

ANNUAL REPORT 2019



LAGUNA RESORTS & HOTELS
PUBLIC COMPANY LIMITED

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MESSAGE FROM THE MANAGEMENT

The total Group revenue grew by 12 percent to Baht 6,158 million in 2019 and profit for the year climbed 314 percent to Baht 364 million. Gains came mainly from the strong performance of property development operations.

Strong property sales momentum continued throughout 2019 with Skypark Block 1 being 80 percent sold, Skypark Block 2 commencing sale and Cassia Residences being 95 percent sold. This shows that the increased offsite activities introduced since 2018 are coming to fruition. Both Cassia Residences and Phase 1 of Laguna Park 2 were completed while Dhawa project construction was started in 2019. The Russian market regained traction in 2019, returning as the largest single market for property purchases of our properties, driven by the demand for Skypark project. Sales channel development and digital marketing activities will continue to be key areas of focus going forward in China and other key markets to keep diversifying our base and increase brand awareness to expand our reach to potential buyers worldwide.

On hotel operations, Banyan Tree Phuket completed the construction of 45 new one- and three-Bedroom Pool Villas, which took place from June 2018 to end November 2019. Angsana Laguna Phuket underwent three major construction projects in 2019, namely Angsana Convention & Exhibition Space (ACES) as well as Angsana Beachfront and Angsana Oceanview hotels and residences. Opened in September 2019 and targeting regional mega events, ACES is now the largest convention centre in Phuket with capacity for 1,500 delegates. Angsana Beachfront and Angsana Oceanview phase 1 are slated for completion in Q4 2020. The Phuket hotels saw a combined revenue and profit decrease of 10 percent and 26 percent over the prior year given the construction in Banyan Tree Phuket and Angsana Laguna Phuket which impacted occupancy. Significant appreciation of the Thai Baht also contributed to the lower revenue which dampened the purchasing power of tourists, especially those from China, the country's largest source of visitors.



MESSAGE FROM THE MANAGEMENT

Banyan Tree Bangkok launched the new Saffron Cruise by Banyan Tree in November 2019 to offer guests a luxurious Saffron destination dining experience over water. Its restaurant revenue decreased by 8 percent impacted by the reduction in occupancy, the severe haze in Bangkok early last year and the election ban on alcohol sales and consumption on some weekends in March. Overall revenue and profit of the hotel reduced 7 percent and 12 percent, respectively, over the prior year. The hotel also closed the Spa offices and converted these to four new two-bedroom suites, thereby increasing total inventory from 327 keys to 331 keys.

Since inception, sustainability has been the core pillar of our business philosophy. Besides conserving the environment, we contribute to the destination growth of Phuket through our community projects and developing it as a prominent sports and lifestyle hub in Asia. In 2019 as part of the Banyan Tree Group's 25th anniversary, Laguna Phuket launched its inaugural Children First Charity Event (CFCE), raising more than USD 53K in support of seven orphanages across Phuket, housing more than 400 underprivileged children.

As a pioneer with ongoing stewardship in sustainability, Laguna Phuket was inducted into the prestigious AMCHAM CSR Excellence (ACE) 2019 Gold Level status for winning the award for five consecutive years. Angsana Laguna Phuket was presented Best Sustainable Hotel 2019 at Meetings & Conventions (M&C) Asia Stella Awards 2019.

Elevating the destination's economic and tourism development in the global sport arena, our iconic Laguna Phuket Triathlon was voted Top 10 in the Best International Triathlon Challenge Awards 2019 by UK Runner's World & Let's Do This. The triathlon also won three categories in the 2019 Best Triathlon Race in Asia Award presented by AsiaTRI (The Philippines) namely Best Overall Triathlon, Best Triathlon Run and Best Destination Triathlon. In addition, Laguna Golf Phuket and the flagship Banyan Tree Phuket were named Thailand's Best Golf Course 2019 and Thailand's Best Golf Hotel 2019 by the World Golf Awards. Laguna Golf Phuket was also the venue host of several keynote international tournaments.

Laguna Phuket continues to be recognised as a popular lifestyle destination for property investment. At the 2019 Asia Pacific Property Awards Development, Laguna Village Residences was named Best Residential Property for Thailand.

