

ANNUAL REPORT 2018

LaGuna
RESORTS & HOTELS



Laguna Resorts & Hotels Public Company Limited

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Message from the Management



Laguna Resorts &
Hotels Public
Company Limited

The total Group revenue grew by 13 percent to Baht 5,480 million in 2018 and profit for the year climbed 34 percent to Baht 80 million. Gains came mainly from the strong performance of property development operations and steady hotel operations.

Strong property sales momentum continued throughout 2018. This was coupled with increased offsite activities such as establishing dedicated sales development network in China to increase the potential buyers from numerous channel partners alongside additional regular offsite events to promote our product offerings. This resulted in the Chinese market being the largest single market for the purchase of our properties for the first time. Russian demand was stable and shifted to more affordable products as their spending power was constrained by the weak ruble. Sales channel development and digital marketing activities will be key areas of focus going forward in China and other key markets to diversify our base and increase brand awareness to expand our reach to potential buyers.

On the hotel operations front, the business of both Angsana Laguna Phuket and Banyan Tree Phuket was marginally affected by the decrease in Chinese arrivals following the tragic boat accident off the coast of Phuket and the ensuing unfavourable publicity in China.

Banyan Tree Bangkok is making good strides and has once again outperformed the preceding year with good room rate growth and strong results from food and beverage operations. Likewise, Cassia Phuket also fared better in 2018 having found a better foothold in the market after two years of operations.

Message from the Management

In response to the increasingly high operating cost environment and the competitive hospitality industry in Phuket, a number of new initiatives were launched in 2018 to strengthen the results of the Company. Some of these initiatives include Zero Based Budgeting to streamline costs, and Dynamic Revenue Management to drive top line. We expect to see positive results from these initiatives from 2019.

As part of the Company's anti-corruption effort, the Company is proud to announce it is now a certified member of the Private Sector Collective Action Coalition Against Corruption (CAC) after putting in place all necessary anti-corruption policies and measures under the stringent guidelines of the CAC.

Since inception, sustainability has been a key pillar of our business philosophy. Besides conserving the environment, we contribute to the destination growth of Phuket through our community projects and developing it as a sports and lifestyle hub.

As a pioneer with ongoing stewardship in sustainability, Laguna Phuket was awarded 2018 AMCHAM Thailand CSR Excellence Awards - Silver. Elevating the destination's economic and tourism development in the global sport arena, Laguna Phuket's iconic 25th annual Laguna Phuket Triathlon in November was recognised with Sports Industry Awards Asia 2018 Best Sports Event Venue/Facility in Thailand - Gold and 2018 Best Races in Asia Awards by AsiaTri for 3 categories - Best Overall, Best Destination & Most Challenging Triathlon Race: Short Course. Named amongst the top three regional courses by Asian Golf Awards 2018 Best Golf Resort in Asia Pacific & Best Golf Course in Thailand, Laguna Golf Phuket was also the venue host of several keynote tournaments.

Laguna Phuket was recognised as a popular lifestyle destination for property investment at the 2018 International Property Awards. Cassia Phuket won New Hotel Construction & Design Thailand Award, Angsana Beachfront Residences was awarded Development Marketing Thailand Award and the lagunaproperty.com website designed by Banyan Tree Residences won Best Developer Website Thailand (Five-Star) Award.

There are potential headwinds going forward in 2019 with increased market and geopolitical risks such as US-China trade tensions, stock market volatility and higher interest rates which if exacerbated could weaken investor confidence and soften demand for property investment and travel.

Steering ahead, we will continue to strengthen our core businesses and competencies to build a sustainable business striving for better returns and environment for our stakeholders.



Mr Shankar Chandran
Managing Director

Financial Highlights and Financial Ratios

Financial Highlights

(Unit : Million Baht)

Information from Consolidated Financial Statements	2018	2017	2016
Total Assets	20,832	20,884	20,725
Total Liabilities	8,159	8,223	8,040
Total Shareholders' Equity	12,673	12,661	12,685
Revenue from Hotel Operations	3,573	3,657	3,484
Revenue from Property Development Operations	1,707	927	1,306
Total Revenue	5,480	4,858	5,342
Operating Profit (loss)	294	311	751
Share of gain (loss) from investment in associate	66	(3)	(49)
Finance Cost	(158)	(177)	(190)
Income Tax Expenses	(126)	(68)	(133)
Non-controlling Interests of the Subsidiaries	4	(4)	2
Profit (loss) for the year attributable to equity holders of the Company	80	60	380



Dhawa
Phuket

Financial Ratios

Information from Consolidated Financial Statements	2018	2017	2016
Quick Ratio (Times)	0.35	0.47	0.50
Receivables Turnover (Times)	9.11	7.44	8.11
Accounts Payable Turnover (Times)	2.61	2.76	3.56
Return on Total Revenue (%)	1.46	1.23	7.12
Return on Total Equity (%)	0.63	0.47	3.12
Return on Total Assets (%)	0.38	0.29	1.89
Earnings Per Share (Baht)	0.48	0.36	2.28
Dividend Per Share (Baht)	0.41*	0.38	0.38
Net Asset Value Per Share (Baht)	76.03	75.96	76.10
Weighted Average Number of Ordinary Shares	166,682,701	166,682,701	166,682,701

* At the time of printing this report, the Board of Directors proposed a final dividend payment of Baht 0.41 per share but it is subject to the approval of the Annual General Meeting.

Company History

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

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

Milestone

1987

Dusit Thani Laguna Phuket (formerly known as Dusit Laguna Resort) opened.

1991

Laguna Beach Resort opened.

1992

Sheraton Grande Laguna Phuket and the Laguna Phuket Golf Club opened.

1993

The Company listed on Stock Exchange of Thailand. Property Sales operations commenced with the Allamanda condominium units.



2006

Banyan Tree Lijiang, People's Republic of China and Laguna Holiday Club Phuket Resort opened. The latter is operated under the Holiday Club Business.



2008

The Group entered into an agreement to acquire additional land adjacent to Laguna Phuket for future development.



Outrigger Laguna Phuket Resort & Villas commenced operations in December.

2009

The Group invested in the Banyan Tree Indochina Hospitality Fund which has developed an integrated resort in Hue, Vietnam.

2010

Divestment of Dusit Thani Laguna Phuket in October.

2011

Divestment of Laguna Beach Resort in May.

Closure of the former Sheraton Grande Laguna Phuket for a major renovation and rebranding and reopening as Angsana Laguna Phuket in December.



Company Profile



1995

The resort's flagship hotel, Banyan Tree Phuket's Grand Opening.

1998

Laguna Holiday Club commenced operations.

2002

The Group acquired a large parcel of land adjacent to Laguna Phuket for future development opportunities.

2005

The Group acquired Thai Wah Plaza Limited which owns Banyan Tree Bangkok and commercial offices.

2015

Reopening of Laguna Phuket Golf Club in January.

Grand opening of Cassia Phuket in October.

2013

Upgrade of Laguna Phuket Golf Club which included the golf course, club house and the introduction of golf carts.

2016

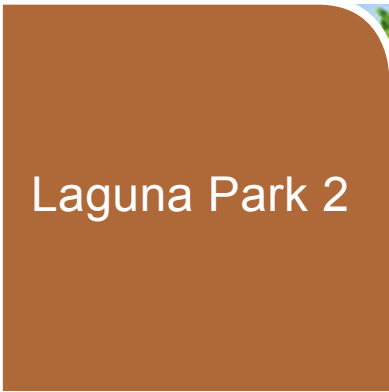
Angsana Vacation Club commenced operations in January.

Rebranding of Outrigger Laguna Phuket Resort & Villas to Angsana Villas Resort Phuket in August.

The Company further invested 1.25 percent in Thai Wah Public Company Limited.

2018

Opening of Cassia Phuket Phase 2



Company Profile

Vision

To be a leading international hotel and property developer with full commitment to environmental protection, social responsibility and maximum satisfaction to all stakeholders with an aim to pursue sustainable long-term business value development.

Mission

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



Business Relationship with Major Shareholder

Banyan Tree Holdings Limited (BTH), a listed company in the Singapore Exchange, is a leading, international hospitality brand that manages and develops premium resorts, hotels and spas. It is a major shareholder which directly and indirectly holds 86.3 percent in aggregate of the total issued and paid-up shares of the Company. BTH is also a major shareholder holding (both directly and indirectly) more than 10 percent of the shares in several subsidiaries and one associate of the Company.

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

Company Profile

Type of Business

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

Hotel Operations

Hotels

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

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

Hotel	Location	Opening year	Number of rooms owned by LRH Group (in operation)*	Company (% held by LRH Group)	Operator
Banyan Tree Phuket	Bangtao, Phuket	1995	107 (175)	LBTL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Angsana Laguna Phuket	Bangtao, Phuket	2011	328 (399)	BGL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Banyan Tree Bangkok	Sathorn, Bangkok	2002	305 (327)	TWPL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Angsana Villas Resort Phuket	Bangtao, Phuket	2009	16 (45)	LVL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd.
Cassia Phuket	Bangtao, Phuket	2015	92 (334)	PKRD (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Laguna Holiday Club Phuket Resort**	Bangtao, Phuket	2006	79 (79)	LHC (100%)	Banyan Tree Hotels & Resorts (Thailand) Limited

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

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

Company Profile

Hotel – Related Operations

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

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

Golf Operations

Laguna Golf - Phuket

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

Laguna Golf - Bintan

Laguna Golf Bintan is an 18-hole, par 72 golf course, set within Laguna Bintan. Originally designed by Greg Norman, the course was leased and upgraded by Laguna Golf in 2016-2017. Local golf memberships are available.

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

Company Profile

Property Development Operations

Property Sales

Property Sales offers a comprehensive range of hotel managed and private residential properties offering apartments, semi-detached and detached homes at all price points for both investment and lifestyle purposes. Hotel residences are typically managed as part of the hotel inventory and owners receive a return on investment from the rental of their properties to hotel guests. Private residences are used either as primary homes or vacation homes and a range of property management services are offered to owners including rentals and maintenance by our after sales service team. The current developments available for sale are the following.

Project	Location	Type	Price (Million Baht)
Angsana Beachfront Residences	Phuket	Apartment	34-50
Angsana Ocean View Residences	Phuket	Apartment	27-40
Banyan Tree Bangkok	Bangkok	Apartment	21-24
Banyan Tree Phuket	Phuket	Grande Residences Double Pool Villa 3-Bed Pool Villa (New)	101-114 63-65 50
Cassia Phuket	Phuket	Serviced Apartment Residential Condominiums	5-13 6-18
Dhawa Phuket	Phuket	Serviced Apartment (New)	5-8
Dusit Laguna	Phuket	2-3 Bed Pool Villas (New)	44-63
Laguna Park	Phuket	Detached Homes Townhome	16-18 10-13
Laguna Park 2	Phuket	Detached Homes (New) Semi-detached Townhome	17-19 13-14
Laguna Village	Phuket	Residence Apartments	36-41 11-29

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

After Sales Property Management Services

A vital differentiation from other property developers, Laguna has a dedicated, multi-lingual after sales services team to provide various property management and estate services to owners who buy properties within Laguna Phuket. The services comprise of rentals (i.e. holiday and long-term rentals) and property maintenance (i.e. pool cleaning, handyman services, landscape maintenance, engineering services and common area management) for non-hotel managed properties. The objective of the after sales service team is to further enhance the ease of property ownership in Laguna Phuket by providing a one stop shop which is unmatched by any other development in Phuket.

Company Profile

Holiday Club Business

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

Upon launch of ANVC, the legacy Laguna Holiday Club business ceased selling new memberships. Existing members of Laguna Holiday Club continue to enjoy all club home resorts and privileges they are entitled to under their membership. In 2017, Laguna Holiday Club was renamed Angsana Vacation Club Heritage and members were offered trade-in programs to upgrade to the more flexible points based membership.

Office Rental

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

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

Overseas Investment in Hotels and Resorts

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

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

Developments in 2018

Banyan Tree Bangkok is continually striving to offer impeccable food and beverage options to its guests and in November 2018 opened "Moon Bar," located alongside Vertigo restaurant on the 61st floor.

As part of the Group's ongoing strategy of unlocking its extensive land bank, several new property projects were launched during the year, namely Banyan Tree Phuket Pool Villas, Dhawa Phuket, Laguna Park 2 and Dusit Laguna Villas.

In addition, the Group increased its offsite activities such as establishing dedicated sales development network in China to increase the number of sources of potential property buyers from channel partners along with more regular offsite events to promote our product offerings.

Company Profile

Future Plans

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

Going forward the Group will focus on residential property development as its impetus of growth, including sales channel development and online / digital marketing activities in China and other key markets to diversify our base and increase awareness to expand our reach to potential buyers with the objective to build up a strong pipeline of property sales to ensure the Group maintains a high level of annual sales for sustainable revenue growth.

Hotels

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

Property Sales

The Group is continuing with the strategy to unlock value from its land bank by developing new property sales projects which cater to both primary and vacation home buyers. As a result of the market dynamics, the strategy to offer affordable properties (sub Baht 10 million) have been continuously implemented, particularly catering to the emerging Asian middle-class with the Cassia and Dhawa Phuket (new Banyan Tree brands with hotel serviced apartments) and mid-range properties (Baht 10-20 million) such as Laguna Park (townhomes and detached homes) in order to keep pricing points attractive. These entry level and mid-range products are expected to account for a significant proportion of sales. However, the Group recognizes there is also demand for high-end and luxury branded properties and has therefore has a range of products to cater for this market segment including Angsana Beachfront (launched 2017), Angsana Oceanview (launched 2018), Banyan Tree Grande Residence (launched 2014), Banyan Tree Pool Villas (launched 2018), Dusit Laguna Villas (launched 2018) and Laguna Village Residences phase 8 (launched 2018).

Other Hotel Operations

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

Holiday Club Business

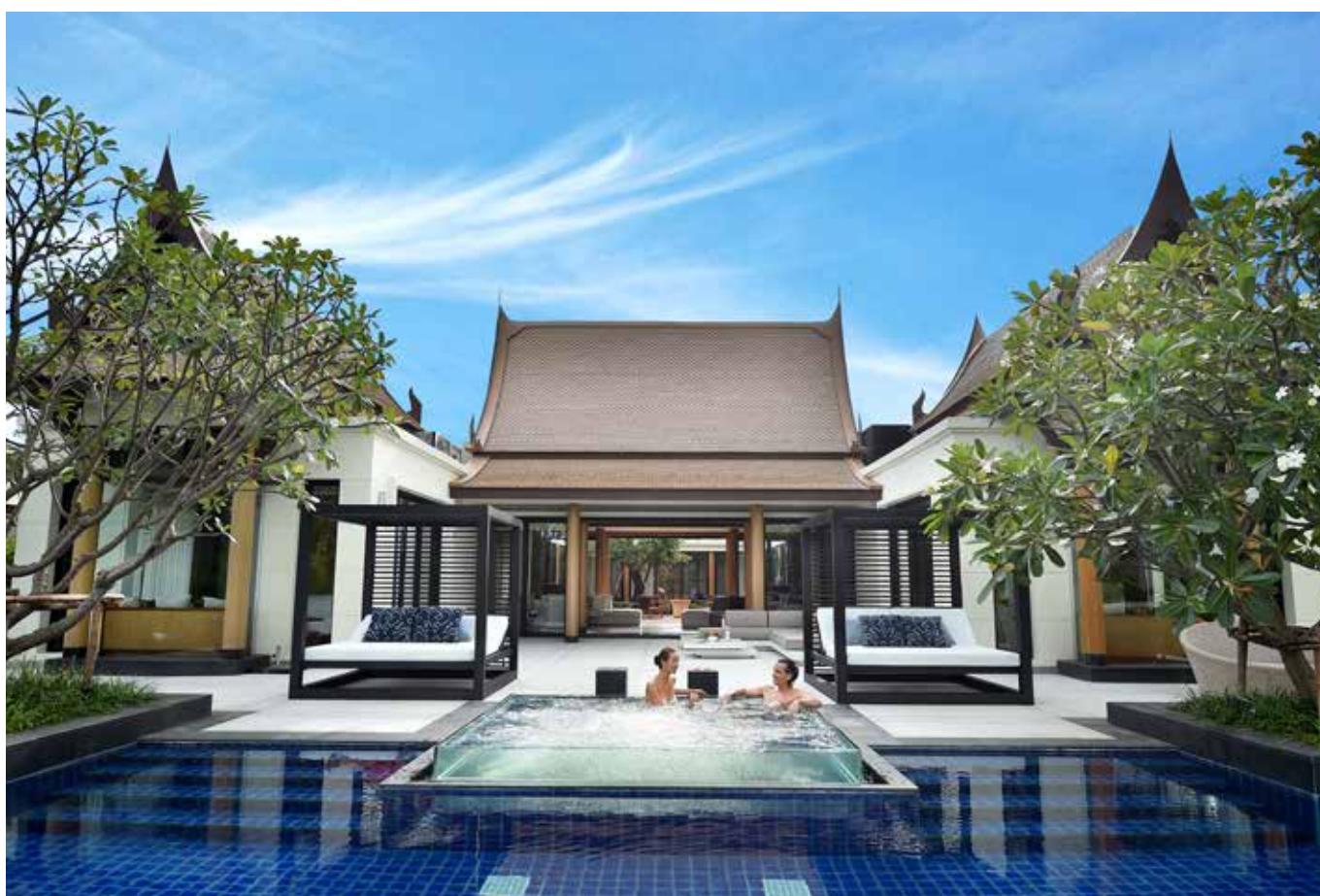
The new "Angsana Vacation Club" looks promising with its product offering being highly competitive and unlike the previous club, it is a points-based membership with the inventory owned by an independent trustee, providing members access to numerous properties within the Banyan Tree Group managed hotels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

Golf Business

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



Banyan Tree Grande Residence



Company Profile

Awards

Angsana Laguna Phuket was awarded:

- Travelers' Choice Award 2018
Trip Advisor
- Silver Certification
EarthCheck
- Phuket's Best International Hotel (Gold Award)
Exotiq Thailand Magazine
- Excellent Establishment on Labour Relations
and Welfare 2018
Ministry of Labour
- Top 25 Family Hotels in Asia Pacific 2018 (No.4)
Smart Travel Asia
- Top 25 Conference Hotels in Asia Pacific 2018 (No.19)
Smart Travel Asia
- Bodega & Grill - Certificate of Excellence Winner 2018
Trip Advisor
- Baan Talay - Certificate of Excellence Winner 2018
Trip Advisor
- XANA Beach Club - Certificate of Excellence Winner 2018
Trip Advisor
- Thailand MICE Venue Standard (TMVS) Certification
Thailand Convention and Exhibition Bureau (TCEB)

Banyan Tree Phuket was awarded:

- Best Hotel in Thailand (No.6)
DestinAsian Readers' Choice Awards 2018
- Best Resort Hotel in Southeast Asia (No.6)
Travel+Leisure's Top 10 Resort Hotels in Southeast Asia 2018
- Best Spa Hotel in Asia (No.6)
Smart Travel Asia's Best in Travel 2018
- Agoda Gold Circle Award 2018
Agoda.com
- Best Romantic Hotel
Tripsavvy Editors' Choice 2018
- Love Travel Awards 2018
Love Travel Awards

Banyan Tree Bangkok was awarded:

- Best Hotel in Bangkok (No.4)
DestinAsian Readers' Choice Awards 2018
- 2018 Forbes Travel Guide Recommended Award
The Forbes Travel Guides
- Best Hotel in Bangkok (No.8)
Conde Nast Traveler's Reader's Choice Awards 2018
- Top 5 Bangkok Hotels (No.3)
Travel+Leisure 2018 World's Best Awards
- Best Hotel Rooms with Views in Bangkok (No.6)
FODOR'S Best Award from Fodor's Travel
- Best Hotel Rooftop Bars in Bangkok for Sky High Sips (No.3)
FODOR'S BEST Award from Fodor's Travel
- 10 Best Hotel Bars in Bangkok (No.6)
FODOR'S BEST Award from Fodor's Travel
- Best Supporter – World AIDS day
Thai Red Cross Society
- Vertigo, Thailand's Best Restaurant 2018
Thailand Tatler
- Moon Bar, 10 Best Rooftop Bars in the World 2018
Condé Nast Traveler online
- Vertigo, Bangkok Best Restaurant 2018
(European Restaurant Category)
Bangkok Best Dining & Entertainment Magazine
- Bai Yun, Bangkok Best Restaurant 2018
(Chinese Restaurant Category)
Bangkok Best Dining & Entertainment Magazine
- Certificate of Excellence 2018
TripAdvisor
- Vertigo, 2018 Top Restaurants for Chinese Travelers
Ctrip Select Award
- Saffron, 2018 Top Restaurants for Chinese Travelers
Ctrip Select Award

Company Profile

Laguna Resorts & Hotels Public Company Limited was awarded:

- Best Sports Event Venue in Thailand (Gold)
Sports Industry Awards & Conference (SPIA Asia) 2018
- AMCHAM 2018 CSR Excellence Recognition (ACE Award)
The American Chamber of Commerce in Thailand
- Silver Certification
EarthCheck
- Laguna Phuket Triathlon was named Best Overall Triathlon, Most Challenging Triathlon and Best Destination Triathlon (3 categories).
2018 Best Triathlon Race in Asia, AsiaTri

Laguna Golf Phuket was awarded:

- Best Golf Resort in Asia Pacific (No.3)
Asian Golf Awards 2018
- Best Golf Course in Thailand (No.2)
Asian Golf Awards 2018
- Top 10 Golf Courses
Travel & Leisure Award

Banyan Tree Spa was awarded:

- TTG Travel Hall of Fame - Best Spa Operator
(4th year since induction)
29th Annual TTG Travel Awards 2018
- Best Spa Brand (5th consecutive year)
Travel & Leisure Annual Travel Awards
- Best Spa Operator in China (10th consecutive year)
13th China Hotel Starlight Awards
- Best Spa Brand (6th consecutive year)
Shanghai Morning Post Tourism Awards

Banyan Tree Spa Phuket was awarded:

- Top 5 Best Hotel Spa in Asia
DestinAsian Readers' Choice Awards 2018

Banyan Tree Spa Phuket was awarded:

- Top 25 Spa Hotels: Banyan Tree Samui (No.8)
Smart Travel Asia 2018 Best in Travel

Banyan Tree Gallery was awarded:

- Best Shampoo For Oily Hair: Kieffer Lime Shampoo
Harper's Bazaar Hair Awards 2018
- Best Conditioner for Dandruff: Kieffer Lime Conditioner
Harper's Bazaar Hair Awards 2018



Banyan Tree Bangkok



Income Structure and Financial Analysis

Income Structure

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

(Unit: Thousand Baht)

	2018	%	2017	%	2016	%
Revenue from Hotels	3,572,747	65	3,657,314	75	3,483,555	65
Revenue from Property Development	1,706,843	31	927,255	19	1,305,895	24
Revenue from Office Rental	98,667	2	95,119	2	90,827	2
Other Income	101,404	2	177,876	4	461,380	9
Total Revenue	5,479,661	100	4,857,564	100	5,341,657	100

The most significant businesses of the Group are hotels and property development operations for which further details are provided below. Note 38 to the financial statements of the Company for the year ended 31 December 2018, 2017 and 2016 discloses the operating results by business segment in accordance with accounting standards and principles.

Hotel Operations – Overall	2018	2017	2016
Occupancy (%)			
Angsana Laguna Phuket	71	71	71
Banyan Tree Phuket	65	68	66
Banyan Tree Bangkok	80	82	77
Average - LRH Hotels	73	74	72
Average Room Rate (Baht)			
Angsana Laguna Phuket	4,468	4,874	4,473
Banyan Tree Phuket	14,754	15,476	15,172
Banyan Tree Bangkok	4,819	4,578	4,432
Average - LRH Hotels	6,377	6,612	6,333
Total Revenue (Thousand Baht)			
Angsana Laguna Phuket	764,597	845,884	814,883
Banyan Tree Phuket	932,531	999,562	921,057
Banyan Tree Bangkok	1,078,230	1,071,666	988,773
Total LRH Hotels	2,775,358	2,917,112	2,724,713
Gallery Operations	189,279*	177,921*	216,197
Other Hotel-Related Operations	608,110	562,281	542,645
Total Revenue of Hotel Operations	3,572,747	3,657,314	3,483,555

* The Company's shareholding in Lijiang Banyan Tree Gallery Trading Company Limited was sold in August 2017, and since then it is no longer consolidated in the Company's results.

Hotel Operations – Overall

The total combined hotel revenue in 2018 decreased 2 percent from 2017. The Company's active ownership role in the hotel operation assisted in minimising the revenue shortfall to 2017, stemming from the Phuket hotels, which after a very positive first quarter, struggled due to the Chinese tourist's boat tragedy, creating a large drop in tourists from China. Also, the Ruble dropped in value affecting the volume of Russian tourists into Phuket.

Income Structure and Financial Analysis

Property Development Operations

(Unit: Thousand Baht)

	2018	%	2017	%	2016	%
Revenue:						
Property Sales business*	1,558,767	91	754,085	81	1,090,485	84
Holiday Club business	148,076	9	173,170	19	215,410	16
Total Revenue - Property Development Operations	1,706,843	100	927,255	100	1,305,895	100

* Including other income

Property Sales business

A total of 111 units amounting to Baht 1,462 million in revenue (excluding other income) was recognized in 2018 in accordance with accounting income recognition policies.

Holiday Club Business

In 2018, the Holiday Club business performed below 2017 revenue due to a higher number of trade-ins than expected, with more people choosing this option than purchasing full memberships. The Estate Services team is well aware of this and will be focussing on sales of ANVC full memberships in 2019.

Other Income

(Unit: Thousand Baht)

Other Income	2018	2017	2016
Gain on Revaluation of Investment Property	50,618	5,215	18,887
Interest Income	31,368	35,650	41,726
Dividend Income	-	-	27,838
Rental and Service Fee	11,685	10,689	12,211
Gain on Fair Value Adjustment of Investment from Changing Status of Investment in Thai Wah Public Company Limited	-	-	345,660
Gain from sale of investment	-	115,732	-
Others	7,733	10,590	15,058
Total Other Income	101,404	177,876	461,380

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

The “gain from sale of investment” relates to sale of investment in Banyan Tree Gallery Lijiang and Banyan Tree hotel Lijiang, China.

Income Structure and Financial Analysis

Explanation and Analysis by Management

For the year ended 31st December 2018, Laguna Resorts & Hotels Public Company Limited recorded a net profit of Baht 80 million which was Baht 20 million higher when compared to the year before.

Total revenue for the year increased by Baht 622 million as compared to last year and this was mainly due to the following:

- The overall revenue from hotel operations which comprise of hotel, golf and retail operations decreased by Baht 85 million over the prior year as a result of a reduction in occupancy of Laguna Phuket hotels.
- Revenue from property development operations which comprise of property sales and the sale of holiday club memberships increased by Baht 780 million. The revenue recognition of the property sales projects (Banyan Tree Deluxe Double Pool Villas, Banyan Tree Grand Residences, Cassia Phuket, Laguna Park and Laguna Residences) was higher when compared to the year before. This was partially offset by a drop in the sale of holiday club memberships. At the time of this report, there is a total of Baht 3,401 million in property sales revenue which will be recognized in the future barring any cancellations.
- Revenue from office rental operations which includes retail leasing improved by Baht 4 million due largely to the increase in property tax reimbursement income of Thai Wah Tower.
- Other income declined by Baht 76 million. This is essentially due to a gain on sales of investment amounting to Baht 116 million in 2017 which did not reoccur in 2018. The decline in gain on sales of investment was partially offset by an increase in gain on change in fair value of investment property amounting to Baht 45 million.

Total expenses increased by Baht 640 million as compared to last year mainly due to the following:

- Cost of hotel operations decreased by Baht 42 million which is in line with the lower hotel revenue.
- Cost of property development operations increased by Baht 514 million as more property sales were recognized during the period offset by lower cost of sales of holiday club memberships.
- Cost of office rental operations increased by Baht 7 million. This is largely attributed to higher property tax and common area charges for building renovations.
- Selling expenses increased by Baht 33 million which is principally due to higher exhibition expenses, specific business tax and transfer fee offset by lower commission expense.
- Administrative expenses increased by Baht 129 million largely as a result of higher payroll costs (Baht 40 million attributable to severance pay), provision for litigation cases and lower reversal of allowance for doubtful debts.

Share of profit from investment in associates increased by Baht 69 million mainly relates to the profit from Banyan Tree China Pte. Ltd. offset by lower profit from Thai Wah Public Company Limited.

Finance cost decreased by Baht 19 million as compared to last year which is essentially due to lower loan balances and interest rate in the current year.

Income tax expenses increased by Baht 57 million as compared to the prior year and this is largely because the higher taxable profit in this year and additional payment of income tax of previous years.

