

Annual Registration Statement (Form 56-1)
As at 31 December 2018



Laguna Resorts & Hotels Public Company Limited

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PART I
BUSINESS OPERATION

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.

1. POLICY AND BUSINESS OVERVIEW

1.1 Vision and Mission

Vision

To be the 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.

1.2 Milestones

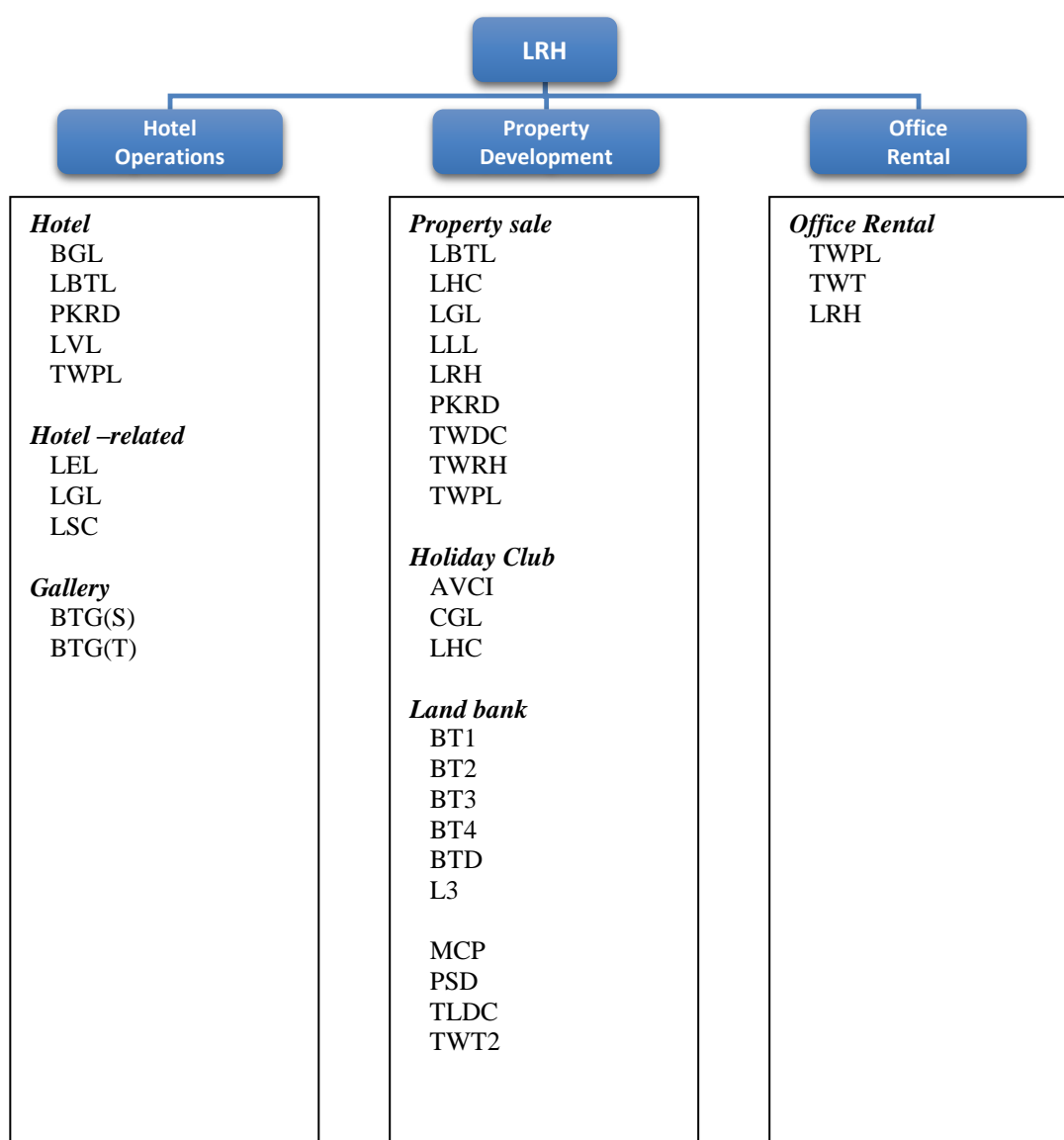
- | | |
|------|---|
| 1987 | <ul style="list-style-type: none"> • Dusit Thani Laguna Phuket (formerly known as Dusit Laguna Resort) opened. |
| 1991 | <ul style="list-style-type: none"> • Laguna Beach Resort opened. |
| 1992 | <ul style="list-style-type: none"> • Sheraton Grande Laguna Phuket and the Laguna Phuket Golf Club opened. |
| 1993 | <ul style="list-style-type: none"> • The Company listed on Stock Exchange of Thailand. • Property Sales operations commenced with the Allamanda condominium units. |
| 1995 | <ul style="list-style-type: none"> • The resort's flagship hotel, Banyan Tree Phuket's Grand Opening. |
| 1998 | <ul style="list-style-type: none"> • Laguna Holiday Club commenced operations. |
| 2002 | <ul style="list-style-type: none"> • The Group acquired a large parcel of land adjacent to Laguna Phuket for future development opportunities. |
| 2005 | <ul style="list-style-type: none"> • The Group acquired Thai Wah Plaza Limited which owns Banyan Tree Bangkok and commercial offices. |
| 2006 | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • The Group entered into an agreement to acquire additional land adjacent to Laguna Phuket for future development. |
| 2009 | <ul style="list-style-type: none"> • The Group invested in the Banyan Tree Indochina Hospitality Fund which has developed an integrated resort in Hue, Vietnam. • Outrigger Laguna Phuket Resort & Villas commenced operations in December. |
| 2010 | <ul style="list-style-type: none"> • Divestment of Dusit Thani Laguna Phuket Hotel in October. |
| 2011 | <ul style="list-style-type: none"> • 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. |
| 2013 | <ul style="list-style-type: none"> • Upgrade of Laguna Phuket Golf Club which included the golf course, club house and the introduction of golf carts. |
| 2015 | <ul style="list-style-type: none"> • Reopening of Laguna Phuket Golf Club in January. • Grand opening of Cassia Phuket in October. |
| 2016 | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Opening of Cassia Phuket phase 2. |

1.3 Corporate Structure

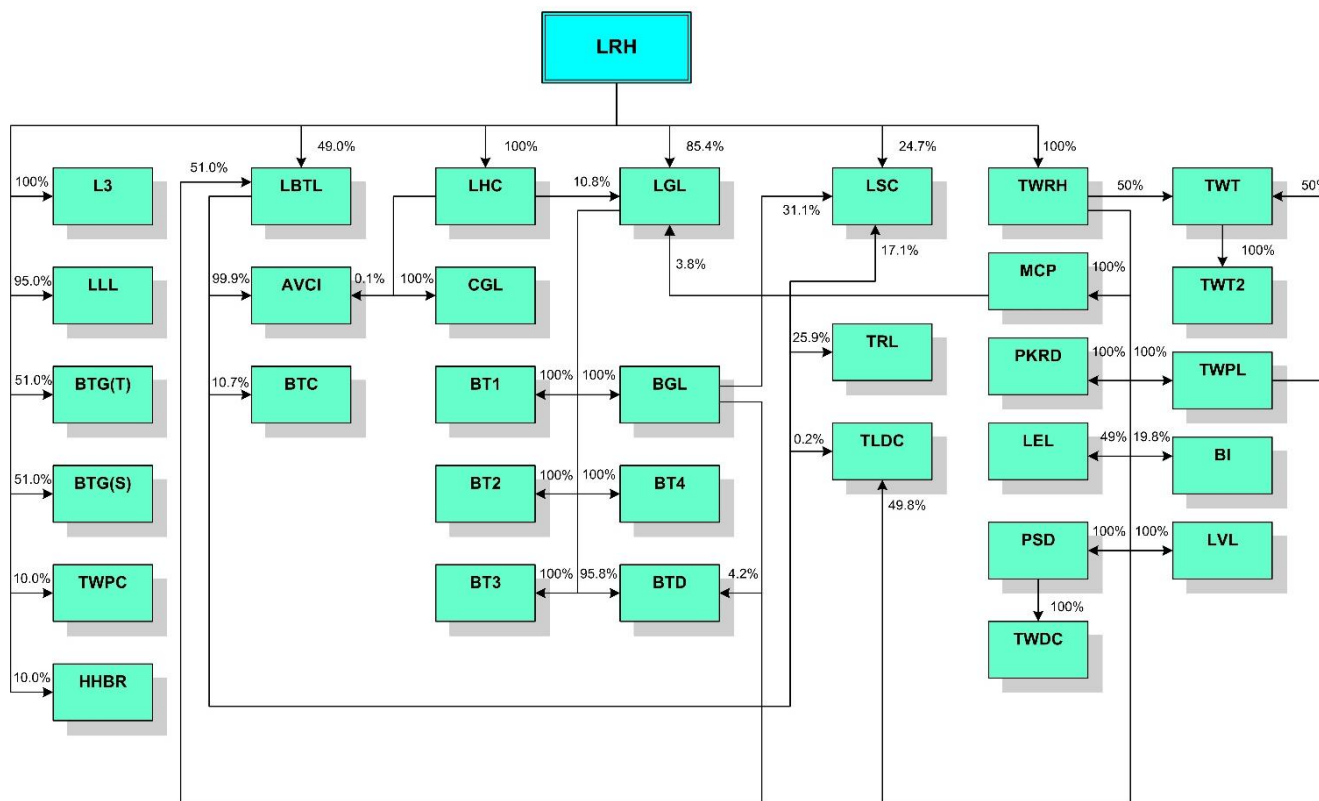
The key businesses of the LRH Group are hotels, property development and office rental. The Group's major business investment largely revolves around the operation and management of the integrated resort of Laguna Phuket, located on the island of Phuket in Thailand, as well as its Banyan Tree hotel and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

Segment information

The companies engaged in each of the key business segments are set out below.



Corporate Structure as at 31 December 2018



Remark

Full company names of Abbreviations are shown in Attachment 6.

1.4 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.

2. NATURE OF THE 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.

2.1 Type of Business and Income Structure

2.1.1 Types of Business

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.

Hotel – Related Operation

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.

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.

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.

2.1.2 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.

2.1.3 Future Plan

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 ANVC 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.

2.1.4 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.

Property Development Operations

(Unit: Thousand Baht)

	2017	%	2016	%	2015	%
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)

	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.

2.1.5 Rights and Constraints in Business

BOI Privileges – None

Other Privileges – None

Constraints in Business – None

2.2 Marketing and Competition

➤ Sales and Marketing Strategy

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	<p>Asia 55 percent, mainly from People's Republic of China, South Korea, Hong Kong, Japan, India and Thailand.</p> <p>Europe 32 percent, mainly from Russia, United Kingdom, Germany, France, Switzerland, and 5 percent from the United States.</p>	<p>Asia 60 percent, mainly from People's Republic of China, South Korea, Japan, Hong Kong and Singapore.</p> <p>Europe 16 percent, mainly from United Kingdom, Germany and France, and 6 percent from the United States.</p>

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

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

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.

➤ **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.

➤ **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).

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.

2.3 Project Status

The construction and sales progress of projects as of 31 December 2018 is shown in the table below:

Project	Value (Million THB)	Units				% Completion
		Total	Sold	% Sold	Recognized	
<u>Completed Projects:</u>						
Banyan Tree Bangkok	699	24	15	63%	15	100%
Banyan Tree Double Pool Villas	1,897	26	23	88%	23	100%
Cassia 1	1,424	229	182	79%	182	100%
Cassia 2	747	105	60	57%	59	100%
Laguna Park 1 Townhome	1,466	155	143	92%	142	100%
Laguna Park 1 Villa	1,476	96	94	98%	94	100%
Laguna Village Residences 7	349	10	10	100%	10	100% *
The Lofts at Laguna Village	254	22	10	45%	10	100%
Subtotal	8,312	667	537	81%	535	100%
<u>Projects Under Construction:</u>						
Cassia 3	1,722	193	117	61%	-	21%
Dhawa	766	124	27	22%	-	2%
Angsana Beachfront Residence	2,117	54	37	69%	-	-
Angsan Oceanview	1,087	33	3	9%	-	-
Banyan Tree Grande Residences	1,984	19	2	11%	2	34% *
Banyan Tree Pool Villa (New)	380	8	8	100%	0	17%
Laguna Park 2 Townhome	236	18	3	17%	-	2%
Laguna Park 2 Villa	216	12	3	25%	-	1%
Laguna Village Residences 8	630	16	4	25%	0	3% *
Subtotal	9,138	477	204	43%	2	
Total	17,450	1,144	741	65%	537	

* Construction, which takes about 1 to 2 years to complete, will start when a sale is made.

3. RISK FACTORS

3.1 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.

3.2 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.

3.3 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.

3.4 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.

3.5 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.

3.6 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.

3.7 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.

3.8 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.

3.9 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.

4. OPERATING ASSETS

4.1 Operating assets of the Company and its subsidiaries

(A) As at 31 December 2018, the principal assets of the Company and its subsidiaries that are used in the business operations are as follows:

Company's name	Type of asset	Location	Size	Type of Ownership	Possession Objective	Book Value (Million Baht)			Contingency
						Building	Furniture, fixtures and equipment	Total	
Laguna Banyan Tree Limited	1. Banyan Tree Phuket	Phuket	107 rooms	Owner	Hotel	1,096	297	1,393	None
Bangtao Grande Limited	2. Angsana Laguna Phuket	Phuket	328 rooms	Owner	Hotel	742	216	958	(1) Mortgaged for loans totaling 2,700 MB
Laguna Village Limited	3. Angsana Villas Resort Phuket	Phuket	16 rooms	Owner	Hotel	2	8	10	None
Thai Wah Plaza Limited	4. Banyan Tree Bangkok	Bangkok	305 rooms	Owner	Hotel	1,250	397	1,647	(2) Mortgaged for loans totaling 1,686 MB
Phuket Resort Development Limited	5. Cassia Phuket	Phuket	92 rooms	Owner	Hotel	215	19	234	(3) Mortgaged for 920 MB loan
Laguna Grande Limited	6. Laguna Phuket Golf Club	Phuket	18 holes	Owner	Golf course	47	82	129	(4) Mortgaged for 250 MB loan
Laguna Service Company Limited	7. Laguna Service	Phuket	6 Rai 3 Ngan 54.8 Sqw	Owner	Utilities and resort support services provider	38	63	101	(5) Mortgaged for 90 MB loan
Laguna Excursions Limited	8. Laguna Tours & Travel	Phuket	-	Owner	Provider of tours and related services	1	-	1	None
Subsidiary companies	9. Banyan Tree and Angsana Gallery	Phuket / Bangkok	8 shops	Owner	Retail shops	8	4	12	None
The Company and its subsidiaries	10. Building, furniture, fixtures and equipment	Phuket / Bangkok	-	Owner	For operations	132	106	238	None
						Land			
Subsidiary companies	11. Land	Bangkok	2 Rai 1 Ngan 92 Sqw	Owner	Hotel location	933		933	As per (2)
The Company and its subsidiaries	12. Land	Phuket	917 Rai 0 Ngan 39.37 Sqw	Owner	Laguna Phuket location	5,869		5,869	As per (1),(3), (4) and (5)

Total **11,525**

As a policy, land and building revaluation by independent appraiser will be made every 3 years. The buildings were revalued using the “Replacement Cost Approach” or “Income Approach” and land was revalued using the “Market Approach” by Simon Lim & Partners Co., Ltd. dated 14 October 2016. The appraiser’s names are Miss Navaporn Wongurai – Authorized Valuer No. 012 or Mr. Surasit Phanthanakong – Authorized Valuer No. 013.