Going forward, the current COVID-19 outbreak has impacted the largest market to Thailand, this being China. We have been closely monitoring and managing the recent developments through a global coordinated effort. At this point, we are unable to ascertain the overall business impact given the uncertain market developments. It is expected to have near-term impact on our business but our fundamentals remain sound. We have also started implementing stringent cost-saving practices and placing focus on our secondary and emerging markets so as to minimise the overall financial impact on our business.



Mr. Shankar Chandran
Managing Director

FINANCIAL HIGHLIGHTS AND FINANCIAL RATIOS

Financial Highlights

(Unit : Million Baht)

Information from Consolidated Financial Statements	2019	2018 (Restated)	2017
Total Assets	23,526	20,903	20,884
Total Liabilities	11,314	8,174	8,223
Total Shareholders' Equity	12,212	12,729	12,661
Revenue from Hotel Operations	3,356	3,573	3,657
Revenue from Property Development Operations	2,568	1,706	927
Total Revenue	6,158	5,478	4,858
Operating Profit (loss)	710	303	311
Share of gain (loss) from Investment in Associate	5	66	(3)
Finance Cost	(132)	(158)	(177)
Income Tax Expenses	(225)	(128)	(68)
Non-controlling Interests of the Subsidiaries	6	4	(4)
Profit (loss) for the Year Attributable to Equity Holders of the Company	364	87	60

Financial Ratios

Information from Consolidated Financial Statements	2019	2018 (Restated)	2017
Quick Ratio (Times)	0.29	0.35	0.47
Receivables Turnover (Times)	9.70	9.62	7.44
Accounts Payable Turnover (Times)	2.58	2.67	2.76
Return on Total Revenue (%)	5.91	1.60	1.23
Return on Total Equity (%)	2.93	0.69	0.47
Return on Total Assets (%)	1.64	0.42	0.29
Earnings Per Share (Baht)	2.18	0.53	0.36
Dividend Per Share (Baht)	9.43*	0.41	0.38
Net Asset Value Per Share (Baht)	73.27	76.37	75.96
Weighted Average Number of Ordinary Shares	166,682,701	166,682,701	166,682,701

* On 20 November 2019 the Board of Directors' meeting approved the interim dividend payment of Baht 9.00 per share. At the time of printing this report, the Board of Directors proposed a final dividend payment of Baht 0.43 per share but it is subject to the approval of the Annual General Meeting.



COMPANY PROFILE

Company History

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

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

Milestones

1987

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



1995

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



1998

Laguna Holiday Club commenced operations.

2002

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

2006

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

1991

Laguna Beach Resort opened.

1992

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



1993

The Company listed on Stock Exchange of Thailand.

Property Sales operations commenced with the Allamanda condominium units.

2005

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

2008

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



2009

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

2013

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

2016

Angsana Vacation Club commenced operations in January.

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

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

2017

Divestment of Banyan Tree Lijiang and invested in Banyan Tree China Pte. Ltd.

2018

Opening of Cassia Phuket Phase 2

Outrigger Laguna Phuket Resort & Villas commenced operations in December.

2010

Divestment of Dusit Thani Laguna Phuket Hotel in October.

2011

Divestment of Laguna Beach Resort in May.

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

2015

Reopening of Laguna Phuket Golf Club in January.

Grand opening of Cassia Phuket in October.

2019

Completed construction of 45 new villas in Banyan Tree Phuket, increasing inventory to 220 villas.

Completed construction of ACES function & events centre at Angsana Laguna Phuket. This is the largest MICE facility in Phuket.

Opened Saffron Cruise in Bangkok in November.



