht 1 million) has been raised. Funds have been used to supply food for turtle nurseries, purchase 4 satellite tracking devices for juvenile turtles, and renovate disabled turtle shelter roof structure and nursery pound.

11. INTERNAL CONTROL AND RISK MANAGEMENT

11.1 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 2014 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.

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

The Audit and Risk Committee met four times in 2014 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 2014, 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.

11.3 Head of Group Internal Audit

Mr. Ho Ming Wai, Assistant Vice President of the Company, replaced Ms. Ho Soo Hooi Cindy as Head of Group Internal Audit in accordance with the resolution of the Audit and Risk Committee's Meeting on 6 August 2014.

Mr. Ho Ming Wai graduated from Nanyang Technological University of Singapore with a second class upper degree in Accountancy and a minor in Business Law. He has 13 years of Internal Audit and Finance 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. (Qualification and profile of the Head of Group Internal Audit is shown in Attachment 1)

The Audit and Risk Committee is empowered to approve the appointment, termination and transfer of employment of the Head of the Internal Audit unit as prescribed in its Charter described in section 8.1 under heading “Board Structure”.

12. RELATED PARTY TRANSACTIONS

During 2014, the Company and its subsidiaries had a significant number of business transactions with related parties (related by way of shareholding, common shareholders, directors and/or management) but all of which are conducted as part of the Company's normal course of business.

The Company by the nature of its product and its complex group structure has a large number of related party transactions. Laguna Phuket is an integrated resort with a number of hotels and associated resort services being incorporated in different companies within the group. This in itself results in a significant number of related party transactions which are considered to be necessary and reasonable for the operation of Laguna Phuket. The nature, pricing and agreements of these transactions are summarised below:

Inter Resort Charges and Credit Card Commission

- 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 at 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 and are based on the commissions 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.
- These transactions provide the convenience of guest's payment and to promote the resort integration.

Management Fees

- Royalty fee for the use of "Banyan Tree" and "Angsana" trademarks and all other proprietary rights associated with it.
 - (i) Banyan Tree Phuket (LBTL) pays a royalty fee of 2 percent of total revenue.
 - (ii) Banyan Tree Bangkok (TWPL) and Angsana Laguna Phuket (BGL) pay a royalty fee of 3 percent of total revenue.
 - (iii) BTG(T) and BTG(S) 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 pays 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 pay a hotel management fee of 10 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 cost such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by the Banyan Tree and/or Angsana corporate head office shall be charged as follows:
 - Group marketing services shared on a group basis are based on 1.75 percent of actual hotel revenues plus the share of operating cost of Regional Marketing offices.
 - 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 and Angsana Laguna Phuket are the reimbursement of costs benefiting each of the hotels. As a result these transactions are on normal commercial terms and conditions.

Management Fee - Architectural and Interior Design Service

- Architectural and interior design services. The fees are based on construction cost at the progressive rates depending on the 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.

Management Income

- Management fee charged to BTRS(T) for providing administration services of information technology and human resources. The monthly fee is Baht 55,000.
- The Technical Assistance agreement of Laguna Excursions Limited is providing management services and granting the use of leading brand for the recreation department of Banyan Tree Bintan and Angsana Bintan hotels. The technical service fees include a technical services fee at rate of 12.5 percent of recreation revenue, an incentive fee at the rate of 31 percent of earnings before interest, tax, depreciation and amortization, and a royalty fee at the rate of 5 percent of revenue.

Sale and Purchase of Goods

- Purchase of goods for their sales & marketing gifts and guest supplies for the hotel and spa relates to:
 - (i) Sale of goods from Gallery operations to related companies are priced at a 20 percent to 35 percent discount to the retail price depending on the volume purchased.

- (ii) Sale of guest and spa supplies of high volume purchased from companies which operate galleries to related companies is priced at cost upto 35 percent margin.
- (iii) Sale and purchase of goods among BTG(S), BTG(T) and LBTG are priced at cost plus a handling fee of 5 to 20 percent. In this instance, they act as a purchasing agent and central purchasing for products in their countries in order to facilitate bulk purchasing for competitive pricing.