(B) As at 31 December 2018, investment properties of the Company and its subsidiaries are as follows:

Company's name	Type of asset	Location	Size	Type of Ownership	Possession Objective	Book Value (Million Baht)				Contingency
						Land awaiting for development/sales	Building office units and shops for rent	Construction in Progress	Total	
Laguna Resorts & Hotels Public Company Limited	1. Canal Village Laguna Shopping	Phuket	3,147 Sqm on 25 Rai 3 Ngan 46.8 Sqw	Owner	Retail shops rental	244	15	9	268	None
Subsidiary companies	2. Office space in Thai Wah Tower 1	Bangkok	15,389 Sqm	Owner	Office premises for lease	-	774	-	774	As per (2)
Subsidiary companies	3. Land	Chiang Mai/Chiang Rai/ Mae Hong Son	1,425 Rai 2 Ngan 87.4 Sqw	Owner	Land awaiting for development/sales	191	-	-	191	None
Total						435	789	9	1,233	

As a policy, investment property revaluation by independent appraiser will be made every year. Units in office building and shops for rent were revalued using the “Income Approach” and land/land awaiting for development/sales was revalued using the “Market Approach” by Simon Lim & Partners Co., Ltd. dated 19 December 2018. The appraiser's names are Miss Navaporn Wongurai – Authorized Valuer No. 012 or Mr. Surasit Phanthanakong – Authorized Valuer No. 013.

Property development projects for sale

As at 31 December 2018, the property development projects for sale of the Company and its subsidiaries are as follows:

Company's name	Project	Project Location	Project area	Type of Ownership	Available units	Book Value (Million Baht)	Completed Project Date	Contingency
Laguna Banyan Tree Limited	1. Banyan Tree Double Pool Villa	Phuket	1,353 Sqm	Owner	3	70	March 2007	(6) Mortgage for 592.5 MB loan
PT. AVC Indonesia	2. AVC Indonesia	Indonesia	1,341 Sqm	Owner	11	36	January 2008	None
Laguna Holiday Club Limited	3. Laguna Holiday Club	Phuket / Chiang Mai / Hua Hin / Pattaya	18,777 Sqm	Owner	147	389	November 2008	(7) Mortgage for 265 MB loan
Laguna Grande Limited	4. The Lofts	Phuket	2,448 Sqm	Owner	12	132	July 2011	(8) Mortgage for 298 MB loan
Phuket Resort Development Limited	5. Cassia Phuket Phase 1	Phuket	2,371 Sqm	Owner	47	149	November 2015	(3) Mortgage for 620 MB loan
Phuket Resort Development Limited	6. Cassia Phuket Phase 2	Phuket	2,243 Sqm	Owner	46	198	May 2018	(3) Mortgage for 620 MB loan
Twin Waters Development Company Limited	7. Laguna Park Townhomes & Villas	Phuket	11,361 Sqm	Owner	45	283	December 2018	(9) Mortgage for 920 MB loan
Phuket Resort Development Limited	8. Cassia Phuket Phase 3&4	Phuket	14,387 Sqm	Owner	193	274	September 2019	(3) Mortgage for 620 MB loan
Laguna Banyan Tree Limited	9. Banyan Tree Grande Residence	Phuket	12,954 Sqm	Owner	17	355	December 2019	(6) Mortgage for 592.5 MB loan
TWR-Holdings Limited	10. Laguna Village Residences 8	Phuket	2,684 Sqm	Owner	4	40	2020	None
Bangtao Development Company Limited	11. Angsana Beach Front	Phuket	15,039 Sqm	Owner	54	340	2020	(9) Mortgage for 920 MB loan
Subsidiary companies	12. Land awaiting for future development	Phuket	893 Rai 2 Ngan 54.96 Sqw	Owner	-	1,274	-	None
Subsidiary companies	13. Other	Phuket	-	Owner	-	275	-	None
Total					703	3,815		

Intangible Assets

The intangible assets of the Company and its subsidiaries comprise of goodwill amounting to Baht 57 million from the acquisition of 100 percent of Thai Wah Plaza Limited in 2005 and goodwill amounting to Baht 351 million from the acquisition of 49 percent of Laguna Banyan Tree Limited in 2002.

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

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

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

4.2 Investment policy in subsidiary and associated companies

The Company has a policy of investing in subsidiary and associated companies which possess the same business activity and potential growth prospects. The appropriate return on capital is considered when making the investments. Such investments are made only after due consideration and approval either by the Board of Directors or Management depending on the size of investment as follows:

- Investments more than US\$ 10 million to be approved by the Board.
- Investments between US\$ 5 - 10 million to be jointly approved by the Chief Executive Officer and any 1 director.
- Investments less than US\$ 5 million to be approved by the Chief Executive Officer.

For subsidiary companies, the directors are appointed by the Company based on its controlling ownership interest. The directors are assigned the task of making significant policies, managing and controlling the subsidiary's operation consistent with the Company's policies, thereby ensuring a sufficient return on investment to it as well as the shareholders.

For associated companies, the directors are appointed by the Company based on the percentage of ownership. However, the Company has no significant influence over the management of the associates.

The current intention of management in regards to its investment policy is to pursue any investment opportunities both within and outside Laguna Phuket that provides the shareholders with a sufficient return on investment.

4.3 Asset Revaluation

As a policy, land and building revaluation by independent appraiser will be made every 3 years. The buildings were revalued using the “Replacement Cost Approach” or “Income Approach” and land was revalued using the “Market Approach”. Investment property revaluation by independent appraiser will be made every year. Units in office building and shops for rent were revalued using the “Income Approach” and land awaiting for development/ sales was revalued using the “Market Approach”.

The detail of types of asset revaluation, purpose of revaluation, name of appraiser, and the date of revaluation is shown under the section 4.1.

5. 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

“Plaintiffs”

Laguna Grande Limited, Bangtao Development Limited,

“Defendants”

Bangtao (1) Limited, Bangtao (2) Limited, and 10 individual directors

Background

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

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

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

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

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

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

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

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

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

6. GENERAL INFORMATION AND OTHER MATERIAL INFORMATION

6.1 General Information

6.1.1 The Issuing Company

The Issuing Company	:	Laguna Resorts & Hotels Public Company Limited (the “Company” or “LRH”)
Type of Businesses	:	Major businesses are hotel business and property development. The subsidiaries also engage in operating golf clubs, sales of merchandise, office and resort rental and sales of holiday club memberships.
Corporate Registration Number	:	0107535000371
Registered Capital	:	Baht 2,116,753,580
Issued and Paid-up Capital	:	Baht 1,666,827,010
Head Office	:	Thai Wah Tower I, 7 th , 22 nd and 24 th floor, 21/17B, 21/17C, 21/65, 21/66 and 21/68 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
Branch	:	390/1 Moo 1, Srisoontorn Road, Cherngtalay, Thalang, Phuket 83110, Thailand
Homepages	:	www.lagunaresorts.com (Corporate Website) www.lagunaphuket.com (Marketing Website)
Telephones	:	Bangkok Head Office 66 (0) 2677 4455 Laguna Phuket Office 66 (0) 7636 2300
Facsimiles	:	Bangkok Head Office 66 (0) 2285 0733 Laguna Phuket Office 66 (0) 7632 4061

6.1.2 Companies in which the Company's Shareholding Exceed 10 percent

The following is a list of companies in which the Company made investments, in the form of shareholding of 10 percent or more of the total number of shares issued as of 31 December 2018.

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

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
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 and property development	Phuket	1,500,000,000	100.00	1,500,000,000	100.00	66 (0) 7632 4374	66 (0) 7632 4375
LEL	Travel operations	Phuket	8,000,000	100.00	8,000,000	49.00	66 (0) 7636 2300	66 (0) 7636 2370
LGL	Golf club operations and property development	Phuket	1,000,000,000	100.00	1,000,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LHC	Holiday club membership and property development	Phuket	330,000,000	100.00	330,000,000	100.00	66 (0) 7636 2400	66 (0) 7636 2401
LLL	Property development	Phuket	1,000,000	100.00	1,000,000	95.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LSC	Provide utilities and other services to hotels of the subsidiaries	Phuket	90,500,000	100.00	90,500,000	72.90	66 (0) 7630 5639-42	66 (0) 7630 5643
LVL	Hotel operations	Phuket	6,000,000	100.00	6,000,000	100.00	66 (0) 7633 6900	66 (0) 7633 6970

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
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 such as vermicelli, noodles and sago	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

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
TWT	Lease of office building space	Bangkok	455,000,000	100.00	455,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TWT2	Property development	Bangkok	21,000,000	100.00	21,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733

Remark

- * 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" in Attachment 6

6.1.3 References

- **Regulator for Issuing Company:**
The Securities and Exchange Commission (SEC)
333/3 Vibhavadi Rangsit Road, Chomphon, Chatuchak, Bangkok 10900, Thailand
Telephone 66 (0) 2033 9999
Facsimile 66 (0) 2033 9660
Email info@sec.or.th Homepage www.sec.or.th
- **Regulator for Listed Company:**
The Stock Exchange of Thailand (SET)
The Stock Exchange of Thailand Building
93 Ratchadapisek Road, Dindaeng, Bangkok 10400, Thailand
Telephone 66 (0) 2009 9000 and 66 (0) 2009 9999
Facsimile 66 (0) 2009 9991
Email SETContactCenter@set.or.th Homepage www.set.or.th
- **Registrar:**
Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building,
93 Ratchadapisek Road, Dindaeng, Bangkok 10400, Thailand
Telephone 66 (0) 2009 9000
Facsimile 66 (0) 2009 9991
Email SETContactCenter@set.or.th Homepage www.set.or.th/tsd
- **Auditor:**
EY Office Limited by
Mr. Sophon Permsirivallop, C.P.A. No. 3182 and/or
Ms. Rungrana Lertsuwankul, C.P.A. No. 3516 and/or
Ms. Rosaporn Decharkom, C.P.A. No. 5659 and/or
Ms. Pimjai Manitkajohnkit, C.P.A. No. 4521 and/or
Ms. Sumana Punpongsanon, C.P.A. No. 5872
Lake Rajada Office Complex, 33rd floor,
193/136-137 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand
Telephone 66 (0) 2264 0777
Facsimile 66 (0) 2264 0789-90
- **SD Audit and Consultancy Limited by**
Mr. Somsak Dhanapaisarnsakul, C.P.A. No. 5794 and/or
Ms. Pannipa Ratanacharoen, C.P.A. No. 8462
120/590 Nonsri Road, Chongnonsi, Yannawa, Bangkok 10120, Thailand
Telephone 66 (0) 2681 3371

- **Legal Counselors:**

Allen & Overy (Thailand) Company Limited

Sindhorn Tower 3, 22nd floor,
130-132 Wireless Road, Lumpini, Patumwan, Bangkok 10330, Thailand
Telephone 66 (0) 2263 7600
Facsimile 66 (0) 2263 7699

Amphon Anuporn & Associates Law Office Company Limited

80/2 Trok Sathien, Tanao Road, Sarnchaophorsua, Phranakorn, Bangkok 10200, Thailand
Telephone 66 (0) 2622 0200
Facsimile 66 (0) 2622 0198

Baker & McKenzie Limited

Abdulrahim Place, 25th floor,
990 Rama IV Road, Silom, Bangrak, Bangkok 10500, Thailand
Telephone 66 (0) 2636 2000
Facsimile 66 (0) 2636 2111

Dharmniti Law Office Company Limited

Bhakdee Building, , 2nd floor,
2/2 Wireless Road, Lumpini, Patumwan, Bangkok 10330, Thailand
Telephone 66 (0) 2680 9777
Facsimile 66 (0) 2680 9711

DLA Piper (Thailand) Limited

Empire Tower, 47th Floor, Unit 4707,
195 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand
Telephone 66 (0) 2686 8500
Facsimile 66 (0) 2670 0131

Jakkrapong Law Office Company Limited

195 Soi Sannibatthetsaban, Ratchadapisek Road,
Chandrakasem, Chatuchak, Bangkok 10900, Thailand
Telephone 66 (0) 2930 0123
Facsimile 66 (0) 2513 6011

Atthaworadej & Associates Company Limited

Srijulsup Tower, 12th Floor
44 Rama I Road, Rong Mueang, Patumwan, Bangkok 10330, Thailand
Telephone 66 (0) 2613 9449

Weerawong, Chinnavat & Peangpanor Limited

Mercury Tower, 22nd Floor

540 Ploenchit Road, Lumpini, Patumwan, Bangkok 10330, Thailand

Telephone 66 (0) 2264 8000

Facsimile 66 (0) 2657 2222

- **Financial Advisor:**

Silom Advisory Company Limited

- **Financial Institutions:**

Siam Commercial Bank Public Company Limited, Head Office

Siam Commercial Bank Public Company Limited, Thanon Sathon Branch

Siam Commercial Bank Public Company Limited, Phuket Branch

Kasikorn Bank Public Company Limited, Head Office

Kasikorn Bank Public Company Limited, Silom Main Branch

Bangkok Bank Public Company Limited, Head Office

Bangkok Bank Public Company Limited, Silom Branch

6.2 Other Material Information

-None-

PART II
MANAGEMENT AND CORPORATE GOVERNANCE

7. SECURITIES AND SHAREHOLDERS

7.1 Registered and Paid-up Capital

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

As of the latest share register book closing on 28 December 2018, the total shares held by Thai Trust Fund Management Company Limited and Thai NVDR Company Limited (a subsidiary wholly owned by the Stock Exchange of Thailand issuing "Non-Voting Depository Receipt" or "NVDR") in the Company's shares are 20,837,415 shares or 12.5 percent and 1,105,350 shares or 0.7 percent, respectively, of the total issued and paid-up shares of the Company. Pursuant to the provisions of the prospectus of Thai Trust Fund Management Company Limited and Thai NVDR Company Limited, they will not attend nor vote in any shareholders' meeting of the Company other than delisting. Therefore, the shares held by Thai Trust Fund Management Company Limited and Thai NVDR Company Limited will not be considered for quorum and voting in shareholders' meeting except when the Company wishes to delist its shares from the Stock Exchange of Thailand.

7.2 Shareholders

7.2.1 Major Shareholders as at 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. Wachira Thayanaraporn		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.

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

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 holding 86.3 percent in aggregation of both direct and indirect of the total shares issued and paid-up of the Company.