Loss attributable to non-controlling interests of the subsidiaries amounted to Baht 4 million in the current period as compared to a profit of Baht 4 million in the same period last year. The loss in the current period is mainly from loss of Gallery operation while the profit in the prior year was mainly from sales of investment in subsidiary.

For the reasons stated above, the Company's profit in 2018 is higher as compared to the prior year.

Economic Trends

Sales and Marketing

Hotels

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

The 2018 markets, source of reservations and geographical segmentations in terms of room revenue are set out in the table below:

	Laguna Phuket hotels	Banyan Tree Bangkok
Targeted Markets / Type of Customers	The Wholesale market and leisure markets account for more than 64 percent of room revenue especially during the high season month while MICE business, GroupTour Series and Wedding group contribute to the rest.	The Wholesale market and leisure markets account for 81 percent of total revenue, while business travellers and corporate meeting groups represent the rest.
Geographical Segmentation	Asia 55 percent, mainly from People's Republic of China, South Korea, Hong Kong, Japan, India and Thailand. Europe 32 percent, mainly from Russia, United Kingdom, Germany, France, Switzerland, and 5 percent from the United States.	Asia 60 percent, mainly from People's Republic of China, South Korea, Japan, Hong Kong and Singapore. Europe 16 percent, mainly from United Kingdom, Germany and France, and 6 percent from the United States.

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

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

Economic Trends

Property Sales

The number of property units sold in 2018 was significantly ahead of 2017 with a large portion of the sales being new properties such as Cassia, Laguna Park and the Company's latest offering, Dhawa Phuket. The Group seeks to maintain strong property sales performance going forward if economic and political stability remains. Areas of focus will include:

- Selling the already completed property sales inventory.
- Penetration into newly emerging regional markets such as the People's Republic of China, while maintaining strong sales to existing markets such as Russia.
- Increased offsite sales activities (sales channel partners and regular events and roadshows) as described above
- Having collaterals in several different languages and increased online / digital marketing.
- Offering a comprehensive range of properties to suit all budgets and maintaining competitively priced products for both investment and/or lifestyle buyer segments.
- Introducing innovative promotions and incentives such as long-term payment plans.
- Continuing to improve our excellent after sales service services.

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

The Phuket Situation

Market Situation

- Total tourism revenue for Thailand increased by 10 percent over 2017 mainly supported by strong Asian Markets. The high-end hospitality industry was also able to benefit from the new strategy of Tourism Authority of Thailand's (TAT) to transform the country from a mass market to a more quality leisure destination this year.
- The first six months of 2018 started steadily for Phuket, showing revenue growth of 2 percent over 2017. Advanced by a strong low season and double-digit China growth, Phuket hit a historic high with arrivals up to 3.5 million in the first four months of the year, up 19 percent year on year. A tragedy occurred in July where a tourist boat sank killing 47 Chinese tourists. Subsequently August, September and October had 12 percent, 15 percent, and 20 percent decreases year on year respectively from this market. Tourism in Phuket remains dominated by Chinese (despite the tragedy) and Russian holidaymakers and the two markets made up about 35 percent to 50 percent of the business of Banyan Tree Phuket and Angsana Laguna Phuket in 2018.
- The market continued to be driven by affordable, investment-oriented products that offer rental management program and/or guaranteed returns. Key source markets were from China, Russia, Hong Kong and Singapore.

Economic Trends

Competition

Hotels

Top Tier Properties - Phuket	Luxury Villa Properties - Phuket	Top Tier Properties - Bangkok
<ul style="list-style-type: none">• Dusit Thani Laguna Phuket• Outrigger Laguna Phuket Beach Resort• Le Meridien Phuket Beach Resort• JW Marriott Resort & Spa• Hyatt Regency Phuket Resort• Pullman Phuket Arcadia Naithon Beach	<ul style="list-style-type: none">• The Amanpuri• Trisara• Six Senses• Anantara	<ul style="list-style-type: none">• The Sukhothai Hotel• Conrad Bangkok• Le Meridien Bangkok• Dusit Thani Bangkok• Sofitel So Bangkok

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

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

Property

The majority of Laguna Phuket's direct competitors are located along the north-west coast where much of the newer, upper-end properties are located. The less developed east-coast does not have the same quality of infrastructure and lacks good quality beaches. Further, due to the high price of land, there has been an increased number of higher density and more affordable condominium/apartment developments in recent years.

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

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

Pricing Strategy

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



Economic Trends

In the property sector, competitive pricing will be required to maintain strong rates of sales. The Group will also continue with the strategy to offer more affordable properties (sub Baht 10 million) such as Cassia Phuket and Dhawa Phuket which are managed by new Banyan Tree brands with units priced from Baht 5 million upwards. Following the success of Laguna Park 1, Laguna Park 2 (mid-range residential property) is offered. These townhomes and villas are typically smaller than previous Laguna Village Residences projects in order to keep price points attractive.

Three Year Outlook

Indications are that 2019 will be more challenging. The International Monetary Fund is forecasting a global economic slowdown amid rising world trade tensions and weakness in Europe. China, an important source market for us, is wrestling with a decline in investments and exports. That being said, tourism outlook of Thailand continues to be positive with arrivals into Thailand expected to increase from 37.5 million in 2018, to 40 million in 2019.

Phuket's major ongoing development plans include Phuket International Airport underpass (to be opened in 2019), Tha Nun-Chalong electric railway transit (to be opened in 2021), and more. With ASEAN Economic Community integration now imminent, demand for residential property in this resort island will likely increase, and completed units will become a hot commodity among investors and tourists alike.

Hotel supply in Bangkok is likely to increase by 10,600 hotel keys by 2021 including brands such as Hyatt Regency, Capella and Waldorf Astoria and Langham; whilst in Phuket 33 new hotels are in the pipeline opening in the next 3 years including Rosewood, JW Marriot, Intercontinental, Four Points and Sheraton.

The property market has performed stronger in recent years in the entry and mid-price segments, on the back of increased tourism and improved infrastructure (airport expansion, road networks, etc) and relative affordability compared to other countries.

There are potential headwinds with increased global market and geopolitical risks such as U.S.-China trade tensions, stock market volatility, higher interest rates, etc which if exacerbated could weaken investor confidence and softened demand for our properties. However, given the enduring appeal of Phuket and Bangkok, their value proposition, and their standing among global resort markets, it is expected that any downturn will be limited. Historically, political disturbances in Thailand have deferred demand for hospitality and property in Phuket and Bangkok, but not cancelled it. As such, the Company is still confident about the long-term prospects.



Sustainability Report

Sustainability Report

Overview of CSR Programmes

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

Since the establishment of Laguna Phuket in 1987 - which began with the rehabilitation of Bangtao Bay which was once a tin mine and declared by the United Nations Development Program as “too environmentally damaged to have any development potential,” - the Company has continued to safeguard the natural environment, cultural heritage, and promote a shared prosperity.

The Company aims to support associates with fair employment and comprehensive benefits, it has also maintained a commitment to helping local communities through community relations and CSR efforts.

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

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

Operation and Report Preparation

The report on CSR initiatives is included in CSR Section. This section highlights Laguna Phuket CSR, its recent history, long term objectives, current annual activities, and it provides a synopsis of the CSR initiatives implemented during the year under report.

Laguna Phuket was established 31 years ago and over this history we are proud to have many facets of CSR programs and activities that make this time span a memorable milestone. This report section mentions mainly the recent annual events, however the short look at our past and beginnings is a taste of how far we have come.

What we hope, perhaps only after reviewing all past annual reports, is that people learning about Laguna Phuket CSR efforts will get an indelible mental picture showing how our corporate responsibility truly has centered around these five aspects, and also has achieved lasting benefits. A key to this is that not only CSR team members, but more generally all Laguna Phuket associates are actively engaged in community and environmental responsibility and taking care of stakeholders.

Another key is that we have an enlightened view of what sustainability means, and this involves thinking not only in present mindful terms, but also imagining a future of even greater sustainable practices. Encouraging the forward-looking dreamers is every bit as important as supporting the present doers. To be mindful of the needs of today as well as planning for a brighter future are built-in to our goals and partnership strategies. Thus, apart from specific events, CSR also tries to encourage all Laguna Phuket associates to have a mind-set that sees all work as partly directed towards a journey of sustainable development, in both business practices and in our personal lives.

We can show Laguna Phuket has been successful in such efforts. Sometimes the successes can be measured, such as through our many awards, recognitions, press coverage and other objective outcomes mentioned in this report. Then there are less visible efforts such as the volunteering we encourage from both our associates and our guests who are given opportunities to give the gift of their time to help out in various local community support efforts, including lending their expertise at Laguna Phuket Kindergarten.

Sustainability Report

Impact of Business Operations on CSR

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

There is no report of any claims about the impact of the Company's business operations on CSR.

CSR Initiatives and Projects

1. Cultural Diversity

Our Cultural Diversity initiatives help to promote and preserve ancient traditions of various origins in local communities. In doing so, Laguna Phuket contributes to uplifting the spiritual well-being of associates, their families, and local community members, to ensure a balance between the influx of western influences brought by tourism and preservation of the local way of life. A brief report of CSR activities in 2018 supporting cultural preservation includes the Buddhist Lent, Sart Duen Sib, the Vegetarian Festival and Loy Krathong.

Buddhist Lent

The annual Laguna Phuket Buddhist Lent activity was held on 25 July 2018 at Phra Khao Temple and attended by 100 Laguna Phuket associates and community members. Apart from corporate donation of lent candles, this year Laguna Phuket has donated 7 sets of industrial fan and raised Baht 50,412 for the temple. Laguna Phuket has annually celebrating Buddhist Lent for over 23 years.

Sart Duen Sib (Ghost Festival)

The Ghost Festival (Baan Don Sart Duen Sib) is a southern traditional festival for Buddhists to make merit in remembrance of loved ones who passed away, and our local heroes who sacrificed their life to protect, enrich and improve our community. Over 80 Laguna Phuket associates participated in this event at Baan Don temple on 2 October 2018 and Baht 20,000 was given to the temple for their ongoing public services.

Vegetarian Festival

The Phuket Vegetarian Festival is an annual event celebrating the Chinese community's belief that abstinence from meat and various stimulants during the ninth lunar month of the Chinese calendar will help them obtain good health and peace of mind. This year's festival falls on 9 - 17 October 2018. During this 9 days period, local residents of Chinese ancestry strictly observe vegetarian or vegan diet for the purpose of spiritual cleansing and merit-making. Laguna Phuket donated Baht 250,000 worth of food and supplies this year to our 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.



Sustainability Report

Loy Krathong

Loy Krathong Festival brings people together on the full moon night of the 12th Thai lunar calendar to pay respect to the water goddess, Pra Mae Khonkha and the water spirits. This year's event was held on 22 November 2018 with lots of meaningful cultural appreciation activities --- Rak Thai Cultural Kids Contest, Krathong demonstration, traditional performances, community F&B stalls, and live music. Nearly 3,500 guests, associates and residents participated in releasing Krathong and expressing their gratitude towards the plentiful use of water.

2. Social Equity

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

Seedlings - Social Enterprise Restaurant

Seedlings is the first restaurant launched by Laguna Lang Co under Banyan Tree's group-wide mentorship program with the aim to provide training and job opportunities for disadvantaged and marginalized local young adults, 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 Prince of Songkla University, Phuket campus, providing invaluable vocational skills and experience.

To-date, 38 interns have graduated from the program since 2014 and 22 of them were offered a career opportunity with Laguna Phuket.

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

Laguna Phuket Associate Saving Co-Operative

Laguna Phuket Social Committee successfully established the Laguna Phuket Associate Saving Co-Operative in January 2010 with the objective of providing secure, reliable, profitable, and fair financial services to members. As "shareholders," members are entitled to such benefits as annual dividends, low interest loans, and high interest savings schemes. To-date, the cooperative holds Baht 75 million share volume with 1,200 associate members.

Laguna Phuket Children's Day

Laguna Phuket organized the 26th Children's Day event on 13 January 2018 which was attended by more than 3,000 people from the local communities and guests of Laguna Phuket. Highlights of the event were: stage performances, magic show, merry-go-round, game booths and goodies. Our children's day activities aim to encourage and inspire children to become active, informed and concerned citizens of the next generation, and to help them recognize the importance of their role in the society.



Sustainability Report

Children First Fund (CFF)

Children First Fund (CFF) is established as part of the celebrations commemorating the 30th anniversary of Laguna Phuket. The key objective of CFF is to constantly provide sustenance to more than 400 orphans and underprivileged children from 7 orphanages from Phuket and neighboring provinces.

CFF's motto is "Nourishing Hearts, Inspiring Dreams" because nurturing the hearts and minds of orphans in our community should also go hand-in-hand with providing material sustenance for their growing and developing brains.

In 2018, more than Baht 960,000 was spent for the sustenance.

Feeding Community

Laguna Phuket is always providing free meals to the local communities and in 2018, more than 7,500 meals were served in 20 events.

3. Educational Empowerment

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

At Laguna Phuket, we seek to fulfill 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 center is widely acknowledged as one of the best in Thailand and at the end of 2008 was formally established as Laguna Phuket Kindergarten, to provide free education to the children of our associates and community members, under the guidance of the Ministry of Education. Today, the greatly-expanded program caters to 191 children aged between three to six, with 12 certified teachers creating fun and educational daily activities. To-date, 3,592 students have enrolled at Laguna Phuket Kindergarten.

Laguna Phuket Community Learning Centre (CLC)

Laguna Phuket Community Learning Center (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 center providing free English courses to community members, with the generous support of Cherngtalay Sub-District Administrative Office.



Sustainability Report

On 22 December 2014, the newly refurbished center was relaunched as the Community Learning Centre in recognition of the 10th Tsunami commemoration and has become a community hub where people can develop their general life skills, and further their knowledge in Chinese and English. In 2018, 143 people enrolled for language courses and 52 people took part in the life skills training courses such as basic flower arrangement and basic face & hair grooming conducted by our associates with the respective expertise who volunteered to be a trainer. To-date, 8,475 learners have participated in our programs.

Fully Booked! Mobile Learning Centre (MLC)

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

Our program start-up was funded by Baht 2.2 million fundraised from Laguna Phuket sports events and another Baht 2.2 million matching fund from Banyan Tree Global Foundation. MLC helps teachers creating learning courses including English day camp and local learning centre day trip benefiting over 1,300 students and 80 teachers in Phuket and Pang-Nga.

4. Health & Sports Promotion

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

Red Cross Blood Donation

Laguna Phuket is one of Thailand's prominent corporate blood donors to the Thai Red Cross Blood Donation Program. Since 2003, we have donated 1,867,500 cc of blood and 4,150 associates have participated in our Blood Drive program.

Associate Running Activity.

Running is one of the most unifying activities that our associates can take part together, helping to boost morale and productivity while promoting Laguna Phuket's healthy & active lifestyle awareness at the same time.

In 2018, the associates running events were organized every 2 weeks from August to October with the participation from 135 associates who could achieved 50 kilometer virtual run.

5. Environmental Preservation

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

EarthCheck

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

Laguna Phuket has received EarthCheck's Bronze Status in September 2014 and was awarded Silver Status since April 2015. The annual audit to retain the Silver Status was conducted in December 2018.

Sustainability Report

Greening Community Initiative

Since 2007, Laguna Phuket has worked in collaboration with Phuket Mangrove Station. In 2018, we planted 3,000 saplings. To date over 30,000 saplings were planted in southern provinces of Thailand. About 1,300 associates have participated in this project and over 600 community members have joined us.

Sea Turtle Conservation

Laguna Phuket has supported sea turtle conservation programs in Phuket province since 1994. Our efforts focus on raising funds and awareness in support of the Phuket Marine Biological Centre and the 3rd Area Naval Command, Royal Thai Navy, and their ongoing conservation and rehabilitation programs.

This past year 40 turtles were released to the Andaman Ocean with the help of 200 participants. To-date, 2,105 turtles have been released and 4,500 people have participated in this program since 1994.

Cleaning Community

Laguna Phuket associates frequently participate in the cleaning community initiative with the local government and community members especially beach clean-ups that was organized 6 times in 2018. More than 1,100 kilograms of trash were collected by 400 people.



Sustainability Report



Events in 2018



2018 National Children's Day Celebration

The annual National Children's Day Celebration was hosted by Laguna Phuket on 13 January at Laguna Grove with 3,000 participants. The event featured Jam-urd Na Jor, a very famous group of Thai Comedy Theatre Show from Thai TV Channel 23 (Workpoint) and kids' performances from local schools and music school in Phuket. This annual celebration aims 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.



19th Vertical Marathon

Banyan Tree Bangkok successfully raised money for charity through the 19th annual Vertical Marathon with a total number of 720 runners. The proceeds were donated to the "HIV Formula Feeding Fund" a Thai Red Cross initiative under the patronage of Her Royal Highness Princess Soamsawali.



XANA Beach Club's 6th Anniversary Celebration

Angsana Laguna Phuket's XANA Beach Club celebrated its 6th anniversary with an all-star lineup of DJs to get the "Pink Party" moving from afternoon until the early hours of the morning. Specials on food and drinks, along with plenty of extra beachside entertainment made this annual event an epic celebration.

Events in 2018



Laguna Phuket Sea Turtle Conservation 2018

On 1 April at Phuket Marine Biological Centre (PMBC) beachfront, 40 turtles were released to the Andaman Ocean with the help of 200 environmental enthusiasts and volunteers. Our efforts focus on raising funds and awareness in support of the Phuket Marine Biological Centre and the Royal Thai Navy, whose ongoing conservation and rehabilitation programs. To-date, 2,105 turtles have been released and over 4,000 people have participated in our ongoing sea turtle conservation program since 1994.



Laguna Phuket Food & Music Festival 2018

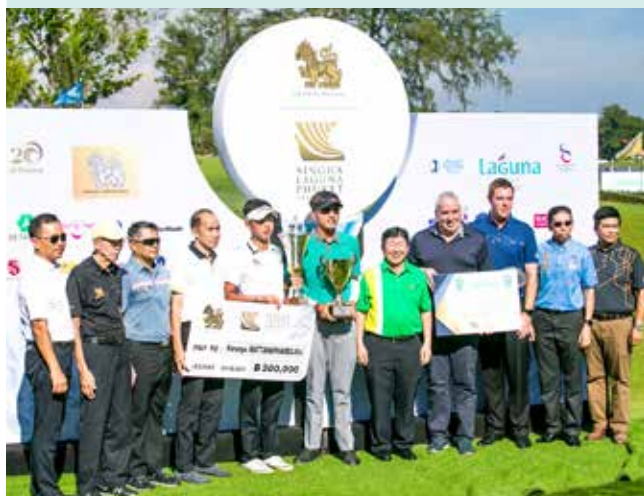
Asia's premier destination resort - Laguna Phuket hosted "Laguna Phuket Food & Music Festival 2018" during 27-29 April as a charity event with underprivileged children of Phuket as the beneficiary. Attended by approximately 4,000 participants, the Festival had raised more than Baht 500,000 to Children First Fund (CFF) during the weekend.



Laguna Phuket Charity Concert 2018

Laguna Phuket Charity Concert took place on 27 April and featured leading rock bands "Bodyslam" and "Sweet Mullet". Participated by more than 6,000 participants, the Charity Concert continued its support to Phuket Panyanukul School for children with learning challenges.

Events in 2018



Singha Laguna Phuket Open

Singha Laguna Phuket Open 2018, a professional golf tournament in co-sanction with Asian Development Tour (ADT) and All Thailand Golf Tour (ATGT), has successfully concluded with the prize presentation held on Sunday 13 May at Laguna Golf Phuket. The spectacular event, organized by Sports Management Group (SMG) with Singha Corporation as founding sponsor, saw over 300 top male and female professional players from around the region vying for over Baht 2 million prize fund at the award-winning golf course and welcomed enthusiastic spectators around the island.



Laguna Phuket Greening Community

The annual tree planting was organised on 25 May when 3,000 trees were planted at Baan Thasak, Thalang, Phuket as part of Laguna Phuket's Greening Community commitment. Together, Laguna Phuket, its partners and members of local communities have planted 30,000 trees over the course of 12 years in Phuket and neighbouring provinces.



13th Laguna Phuket International Marathon

On 9-10 June, approximately 9,000 runners head to Laguna Phuket for what was a record-breaking 13th edition of South East Asia's leading destination marathon, the 2018 Laguna Phuket Marathon. With runners from over 50 countries taking part in this "Run Paradise" bucket list event.

Events in 2018



3rd Laguna Phuket Hospitality Challenge

The 3rd Laguna Phuket Hospitality Challenge – Charity Golf Tournament took place at Laguna Golf Phuket on 15 June. 67 hospitality industry participants from around Phuket attended the game. The fun field witnessed a great showcase of the leading food & beverage establishments in the tournament's Gourmet Golf concept as well as an on-course massage by the renowned Banyan Tree Spa. The tournament raised Baht 200,000 for Children First Fund (CFF).



Mexican Independence Day at Vertigo TOO, Banyan Tree Bangkok

In celebration of the Mexican Independence Day, the Viva Mexico event was held at Vertigo TOO, Banyan Tree Bangkok. The evening also launched the start of a 2 weeks Mexican food and culture promotion in collaboration with the Embassy of Mexico. It was an honour to welcome Ambassadors from 8 countries; Mexico, Panama, Colombia, Peru, Chile, Brazil, Cuba and Austria. The evening started with a welcome speech from our GM, Ms. Nopparat Ampa and Mexican Ambassador to Thailand, H.E. Mr. Jaime Nualart.



2nd PGA Members' International Conference

Hosted by Angsana Laguna Phuket and Laguna Golf Academy Phuket, the PGA Members' International Conference took place at the stunning Laguna Phuket Resort during 11-14 November. Aiming to support PGA members in developing their career and business, the conference brought together PGA Members and delegates from 14 countries to one of Asia's finest fully integrated resorts.

Events in 2018



Junior Open and 3rd Faldo Series Thailand Championship - South

The 3rd Faldo Series Thailand Championship – South, returned to Laguna Golf Phuket in conjunction with the Laguna Junior Open during 12-13 November in partnership with the British International School Phuket. The 36-hole tournament saw exciting performance by junior golf enthusiasts from around the region, with Napat Paramacharoenroj (Toy), Conor Kelly, Tanakrit Rattandilok (Donut) and Nilubol Panno (Bossy) qualified to 13th Faldo Series Asia Grand Final, to be hosted by Faldo at Laguna Lăng Cô in the Central Vietnam during 20-22 March 2019.



LPT Charity Fun Run

LPT Charity Fun Run “Run for Fun, Run for Kids” took place on Saturday 17 November with celebrity runner Rachwin (Koy) Wongviriya as Charity Ambassador. Participated by more than 1,500 runners in the 2Km kids run, 5Km and 10Km charity runs, LPT Charity Fun Run raised Baht 250,000 for Children First Fund (CFF) in support of 7 orphanages in Phuket, housing more than 400 underprivileged children.



25th Laguna Phuket Triathlon (LPT)

On Sunday 18 November, a field of more than 1,100 individual pro and age group athletes, as well as relay teams and triathletes in the inaugural “25 For 25 Sprint” short-distance triathlon race, representing more than 40 nationalities crowded Asia’s premier destination resort “Laguna Phuket” from the Race Start at the resort’s beachfront to the Transition Area at Laguna Grove outdoor event venue to participate in the race that comprises 1.8Km. swim, 50Km. bike and 12Km. run and the combined 25Km. distance in the sprint category that was launched this year to mark LPT’s 25th anniversary.

Events in 2018



Chef Rolf Fliegauf at Banyan Tree Bangkok

Banyan Tree Bangkok proudly welcomed European culinary star Chef Rolf Fliegauf to Vertigo rooftop restaurant. The twice 2-Michelin starred German-born brought his unmatched cooking finesse to Banyan Tree's Vertigo for two nights only on 17-18 November.



Loy Krathong Festival

Loy Krathong Festival brings people together on the full moon night of the 12th Thai lunar calendar and pay respect to the water goddess, Pra Mae Khonkha and the water spirits. This year's event was held on 22 November at Laguna Grove, Laguna Phuket with lots of meaningful cultural appreciation activities; Rak Thai Cultural Kids Contest, Krathong demonstration, traditional performances, community food & beverage stalls, and live music. Nearly 3,500 guests, associates and residents participated in releasing Krathong and expressing their gratitude towards the plentiful use of water.



Laguna Phuket 2018 Appreciation Night

On Friday 14 December, Asia's premier destination resort, Laguna Phuket hosted an appreciation party in a "Tropical Night" theme at Vertigo TOO, Banyan Tree Bangkok, to touch base with more than 160 representatives from top tourism and travel authorities, agencies and business partners.

Board of Directors

Board of Directors as at 31 December 2018

Mr. Ho KwonPing⁽¹⁾ Chairman of the Board

(Age 66 Years)

Date of First Appointment
as Director: 4 July 1986



Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management:

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

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

2000-2015

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

1997-2015

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

In Non-Listed Companies

Present

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

2013-2018

- Chairman, School of Hotel and Tourism Management of the Hong Kong Polytechnic University - School Advisory Committee

2000-2016

- Director, Asia Tapioca Products Company Limited

Board of Directors

Mr. Vudhiphol Suriyabhivadh
Independent Director

(Age 74 Years)

Date of First Appointment
as Director: 7 May 2003
**Highest Educational Background and
Director Certificate Program:**

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation**Working Experiences for the Past 5 Years:**
In Listed Companies
Present

- Independent Director, Audit and Risk Committee Chairman
and Nomination and Remuneration Committee Member,
Laguna Resorts & Hotels Public Company Limited
- Independent Director, Audit and Risk Committee Chairman
and Nomination and Remuneration Committee Member,
Thai Wah Public Company Limited
- Independent Director, Vice Chairman of the Board of Directors
and Audit Committee Chairman,
L.P.N. Development Public Company Limited
- Independent Director and Audit Committee Chairman
Bangkok Ranch Public Company Limited

2015-2018

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

2003-2015

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

1999-2015

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

1996-2015

- Independent Director,
Thai Wah Food Products Public Company Limited

2010-2014

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

2008-2014

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

In Non-Listed Companies

None

Dr. Jingjai Hanchanlash
Independent Director

(Age 76 Years)

Date of First Appointment
as Director: 15 May 2001
**Highest Educational Background and
Director Certificate Program:**

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation**Working Experiences for the Past 5 Years:**
In Listed Companies
Present

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

2013-2015

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

2000-2015

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

In Non-Listed Companies
Present

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

Board of Directors

Mr. Thongchai Ananthothai Independent Director

(Age 57 Years)

Date of First Appointment
as Director: 2 March 2017



Ms. Srinthorn Ounayakovit Independent Director

(Age 48 Years)

Date of First Appointment
as Director: 9 March 2015



Highest Educational Background and Director Certificate Program:

- Master of Business Administration,
University of Notre Dame, USA
- Bachelor of Science (Electrical Engineering),
University of Colorado, USA
- Director Certification Program (2003),
Thai Institute of Directors Association

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Independent Director,
Audit and Risk Committee Member and
Nomination and Remuneration Committee Member,
Laguna Resorts & Hotels Public Company Limited
- Executive Vice President, Corporate Banking,
Bangkok Bank Public Company Limited

2011-2016

- Executive Vice President and
Head of Provincial Commercial Banking,
Bangkok Bank Public Company Limited

In Non-Listed Companies

None

Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Independent Director,
Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

1999-2015

- Chief Executive Officer, Burda (Thailand) Company Limited

Board of Directors

Mr. Surapon Supratya
Non-Executive Director

(Age 66 Years)

Date of First Appointment
as Director: 22 March 1996
Mr. Ho KwonCjan⁽¹⁾
Director

(Age 62 Years)

Date of First Appointment
as Director: 27 February 1995
**Highest Educational Background and
Director Certificate Program:**

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation
Working Experiences for the Past 5 Years:
In Listed Companies
Present

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

2013-2016

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

1996-2015

- Director, Thai Wah Food Products Public Company Limited

In Non-Listed Companies
2003-2016

- Director, Vietnam Tapioca Company Limited

2000-2016

- Director, Asia Tapioca Products Company Limited

1996-2016

- Director, Tay Ninh Tapioca Joint Stock Company

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

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management:

Mr. Ho KwonPing's younger brother and

Mr. Ho Ren Hua's uncle

Working Experiences for the Past 5 Years:
In Listed Companies
Present

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

1997-2015

- Director,
Thai Wah Food Products Public Company Limited

In Non-Listed Companies
Present

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

2006-2016

- Director, Bibace Investments Ltd

2000-2016

- Director, Asia Tapioca Products Company Limited

Board of Directors

Mr. Ariel P. Vera Non-Executive Director

(Age 66 Years)

Date of First Appointment
as Director: 13 May 1997



Mr. Eddy See Hock Lye⁽¹⁾ Director

(Age 54 Years)

Date of First Appointment
as Director: 21 November 2012



Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

2013-2015

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

1997-2013

- Director, Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

Present

- Director, ICD (HK) Limited

1995-2014

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

1994-2014

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

Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Director, Laguna Resorts & Hotels Public Company Limited
- Group Managing Director and Executive Vice President,
Banyan Tree Holdings Limited

2004-2018

- Chief Financial Officer, Banyan Tree Holdings Limited

In Non-Listed Companies

Present

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

Board of Directors

Mr. Shankar Chandran⁽¹⁾**Director**

(Age 56 Years)

Date of First Appointment
as Director: 21 November 2012**Mr. Stuart David Reading⁽¹⁾****Director**

(Age 51 Years)

Date of First Appointment
as Director: 10 August 2006**Highest Educational Background and
Director Certificate Program:**

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation**Working Experiences for the Past 5 Years:****In Listed Companies****Present**

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

In Non-Listed Companies**Present**

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

2011-2016

- Managing Director, Laguna Lang Co Vietnam

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

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation**Working Experiences for the Past 5 Years:****In Listed Companies****Present**

- Director, Laguna Resorts & Hotels Public Company Limited

2013

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

In Non-Listed Companies**Present**

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

Board of Directors

Mr. Ho Ren Hua⁽¹⁾

Director

(Age 36 Years)

Date of First Appointment
as Director: 9 November 2011



Highest Educational Background and

Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management:

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

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

2015

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

2011-2015

- Director, Thai Wah Food Products Public Company Limited

In Non-Listed Companies

Present

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

2016-2017

- Director, Asia Tapioca Products Company Limited

Remark

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

⁽¹⁾ Authorized directors as shown in the Company Affidavit

⁽²⁾ Details as shown in the section of "Position of Directors and Management as at 31 December 2018"

Management of the Company

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

Name	Position	Profile
Management*		Profile as shown in the section of "Board of Directors as at 31 December 2018"
Mr. Ho KwonPing	Chief Executive Officer	Profile as shown in the following pages
Mr. Shankar Chandran	Managing Director	
Mr. Kuan Chiet	Chief Financial Officer and Vice President - Finance & Administration	
Ms. Piploy Pluemarom	Assistant Vice President - Group Human Resources	
Ms. Areewan Sriwichupong	Chief Accountant and Assistant Vice President - Finance	
Head of Group Internal Audit		
Mr. Cheng Sai Him	Assistant Vice President - Group Internal Audit	
Company Secretary		
Ms. Nanchalee Kecharananta	Company Secretary and Assistant Vice President - Corporate Affairs	

Remark

- No directors or management of the Company have any record of committing any illegal action.
- * Effective 1 February 2015, all positions from Assistant Vice President and above are considered management of the Company in accordance with the definition of the Securities and Exchange Commission.