Sale and Purchase of Spa and Gallery Vouchers

- Banyan Tree Spa and Banyan Tree Gallery vouchers are purchased 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.
- There are 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 price at 20 percent to 40 percent of the face value of the voucher.

Reimbursement of Costs

- Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed.
- These transactions are made for convenience of payment.

Rent and Service income

- These transactions relate to rent paid for premises and land.
 - (i) Rental of hotel premises and service income received from BTRS(T) and BTG(T) for Spa premise, gallery shops, office and stores are on the basis of 5 percent to 10 percent of sales revenue or fixed monthly charge which is dependent on criteria such as the location, budgeted sales, term of the lease, size of area leased and type of operation.

Banyan Tree Spa and Banyan Tree Gallery are recognised brand names which enhance the image of the hotel and help in its marketing. Rental charged to BTRS(T) and BTG(T) are consistent with industry practice and rents charged to them by other non related party resorts.
 - (ii) Rental and service income earned by TWPL for renting the office space at Thai Wah Tower and Banyan Tree Bangkok. Rental and service charged are in line with market rate. Terms and

conditions in the agreement are similar to other customers and the market. Service has been separated from rental for tax reasons.

- (iii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store is at Baht 1,138 per square meter per month.
- (iv) Service income from rental of Banyan Tree Management Academy is at Baht 128,750 per month.

Rent and Service expense

- Rental and service fee for BTG(S)'s office which monthly rental is SGD 41.98 per square metre.

Rental Return on Hotel Units

- This relates to a Management Agreement to manage the hotel units of CGL in the Angsana Resort & Spa on Bintan Island, Indonesia under which CGL receives a return of 15 percent per annum on the investment of the leasehold rights. A very good rental return is being received from the hotel prior to the units being required for the operation.

Resort Service Charges

- Resort service charged to BTRS(T) relates to revenue of LSC which provides centralised services to operations in the group located at Laguna Phuket at the following rates:
 - Laundry charge : at the price based on cost plus a certain margin
 - Staff buses : at the price based on cost plus a certain margin
 - Common area services, : based on actual cost
transportation charges
 - Garbage collection : Baht 3,183 per month
 - Ground and landscaping service : Baht 50,474 per month
- LSC centralises certain facilities and services for operations in the Laguna Phuket to avoid duplication in investment and operating expenses. Where the charge is based on a standard or fixed rate, the same is applied to all hotels and business operations concerned.

Training Charges

- Training charges by BTHR(T) in respect of providing centralised training facilities and courses for staff. The training costs are allocated to each operation based on actual cost.

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, Board of 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 Group's 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.

The reason of having persons with mutual interest holding (both directly and indirectly) more than 10 percent of the shares in the subsidiaries and associate in lieu of the Company

The person who may have a mutual interest and holds (both directly and indirectly) more than 10 percent of the shares in the subsidiaries and associate of the Company is BTH, who is also a major shareholder 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" and "Angsana", 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.

Related party transactions, which have been concluded on the terms and basis determined by the Company, its subsidiaries and related parties, or in accordance with the agreement, are detailed below. Significant transactions greater than Baht 1 million are disclosed separately and non significant transactions have been grouped.

TRANSACTIONS BETWEEN THE GROUP (THE COMPANY AND ITS SUBSIDIARIES) AND RELATED PARTIES IN YEAR 2014

	Payee	Payer	Details of Transaction / Contract	Transactions in 2014 (MB)	Persons with Mutual Interest	Nature of Relationship	Directors with Common Interest
TRANSACTIONS WITH ASSOCIATE							
Inter resort receipts							
1	LBTG	LBTH	Collection from customer and remittance to the provider of the service.	2	BTH	B	ESHL, HRH
Reimbursement receipts							
2	LBTL	LBTH	Reimbursement of expenses mainly related to Banyan Tree Residences project	4	BTH	B	ESHL, KCH
Reimbursement payments							
3	LBTH	LBTG	Reimbursement of utilities and other expenses related to rental agreement and sharing common department's expenses	1	BTH	B	ESHL, HRH
Rent and service expense							
4	LBTH	LBTG	Rent and service expenses for the gallery shops in Banyan Tree Lijiang	1	BTH	B	ESHL, HRH
Sale of goods							
5	LBTG	LBTH	Purchase of guest supplies for the hotel	3	BTH	B	ESHL, HRH