7.2.2 Shareholders' Agreement

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

7.3 Issuing of other securities

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

7.4 Dividend Policy

7.4.1 Dividend Policy of the Company

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

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

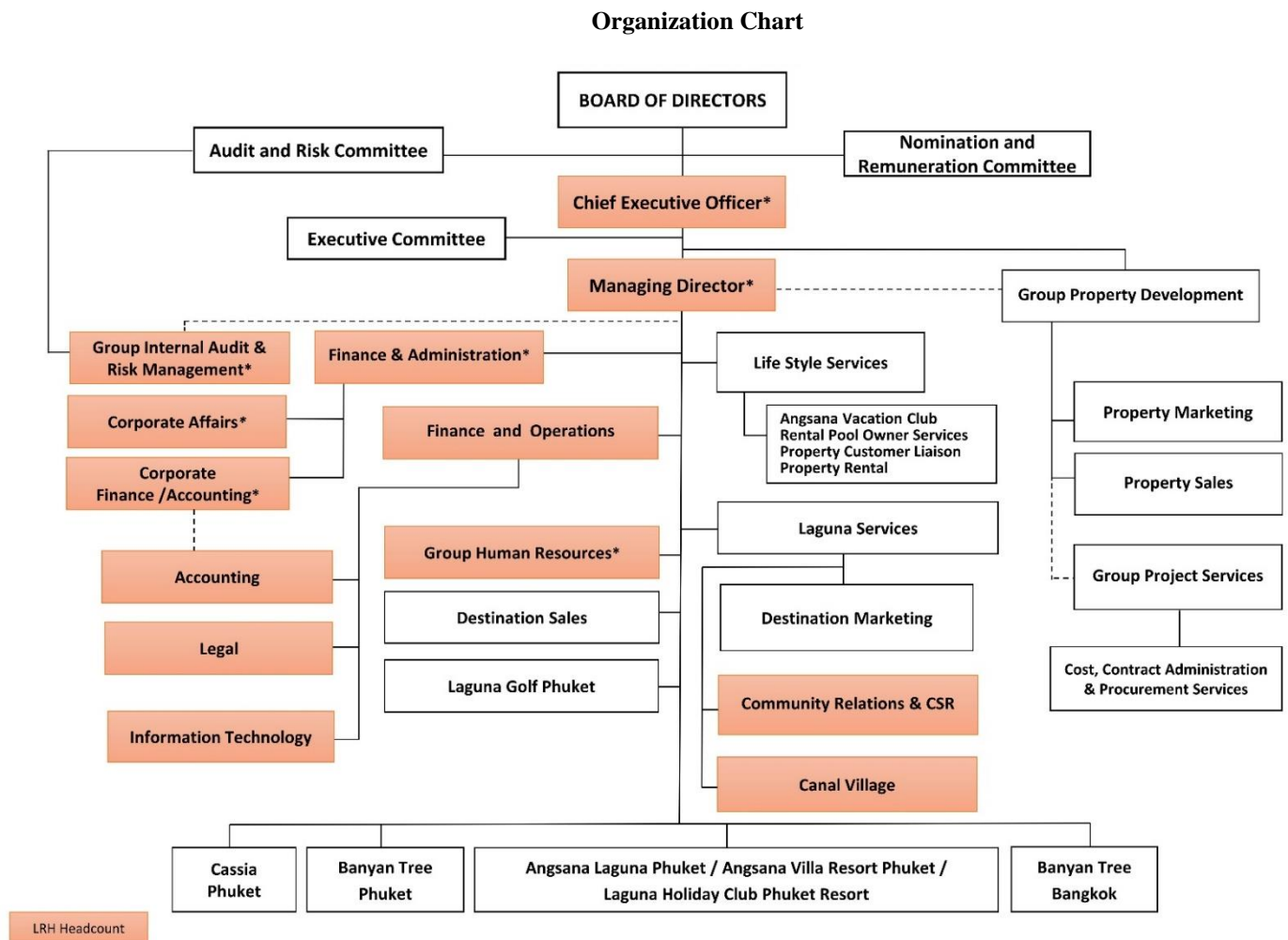
7.4.2 Dividend Policy of the Subsidiaries

In respect of dividend payment policy 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.

8. MANAGEMENT STRUCTURE as of 31 December 2018

8.1 Board Structure

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



As of December 2018

Remark:

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

(1) Board of Directors

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

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

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

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

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.
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.

(2) Audit and Risk Committee

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

Name		Position
1. Mr. Vudhiphol	Suriyabhivadh	Chairman
2. Dr. Jingjai	Hanchanlash	Member
3. Mr. 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;
4. To be responsible for the resolution of disagreements between management and the external auditor regarding financial reporting;
5. To seek to ensure that the Company has complied with the law on securities and exchange, the Stock Exchange of Thailand's regulations, and the laws related to the business of the Company;
6. To seek to ensure that the connected transactions or transactions that may lead to conflicts of interests are in compliance with the laws and the Stock Exchange of Thailand's regulations, and are reasonable and for the highest benefit of the Company;
7. To review or discuss, as and when appropriate, policies regarding risk assessment and risk management and the steps management has taken to monitor and control such exposures;
8. To seek to oversee and ensure a continuous process for managing risk and to report on all areas of concern to the Board;
9. To review and assess the adequacy of the Charter of Audit and Risk Committee annually and recommend modification to the Board as needed;

10. To prepare a report of the Audit and Risk Committee to be disclosed in the annual report of the Company, which must be signed by the Chairman of the Audit and Risk Committee; comprising at least the following information:
 - a. an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - b. an opinion on the adequacy of the Company's internal control system,
 - c. an opinion on the compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations, or the laws related to the business of the Company,
 - d. an opinion on the suitability of an auditor,
 - e. an opinion on the transactions that may lead to conflicts of interests,
 - f. the number of the Audit and Risk Committee meetings, and the attendance of such meetings by each committee member,
 - g. an opinion or overview comment received by the Audit and Risk committee from its performance of duties in accordance with the charter, and
 - h. other transactions which, according to the Audit and Risk committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board;
11. In performing the duty of the Audit and Risk Committee, if there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results:
 - a. a transaction which causes a conflict of interest;
 - b. any fraud, irregularity, or material defect in an internal control system; or
 - c. an infringement of the law on securities and exchange, the Stock Exchange of Thailand's regulations, or any law related to the business of the Company.

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

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

In order that the duties and responsibilities of the Audit and Risk Committee can be fulfilled, the Audit and Risk Committee shall have the power to investigate related persons and matters within

the scope of the authority and duty of the Audit and Risk Committee and, with the approval of the Board of Directors, shall have the power to employ or ask a specialist to provide advice and opinions as deemed appropriate by the Audit and Risk Committee.

The Term of Office

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

(3) Nomination and Remuneration Committee

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

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

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

The Term of Office

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

8.2 Management*

Management of the Company comprised of the following members:

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

Remark:

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

* 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

8.3 Company Secretary

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

8.4 Remuneration

8.4.1 Remuneration Policy

Employees' Remuneration

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

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

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

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

Directors' Remuneration

The fees for Independent Directors, Non-Executive Directors and Directors reflect the scope and extent of a director's responsibilities and obligations. They are measured against industry benchmarks and are competitive. Directors' fees are subject to shareholders' approval at the Annual General Meeting. In addition to directors' fees, Independent Directors and Non-

Executive Directors also receive compensation in kind in terms of goods and services provided at hotels operated by the Group.

Details of the remuneration paid to directors of the Board and management in 2018 are disclosed in the Company's 2018 annual report and Form 56-1 under the section "Directors' and Managements' Remuneration".

8.4.2 Remuneration and Other Benefits of the Directors during the Year 2018

No	Name	Position	Remuneration/Other Benefits (Baht/Year)		
			The Board	Audit and Risk Committee	Nomination and Remuneration Committee
1	Mr. Ho KwonPing	Chairman of the Board and Chief Executive Officer	1,536,000 / -	- / -	- / -
2	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 / -
3	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 / -
4	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 / -
5	Ms. Srinthorn Ounayakovit	Independent Director	1,026,000 / 66,000 ¹	- / -	- / -
6	Mr. Surapon Supratya	Non-Executive Director	1,026,000 / 66,000 ¹	- / -	- / -
7	Mr. Ho KwonCjan	Director	672,000 / -	- / -	- / -
8	Mr. Ariel P. Vera	Non-Executive Director	1,026,000 / - ²	- / -	- / -
9	Mr. Eddy See Hock Lye	Director	672,000 / -	- / -	- / -
10	Mr. Ho Ren Hua	Director	672,000 / -	- / -	- / -
11	Mr. Shankar Chandran	Director and Managing Director	672,000 / -	- / -	- / -
12	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.

8.4.3 Directors and Managements' 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
Non-Executive Director	171,000	USD 2,000
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 Remuneration

(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.

8.5 Human Resources

The number of employees of the Company (excluding those in the subsidiaries) as at 31 December 2018 was 69 employees as detailed below:

Department	No. of Employees
Management office	6
Cost, Contract Administration & Procurement Services	6
Accounts	5
Administration	8
Information Technology	2
Corporate Affairs	3
Corporate Community Relations and Land	6
Community Relations & Corporate Social Responsibilities	5
Human Resources	13
Internal Audit	3
Canal Village	3
Legal	3
Business Analysis and Special Projects	1
Owned Hotels Operations	2
Budget & Planning	3
Total	69

Total remuneration and benefits paid to employees (such as salary, bonus, car allowance, social security payment, provident fund payment, medical, accident & health insurance, complimentary vouchers, etc.) during the 12 months ended 31 December 2018 amounted to Baht 106,141,907.

9. CORPORATE GOVERNANCE

9.1 Corporate Governance Policy

The Company is committed to maintaining high standards of good corporate governance within the organization to protect and enhance long-term shareholder value. The Company has adopted and is continuously developing a set of good corporate governance practices and policies which are modeled on principles advocated by the SET as per the details set out in the following sections. Additionally, the Company has put in place a Code of Corporate Conduct approved by the Board of Directors and Standard Operating Procedures which have been communicated throughout the organization 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. 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.
- 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.

- 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.

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).

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.

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.

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.
- (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:

- 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".
- 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.

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 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 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.

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:

- 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 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.

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 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

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, conclude 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 the levels of performance 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

The assessment result in 2018 of the Board of Directors and each Sub-Committee (as a whole) are as follows:

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 which is in the Excellent category.
3. The Nomination and Remuneration Committee achieved an average score of 92 percent which is in the Excellent category.

9.2. Board Structure

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

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

9.3.1 Appointment of Directors

- (a) The number of the Board of Directors shall not be less than 5 directors and at least half of the total directors shall reside in Thailand.

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

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

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

9.3.2 Removal of Directors

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

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

A retiring director shall be eligible for re-election.

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

9.4 Governing Over Operations of Subsidiary / Associated Companies

In monitoring the business operations of subsidiary and associated companies, the Company will assign its directors or managements to act as directors in subsidiary and associated companies according to the proportion of shareholding. They act as the representatives on behalf of the Company to set policies and conduct business of subsidiary and associated companies consistently with the Company's main policy. The assignment of the Company's representatives to be directors or managements in subsidiary and associated companies is in the scope of authority of the management. The directors or managements who represent the Company will perform their duties within the scope of their roles and responsibilities in order to maintain the maximum benefit of the Company and report directly to the management. All transactions in any subsidiary and associated companies, which may significantly affect the business operation or financial position of the Company, must be considered and approved by the Board of Directors of the Company

The Company encourages and monitors the subsidiary and associated companies to operate their business in compliance with the good corporate governance policy and the rules and regulations of relevant authorities including business transactions such as the acquisition and disposition of assets and connected transaction of the Company and its subsidiary and associated companies, to maintain accurate accounting records and financial reports according to accounting standards and to be audited by the Company's Internal Audit to ensure that there is a sufficient and effective internal control system.

9.5 Supervision on the Use of Inside Information

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

9.6 Auditor's Remuneration (for the fiscal year ended 31 December 2018)

1. 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.

2. 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.

10. CORPORATE SOCIAL RESPONSIBILITIES

10.1 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

10.2 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.

10.3 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.

10.4 CSR Initiatives and Projects

10.4.1 Cultural Diversity

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

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.

10.4.2 Social Equity

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

Seedlings - Social Enterprise Restaurant

Seedlings is the first restaurant launched by Laguna Lang Co under Banyan Tree's group-wide mentorship 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.

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

10.4.3 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.

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 trainers. 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.

10.4.4 Health & Sports Promotion

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

10.4.5 Environmental Preservation

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

EarthCheck

EarthCheck is the environmental certification 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 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.

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.

11. INTERNAL CONTROL AND RISK MANAGEMENT

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

Based upon the reports of work carried out by the external auditors, the Board of Directors is of the opinion that the Company's internal accounting controls are adequate and have enabled the external auditors to opine that the financial statements for the year ended 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.

11.2 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.

11.3 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. (Qualification and profile of the Head of Group Internal Audit is shown in Attachment 1)

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

12. RELATED PARTY TRANSACTIONS

As has been the case in the past, in 2018 the Company and its subsidiaries had a significant number of business transactions with related parties (related by way of shareholding, common shareholders, directors and/or management) but all of which are conducted as part of the Company's normal course of business.

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

Inter Resort Charges and Credit Card Commission

- These charges relate to goods and services that are consumed by customers in one part of Laguna Phuket but are billed centrally to the customer at the hotel at which the customer is staying. Such charges relate to meals at restaurants, golf fees, treatments at the spa and goods purchased at shops in the resort. On receiving the funds centrally from the customer, the hotel reimburses the company in which the goods and services are consumed. Actual receipts are paid and credit card commission is charged ranging from 2 percent to 5 percent of the revenue and are based on the commissions charged by the credit card companies. Such inter resort charges are also incurred at the Banyan Tree Bangkok, Banyan Tree Lijiang and Laguna Golf Bintan primarily for treatments at the spa and goods purchased at the shops and golf fees at golf course.
- These transactions provide the convenience of guest's payment and to promote the resort integration.

Management Fees

- 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 (LBTL) and Cassia Phuket (PKRD) and Angsana Villas Resort Phuket (LVL) pay a royalty fee of 2 percent of total revenue.
 - (ii) Banyan Tree Bangkok (TWPL) and Angsana Laguna Phuket (BGL) pay a royalty fee of 3 percent of total revenue.
 - (iii) BTG(T) and BTG(S) pay a royalty fee of 1 percent of total revenue.

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

Management Fee - Architectural and Interior Design Service

- Architectural and interior design services which the fees are based on construction cost at the progressive rates depending on the type of services and type of constructions. The fees are consistent with industry practice. As a result, these transactions are on normal commercial terms and conditions.

Management Fee – Providing Operational, Visual and Product Training Service

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

Management Income

- Management fee charged to BTRS(T) for providing administration services of information technology and human resources. The monthly fee is Baht 55,000.

Sale and Purchase of Goods

- Purchase of goods for their sales & marketing gifts and guest supplies for the hotel and spa relates to:
 - (i) Sale of goods from Gallery operations to related companies are priced at a 15 percent to 30 percent 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 percent and 40 percent margin.
 - (iii) Sale and purchase of goods among BTG(S) and BTG(T) are priced at cost plus a handling fee of 5 to 20 percent. In this instance, they act as a purchasing agent and central purchasing for products in their countries in order to facilitate bulk purchasing for competitive pricing.

Sale and Purchase of Spa and Gallery Vouchers

- Banyan Tree Spa and Banyan Tree Gallery vouchers are purchased for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.
- There are sale of spa and gallery vouchers by companies which operate Banyan Tree Spas and Banyan Tree Gallery to related companies for using as a marketing tool. The Spa vouchers are priced at a 55 percent discount to the Spa price list. The Gallery vouchers are priced at 20 percent to the face value of the voucher.