Management of the Company

Mr. Kuan Chiet
Chief Financial Officer and
Vice President,
Finance & Administration
(Age 52 Years)

Ms. Piploy Pluemarom
Assistant Vice President,
Group Human Resources
(Age 60 Years)

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

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Chief Financial Officer and
Vice President - Finance & Administration,
Laguna Resorts & Hotels Public Company Limited
- Chief Financial Officer, Banyan Tree Holdings Limited

2014-2016

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

2000-2015

- Director, Thai Wah Food Products Public Company Limited

2012-2013

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

In Non-Listed Companies

Present

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

2008-2015

- Director, Tapioca Development Corporation Limited

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

- Master of Public Administration, Chulalongkorn University

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

In Non-Listed Companies

Present

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

Management of the Company

Ms. Areewan Sriwichupong
Chief Accountant and
Assistant Vice President,
Finance
 (Age 46 Years)

Mr. Cheng Sai Him
Assistant Vice President,
Group Internal Audit
 (Age 37 Years)

Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Chief Accountant and Assistant Vice President - Finance, Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

Present

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

Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Assistant Vice President - Group Internal Audit, Laguna Resorts & Hotels Public Company Limited
- Assistant Vice President - Group Internal Audit, Banyan Tree Holdings Limited

2014-2016

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

2011-2014

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

In Non-Listed Companies

None

Management of the Company

Ms. Nanchalee Kecharananta
Company Secretary and
Assistant Vice President, Corporate Affairs
(Age 52 Years)

Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

In Non-Listed Companies

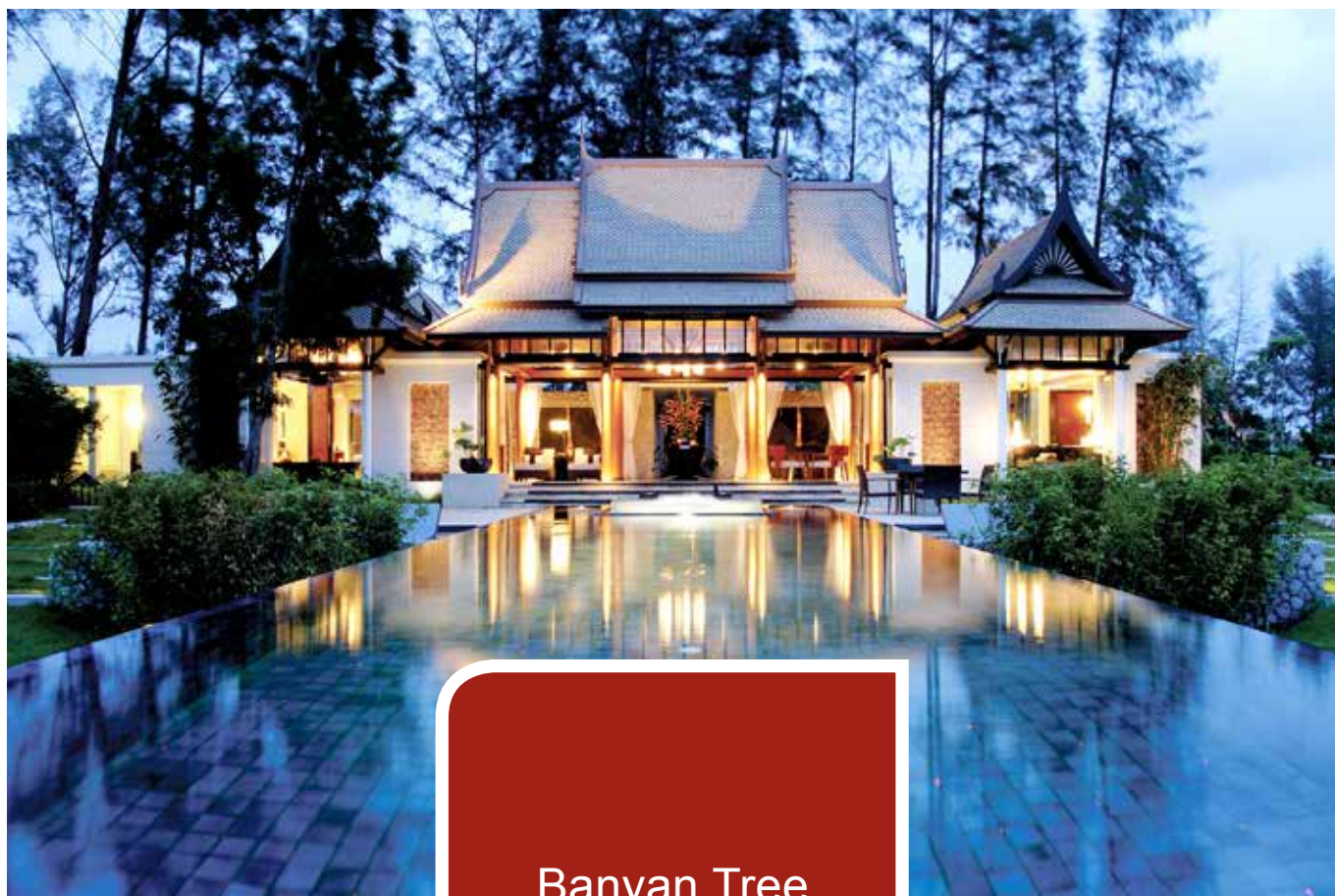
Present

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

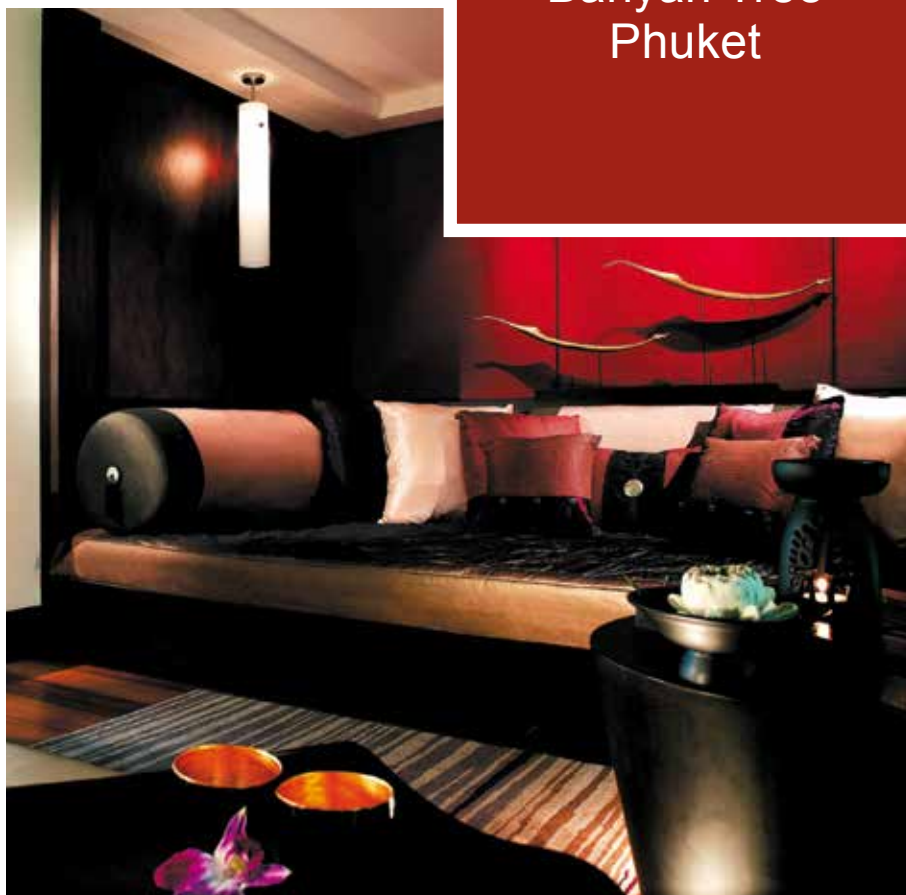
Remark

- No directors or management of the Company have any record of committing any illegal action.
- Disclosure on "Percentage of Shareholding in the Company" is in accordance with section 59 of the Securities and Exchange Act B.E. 2535.
- * Effective 1 February 2015, all positions from Assistant Vice President and above are considered management of the Company in accordance with the definition of the Securities and Exchange Commission.

⁽¹⁾ Details as shown in the section of "Information on the Directors of Subsidiaries as at 31 December 2018"



Banyan Tree
Phuket



Board of Directors and Management of the Company

Details of Positions of Directors and Management as at 31 December 2018

No.	Name list		LRH	Subsidiaries											
				AVCI	BGL	BT1	BT2	BT3	BT4	BT5	BTG(S)	BTG(T)	CGL	L3	LBTL
1	Mr. Ho	KwonPing	BoDC, CEO, M	-	-	-	-	-	-	-	-	-	-	-	-
2	Mr. Vudhiphol	Suriyabhivadh	ID, ARCC, NRC	-	-	-	-	-	-	-	-	-	-	-	-
3	Dr. Jingjai	Hanchanlash	ID, ARC, NRCC	-	-	-	-	-	-	-	-	-	-	-	-
4	Mr. Thongchai	Ananthothai	ID, ARC, NRC	-	-	-	-	-	-	-	-	-	-	-	-
5	Ms. Srinthorn	Ounayakovit	ID	-	-	-	-	-	-	-	-	-	-	-	-
6	Mr. Surapon	Supratya	NED	-	-	-	-	-	-	-	-	-	-	-	-
7	Mr. Ho	KwonCjan	/	-	/	/	/	/	/	/	-	/	-	/	/
8	Mr. Ariel	P. Vera	NED	-	-	-	-	-	-	-	-	-	-	-	-
9	Mr. Eddy	See Hock Lye	/	PC	/	/	/	/	/	/	/	/	/	/	/
10	Mr. Ho	Ren Hua	/	-	-	-	-	-	-	-	-	-	-	-	-
11	Mr. Shankar	Chandran	/, MD, M	-	/	/	/	/	/	/	-	/	/	/	/
12	Mr. Stuart	David Reading	/	PD	/	/	/	/	/	/	/	/	-	/	/
13	Mr. Kuan	Chiet	M	/	/	/	/	/	/	/	-	/	/	/	/
14	Ms. Piploy	Pluemarom	M	-	-	-	-	-	-	-	-	-	-	-	-
15	Ms. Areewan	Sriwichupong	M	-	/	/	/	/	/	/	-	/	/	/	/
16	Mr. Cheng	Sai Him	M	-	-	-	-	-	-	-	-	-	-	-	-
17	Ms. Nanchalee	Kecharananta	M	-	-	-	-	-	-	-	-	-	-	-	-

Remark

BoDC = Board of Directors Chairman

ID = Independent Director

PD = President Director

ARCC = Audit and Risk Committee Chairman

NRCC = Nomination and Remuneration Committee Chairman

NED = Non-Executive Director

- = None

CEO = Chief Executive Officer

MD = Managing Director

PC = President Commissioner

ARC = Audit and Risk Committee Member

NRC = Nomination and Remuneration Committee Member

/ = Director

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

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

Board of Directors and Management of the Company

Subsidiaries															Associated Companies		Related Companies		
LEL	LGL	LHC	LLL	LSC	LVL	MCP	PKRD	PSD	TLDC	TWDC	TWPL	TWRH	TWT	TWT2	BTC	TRL	BI	HHBR	TWPC
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	BoDC	/	-	BoDC
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	ID
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	ID
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NED
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Board of Directors and Management of the Company

Information on the Directors of Subsidiaries as at 31 December 2018

No.	Name list		Subsidiaries									
			AVCI	BGL	BT1	BT2	BT3	BT4	BTD	BTG(S)	BTG(T)	CGL
1	Mr. Ho	KwonCjan	-	/	/	/	/	/	/	-	/	-
2	Mr. Kuan	Chiet	/	/	/	/	/	/	/	-	/	/
3	Mr. Stuart	David Reading	PD	/	/	/	/	/	/	/	/	-
4	Ms. Areewan	Sriwichupong	-	/	/	/	/	/	/	-	/	/
5	Mr. Shankar	Chandran	-	/	/	/	/	/	/	-	/	/
6	Ms. Claire	Chiang See Ngoh	-	-	-	-	-	-	-	/	/	-
7	Mr. Phitak	Boonpojanasontorn	-	-	-	-	-	-	-	-	-	-
8	Mr. Eddy	See Hock Lye	PC	/	/	/	/	/	/	/	/	/
9	Mr. Boon	Yongsakul	-	-	-	-	-	-	-	-	-	-
10	Ms. Sriya	Yongsakul	-	-	-	-	-	-	-	-	-	-
11	Ms. Kingkam	Olarnkarnjana	-	-	-	-	-	-	-	-	/	-
12	Ms. Pilanthana	Charinkan	-	-	-	-	-	-	-	-	/	-
13	Ms. Piploy	Pluemarom	-	-	-	-	-	-	-	-	-	-
14	Mr. Kontee	Warapitayut	-	/	/	/	/	/	/	-	/	-
15	Mr. Amnuay	Navachotechaiyakul	-	-	-	-	-	-	-	-	-	-
16	Ms. Nanchalee	Kecharananta	-	-	-	-	-	-	-	-	-	-
17	Ms. Bertý Maydiana	Santy	/	-	-	-	-	-	-	-	-	-
18	Mr. Paul Anthony	Wilson	/	-	-	-	-	-	-	-	-	-

Remark:

PC = President Commissioner

PD = President Director

/ = Director

- = None

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

Board of Directors and Management of the Company

Subsidiaries																
L3	LBTL	LEL	LGL	LHC	LLL	LSC	LVL	MCP	PKRD	PSD	TLDC	TWDC	TWPL	TWRH	TWT	TWT2
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	1	2	3	4	5	6	7	8	9			

Laguna Phuket Management Team

1. **Hsu Yonchyen Seet**, Senior Director, Group Project Services,
Laguna Resorts & Hotels Public Company Limited
2. **Philip Neill Gregory**, Director of Finance and Operations,
Laguna Resorts & Hotels Public Company Limited
3. **Roy Lau**, Senior Assistant Vice President - Property Sales,
Laguna Banyan Tree Limited
4. **Kontee Warapitayut**, Senior Manager - Legal,
Laguna Resorts & Hotels Public Company Limited
5. **Shankar Chandran**, Managing Director / Senior Vice President,
Laguna Resorts & Hotels Public Company Limited
6. **Stuart David Reading**, Senior Vice President - Group Property Development,
Laguna Banyan Tree Limited
7. **Paul Anthony Wilson**, Assistant Vice President / Director of Group Golf,
Laguna Grande Limited
8. **Kuan Chiet**, Chief Financial Officer and Vice President - Finance & Administration,
Laguna Resorts & Hotels Public Company Limited
9. **Anthony Loh**, Senior Assistant Vice President - Services,
Laguna Service Company Limited
10. **Porntip Kankhew**, Director of Corporate IT,
Laguna Resorts & Hotels Public Company Limited
11. **Piploy Pluemarom**, Assistant Vice President - Group Human Resources,
Laguna Resorts & Hotels Public Company Limited
12. **Manivong Vohn Khongmaly-lu**, Director of Sales ,
Laguna Banyan Tree Limited
13. **Bubpha Prateep Na Thalang**, Senior Manager - Rental Pool Owner Services,
Laguna Banyan Tree Limited
14. **Michael Zitek**, Area General Manager,
Angsana Laguna Phuket / Angsana Villas Resort Phuket / Laguna Holiday Club Phuket Resort
15. **Logan Daley**, Hotel Manager,
Cassia Phuket
16. **Sriram Kailasam**, Senior Assistant Vice President / Area General Manager,
Banyan Tree Phuket
17. **Shuangghan Jia**, Director of Sales and Channels,
Laguna Banyan Tree Limited
18. **Wei Wei Tan**, Assistant Vice President / Head of Lifestyle Services,
Laguna Banyan Tree Limited
19. **Passaraporn Kaotan**, Director of Operations,
Laguna Grande Limited
20. **Prapa Hemmin**, Director of Marketing and Corporate Events,
Laguna Service Company Limited



Corporate and Management Structure

General Information

Head Office

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

Branch

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

Homepages

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

Corporate Registration number

0107535000371

Type of Major Businesses

Hotel Business and Property Development

Registered Capital

Baht 2,116,753,580

Issued and Paid-up Capital

Baht 1,666,827,010

No. and Type of Shares Issued and Par Value

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

Foreign Limit

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

Percentage Allowed For Thai Trust Fund Management Company Limited

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

Dividend Policy of the Company

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

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

Dividend Policy of the Subsidiaries

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

Total Employees

69 employees (only employees employed by Laguna Resorts & Hotels Public Company Limited as of 31 December 2018)

Corporate and Management Structure

Companies in which the Company's Shareholding Exceeds 10 percent

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
AVCI	Holiday club membership and Golf club operations	Bintan	USD2,335,000	USD10.00	USD2,335,000	100.00	(62) 770 693 402	(62) 770 693 402
BGL	Hotel operations	Phuket	1,546,000,000	100.00	1,546,000,000	100.00	66 (0) 7632 4101-7	66 (0) 7627 1808
BI	Investment holdings	British Virgin Islands	USD50,000	USD0.01	USD10,100	19.80	(65) 6849 5888	(65) 6462 0186
BT1	Property development	Phuket	20,930,000	100.00	20,930,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT2	Property development	Phuket	19,100,000	100.00	19,100,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT3	Property development	Phuket	7,750,000	100.00	7,750,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT4	Property development	Phuket	14,550,000	100.00	14,550,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BTC	Investment holdings	Singapore	-**	-**	SGD235,435,987	10.69	(65) 6849 5888	(65) 6462 0186
BTD	Property development	Phuket	80,000,000	100.00	80,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BTG(S)	Sale of merchandise	Singapore	-**	-**	SGD432,000	51.00	(65) 6849 5888	(65) 6462 0186
BTG(T)	Sale of merchandise	Bangkok	7,750,000	100.00	7,750,000	51.00	66 (0) 2677 3100	66 (0) 2677 3200
CGL	Investment holding	Hong Kong	-***	-***	HKD2	100.00	(852) 2598 5234	(852) 2598 7500
HHBR	Dormant	Bangkok	10,000,000	10.00	10,000,000	10.00	66 (0) 2454 0037	66 (0) 2454 1097
L3	Property development	Phuket	100,000	100.00	100,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LBTL	Hotel operations	Phuket	1,500,000,000	100.00	1,500,000,000	100.00	66 (0) 7632 4374	66 (0) 7632 4375
	and property development							
LEL	Travel operations	Phuket	8,000,000	100.00	8,000,000	49.00	66 (0) 7636 2300	66 (0) 7636 2370
LGL	Golf club operations	Phuket	1,000,000,000	100.00	1,000,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
	and property development							
LHC	Holiday club membership	Phuket	330,000,000	100.00	330,000,000	100.00	66 (0) 7636 2400	66 (0) 7636 2401
	and property development							
LLL	Property development	Phuket	1,000,000	100.00	1,000,000	95.00	66 (0) 7636 2300	66 (0) 7636 2301-2

Corporate and Management Structure

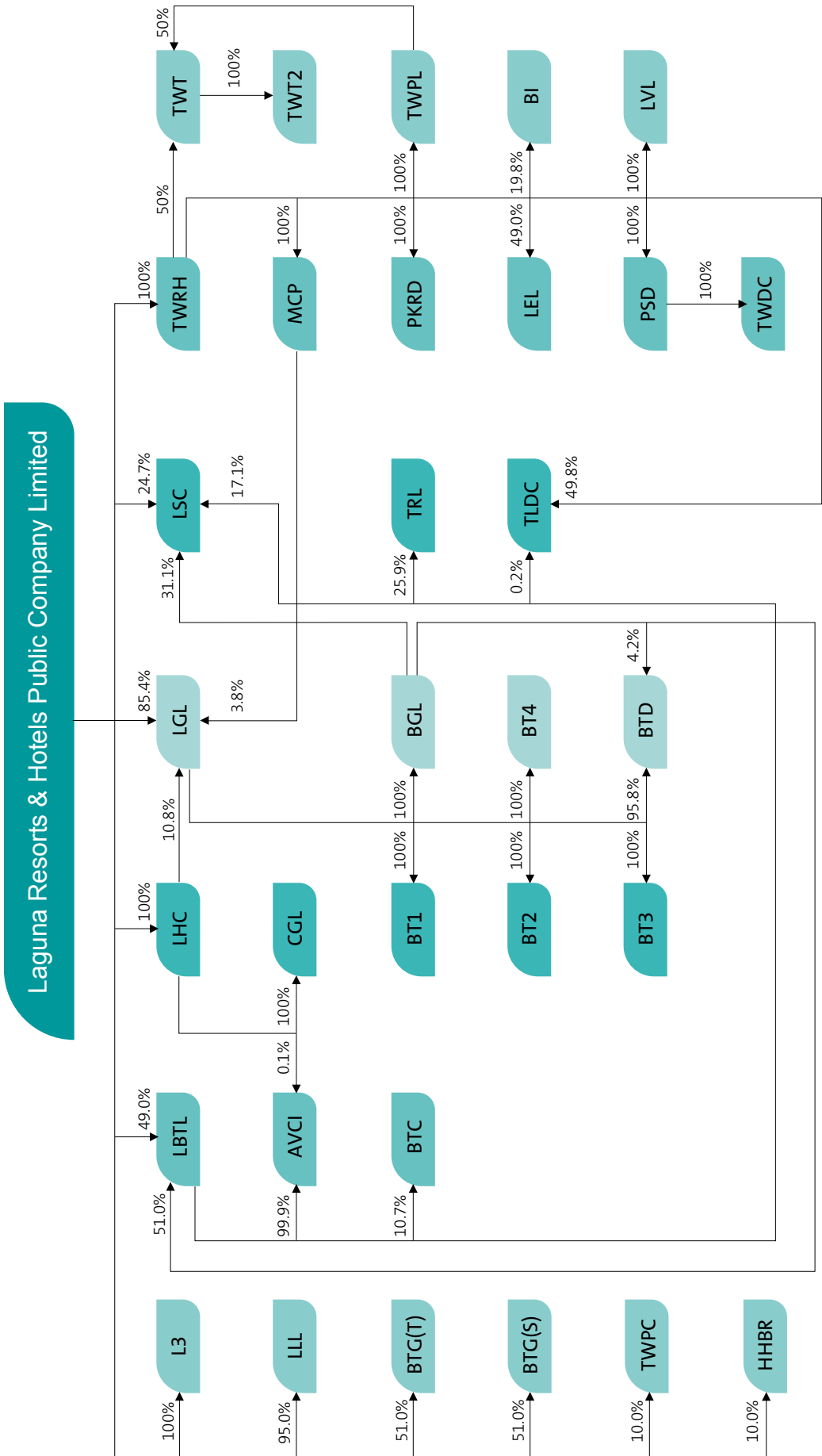
Companies in which the Company's Shareholding Exceeds 10 percent (con't)

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
LSC	Provide utilities and other services to hotels of the subsidiaries	Phuket	90,500,000	100.00	90,500,000	72.90	66 (0) 7630 5639	66 (0) 7630 5643
LVL	Hotel operations	Phuket	5,000,000	100.00	6,000,000	10.00	66 (0) 7633 6900	66 (0) 7633 6970
MCP	Property development	Bangkok	232,300,000	100.00	232,300,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
PKRD	Property development	Phuket	100,000,000	100.00	100,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
PSD	Property development	Bangkok	28,400,000	100.00	28,400,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TLDC	Property development	Bangkok	251,000,000	1,000.00	251,000,000	50.00	66 (0) 2677 4455	66 (0) 2285 0733
TRL	Resort investment and development	Hong Kong	***	***	USD21,000,000	25.87	(852) 2522 7239	(852) 2845 2754
TWDC	Property development	Phuket	214,370,000	100.00	214,370,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
TWPC	Manufacture and distribution tapioca starch products and starch-related products	Bangkok	880,420,930	1.00	880,420,930	10.03	66 (0) 2285 0040	66 (0) 2285 0270-1
TWPL	Hotel operations, lease of office building space and property development	Bangkok	2,250,000,000	100.00	2,250,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TWRH	Investment holding and property development	Bangkok	1,550,000,000	100.00	1,550,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TWT	Lease of office building space	Bangkok	455,000,000	100.00	455,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TWT2	Property development	Bangkok	21,000,000	100.00	21,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733

Remarks:

- * Indirect takes into account only those companies in which the Company has shareholding through a subsidiary(ies) (exceeding 50 percent)
- ** With effect from 30 January 2006, the concepts of authorized / registered capital and par value have been abolished by law in respect of all Singapore companies.
- *** With effect from 3 March 2014, the concepts of authorized / registered capital and par value have been abolished by law in respect of all Hong Kong companies.
- Full Company name as shown in the section of "Abbreviations"

Corporate and Management Structure



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

Corporate and Management Structure

Major shareholders as at 28 December 2018[#]

No.	Shareholders	No. of Shares Held	Total Shareholdings	%
1	Banyan Tree Holdings Limited Group of Companies		125,642,238	75.4
	(1) Banyan Tree Holdings Limited	74,632,342		
	(2) Banyan Tree Resorts & Spas (Thailand) Company Limited*	49,957,134		
	(3) Banyan Tree Hotels & Resorts Pte. Ltd.**	1,052,762		
2	Thai Trust Fund Management Company Limited***		20,837,415	12.5
3	Thai Wah Public Company Limited		3,480,200	2.1
4	Mr. Suvit Laohapholwattana		3,335,500	2.0
5	Mr. Watshira Tayanaraporn		2,875,000	1.7
6	Mr. Somchai Tiathasin		1,185,000	0.7
7	Thai NVDR Company Limited		1,105,350	0.7
8	Ms. Pranee Khongthanasomboon		570,000	0.3
9	Mr. Permsak Kengmana		557,950	0.3
10	Ms. Pawana Atcharawan		470,200	0.3
	Other Minority Shareholders		6,623,848	4.0
	Total		166,682,701	100.0

Remarks:

= As at the last share register book closing date. Updated shareholder information prior to the 2019 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.