TRANSACTIONS BETWEEN THE GROUP (THE COMPANY AND ITS SUBSIDIARIES) AND RELATED PARTIES IN YEAR 2014 (CONT'D)

	Payee	Payer	Details of Transaction / Contract	Transactions in 2014 (MB)	Persons with Mutual Interest	Nature of Relationship	Directors with Common Interest
TRANSACTIONS WITH RELATED COMPANIES							
Credit card commission receipts							
6	TWPL	BTRS(T)	Credit card commission receipts	1	BTRS(T)	C	CSH, ESHL, KCH
Inter resort payments							
7	BTRS(T)	BGL	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	16	BTRS(T)	C	CSH, ESHL, KCH
8	BTRS(T)	LBTL	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	46	BTRS(T)	C	CSH, ESHL, KCH
9	BTRS(T)	LHC	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	1	BTRS(T)	C	-
10	BTRS(T)	LVL	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	1	BTRS(T)	C	CSH, ESHL
11	BTRS(T)	TWPL	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	15	BTRS(T)	C	CSH, ESHL, KCH
Management fees income							
12	LEL	PTBH	Technical Assistant Agreement for providing management services and granting the use of leading brand for the recreation department of Banyan Tree Bintan and Angsana Bintan hotels	1	TRL	C	-
13			Management fee income (< 1 MB)	3			
Management fees expenses							
14	ADPL	LLL	Architectural and Interior Design Services for construction of Laguna Park Clubhouse and show units project.	8	BTH	B	ESHL
15	ADPL	TWDC	Architectural Design Services for construction of Laguna Park project – Townhomes and Detached Homes	15	BTH	B	ESHL
16	BTCO(S)	BTG(T)	Royalty agreement: For the use of “Banyan Tree” and “Angsana” trademarks and all proprietary rights associated with them.	2	BTH	A, B	ESHL
17	BTHR	BGL	Royalty agreement: For the use of “Angsana” trademark and all proprietary rights associated with it. Agreement is from July 2012 to November 2031	24	BTH	B	ESHL
18	BTHR	LBTL	Royalty agreement: For the use of “Banyan Tree” trademark and all proprietary rights associated with it. Agreement is from July 2012 to December 2015.	17	BTH	B	ESHL
19	BTHR	TWPL	Royalty agreement: For the use of “Banyan Tree” trademark and all proprietary rights associated with it. Agreement is from July 2012 to December 2021.	23	BTH	B	ESHL
20	BTHR(T)	BGL	Technical Assistance agreement: Conduct of Hotel Business and technical assistance in the planning, building, furnishing, equipping, decorating & operating of Angsana Laguna Phuket and Reservation fee. Agreement is from July 2012 to November 2031	26	BTRS(T)	C	CSH, ESHL
21	BTHR(T)	LBTL	Technical Assistance agreement: Conduct of Hotel Business and technical assistance in the planning, building, furnishing, equipping, decorating & operating of Banyan Tree Phuket and Reservation fee. Agreement is from July 2012 to December 2015 with option to extend for 2 successive periods of 10 years, each at the option of BTHR(T).	31	BTRS(T)	C	CSH, ESHL
22	BTHR(T)	TWPL	Hotel Management agreement: Conduct of Hotel Business and technical assistance in the planning, building, furnishing, equipping, decorating & operating of Banyan Tree Bangkok and Reservation fee. Agreement is from July 2012 to December 2021 with option to extend for another successive periods of 20 years, each at the option of BTHR(T).	28	BTRS(T)	C	CSH, ESHL
23	BTMG	BGL	Group Marketing services and share of operating cost of Regional Marketing offices	24	BTH	B	ESHL
24	BTMG	LBTL	Group Marketing services and share of operating cost of Regional Marketing offices	32	BTH	B	ESHL
25	BTMG	TWPL	Group Marketing services and share of operating cost of Regional Marketing offices	23	BTH	B	ESHL