Reimbursement of Costs

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

Rent and Service income

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

Banyan Tree Spa and Banyan Tree Gallery are recognised brand names which enhance the image of the hotel and help in its marketing. Rental charged to BTRS(T) and BTG(T) are consistent with industry practice and rents charged to them by other non related party resorts.

- (ii) Rental and service income earned by TWPL for renting the office space at Thai Wah Tower and Banyan Tree Bangkok. Rental and service fees charged are in line with market rate. Terms and conditions in the agreement are similar to other customers and the market. Service has been separated from rental for tax reasons.
- (iii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store is at Baht 1,172 per square meter per month.
- (iv) Service income from rental of Banyan Tree Management Academy is at Baht 132,613 per month.

Rental Return on Hotel Units

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

Resort Service Charges

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

Training Charges

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

Procedures for Approving Related Party Transactions

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

Future Policy or Tendency of Related Party Transactions

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

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

The person who may have a mutual interest and holds (both directly and indirectly) more than 10 percent of the shares in the subsidiaries and associate of the Company is BTH, who is also a major shareholder of the Company. The subsidiaries and associate whose shares are held by BTH engage in hotel and property development as well as souvenir retail in the hotels managed by BTH. With BTH's expertise and experience of international hotel development and management of award-winning hotels under the trademarks of "Banyan Tree", "Angsana", and "Cassia", the joint investment with BTH will result in the said subsidiaries and associate benefitting from the use of trademarks, reputation and managerial assistance of BTH.

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

TRANSACTIONS BETWEEN THE GROUP (THE COMPANY AND ITS SUBSIDIARIES) AND RELATED PARTIES IN YEAR 2018

	Payee	Payer	Details of Transaction / Contract	Transactions in 2018 (MB)	Persons with Mutual Interest	Nature of Relationship	Directors with Common Interest
TRANSACTIONS WITH ASSOCIATE							
Reimbursement Receipts							
1	TWPL	TWPC	Reimbursement	4	-	-	CSH, KCH
Rent and Service							
2	TWPL	TWPC	Lease and service Agreement at 1 st floor (area 42 sq.m) ,5 th floor (234 sq.m), 6 th floor (area 1,219 sq.m), 7 th floor (area 357 sq.m), 20 th floor (area 185 sq.m) and 21 st floors (area 914 sq.m) of Thai Wah Tower Agreement lease period details are: 1 st floor and 5 th floor from 1 January 2016 to 31 December 2018, 6 th floor from 1 February 2016 to 30 September 2018, 7 th floor from 1 October 2016 to 30 September 2018 and 20 th and 21 st 1 October 2015 to 30 September 2018 renew agreement from 1 October 2018 to 30 September 2019	22	-	-	CSH, KCH

TRANSACTIONS BETWEEN THE GROUP (THE COMPANY AND ITS SUBSIDIARIES) AND RELATED PARTIES IN YEAR 2018 (CONT'D)

	Payee	Payer	Details of Transaction / Contract	Transactions in 2018 (MB)	Persons with Mutual Interest	Nature of Relationship	Directors with Common Interest
TRANSACTIONS WITH RELATED COMPANIES							
Credit card commission receipts							
3	TWPL	BTRS(T)	Credit card commission receipts	1	BTRS(T)	B	CH, CSH, ESHL, KCH, KW
Inter resort payments							
4	BTRS(T)	BGL	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	11	BTRS(T)	B	CH, CSH, ESHL, KCH, KW
5	BTRS(T)	LBTL	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	37	BTRS(T)	B	CH, CSH, ESHL, KCH, KW
6	BTRS(T)	LVL	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	1	BTRS(T)	B	CH, CSH, ESHL, KW
7	BTRS(T)	PKRD	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	1	BTRS(T)	B	CH, CSH, ESHL, KCH, KW
8	BTRS(T)	TWPL	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	19	BTRS(T)	B	CH, CSH, ESHL, KCH, KW
Management fees income							
9	LRH	BTRS(T)	Technical Assistant Agreement for providing management services for Information Technology, Human Resource, and maid services.	1	BTRS(T)	A	CSH, ESHL, KCH
10	LRH	BTHR(T)	Sharing staff cost carrying out several duties for LRH group	1	BTRS(T)	C	CSH, ESHL
11			Management fees income (< 1 MB)	1			
Management fees expenses							
12	BTHR	BTG(T)	Royalty agreement: For the use of "Banyan Tree" and "Angsana" trademarks and all proprietary rights associated with them.	2	BTH	A, B	ESHL
13	BTHR	BGL	Royalty agreement: For the use of "Angsana" trademark and all proprietary rights associated with it. Agreement is from July 2012 to November 2031	23	BTH	B	ESHL
14	BTHR	LBTL	Royalty agreement: For the use of "Banyan Tree" trademark and all proprietary rights associated with it. Agreement is from 1 July 2012 to December 2015, renewal agreement from 1 January 2016 to 31 December 2025	19	BTH	B	ESHL
15	BTHR	LVL	Royalty agreement: For the use of "Angsana" trademark and all proprietary rights associated with it. Agreement is from 1 August 2016 up to 25 years (as per HMA).	2	BTH	B	ESHL
16	BTHR	PKRD	Royalty agreement: For the use of "Cassia" trademark and all proprietary rights associated with it. Agreement is from 19 October 2015 up to 25 years (as per HMA).	2	BTH	B	ESHL
17	BTHR	TWPL	Royalty agreement: For the use of "Banyan Tree" trademark and all proprietary rights associated with it. Agreement is from July 2012 to December 2021.	32	BTH	B	ESHL
18	BTHR(T)	BGL	Technical Assistance agreement: Conduct of Hotel Business and technical assistance in the planning, building, furnishing, equipping, decorating & operating of Angsana Laguna Phuket and Reservation fee. Agreement is from July 2012 to November 2031	27	BTRS(T)	B	CSH, ESHL
19	BTHR(T)	LBTL	Technical Assistance agreement: Conduct of Hotel Business and technical assistance in the planning, building, furnishing, equipping, decorating & operating of Banyan Tree Phuket and Reservation fee. Agreement is from July 2012 to December 2015 with option to extend for 2 successive periods of 10 years, each at the option of BTHR(T), the 1 st renewal from 1 January 2016 to 31 December 2025	32	BTRS(T)	B	CSH, ESHL
20	BTHR(T)	LVL	Hotel Management agreement: Conduct of Hotel Business and technical assistance in the planning, building, and furnishing, equipping, decorating & operating of Angsana Villas Phuket and Reservation fee. Agreement is from 1 August 2016 until the expiry of the term (25 years)	3	BTRS(T)	B	CSH, ESHL

TRANSACTIONS BETWEEN THE GROUP (THE COMPANY AND ITS SUBSIDIARIES) AND RELATED PARTIES IN YEAR 2018 (CONT'D)

	Payee	Payer	Details of Transaction / Contract	Transactions in 2018 (MB)	Persons with Mutual Interest	Nature of Relationship	Directors with Common Interest
Management fees expenses (con't)							
21	BTHR(T)	PKRD	Hotel Management agreement: Conduct of Hotel Business and technical assistance in the planning, building, and furnishing, equipping, decorating & operating of Cassia Phuket and Reservation fee. Agreement is from 19 October 2015 until the expiry of the term (25 years)	5	BTRS(T)	B	CSH, ESHL
22	BTHR(T)	TWPL	Hotel Management agreement: Conduct of Hotel Business and technical assistance in the planning, building, furnishing, equipping, decorating & operating of Banyan Tree Bangkok and Reservation fee. Agreement is from July 2012 to December 2021 with option to extend for another successive periods of 20 years, each at the option of BTHR(T).	40	BTRS(T)	B	CSH, ESHL
23	BTMG	BGL	Group Marketing services and share of operating cost of Regional Marketing offices	15	BTH	B	ESHL
24	BTMG	LBTL	Group Marketing services and share of operating cost of Regional Marketing offices	19	BTH	B	ESHL
25	BTMG	LVL	Group Marketing services and share of operating cost of Regional Marketing offices	2	BTH	B	ESHL
26	BTMG	PKRD	Group Marketing services and share of operating cost of Regional Marketing offices	2	BTH	B	ESHL
27	BTMG	TWPL	Group Marketing services and share of operating cost of Regional Marketing offices	22	BTH	B	ESHL
28			Management fees income (< 1 MB)	1			
Purchase of spa & gallery vouchers							
29	BTS	BGL	Purchase of Spa voucher for management benefits	1	BTH	B	CSH, ESHL
30	BTS	LBTL	Purchase of Spa voucher for management benefits	1	BTH	B	CSH, ESHL
31	BTS	LRH	Purchase of Spa voucher for management benefits	2	BTH	A	CSH, ESHL
32	BTS	LSC	Purchase of Spa voucher for management benefits	1	BTH	B	CSH
33	BTS	PKRD	Purchase of Spa voucher for management benefits	1	BTH	B	CSH, ESHL
34	BTS	TWPL	Purchase of Spa voucher for management benefits	1	BTH	B	CSH, ESHL
Sale of goods							
35	BTG(T)	BTRS(T)	Sale of goods	1	BTRS(T)	B	CH, CSH, ESHL, KCH, KO, KW
36	BTG(T)	HSSA	Sale of goods	1	BTH	A, B	CSH, ESHL
37	BTG(T)	HVRS	Sale of goods	4	BTH	A, B	ESHL
38	BTG(T)	LVCL	Sale of goods	5	BTH	A, B	ESHL
39	BTG(T)	MAPL	Sale of goods	1	BTH	A, B	ESHL
40	BTG(T)	MBPL	Sale of goods	2	BTH	A, B	ESHL
41	BTG(T)	PTMB	Sale of goods	1	BTH	A, B	ESHL
42	BTG(T)	PTBH	Sale of goods	6	TRL	C	KCH
43	BTG(T)	VM	Sale of goods	3	BTH	A, B	ESHL
44	BTG(T)	WLH	Sale of goods	1	BTH	A, B	CSH, ESHL
Reimbursement receipts							
45	AVCI	PTBH	Reimbursement of expenses	1	TRL	C	DM
46	BTG(S)	BTS	Reimbursement of expenses	3	BTH	A, B	ESHL
47	BTG(S)	BTHR	Reimbursement of expenses	3	BTH	A, B	ESHL
48	BTG(T)	BTS	Reimbursement of expenses	7	BTH	A, B	CSH, ESHL
49	LBTL	BTHR(T)	Reimbursement of expenses	1	BTRS(T)	B	CSH, ESHL
50	LBTL	BTRS(T)	Reimbursement of expenses mainly for sharing staff expenses and other expenses related to Spa at Laguna Phuket.	7	BTRS(T)	B	CH, CSH, ESHL, KCH, KW
51	LBTL	BTDP	Reimbursement of expenses	1	BTH	B	ESHL
52	LGL	LVCL	Reimbursement of expenses mainly for staff expenses who work for Laguna Lango projects	5	BTH	B	-
53	LRH	BTH	Reimbursement of expenses	2	BTH	A	APV, KPH
54	LRH	BTHR	Reimbursement of expenses	1	BTH	A	ESHL
55	LRH	BTHR(T)	Reimbursement of expenses	3	BTRS(T)	A	CSH, ESHL

TRANSACTIONS BETWEEN THE GROUP (THE COMPANY AND ITS SUBSIDIARIES) AND RELATED PARTIES IN YEAR 2018 (CONT'D)

	Payee	Payer	Details of Transaction / Contract	Transactions in 2018 (MB)	Persons with Mutual Interest	Nature of Relationship	Directors with Common Interest
Reimbursement receipts (con't)							
56	LRH	BTRS(T)	Reimbursement of expenses	1	BTRS(T)	A	CSH, ESHL, KCH
57	TWPL	BTRS(T)	Reimbursement of utilities and other expenses related to rental agreement and sharing common department's expenses	6	BTRS(T)	B	CH, CSH, ESHL, KCH, KW
58	TWPL	BTHR	Reimbursement of expenses	1	BTH	B	ESHL
59	TWPL	BTHR(T)	Reimbursement of expenses	7	BTRS(T)	B	CSH, ESHL
60	TWPL	VM	Reimbursement of expenses	1	BTH	B	ESHL
61			Reimbursement receipts (< 1 MB)	6			
Reimbursement payments							
62	ADPL	LBTL	Reimbursement of expenses mainly from exterior drawing, design landscape (Credit Note)	-2	BTH	B	ESHL
63	BTHR	BGL	Reimbursement of expenses	2	BTH	B	ESHL
64	BTHR	BTG(S)	Reimbursement of expenses	1	BTH	A, B	ESHL
65	BTHR	LRH	Reimbursement of expenses	1	BTRS(T)	A	ESHL
66	BTHR	TWPL	Reimbursement of expenses	2	BTH	B	ESHL
67	BTRS(T)	BTG(T)	Reimbursement of utilities and other expenses related to rental agreement, sharing common department's expenses	7	BTRS(T)	B	CH, CSH, ESHL, KCH, KO, KW
68	BTRS(T)	LBTL	Reimbursement of sales and marketing costs incurred by Banyan Tree group which relate specifically to the promotion of the Banyan Tree Phuket	5	BTRS(T)	B	CH, CSH, ESHL, KCH, KW
69	BTRS(T)	LGL	Reimbursement of payroll for Accounting, IT support and office supplies of Laguna Golf Phuket	2	BTRS(T)	B	CH, CSH, KW
70	PTBH	AVCI	Reimbursement of expenses mainly for maintenance & utilities, sharing of common department and other expenses related to operation of holiday club business in Bintan	5	TRL	C	DM
71	CMCH	LBTL	Reimbursement of expenses	6	BTH	B	ESHL
72			Reimbursement payments (< 1 MB) plus Banyan Tree Marketing Shanghai 6 mb.	4			
Rent and service income							
73	BGL	BTRS(T)	Space rental at the Angsana Laguna Phuket to operate the Angsana Spa. Agreement commenced from December 2011 to November 2041	3	BTRS(T)	B	CH, CSH, ESHL, KCH, KW
74	LBTL	BTRS(T)	Space rental at the Banyan Tree Phuket to operate the Banyan Tree Spa. Agreement commenced on 1 January 1997 and shall terminate upon the termination of the Technical Assistance Agreement between BTRS(T) & LBTL - Rental and service agreement for office & store in the Banyan Tree Phuket (521.53 sqm.) from 1 January 2017 to 31 December 2019. - Rental agreement for Banyan Tree Management Academy from 1 January 2017 to 31 December 2019.	14	BTRS(T)	B	CH, CSH, ESHL, KCH, KW
75	TWPL	BTRS(T)	Lease and service agreement for space rental at Thai Wah Tower and Banyan Tree Bangkok - Rental and service agreement for 19th – 21st floor (total area 1,178 sq.m.) at Banyan Tree Bangkok from 1 January 2018 to 31 December 2018 - Rental agreement for 22nd floor at Banyan Tree Bangkok, being an office (area 303 sq.m.) from 1 January 2018 to 31 December 2018 - Rental agreement at Thai Wah Tower for 5th floor (storage, area 13 sq.m.) from 1 February 2018 to 31 January 2021, and 22nd floor (area 304.93 sq.m.) and 22nd floor (area 56 sq.m.) from 1 January 2017 to 31 December 2019. - Rental agreement for ground floor at Thai Wah Tower (area 80 sq.m) from 1 February 2015 to 31 January 2017, renewal from 1 February 2017 to 31 January 2018.	9	BTRS(T)	B	CH, CSH, ESHL, KCH, KW
Rent and service expenses							
76	BTHR	BTG(S)	Rental office space at Angsana Building 4th floor (270.52 sqf) Banyan Tree Gallery (Singapore) Pte. Ltd.	1	BTH	A, B	ESHL
Rental return on hotel units							
77	CGL	PTBH	Rental return on hotel units in the Angsana Resort & Spa Bintan	4	TRL	C	-