** = A company which is a wholly-owned subsidiary of Banyan Tree Holdings Limited.

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

Corporate and Management Structure

Management Structure

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

Board of Directors

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

Name		Position	Number of Meeting Attendance during 2018 / Total
Mr. Ho	KwonPing	Chairman of the Board	5/6
Mr. Vudhiphol	Suriyabhivadh	Independent Director*	6/6
Dr. Jingjai	Hanchanlash	Audit and Risk Committee Chairman	6/6
		Nomination and Remuneration Committee Member	
		Independent Director*	
		Nomination and Remuneration Committee Chairman	
Mr. Thongchai	Ananthothai	Audit and Risk Committee Member	6/6
		Independent Director*	
		Audit and Risk Committee Member	
		Nomination and Remuneration Committee Member	
Ms. Srinthorn	Ounayakovit	Independent Director*	6/6
Mr. Surapon	Supratya	Non-Executive Director	6/6
Mr. Ho	KwonCjan	Director	5/6
Mr. Ariel	P. Vera	Non-Executive Director	4/6
Mr. Eddy	See Hock Lye	Director	6/6
Mr. Ho	Ren Hua	Director	5/6
Mr. Shankar	Chandran	Director	6/6
Mr. Stuart	David Reading	Director	3/6

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

Corporate and Management Structure

Authorized Signatory

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

Duties and Responsibilities of the Company's Board of Directors

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

1. Overseeing the Company in managing the business for the benefits of shareholders by observing the following four practices:
 - 1.1 Performing its duties with responsibility and all due circumspection and caution (Duty of Care).
 - 1.2 Performing its duties with faithfulness and honesty (Duty of Loyalty).
 - 1.3 Performing its duties in compliance with laws, objectives, Articles of Association, the resolutions of the Board of Directors and the resolutions of Shareholders' Meetings (Duty of Obedience).
 - 1.4 Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness (Duty of Disclosure).
2. Defining objectives that promote sustainable value creation and governance outcomes as a framework for the operations of the Company.
3. Formulating and approving the Company's vision, mission, broad policies, strategies and financial objectives for business operation and reviewing them to be consistent with any change in business situation.
4. Monitoring and approving the Company's key operational initiatives, annual budget, major investment and funding decisions;
5. Determining and reviewing the board structure, in terms of size, composition, and the proper proportion of independent directors so as to ensure its leadership role in achieving the Company's objectives.
6. Ensuring that the policy and procedures for the nomination and selection of directors are clear and transparent resulting in the desired composition of the board.
7. Ensuring that all directors are properly accountable for their duties and responsibilities, and allocate sufficient time to discharge their duties and responsibilities effectively.
8. Ensuring that directors understand the roles and responsibilities, the nature of the business, the Company's operations, relevant laws and are consistently given support to enhance their skills and knowledge necessary to carry out their roles on the board and board committees.
9. Ensuring that an appropriate director compensation structure and performance evaluation are in place.
10. Ensuring that the Company has effective human resources management and development programs to ensure that the Company has adequate staffing and appropriately knowledgeable, skilled, and experienced employees and staff.
11. Prioritizing and promoting innovation that creates value for business together with benefits for its customers, other stakeholders, society and the environment in support of sustainable growth of the Company.
12. Encouraging management to adopt responsible operations towards society and the environment and incorporate them into the Company's operational plan in order to ensure that every department and function in the Company adopts the Company's objectives, goals, and strategies, applying high ethical, environmental and social standards.
13. Establishing a framework for governance of enterprise IT that is aligned with the Company's business needs and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the Company's objectives.
14. Ensuring that the Company has effective and appropriate risk management and internal control systems that are aligned with the Company's objectives, goals and strategies and comply with applicable laws and standards.

Corporate and Management Structure

15. Monitoring and managing conflicts of interest that might occur between the Company, management, directors, and shareholders.
The board should also prevent the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties.
16. Establishing a clear anti-corruption policy and practices and disseminating to the Company's stakeholders for proper implementations.
17. Establishing a mechanism for handling complaints and whistleblowing.
18. Prioritizing and ensuring the integrity of the Company's financial reporting system and that timely and accurate disclosure of all material information regarding the Company is made consistent with applicable requirements.
19. Monitoring the financial liquidity and solvency of the Company and ensuring that risks to the financial position of the Company or financial difficulties are promptly identified, managed and mitigated, and that the Company's governance framework provides for the consideration of stakeholder rights.

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

The Term of Office

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

Audit and Risk Committee

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

Name		Position
Mr. Vudhiphol	Suriyabhivadh	Chairman
Dr. Jingjai	Hanchanlash	Member
Mr. Thongchai	Ananthothai	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;

Corporate and Management Structure

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.

Corporate and Management Structure

The Term of Office

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

Nomination and Remuneration Committee

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

Name		Position
Dr. Jingjai	Hanchanlash	Chairman
Mr. Vudhiphol	Suriyabhivadh	Member
Mr. Thongchai	Ananthothai	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.

Corporate and Management Structure

The Term of Office

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

Management *

Management of the Company comprised of the following members:

Name		Position
Mr. Ho	KwonPing	Chief Executive Officer
Mr. Shankar	Chandran	Managing Director
Mr. Kuan	Chiet	Chief Financial Officer and Vice President, Finance & Administration
Ms. Piploy	Pluemarom	Assistant Vice President, Group Human Resources
Ms. Areewan	Sriwichupong	Chief Accountant and Assistant Vice President, Finance
Mr. Cheng	Sai Him	Assistant Vice President, Group Internal Audit
Ms. Nanchalee	Kecharananta	Assistant Vice President, Corporate Affairs

Remark:

* Effective from 1 February 2015 all positions from Assistant Vice President and above are considered management of the Company in accordance with the definition of the Securities and Exchange Commission

Head of Group Internal Audit

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

Mr. Cheng Sai Him graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy. He has over 12 years of audit experiences of which 7 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.

Company Secretary

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

Corporate and Management Structure

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

Appointment of Directors

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

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

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

Removal of Directors

- a. At each Annual General Meeting, one-third of the directors shall retire from office, or if their number is not a multiple of 3, then the number nearest to one-third shall retire from office.

Directors due to retire during the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the director who has been longest in the office shall retire.

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

- 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.

Remuneration

Report of the Nomination and Remuneration Committee

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

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

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

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

The NRC met twice in 2018 to review the NRC Charter and Nomination and Remuneration Policy, to consider and make recommendations to the Board regarding the re-nomination of those retiring directors by rotation and the remuneration for the directors and sub-committee members. Additionally, the NRC considered and made recommendation to the Board regarding the amount of annual bonus and salary increment policy for the Company's employees.



Dr. Jingjai Hanchanlash

Nomination and Remuneration Committee Chairman

14 January 2019

Remuneration

Remuneration Policy

Employees' Remuneration

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

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

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

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

Directors' Remuneration

The fees for Independent Directors, Non-Executive Directors and Directors reflect the scope and extent of a director's responsibilities and obligations. They are measured against industry benchmarks and are competitive. Directors' fees are subject to shareholders' approval at the Annual General Meeting. In addition to directors' fees, Independent Directors and Non-Executive Director 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 2018 are disclosed in the Company's 2018 annual report and Form 56-1 under the section "Directors' and Management's Remuneration".

Remuneration

Remuneration and Other Benefits of the Directors during the Year 2018

Name	Position	Remuneration/Other Benefits (Baht/Year)		
		The Board	Audit and Risk Committee	Nomination and Remuneration Committee
Mr. Ho KwonPing	Chairman of the Board and Chief Executive Officer	1,536,000 / -	- / -	- / -
Mr. Vudhiphol Suriyabhivadh	Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member	1,026,000 / 66,000 ¹	340,000 / -	88,000 / -
Dr. Jingjai Hanchanlash	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman	1,026,000 / 66,000 ¹	176,000 / -	170,000 / -
Mr. Thongchai Ananthothai	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member	1,026,000 / 66,000 ¹	176,000 / -	88,000 / -
Ms. Srinthorn Ounayakovit	Independent Director	1,026,000 / 66,000 ¹	- / -	- / -
Mr. Surapon Supratya	Non-Executive Director	1,026,000 / 66,000 ¹	- / -	- / -
Mr. Ho KwonCjan	Director	672,000 / -	- / -	- / -
Mr. Ariel P. Vera	Non-Executive Director	1,026,000 / - ²	- / -	- / -
Mr. Eddy See Hock Lye	Director	672,000 / -	- / -	- / -
Mr. Ho Ren Hua	Director	672,000 / -	- / -	- / -
Mr. Shankar Chandran	Director and Managing Director	672,000 / -	- / -	- / -
Mr. Stuart David Reading	Director	672,000 / -	- / -	- / -

Remark:

¹ Spa and Gallery Voucher amounting to USD 2,000 (approximately Baht 66,000 per person)

² Mr. Ariel P. Vera, Non-Executive Director, did not take spa and gallery vouchers.

Remuneration

Directors and Management's Remuneration

Monetary Remuneration

(a) Directors

The remuneration fees of year 2018 for each category of directors of the Board and for each category of committee members of the Audit and Risk Committee (ARC) and Nomination and Remuneration Committee (NRC) remained at the same amount and format approved by the 2017 Annual General Meeting and will continue to be in effect for each subsequent year, unless or until resolved otherwise by a general meeting of the shareholders of the Company. Details of the remuneration are shown in the following table.

Board of Directors

Position	Remuneration / Meeting / Person (Baht)	Spa & Gallery Vouchers / Year / Person
Chairman of the Board	256,000	-
Independent Director	171,000	USD 2,000 (Approximately Baht 66,000)
Non-Executive Director	171,000	USD 2,000 (Approximately Baht 66,000)
Director	112,000	-

Audit and Risk Committee and Nomination and Remuneration Committee

Position	Remuneration / Meeting / Person (Baht)
Chairman	85,000
Member	44,000

Monetary remuneration for the Directors and Sub-Committee Members in 2018 was in the total amount of Baht 12,090,000. 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 2018".

(b) Management

Monetary remuneration for the top 8 management in 2018 amounted to Baht 45,215,652 consisting of salaries, bonus, car allowance, housing allowance, social security payment, provident fund payment, tax paid by the Company, children education subsidy, medical expenses, etc.

Non-Monetary Remunerations

(a) Directors

Benefits in the form of spa and gallery vouchers for the Independent Directors and Non-Executive Directors in 2018 were in the total amount of Baht 330,000.

Details as shown in the section "Remuneration and Other Benefits of the Directors during the Year 2018".

(b) Management

Employee benefits such as personal accident and health insurance and complimentary vouchers, etc., for the top 8 management in 2018 were in the total amount of Baht 3,206,552

Corporate Governance

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 and publicized the Corporate Governance Policy and Code of Corporate Conduct via the Company's website in order for all employees at all level to better understand and use as working guidelines and 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.

The Board of Directors has acknowledged and reviewed the implementation of the Corporate Governance Code for Listed Companies 2017 published by the Securities and Exchange Commission to update the Company's corporate governance to benefit its business to have good long-term performance and create value for sustainable business. In 2018, the Board of Directors reviewed the internal corporate governance exercise and agreed to proceed with action plans on individual gap proposed by management. For any principle which has yet been implemented, the Board of Directors has assigned the management to study in details for further consideration.

1. Rights of Shareholders

The Company recognizes the importance of shareholders' rights. In the Company's Annual General Meeting held on 27 April 2018 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 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.

Corporate Governance

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 2018 Annual General Meeting other than those specified in the notice.

- 1.8 Before the start of every shareholders' meeting, the Company Secretary will explain the voting methodology to shareholders. In the interest of good corporate governance in regard to transparency, minority shareholders are also invited to witness vote counting of each agenda item. A team of legal counsels from a leading international law firm is appointed to verify the registration procedure before the Chairman of the meeting announces to the shareholders, the number of shareholders and proxy holders present at the meeting and the number of shares held by them. The legal counsels also verify the vote counting procedure in respect of each agenda item before the votes are announced as resolution of the shareholders' meeting. Shareholders may verify the detailed results of the vote of each agenda item at the end of each meeting. The same results and a summary of questions from shareholders will also be included in the minutes of the meeting which are accurately and completely documented in all material aspects and will be sent to all shareholders for their review prior to the following meeting. The minutes of the 2018 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 endeavor 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 2018 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 2018 Annual General Meeting.

Corporate Governance

- 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 98 points out of 100 points for the 2018 AGM Checklist 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 2018, there is no report of non-compliance with the notification of the Capital Market Supervisory Board on connected transactions.

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

Corporate Governance

- 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.

People Development Policy

The Company believes that the growth of the Company depends on the quality and efficiency of employees. As such, the employee development policy mainly focuses on the knowledge and skills development of employees at all levels to strengthen the enterprise's and overall success of the Company. The Company intends to have all management and employees set their working plan in accordance with the Company's direction and goals, based on Company's Vision, which can efficiently lead the operations towards the same direction. Each department sets up its own business strategy and business plan so employees can have clear objectives and individual KPIs (Key Performance Indicators) that support the Company's Operations and their responsibilities. The KPIS will be used as a standard to evaluate employee's performance.

The trainings are divided into 2 categories;

1. Compulsory training which is the Company tailored for each position/employee.
2. Career training which is a special course. Employees can apply for, including outsourced institutions, for specific development.

Training is one of the Key Performance Indicators (KPIs) and will be used for employee evaluation standards. Each employee is evaluated during the fourth quarter of every year.

New Employee Orientation

All new employees shall attend orientation training which is aimed to introduce new employees the rules and regulations in the workplaces, the organization's policies and products, and the location of each hotel/BU, to prepare them to work with other employees.

Corporate Governance

Knowledge/skills Development

The Company assigns the development process by having training courses to increase employee's knowledge and ability such as;

- Intensive Supervisory Leadership for Middle management
- Tax Knowledge for Accounting and Human Resources
- Finance for Non-Finance
- Train the trainer
- Relationship with customer

People Development to Support the Growth and Expansion of the Company

For the staff development to support the growth and expansion of the Company, there is the Succession Plan for the managerial level up. This is to prepare them to be ready for the next position and for long-term expansion. Furthermore, high potential middle Management and Assistant Manager employee are selected to participate in Management Development program (MDP) and Talent Management Program respectively, in order to give an opportunity to promote a potential employee as such to join Pre-opening team to support the new hotels.

For the talent development, the Company also has the Management Trainee Program to develop new graduates to grow in the management level in the future. In the first year, they are assigned to experience every department to gain the operational knowledge and skills. They are also expected to submit their report with their findings and alternative solutions to the executive team. In the second year, they are promoted to be permanent staff at their sponsored hotel and further developed to be middle and top management accordingly.

Customers:

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

Competitors:

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

Society & Environment:

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

Corporate Governance

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

Suppliers:

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

Creditors:

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

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

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

The Company is committed to conducting its business with integrity, transparency, morality and accountability. The Company adheres to the principles of the Corporate Governance Code and conducts its business responsibly towards the society and its stakeholders. Apart from the Code of Corporate Conduct, the Company has established the Anti-Corruption Policy which was proposed to the Audit and Risk Committee for recommendation prior to being submitted to the Board of Directors for approval in order to promote anti-bribery and anti-corruption practices and to be a clear guideline for business operations.

The Company has adopted a zero-tolerance policy towards corruption for directors, management and employees of the Company to strictly follow. The policy forbids them to carry out or participate in corrupt practices in any form both directly and indirectly and they must seriously follow the guidelines in the Anti-Corruption Policy which covers various processes, including charitable contribution, sponsorship and the provision and acceptance of gifts.

The Company communicated its Anti-Corruption Policy to business partners and the public through its website and notice board for them to acknowledge and conform to the Company's guidelines. In order to understand as well as to promote anti-bribery and anti-corruption practices and serve as clear guidelines for all employees, training will be scheduled annually. During an orientation, new employees are required to sign the Associate Declaration Form to confirm their intention and to fully comply with the Company's Code of Corporate Conduct and Anti-Corruption Policy and all employees are required to sign for annual declaration.

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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.

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 (CAC). The Company is proud to announce it is a certified member of CAC since February 2019 after putting in place all necessary anti-corruption policies and measures under the stringent guidelines of the CAC.

The Company announced the "No Gift Policy" during New Year Festival and other occasions in compliance with the good Corporate Governance Policy and Anti-Corruption Policy regarding to the provision and acceptance of gifts for employees at all levels to acknowledge and implement in order to create a good standard in operation. A letter on "No Gift Policy" was distributed to the Company's business partners to ask for their cooperation not to offer any kinds of gifts to the management and employees of the Company. In case there is any inconvenience for the return of the gifts, the Company will consider donation of gifts to charitable entities or social projects as deemed appropriate.

Failure to comply with the Anti-Corruption Policy or any employee who is caught committing corruption shall be disciplined in accordance with the Company's policies including termination of employment. A criminal/civil case may also be brought upon such employee if the act is in violation of the law.

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.

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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 was certified to environmental standards and has been awarded EarthCheck Silver Certification since 2015. The annual audit to retain the Silver Status was conducted in December.

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.

Since 2017, the Company together with hotels in Laguna Phuket jointly announced the Environmental & Social Sustainability Policy with the commitment to continually improve their environmental and social sustainability performance and annual Benchmarking as measured by the EarthCheck tool. As a part of Laguna Phuket Community, they continue to work on environmental and social development projects by safeguarding the nature environment, the cultural heritage, and promoting communal prosperity through participation in Laguna Phuket Community's Corporate Social Responsibility programs such as carbon reduction through tree planting, providing mentoring and scholarships to the youth in the community, cleaning activity, considering special employment and empowering local employees and using local products and services that are environmentally friendly and etc.

Policy on Health, Safety and Environment

The Company has concrete policy in regards to health, safety and environment by given top priority to the safety and health of the surrounding community and overall society. By realizing that it is a contributing factor in driving sustainable development of society and the environment, the Company therefore continuously carries out community and social development activities together with its business operations with responsibility toward the overall community and society as per the following details:

1. Continuously perform business operations in compliance with safety law and other related regulations.
2. Safety at workplace shall be treated as top priority and responsibility of every employee.
3. Every level of commanders must be a good role model and be able to lead, train, instruct and motivate other employees to perform duties safely.
4. All employees must take into account their personal safety as well as the safety of their colleagues and properties of the Company as their topmost priority while on duty.
5. All employees must always maintain cleanness and order of their workplace.
6. Supporting safety-related activities in order to raise safety awareness among employees and promote safe work environment.
7. Continuously review, improve and develop safety management system.

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8. Seeking solutions to minimize environmental impact by constantly checking, monitoring and controlling the amount of pollutions released including the disposal of hazardous and non-hazardous waste in order to protect existing natural resources.
9. Using the available resources and energy in the most efficient manner, including proving water and air pollutions as well as wastes and other pollutions that arise from the Company's business activities to ensure minimal impact on the environment and surrounding community as much as possible.

- **First Aid Supporting Team (FAST)**

The Company has selected potential employees from various departments as well as from hotel to be FAST and training to medical help in an emergency. Training curriculum standards by the staff of the Bangkok Phuket Hospital, which must train constantly, every six months to provide basic strength to help its guests and employees were immediately found to illness or accident in the hotel and workplace.

- **Exercise Evacuation Tsunami in Phuket.**

The Company has many employees working in offices and hotels in Phuket. Tsunami Evacuation Policy had been practicing evacuation drills every year. The main objective was to focus on enhancing the knowledge, skills and expertise to evacuate staff in the area and help the victims, as well as the order of the commander of the personnel in a medical emergency, including testing tools and equipment. And vehicles with practicality, so to be prepared for natural disasters, which may happen at any time. It is not to be ignored any longer. The Company believes that the knowledge participants practice and experience, everyone will be extremely useful to prepare. It also ensures the employees and guests of the hotel as well.

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.

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.

IT Risk Management

The Company is committed to operating its business without disruptions and safeguarding the Company and customer's information. Therefore, information technology is important in managing the following:

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- Using the most up to date firewalls to secure company network
- Locating the server room in a secure place and equipping it with FM200 fire extinguisher
- Adopting the latest version of IT systems in all computers and server.

The Company manages IT related disaster risks by setting up a data backup and recovery system which can reinstall the IT system in a timely manner to ensure continuity of business operations in the event of viruses, trojans, malware, fraudulent email or hacker attacks.

Each year, the Company reviews and practices its Business Continuity Plan (BCM) and Disaster Recovery Plan (DRP) to prepare the IT system for risks and crises that may occur. In addition, the internal auditor monitors compliance with the risk mitigation measures to ensure that the Company's risk is acceptable and manageable.

IT Governance Policy

IT Governance Policies and Procedures have been developed and communicated to all employees of the Company to comply with the Company's corporate governance regulations. Some of these policies include,

- Use of non-infringement software only.
- The use of computers and the internet must not cause any risk, data corruption and the computer system of the Company.
- Safeguarding the Company and its customers' data to prevent data leakage.
- Computer and internet usage must comply with the Computer Related Crime Act.
- Data access level control – password and data retention can be verified backwards.

Application development and environmental responsibility.

Environmental responsibility is an issue that the Company places great importance on. The Company has developed online application software systems, such as Purchasing Online, Member Online, and Leave online to reduce the amount of paper used in the Company and to also increase efficiency and productivity of our employees.

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".

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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 2018, 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 2018 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 2018, 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, Dr. Jingjai Hanchanlash, Mr. Thongchai Ananthothai and Ms. Srinthorn Ounayakovit, representing one-third of the total Board members.

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

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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 three 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.

The Company has yet stipulated limitation on the consecutive directorship terms of office for independent directors, as the Company's independent directors are qualified according to the definition specified by the SEC and the Company. They also have knowledge and well understanding of the Company's business and are able to provide opinions independently in Board of Directors' meeting and sub-committees' meetings.

The independent directors have no affiliations or business relationships with the Company and are not directly associated with a shareholder of the Company, nor do any relationships or circumstances exist which are likely to, or could appear to, interfere with the exercise of their independent business judgment with a view to the best interest of the Company.

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 prescribe 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

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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/her 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 director certification programs. The nomination is considered from the board diversity, competence, knowledge, working experience, expertise from variety of professions, necessary skills which are lacking

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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, the Public Limited Companies Act and the Articles of Association of the Company. 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 tied 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 current board structure maintains an appropriate check and balance system because half of the Board members are non-executive directors. 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.

To support the balance of power between the Board of Directors and the Management, prior to the Board of Directors’ meeting the Audit and Risk Committee Chairman and the Nomination and Remuneration Committee Chairman, who are the independent directors, has participated in determining the agenda of the Board of Directors’ meeting.

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.

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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 Corporate Governance Code for listed companies 2017 advocated by the SEC. 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. In order to promote the compliance with the Code of Corporate Conduct, all employees are required to sign for the acknowledgement and compliance with the Company's Code of Corporate Conduct on an annual basis.

During 2018, 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 Company Strategic Planning and Implementation

The Board of Directors sets aside sufficient time each year to review and debate the budget of the coming year and the five-year strategic plan. During the course of each year, the Board is periodically updated on the implementation of the plan and if there is any deviation from the plan, a new course of action would be discussed after taking into account the prevailing economic, financial and market situation.

5.3.4 Leadership and Vision

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

Investment & Debt Approval Policy

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

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

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

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

5.3.5 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.

5.3.6 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

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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.

5.3.7 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 2018, the Company conducted 6 Board meetings and the attendance of all directors is shown below.

Name		Number of Attendances / Total
Mr. Ho	KwonPing	5/6
Mr. Vudhiphol	Suriyabhivadh	6/6
Dr. Jingjai	Hanchanlash	6/6
Mr. Thongchai	Ananthothai	6/6
Ms. Srinthorn	Ounayakovit	6/6
Mr. Surapon	Supratya	6/6
Mr. Ho	KwonCjan	5/6
Mr. Ariel	P. Vera	4/6
Mr. Eddy	See Hock Lye	6/6
Mr. Ho	Ren Hua	5/6
Mr. Shankar	Chandran	6/6
Mr. Stuart	David Reading	3/6

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.

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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 2018, the Company conducted 4 Audit and Risk Committee meetings. Each of the Audit and Risk Committee members attended the meetings as follows:

Name		Number of Attendances / Total
Mr. Vudhiphol	Suriyabhivadh	4/4
Dr. Jingjai	Hanchanlash	4/4
Mr. Thongchai	Ananthothai	4/4

In addition, in 2018, 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 2018, 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 / Total
Dr. Jingjai	Hanchanlash	2/2
Mr. Vudhiphol	Suriyabhivadh	2/2
Mr. Thongchai	Ananthothai	2/2

The Company encourages that at the time of Board and/or Sub-Committees' decision, the quorum should not be lesser than two-thirds of total number of directors.

5.3.8 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 2018, there was one non-management meeting held in November.

5.3.9 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

Corporate Governance

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.

Detail 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.

5.3.10 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 2018, Ms. Srinthorn Ounayakovit, an Independent Director, attended the training course "Financial Statements for Directors (FSD), FSD 36/2018" held by Thai Institute of Directors.

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.

5.3.11 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.

5.3.12 Performance Evaluation of the Board

Based on the principles of good corporate governance, the Board of Directors and Sub-committees conducts a self-evaluation at least once a year so that they could review and improve their own performance. The evaluation is based on the self-assessment form developed by the Stock Exchange of Thailand, which is adapted to suit the Company's business nature and to cover performance of the Board which consists of the following:

1. Self-assessment form of the Board of Directors to evaluate the performance of the entire Board.
2. Self-assessment form of the Sub-committees
 - 2.1. The Audit and Risk Committee
 - 2.2. The Nomination and Remuneration Committee

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At the end of every year, the Company Secretary will send a self-assessment form to each member of the Board of Directors and Sub-committees to appraise the annual performance, collect the completed forms, summarize and report the performance evaluation results to the Board of Directors and/or each Sub-committee for acknowledgement.

Self-assessment form of the Board of Directors and Sub-committees consists of the following main topics for performance rating including

- Board structure and qualifications
- Roles, duties and responsibilities of the Board
- Board meeting
- Board performance
- Relationship with management
- Director's self-improvement and management development

The assessment forms follow in accordance with the scores achieved as shown below:

From 85%	=	Excellent
From 75%	=	Very good
From 65%	=	Good
From 50%	=	Fair
Below 50%	=	Need improvement

Assessment result in 2018 of the Board of Directors and each Sub-Committee (as a whole) are as follow:

1. The Board of Directors achieved an average score of 89 percent which is in the Excellent category.
2. The Audit and Risk Committee achieved an average score of 94 percent in the Excellent category.
3. The Nomination and Remuneration Committee achieved an average score of 92 percent which is in the Excellent category.

Supervision on the Use of Inside Information

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

Risk Factors

Economy and Tourism in Thailand

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

Political Uncertainty

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

Over-Reliance on Some Key Markets

The over reliance on any market carries with it a certain degree of risk as a downturn in that market would adversely impact the performance of the hotel if it fails to replace the business in a timely manner. Like many hotels in Thailand, Russia and China have become the 2 largest markets for the Group hotels in recent years. In 2015, a significant devaluation of the ruble impeded the performance of the two hotels in Phuket making China the key business market. In 2016 the Group's hotels were not affected by the clamp down of the China zero-dollar tour operations. During the year-end high season of 2016 and 2017 the hotels in Phuket saw the return of the Russian market and whilst this is good news, it also means managing this market is crucial (Russia is not a key source market for Banyan Tree Bangkok). In view of this the Group will seek for alternative markets so as to achieve a balanced customer base.