TRANSACTIONS BETWEEN THE GROUP (THE COMPANY AND ITS SUBSIDIARIES) AND RELATED PARTIES IN YEAR 2014 (CONT'D)

	Payee	Payer	Details of Transaction / Contract	Transactions in 2014 (MB)	Persons with Mutual Interest	Nature of Relationship	Directors with Common Interest
Purchase of spa & gallery vouchers							
26	BTS	LBTL	Purchase of Spa voucher for management benefits	2	BTH	B	CSH, ESHL
27	BTS	LRH	Purchase of Spa voucher for management benefits	2	BTH	A	CSH, ESHL
28	BTS	TWPL	Purchase of Spa voucher for management benefits	1	BTH	B	CSH, ESHL
29			Purchase of Spa voucher (< 1 MB)	2			
Sale of gallery vouchers							
30	BTG(S)	BTS	Sale of Gallery vouchers	1	BTH	A, B	ESHL
Sale of goods							
31	BTG(S)	BTCO(S)	Sale of goods	1	BTH	A, B	ESHL
32	BTG(T)	HVRS	Sale of goods	3	BTH	A, B	ESHL
33	BTG(T)	BTRS(T)	Sale of goods	2	BTRS(T)	C	CSH, ESHL, KCH, KR
34	BTG(T)	BTS	Sale of goods	4	BTH	A, B	CSH, ESHL
35	BTG(T)	MA	Sale of goods	3	BTH	A, B	ESHL
36	BTG(T)	MBPL	Sale of goods	5	BTH	A, B	ESHL
37	BTG(T)	PTMB	Sale of goods	2	BTH	A, B	ESHL
38	BTG(T)	PTBH	Sale of goods	9	TRL	C	KCH
39	BTG(T)	VM	Sale of goods	5	BTH	A, B	ESHL
40	LBTG	WLH	Sale of goods	1	BTH	B	HRH
41			Sale of goods (< 1 MB)	4			
Reimbursement receipts							
42	AVCI	PTBH	Reimbursement of expenses related to Tour operations in Bintan	2	TRL	C	-
43	BTG(S)	BTCO(S)	Reimbursement of expenses	4	BTH	A, B	ESHL
44	BTG(S)	BTS	Reimbursement of expenses	6	BTH	A, B	ESHL
45	BTG(T)	BTS	Reimbursement of expenses	8	BTH	A, B	CSH, ESHL
46	LBTL	BTHR(T)	Reimbursement of expenses	1	BTRS(T)	C	CSH, ESHL
47	LBTL	BTI	Reimbursement of expenses mainly related to Banyan Tree Residences project	1	BTH	B	ESHL
48	LBTL	BTRS(T)	Reimbursement of expenses mainly for staff meal expenses and utilities related to rental area.	8	BTRS(T)	C	CSH, ESHL, KCH
49	LBTL	BWIL	Reimbursement of expenses related to Banyan Tree Residences project at Sri Lanka	2	BTH	A, B	CSH, ESHL
50	LBTL	PCRI	Reimbursement of expenses related to Banyan Tree Residences project at Bintan Indonesia	13	BTH	B	ESHL
51	LGL	LVCL	Reimbursement of expenses mainly for staff expenses who work for Laguna Langco projects	7	BTH	B	ESHL
52	LRH	BTH	Reimbursement of expenses mainly for external audit fees	1	BTH	A	APV, KPH
53	LHC	CML	Reimbursement of expenses mainly for staff expenses who work for Club Management project	3	BTH	B	-
54	TWPL	BTHR(T)	Reimbursement of expenses mainly for sharing staff expenses of handling Banyan Tree Hotel projects	15	BTRS(T)	C	CSH, ESHL
55	TWPL	BTRS(T)	Reimbursement of utilities and other expenses related to rental agreement and sharing common department's expenses	6	BTRS(T)	C	CSH, ESHL, KCH
56			Reimbursement receipts (< 1 MB)	14			
Reimbursement payments							
57	BTH	LRH	Reimbursement of expenses	1	BTH	A	APV, KPH
58	BTCO(S)	BTG(S)	Reimbursement of expenses	2	BTH	A, B	ESHL
59	BTCO(S)	LRH	Reimbursement of expenses mainly relating to internal audit review	1	BTH	A	ESHL
60	BTHR(T)	BGL	Reimbursement of sales and marketing costs incurred by Banyan Tree group which relate specifically to the promotion of the Angsana Laguna Phuket	5	BTRS(T)	C	CSH, ESHL
61	BTHR(T)	LBTL	Reimbursement of sales and marketing costs incurred by Banyan Tree group which relate specifically to the promotion of the Banyan Tree Phuket	6	BTRS(T)	C	CSH, ESHL
62	BTHR(T)	TWPL	Reimbursement of sales and marketing costs incurred by Banyan Tree group which relate specifically to the promotion of the Banyan Tree Bangkok	3	BTRS(T)	C	CSH, ESHL
63	BTMG	LBTL	Reimbursement of sales and marketing costs incurred by Banyan Tree group which relate specifically to the promotion of the Banyan Tree Phuket	3	BTH	B	ESHL
64	BTRS(T)	BTG(T)	Reimbursement of utilities and other expenses related to rental agreement, sharing common department's expenses	3	BTRS(T)	C	CSH, ESHL, KCH, KR