TRANSACTIONS BETWEEN THE GROUP (THE COMPANY AND ITS SUBSIDIARIES) AND RELATED PARTIES IN YEAR 2018 (CONT'D)

	Payee	Payer	Details of Transaction / Contract	Transactions in 2018 (MB)	Persons with Mutual Interest	Nature of Relationship	Directors with Common Interest
Resort service income							
78	LSC	BTRS(T)	Service charges on laundry, staff bus, etc. charged to Banyan Tree Spa – Phuket	5	BTRS(T)	B	CH, CSH
Training charges							
79	BTHR(T)	BGL	Training courses held for Laguna Phuket staff and allocated to all operations based on actual cost.	3	BTRS(T)	B	CSH, ESHL
80	BTHR(T)	LBTL	Training courses held for Laguna Phuket staff and allocated to all operations based on actual cost.	4	BTRS(T)	B	CSH, ESHL
81	BTHR(T)	LHC	Training courses held for Laguna Phuket staff and allocated to all operations based on actual cost.	1	BTRS(T)	B	CSH
82	BTHR(T)	LSC	Training courses held for Laguna Phuket staff and allocated to all operations based on actual cost.	1	BTRS(T)	B	CSH
83	BTHR(T)	LVL	Training courses held for Laguna Phuket staff and allocated to all operations based on actual cost.	1	BTRS(T)	B	CSH, ESHL
84	BTHR(T)	PKRD	Training courses held for Laguna Phuket staff and allocated to all operations based on actual cost.	1	BTRS(T)	B	CSH, ESHL
85	BTHR(T)	TWPL	Training courses held for Laguna Phuket staff and allocated to all operations based on actual cost.	1	BTRS(T)	B	CSH, ESHL
86			Training charges (< 1 MB)	1			
Transaction with management and directors							
87	KPH	LRH	Rental return on hotel units	1	KPH	Director of LRH	-
88	CSN	LRH	Rental return on hotel units	1	CSN	Spouse of KPH	-

TRANSACTIONS WITHIN THE GROUP AND A COMPANY WHICH IS OWNED BY PERSONS WITH A MUTUAL INTEREST MORE THAN 10 PERCENT IN YEAR 2018

	Payee	Payer	Details of Transaction / Contract	Transactions in 2018 (MB)	Persons with Mutual Interest	Nature of Relationship	Directors with Common Interest
Inter resort receipts							
1	BTG(T)	BGL	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR
2	BTG(T)	LBTL	Inter Resort Charges is a function of collection from customer and remittance to the provider of the service.	7	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR
3	BTG(T)	TWPL	Collection from customer and remittance to the provider of the service.	4	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR
Purchase of goods							
4	BTG(T)	BGL	Purchase of guest supplies for the hotel	9	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR
5	BTG(T)	BTG(S)	Purchase of goods by acting as a purchasing agent	3	BTH	A, B	CSN, ESHL, SDR
6	BTG(T)	LBTL	Purchase of guest supplies for the hotel	10	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR
7	BTG(T)	LGL	Purchase of goods	4	BTH	A, B	AS, CH, CSH, KW, SDR
8	BTG(T)	PKRD	Purchase of guest supplies for the hotel	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR
9	BTG(T)	TWPL	Purchase of guest supplies for the hotel	13	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR
10			Purchase of goods (<1 MB)	1			
Reimbursement of costs							
11	BTG(S)	BTG(T)	Reimbursement of expenses mainly for traveling and freight expenses	5	BTH	A, B	CSN, ESHL, SDR
12	LBTL	BTG(T)	Reimbursement of utilities and other expenses mainly related to rental agreement	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR
13	TWPL	BTG(T)	Reimbursement of utilities and other expenses mainly related to rental agreement	2	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR
14			Reimbursement of costs (< 1 MB)	1			
Rent and service							
15	LBTL	BTG(T)	- Rental agreement with Banyan Tree Gallery for the 3 shops in the Banyan Tree Phuket, 3-year lease from 1 January 2017 to 31 December 2019 - Rental agreement for office & store (46.2 sq.m.) in the Banyan Tree Phuket from 1 January 2017 to 31 December 2019.	2	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR
16	TWPL	BTG(T)	- Rental agreement for the Gallery outlets and office premises at the Thai Wah Tower and Banyan Tree Bangkok. - Rental agreement for outlets 1st floor and 21nd floor at Banyan Tree Bangkok from 1 January 2018 to 31 December 2018 - Rental agreement for office premises on 22nd floor (303 sq.m.) at Banyan Tree Bangkok from 1 January 2018 to 31 December 2018 - Rental agreement for ground floor (area 60 sq.m) at Thai Wah Tower from 1 January 2018 to 31 December 2018 - Rental agreement for storage 7th floor (area 50 sq.m) at Thai Wah Tower from 24 October 2018 to 23 December 2018	2	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR
17			Rent and service (< 1 MB)	1			

Remarks:

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

ABBREVIATIONS

ADPL	Architrave Design & Planning Services Pte. Ltd.
AVCI	PT. AVC Indonesia
BGL	Bangtao Grande Limited
BTDP	BT Development No. 1 Pty Ltd
BTG(S)	Banyan Tree Gallery (Singapore) Pte Ltd.
BTG(T)	Banyan Tree Gallery (Thailand) Limited
BTH	Banyan Tree Holdings Limited
BTHR	Banyan Tree Hotels & Resorts Pte. Ltd.
BTHR(T)	Banyan Tree Hotels & Resorts (Thailand) Limited
BTMG	Banyan Tree Marketing Group Pte. Ltd.
BTRS(T)	Banyan Tree Resorts & Spas (Thailand) Company Limited
BTS	Banyan Tree Spas Pte. Ltd.
CGL	Cheer Golden Limited
CMCH	Banyan Tree Marketing (Shanghai) Co., Ltd
HSSA	Heritage Spas South Africa (Pty) Ltd.
HVRS	Hill View Resorts (Seychelles) Limited
LBTL	Laguna Banyan Tree Limited
LGL	Laguna Grande Limited
LHC	Laguna Holiday Club Limited
LRH	Laguna Resorts & Hotels Public Company Limited
LSC	Laguna Service Company Limited
LVCL	Laguna (Vietnam) Company Limited
LVL	Laguna Village Limited
MAPL	Maldives Angsana Pvt Ltd
MBPL	Maldives Bay Pvt Ltd
PKRD	Phuket Resort Development Limited
PTBH	PT Bintan Hotels
PTMB	PT Management Banyan Tree Resorts & Spas
TRL	Tropical Resorts Limited
TWPC	Thai Wah Public Company Limited
TWPL	Thai Wah Plaza Limited
VM	Vabbinvest Maldives Pvt. Ltd.
WLH	Wanyue Leisure Health (Shanghai) Co., Ltd.

INITIALS

APV	Mr. Ariel P Vera
AS	Ms. Areewan Sriwichupong
CH	Mr. Kuan Chiet
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 Olarnarnjanin
KW	Mr. Kontee Warapitayut
SDR	Mr. Stuart David Reading

PART III
FINANCIAL POSITION AND OPERATING RESULTS

13. FINANCIAL HIGHLIGHTS**13.1 Summary of Financial Position and Operating Results for the past 3 years****13.1.1 Summary of Auditors' Findings and Significant Accounting Policies****Conclusion of the Auditor's Report****For the year ended 31 December 2018**

The name of Company's and its subsidiaries' auditor for the 2018 Financial Statements is Rosaporn Decharkom, Certified Public Accountant (Thailand) No. 5659 of EY Office Limited.

In summary, a clean audit report was issued.

The financial statements were audited in accordance with Thai Standards on auditing which included compliance with ethical requirements and plan and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The auditor issued a clean audit opinion on the financial statements for the year ended 31 December 2018 and stated that the financial statements are presented fairly in all material respects. The financial position, financial performance and cash flows for the year then ended of the Company and its subsidiaries have been prepared in accordance with Thai Financial Reporting Standards.

For the year ended 31 December 2017

The name of Company's and its subsidiaries' auditor for the 2017 Financial Statements is Rosaporn Decharkom, Certified Public Accountant (Thailand) No. 5659 of EY Office Limited.

In summary, a clean audit report was issued.

The financial statements were audited in accordance with Thai Standards on auditing which included compliance with ethical requirements and plan and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The auditor issued a clean audit opinion on the financial statements for the year ended 31 December 2017 and stated that the financial statements are presented fairly in all material respects. The financial position, financial performance and cash flows for the year then ended of the Company and its subsidiaries have been prepared in accordance with Thai Financial Reporting Standards.

For the year ended 31 December 2016

The name of Company's auditor for the 2016 Financial Statements is Sophon Permsirivallop, Certified Public Accountant (Thailand) No. 3182 of EY Office Limited and the name of its

subsidiaries' auditor is Rosaporn Decharkom, Certified Public Accountant (Thailand) No. 5659 of EY Office Limited.

In summary, a clean audit report was issued.

The financial statements were audited in accordance with Thai Standards on auditing which included compliance with ethical requirements and plan and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The auditors issued a clean audit opinion on the financial statements for the year ended 31 December 2016 and stated that the financial statements are presented fairly in all material respects. The financial position, financial performance and cash flows for the year then ended of the Company and its subsidiaries have been prepared in accordance with Thai Financial Reporting Standards.

New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(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 standard that will become effective for fiscal years beginning on or after 1 January 2019

During the current year, 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.

(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 the set of TFRSs related to financial instruments 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.

13.1.2 Summary of Financial Statements

Consolidated Income Statement

Unit: Baht

	Consolidated		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenue			
Revenue from hotel operations	3,572,747,471	3,657,314,373	3,483,554,597
Revenue from property development operations	1,706,842,526	927,254,458	1,305,895,061
Revenue from office rental operations	98,667,116	95,118,935	90,827,134
Other income	101,404,100	177,876,349	461,380,608
Total revenue	5,479,661,213	4,857,564,115	5,341,657,400
Expenses			
Cost of hotel operations	2,043,390,377	2,085,772,044	2,002,259,840
Cost of property development operations	1,132,780,838	619,146,148	842,835,961
Cost of office rental operations	49,879,209	43,023,352	49,581,444
Selling expenses	441,655,273	408,734,719	359,094,920
Administrative expenses	1,518,113,767	1,389,514,749	1,336,405,109
Total expenses	5,185,819,464	4,546,191,012	4,590,177,274
Profit (loss) before share of profit (loss) from investment in associate, finance cost and income tax expenses	293,841,749	311,373,103	751,480,126
Share of profit (loss) from investment in associate	65,627,750	(3,121,399)	(49,605,032)
Profit before finance cost and income tax expenses	359,469,499	308,251,704	701,875,094
Finance cost	(158,178,352)	(176,782,230)	(190,195,577)
Profit (loss) before income tax expenses	201,291,147	131,469,474	511,679,517
Income tax expenses	(125,717,167)	(68,361,052)	(133,891,494)
Profit for the year	75,573,980	63,108,422	377,788,023
Profit attributable to:			
Equity holders of the Company	80,018,760	59,535,487	380,251,507
Non-controlling interests of the subsidiaries	(4,444,780)	3,572,935	(2,463,484)
	75,573,980	63,108,422	377,788,023
Basic earnings per share			
Profit attributable to equity holders of the Company	0.48	0.36	2.28

Consolidated Statement of Comprehensive Income

Unit: Baht

	Consolidated		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Profit for the year	75,573,980	63,108,422	377,788,023
Other comprehensive income:			
Exchange differences on translation of financial statements in foreign currency	8,004,633	6,191,041	(3,515,821)
Actuarial gain (loss) of post-employment benefits, net of income tax		-	-
Share of other comprehensive income (loss) of associate	(9,101,458)	(19,261,500)	(28,147,939)
Unrealised gain on available-for-sales security, net of income tax	1,023,085	-	(152,957,945)
Addition (reversal) of revaluation surplus on assets, net of income tax	-	-	896,971,135
Other comprehensive income (loss) for the year	(73,740)	(13,070,459)	712,349,430
Total comprehensive income (loss) for the year	75,500,240	50,037,963	1,090,137,453
Total comprehensive income (loss) attributable to:			
Equity holders of the Company	80,267,510	48,329,907	1,085,442,308
Non-controlling interests of the subsidiaries	(4,767,270)	1,708,056	4,695,145
	75,500,240	50,037,963	1,090,137,453

Consolidated Statement of Financial Position

Unit: Baht

	Consolidated		
	31 December 2018	31 December 2017	31 December 2016
ASSETS			
Current assets			
Cash and cash equivalents	601,678,401	1,009,981,428	669,769,787
Current investment – short-term fixed deposit	14,044,883	13,006,461	12,885,011
Trade and other receivables	636,051,262	704,568,196	671,731,602
Inventories	101,116,835	112,597,365	114,938,229
Property development cost	3,815,339,965	3,985,979,399	3,539,955,487
Other current assets	271,722,731	138,879,245	156,820,494
Total current assets	5,439,954,077	5,965,012,094	5,166,100,610
Non-current assets			
Restricted deposits at financial institution	41,189	41,189	41,189
Long-term fixed deposit	2,178,200	2,178,200	2,178,200
Long-term trade accounts receivable	488,042,448	322,174,524	393,400,576
Investments in associates	1,015,217,329	928,399,146	1,082,787,678
Other long-term investments	606,364,594	606,364,594	606,364,594
Investment properties	1,233,350,769	1,165,333,970	1,149,510,731
Property, plant and equipment	11,526,678,951	11,299,858,680	11,742,223,905
Deferred tax assets	78,025,222	98,127,654	83,964,488
Goodwill	407,903,881	407,903,881	407,903,881
Leasehold rights	8,637,717	11,460,947	14,206,019
Other non-current assets	25,917,223	76,852,868	76,666,384
Total non-current assets	15,392,357,523	14,918,695,653	15,559,247,645
TOTAL ASSETS	20,832,311,600	20,883,707,747	20,725,348,255

Consolidated Statement of Financial Position (continued)