Interest Rate Fluctuation

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

Foreign Currency Fluctuation

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

Land Title

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

Risk Factors

Thai Labour Laws

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

Operating Risks Inherent in the Hospitality Industry

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

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

Operating Risks Inherent in the Property Industry

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

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

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

Persons with Mutual Interest and Connected Transactions

Persons with Mutual Interest and Connected Transactions

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

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

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2018

(Unit : Million Baht)

	Payee	Payer	Transactions in 2018	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity/ Reasonableness
Transactions with associate	TWPL	TWPC	4	-	-	CSH, KCH	Convenience of payment
	TWPL	TWPC	22	-	-	CSH, KCH	Rental of the corporate head office - The building is well located and has good amenities.
Transactions with related companies							
	TWPL	BTRS(T)	1	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	Convenience of guest's payment
	BTRS(T)	BGL	11	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	Convenience of guest's payment to promote
	BTRS(T)	LBTL	37	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	Laguna Phuket resort integration
	BTRS(T)	LVL	1	BTRS(T)	B	CH, CSH, ESHL, KW	
	BTRS(T)	PKRD	1	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	
Management fee income	BTRS(T)	TWPL	19	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	Convenience of guest's payment
	LRH	BTRS(T)	1	BTRS(T)	A	CSH, ESHL, KCH	Technical Assistant for providing management services for Information Technology, Human Resource, and maid services.
	LRH	BTHR(T)	1	BTRS(T)	C	CSH, ESHL	Sharing staff cost carrying out several duties for LRH group

Persons with Mutual Interest and Connected Transactions

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2018 (Con't)

(Unit : Million Baht)

	Payee	Payer	Transactions in 2018	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity/ Reasonableness
Management fees expenses	BTHR	BTG(T)	2	BTH	A, B	ESHL	For the use of “Banyan Tree” and “Angsana” trademarks and all proprietary rights associated with them
	BTHR	BGL	23	BTH	B	ESHL	For the use of “Angsana” trademark and all proprietary rights associated with it
	BTHR	LBTL	19	BTH	B	ESHL	For the use of “Banyan Tree” trademark and all proprietary rights associated with it
	BTHR	LVL	2	BTH	B	ESHL	For the use of “Angsana” trademark and all proprietary rights associated with it
	BTHR	PKRD	2	BTH	B	ESHL	For the use of “Cassia” trademark and all proprietary rights associated with it
	BTHR	TWPL	32	BTH	B	ESHL	For the use of “Banyan Tree” trademark and all proprietary rights associated with it
	BTHR(T)	BGL	27	BTRS(T)	B	CSH, ESHL	Expertise in managing hotels - Management fees are in line with industry standards.
	BTHR(T)	LBTL	32	BTRS(T)	B	CSH, ESHL	
	BTHR(T)	LVL	3	BTRS(T)	B	CSH, ESHL	
	BTHR(T)	PKRD	5	BTRS(T)	B	CSH, ESHL	
	BTHR(T)	TWPL	40	BTRS(T)	B	CSH, ESHL	
	BTMG	BGL	15	BTH	B	ESHL	Centralised marketing to promote “Angsana” brand.
	BTMG	LBTL	19	BTH	B	ESHL	Centralised marketing to promote “Banyan Tree” brand.
	BTMG	LVL	2	BTH	B	ESHL	Centralised marketing to promote “Angsana” brand.
	BTMG	PKRD	2	BTH	B	ESHL	Centralised marketing to promote “Cassia” brand.
	BTMG	TWPL	22	BTH	B	ESHL	Centralised marketing to promote “Banyan Tree” brand

Persons with Mutual Interest and Connected Transactions

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2018 (Con't)

(Unit : Million Baht)

	Payee	Payer	Transactions in 2018	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity/ Reasonableness
Purchase of spa and gallery vouchers	BTS	BGL	1	BTH	B	CSH, ESHL	Vouchers to use spa service at the Banyan Tree Spa and Angsana Spa or to buy goods from the Banyan Tree Gallery and Angsana Gallery provided to management as a benefit
	BTS	LBTl	1	BTH	B	CSH, ESHL	
	BTS	LRH	2	BTH	A	CSH, ESHL	
	BTS	LSC	1	BTH	B	CSH	
	BTS	PKRD	1	BTH	B	CSH, ESHL	
	BTS	TWPL	1	BTH	B	CSH, ESHL	
Sale of goods	BTG(T)	BTRS(T)	1	BTRS(T)	B	CH, CSH, ESHL, KCH, KO, KW	Purchase of supplies for the spa operation and outlets
	BTG(T)	HSSA	1	BTH	A, B	CSH, ESHL	
	BTG(T)	HVRS	4	BTH	A, B	ESHL	Purchase of guest supplies for the hotel
	BTG(T)	LVCL	5	BTH	A, B	ESHL	
	BTG(T)	MAPL	1	BTH	A, B	ESHL	
	BTG(T)	MBPL	2	BTH	A, B	ESHL	
	BTG(T)	PTMB	1	BTH	A, B	ESHL	
	BTG(T)	PTBH	6	TRL	C	KCH	
	BTG(T)	VM	3	BTH	A, B	ESHL	
	BTG(T)	WLH	1	BTH	A, B	CSH, ESHL	
	AVCI	PTBH	1	TRL	C	DM	Convenience of payment
	BTG(S)	BTS	3	BTH	A, B	ESHL	
	BTG(S)	BTHR	3	BTH	A, B	ESHL	
Reimbursement receipts	BTG(T)	BTS	7	BTH	A, B	CSH, ESHL	
	LBTl	BTHR(T)	1	BTRS(T)	B	CSH, ESHL	
	LBTl	BTRS(T)	7	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	
	LBTl	BTDP	1	BTH	B	ESHL	
	LGL	LVCL	5	BTH	B	-	
	LRH	BTH	2	BTH	A	APV, KPH	

Persons with Mutual Interest and Connected Transactions

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2018 (Con't)

(Unit : Million Baht)

	Payee	Payer	Transactions in 2018	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity/Reasonableness
Reimbursement receipts	LRH	BTHR	1	BTH	A	ESHL	Convenience of payment
	LRH	BTHR(T)	3	BTRS(T)	A	CSH, ESHL	
	LRH	BTRS(T)	1	BTRS(T)	A	CSH, ESHL, KCH	
	TWPL	BTRS(T)	6	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	
	TWPL	BTHR	1	BTH	B	ESHL	
	TWPL	BTHR(T)	7	BTRS(T)	B	CSH, ESHL	
	TWPL	VM	1	BTH	B	ESHL	
	ADPL	LBTl	-2	BTH	B	ESHL	
Reimbursement payments	BTHR	BGL	2	BTH	B	ESHL	Convenience of payment
	BTHR	BTG(S)	1	BTH	B	ESHL	
	BTHR	LRH	1	BTRS(T)	A	ESHL	
	BTHR	TWPL	2	BTH	B	ESHL	
	BTRS(T)	BTG(T)	7	BTRS(T)	B	CH, CSH, ESHL, KCH, KO, KW	
	BTRS(T)	LBTl	5	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	
	BTRS(T)	LGL	2	BTRS(T)	B	CH, CSH, KW	
	PTBH	AVCI	5	TRL	C	DM	
	CMCH	LBTl	6	BTH	B	ESHL	
	BGL	BTRS(T)	3	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	
Rent and service income	LBTl	BTRS(T)	14	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	Angsana Spa is a recognised spa brand name which enhances image of hotel and helps in its marketing. Banyan Tree Spa is a recognised spa brand name which enhances image of hotel and helps in its marketing.
	TWPL	BTRS(T)	9	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	

Persons with Mutual Interest and Connected Transactions

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2018 (Con't)

(Unit : Million Baht)

	Payee	Payer	Transactions in 2018	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity/ Reasonableness
Rent and service expenses	BTHR	BTG(S)	1	BTH	A, B	ESHL	Convenience of operation
Rental return on hotel units	CGL	PTBH	4	TRL	C	-	Purchase of units to set up a Holiday Club operation in the Angsana Resort & Spa Bintan. A very good rental return is being received from the hotel prior to the units being required for the operation.
Resort service income	LSC	BTRS(T)	5	BTRS(T)	B	CH, CSH	Centralization of facilities and services to each operation in Laguna Phuket
Training charges	BTHR(T)	BGL	3	BTRS(T)	B	CSH, ESHL	Centralized training for Laguna Phuket staff of all operations and allocated based on actual cost
	BTHR(T)	LBTl	4	BTRS(T)	B	CSH, ESHL	
	BTHR(T)	LHC	1	BTRS(T)	B	CSH	
	BTHR(T)	LSC	1	BTRS(T)	B	CSH	
	BTHR(T)	LVL	1	BTRS(T)	B	CSH, ESHL	
	BTHR(T)	PKRD	1	BTRS(T)	B	CSH, ESHL	
	BTHR(T)	TWPL	1	BTRS(T)	B	CSH, ESHL	
Transaction with management and directors	KPH	LRH	1	KPH	Director LRH	-	Rental return on hotel units
	CSN	LRH	1	CSN	Spouse KPH	-	

Persons with Mutual Interest and Connected Transactions

Transactions within the Group and a Company Which is Owned by Persons with a Mutual of Interest More Than 10 percent in The Year 2018

(Unit : Million Baht)

	Payee	Payer	Transactions in 2018	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity/ Reasonableness
Inter resort receipts	BTG(T)	BGL	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	Convenience of guest's payment to promote Laguna Phuket resort integration
	BTG(T)	LBTL	7	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	
	BTG(T)	TWPL	4	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	
Purchase of goods	BTG(T)	BTG(S)	3	BTH	A, B	CSN, ESHL, SDR	Central purchasing to facilitate bulk purchasing for competitive pricing
	BTG(T)	BGL	9	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	
	BTG(T)	LBTL	10	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	Purchase of guests supplies for the hotel
	BTG(T)	LGL	4	BTH	A, B	AS, CH, CSH, KW, SDR	
	BTG(T)	PKRD	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	
	BTG(T)	TWPL	13	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	
Reimbursement of costs	BTG(S)	BTG(T)	5	BTH	A, B	CSN, ESHL, SDR	Convenience of payment
	LBTL	BTG(T)	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	
	TWPL	BTG(T)	2	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	
Rent and service	LBTL	BTG(T)	2	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	Providing the hotel facility of a high class retail outlet
	TWPL	BTG(T)	2	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	

Remarks:

A Major shareholder

B Major shareholder of parent company (LRH)

C The company in which the major shareholder of LRH is its major shareholder

Persons with Mutual Interest and Connected Transactions

Abbreviations

ADPL	Architrave Design & Planning Services Pte. Ltd.	LBTL	Laguna Banyan Tree Limited
AVCI	PT. AVC Indonesia	LGL	Laguna Grande Limited
BGL	Bangtao Grande Limited	LHC	Laguna Holiday Club Limited
BTDP	BT Development No. 1 Pty Ltd	LRH	Laguna Resorts & Hotels Public Company Limited
BTG(S)	Banyan Tree Gallery (Singapore) Pte Ltd.	LSC	Laguna Service Company Limited
BTG(T)	Banyan Tree Gallery (Thailand) Limited	LVCL	Laguna (Vietnam) Company Limited
BTH	Banyan Tree Holdings Limited	LVL	Laguna Village Limited
BTHR	Banyan Tree Hotels & Resorts Pte. Ltd.	MAPL	Maldives Angsana Pvt Ltd.
BTHR(T)	Banyan Tree Hotels & Resorts (Thailand) Limited	MBPL	Maldives Bay Pvt Ltd.
BTMG	Banyan Tree Marketing Group Pte. Ltd.	PKRD	Phuket Resort Development Limited
BTRS(T)	Banyan Tree Resorts & Spas (Thailand) Company Limited	PTBH	PT Bintan Hotels
BTS	Banyan Tree Spas Pte. Ltd.	PTMB	PT Management Banyan Tree Resorts & Spas
CGL	Cheer Golden Limited	TRL	Tropical Resorts Limited
CMCH	Banyan Tree Marketing Shanghai Co. Ltd.	TWPC	Thai Wah Public Company Limited
HSSA	Heritage Spas South Africa (Pty) Ltd.	TWPL	Thai Wah Plaza Limited
HVRS	Hill View Resorts (Seychelles) 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
CSH	Mr. Shankar Chandran
CSN	Ms. Chiang See Ngoh Claire
DM	Mr. Djunaidi Maskur
ESHL	Mr. Eddy See Hock Lye
KCH	Mr. Ho KwonCjan
KPH	Mr. Ho KwonPing
KO	Ms. Kingkarn Olarngranjanin
KW	Mr. Kontee Warapitayut
SDR	Mr. Stuart David Reading

Persons with Mutual Interest and Connected Transactions

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

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

Procedures for approving related party transactions

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

Future policy or tendency of related party transactions

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

Legal Dispute

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

Black case No. 2290/2552 between:

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

“Plaintiffs”
“Defendants”

Background

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

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

On 27 June 2014, the Phuket Provincial Court ordered the defendants (1) to transfer the nine plots of land totaling 10 Rai 3 Ngan 97.1 Square Wah to the plaintiffs or compensate in the amount of Baht 131,913,000 with interest at the rate of 7.5 percent per annum from the date the claim was lodged until payment has been made in full, (2) to pay Baht 5,890,956 for unlawful usage of the two plots of land no. 7257 and 7264 with interest at the rate of 7.5 percent per annum from the date the claim was lodged until payment is made in full, (3) to pay Baht 16,000 per day for unlawful usage of those two land pieces from the date the claim was lodged until the transfer of aforementioned land has been completed, and (4) to pay a further Baht 500,000 for legal fees to the plaintiffs. On 17 July 2014, the defendants filed the request for extension of submitting the appeal and the Court granted the extension to 27 August 2014. On 21 August 2014, the defendants filed the second request for extension of submitting the appeal and the Court granted the extension to 27 November 2014. On 19 November 2014, the defendants filed the third request for extension of submitting the appeal and the Court granted the extension to 27 January 2015.

On 23 January 2015, the defendants lodged an appeal on the judgment at the Court of First Instance and the Court ordered the acceptance of the appeal of the defendants. The plaintiffs filed the 1st, 2nd, 3rd and 4th requests for extension of submitting the

Legal Dispute

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

The company had already transferred two plots of the disputed land to the plaintiff on 19 August 2014 and 27 May 2015 respectively in order to stop the increase of daily interest payments, amounting to Baht 30,115,853 as of the transfer date of the two plots of the land, upon the verdict of the Phuket Provincial Court.

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

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

On 13 February 2018, the plaintiffs and the company signed a settlement agreement to settle the outstanding disputes in relation to this case. On 20 February 2018, the lawyers of both parties jointly submitted petitions to the Conciliation Centre of the Supreme Court with a request for the Supreme Court to render its judgment as per the settlement agreement.

On 30 May 2018, the Supreme Court accepted this case for its consideration and rendered its judgment in accordance with the settlement agreement.

The Present Circumstances

This case is deemed final.

Other Minor Legal Disputes

Please refer to clause 42.2-42.4 of the Company's notes to consolidated financial statements.

Report of the Audit and Risk Committee

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

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

During 2018 the Audit and Risk Committee convened 4 meetings, with the Company's external auditors and internal auditors including the Management to review compliance with accounting standard requirements and internal controls prior to approving the quarterly reports and the annual financial statements. These meetings also included discussions with the Company's internal audit team to review and advise on its findings and to follow up on matters arising from the schedule of work that the Audit and Risk Committee had approved the internal auditor to undertake during 2018, thereby ensuring that this work was both sufficient and effective. Apart from this, the Audit and Risk Committee attended one non-management meeting with the external auditor to deliberate accounting approaches and audit plans.

Each of the Audit and Risk Committee members attended all meetings convened in 2018.

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

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

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

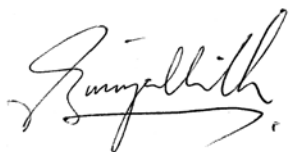
The Audit and Risk Committee is satisfied that the Company has performed in compliance with the SEC/SET rules and regulations and the laws related to the business of the Company and that the Company has supported and continuously developed its good corporate governance principles. As a pledge of the Company's ongoing commitment to operate its business ethically and to avoid any corrupt practices, the Audit and Risk Committee recommended the Company to join the Thailand Private Sector Collective Action Coalition Against Corruption (CAC) and to set up the Anti-Corruption Policy. The Company has joined the CAC and established the Anti-Corruption Policy in 2017 to promote anti-bribery and anti-corruption practices and serve as clear guidelines for Directors, Executives, employees and related persons in conducting the Company's business.

Report of the Audit and Risk Committee

Despite the complexity of the Group's structure which primarily arises from the integration of several resorts at Laguna Phuket, the Audit and Risk Committee is satisfied that all connected transactions that were reviewed by it and arose in 2018 were fair and reasonable and had been entered into on an arms-length basis applying the principles of an open market transaction between willing parties.

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

The Audit and Risk Committee has recommended the Board to appoint Mr. Sophon Permsirivallop, Certified Public Accountant No. 3182 and/or Ms. Rungnapa Lertsuwankul, Certified Public Accountant No. 3516 and/or Ms. Rosaporn Decharkom, Certified Public Accountant No. 5659 and/or Ms. Pimjai Manitkajohnkit, Certified Public Accountant No. 4521 and/or Ms. Sumana Punpongsanon, Certified Public Accountant No. 5872 of EY Office Limited to be the Company's auditors for the fiscal year 2019 with a recommended audit fee of Baht 875,000.



(Mr. Vudhiphol Suriabhivadh)

Audit and Risk Committee Chairman

15 February 2019

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

The Audit and Risk Committee met four times in 2018 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 2018, Risk Management was implemented across the Laguna Resorts & Hotels Public Company Limited group. In this regard, controls that mitigate risks to an acceptable level identified in the risk registers were seriously reviewed; additionally the process documentation review of internal controls have also been conducted to ensure that the Company has sufficient procedures and controls.

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



Mr. Vudhiphol Suriyabhivadh
Audit and Risk Committee Chairman

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

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 2018 are presented fairly. The Board has also taken note of and accepted the Audit and Risk Committee's report on the internal control system and therefore concludes that there are no material weaknesses in the Company's internal control system.



Mr. Ho KwonPing
Chairman of the Board

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

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

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

The Board of Directors is therefore able to conclude that the financial statements for the year ended 2018 have been prudently prepared in accordance with generally accepted accounting principles to give a correct and complete presentation, in all material aspects, the financial position of the Company and its subsidiaries.

A handwritten signature in black ink, appearing to read 'Ho KwonPing', with a stylized flourish at the end.

Mr. Ho KwonPing
Chairman of the Board



Financial Reports



Independent Auditor's Report

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and of Laguna Resorts & Hotels Public Company Limited as at 31 December 2018, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition of hotel and property development

Revenue from hotel and property development is the most significant amount in the consolidated income statement and it is a key performance indication to which the management and users of the financial statements pay particular attention. In addition, intense competition in the hotel and real estate industry in Phuket province, which is the key

Independent Auditor's Report

location of the Group operations, has significantly effected the Group's operating performance. There are therefore risks with respect to the timing of revenue recognition.

I have examined the revenue recognition of the Group by

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

Fair value measurement of land, buildings and investment properties

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

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

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

Independent Auditor's Report

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

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

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Rosaporn Decharkom

Certified Public Accountant (Thailand) No. 5659

EY Office Limited

Bangkok: 19 February 2019

Statement of Financial Position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	6	601,678,401	1,009,981,428	22,643,210	40,237,700
Current investment - short-term fixed deposit		14,044,883	13,006,461	-	-
Trade and other receivables	8	636,051,262	704,568,196	62,818,881	46,323,003
Inventories	10	101,116,835	112,597,365	-	-
Property development cost	11	3,815,339,965	3,985,979,399	111,429,000	127,156,741
Other current assets	12	271,722,731	138,879,245	15,115,506	14,796,410
Total current assets		5,439,954,077	5,965,012,094	212,006,597	228,513,854
Non-current assets					
Long-term restricted deposit at financial institution	7	41,189	41,189	-	-
Long-term fixed deposit		2,178,200	2,178,200	2,178,200	2,178,200
Long-term trade accounts receivable	13	488,042,448	322,174,524	-	-
Investments in subsidiaries	14	-	-	4,242,655,371	4,242,655,371
Investments in associates	15	1,015,217,329	928,399,146	777,454,049	777,454,049
Other long-term investments	16	606,364,594	606,364,594	-	-
Long-term loans to subsidiaries	9	-	-	987,000,000	978,000,629
Investment properties	17	1,233,350,769	1,165,333,970	183,621,330	185,726,984
Property, plant and equipment	18	11,526,678,951	11,299,858,680	42,090,404	60,216,180
Deferred tax assets	32	78,025,222	98,127,654	-	-
Goodwill	14	407,903,881	407,903,881	-	-
Leasehold rights	19	8,637,717	11,460,947	-	-
Other non-current assets		25,917,223	76,852,868	1,342,053	1,290,452
Total non-current assets		15,392,357,523	14,918,695,653	6,236,341,407	6,247,521,865
Total assets		20,832,311,600	20,883,707,747	6,448,348,004	6,476,035,719

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

Statement of Financial Position (Continued)

As at 31 December 2018

(Unit: Baht)

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	20	450,000,000	510,000,000	240,000,000	260,000,000
Trade and other payables	21	886,073,040	924,894,679	33,678,514	34,521,104
Current portion of long-term loans from financial institutions	23	673,343,101	518,609,850	3,875,000	500,000
Current portion of unsecured debenture	24	-	497,979,879	-	-
Income tax payable		38,800,305	38,182,203	-	-
Advance received from customers		1,039,660,270	812,247,751	503,847	179,933
Other current liabilities	22	202,879,645	166,557,930	7,621,536	7,892,350
Total current liabilities		3,290,756,361	3,468,472,292	285,678,897	303,093,387
Non-current liabilities					
Long-term loans from subsidiaries	9	-	-	433,500,000	346,000,000
Long-term loans from financial institutions					
- net of current portion	23	2,323,850,568	2,207,869,615	70,250,000	74,125,000
Provision for long-term employee benefits	25	65,492,702	55,168,000	16,270,273	14,787,472
Long-term provision - provision for legal cases	26, 42	20,681,911	41,017,534	-	-
Deferred tax liabilities	32	2,344,734,324	2,339,128,136	106,776,717	117,208,534
Other non-current liabilities		113,959,554	111,373,992	6,008,810	5,568,349
Total non-current liabilities		4,868,719,059	4,754,557,277	632,805,800	557,689,355
Total liabilities		8,159,475,420	8,223,029,569	918,484,697	860,782,742
Shareholders' equity					
Share capital					
Registered					
211,675,358 ordinary shares of Baht 10 each		2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580
Issued and fully paid-up					
166,682,701 ordinary shares of Baht 10 each		1,666,827,010	1,666,827,010	1,666,827,010	1,666,827,010
Share premium		2,062,460,582	2,062,460,582	2,062,460,582	2,062,460,582
Capital reserve	27	568,130,588	568,130,588	-	-
Retained earnings					
Appropriated - statutory reserve	29	211,675,358	211,675,358	211,675,358	211,675,358
Unappropriated		2,986,959,213	2,970,280,205	1,449,857,402	1,531,571,228
Other components of shareholders' equity		4,922,763,641	4,922,513,837	139,042,955	142,718,799
Equity attributable to owner of the Company		12,418,816,392	12,401,887,580	5,529,863,307	5,615,252,977
Equity attributable to non-controlling interests					
of the subsidiaries		254,019,788	258,790,598	-	-
Total shareholders' equity		12,672,836,180	12,660,678,178	5,529,863,307	5,615,252,977
Total liabilities and shareholders' equity		20,832,311,600	20,883,707,747	6,448,348,004	6,476,035,719

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

Income Statement

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenue					
Revenue from hotel operations		3,572,747,471	3,657,314,373	37,370,516	38,558,068
Revenue from property development operations		1,706,842,526	927,254,458	629,510	542,350
Revenue from office rental operations		98,667,116	95,118,935	21,339,103	21,506,254
Other income	30	101,404,100	177,876,349	172,276,789	302,722,669
Total revenue		5,479,661,213	4,857,564,115	231,615,918	363,329,341
Expenses					
Cost of hotel operations		2,043,390,377	2,085,772,044	29,441,874	29,920,230
Cost of property development operations		1,132,780,838	619,146,148	-	-
Cost of office rental operations		49,879,209	43,023,352	6,728,901	6,506,250
Selling expenses		441,655,273	408,734,719	1,590,391	892,091
Administrative expenses	36, 42	1,518,113,767	1,389,514,749	184,508,760	173,317,066
Total expenses		5,185,819,464	4,546,191,012	222,269,926	210,635,637
Profit before share of profit (loss) from investments in associates, finance cost and income tax expenses					
		293,841,749	311,373,103	9,345,992	152,693,704
Share of profit (loss) from investments in associates	15	65,627,750	(3,121,399)	-	-
Profit before finance cost and income tax expenses		359,469,499	308,251,704	9,345,992	152,693,704
Finance cost		(158,178,352)	(176,782,230)	(39,015,177)	(48,974,858)
Profit (loss) before income tax expenses		201,291,147	131,469,474	(29,669,185)	103,718,846
Income tax expenses	32	(125,717,167)	(68,361,052)	9,869,096	(9,737,847)
Profit (loss) for the year		75,573,980	63,108,422	(19,800,089)	93,980,999
Profit (loss) attributable to:					
Equity holders of the Company		80,018,760	59,535,487	(19,800,089)	93,980,999
Non-controlling interests of the subsidiaries		(4,444,780)	3,572,935		
		75,573,980	63,108,422		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	33	0.48	0.36	(0.12)	0.56

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

Statement of Comprehensive Income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit (loss) for the year		75,573,980	63,108,422	(19,800,089)	93,980,999
Other comprehensive income (loss):					
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		8,004,633	9,177,173	-	-
Share of other comprehensive income (loss) from associates	15	1,023,085	(7,657,886)	-	-
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		9,027,718	1,519,287	-	-
<i>Other comprehensive income (loss) reclassified to profit or loss for the years</i>					
Exchange differences on translation of financial statements in foreign currency		-	(2,986,132)	-	-
Share of other comprehensive income (loss) of associate		-	(11,603,614)	-	-
Other comprehensive income (loss) reclassified to profit or loss for the years		-	(14,589,746)	-	-
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss, net of income tax	25	(9,101,458)	-	(2,250,883)	-
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of income tax		(9,101,458)	-	(2,250,883)	-
Other comprehensive income (loss) for the year		(73,740)	(13,070,459)	(2,250,883)	-
Total comprehensive income (loss) for the year		75,500,240	50,037,963	(22,050,972)	93,980,999
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		80,267,510	48,329,907	(22,050,972)	93,980,999
Non-controlling interests of the subsidiaries		(4,767,270)	1,708,056	-	-
		75,500,240	50,037,963		

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

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements											
	Equity attributable to the owners of the Company											
	Other components of shareholders' equity										Equity attributable to non-controlling interests of the subsidiaries	
	Other comprehensive income					Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Total shareholders' equity				
	Issued and fully paid-up share capital	Share premium	Capital reserve	Retained earnings					Share of other comprehensive income (loss) from associates			
Appropriated - statutory reserve				Unappropriated								
Balance as at 1 January 2017	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,952,374,270	105,634,659	4,801,620,951	28,171,260	4,935,426,870	12,396,894,678	288,407,656	12,685,302,334
Profit for the year	-	-	-	-	59,535,487	-	-	-	-	59,535,487	3,572,935	63,108,422
Other comprehensive income (loss) for the year	-	-	-	-	-	8,055,920	-	(19,261,500)	(11,205,580)	(11,205,580)	(1,864,879)	(13,070,459)
Total comprehensive income (loss) for the year	-	-	-	-	-	8,055,920	-	(19,261,500)	(11,205,580)	48,329,907	1,708,056	50,037,963
Dividend paid (Note 35)	-	-	-	-	(43,337,005)	-	-	-	-	(43,337,005)	(31,325,114)	(74,662,119)
Reversal of revaluation surplus on disposal of assets (Note 28)	-	-	-	-	1,707,453	-	(1,707,453)	-	(1,707,453)	-	-	-
Balance as at 31 December 2017	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,970,280,205	113,690,579	4,799,913,498	8,909,760	4,922,513,837	12,401,887,580	258,790,598	12,660,678,178
Balance as at 1 January 2018	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,970,280,205	113,690,579	4,799,913,498	8,909,760	4,922,513,837	12,401,887,580	258,790,598	12,660,678,178
Profit for the year	-	-	-	-	80,018,760	-	-	-	-	80,018,760	(4,444,780)	75,573,980
Other comprehensive income (loss) for the year	-	-	-	-	(9,101,458)	8,327,123	-	1,023,085	9,350,208	248,750	(322,490)	(73,740)
Total comprehensive income (loss) for the year	-	-	-	-	70,917,302	8,327,123	-	1,023,085	9,350,208	80,267,510	(4,767,270)	75,500,240
Dividend paid (Note 35)	-	-	-	-	(63,338,698)	-	-	-	-	(63,338,698)	-	(63,338,698)
Reversal of revaluation surplus on disposal of assets (Note 28)	-	-	-	-	9,100,404	-	(9,100,404)	-	(9,100,404)	-	-	-
Liquidation of subsidiary	-	-	-	-	-	-	-	-	-	-	(3,540)	(3,540)
Balance as at 31 December 2018	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,986,959,213	122,017,702	4,790,813,094	9,932,845	4,922,763,641	12,418,816,392	254,019,788	12,672,836,180

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

Statement of Changes in Shareholders' Equity (Continued)

For the year ended 31 December 2018

	Separate financial statements						(Unit: Baht)
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		
			Appropriated - Statutory reserve	Unappropriated	Other comprehensive income		
					Revaluation surplus on assets	Total other components of shareholders' equity	
Balance as at 1 January 2017	1,666,827,010	2,062,460,582	211,675,358	1,480,927,234	142,718,799	142,718,799	5,564,608,983
Profit for the year	-	-	-	93,980,999	-	-	93,980,999
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	93,980,999	-	-	93,980,999
Dividend paid (Note 35)	-	-	-	(43,337,005)	-	-	(43,337,005)
Balance as at 31 December 2017	<u>1,666,827,010</u>	<u>2,062,460,582</u>	<u>211,675,358</u>	<u>1,531,571,228</u>	<u>142,718,799</u>	<u>142,718,799</u>	<u>5,615,252,977</u>
Balance as at 1 January 2018	1,666,827,010	2,062,460,582	211,675,358	1,531,571,228	142,718,799	142,718,799	5,615,252,977
Profit for the year	-	-	-	(19,800,089)	-	-	(19,800,089)
Other comprehensive income (loss) for the year	-	-	-	(2,250,883)	-	-	(2,250,883)
Total comprehensive income (loss) for the year	-	-	-	(22,050,972)	-	-	(22,050,972)
Dividend paid (Note 35)	-	-	-	(63,338,698)	-	-	(63,338,698)
Reversal of revaluation surplus on disposal of assets (Note 28)	-	-	-	3,675,844	(3,675,844)	(3,675,844)	-
Balance as at 31 December 2018	<u>1,666,827,010</u>	<u>2,062,460,582</u>	<u>211,675,358</u>	<u>1,449,857,402</u>	<u>139,042,955</u>	<u>139,042,955</u>	<u>5,529,863,307</u>
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