TRANSACTIONS BETWEEN THE GROUP (THE COMPANY AND ITS SUBSIDIARIES) AND RELATED PARTIES IN YEAR 2014 (CONT'D)

	Payee	Payer	Details of Transaction / Contract	Transactions in 2014 (MB)	Persons with Mutual Interest	Nature of Relationship	Directors with Common Interest
65	BTRS(T)	LBTL	Reimbursement of sales and marketing costs incurred by Banyan Tree group which relate specifically to the promotion of the Banyan Tree Phuket	4	BTRS(T)	C	CSH, ESHL, KCH
66	BTLC	LRH	Reimbursement for salary expenses and other expenses	5	BTH	A, B	ESHL
67	PTBH	AVCI	Reimbursement of expenses mainly for maintenance & utilities, sharing of common department and other expenses related to operation of holiday club business in Bintan	4	TRL	C	-
68			Reimbursement payments (< 1 MB)	6			
Rent and service income							
69	BGL	BTRS(T)	Space rental at the Angsana Laguna Phuket to operate the Angsana Spa. Agreement commenced from December 2011 to November 2041	2	BTRS(T)	C	CSH, ESHL, KCH
70	LBTL	BTRS(T)	Space rental at the Banyan Tree Phuket to operate the Banyan Tree Spa. Agreement commenced on 1 January 1997 and shall terminate upon the termination of the Technical Assistance Agreement between BTRS(T) & LBTL - Rental and service agreement for office & store in the Banyan Tree Phuket (521.53 sq.m.) from 1 January 2014 to 31 December 2016. - Rental agreement for Banyan Tree Management Academy from 1 January 2014 to 31 December 2016.	14	BTRS(T)	C	CSH, ESHL, KCH
71	TWPL	BTRS(T)	Lease and service agreement for space rental at Thai Wah Tower and Banyan Tree Bangkok - Rental and service agreement for 19 th – 21 st floor (total area 1,178 sq.m.) at Banyan Tree Bangkok from 1 January 2014 to 31 December 2014 - Rental agreement for 22 nd floor at Banyan Tree Bangkok, being an office (area 303 sq.m.) from 1 January 2014 to 31 December 2014 - Rental agreement at Thai Wah Tower for 5 th floor (storage, area 10 sq.m.) from 1 February 2012 to 31 January 2015, and 23 rd floor (area 537 sq.m.) and 24 th floor (area 56 sq.m.) from 1 January 2014 to 31 December 2016. - Rental agreement for ground floor at Thai Wah Tower (area 80 sq.m) from 1 February 2013 to 31 January 2014, renewal from 1 February 2014 to 31 January 2015.	8	BTRS(T)	C	CSH, ESHL, KCH
72	TWPL	TDC	Lease and service agreement at 8 th floor of Thai Wah Tower - 382 sq.m, 3-year lease from 1 February 2013 to 31 January 2016.	2	-	-	CH
73	TWPL	TWFP	Lease and service Agreement at 5 th floor (storage, area 38 sq.m), 6 th floor (area 785 sq.m) and 7 th floors (area 104 sq.m) of Thai Wah Tower All of the agreements are under same rental periods of 3-year lease from 1 March 2013 to 28 February 2016.	6	-	-	CH, KCH
74			Rental and service income (< 1 MB)	2			
Rent and service expenses							
75	BTI	BTG(S)	Rental of the office at Banyan Tree Head Office.	1	BTH	B	ESHL
Rental return on hotel units							
76	CGL	PTBH	Rental return on hotel units in the Angsana Resort & Spa Bintan	4	TRL	C	-
Resort service income							
77	LSC	BTRS(T)	Service charges on laundry, staff bus, etc. charged to Banyan Tree Spa – Phuket	8	BTRS(T)	C	CSH, ESHL, KCH
Spa service expense							
78	BTRS(T)	LHC	Spa service expense by purchasing of spa vouchers for using as a marketing tool	1	BTRS(T)	C	-
Training charges							
79	BTHR(T)	BGL	Training courses held for Laguna Phuket staff and allocated to all operations based on actual cost.	2	BTRS(T)	C	CSH, ESHL
80	BTHR(T)	LBTL	Training courses held for Laguna Phuket staff and allocated to all operations based on actual cost.	2	BTRS(T)	C	CSH, ESHL
81	BTHR(T)	TWPL	Training courses held for Laguna Phuket staff and allocated to all operations based on actual cost.	2	BTRS(T)	C	CSH, ESHL
82			Training charges (< 1 MB)	3			