Unit: Baht

	Consolidated		
	31 December 2018	31 December 2017	31 December 2016
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term loans from financial institutions	450,000,000	510,000,000	515,000,000
Trade and other payables	886,073,040	924,894,679	819,841,816
Current portion of long-term loans from financial institutions	673,343,101	518,609,850	590,860,000
Current portion of unsecured debenture	-	497,979,879	-
Income tax payable	38,800,305	38,182,203	43,802,222
Advance received from customers	1,039,660,270	812,247,751	391,616,838
Other current liabilities	202,879,645	166,557,930	163,639,624
Total current liabilities	3,290,756,361	3,468,472,292	2,524,760,500
Non-current liabilities			
Long-term loans from financial institutions – net of current portion	2,323,850,568	2,207,869,615	2,456,960,726
Unsecured debenture	-	-	495,913,040
Provision for long-term employee benefits	65,492,702	55,168,000	59,611,030
Provision for legal case	20,681,911	41,017,534	40,575,712
Deferred tax liabilities	2,344,734,324	2,339,128,136	2,356,960,085
Other non-current liabilities	113,959,554	111,373,992	105,264,828
Total non-current liabilities	4,868,719,059	4,754,557,277	5,515,285,421
Total liabilities	8,159,475,420	8,223,029,569	8,040,045,921
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
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
Share premium	2,062,460,582	2,062,460,582	2,062,460,582
Capital reserve	568,130,588	568,130,588	568,130,588
Retained earnings			
Appropriated – statutory reserve	211,675,358	211,675,358	211,675,358
Unappropriated	2,986,959,213	2,970,280,205	2,952,374,270
Other components of shareholders' equity	4,922,763,641	4,922,513,837	4,935,426,870
Equity attributable to owner of the Company	12,418,816,392	12,401,887,580	12,396,894,678
Equity attributable to non-controlling interests of the subsidiaries	254,019,788	258,790,598	288,407,656
Total shareholders' equity	12,672,836,180	12,660,678,178	12,685,302,334
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	20,832,311,600	20,883,707,747	20,725,348,255

Consolidated Cash Flow Statement

Unit: Baht

	Consolidated		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash flows from (used in) operating activities			
Net cash inflows (outflows) from operating activities	486,423,530	705,232,365	481,434,677
Cash flows from (used in) investing activities			
Net cash inflows (outflows) from investing activities	(553,878,662)	22,427,252	(306,942,050)
Cash flows from (used in) financing activities			
Net cash inflows (outflows) from financing activities	(352,624,494)	(401,003,381)	(361,128,358)
Net exchange differences on transaction of financial statements in foreign currency	11,776,599	13,555,405	(3,475,760)
Net increase (decrease) in cash and cash equivalents	(408,303,027)	340,211,641	(190,111,491)
Cash and cash equivalents at beginning of year	1,009,981,428	669,769,787	859,881,278
Cash and cash equivalents at end of year	601,678,401	1,009,981,428	669,769,787

Separate Income Statement

Unit: Baht

	Separate		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenue			
Revenue from hotel operations	37,370,516	38,558,068	39,766,631
Revenue from property development operations	629,510	542,350	117,460,269
Revenue from office rental operations	21,339,103	21,506,254	23,295,595
Other income	172,276,789	302,722,669	809,209,643
Total revenue	231,615,918	363,329,341	989,722,138
Expenses			
Cost of hotel operations	29,441,874	29,920,230	31,991,782
Cost of property development operations	-	-	65,277,756
Cost of office rental operations	6,728,901	6,506,250	6,966,696
Selling expenses	1,590,391	892,091	6,868,880
Administrative expenses	184,508,760	173,317,066	170,457,917
Total expenses	222,269,926	201,635,637	281,563,031
Profit (loss) before finance cost and income tax expenses	9,345,992	152,693,704	708,159,107
Finance cost	(39,015,177)	(48,974,858)	(59,300,084)
Profit (loss) before income tax expenses	(29,669,185)	103,718,846	648,859,023
Income tax expenses	9,869,096	(9,737,847)	3,285,174
Profit (loss) for the year	(19,800,089)	93,980,999	652,144,197
Profit (loss) attributable to:			
Equity holders of the Company	(19,800,089)	93,980,999	652,144,197
Basic earnings per share			
Profit (loss) attributable to equity holders of the Company	(0.12)	0.56	3.91

Separate Statement of Comprehensive Income

Unit: Baht

	Separate		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Profit (loss) for the year	(19,800,089)	93,980,999	652,144,197
Other comprehensive income:			
Actuarial gain (loss) of post-employment benefits, net of income tax	(2,250,883)	-	-
Unrealised gain on available-for-sales security, net of income tax	-	-	(395,730,322)
Addition (reversal) of revaluation surplus on assets, net of income tax	-	-	5,732,852
Other comprehensive income for the year	(2,250,883)	-	(389,997,470)
Total comprehensive income (loss) for the year	(22,050,972)	93,980,999	262,146,727
Total comprehensive income (loss) attributable to:			
Equity holders of the Company	(22,050,972)	93,980,999	262,146,727

Separate Statement of Financial Position

Unit: Baht

	Separate		
	31 December 2018	31 December 2017	31 December 2016
ASSETS			
Current Assets			
Cash and cash equivalents	22,643,210	40,237,700	18,206,259
Trade and other receivables	62,818,881	46,323,003	182,268,078
Property development cost	111,429,000	127,156,741	120,224,314
Other current assets	15,115,506	14,796,410	20,638,146
Total current assets	212,006,597	228,513,854	341,336,797
Non- current assets			
Long-term fixed deposit	2,178,200	2,178,200	2,178,200
Investments in subsidiaries	4,242,655,371	4,242,655,371	4,269,025,777
Investments in associates	777,459,049	777,459,049	777,459,049
Long-term loans to subsidiaries	987,000,000	978,000,629	1,116,000,629
Investment properties	183,621,330	185,726,984	186,037,559
Property, plant and equipment	183,621,330	60,216,180	55,671,829
Other non-current assets	42,090,404	1,290,452	1,300,854
Total non-current assets	6,236,341,407	6,247,521,885	6,407,668,897
TOTAL ASSETS	6,448,348,004	6,476,035,719	6,749,005,694

Separate Statements of Financial Position (continued)

Unit: Baht

	Separate		
	31 December	31 December	31 December
	2018	2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term loans from financial institutions	240,000,000	260,000,000	265,000,000
Trade and other payables	33,678,514	34,521,104	34,285,427
Current portion of long-term loans from financial institutions	3,875,000	500,000	-
Advance received from customers	503,847	179,933	490,555
Other current liabilities	7,621,536	7,892,350	9,821,525
Total current liabilities	285,678,897	303,093,387	309,597,507
Non- current liabilities			
Long-term loans from subsidiaries	433,500,000	346,000,000	746,680,000
Long-term loans from financial institutions – net of current portion	70,250,000	74,125,000	-
Provision for long-term employee benefits	16,270,273	14,787,472	14,906,073
Deferred tax liabilities	106,776,717	117,208,534	107,470,687
Other non-current liabilities	6,008,810	5,568,349	5,742,444
Total non-current liabilities	632,805,800	557,689,355	874,799,204
Total liabilities	918,484,697	860,782,742	1,184,396,711
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
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
Share premium	2,062,460,582	2,062,460,582	2,062,460,582
Retained earnings			
Appropriated – statutory reserve	211,675,358	211,675,358	211,675,358
Unappropriated	1,449,857,402	1,531,571,228	1,480,927,234
Other components of shareholders' equity	139,042,955	142,718,799	142,718,799
Total shareholders' equity	5,529,863,307	5,615,252,977	5,564,608,983
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,448,348,004	6,476,035,719	6,749,005,694

Separate Cash Flow Statement

Unit: Baht

	Separate		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash flows from (used in) operating activities			
Net cash inflows (outflows) from operating activities	(32,094,286)	72,507,695	49,777,177
Cash flows from (used in) investing activities			
Net cash inflows (outflows) from investing activities	10,838,494	323,915,751	(45,604,910)
Cash flows from (used in) financing activities			
Net cash inflows (outflows) from financing activities	3,661,320	(374,392,005)	(11,606,777)
Net increase (decrease) in cash and cash equivalents	(17,594,490)	22,031,441	(7,434,510)
Cash and cash equivalents at beginning of year	40,237,700	18,206,259	25,640,769
Cash and cash equivalents at end of year	22,643,210	40,237,700	18,206,259

13.1.3 Financial ratios of the Company and its subsidiaries

CONSOLIDATED FINANCIAL RATIOS

		Consolidated		
		<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Liquidity Ratios</u>				
Current Ratio	Times	1.65	1.72	2.05
Quick Ratio	Times	0.35	0.47	0.50
Cash Flow From Operating Activities Ratio	Times	0.14	0.24	0.18
Receivables Turnover	Times	9.11	7.44	8.11
Collection Period	Days	39.52	48.39	44.39
Inventory Turnover	Times	19.12	18.33	16.38
Inventory Turnover Period	Days	18.83	19.64	21.97
Accounts Payable Turnover	Times	2.61	2.76	3.56
Payment Period	Days	137.93	130.43	101.12
Cash Cycle	Days	(79.59)	(62.41)	(34.76)
<u>Profitability Ratios</u>				
Gross Profit Margin	%	40.02	41.28	40.69
Profit Margin from Operations	%	5.46	6.65	15.40
Net Profit Margin	%	1.46	1.23	7.12
Return On Equity	%	0.63	0.47	3.12
<u>Efficiency Ratios</u>				
Return On Total Assets	%	0.38	0.29	1.89
Return On Fixed Assets	%	3.58	3.33	5.83
Asset Turnover	Times	0.26	0.23	0.26

CONSOLIDATED FINANCIAL RATIOS (Continued)

			Consolidated		
			<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Financial Policy Ratios</u>					
Debt To Equity	Times		0.64	0.65	0.63
Interest Coverage	Times		4.77	5.69	4.30
Payout Ratio (Cash Basis)	Times		0.27	0.84	0.46
Dividend Payout Ratio	%		79.15	72.79	16.66
<u>Share value</u>					
Book Value Per Share	Baht		76.03	75.96	76.10
Earnings Per Share	Baht		0.48	0.36	2.28
Dividend Per Share	Baht		0.41	0.38	0.38
<u>Growth rate</u>					
Total Assets	%		(0.25)	0.76	3.16
Total Liabilities	%		(0.77)	2.28	(4.47)
Total Revenues	%		12.81	(9.06)	(5.59)
Total Expenses	%		14.07	(0.96)	(10.54)
Net Income (Loss)	%		(34.41)	(84.34)	116.96

SEPARATE FINANCIAL RATIOS

		Separate		
		<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Liquidity Ratios</u>				
Current Ratio	Times	0.74	0.75	1.10
Quick Ratio	Times	0.09	0.14	0.08
Cash Flow From Operating Activities Ratio	Times	(0.11)	0.24	0.15
Receivables Turnover	Times	10.34	8.41	24.10
Collection Period	Days	34.82	42.81	14.94
Inventory Turnover	Times	-	-	-
Inventory Turnover Period	Days	-	-	-
Accounts Payable Turnover	Times	18.73	23.08	9.65
Payment Period	Days	19.22	15.60	37.31
Cash Cycle	Days	15.60	27.21	(22.37)
<u>Profitability Ratios</u>				
Gross Profit Margin	%	39.04	39.90	42.26
Profit Margin from Operations	%	15.75	251.94	392.30
Net Profit Margin	%	(8.55)	25.87	65.89
Return On Equity	%	(0.36)	1.68	11.91
<u>Efficiency Ratios</u>				
Return On Total Assets	%	(0.31)	1.42	9.77
Return On Fixed Assets	%	(5.00)	41.70	369.11
Asset Turnover	Times	0.04	0.05	0.15

SEPARATE FINANCIAL RATIOS (Continued)

		Separate		
		<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Financial Policy Ratios</u>				
Debt To Equity	Times	0.17	0.15	0.21
Interest Coverage	Times	0.32	2.47	1.90
Payout Ratio (Cash Basis)	Times	(0.02)	0.04	0.26
Dividend Payout Ratio	%	(319.89)	46.11	9.71
<u>Share value</u>				
Book Value Per Share	Baht	33.18	33.69	33.38
Earnings Per Share	Baht	(0.12)	0.56	3.91
Dividend Per Share	Baht	0.38	0.26	0.38
<u>Growth rate</u>				
Total Assets	%	(0.43)	(4.04)	2.34
Total Liabilities	%	6.70	(27.32)	(2.31)
Total Revenues	%	(36.25)	(63.29)	369.28
Total Expenses	%	5.52	(25.19)	32.44
Net Income (Loss)	%	121.07	85.59	3,027.87

14. MANAGEMENT DISCUSSION AND ANALYSIS

14.1 Analysis on Operating Results and Financial Position

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 129million 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 Plc.

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.

Hotel Operations

(Unit: Million Baht)						
	2018	%	2017	%	2016	%
Revenues	3,572	100	3,657	100	3,484	100
Expenses	<u>2,043</u>	<u>57</u>	<u>2,086</u>	<u>57</u>	<u>2,002</u>	<u>57</u>
Gross Operating Profit	<u>1,529</u>	<u>43</u>	<u>1,571</u>	<u>43</u>	<u>1,482</u>	<u>43</u>

Hotel revenues and expenses were Baht 85 million Baht 43 million, respectively, lower than last year resulting in operating profit being Baht 42 million lower. The operating profit margin of 43 percent was the same as 2017 and 2016. The main reasons for this were:

- The decrease in revenue of hotel operations is due to reduction in occupancy of Laguna Phuket hotels.
- The decrease in the cost of hotel operations is in line with the lower hotel revenue.

Property Sales and Holiday Club Membership Operations

(Unit: Million Baht)						
	2018	%	2017	%	2016	%
Revenues	1,706	100	927	100	1,306	100
Expenses	<u>1,133</u>	<u>66</u>	<u>619</u>	<u>67</u>	<u>846</u>	<u>64</u>
Gross Operating Profit	<u>573</u>	<u>34</u>	<u>308</u>	<u>33</u>	<u>463</u>	<u>35</u>

Revenues and expenses were Baht 779 million and Baht 514 million, respectively, higher than last year resulting in a gross operating profit which is Baht 265 million higher. The operating margin of 34 percent was higher than the year 2017 which was 33 percent and lower than the 2016 level of 35 percent. The main reasons for the higher revenue is because 111 units were recognized in the year 2018 due to accounting income recognition policy as compared to 58 units in 2017 and 80 units in the year 2016. The income of the remaining sold units will be recognized over the next several years.

Balance Sheet

The main balance sheet items at 31 December 2018 and 2017 are as follows:

(Unit: Million Baht)

	Note	31 December 2018	31 December 2017
Cash and cash equivalents	1	602	1,010
Trade and other receivables	2	1,079	976
Property development cost	3	3,815	3,986
Investment in associates	4	1,015	928
Investment properties	5	1,233	1,165
Property, plant, equipment and land	6	11,527	11,300
Loans from banks	7	3,447	3,236
Deferred tax liabilities	8	2,345	2,339
Shareholders' equity	9	12,673	12,661

The salient points of the Balance Sheet movements in the year ended 31 December 2018 are:

1. Main movements are explained in the commentary on Cash Flows below.
2. Trade accounts receivable and other account receivable balances increased from prior year is largely due to the increase in property sales receivables offset by a decrease in hotel receivables, timeshare receivables and other receivables.
3. The decrease in property development cost is mainly due to the sales of Banyan Tree Deluxe Double Pool villas, Cassia Phuket, Laguna Park and Laguna Residence project during the year.
4. The increase in investment in associates is due to the share of profit from investment Banyan Tree China Pte. Ltd. and Thai Wah Public Company Limited.
5. The increase in investment property is due to the revaluation (by Discounted Cash Flow method) based on the appraisal report.
6. The increase in property, plant, equipment and land is mainly due to the assets purchased by Phuket and Bangkok hotels offset by depreciation during the year.

7. Loans from banks increased in 2018 due to drawdown of long-term loans amounting to Baht 863 million that were offset by long-term loan repayments of Baht 592 million and short term loan repayment of Baht 60 million.
8. Deferred tax liabilities consist mainly of revaluation surplus of assets of Baht 1,639 million and unearned income of Baht 866 million.
9. The increase in shareholders' equity is mainly due to profit for the year 2018 amounting to Baht 80 million that was offset by dividend payment of Baht 63 million and net profit attributable to non-controlling interests of the subsidiaries amounting to Baht 5 million.