LAGUNA VILLAGE RESIDENCES



BEST RESIDENTIAL PROPERTY THAILAND 2019-2020
BY ASIA PACIFIC PROPERTY AWARDS DEVELOPMENT

Vision

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

Mission

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

Business Relationship with Major Shareholder

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

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

COMPANY PROFILE

Types of Business

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

Hotel Operations

Hotels

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

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

Hotel	Location	Opening year	Number of rooms owned by LRH Group (in operation)*	Company (% held by LRH Group)	Operator
Banyan Tree Phuket	Bangtao, Phuket	1995	144 (220)	LBTL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Angsana Laguna Phuket	Bangtao, Phuket	2011	328 (372)	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	15 (63)	BGL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd.
Cassia Phuket	Bangtao, Phuket	2015	90 (334)	PGR (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Laguna Holiday Club Phuket Resort**	Bangtao, Phuket	2006	77 (77)	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, 4 of which are located within Laguna Phuket.
Angsana Wedding Chapel	2005	BGL (100%)	Thailand's first resort wedding chapel offering comprehensive wedding packages and well positioned to capture the lucrative wedding market.
Laguna Tours	2007	LEL (49%)	Started operations by offering selected third party tours to Laguna Phuket guests. From mid-2008, Laguna Tours established its own operated tours offering speed boat tours and city tours.

Golf Operations

Laguna Golf - Phuket

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

Laguna Golf - Bintan

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

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

COMPANY PROFILE

Property Development Operations

Property Sales

Property Sales offers a comprehensive range of hotel managed and private residential properties offering apartments, condominiums, 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	29-43
Banyan Tree Bangkok	Bangkok	Apartment	21-24
Banyan Tree Phuket	Phuket	Grande Residences Double Pool Villa 3-Bed Pool Villa	86-123 63-65 50
Cassia Phuket	Phuket	Serviced Apartment Residential Condominiums	5-13 6-18
Dhawa Phuket	Phuket	Serviced Apartment	5-9
Laguna Park 2	Phuket	Detached Homes Semi-detached Townhome	18-20 13-15
Laguna Village	Phuket	Residence Apartments	36-42 11-29
Skypark	Phuket	Residential Condominiums (New)	3-10

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.

Developments in 2019

Banyan Tree Bangkok is continually striving to offer impeccable food and beverage options to its guests and in November 2019 opened the new Saffron Cruise in order to give guests a luxurious Saffron dining experience on the water.

Banyan Tree Phuket completed construction of 45 new 1 and 3 Bedroom Pool Villas in a construction period beginning June 2018 and ending in November 2019 and refurbished its Lagoon Deck to cater to move upscale events.

Angsana Laguna Phuket underwent three major construction projects in 2019, these being the ACES convention centre, Angsana Beachfront, and Angsana Oceanview hotels and residences. ACES convention centre was completed in September 2019 and is now the largest convention centre in Phuket. The hotel and residences projects are on-going and due for completion in 2022.

A new property project, namely Skypark, was launched this year as part of the Group's ongoing strategy of unlocking its extensive land bank.

COMPANY PROFILE

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

Future Plans

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

Going forward the Group will focus on residential property development as its impetus of growth, including sales channel development and online / digital marketing activities in China, India 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) particularly catering to the emerging Asian middle-class with Cassia Phuket, Dhawa Phuket and Skypark Phuket along with 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 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) 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.

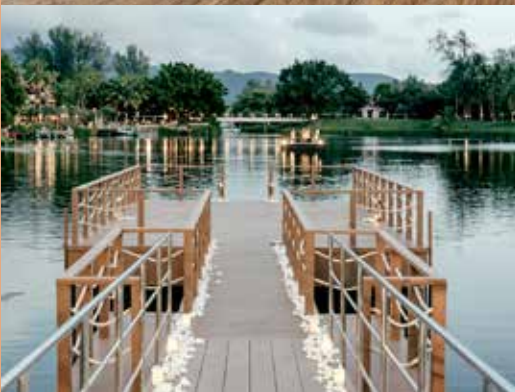
Holiday Club Business

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.