TRANSACTIONS WITHIN THE GROUP AND A COMPANY WHICH IS OWNED BY PERSONS WITH A MUTUAL INTEREST MORE THAN 10 PERCENT IN YEAR 2014

	Payee	Payer	Details of Transaction / Contract	Transactions in 2014 (MB)	Persons with Mutual Interest	Nature of Relationship	Directors with Common Interest
Inter resort receipts							
1	BTG(T)	BGL	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, PN, SDR
2	BTG(T)	LBTL	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	9	BTH	A, B	AS, CH, CSH, ESHL, KCH, PN, SDR
3	BTG(T)	LGL	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	3	BTH	A, B	AS, CH, CSH, ESHL, KCH, PN, SDR
4	BTG(T)	TWPL	Collection from customer and remittance to the provider of the service.	2	BTH	A, B	AS, CH, CSH, ESHL, KCH, PN, SDR
Purchase of gallery vouchers							
5	BTG(T)	LHC	Purchase of gallery vouchers for using as a marketing tool	1	BTH	A, B	CH, PN, SDR
Purchase of goods							
6	BTG(T)	LBTL	Purchase of goods by acting as a purchasing agent	5	BTH	A, B	ESHL
7	BTG(T)	BGL	Purchase of guest supplies for the hotel	5	BTH	A, B	AS, CH, CSH, ESHL, KCH, PN, SDR
8	BTG(T)	LBTL	Purchase of guest supplies for the hotel	8	BTH	A, B	AS, CH, CSH, ESHL, KCH, PN, SDR
9	BTG(T)	TWPL	Purchase of guest supplies for the hotel	7	BTH	A, B	AS, CH, CSH, ESHL, KCH, PN, SDR
10			Purchase of goods (< 1 MB)	1			
Reimbursement of costs							
11	BTG(S)	BTG(T)	Reimbursement of expenses mainly for traveling and freight expenses	3	BTH	A, B	CSN, ESHL, SDR
12	LBTL	BTG(T)	Reimbursement of utilities and other expenses mainly related to rental agreement	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, PN, SDR
13	TWPL	BTG(T)	Reimbursement of utilities and other expenses mainly related to rental agreement	2	BTH	A, B	AS, CH, CSH, ESHL, KCH, PN, SDR
14			Reimbursement of costs (< 1 MB)	2			
Rent and service							
15	LBTL	BTG(T)	- Rental agreement with Banyan Tree Gallery for the 3 shops in the Banyan Tree Phuket, 3-year lease from 1 January 2014 to 31 December 2016 - Rental agreement for office & store (46.2 sq.m.) in the Banyan Tree Phuket from 1 January 2014 to 31 December 2016.	2	BTH	A, B	AS, CH, CSH, ESHL, KCH, PN, SDR
16	TWPL	BTG(T)	Rental agreement for the Gallery outlets and office premises at the Thai Wah Tower and Banyan Tree Bangkok. - Rental agreement for outlets 1 st floor and 21 st floor at Banyan Tree Bangkok from 1 January 2014 to 31 December 2014 - Rental agreement for office premises on 22 nd floor (303 sq.m.) at Banyan Tree Bangkok from 1 January 2014 to 31 December 2014 - Rental agreement for storage at underground floor (138 sq.m.) at Thai Wah Tower, 3-year lease from 1 November 2013 to 31 October 2016 - Rental agreement for ground floor (area 60 sq.m) at Thai Wah Tower from 1 February 2013 to 31 January 2014 and renewal to 1 February 2014 to 31 January 2015 - Rental agreement for 8th floor (area 211 sq.m) at Thai Wah Tower from 18 April 2014 to 17 April 2015	4	BTH	A, B	AS, CH, CSH, ESHL, KCH, PN, SDR
17			Rent and service (< 1 MB)	1			