Cash Flows

The cash and cash equivalents of Baht 602 million as at 31 December 2018 is Baht 408 million lower as compared to 31 December 2017. The main component of cash inflow during the year was the net cash flow from operations amounting to Baht 486 million. This was largely a function of profit for the year adjusted for depreciation and working capital movements.

The drawdown of long-term loan from financial institutions of Baht 863 million and the dividend received from investment in associate of Baht 28 million also contributed to the cash inflow in 2018.

Cash outflow comprised of fixed assets of Baht 516 million which largely relates to hotel capex and the renovation of Banyan Tree Bangkok, Banyan Tree Phuket, Angsana Phuket and Cassia Phuket. Furthermore, the Company paid a dividend payment of Baht 63 million, the payment for acquisition of investment properties of Baht 17 million, the repayment of short term loans amounting to Baht 60 million, scheduled repayments amounting to Baht 591 million in long term loans and the repayment of debenture amounting to Baht 500 million.

Cash Inflow	Million Baht	Cash Outflow	Million Baht
Cash flow from operations	486	Payments made on construction	516
Dividend received from investment in associate	28	Payment for acquisition of investment properties	17
Cash received from sales of fixed asset	1	Cash paid for investment in associate	48
Long-term loan draw down	862	Decrease in short-term loan	60
Net exchange differences on translation of financial statement in foreign currency	12	Long term loan repayment	592
Decrease in cash and cash equivalent	408	Increase in current investment - short-term fixed deposit	1
		Dividend payment	63
		Repayment of debenture	500
Total	1,797	Total	1,797

Commentary on Consolidated Financial Ratios

Liquidity ratios

- Current ratio and Quick ratio – This is lower than the prior year due to decrease in cash, property development cost and current portion of unsecured debenture.
- Cash flow from operating activities ratio – This is lower than the prior year due to decrease in hotel revenue coupled with higher average current liabilities.
- Receivable turnover – This is higher than the prior year levels due to the higher revenue from property development operations coupled with lower average accounts receivable.
- Collection period – This is lower than the prior year levels due to the higher revenue from property development operations coupled with lower average accounts receivable.
- Inventory turnover – This is higher than the prior year levels due to the lower direct hotel operations expenses coupled with lower average inventory.
- Inventory turnover period – This is lower than the prior year levels due to the lower direct hotel operations expenses coupled with lower average inventory.
- Accounts payable turnover – This is lower than the prior year levels due to lower supplier purchases coupled with higher average accounts payables.
- Payment period – This is higher than prior year levels due to lower supplier purchases coupled with higher average accounts payables.
- Cash cycle – This is lower than the prior year levels due to shorter collection period for property sales, increase inventory turnover period of hotel operation and longer payment period.

Profitability ratios

- Gross profit margin – This is lower than the prior year due to decrease in revenue from hotel operations and office rental operations.
- Profit margin from operations, net profit margin from operations and return on equity – These are lower than the prior year due to decrease in revenue from hotel operations.

Efficiency ratios

- Return on total assets, return on fixed assets and assets turnover – This is higher than prior year due to higher revenue from property development operations.

Financial policy ratios

- Debt to equity – This is consistent with the prior year.
- Interest coverage – This is lower than prior year due to lower cash flow from operations.
- Pay-out ratio (cash) – This is lower than the prior year due to lower cash flow from operations coupled with higher hotel capex and loan repayments both short-term and long-term.
- Dividend pay-out ratio – This is based on the dividend policy which subject to the Board of Directors discretion on the availability of cash after taking into account major capital expenditure and debt repayment obligations.

14.2 Factors or Events Probably effecting Financial Position or Operation

Please see section 2 - Nature of business that identifies the factors or events probably effecting Financial Position and Operation.

Please see section 13- Financial Highlights that identify the accounting standards that will become effective in the future. However, The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

PART IV

VERIFICATION OF INFORMATION

"After reviewing information contained in this Annual Registration Statement (Form 56-1) with proper care, the Company hereby certifies that the foregoing information is complete and accurate and is not false, misleading or lacking in any material statement that should be disclosed. The Company further certifies that:

- (1) The financial statements and the summary of financial particulars in the Form 56-1 are true and accurate in all material respects in respect of the financial position, operating results and cash flow of the Company and its subsidiaries;
- (2) The Company set in place the information disclosure structure to ensure that the Company properly discloses, in all material respects, the information of the Company and its subsidiaries and that the aforementioned structure is complied with; and
- (3) The Company set in place the internal control system and for compliance therewith. The Company completed an evaluation of the internal control system as of 31 December 2018 to the Company's auditor and the Audit and Risk Committee. Such report covered all material weaknesses and changes to the system, including any unlawful actions which may adversely affect preparation of financial statements of the Company and its subsidiaries.

To confirm that the certified information is contained in the same copy of document, the Company hereby authorizes Mr. Kuan Chiet and Ms. Areewan Sriwichupong or Ms. Nanchalee Kecharananta to initial each page of the document. In the absence of the initial of Mr. Kuan Chiet and Ms. Areewan Sriwichupong or Ms. Nanchalee Kecharananta on any page, it will be deemed that the information therein is not certified by the Company."

Name	Position	Signature
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Mr. Shankar Chandran	Director and Managing Director	_____
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Mr. Stuart David Reading	Director	_____
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Authorized Persons	Position	Signature
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Mr. Kuan Chiet	Vice President - Finance & Administration	_____
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Ms. Areewan Sriwichupong	Assistant Vice President - Finance	_____
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Ms. Nanchalee Kecharananta	Company Secretary	_____
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Attachment 1

Details of Directors, Audit and Risk Committee Members, Nomination and Remuneration
Committee Members, Management of the Company, Head of Group Internal Audit
and Company Secretary

1. Details of Directors, Audit and Risk Committee Members, Nomination and Remuneration Committee Members, Management of the Company, Head of Group Internal Audit and Company Secretary as at 31 December 2018

1.1 Board of Directors as at 31 December 2018

Name • Current Position • Date of First Appointment as Director	Age (Years)	Highest Educational Background and Director Certificate Program	Percentage of Shareholding in the Company	Family Relation between Management	Working Experiences for the Past 5 Years		
					Time	Position	Company
1 Mr. Ho KwonPing ⁽¹⁾ • Chairman of the Board • 4 July 1986	66	○ 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)	None (No movement during the year)	Mr. Ho KwonCjan's elder brother and Mr. Ho Ren Hua's father	Present	<u>In Listed Companies</u>	○ Laguna Resorts & Hotels Public Company Limited ○ Thai Wah Public Company Limited ○ Banyan Tree Holdings Limited ○ Diageo plc
						○ Chairman of the Board and Chief Executive Officer	
					2000-2015	○ Chairman of the Board	○ Thai Wah Food Products Public Company Limited ○ Thai Wah Food Products Public Company Limited
						○ Director and Executive Chairman	
					1997-2015	○ Non-Executive Director, Audit Committee Member, Nomination Committee Member and Remuneration Committee Member	○ Certain related companies of Banyan Tree Holdings Limited ○ Singapore Management University ○ Tropical Resorts Limited ○ Tropical Resorts Management Co., Ltd. ○ Bibace Investments Ltd. and certain related companies ○ Bibace Management Company Limited ○ Chang Fung Company Limited ○ Freesia Investments Ltd ○ ICD (HK) Limited ○ KAP Holdings Ltd. and certain related companies ○ Li-Ho Holdings (Private) Limited and certain related companies ○ Mae Samat Land Limited ○ Maypole Ltd. and certain related companies ○ Platinum Enterprise Limited and certain related companies ○ Recourse Investments Ltd. and certain related companies ○ RHYC Pte. Ltd. ○ Sin-Hai Offshore Company Limited
						○ Chief Executive Officer	
					Present	○ Chairman of the Board	○ School of Hotel and Tourism Management of the Hong Kong Polytechnic University - School Advisory Committee
						<u>In Non-Listed Companies</u>	
					2013-2018	○ Chairman of the Board / Director	○ Asia Tapioca Products Company Limited
						○ Chairman of the Board of Trustees	
2000-2016	○ Chairman of the Board / Director						
	○ Chairman of the Board / Director						

1. Details of Directors, Audit and Risk Committee Members, Nomination and Remuneration Committee Members, Management of the Company, Head of Group Internal Audit and Company Secretary as at 31 December 2018 (continued)

1.1 Board of Directors as at 31 December 2018

Name • Current Position • Date of First Appointment as Director	Age (Years)	Highest Educational Background and Director Certificate Program	Percentage of Shareholding in the Company	Family Relation between Management	Working Experiences for the Past 5 Years		
					Time	Position	Company
2 Mr. Vudhiphol Suriyabhivadh • Independent Director • 7 May 2003	74	o Bachelor of Commerce (Accountancy), University of New South Wales, Australia o Bachelor of Law, Sukhothai Thammathirat University o Director Certification Program (2003) and o Audit Committee Program (2005), Thai Institute of Directors Association o Executive Course, IMD Lausanne, Switzerland	None (No movement during the year)	No relation	Present	<u>In Listed Companies</u> o Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member	o Laguna Resorts & Hotels Public Company Limited
						o Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member	
						o Independent Director, Vice Chairman of the Board of Directors and Audit Committee Chairman	
					2015-2018	o Independent Director and Audit Committee Chairman	o L.P.N. Development Public Company Limited
						o Nomination, Remuneration and Good Corporate Governance Committee Chairman	
						o Bangkok Ranch Public Company Limited	
					2003-2015	o Nomination and Remuneration Committee Member	o Thai Wah Food Products Public Company Limited
					1999-2015	o Audit and Risk Committee Member	
					1996-2015	o Independent Director	
					2010-2014	o Audit Committee Member	o L.P.N. Development Public Company Limited
					2008-2014	o Nomination, Remuneration and Good Corporate Governance Committee Member	
						<u>In Non-Listed Companies</u> None	
3 Dr. Jingjai Hanchanlash • Independent Director • 15 May 2001	76	o Doctorate University de Caen (Mention droit), France o Certificate in Project Analysis Training, University of Connecticut, USA o Certificate in Mid Career Management Training, University of Western Ontario, Canada o Director Accreditation Program (2003) and o Audit Committee Program (2007), Thai Institute of Directors Association	None (No movement during the year)	No relation	Present	<u>In Listed Companies</u> o Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman	o Laguna Resorts & Hotels Public Company Limited
						o Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman	
						o Vice Chairman	
					2013-2015	o Vice Chairman of the Executive Board	o Muang Thai Insurance Public Company Limited
						o Director	
						o Nomination and Remuneration Committee Member	
					2000-2015	o Independent Director and Audit and Risk Committee Member	o Asian Phytoceuticals Public Company Limited
						<u>In Non-Listed Companies</u>	
						o Honorary Chairman	
					Present	o Chairman of the Executive Board	o Greater Mekong Sub-Region Business Forum
						o Vice Chairman	
						o Board Member	
						o Board Member	
						o Board Member	o Rutnin-Gimbel Excimer Laser Eye Centre
							o Thai Chamber of Commerce
							o SPIE Oil & Gas Services (Thailand) Limited
							o Hamilcar Company Limited
							o King Prajadhipok's Institute

1. Details of Directors, Audit and Risk Committee Members, Nomination and Remuneration Committee Members, Management of the Company, Head of Group Internal Audit and Company Secretary as at 31 December 2018 (continued)

1.1 Board of Directors as at 31 December 2018

Name	Age	Highest Educational Background and Director Certificate Program	Percentage of Shareholding in the Company	Family Relation between Management	Working Experiences for the Past 5 Years		
• Current Position • Date of First Appointment as Director	(Years)				Time	Position	Company
4 Mr. Thongchai Ananthothai <ul style="list-style-type: none">Independent Director2 March 2017	57	o Master of Business Administration, University of Notre Dame, USA o Bachelor of Science (Electrical Engineering), University of Colorado, USA o Director Certification Program (2003), Thai Institute of Directors Association	None (No movement during the year)	No relation	Present 2011-2016	In Listed Companies o Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member o Executive Vice President, Corporate Banking o Executive Vice President and Head of Provincial Commercial Banking In Non-Listed Companies None	o Laguna Resorts & Hotels Public Company Limited o Bangkok Bank Public Company Limited o Bangkok Bank Public Company Limited
5 Ms. Srinthorn Ounayakovit <ul style="list-style-type: none">Independent Director9 March 2015	48	o Bachelor of Art - Economics, Smith College, USA o Director Accreditation Program (2015), Thai Institute of Directors Association	None (No movement during the year)	No relation	Present 1999-2015	In Listed Companies o Independent Director In Non-Listed Companies o Chief Executive Officer	o Laguna Resorts & Hotels Public Company Limited o Burda (Thailand) Company Limited
6 Mr. Surapon Supratya <ul style="list-style-type: none">Non-Executive Director22 March 1996	66	o Master of Accounting, Thammasat University o Certified Public Accountant of Thailand o Director Accreditation Program (2009), Thai Institute of Directors Association	None (No movement during the year)	No relation	Present 2013-2016 1996-2015 2003-2016 2000-2016 1996-2016	In Listed Companies o Non-Executive Director o Non-Executive Director o Deputy Chairman of the Board o Director In Non-Listed Companies o Director o Director o Director	o Laguna Resorts & Hotels Public Company Limited o Thai Wah Public Company Limited o Laguna Resorts & Hotels Public Company Limited o Thai Wah Food Products Public Company Limited o Vietnam Tapioca Company Limited o Asia Tapioca Products Company Limited o Tay Ninh Tapioca Joint Stock Company

1. Details of Directors, Audit and Risk Committee Members, Nomination and Remuneration Committee Members, Management of the Company, Head of Group Internal Audit and Company Secretary as at 31 December 2018 (continued)

1.1 Board of Directors as at 31 December 2018

[illegible]

1. Details of Directors, Audit and Risk Committee Members, Nomination and Remuneration Committee Members, Management of the Company, Head of Group Internal Audit and Company Secretary as at 31 December 2018 (continued)