BANYAN TREE PHUKET LAGOON DECK



COMPANY PROFILE

2019 Awards

Angsana Laguna Phuket was awarded:

- Silver Certification
EarthCheck
- Top 10 Family Hotels in Asia Pacific 2019 (Ranked 8th)
Smart Travel Asia
- Top 25 Conference Hotels in Asia Pacific 2019 (Ranked 20th)
Smart Travel Asia
- Thailand MICE Venue Standard (TMVS) Certification
Thailand Convention and Exhibition Bureau (TCEB)
- ASEAN MICE Venue Standard (AMVS) Certification
Thailand Convention and Exhibition Bureau (TCEB)
- Best Sustainable Hotel 2019
M&C Asia Stella Awards
- Bodega & Grill - Certificate of Excellence Winner 2019
Trip Advisor
- XANA Beach Club - Certificate of Excellence Winner 2019
Trip Advisor
- Certificate of Excellence Winner 2019
Trip Advisor
- Excellent Establishment on Labour Relations
and Welfare 2019
Ministry of Labour

Angsana Villas Resort Phuket was awarded:

- Silver Certification
EarthCheck
- Certificate of Excellence 2019
Trip Advisor

Banyan Tree Phuket was awarded:

- TAIHEI - Thailand Tatler Best Restaurants 2019
Thailand Tatler
- Best Resort | Service Excellence
Travel Weekly Asia Readers' Choice Awards 2019
- Best Pool Villa Resort in Asia
Haute Grandeur Global Awards 2019
- Best Family Resort in Thailand
Haute Grandeur Global Awards 2019
- Thailand's Best Golf Hotel 2019
World Golf Awards 2019

Banyan Tree Bangkok was awarded:

- Recommended Hotel 2019
HolidayCheck
- 2019 Forbes Travel Guide Recommended Award
The Forbes Travel Guides
- Best Hotel in Bangkok (Ranked 4th)
Conde Nast Traveler's Reader's Choice Awards 2019
- Thailand Best Employer Brand Awards 2019
CHRO Asia
- Thailand Best General Manager Awards 2019
CMO Asia
- CSR Excellent Award 2019
Ministry of Social Development and Human Security
- Vertigo - Thailand's Best Restaurant 2019
Thailand Tatler
- Moon Bar - The World's Best Hotel Sky Bars
ForbesTravelGuide.com
- Moon Bar - 10 Best Rooftop Bars in the World 2019
Condé Nast Traveler Online
- Vertigo - Bangkok Best Restaurant 2019
(European Restaurant Category)
Bangkok Best Dining & Entertainment Magazine
- Vertigo TOO - Bangkok Best Restaurant 2019
(Western Restaurant Category)
Bangkok Best Dining & Entertainment Magazine
- Saffron - 2019 Top Restaurants for Chinese Travelers
Ctrip Select Award

Laguna Holiday Club Phuket Resort was awarded:

- Silver Certification
EarthCheck
- Certificate of Excellence 2019
Trip Advisor
- Customer Review Awards 2019 (8.3)
Agoda

Laguna Resorts & Hotels Public Company Limited was awarded:

- Laguna Phuket Triathlon was named Best International Triathlon (Top Ten Finalist) Challenge Awards 2019 by Runner's World and Let's Do This (UK)
- Laguna Phuket Triathlon was named 20 of the Best Triathlons Across the Globe Red Bull's Best Triathlon in the World (Austria)
- Laguna Phuket Triathlon was named 10 Best Triathlons in the World (Ranked 5th) Let's Do This (UK)
- Laguna Phuket Triathlon was named Best Asian Triathlon and Mass Participation Event of The Year (Top Ten Finalist) Mass Participation World Industry Awards 2019 (Singapore)
- Laguna Phuket Triathlon was named Best Overall Triathlon, Best Triathlon Run and Best Destination Triathlon (3 categories). 2019 Best Triathlon Race in Asia, AsiaTri
- AMCHAM 2019 CSR Excellence Recognition (ACE Award) and Gold Level Induction The American Chamber of Commerce in Thailand
- Silver Certification EarthCheck
- Honorable Contributor in Sports and Exercise 2019 Department of Physical Education, Ministry of Tourism & Sports (Thailand)

Laguna Property was awarded:

- Laguna Village Residences Best Residential Property Thailand 2019-2020 Asia Pacific Property Awards Development

Laguna Golf Phuket was awarded:

- Thailand's Best Golf Course 2019 World Golf Award

Banyan Tree Spa was awarded:

- TTG Travel Hall of Fame - Best Spa Operator (5th year since induction) 30th Annual TTG Travel Awards 2019

Banyan Tree Spa Phuket was awarded:

- Kinnari Gold Award: Health and Wellness Tourism 12th TAT Thailand Tourism Awards 2019
- Best Health & Wellness Spa in Thailand Haute Grandeur Global Awards 2019