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

Cash Flow Statement

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before income tax expenses	201,291,147	131,469,474	(29,669,185)	103,718,846
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	375,532,160	363,498,331	8,005,507	7,689,889
Amortisation of leasehold rights	2,495,171	2,558,891	-	-
Amortisation of transaction costs related to debenture issuance	2,020,121	2,066,840	-	-
Allowance for doubtful accounts (reversal)	(317,048)	(8,523,135)	-	1,741,237
Reduction of inventory to net realisable value	2,077,550	422,893	-	-
Share of (profit) loss from investments in associates	(65,627,750)	3,121,399	-	-
Loss (gain) on change in fair value of investment properties	(50,618,099)	(5,214,829)	2,105,654	310,575
Unrealised gain on exchange rate	-	(131,413)	-	-
Loss (gain) on sales of property, plant and equipment	1,299,395	(8,874,822)	(11,982)	(31,770)
Write off other current assets	-	7,948,794	-	-
Write off property, plant and equipment	426,423	3,421,612	18,515,442	-
Write off deposit for purchase of land	64,711,856	-	-	-
Dividend income from investments in subsidiaries	-	-	-	(33,153,290)
Dividend income from investment in associate	-	-	(28,271,056)	(18,552,881)
Provision for long-term employee benefits	11,455,914	5,354,008	1,175,930	386,701
Forfeited money from property unit	(48,531,803)	(12,522,196)	-	-
Provision for legal cases	(10,335,623)	441,822	-	-
Gain on sale of investment in subsidiary	-	(17,988,103)	-	(120,041,644)
Gain on sale of investment in associate	-	(97,745,035)	-	-
Interest income	(31,368,328)	(35,649,772)	(41,693,688)	(56,777,607)
Interest expenses	158,178,352	176,782,230	39,015,177	48,974,858
Profit (loss) from operating activities before changes in operating assets and liabilities	612,689,438	510,436,989	(30,828,201)	(65,735,086)
Operating assets (increase) decrease				
Trade and other receivables	68,871,308	(5,896,519)	(18,790,751)	8,709,709
Inventories	9,402,980	(14,485,338)	-	-
Property development cost	125,258,382	(159,604,998)	15,727,741	(6,932,427)
Other current assets	(119,321,491)	18,619,757	5,629,014	9,288,115
Long-term trade accounts receivable	(165,867,924)	76,098,952	-	-
Other non-current assets	(13,776,211)	(186,483)	(51,600)	10,400
Operating liabilities increase (decrease)				
Trade and other payables	(39,357,702)	114,658,972	(1,223,109)	(3,614,667)
Advance received from customers	227,412,519	430,831,638	323,913	(310,622)
Other current liabilities	39,641,788	3,116,389	(220,813)	(1,929,175)
Provision for long-term employee benefits	(12,508,035)	(9,797,038)	(2,506,733)	(505,302)
Settlement of provision for legal case	(10,000,000)	-	-	-
Other non-current liabilities	2,585,562	6,109,165	440,461	(174,095)
Cash flows from operating activities	725,030,614	969,901,486	(31,500,078)	(61,193,150)
Cash received for interest income	31,331,003	35,621,008	43,988,561	182,271,736
Cash paid for interest expenses	(159,301,012)	(185,836,627)	(38,634,659)	(45,124,512)
Cash paid for income tax	(110,637,075)	(114,453,502)	(5,948,110)	(3,446,379)
Net cash flows from (used in) operating activities	486,423,530	705,232,365	(32,094,286)	72,507,695

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

Cash Flow Statement (Continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Increase in current investment - short-term fixed deposit	(1,038,422)	(121,450)	-	-
Cash received from sale of investment in subsidiary	-	5,727,284	-	146,412,
Cash received from sale of investment in associate	-	211,197,787	-	-
Dividend received from investments in subsidiaries	-	-	-	33,153,
Dividend received from investment in associate	28,271,056	18,552,881	28,271,056	18,552,
Cash received from long-term loans to subsidiaries	-	-	920,000,630	983,200,
Cash paid for long-term loans to subsidiaries	-	-	(929,000,000)	(845,200,
Cash paid for investment in associate	(48,438,405)	-	-	-
Cash paid for acquisition of investment properties	(17,398,700)	(10,608,410)	-	-
Cash received from sales of property, plant and equipment	1,074,422	6,804,924	66,843	31,
Cash paid for acquisition of property, plant and equipment	(516,345,073)	(197,941,246)	(8,500,035)	(12,234,
Decrease in cash and cash equivalents of subsidiary at the disposal date	(3,540)	(11,184,518)	-	-
Net cash flows from (used in) investing activities	(553,878,662)	22,427,252	10,838,494	323,915,
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(60,000,000)	(5,000,000)	(20,000,000)	(5,000,
Draw down of long-term loans from subsidiaries	-	-	1,094,500,000	444,520,
Repayment of long-term loans from subsidiaries	-	-	(1,007,000,000)	(845,200,
Draw down of long-term loans from financial institutions	862,624,954	229,058,096	-	75,000,
Repayment of long-term loans from financial institutions	(591,910,750)	(550,399,358)	(500,000)	(375,
Repayment of debenture	(500,000,000)	-	-	-
Payment of dividends	(63,338,698)	(74,662,119)	(63,338,698)	(43,337,
Net cash flows from (used in) financing activities	(352,624,494)	(401,003,381)	3,661,302	(374,392,
Net exchange differences on translation of financial statements in foreign currency	11,776,599	13,555,405	-	-
Net increase (decrease) in cash and cash equivalents	(408,303,027)	340,211,641	(17,594,490)	22,031,
Cash and cash equivalents at beginning of year	1,009,981,428	669,769,787	40,237,700	18,206,
Cash and cash equivalents at end of year	601,678,401	1,009,981,428	22,643,210	40,237,
Supplemental cash flows information				
Non-cash items				
Share of comprehensive income (loss) from associates	1,023,085	(7,657,886)	-	-
Transfer of property, plant and equipment to property development cost	18,515,442	264,417,554	-	-
Transfer of property development cost to property, plant and equipment	114,087,019	-	-	-
Reversal of revaluation surplus on disposal of assets	9,100,404	1,707,453	-	-
Interest recorded as property development cost	1,658,721	9,479,164	-	-

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

Notes to Consolidated Financial Statements

Notes to consolidated financial statements

For the year ended 31 December 2018

1. General information

1.1 Corporate information

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

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

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

1.2 Change of the Company's structure of major shareholders from the Tender Offer

On 26 February 2018, the Company received a letter from Banyan Tree Holdings Limited and Banyan Tree Resorts & Spas (Thailand) Company Limited (the "Group of Offerors"), which in aggregate held 54.22% of the issued and paid-up shares of the Company, expressing their intention to launch a voluntary tender offer to acquire all the remaining 76 million ordinary shares or 45.78% of the total issued and paid up shares of the Company at the offering price of Baht 40 per share.

As a result of the voluntary tender offer, the shareholding percentage of the Group of Offerors and Banyan Tree Holdings Limited Group of Companies in Laguna Resorts & Hotels Plc. have been changed as summarised below.

	Shareholding percentage in Laguna Resorts & Hotels Plc.	
	Before the Tender Offer	After the Tender Offer
	(as at 31 December 2017)	(as at 18 April 2018)
	(%)	(%)
Group of Offerors	54.22	74.75
Banyan Tree Holdings Limited		
Group of Companies	65.75	86.28

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547. Their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

Notes to Consolidated Financial Statements

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			%	%
<u>Subsidiaries directly held by the Company</u>				
Banyan Tree Gallery (Singapore) Pte. Limited	Sale of merchandise	Singapore	51.0	51.0
Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	51.0	51.0
Laguna Banyan Tree Limited	Hotel operations, property development sales and marketing service for holiday club membership	Thailand	100.0	100.0
Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	100.0	100.0
Laguna Grande Limited	Operating a golf club and property development	Thailand	100.0	100.0
Laguna Lakes Limited	Property development	Thailand	95.0	95.0
Laguna (3) Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Laguna Service Company Limited	Provide utilities and other services to hotels of the Company and subsidiaries	Thailand	72.9	72.9
TWR - Holdings Limited	Investment holding and property development	Thailand	100.0	100.0
<u>Subsidiaries held through TWR - Holdings Limited</u>				
Laguna Excursions Limited	Travel operations	Thailand	49.0	49.0
Laguna Village Limited	Hotel operations	Thailand	100.0	100.0
Mae Chan Property Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Pai Samart Development Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Phuket Resort Development Limited	Property development and hotel operations	Thailand	100.0	100.0
PT AVC Indonesia	Holiday club membership and operating a golf club	Indonesia	100.0	100.0
Talang Development Company Limited	Property development	Thailand	50.0	50.0
Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	100.0	100.0
Thai Wah Tower Company Limited	Lease of office building space	Thailand	100.0	100.0
Thai Wah Tower (2) Company Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Twin Waters Development Company Limited	Property development	Thailand	100.0	100.0

Notes to Consolidated Financial Statements

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			%	%
<u>Subsidiaries held through Laguna Grande Limited</u>				
Bangtao (1) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (2) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (3) Limited	Owns land on which a hotel staff dormitory is situated	Thailand	100.0	100.0
Bangtao (4) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao Development Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Bangtao Grande Limited	Hotel operations	Thailand	100.0	100.0
Laguna Central Limited	Dormant	Thailand	-	85.0
<u>Subsidiary held through Laguna Holiday Club Limited</u>				
Cheer Golden Limited	Investment holding	Hong Kong	100.0	100.0

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

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

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

Notes to Consolidated Financial Statements

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries expects the adoption of this accounting standard to result in the following adjustments.

- Commission paid to obtain a contract - The Company and its subsidiaries have determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Company and its subsidiaries immediately recorded commission as selling expenses when the transaction occurred.

Notes to Consolidated Financial Statements

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

(a) Revenue from hotel operations

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

(b) Revenue from property development operations

- Revenue from the real estate sales

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

Notes to Consolidated Financial Statements

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

- Revenue from sales of furniture

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

- Revenue from sale of holiday club memberships

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

(c) Revenue from rental and services

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

(d) Interest income

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

(e) Dividends

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

4.2 Cost of property development

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

4.3 Cash and cash equivalents

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

4.4 Trade accounts receivable

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

4.5 Property development cost

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

Notes to Consolidated Financial Statements

4.6 Inventories

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

4.7 Investments

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

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

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

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

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

4.8 Investment properties

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

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

4.9 Property, plant and equipment/Depreciation

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

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

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

- When an asset's carrying amount is increased as a result of the revaluation of the Company's and subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus on assets".

Notes to Consolidated Financial Statements

However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

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

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

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

Depreciation is included in determining earnings.

No depreciation is provided on land and construction in progress.

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

4.10 Leasehold rights and amortisation

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

The amortisation is included in determining income.

4.11 Borrowing costs

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

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

4.12 Goodwill

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

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

Notes to Consolidated Financial Statements

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.13 Deferred financial fees

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

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

4.14 Related party transactions

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

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

4.15 Long-term leases

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

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

4.16 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

Notes to Consolidated Financial Statements

4.17 Impairment of assets

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

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

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

4.18 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

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

Notes to Consolidated Financial Statements

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

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

4.19 Provisions

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

4.20 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.21 Fair value measurement

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

Notes to Consolidated Financial Statements

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

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

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

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

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

5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Fair value of financial instruments

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

Impairment of equity investments

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

Investment properties

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

Notes to Consolidated Financial Statements

Property, plant and equipment/Depreciation

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

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

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

Goodwill

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

Deferred tax assets

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

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

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

Litigation

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

Investments in associates

The management determined that the Company has significant influence over some associates, even though the Company holds less than 20% of its shares. This is because the Company has key representative on the Board of Directors of the investees including participate in policy-making processes.

Notes to Consolidated Financial Statements

6. Cash and cash equivalents

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Cash	7,722	7,836	148	131
Bank deposits	593,956	1,002,145	22,495	40,107
Total	601,678	1,009,981	22,643	40,238

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interest rates between 0.25% and 0.85% per annum (2017: between 0.25% and 0.85% per annum).

7. Long-term restricted deposits at financial institution

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

8. Trade and other receivables

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	230,656	256,674	5,102	6,378
Less: Allowance for doubtful accounts	(8,566)	(7,430)	(3,300)	(3,300)
Trade accounts receivable - hotel operations, net	222,090	249,244	1,802	3,078
Trade accounts receivable - sales of property				
- Installments due	60,531	51,499	-	-
Current portion of long-term trade accounts receivable (Note 13)	184,522	196,269	-	-
Trade accounts receivable - sales of property, net	245,053	247,768	-	-
Trade accounts receivable - sales of holiday club memberships - Installments due and trade accounts receivable from sales and marketing services for holiday club memberships	81,510	114,166	-	-
Current portion of long-term trade accounts receivable (Note 13)	1,507	3,995	-	-
Trade accounts receivable - sales of holiday club memberships and sales and marketing services for holiday club memberships, net	83,017	118,161	-	-
Trade accounts receivable - net	550,160	615,173	1,802	3,078
<u>Other receivables</u>				
Amounts due from related parties (Note 9)	45,368	51,161	38,874	22,969
Other receivables	9,268	14,451	332	56
Insurance claim receivable	1,434	413	-	-
Accrued other income	8,191	3,291	234	189
Interest receivable	152	114	98	67
Accrued rental	21,478	19,965	21,479	19,964
Total other receivables	85,891	89,395	61,017	43,245
Trade and other receivables, net	636,051	704,568	62,819	46,323

Notes to Consolidated Financial Statements

The balances of trade accounts receivable - hotel operations as at 31 December 2018 and 2017, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Age of receivables</u>				
Not yet due	120,892	146,159	287	146
Past due				
Up to 30 days	65,827	71,024	190	139
31 - 60 days	16,904	15,123	131	146
61 - 90 days	5,142	6,489	102	101
91 - 120 days	2,911	2,564	54	61
Over 120 days	18,980	15,315	4,338	5,785
Total	230,656	256,674	5,102	6,378
Less: Allowance for doubtful debts	(8,566)	(7,430)	(3,300)	(3,300)
Trade accounts receivable -				
hotel operations, net	<u>222,090</u>	<u>249,244</u>	<u>1,802</u>	<u>3,078</u>

The balances of trade accounts receivable - sales of property as at 31 December 2018 and 2017, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Age of receivables</u>				
Not yet due	224,777	209,131	-	-
Past due				
Up to 30 days	11,202	10,333	-	-
31 - 60 days	4,103	5,984	-	-
61 - 90 days	1,958	3,876	-	-
91 - 120 days	947	2,982	-	-
Over 120 days	2,066	15,462	-	-
Trade accounts receivable -				
sales of property, net	<u>245,053</u>	<u>247,768</u>	<u>-</u>	<u>-</u>

Notes to Consolidated Financial Statements

The balances of installments due of trade accounts receivable - holiday club memberships and trade account receivable from sales and marketing service for holiday club memberships as at 31 December 2018 and 2017, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Age of receivables</u>				
Not yet due	5,275	36,030	-	-
Past due				
Up to 30 days	3,771	10,462	-	-
31 - 60 days	4,224	46	-	-
61 - 90 days	4,870	42	-	-
91 - 120 days	1,041	14	-	-
Over 120 days	62,329	67,572	-	-
Trade accounts receivable - sales of holiday club memberships - installments due and trade accounts receivable from sales and marketing service for holiday club memberships - net	81,510	114,166	-	-

9. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Guarantee fee income	-	-	1	1	(3) agreed basis
Guarantee fee expenses	-	-	3	3	(3) agreed basis
Interest income	-	-	41	56	(5) agreement
Interest expenses	-	-	31	37	(5) agreement

Notes to Consolidated Financial Statements

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with subsidiaries (continued)</u>					
Management fee income	-	-	95	71	(4), (7) agreement
Reimbursement receipts	-	-	30	9	(11) agreed basis
Reimbursement payments	-	-	9	9	(11) agreed basis
Rental and service income	-	-	5	5	(12)(iii) agreement
Rental and service expenses	-	-	6	6	(12)(iv), (v) agreement
Resort service expenses	-	-	7	9	(14) agreed basis
Sales of investment in subsidiary	-	-	-	146	As stipulated in agreement
Dividend income	-	-	-	33	As declared
<u>Transactions with associates</u>					
Inter resort receipts	-	2	-	-	(1) agreed basis
Sale of goods	-	1	-	-	(9) agreed basis
Dividend income	-	-	28	19	As declared
Reimbursement receipts	4	5	-	-	(11) agreed basis
Rental and service income	22	20	-	-	(12)(iv) agreement
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	69	80	-	-	(1) agreed basis
Inter resort receipts	-	1	-	-	(1) agreed basis
Management fee income	3	3	2	1	(4), (15), (16) agreement
Management fee expenses	248	270	-	2	(6) agreement
Purchase of spa and gallery vouchers	7	8	2	3	(2), (8) agreed basis
Sale of goods	25	26	-	-	(9) agreed basis
Reimbursement receipts	56	52	6	5	(11) agreed basis
Reimbursement payments	33	61	1	7	(11) agreed basis
Rental and service income	26	31	-	-	(12)(i), (ii), (iv), (vi) agreement
Rental and service expenses	1	-	-	-	(12) (vii) agreement
Rental return on hotel units	4	4	-	-	(13) agreement
Resort service income	5	6	-	-	(14) agreed basis
Training charges	13	10	-	-	(10) agreed basis
Dividend payment	-	22	-	-	As declared
Sales of investments in subsidiary and associate	-	217	-	-	As stipulated in agreements
<u>Transactions with management and directors</u>					
Sales of property	-	29	-	-	As selling price
Rental return on hotel units	2	2	-	-	As actual

Notes to Consolidated Financial Statements

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

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

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

- (2) This relates to sale of spa and gallery vouchers by companies which operate Banyan Tree Spas and Banyan Tree Gallery to related companies for using as a marketing tool. The Spa vouchers are priced at a 55% discount to the Spa price list. The Gallery vouchers are priced at 20% discount to the face value of the voucher.
- (3) Guarantee fee among group companies for permitting their assets to be pledged as collateral for other related companies' bank loans by charging on 1% of proportion of value of pledged assets to total loan facilities.
- (4) The Company charges a management fee to its subsidiaries for providing centralised duties and services for each operation in the group. The monthly fixed rate is charged dependent on the department serviced, except the internal audit service is charged by the working hours and project management service is charged as Note (7).
- (5) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht. The loans carry interest at a rate equal to the lenders' borrowing costs per annum (based upon commercial bank's interest rates) plus a margin of 1.1%. The loans are repayable on demand, however it is expected that those loans would not be called for repayment in the short-term. Therefore such loans are recorded as non-current assets/liabilities in the statements of financial position.
- (6) The terms of the operating agreements are disclosed in Note 36 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

Royalty fee paid for the use of "Banyan Tree", "Angsana", and "Cassia" trademarks and all other proprietary rights associated with it.

- (i) Banyan Tree Phuket (Laguna Banyan Tree Limited) and Cassia Phuket (Phuket Resort Development Limited) and Angsana Villas Resort Phuket (Laguna Village Limited) pay a royalty fee of 2% of total revenue.
- (ii) Banyan Tree Bangkok (Thai Wah Plaza Limited) and Angsana Laguna Phuket (Bangtao Grande Limited) pay a royalty fee of 3% of total revenue.
- (iii) Banyan Tree Gallery (Thailand) Limited and Banyan Tree Gallery (Singapore) Pte Ltd. pay a royalty fee of 1% of total revenue.

Notes to Consolidated Financial Statements

Hotel management and technical assistance fees.

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

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

- (7) The Company provides project management services, the contracted fee is set at a rate of 5% of the actual or budgeted costs of the project.
- (8) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.
- (9) These transactions relate to:
 - (i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies is priced at a 15% to 30% discount to the retail price depending on the volume purchased.
 - (ii) Sale of guest and spa supplies of high volume purchases from companies which operate galleries to related companies is priced at cost plus up to 30% and 40% margin.
- (10) Training charges by Banyan Tree Hotels & Resorts (Thailand) Limited in respect of providing centralised training facilities and courses for staff. The training costs are allocated to each operation based on actual cost.
- (11) Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed.
- (12) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated in (12)(i).

Notes to Consolidated Financial Statements

- (i) Rental and service fee is on the basis of 5% to 10% of sales revenue which is dependent on criteria such as the location, budgeted sales, term of the lease, size of area leased and type of operation.

<u>Payee</u>	<u>Payer</u>	<u>Rental Period</u>	<u>Expiry Date</u>
BGL	BTRS(T)	30 years	November 2041
LBTL	BTRS(T)	2 years	December 2019

BGL : Bangtao Grande Limited

BTRS(T) : Banyan Tree Resorts & Spas (Thailand) Company Limited

LBTL : Laguna Banyan Tree Limited

- (ii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store is at Baht 1,172 per square metre per month.
- (iii) Rental of space and service in Canal Village. The charges include rental and related service fees which are at market rate.
- (iv) Rental and service income earned by Thai Wah Plaza Limited for renting the office space at Thai Wah Tower I and Banyan Tree Bangkok. The charges include rental and related service fees which are at market rate.
- (v) Rental of land and lagoon on which hotel and hotel-related operations are located are at Baht 120,847 and Baht 12,085 per rai per annum respectively.
- (vi) Service income from rental of Banyan Tree Management Academy is at Baht 132,613 per month.
- (vii) Rental of office space and service of Banyan Tree Gallery (Singapore) Pte. Limited is at SGD 3 per square feet.
- (13) This relates to a Management Agreement to manage the hotel units of Cheer Golden Limited in the Angsana Resort & Spa on Bintan Island, Indonesia under which Cheer Golden Limited receives a return of 15% per annum on the investment of the leasehold rights.
- (14) Resort service charged to the operations relates to revenue of Laguna Service Company Limited which provides centralised services to each operation in the group located at Laguna Phuket at the following rates:
- Water supply : at the determined price and actual usage
 - Laundry charge : at the price based on cost plus a certain margin
 - Common area services, transportation charges : based on actual cost
 - Staff buses : at the price based on cost plus a certain margin
 - Marketing fee : at the rate of 0.75% of the operations' actual revenue
 - Community service : based on actual cost
 - Other services : at the determined price and actual usage

Notes to Consolidated Financial Statements

- (15) This relates to management fee charge to related companies for providing operational, visual and product training services. The fee are annual fee at SGD according to each agreement plus 15% of gross operating profit.
- (16) This relates to project management services which the fees are based on 10% mark up of actual working hours in providing the service and included all cost.

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

	(Unit: Million Baht)	
	2018	2017
Overdrafts and bank guarantee facilities	106	106

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

	(Unit: Million Baht)	
	2018	2017
Short-term loan facilities	150	150
Long-term loan facilities	900	900
Overdrafts and bank guarantee facilities	20	20

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Amounts due from related parties				
Subsidiaries	-	-	36,707	22,319
Associated companies	59	109	-	-
Related companies (related by common shareholders)	45,309	51,052	2,167	650
Total amounts due from related parties (Note 8)	45,368	51,161	38,874	22,969
Amounts due to related parties				
Subsidiaries	-	-	8,487	10,219
Associated companies	16	-	-	-
Related companies (related by common shareholders)	121,197	125,614	933	2,737
Total amounts due to related parties (Note 21)	121,213	125,614	9,420	12,956

Notes to Consolidated Financial Statements

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

As at 31 December 2018 and 2017, the balance of loans between the Company and those related companies and the movement are as follows:

Long-term loans to subsidiaries

(Unit: Thousand Baht)

	Separate financial statements		
	1 January 2018	Addition	Repayment
Laguna Banyan Tree Limited	389,000	545,000	(470,000)
Laguna Holiday Club Limited	195,000	68,500	(55,500)
Laguna Lakes Limited	394,001	20,000	(99,001)
Laguna Grande Limited	-	295,500	(295,500)
Total	978,001	929,000	(920,001)

Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements		
	1 January 2018	Addition	Repayment
Laguna Grande Limited	-	408,500	(376,000)
Laguna (3) Limited	26,000	2,000	-
TWR-Holdings Limited	320,000	684,000	(631,000)
Total	346,000	1,094,500	(1,007,000)

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	102,867	102,682	57,636	63,231
Post-employment benefits	2,808	2,709	1,459	1,503
Other long-term employee benefits	37	37	22	22
Total	105,712	105,428	59,117	64,756

Notes to Consolidated Financial Statements

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Food and beverage	25,032	28,054	-	-	25,032	28,054
Finished goods and supplies	77,670	86,000	(1,585)	(1,457)	76,085	84,543
Total	102,702	114,054	(1,585)	(1,457)	101,117	112,597

11. Property development cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Property for sale under holiday club memberships	425,209	420,172	-	-
Completed buildings	641,385	806,596	-	-
Land	1,796,067	1,954,124	111,429	111,429
Property under construction	952,679	805,087	-	15,728
Total	3,815,340	3,985,979	111,429	127,157

Subsidiaries have mortgaged property development cost amounting to Baht 788 million (2017: Baht 978 million) as collateral against its credit facilities received from financial institutions.

The property development cost has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 1.7 million were capitalised for the year ended 31 December 2018 (2017: Baht 9 million). The weighted average rate of 4.78% (2017: 4.68%) has been used to determine the amount of borrowing costs eligible for capitalisation.

12. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Value added tax	47,263	32,778	962	582
Prepaid expenses and withholding tax deducted at source	39,689	47,190	6,425	7,183
Advances to suppliers and staff	73,753	33,454	786	2,669
Income tax and VAT refundable	31,768	25,457	6,943	4,362
Deposit for purchase of office units for rent	79,250	-	-	-
Total	271,723	138,879	15,116	14,796

Notes to Consolidated Financial Statements

13. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

- 13.1 Installments receivable from property sales which bear interest at a rate of 5.0% - 7.0% and MLR plus 0.5% per annum and installments are repaid over a period of 3 to 10 years.
- 13.2 Installments receivable from sales of holiday club memberships which bear interest at a rate of 9.0% per annum and installments are repaid over a period of 2 to 5 years.

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2018	2017
Current portion of long-term trade accounts receivable	186,029	200,264
Long-term trade accounts receivable	488,042	322,175
Total	674,071	522,439
Sales of property		
Within 1 year (Note 8)	184,522	196,269
Over 1 year to 5 years	487,145	319,337
Over 5 years	-	347
Long-term trade accounts receivable - sales of property	671,667	515,953
Sales of holiday club memberships		
Within 1 year (Note 8)	1,507	3,995
Over 1 year to 5 years	897	2,491
Long-term trade accounts receivable - sales of holiday club memberships	2,404	6,486
Total	674,071	522,439

Notes to Consolidated Financial Statements

14. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2018	2017	2018	2017	2018	2017
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
<u>Subsidiaries held by the Company</u>						
Banyan Tree Gallery (Singapore) Pte Limited	SGD 0.43	SGD 0.43	51.0	51.0	4.0	4.0
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51.0	51.0	4.0	4.0
Laguna Banyan Tree Limited ⁽¹⁾	1,500.0	1,500.0	100.0	100.0	1,325.1	1,325.1
Laguna Holiday Club Limited	330.0	330.0	100.0	100.0	330.0	330.0
Laguna Grande Limited ⁽²⁾	1,000.0	1,000.0	100.0	100.0	958.5	958.5
Laguna Lakes Limited	1.0	1.0	95.0	95.0	0.9	0.9
Laguna Service Company Limited ⁽³⁾	90.5	90.5	72.9	72.9	22.4	22.4
Laguna (3) Limited	0.1	0.1	100.0	100.0	47.8	47.8
TWR - Holdings Limited	1,550.0	1,550.0	100.0	100.0	1,550.0	1,550.0
<u>Subsidiaries held through TWR - Holdings Limited</u>						
Laguna Excursions Limited	8.0	8.0	49.0	49.0	-	-
Laguna Village Limited	6.0	6.0	100.0	100.0	-	-
Mae Chan Property Company Limited	232.3	232.3	100.0	100.0	-	-
Pai Samart Development Company Limited	28.4	28.4	100.0	100.0	-	-
Phuket Resort Development Limited	100.0	100.0	100.0	100.0	-	-
PT AVC Indonesia	USD 2.3	USD 2.3	100.0	100.0	-	-
Talang Development Company Limited	251.0	251.0	50.0	50.0	-	-
Thai Wah Plaza Limited	2,250.0	2,250.0	100.0	100.0	-	-
Thai Wah Tower Company Limited	455.0	455.0	100.0	100.0	-	-
Thai Wah Tower (2) Company Limited	21.0	21.0	100.0	100.0	-	-
Twin Waters Development Company Limited	214.4	214.4	100.0	100.0	-	-
<u>Subsidiaries held through Laguna Grande Limited</u>						
Bangtao (1) Limited	20.9	20.9	100.0	100.0	-	-
Bangtao (2) Limited	19.1	19.1	100.0	100.0	-	-
Bangtao (3) Limited	7.8	7.8	100.0	100.0	-	-
Bangtao (4) Limited	14.6	14.6	100.0	100.0	-	-
Bangtao Development Limited	80.0	80.0	100.0	100.0	-	-
Bangtao Grande Limited	1,546.0	1,546.0	100.0	100.0	-	-
Laguna Central Limited ⁽⁴⁾	-	1.0	-	85.0	-	-
<u>Subsidiary held through Laguna Holiday Club Limited</u>						
Cheer Golden Limited	-	-	100.0	100.0	-	-
Total investments in subsidiaries					4,242.7	4,242.7

(1) Laguna Banyan Tree Limited is held 49.0% by the Company and 51.0% through Bangtao Grande Limited.