1.1 Board of Directors as at 31 December 2018

Name <div>• Current Position</div> <div>• Date of First Appointment as Director</div>	Age (Years)	Highest Educational Background and Director Certificate Program	Percentage of Shareholding in the Company	Family Relation between Management	Working Experiences for the Past 5 Years		
					Time	Position	Company
9 Mr. Eddy See Hock Lye⁽¹⁾ <div><div>• Director</div><div>• 21 November 2012</div></div>	54	<div>o Bachelor of Commerce, University of Auckland, New Zealand</div> <div>o Associate Chartered Accountant, New Zealand Society of Accountants (Currently known as New Zealand Institute of Chartered Accountants)</div>	None (No movement during the year)	No relation	<div>Present</div> <div>2004-2018</div> <div>Present</div>	<div><u>In Listed Companies</u></div> <div>o Director</div> <div>o Group Managing Director and Executive Vice President</div> <div>o Chief Financial Officer</div> <div><u>In Non-Listed Companies</u></div> <div>o Director</div> <div>o Director</div> <div>o Director</div> <div>o Director</div> <div>o Director</div> <div>o Director</div> <div>o Director</div> <div>o Director</div> <div>o Director</div>	<div>o Laguna Resorts & Hotels Public Company Limited</div> <div>o Banyan Tree Holdings Limited</div> <div>o Banyan Tree Holdings Limited</div> <div>o Certain related companies of Laguna Resorts & Hotels Public Company Limited ⁽²⁾</div> <div>o Certain related companies of Banyan Tree Holdings Limited</div> <div>o Tropical Resorts Limited and certain related companies</div> <div>o Tropical Resorts Management Co. Ltd. and certain related companies</div> <div>o Singapore-Bintan Resort Holdings Pte Ltd</div> <div>o Donvale Limited</div> <div>o Debenham Limited</div> <div>o Hotel Management Ltd</div> <div>o Private Collection (S) Pte. Ltd.</div>
10 Mr. Shankar Chandran⁽¹⁾ <div><div>• Director</div><div>• 21 November 2012</div></div>	56	<div>o Postgraduate Diploma in Management Studies, Kingston University, London, UK</div> <div>o Higher National Diploma Finance South West London College, UK</div>	None (No movement during the year)	No relation	<div>Present</div> <div>Present</div> <div>2011-2016</div>	<div><u>In Listed Companies</u></div> <div>o Director and Managing Director</div> <div>o Managing Director, Owned Hotels and Managing Director (Spa Operations)</div> <div>o Non-Executive Director</div> <div><u>In Non-Listed Companies</u></div> <div>o Director</div> <div>o Director</div> <div>o Director</div> <div>o Managing Director</div>	<div>o Laguna Resorts & Hotels Public Company Limited</div> <div>o Banyan Tree Holdings Limited</div> <div>o Thai Wah Public Company Limited</div> <div>o Certain related companies of Laguna Resorts & Hotels Public Company Limited ⁽²⁾</div> <div>o Certain related companies of Banyan Tree Holdings Limited</div> <div>o Banyan Tree Hotels & Resorts (Thailand) Limited</div> <div>o Laguna Lang Co Vietnam</div>
11 Mr. Stuart David Reading⁽¹⁾ <div><div>• Director</div><div>• 10 August 2006</div></div>	51	<div>o Bachelor of Business Degree in Accounting, University of Western Sydney, Australia</div> <div>o Associate Chartered Accountant, Institute of Chartered Accountants in Australia</div> <div>o Director Certification Program (2010), Thai Institute of Directors Association</div>	None (No movement during the year)	No relation	<div>Present</div> <div>2013</div> <div>Present</div>	<div><u>In Listed Companies</u></div> <div>o Director</div> <div>o Deputy Managing Director</div> <div><u>In Non-Listed Companies</u></div> <div>o Director</div> <div>o Senior Vice President - Group Property Development</div>	<div>o Laguna Resorts & Hotels Public Company Limited</div> <div>o Laguna Resorts & Hotels Public Company Limited</div> <div>o Certain related companies of Laguna Resorts & Hotels Public Company Limited ⁽²⁾</div> <div>o Laguna Banyan Tree Limited</div>

1. Details of Directors, Audit and Risk Committee Members, Nomination and Remuneration Committee Members, Management of the Company, Head of Group Internal Audit and Company Secretary as at 31 December 2018 (continued)

1.1 Board of Directors as at 31 December 2018

Name	Age (Years)	Highest Educational Background and Director Certificate Program	Percentage of Shareholding in the Company	Family Relation between Management	Working Experiences for the Past 5 Years		
• Current Position • Date of First Appointment as Director					Time	Position	Company
12 Mr. Ho Ren Hua⁽¹⁾ • Director • 9 November 2011	36	Bachelor of Science in Economics (Honors) majoring in Finance and Management, The Wharton School, University of Pennsylvania, USA	None (No movement during the year)	Mr. Ho KwonPing's son and Mr. Ho KwongCjan's nephew	Present	In Listed Companies ○ Director ○ Director and Chief Executive Officer	○ Laguna Resorts & Hotels Public Company Limited ○ 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"

1.2 Management of the Company *, Head of Group Internal Audit and Company Secretary as at 31 December 2018

Name/Position	Age (Years)	Highest Educational Background / Director Certificate Program	Percentage of Shareholding in the Company	Family Relation between Management	Working Experiences for the Past 5 Years		
					Time	Position	Company
1 Mr. Ho KwonPing Chief Executive Officer					-----Profile as shown in the section of "Board of Directors as at 31 December 2018"-----		
2 Mr. Shankar Chandran Managing Director							
3 Mr. Kuan Chiet Chief Financial Officer and Vice President - Finance & Administration	52	o Bachelor of Business Administration, National University of Singapore o Director Certification Program (2002), Thai Institute of Directors Association	None (No movement during the year)	No relation	Present 2014-2016 2000-2015 2012-2013 Present 2008-2015	<u>In Listed Companies</u> o Chief Financial Officer and Vice President - Finance & Administration o Chief Financial Officer o Senior Assistant Vice President - Finance & Administration o Director o Senior Assistant Vice President - Group Asset Management, Development and Special Projects <u>In Non-Listed Companies</u> o Director o Director	o Laguna Resorts & Hotels Public Company Limited o Banyan Tree Holdings Limited o Laguna Resorts & Hotels Public Company Limited o Thai Wah Food Products Public Company Limited o Laguna Resorts & Hotels Public Company Limited o Certain related companies of Laguna Resorts & Hotels Public Company Limited ⁽¹⁾ o Tapioca Development Corporation Limited
4 Ms. Piploy Pluemarom Assistant Vice President - Group Human Resources	60	o Master of Public Administration, Chulalongkorn University	None (No movement during the year)	No relation	Present Present	<u>In Listed Companies</u> o Assistant Vice President - Group Human Resources <u>In Non-Listed Companies</u> o Director	o Laguna Resorts & Hotels Public Company Limited o Certain related company of Laguna Resorts & Hotels Public Company Limited ⁽¹⁾
5 Ms. Areewan Sriwichupong Chief Accountant and Assistant Vice President - Finance	46	o Master of Business Administration (Strategic Management), Thammasat University o Director Certification Program (2014), Thai Institute of Directors Association	None (No movement during the year)	No relation	Present Present	<u>In Listed Companies</u> o Chief Accountant and Assistant Vice President - Finance <u>In Non-Listed Companies</u> o Director	o Laguna Resorts & Hotels Public Company Limited o Certain related companies of Laguna Resorts & Hotels Public Company Limited ⁽¹⁾

1.2 Management of the Company*, Head of Group Internal Audit and Company Secretary as at 31 December 2018 (continued)

Name/Position	Age (Years)	Highest Educational Background / Director Certificate Program	Percentage of Shareholding in the Company	Family Relation between Management	Working Experiences for the Past 5 Years		
					Time	Position	Company
Head of Group Internal Audit 6 Mr. Cheng Sai Him Assistant Vice President - Group Internal Audit	37	o Bachelor of Accountancy (First Class Honors) Nanyang Technological University, Singapore o Chartered Accountant of Singapore (CA (Singapore)) o Certified Internal Auditor (CIA), o Certification in Control Self-Assessment (CCSA) and o Certification in Risk Management Assurance (CRMA), The Institute of Internal Auditors, USA o Certified Fraud Examiner (CFE), Association of Certified Fraud Examiners, USA o Certified Information Systems Auditor (CISA), ISACA, USA	None (No movement during the year)	No relation	Present 2014-2016 2011-2014	<u>In Listed Companies</u> o Assistant Vice President - Group Internal Audit o Assistant Vice President - Group Internal Audit o Senior Manager - Group Internal Audit o Internal Audit Manager <u>In Non-Listed Companies</u> None	o Laguna Resorts & Hotels Public Company Limited o Banyan Tree Holdings Limited o Banyan Tree Holdings Limited o OUE Limited / OUE Hospitality Trust / OUE Commercial REIT
Company Secretary 7 Ms. Nanchalee Kecharananta Company Secretary and Assistant Vice President - Corporate Affairs	52	o Master of Development Administration, Western Michigan University, USA o Director Accreditation Program (2003), o Company Secretary Program (2002), and o Effective Minutes Taking Program (2006), Thai Institute of Directors Association	None (No movement during the year)	No relation	Present Present	<u>In Listed Companies</u> o Company Secretary and Assistant Vice President - Corporate Affairs <u>In Non-Listed Companies</u> o Director	o Laguna Resorts & Hotels Public Company Limited o 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"

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

No.	Name List		LRH	Subsidiaries															
				AVCI	BGL	BT1	BT2	BT3	BT4	BTD	BTG(S)	BTG(T)	CGL	L3	LBTL	LEL	LGL	LHC	LLL
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, CEO = Chief Executive Officer, ID = Independent Director, MD = Managing Director, PD = President Director, PC = President Commissioner

ARCC = Audit and Risk Committee Chairman, ARC = Audit and Risk Committee Member, NRCC = Nomination and Remuneration Committee Chairman, NRC = Nomination and Remuneration Committee Member,

NED = Non-Executive Director, / = Director, - = None, M = Management according to the definition of the Securities and Exchange Commission

Full Company name as shown in the section of "Abbreviations" in Attachment 6

2. Details of Positions of Directors and Management as at 31 December 2017 (continued)

No.	Name List													Associated Companies		Related Companies		
			LSC	LVL	MCP	PKRD	PSD	TLDC	TWDC	TWPL	TWRH	TWT	TWT2	BTC	TRL	BI	HHBR	TWPC
1	Mr. Ho	KwonPing	-	-	-	-	-	-	-	-	-	-	-	-	BoDC	/	-	BoDC
2	Mr.Vudhiphol	Suriyabhivadh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	ID
3	Dr. Jingjai	Hanchanlash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	ID
4	Mr. Thongchai	Ananthothai	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Ms. Srinthorn	Ounayakovit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Mr. Surapon	Supratya	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NED
7	Mr. Ho	KwonCjan	-	-	/	/	/	-	/	/	/	/	/	-	-	-	-	NED
8	Mr. Ariel	P. Vera	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	NED
9	Mr. Eddy	See Hock Lye	-	/	/	/	/	-	/	/	/	/	/	/	/	-	-	-
10	Mr. Ho	Ren Hua	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	CEO, /
11	Mr. Shankar	Chandran	/	/	/	/	/	-	/	/	/	/	/	-	-	-	-	NED
12	Mr. Stuart	David Reading	/	/	/	/	/	/	/	/	/	/	/	-	-	-	-	-
13	Mr. Kuan	Chiet	/	/	/	/	/	/	/	/	/	/	/	-	-	-	-	-
14	Ms. Piploy	Pluemarom	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Ms. Areewan	Sriwichupong	/	/	/	/	/	-	/	/	/	/	/	-	-	-	-	-
16	Mr. Cheng	Sai Him	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Ms. Nanchalee	Kecharananta	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Remark BoDC = Board of Directors Chairman, CEO = Chief Executive Officer, ID = Independent Director, MD = Managing Director, PD = President Director, PC = President Commissioner

ARCC = Audit and Risk Committee Chairman, ARC = Audit and Risk Committee Member, NRCC = Nomination and Remuneration Committee Chairman, NRC = Nomination and Remuneration Committee Member,

NED = Non-Executive Director, / = Director, - = None, M = Management according to the definition of the Securities and Exchange Commission

Full Company name as shown in the section of "Abbreviations" in Attachment 6

Attachment 2

Details of the Directors of Subsidiaries

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	L3	LBTL	LEL
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. Kingkarn Olarngranjanin	-	-	-	-	-	-	-	-	/	-	-	-	-
12	Ms. Pilanthana Charinkan	-	-	-	-	-	-	-	-	/	-	-	-	-
13	Ms. Piploy Pluemarom	-	-	-	-	-	-	-	-	-	-	-	-	/
14	Mr. Kontee Warapitayut	-	/	/	/	/	/	/	-	/	-	/	/	/
15	Mr. Amnuay Navachotechaiyakul	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Ms. Nanchalee Kecharananta	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Ms. Berty 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" in Attachment 6

Information on the Directors of Subsidiaries as at 31 December 2018 (continued)

No.	Name list		Subsidiaries													
			LGL	LHC	LLL	LSC	LVL	MCP	PKRD	PSD	TLDC	TWDC	TWPL	TWRH	TWT	TWT2
1	Mr. Ho	KwonCjan	-	-	-	-	-	/	/	/	-	/	/	/	/	/
2	Mr. Kuan	Chiet	/	/	/	/	/	/	/	/	/	/	/	/	/	/
3	Mr. Stuart	David Reading	/	/	/	/	/	/	/	/	/	/	/	/	/	/
4	Ms. Areewan	Sriwichupong	/	-	-	/	/	/	/	/	-	/	/	/	/	/
5	Mr. Shankar	Chandran	/	/	/	/	/	/	/	/	-	/	/	/	/	/
6	Ms. Claire	Chiang See Ngoh	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Mr. Phitak	Boonpojanasoonorn	-	-	-	-	-	-	-	-	/	-	-	-	-	-
8	Mr. Eddy	See Hock Lye	-	-	/	-	/	/	/	/	-	/	/	/	/	/
9	Mr. Boon	Yongsakul	-	-	/	-	-	-	-	-	-	-	-	-	-	-
10	Ms. Sriya	Yongsakul	-	-	/	-	-	-	-	-	-	-	-	-	-	-
11	Ms. Kingkarn	Olarngarnjanin	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Ms. Pilanthana	Charinkan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Ms. Piploy	Pluemarom	/	-	-	/	-	-	-	-	-	-	-	-	-	-
14	Mr. Kontee	Warapitayut	/	/	/	/	/	/	/	/	-	/	/	/	/	/
15	Mr. Amnuay	Navachotechaiyakul	-	/	-	-	-	-	-	-	-	-	-	-	-	-
16	Ms. Nanchalee	Kecharananta	/	-	-	/	-	-	-	-	-	-	-	-	-	-
17	Ms. Berty Maydiana	Santy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Mr. Paul Anthony	Wilson	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Remark / = Director, - = None

Full Company name as shown in the section of "Abbreviations" in Attachment 6

Attachment 3

Details of the Assets Revaluation

DETAILS OF ASSET REVALUATION

As a policy, land and building revaluation by independent appraiser will be made every 3 years. The buildings were revalued using the “Replacement Cost Approach” or “Income Approach” and land was revalued using the “Market Approach” by Simon Lim & Partners Co., Ltd. dated 14 October 2016.

As a policy, investment property revaluation by independent appraiser will be made every year. Units in office building and shops for rent were revalued using the “Income Approach” and land/land awaiting for development/sales was revalued using the “Market Approach” by Simon Lim & Partners Co., Ltd. dated 19 December 2018.

The detail of types of asset revaluation, purpose of revaluation, name of appraiser, and the date of revaluation is disclosed under the section 4.1 Operating assets of the Company and its subsidiaries.

Attachment 4

Report of the Audit and Risk Committee

REPORT OF THE AUDIT AND RISK COMMITTEE

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

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

During 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.

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 Suriyabhivadh)

Audit and Risk Committee Chairman

15 February 2019

Attachment 5

Report of the Nomination and Remuneration Committee

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

Attachment 6

Abbreviations of Company, Subsidiaries, Associated Companies and Related Companies

Abbreviations of Company, Subsidiaries, Associated Companies and Related Companies

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.
BSD	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
LBTH	Lijiang Banyan Tree Hotel Company 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