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

ABBREVIATIONS

ADPL	Architrave Design & Planning Services Pte. Ltd.
AVCI	PT. AVC Indonesia
BGL	Bangtao Grande Limited
BTCO(S)	Banyan Tree Corporate Pte. Ltd
BTG(S)	Banyan Tree Gallery (Singapore) Pte Ltd.
BTG(T)	Banyan Tree Gallery (Thailand) Limited
BTH	Banyan Tree Holdings Limited
BTHR	Banyan Tree Hotels & Resorts Pte. Ltd.
BTHR(T)	Banyan Tree Hotels & Resorts (Thailand) Limited
BTI	Banyan Tree Investment Pte. Ltd.
BTLC	Banyan Tree Langco Services Pte. Ltd.
BTMG	Banyan Tree Marketing Group Pte. Ltd.
BTRS(T)	Banyan Tree Resorts & Spas (Thailand) Company Limited
BTS	Banyan Tree Spas Pte. Ltd.
BWIL	Beruwela Walk Inn Limited
CGL	Cheer Golden Limited
CML	Club Management Limited
GPS	GPS Development Services Pte. Ltd.
HSD	Heritage Spas Dubai LLC
HVRS	Hill View Resorts (Seychelles) Limited
LBTG	Lijiang Banyan Tree Gallery Trading Company Limited
LBTH	Lijiang Banyan Tree Hotel Company Limited
LBTL	Laguna Banyan Tree Limited
LGL	Laguna Grande Limited
LHC	Laguna Holiday Club Limited
LRH	Laguna Resorts & Hotels Public Company Limited
LSC	Laguna Service Company Limited
LVCL	Laguna (Vietnam) Company Limited
LVL	Laguna Village Limited
MA	Maldives Angsana Pvt Ltd.
MBPL	Maldives Bay Pvt Ltd
PCRI	PT Cassia Resorts Investments
PKRD	Phuket Resort Development Limited
PTBH	PT Bintan Hotels
PTMB	PT Management Banyan Tree Resorts & Spas
TDC	Tapioca Development Corporation Limited

ABBREVIATIONS (Con't)

TRL	Tropical Resorts Limited
TWDC	Twin Water Development Company Limited
TWFP	Thai Wah Food Products Public Company Limited
TWPL	Thai Wah Plaza Limited
VM	Vabbinvest Maldives Pvt. Ltd.
WLH	Wanyue Leisure Health (Shanghai) Co., Ltd.

INITIALS

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