(2) Laguna Grande Limited is held 85.4% by the Company and 14.6% through 2 subsidiaries.

(3) Laguna Service Company Limited is held 24.7% by the Company and 48.2% through 2 subsidiaries.

(4) Laguna Central Limited had registered the dissolution and liquidation with the Ministry of Commerce during the year.

Notes to Consolidated Financial Statements

During the years, the Company received dividend income from its subsidiaries as detailed below.

(Unit: Thousand Baht)

Company's name	Separate financial statements	
	2018	2017
Banyan Tree Gallery (Singapore) Pte Limited	-	7,463
Banyan Tree Gallery (Thailand) Limited	-	25,690
Total	-	33,153

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

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	2018	2017
Thai Wah Plaza Limited	56,976	56,976
Laguna Banyan Tree Limited	350,928	350,928
Total	407,904	407,904

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

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

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

	Thai Wah Plaza Limited		Laguna Banyan Tree Limited	
	2018	2017	2018	2017
Growth rate (% per annum)	3.69	2.97	12.24	9.65
Discount rate (% per annum)	8.90	8.18	8.88	8.22

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

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

Notes to Consolidated Financial Statements

15. Investments in associates

15.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2018	2017	2018	2017	2018	2017
			(%)	(%)				
Tropical Resorts Ltd.	Holding company	Hong Kong	26	26	17,673	17,673	-	-
Less: Allowance for impairment of investment					(17,673)	(17,673)	-	-
					-	-	-	-
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	10.03	777,454	777,454	793,720	807,281
Banyan Tree China Pte. Ltd.	Holding company	Singapore	10.69	10.69	173,495	125,057	221,497	121,118
Total investments in associates - net					950,949	902,511	1,015,217	928,399

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2018	2017	2018	2017
			(%)	(%)		
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	10.03	777,454	777,454
Total					777,454	777,454

Banyan Tree China Pte. Ltd., held by Laguna Banyan Tree Limited, was incorporated in Singapore and is engaged in investment holding.

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

On 27 April 2018, Banyan Tree China Pte. Ltd., an indirect associate, has increased its registered share capital from SGD 216.64 million to SGD 235.35 million, through the issue of 10,000 new ordinary shares with a par value of SGD 1,871.11 each, a total of SGD 18.71 million. The subsidiary subscribed and paid for 1,069 new ordinary shares totaling SGD 2.00 million or equivalent to Baht 48.44 million on 10 May 2018.

As at 31 December 2018 and 2017, the Company has pledged the 10 million ordinary shares of Thai Wah Public Company Limited with a bank to secure a long-term loan of the Company.

Notes to Consolidated Financial Statements

15.2 Share of comprehensive income (loss) and dividend received

During the years, the Company and subsidiary have recognised their share of comprehensive income (loss) from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of profit (loss) from investments in associates during the years		Share of other comprehensive income (loss) from investments in associates during the years	
	2018	2017	2018	2017
Lijiang Banyan Tree Hotel Co., Ltd.	-	(50,256)	-	(4,964)
Thai Wah Public Company Limited	12,643	51,402	2,067	(3,022)
Banyan Tree China Pte. Ltd.	52,985	(4,267)	(1,044)	328
Total	65,628	(3,121)	1,023	(7,658)

(Unit: Thousand Baht)

Company's name	Separate financial statements	
	Dividend received	
	2018	2017
Thai Wah Public Company Limited	28,271	18,553
Total	28,271	18,553

15.3 Fair value investments in a listed associate

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

(Unit: Million Baht)

Associate	Fair values as at 31 December	
	2018	2017
Thai Wah Public Company Limited	733	826

Notes to Consolidated Financial Statements

15.4 Summarised financial information about material associates

Summarised information about financial position

	Thai Wah Public Company Limited		(Unit: Million Baht) Banyan Tree China Pte. Ltd.	
	2018	2017	2018	2017
Current assets	3,201	3,148	-	-
Non-current assets	3,901	3,968	2,436	3,602
Current liabilities	(796)	(808)	-	-
Non-current liabilities	(440)	(402)	-	-
Non-controlling interests	(562)	(560)	-	-
Net assets	5,304	5,346	2,436	3,602
Shareholding percentage (%)	10.03	10.03	10.69	10.69
Share of net assets	532	536	260	385
Difference in share of net assets and net book value of investment	-	-	(39)	(264)
Difference in fair value of identifiable assets	164	166	-	-
Goodwill	98	98	-	-
Other adjustment	-	7	-	-
Carrying amounts of associates based an equity method	794	807	221	121

Summarised information about comprehensive income

	Thai Wah Public Company Limited		(Unit: Million Baht) Banyan Tree China Pte. Ltd.	
	2018	2017	2018	2017
Revenue	7,329	6,472	-	-
Profit (loss)	156	493	(43)	(40)
Other comprehensive income (loss)	40	(61)	(3)	3
Total comprehensive income (loss)	196	432	(46)	(37)

15.5 Summarised financial information of other associate

	(Unit: Million Baht)	
	For the year ended	
	31 December	
	Tropical Resorts Ltd.	
	2018	2017
Loss	(248)	(246)
Other comprehensive income (loss)	158	338
Total comprehensive income (loss)	90	92

Notes to Consolidated Financial Statements

15.6 Investment in associate with capital deficit

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

Company's name	(Unit: Million Baht)			
	Unrecognised share of profit (losses)			
	Share of profit (losses)		Cumulative share	
	during the years		of losses up to	
	2018	2017	2018	2017
Tropical Resorts Ltd.	23	(23)	(229)	(252)

16. Other long-term investments

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2018	2017
Investments in other companies		
Bibace Investments Ltd.	188,425	188,425
Banyan Tree Indochina Hospitality Fund, L.P.	417,940	417,940
Total other long-term investments	606,365	606,365

17. Investment properties

	(Unit: Thousand Baht)							
	Consolidated financial statements							
	2018				2017			
	Land awaiting for development / sales	Units in office building and shops for rent	Construction in progress	Total	Land awaiting for development / sales	Units in office building and shops for rent	Construction in progress	Total
Balance at beginning of year	435,042	720,620	9,672	1,165,334	434,781	705,300	9,430	1,149,511
Addition	-	17,399	-	17,399	-	10,608	-	10,608
Transfer	-	-	-	-	-	(242)	242	-
Net gain from a fair value adjustment	307	50,311	-	50,618	261	4,954	-	5,215
Balance at end of year	435,349	788,330	9,672	1,233,351	435,042	720,620	9,672	1,165,334

Notes to Consolidated Financial Statements

(Unit: Thousand Baht)

	Separate financial statements							
	2018				2017			
	Land awaiting for development / sales	Units in office building and shops for rent	Construction in progress	Total	Land awaiting for development / sales	Units in office building and shops for rent	Construction in progress	Total
Balance at beginning of year	159,397	16,900	9,430	185,727	159,378	17,230	9,430	186,038
Net gain (loss) from a fair value adjustment	274	(2,380)	-	(2,106)	19	(330)	-	(311)
Balance at end of year	159,671	14,520	9,430	183,621	159,397	16,900	9,430	185,727

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

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

Key assumptions used in the valuation are summarised below:

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Discount rate (%)	9 - 11	9	Decrease in fair value
Average rental rate per square metre per month (Baht)	610 and 625	610	Increase in fair value
Price per rai (Thousand Baht)	110 - 13,000	169 - 8,513	Increase in fair value

As at 31 December 2018, the subsidiaries have pledged investment properties amounting to approximately Baht 729 million (2017: Baht 675 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation in Note 42.

Notes to Consolidated Financial Statements

18. Property, plant and equipment

Consolidated financial statements

Assets carried at cost

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
At cost										
As at 1 January 2017	1,511,985	5,095,244	434,558	1,634,105	1,083,190	491,626	59,285	182,859	51,891	10,544,743
Additions	-	11,258	62	37,426	27,106	35,095	428	2,517	84,049	197,941
Disposals and write-off	-	(4,692)	(76)	(639)	(11,915)	(13,015)	(121)	(3,376)	(3,092)	(36,926)
Disposal from sales of investment in subsidiaries	-	-	-	-	(2,223)	-	-	-	-	(2,223)
Transfers in/out	-	18,497	1,873	31,234	6,065	10,531	163	1,871	(70,234)	-
Transfer to property development cost	(1,218)	(27,075)	-	-	-	-	-	-	-	(28,293)
Adjustments	50	679	(2,734)	(1,993)	(2,526)	1,917	-	(343)	(361)	(5,311)
As at 31 December 2017	1,510,817	5,093,911	433,683	1,700,133	1,099,697	526,154	59,755	183,528	62,253	10,669,931
Additions	-	7,376	902	49,085	51,794	44,540	1,081	13,440	348,127	516,345
Disposals and write-off	-	-	-	(2,224)	(36,713)	(25,066)	(9)	(960)	-	(64,972)
Transfers in/out	-	115,656	-	19,912	19,848	25,912	806	1,905	(184,039)	-
Transfer to property development cost	-	(30,684)	-	-	-	-	-	-	-	(30,684)
Transfer from property development cost	-	100,659	-	-	13,428	-	-	-	-	114,087
Adjustments	(44)	(3,946)	(2,104)	(356)	(353)	(807)	(88)	(380)	(1,193)	(9,271)
As at 31 December 2018	1,510,773	5,282,972	432,481	1,766,550	1,147,701	570,733	61,545	197,533	225,148	11,195,436

Notes to Consolidated Financial Statements

Consolidated financial statements (continued)

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Accumulated depreciation										
As at 1 January 2017	(571)	(1,523,215)	(319,532)	(1,088,726)	(910,365)	(342,819)	(41,434)	(164,286)	-	(4,390,948)
Depreciation charged for the year	-	(146,766)	(13,255)	(88,860)	(52,690)	(48,195)	(4,297)	(7,832)	-	(361,895)
Disposals and write-off	-	1,429	76	499	11,493	12,503	121	3,371	-	29,492
Disposal from sales of investment in subsidiaries	-	-	-	-	1,639	-	-	-	-	1,639
Transfer to property development cost	-	1,231	-	-	-	-	-	-	-	1,231
Adjustments	-	(1,763)	33	1,917	818	(340)	-	281	-	946
As at 31 December 2017	(571)	(1,669,084)	(332,678)	(1,175,170)	(949,105)	(378,851)	(45,610)	(168,466)	-	(4,719,535)
Depreciation charged for the year	-	(151,441)	(11,704)	(93,795)	(54,177)	(52,213)	(3,700)	(6,207)	-	(373,237)
Disposals and write-off	-	-	-	1,717	34,703	24,838	4	910	-	62,172
Transfer to property development cost	-	16,427	-	-	-	-	-	-	-	16,427
Adjustments	-	1,621	54	(72)	312	148	86	358	-	2,507
As at 31 December 2018	(571)	(1,802,477)	(344,328)	(1,267,320)	(968,267)	(406,078)	(49,220)	(173,405)	-	(5,011,666)
Allowance for impairment loss										
As at 1 January 2017	-	(5,093)	-	-	-	-	-	-	-	(5,093)
Adjustments	-	170	-	-	-	-	-	-	-	170
As at 31 December 2017	-	(4,923)	-	-	-	-	-	-	-	(4,923)
Adjustments	-	170	-	-	-	-	-	-	-	170
As at 31 December 2018	-	(4,753)	-	-	-	-	-	-	-	(4,753)
Net book value - At cost										
As at 1 January 2017	1,511,414	3,566,936	115,026	545,379	172,825	148,807	17,851	18,573	51,891	6,148,702
As at 31 December 2017	1,510,246	3,419,904	101,005	524,963	150,592	147,303	14,145	15,062	62,253	5,945,473
As at 31 December 2018	1,510,202	3,475,742	88,153	499,230	179,434	164,655	12,325	24,128	225,148	6,179,017

Notes to Consolidated Financial Statements

Consolidated financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Revaluation portion										
As at 1 January 2017	5,529,355	104,733	-	-	-	-	-	-	-	5,634,088
Transfer to property development cost	(237,355)	-	-	-	-	-	-	-	-	(237,355)
Disposal - others	-	(13)	-	-	-	-	-	-	-	(13)
As at 31 December 2017	5,292,000	104,720	-	-	-	-	-	-	-	5,396,720
Transfer to property development cost	-	(9,095)	-	-	-	-	-	-	-	(9,095)
As at 31 December 2018	-	95,625	-	-	-	-	-	-	-	5,387,625
Accumulated depreciation										
As at 1 January 2017	-	(40,566)	-	-	-	-	-	-	-	(40,566)
Depreciation of revaluation surplus on assets	-	(1,773)	-	-	-	-	-	-	-	(1,773)
Disposal - others	-	4	-	-	-	-	-	-	-	4
As at 31 December 2017	-	(42,335)	-	-	-	-	-	-	-	(42,335)
Depreciation of revaluation surplus on assets	-	(2,465)	-	-	-	-	-	-	-	(2,465)
Transfer to property development cost	-	4,837	-	-	-	-	-	-	-	4,837
As at 31 December 2018	-	(39,963)	-	-	-	-	-	-	-	(39,963)
Net book value - revaluation portion										
As at 1 January 2017	5,529,355	64,167	-	-	-	-	-	-	-	5,593,522
As at 31 December 2017	5,292,000	62,385	-	-	-	-	-	-	-	5,354,385
As at 31 December 2018	5,292,000	55,662	-	-	-	-	-	-	-	5,347,662
Property, plant and equipment - net										
As at 1 January 2017	7,040,769	3,631,103	115,026	545,379	172,825	148,807	17,851	18,573	51,891	11,742,224
As at 31 December 2017	6,802,246	3,482,289	101,005	524,963	150,592	147,303	14,145	15,062	62,253	11,299,858
As at 31 December 2018	6,802,202	3,531,404	88,153	499,230	179,434	164,655	12,325	24,128	225,148	11,526,679
Depreciation for the year										
2017										363,498
2018										375,532

Notes to Consolidated Financial Statements

Separate financial statements

Assets carried at cost

	Land and land improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office Equipment	External work	Motor vehicles	Construction in process	Total
(Unit: Thousand Baht)									
At cost									
As at 1 January 2017	189	57,302	16,108	12,820	28,029	1,420	8,558	-	124,426
Additions	-	40	-	2,353	9,453	107	-	281	12,234
Disposal and write off	-	-	-	-	(859)	-	-	-	(859)
As at 31 December 2017	189	57,342	16,108	15,173	36,623	1,527	8,558	281	135,801
Additions	-	-	87	428	1,114	-	-	6,870	8,499
Disposal and write off	-	(30,684)	-	(156)	(1,414)	-	-	-	(32,254)
Adjustments	-	-	-	-	-	-	-	(50)	(50)
As at 31 December 2018	189	26,658	16,195	15,445	36,323	1,527	8,558	7,101	111,996
Accumulated depreciation									
As at 1 January 2017	-	(31,344)	(4,373)	(11,354)	(23,328)	(1,364)	(7,658)	-	(79,421)
Depreciation charged for the year	-	(1,812)	(1,074)	(557)	(3,718)	(44)	(250)	-	(7,455)
Disposal and write off	-	-	-	-	859	-	-	-	859
As at 31 December 2017	-	(33,156)	(5,447)	(11,911)	(26,187)	(1,408)	(7,908)	-	(86,017)
Depreciation charged for the year	-	(1,501)	(1,088)	(851)	(4,158)	(31)	(201)	-	(7,830)
Disposal and write off	-	16,427	-	156	1,360	-	-	-	17,943
As at 31 December 2018	-	(18,230)	(6,535)	(12,606)	(28,985)	(1,439)	(8,109)	-	(75,904)
Net book value - At cost									
As at 1 January 2017	189	25,958	11,735	1,466	4,701	56	900	-	45,005
As at 31 December 2017	189	24,186	10,661	3,262	10,436	119	650	281	49,784
As at 31 December 2018	189	8,428	9,660	2,839	7,338	88	449	7,101	36,092

Notes to Consolidated Financial Statements

Separate financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and Land Improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in process	Total
Revaluation portion									
As at 1 January 2017	3,804	14,092	-	-	-	-	-	-	17,896
As at 31 December 2017	3,804	14,092	-	-	-	-	-	-	17,896
Disposal and write off	-	(9,095)	-	-	-	-	-	-	(9,095)
As at 31 December 2018	3,804	4,997	-	-	-	-	-	-	8,801
Accumulated depreciation									
As at 1 January 2017	-	(7,229)	-	-	-	-	-	-	(7,229)
Depreciation of revaluation surplus on assets	-	(235)	-	-	-	-	-	-	(235)
As at 31 December 2017	-	(7,464)	-	-	-	-	-	-	(7,464)
Depreciation of revaluation surplus on assets	-	(176)	-	-	-	-	-	-	(176)
Disposal and write off	-	4,837	-	-	-	-	-	-	4,837
As at 31 December 2018	-	(2,803)	-	-	-	-	-	-	(2,803)
Net book value - revaluation portion									
As at 1 January 2017	3,804	6,863	-	-	-	-	-	-	10,667
As at 31 December 2017	3,804	6,628	-	-	-	-	-	-	10,432
As at 31 December 2018	3,804	2,194	-	-	-	-	-	-	5,998
Property, plant and equipment - net									
As at 1 January 2017	3,993	32,821	11,735	1,466	4,701	56	900	-	55,672
As at 31 December 2017	3,993	30,814	10,661	3,262	10,436	119	650	281	60,216
As at 31 December 2018	3,993	10,622	9,660	2,839	7,338	88	449	7,101	42,090
Depreciation for the year									
2017									7,690
2018									8,006

Notes to Consolidated Financial Statements

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

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

Key assumptions used in the valuation are summarised below:

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

As at 31 December 2018, certain buildings and equipment of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 2,295 million (2017: Baht 2,182 million) (Separate financial statements: Baht 42 million, 2017: Baht 41 million).

The subsidiaries have mortgaged land and buildings at fair value of Baht 7,488 million (2017: Baht 7,388 million) as collateral against credit facilities received from financial institutions.

19. Leasehold rights

	(Unit: Thousand Baht)
	Hotel units
Cost	
As at 1 January 2017	50,367
Exchange rate adjustment	(703)
As at 31 December 2017	49,664
Exchange rate adjustment	(1,540)
As at 31 December 2018	48,124
Accumulated amortisation	
As at 1 January 2017	(36,161)
Amortisation for the year	(2,559)
Exchange rate adjustment	517
As at 31 December 2017	(38,203)
Amortisation for the year	(2,495)
Exchange rate adjustment	1,212
As at 31 December 2018	(39,486)

Notes to Consolidated Financial Statements

(Unit: Thousand Baht)

Hotel units

Net book value

As at 1 January 2018

11,461

As at 31 December 2018

8,638

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

20. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Short-term loans from financial institutions	3.63 – 3.65 (2017: 3.63)	450,000	510,000	240,000	260,000
Total		450,000	510,000	240,000	260,000

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

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts payable	325,389	330,676	1,478	1,666
Amounts due to related parties (Note 9)	121,213	125,614	9,420	12,956
Accrued expenses	198,140	223,511	13,885	12,714
Other payables	107,971	100,651	209	29
Service charge payable to hotel staff	34,256	37,565	-	-
Accrued rental to villa owners	99,104	106,878	8,687	7,156
Total	886,073	924,895	33,679	34,521

Notes to Consolidated Financial Statements

22. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Value added tax payable	60,148	60,386	4,487	3,022
Unearned income	34,614	35,418	-	72
Other tax payable	89,978	63,870	3,134	3,748
Short-term provision	18,140	6,884	-	1,050
Total	202,880	166,558	7,621	7,892

23. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Secured	2,997,194	2,726,480	74,125	74,625
Long-term loans are repayable as follows:				
Within 1 year	673,343	518,610	3,875	500
Over 1 year to 5 years	1,820,601	2,084,620	62,000	33,875
Over 5 years	503,250	123,250	8,250	40,250
	2,323,851	2,207,870	70,250	74,125
Total	2,997,194	2,726,480	74,125	74,625

Long-term loans consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017

The Company

- (1) Baht loan from a bank, with a facility of Baht 75 million repayable quarterly from April 2017 to January 2024, at an interest rate as follows:

2017 onwards: MLR less 0.75%, 1.25% and 1.5% per annum	74,125	74,625	74,125	74,625
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Subsidiaries

- (2) Baht loan from a bank, with a facility of Baht 1,000 million^(a) repayable quarterly from October 2009 to July 2022, at an interest rate as follows:

2012 -2017: MLR less 1% and 1.5% per annum				
2018 onwards: MLR less 0.5% and 0.75% per annum	467,550	595,550	-	-

Notes to Consolidated Financial Statements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Subsidiaries (continued)</u>				
(3) Baht loan from a bank, with a facility of Baht 800 million repayable quarterly from March 2013 to December 2022, at an interest rate as follows:				
2012 onwards: MLR less 1% and 1.5% per annum	320,000	400,000	-	-
(4) Baht loan from a bank, with a facility of Baht 298 million ^(a) repayable quarterly from June 2014 to March 2022, at an interest rate as follows:				
2016 onwards: MLR less 1% and 1.25% per annum	114,729	146,729	-	-
(5) Baht loan from a bank, with a facility of Baht 175 million, repayable quarterly from January 2017 to October 2023, at an interest rate as follows:				
2015 onwards: MLR less 1%, 1.25% and 1.5% per annum	169,500	174,000	-	-
(6) Baht loan from a bank, with a facility of Baht 100 million, repayable quarterly from December 2016 to September 2022, at an interest rate as follows:				
2015 onwards: MLR less 1%, 1.25% and 1.5% per annum	64,000	80,000	-	-
(7) Baht loan from a bank, with a facility of Baht 600 million ^(a) repayable quarterly from June 2016 to March 2021, at an interest rate as follows:				
2015 onwards: MLR less 0.75% and 1.25% per annum	282,294	397,532	-	-
(8) Baht loan from a bank, with a facility of Baht 900 million ^(a) repayable quarterly from August 2018 to August 2022, at an interest rate as follows:				
2015 onwards: MLR less 0.75%, 1.25% and 1.5% per annum	365,840	507,669	-	-
(9) Baht loan from a bank, with a facility of Baht 800 million repayable quarterly from October 2018 to May 2030, at an interest rate as follows:				
2018 -2022: MLR less 1.5% per annum				
2022 onwards: MLR less 1.25% per annum	500,000	-	-	-
(10) Baht loan from a bank, with a facility of Baht 300 million repayable quarterly from December 2019 to July 2031, at an interest rate as follows:				
2018 onwards: MLR less 1.25% and 1.50% per annum	250,156	-	-	-
(11) Baht loan from a bank, with a facility of Baht 450 million ^(a) repayable quarterly from August 2017 to May 2023, at an interest rate as follows:				
2016 onwards: MLR less 1.0%, 1.25% and 1.5% per annum	389,000	350,375	-	-
Total long-term loans from financial institutions	2,997,194	2,726,480	74,125	74,625

MLR: Minimum Lending Rate

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

Notes to Consolidated Financial Statements

Movement of the long-term loan account during the year ended 31 December 2018 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	2,726,480	74,625
Add: Additional borrowings	862,625	-
Less: Repayment	(591,911)	(500)
Balance as at 31 December 2018	2,997,194	74,125

The loans are secured by mortgage of plots of land and buildings of its subsidiaries, as described in Notes 11, 17, 18. The loan in (8) above is guaranteed by a subsidiary and the pledge of 10 million ordinary shares of Thai Wah Public Company Limited.

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

As at 31 December 2018, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 555 million (2017: Baht 543 million).

24. Unsecured debenture

				(Unit: Thousand Baht)	
				Consolidated financial statements	
Debenture	Interest rate	Terms	Due date	2018	2017
Debenture No. 1/2016	5.15% p.a.	3 years	24 December 2018	-	500,000
Total debenture, at face value				-	500,000
Less: Unamortised portion of deferred transaction costs				-	(2,020)
Total debenture				-	497,980
Less: Debenture due within one year				-	(497,980)
Debenture - due over one year				-	-

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

Movement of debenture account during the year ended 31 December 2018 are summarised below:

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2018	500,000
Less: Repayment	(500,000)
Balance as at 31 December 2018	-

Notes to Consolidated Financial Statements

25. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	2018			2017		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Balance at beginning of year	33,846	21,322	55,168	33,371	26,240	59,611
Included in profit or loss:						
Current service cost	2,077	2,186	4,263	2,093	2,206	4,299
Interest cost	524	486	1,010	544	511	1,055
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	742	742	-	-	-
Financial assumptions changes	-	(1,546)	(1,546)	-	-	-
Experience adjustments	-	6,987	6,987	-	-	-
Included in other comprehensive income:						
Actuarial loss arising from						
Demographic assumptions changes	341	-	341	-	-	-
Financial assumptions changes	341	-	341	-	-	-
Experience adjustments	10,695	-	10,695	-	-	-
Benefits paid during the year	(5,830)	(6,678)	(12,508)	(2,162)	(7,635)	(9,797)
Balance at end of year	<u>41,994</u>	<u>23,499</u>	<u>65,493</u>	<u>33,846</u>	<u>21,322</u>	<u>55,168</u>

(Unit: Thousand Baht)

	Separate financial statements					
	2018			2017		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Balance at beginning of year	13,446	1,341	14,787	13,198	1,708	14,906
Included in profit or loss:						
Current service cost	184	123	307	160	102	262
Interest cost	88	41	129	88	36	124
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	89	89	-	-	-
Financial assumptions changes	-	(185)	(185)	-	-	-
Experience adjustments	-	836	836	-	-	-
Included in other comprehensive income:						
Actuarial loss arising from						
Demographic assumptions changes	84	-	84	-	-	-
Financial assumptions changes	84	-	84	-	-	-
Experience adjustments	2,646	-	2,646	-	-	-
Benefits paid during the year	(1,955)	(552)	(2,507)	-	(505)	(505)
Balance at end of year	<u>14,577</u>	<u>1,693</u>	<u>16,270</u>	<u>13,446</u>	<u>1,341</u>	<u>14,787</u>

Notes to Consolidated Financial Statements

As at 31 December 2018, cumulative actuarial gains (net of actuarial losses) of post-employment benefits, which were recognised in other comprehensive income of the Company and its subsidiaries and recognised as a part of retained earnings as at 31 December 2018, amounted to Baht 10 million (2017: Baht 19 million) (Separate financial statements: Cumulative actuarial loss Baht 1 million and 2017: cumulative actuarial gain Baht 1 million).

The Company and its subsidiaries expect to pay Baht 20 million of long-term employee benefits during the next year (Separate financial statements: Baht 13 million) (2017: Baht 8 million, separate financial statements: Baht 2 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 10 years (Separate financial statements: 10 years) (2017: 10 years, separate financial statements: 10 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate (% per annum)	2.75	2.75	2.75	2.75
Salary increase rate (% per annum)	3.25	3.00	3.25	3.00
Gold price (Baht)	18,500	19,000	18,500	19,000

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 are summarised below:

	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(850)	1,571	(315)	332
Salary increase rate (+/-1.00%)	2,447	(1,611)	768	(705)
Gold Price (+/- 1,000 Baht)	785	(124)	33	(33)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 7 million (The Company only: Baht 2 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

Notes to Consolidated Financial Statements

26. Provision for legal cases

	(Unit: Thousand Baht)	
	Consolidated financial statement	
	2018	2017
Balance at beginning of year	41,018	40,576
Increase	20,682	442
Settlement	(10,000)	-
Reversal	(31,018)	-
Balance at end of year	20,682	41,018

	(Unit: Thousand Baht)	
	Consolidated financial statement	
	2018	2017
Current	-	-
Non-current	20,682	41,018
	20,682	41,018

27. Capital reserve

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

28. Revaluation surplus

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Balance - beginning of year	4,799,913	4,801,621	142,719	142,719
Reversal of revaluation surplus on disposal of assets	(9,100)	(1,708)	(3,676)	-
Balance - end of year	4,790,813	4,799,913	139,043	142,719

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

29. Statutory reserve

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

Notes to Consolidated Financial Statements

30. Other income

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Interest income	31,368	35,650	41,694	56,778
Dividend income	-	-	28,271	51,706
Gain on sales of investments in subsidiaries	-	17,988 ⁽¹⁾	-	120,042 ⁽³⁾
Gain on sale of investment in associate	-	97,745 ⁽²⁾	-	-
Gain on change in fair value				
of investment properties	50,618	5,215	-	-
Management fee income	2,553	429	97,233	72,782
Other	16,865	20,849	5,079	1,415
Total	101,404	177,876	172,277	302,723

- (1) During the year 2017, Banyan Tree Gallery (Singapore) Pte Limited (a subsidiary) sold all shares in Lijiang Banyan Tree Gallery Trading Company Limited (an indirect subsidiary) to related companies, at a consideration of SGD 0.2 million or Baht 5.7 million. The Company recognised the difference between the selling price and the net book value of the investment in the indirect subsidiary under the equity method of Baht 18 million as gain on sale of investment in subsidiary in the consolidated income statement for the year 2017.
- (2) During the year 2017, Laguna Banyan Tree Limited (a subsidiary) sold 24.52 percent of shares in Lijiang Banyan Tree Hotel Co., Ltd. (an associate) to related companies, at a consideration of RMB 42.8 million or Baht 211.2 million. The subsidiary recognised the difference between the selling price and the net book value under the equity method of Baht 97.7 million as gain on sale of investment in associate in the consolidated income statement for the year 2017.
- (3) During the year 2017, the Company sold 235,000 ordinary shares or 2.4% interest in Laguna Grande Limited (a subsidiary), for a selling price of Baht 146.4 million to Laguna Holiday Club Limited (a subsidiary). The Company recognised the difference between the selling price and the net book value of the investment in subsidiary of Baht 120 million as a gain on sale of investment in subsidiary in the separate income statement for the year 2017. However, this transaction did not have any impact on the consolidated financial statement.

Notes to Consolidated Financial Statements

31. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	2018	2017	2018	2017
Salaries, wages and other employee benefits	1,139,368	1,181,981	107,380	122,564
Depreciation	375,532	363,498	8,006	7,690
Rental expenses from operating lease agreements	252,381	264,250	32,974	33,410
Repairs and maintenance	173,493	173,289	4,759	2,008
Water and electricity	209,690	201,339	4,630	4,661
Management, incentive fee and royalty fees	173,598	180,028	-	-
Commission	165,586	197,960	-	-
Sales and marketing expenses	289,994	213,998	(349)	378
Food and beverage cost	339,818	352,584	-	-
Increase in land and construction during the year	962,142	1,065,170	-	6,932
Change in property development cost	170,639	(446,024)	15,728	(6,932)

32. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	91,525	97,171	-	-
Adjustment in respect of income tax of				
previous year	5,318	(1,766)	-	-
Write off prepaid withholding tax	890	4,952	-	-
Deferred tax:				
Relating to origination and reversal of				
temporary differences	27,984	(31,996)	(9,869)	9,738
Income tax expense reported in the				
 income statement	125,717	68,361	(9,869)	9,738

Notes to Consolidated Financial Statements

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Deferred tax relating to actuarial loss	(2,275)	-	(563)	-

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accounting profit before income tax	201,291	131,469	(29,669)	103,719
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by				
income tax rate	40,328	26,170	(5,934)	20,744
Adjustment in respect of income tax of				
previous year	5,318	(1,766)	-	-
Write off prepaid withholding tax	890	4,952	-	-
Effects of:				
Gain on sales of investments in subsidiaries				
in the Group	43,799	39,527	-	-
Gain on sale of investment in associate	-	(6,331)	-	-
Dividend income	-	-	(5,654)	(10,341)
Unused tax losses	28,378	(17,284)	-	-
Non-taxable expenses	7,004	23,093	1,719	(665)
Total	79,181	39,005	(3,935)	(11,006)
Income tax expense reported in the				
income statement	125,717	68,361	(9,869)	9,738

Notes to Consolidated Financial Statements

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position	
	Consolidated financial statements	
	2018	2017
Deferred tax assets (liabilities)		
Unutilised tax losses	185,565	189,945
Provision for long-term employee benefits	10,297	11,034
Intercompany charges to property development cost and property, plant and equipment	18,655	18,721
Other items of deferred tax assets	23,312	11,868
Revaluation surplus on assets	(1,582,870)	(1,587,138)
Temporary differences arising from revenue and cost recognition	(746,250)	(721,583)
Gain on change in fair value of investment properties	(175,418)	(163,847)
Net deferred tax liabilities	(2,266,709)	(2,241,000)
Reflected in the statements of financial position as follows:		
Deferred tax assets	78,025	98,128
Deferred tax liabilities	(2,344,734)	(2,339,128)
Deferred tax liabilities, net	(2,266,709)	(2,241,000)

Notes to Consolidated Financial Statements

(Unit: Thousand Baht)

	Statements of financial position	
	Separated financial statements	
	2018	2017
Deferred tax assets (liabilities)		
Unutilised tax losses	18,892	13,593
Provision for long-term employee benefits	3,254	2,957
Other items of deferred tax assets	1,116	1,326
Revaluation surplus on assets	(21,211)	(22,098)
Temporary differences arising from revenue recognition	(84,431)	(88,337)
Gain on change in fair value of investment properties	(24,397)	(24,649)
Net deferred tax liabilities	(106,777)	(117,208)

As at 31 December 2018, the Company and its subsidiaries have unused tax losses totaling Baht 266 million (2017: Baht 282 million), on which deferred tax assets have not been recognised on these amounts as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
31 December 2018	-	56,832	-	-
31 December 2019	51,215	51,287	-	-
31 December 2020	54,699	54,952	-	-
31 December 2021	38,091	38,585	-	-
31 December 2022	67,832	80,467	-	-
31 December 2023	53,895	-	-	-
	265,732	282,123	-	-

Notes to Consolidated Financial Statements

33. Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Profit (loss) attributable to equity holders				
of the Company (Thousand Baht)	80,019	59,535	(19,800)	93,981
Weighted average number of ordinary				
shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	0.48	0.36	(0.12)	0.56

34. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Contributions are made to the fund by both employees and the Company and its subsidiaries and will be paid to employees upon termination in accordance with the fund rules of the Company and its subsidiaries' provident fund.

During the years, the contributions were recognised as expenses as following details:

(Unit: Million Baht)

	Fund Manager		Company's contribution in	
	Operation staffs	Office staffs	2018	2017
Laguna Resorts & Hotels Public Company Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	2.9	4.1
Laguna Grande Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	1.1	1.1
Bangtao Grande Limited	SCB Asset Management Company Limited	-	4.2	3.5
Laguna Banyan Tree Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	6.3	6.3
Banyan Tree Gallery (Thailand) Limited	-	MFC Asset Management Plc.	0.9	0.6
Banyan Tree Gallery (Singapore) Pte Ltd.	-	Central Provident Fund Board	1.3	1.4
Laguna Service Company Limited	-	MFC Asset Management Plc.	2.2	2.2
Laguna Holiday Club Limited	-	MFC Asset Management Plc.	0.9	0.9
Thai Wah Plaza Limited	TISCO Assets Management Company Limited	MFC Asset Management Plc.	4.4	3.9
Laguna Village Limited	MFC Asset Management Plc.	-	0.7	0.7
Laguna Excursions Limited	-	MFC Asset Management Plc.	0.3	0.4
Phuket Resort Development Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	1.2	1.2

Notes to Consolidated Financial Statements

35. Dividends

Dividends declared in 2018 and 2017 consisted of:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Dividends on 2017 retained earnings	Annual General Meeting of the shareholders on 27 April 2018	63.34	0.38
Total for 2018		63.34	
Dividends on 2016 retained earnings	Annual General Meeting of the shareholders on 20 April 2017	43.34	0.26
Total for 2017		43.34	

36. Commitments

Capital commitment

As at 31 December 2018, the Company and its subsidiaries have capital commitments as follows:

- (a) The subsidiaries have commitments in respect of constructing new and renovating existing hotel properties and office rental amounting to Baht 162 million (2017: Baht 22 million).
- (b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 894 million (2017: Baht 412 million).
- (c) A subsidiary entered into an Agreement to Purchase and Sale of Land, having a total land area of 237 rai 1 ngan 39.6 square wah, with a company which has a mutual director with the subsidiary (the mutual director is an unauthorised signatory director of the subsidiary). The subsidiary will periodically acquire the land in accordance with terms and conditions as set forth in the aforesaid Agreement. The subsidiary initially acquired the land, having a total area of 53 rai 2 ngan 3.4 square wah. The subsidiary holds the right to acquire the remaining land, having a total area of 183 rai 3 ngan 36.2 square wah, by 1 July 2018. The subsidiary paid the deposit of Baht 65 million and the purchase price of the remaining land shall be increased at rate of 5% on every anniversary date following the date that the Agreement to Purchase and Sale of Land was executed. During the current year, the management has decided not to purchase the remaining land, therefore, the subsidiary has written off deposit for purchase of land amounting to Baht 65 million and recognised it as an expense in the consolidated income statement.

Operating agreements

As at 31 December 2018 and 2017, the subsidiaries have operating agreements as follows:

- (a) The subsidiaries have entered into operating agreements with certain companies whereby these companies are to operate the subsidiaries' hotels and golf businesses. In consideration of such services, the subsidiaries are committed to pay remuneration at the rates, terms and basis specified in the agreements. These agreements are summarised below:

Notes to Consolidated Financial Statements

Company	Business unit	Operator	Contract period	Fees
Bangtao Grande Limited	Angsana Laguna Phuket	Banyan Tree Hotels & Resorts Pte. Limited ⁽¹⁾	1.7.2012 - 30.11.2031	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 30.11.2031	- Management fee: 10% of gross operating profit
Laguna Banyan Tree Limited	Banyan Tree Phuket	Banyan Tree Hotels & Resorts Pte. Limited ⁽¹⁾	1.1.2016 - 31.12.2025	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.1.2016 - 31.12.2025 (a)	- Technical fee: 7.5% of gross operating profit
Thai Wah Plaza Limited	Banyan Tree Bangkok	Banyan Tree Hotels & Resorts Pte. Limited ⁽¹⁾	1.7.2012 - 31.12.2021	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2021 (b)	- Management fee: 10% of gross operating profit
Laguna Village Limited	Angsana Villas Resort Phuket	Banyan Tree Hotels & Resorts Pte. Limited ⁽¹⁾	1.8.2016 - 31.7.2041	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.8.2016 - 31.7.2041 (c)	- Management fee: 7.5% of gross operating profit
Phuket Resort Development Limited	Cassia Phuket	Banyan Tree Hotels & Resorts Pte. Limited ⁽¹⁾	20.10.2015 - 19.10.2040	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	20.10.2015 - 19.10.2040 (c)	- Management fee: 7.5% of gross operating profit

(1) Formerly known as Banyan Tree Corporate Pte. Limited

(a) Operator has option to extend for 1 additional period of 10 years.

(b) Operator has option to extend for 1 additional period of 20 years.

(c) Either party may extend the contract period for another 20 years with indefinite number of extension.

- (b) The Company and its subsidiaries have commitments in respect of cash rewards options for villa rental scheme agreements. The cash rewards options are included fixed return or variable return based on actual hotel revenue or hotel profit. The terms of the agreements are generally 3 years.

As at 31 December 2018 and 2017, future minimum payments required under these agreements were as follows.

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2018	2017	2018	2017
Payable within:				
In up to 1 year	10	19	5	5
In over 1 and up to 5 years	8	17	7	13

During the year 2018, the Company and its subsidiaries recognised rental expenses of Baht 19 million (2017: Baht 31 million) (Separate financial statements: Baht 5 million and 2017: Baht 7 million).

Servitude over land

As at 31 December 2018, some subsidiaries have land servitudes of approximately 11 rai (2017: 11 rai) in Phuket province, which are presented under property development cost and property, plant and equipment.

Notes to Consolidated Financial Statements

37. Guarantees

As at 31 December 2018, there were bank guarantees amounting to Baht 58 million (Separate financial statements: Baht 2 million) issued to various parties on behalf of the Company and its subsidiaries, mainly provided for the usage of electricity, other utilities and telecommunication channels (2017: Baht 54 million, Separate financial statements: Baht 2 million).

38. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have the reportable segments as follows:

- Hotel business segment relates to hotel and restaurant operations including other relating businesses such as golf club and sales of merchandise.
- Property development segment relates to property sales and sale of holiday club memberships.
- Office rental segment relates to rental and service from lands and buildings which managements manage for lease.
- Head office segment relates to expenses incurred by corporate office and is not allocated to other operating segments.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017, respectively.

Notes to Consolidated Financial Statements

Intersegment revenues are eliminated on consolidation.

(Unit: Million Baht)

	For the year ended 31 December 2018				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,774	1,714	112	-	5,600
Intersegment revenues	(202)	(7)	(13)	-	(222)
Revenue from external customers	3,572	1,707	99	-	5,378
Results:					
Segment results	147	141	26	(122)	192
Unallocated income					71
Profit from operations and other income					263
Interest income	2	29	-	-	31
Finance cost	(104)	(46)	-	(8)	(158)
Share of profit from investments in associates					66
Profit before income tax expenses					202
Income tax expenses	(41)	(40)	(5)	(40)	(126)
Profit for the year					76
Other segment information					
Depreciation of property, plant and equipment	355	11	3	7	376
Amortisation of leasehold rights	-	2	-	-	2

(Unit: Million Baht)

	For the year ended 31 December 2017				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,842	933	108	-	4,883
Intersegment revenues	(184)	(6)	(13)	-	(203)
Revenue from external customers	3,658	927	95	-	4,680
Results:					
Segment results	215	47	31	(160)	133
Unallocated income					142
Profit from operations and other income					275
Interest income	3	32	1	-	36
Finance cost	(117)	(46)	-	(14)	(177)
Share of loss from investments in associates					(3)
Profit before income tax expenses					131
Income tax expenses	(33)	(21)	(6)	(8)	(68)
Profit for the year					63
Other segment information					
Depreciation of property, plant and equipment	344	10	3	7	364
Amortisation of leasehold rights	-	3	-	-	3
Gain on sale of investment in subsidiary	-	-	-	18	18
Gain on sale of investment in associate	-	-	-	98	98

Notes to Consolidated Financial Statements

Revenue from external customers is based on locations of the customers.

	(Unit: Million Baht)	
	2018	2017
Revenue from external customers		
Thailand	5,335	4,642
Others	43	38
Total	<u>5,378</u>	<u>4,680</u>
Non-current assets other than financial instruments and deferred tax assets		
Thailand	13,147	12,900
Others	55	61
Total	<u>13,202</u>	<u>12,961</u>

For the years 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

39. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	1,233	1,233
Property, plant and equipment - land and building	-	-	10,334	10,334
Assets disclosed at fair values				
Investment in associate - Thai Wah Plc.	733	-	-	733
	(Unit: Million Baht)			
	Separate financial statements			
	31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	184	184
Property, plant and equipment - land and building	-	-	15	15
Assets disclosed at fair values				
Investment in associate - Thai Wah Plc.	733	-	-	733

Notes to Consolidated Financial Statements

(Unit: Million Baht)

Consolidated financial statements				
31 December 2017				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	1,165	1,165
Property, plant and equipment - land and building	-	-	10,284	10,284
Assets disclosed at fair values				
Investment in associate - Thai Wah Plc.	826	-	-	826
Liabilities for which fair value are disclosed				
Unsecured debenture	-	484	-	484

(Unit: Million Baht)

Separate financial statements				
31 December 2017				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	186	186
Property, plant and equipment - land and building	-	-	35	35
Assets disclosed at fair values				
Investment in associate - Thai Wah Plc.	826	-	-	826

40. Financial instruments

40.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables and payables, loans, investments, short-term and long-term loans and debenture. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable from the hotel, space rental, and property development businesses. However, due to the large number and diversity of the entities comprising the Company and its subsidiaries' customer base, the Company and its subsidiaries do not anticipate material losses from debt collection.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relate primarily to their deposits with financial institutions, trade accounts receivable, long-term trade accounts receivable, bank overdrafts, loans and debenture. Most of the Company and its subsidiaries' financial assets and liabilities have floating interest rates or fixed interest rates which are close to the market interest rates. The Company and its subsidiaries do not use derivative financial instruments to hedge such risk.

Notes to Consolidated Financial Statements

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2018					
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
<u>Financial assets</u>						
Cash and cash equivalents	-	-	594	8	602	0.25 - 0.85
Current investments	14	-	-	-	14	0.90
Trade and other receivables	176	-	10	450	636	3 - 12
Long-term fixed deposit	-	2	-	-	2	0.90
Long-term trade accounts receivable	-	487	1	-	488	3 – 12
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	886	886	-
Short-term loans from financial institutions	-	-	450	-	450	3.63
Long-term loans from financial institutions	-	-	2,997	-	2,997	4.53 – 5.28

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2018						
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
<u>Financial assets</u>						
Cash and cash equivalents	-	-	23	-	23	0.25 - 0.375
Trade and other receivables	-	-	-	63	63	-
Long-term fixed deposit	-	2	-	-	2	0.90
Long-term loans to subsidiaries	-	-	987	-	987	4.37
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	34	34	-
Long-term loans from subsidiaries	-	-	434	-	434	2.10 - 6.95
Short-term loans from financial institution	-	-	240	-	240	3.63
Long-term loans from financial institution	-	-	74	-	74	4.53

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2017					
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
<u>Financial assets</u>						
Cash and cash equivalents	-	-	1,002	8	1,010	0.25 - 0.85
Current investments	13	-	-	-	13	0.90
Trade and other receivables	192	-	13	500	705	3 - 9
Long-term fixed deposit	-	2	-	-	2	1.40
Long-term trade accounts receivable	-	312	10	-	322	3 - 9
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	925	925	-
Short-term loans from financial institutions	-	-	510	-	510	3.63
Unsecured debenture	498	-	-	-	498	5.15
Long-term loans from financial institutions	-	-	2,726	-	2,726	4.53 - 5.03

Notes to Consolidated Financial Statements

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2017						
Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)	
Within 1 year	Over 1 year to 5 years					
<u>Financial assets</u>						
Cash and cash equivalents	-	-	40	-	40	0.25 - 0.375
Trade and other receivables	-	-	-	46	46	-
Long-term fixed deposit	-	2	-	-	2	1.40
Long-term loans to subsidiaries	-	-	978	-	978	4.19
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	35	35	-
Long-term loans from subsidiaries	-	-	346	-	346	2.10 - 6.73
Short-term loans from financial institution	-	-	260	-	260	3.65
Long-term loans from financial institution	-	-	75	-	75	4.53

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. In addition to those transactional exposures, the Company is also exposed to the effect of foreign exchange movements on its investment in foreign subsidiaries and associates, which currently are not hedged by any derivative financial instrument. The balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are summarised below.

	Consolidated financial statements				Separate financial statements				Average exchange rate as at 31 December	
	Financial assets		Financial liabilities as at		Financial assets		Financial liabilities as at			
	as at		as at		as at		as at			
	31 December		31 December		31 December		31 December			
Foreign currency	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	2	2	-	-	-	-	-	-	32.4036	32.6407

40.2 Fair value of financial instruments

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash at banks, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
- For fixed rate debenture, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- For short-term and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

Notes to Consolidated Financial Statements

The fair values of the Company and its subsidiaries' financial instruments are estimated to approximately the amounts presented in the statements of financial position, except for the following:

(Unit: Million Baht)

	Consolidated financial statements			
	Carrying amount		Fair value	
	2018	2017	2018	2017
<u>Financial liabilities</u>				
Unsecured debenture	-	498	-	484

41. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at 31 December 2018, the Group's debt-to-equity ratio was 0.64:1 (2017: 0.65:1) and the Company's was 0.17:1 (2017: 0.15:1).

42. Litigation

- 42.1 A case was brought to the Phuket Provincial Court on 8 October 2009, in which 4 of LRH's affiliated companies and 10 individual directors are the defendants. The plaintiffs referred in the plaint that they purchased units in Allamanda 1 Condominium during 1991 to 1995. The plaintiffs claim the Sale and Purchase Agreement called for common area of approximately 20 rai. On registration of Allamanda 1 Condominium, Allamanda 1 Condominium was registered with only 9 rai 2 ngan 9 square wah. As result, the plaintiffs claim that defendants have breached the Sale and Purchase Agreement. Therefore, the plaintiffs requested the defendants to completely deliver the common area as specified by the Agreement by transfer of the land totaling 10 rai 3 ngan 97.1 square wah to Allamanda 1 Juristic Person, as the 10th plaintiff, or to be jointly liable for the compensation of Baht 132 million in case the transfer of land cannot be made. The plaintiffs also requested for additional compensation in the amount of Baht 56 million for unlawful use of the land which is supposed to be common property of Allamanda 1 Condominium. The total amount of claim is Baht 188 million with interest at the rate of 7.5% per annum from the date the claim was lodged until the defendants have made full payment. The plaintiffs also claimed that the former and current directors, totaling ten, of those subsidiaries as the 5th to 14th defendants were the representatives of the subsidiaries being the 1st to 4th defendants, therefore, must also be jointly liable with those subsidiaries.

The plaintiffs filed a petition with the Court seeking the Court's interim injunction of which the defendants shall not dispose and amend the status of nine plots of land in dispute with land registry office during the trial. On 20 January 2012, the Court granted the interim injunction.

On 27 June 2014, the Phuket Provincial Court ordered the defendants (1) to transfer the nine plots of land totaling 10 rai 3 ngan 97.1 square wah to the plaintiffs (2) to pay Baht 5,890,956 for unlawful usage of the two plots of land with interest at the rate of 7.5% per annum from the following day after the claim was lodged until payment is made in full (3) to pay Baht 16,000.79 per day from the following day after the claim was lodged until the transfer of aforementioned land has been completed, and (4) to pay a further Baht 500,000 as legal fees to the plaintiffs. On 23 January 2015, the subsidiaries lodged an appeal on the judgement at the Court of First Instance. On 15 October 2015, the Appeal Court ordered the defendants to

Notes to Consolidated Financial Statements

place a deposit, amounting to Baht 36 million for the monetary compensations that the Court of First Instance has awarded the plaintiffs. On 18 December 2015, the Court has granted the Company's placement of land in Chiang Rai as security for the deposit.

On 19 April 2016, the Appeal Court has issued judgement ordering the defendants to transfer eight plots of land out of nine plots of land as awarded by the Court of First Instance totaling 4 rai 1 ngan 90.9 square wah to be common property of Allamanda 1 Condominium. The Appeal Court also ruled that the defendants did not unlawfully use the land, so the defendants do not have to compensate the plaintiffs. Moreover, the Appeal Court dismissed the plaint against the 5th to 14th defendants as directors. On 4 October 2016, the defendants submitted the request of submitting the appeal to the Supreme Court and the appeal statement. On 25 October 2016, the defendants also submitted the counter - statement to object the request of submitting the appeal of the plaintiffs.

As at 31 December 2017, the subsidiaries set aside a provision of Baht 41.0 million for liabilities arising as a result of this case.

On 13 February 2018, the plaintiffs and the defendants completely signed a settlement agreement to settle the outstanding disputes in relation to this case. On 20 February 2018, the litigators of both parties jointly submitted petitions to the Conciliation Centre of the Supreme Court with a request for the Supreme Court to render its judgment as per the settlement agreement. Subsequently, on 27 February 2018, the subsidiaries paid a Baht 10 million to the plaintiffs as a part of the settlement agreement.

On 30 May 2018, the Supreme Court accepted this case for consideration and rendered a judgment in accordance with the settlement agreement. Therefore, the case is deemed final. The subsidiaries therefore reversed the outstanding balance of provision for legal case, amounting to Baht 31.0 million, and recognised the reversal of expense, presenting it under administrative expenses in the consolidated income statements for the year.

- 42.2 A case was brought to the Phuket Provincial Court since 2004 in which a contractor (the plaintiff) sued a subsidiary and claimed for compensation and damages from the subsidiary. The plaintiff referred in the plaint that the plaintiff entered into construction contracts with the subsidiary in order to construct 24 houses in Laguna Townhomes II project. The plaintiff completed some of the construction and received some payments from the subsidiary. The construction could not be completed within the completion date of the contracts, therefore, the subsidiary terminated the contract. The plaintiff claimed that the subsidiary did not pay the plaintiff the last 10 payments of their work and did not return the retention to the plaintiff. The subsidiary countered that the plaintiff did not complete the work on the schedule and a subsidiary had to hire another the contractor to complete their work. The subsidiary had to pay extra amount to the new contractor, therefore, the subsidiary did not have to pay the plaintiff for the uncompleted work and to return the retention.

In December 2017, the Phuket Provincial Court ordered the subsidiary to return Baht 3.7 million to the plaintiff plus interest 7.5% from the plaint date until the subsidiary has had full payment.

On 18 December 2018, the subsidiaries placed Baht 17 million to the Phuket Provincial Court as security for the amount awarded by the Appeal Court.

As at 31 December 2018, the subsidiary set aside a provision of Baht 17 million for liabilities arising as a result of this case.

Notes to Consolidated Financial Statements

- 42.3 A subsidiary was sued from 11 time-share members for the breaching of agreements and requested for refunds. The Phuket Provincial Court ordered the defendant to pay 11 members in the total amount of Baht 2.5 million plus interest 7.5% from the plaint date until the defendant has made full payment. However, the Appeal Court reversed the judgment of the Phuket Provincial Court and dismissed the case.

On 11 July 2018, the Supreme Court granted the request to appeal the Appeal Court's judgment of the plaintiff and accepted this case on their consideration.

As at 31 December 2018, the subsidiary set aside a provision of Baht 4 million for liabilities arising as a result of this case.

- 42.4 Subsidiaries were sued from a former buyer of property sales project and claim for returning of her payment in the amount of Baht 4.1 million plus interest 15% calculated from Baht 2.9 million from the plaint date. On 15 August 2018, the Phuket Provincial Court ordered both subsidiaries to return Baht 1.4 million to the plaintiff plus interest 7.5% from the plaint date until both subsidiaries have made full payment.

However, the subsidiaries are defending the lawsuits. Since the Group's lawyers and the management believe that the Group will not incur any losses from the litigation, no provisions have been made in respect of these cases in the financial statements.

43. Event after reporting period

On 19 February 2019, the meeting of the Company's Board of Directors passed the resolution to propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from the retained earnings as at 31 December 2018. The dividend will be paid by cash at the rate of Baht 0.41 per share. The payment of the final dividend is dependent on approval being granted by the shareholders.

44. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2019.

Auditor's Remuneration

Auditor's Remuneration for the fiscal year ended 31 December 2018

Audit fees

The Company and subsidiaries paid audit fees for the fiscal year to an audit firm which amounted to Baht 8,240,000 and subsidiaries paid audit fees to other audit firms which amounted to Baht 884,405. This amount does not include the audit fees paid by associated companies.

Non-audit fees

There is no non-audit fees for agreed upon procedures of net sales and other consultant fees for the fiscal year paid to other audit firms by the Company and subsidiaries. There is no outstanding commitment to pay any fees in the future for uncompleted engagements relating to the year 2018.

References

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Regulator for Listed Company:

The Stock Exchange of Thailand (SET)

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Other Material Information

-None-

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Abbreviations of Company

Abbreviations	Company Name in Full
AVCI	PT. AVC Indonesia
BGL	Bangtao Grande Limited
BI	Bibace Investments Ltd
BT1	Bangtao (1) Limited
BT2	Bangtao (2) Limited
BT3	Bangtao (3) Limited
BT4	Bangtao (4) Limited
BTC	Banyan Tree China Pte. Ltd.
BTD	Bangtao Development Limited
BTG(S)	Banyan Tree Gallery (Singapore) Pte. Ltd.
BTG(T)	Banyan Tree Gallery (Thailand) Limited
CGL	Cheer Golden Limited
HHBR	Hua Hin Beach Resorts Company Limited
L3	Laguna (3) Limited
LBTL	Laguna Banyan Tree Limited
LEL	Laguna Excursions Limited
LGL	Laguna Grande Limited
LHC	Laguna Holiday Club Limited
LLL	Laguna Lakes Limited
LRH	Laguna Resorts & Hotels Public Company Limited
LSC	Laguna Service Company Limited
LVL	Laguna Village Limited
MCP	Mae Chan Property Company Limited
PKRD	Phuket Resort Development Limited
PSD	Pai Samart Development Company Limited
TLDC	Talang Development Company Limited
TRL	Tropical Resorts Limited
TWDC	Twin Waters Development Company Limited
TWPC	Thai Wah Public Company Limited
TWPL	Thai Wah Plaza Limited
TWRH	TWR-Holdings Limited
TWT	Thai Wah Tower Company Limited
TWT2	Thai Wah Tower (2) Company Limited