Banyan Tree Spa Bangkok was awarded:

- Kinnari Gold Award: Health and Wellness Tourism 12th TAT Thailand Tourism Awards 2019

Banyan Tree Spa Samui was awarded:

- Kinnari Gold Award: Health and Wellness Tourism 12th TAT Thailand Tourism Awards 2019

Banyan Tree Spa Sanctuary Phuket was awarded:

- Best Villa Resort on a Global Level Haute Grandeur Global Awards 2019
- Best Relaxation Retreat in Thailand Haute Grandeur Global Awards 2019

Banyan Tree Gallery was awarded:

- Best Natural Conditioner: Rosemary and Lavender Conditioner Harper's Bazaar Hair Awards 2019
- Best Hair Serum/Oil for Thinning Hair: Rosemary and Lavender Scalp Serum Harper's Bazaar Hair Awards 2019

SAFFRON CRUISE BY BANYAN TREE BANGKOK



INCOME STRUCTURE AND FINANCIAL ANALYSIS

Income Structure

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

(Unit: Thousand Baht)

	2019	%	2018	%	2017	%
Revenue from Hotels	3,356,259	55	3,572,747	65	3,657,314	75
Revenue from Property Development	2,568,163	42	1,705,618	31	927,255	19
Revenue from Office Rental	91,183	1	98,667	2	95,119	2
Other Income	142,216	2	101,404	2	177,876	4
Total Revenue	6,157,821	100	5,478,437	100	4,857,564	100

The most significant businesses of the Group are hotels and property development operations for which further details are provided below. Note 40 to the financial statements of the Company for the year ended 31 December 2019, 2018 and 2017 discloses the operating results by business segment in accordance with accounting standards and principles.

Hotel Operations – Overall	2019	2018	2017
Occupancy (%)			
Angsana Laguna Phuket	66	71	71
Banyan Tree Phuket	62	65	68
Banyan Tree Bangkok	78	80	82
Average - LRH Hotels	69	73	74
Average Room Rate (Baht)			
Angsana Laguna Phuket	4,126	4,468	4,874
Banyan Tree Phuket	13,203	14,754	15,476
Banyan Tree Bangkok	4,740	4,819	4,578
Average - LRH Hotels	6,041	6,377	6,612
Total Revenue (Thousand Baht)			
Angsana Laguna Phuket	685,520	764,597	845,884
Banyan Tree Phuket	843,781	932,531	999,562
Banyan Tree Bangkok	1,005,499	1,078,230	1,071,666
Total LRH Hotels	2,534,801	2,775,358	2,917,112
Gallery Operations	191,111*	189,279*	177,921*
Other Hotel-Related Operations	630,347	608,110	562,281
Total Revenue of Hotel Operations	3,356,259	3,572,747	3,657,314

* 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 2019 decreased 6 percent from 2018. The Company's active ownership role in the hotel operation assisted in minimising the revenue shortfall to 2018, stemming from the Phuket hotels, which struggled due to the strong Thai Baht against all of the major markets, coupled with renovations and building projects in both hotels.

INCOME STRUCTURE AND FINANCIAL ANALYSIS

Property Development Operations

(Unit: Thousand Baht)

	2019	%	2018 (Restated)	%	2017	%
Revenue:						
Property Sales business*	2,465,257	96	1,557,542	91	754,085	81
Holiday Club business	102,906	4	148,076	9	173,170	19
Total Revenue - Property Development Operations	2,568,163	100	1,705,618	100	927,255	100

* Including other income

Property Sales business

A total of 222 units amounting to Baht 2,440 million in revenue (excluding other income) was recognized in 2019 in accordance with accounting income recognition policies.

Holiday Club Business

In 2019, the Holiday Club business performed below 2018 revenue due to both a lower number of trade-ins than expected, and a lower number of full memberships purchased, despite the Club offering greater flexibility with memberships. The After Sales Services team is well aware of this and will be focussing on sales of ANVC full memberships in 2020, plus trying to convert more Laguna Holiday Club members to ANVC members.

Other Income

(Unit: Thousand Baht)

Other Income	2019	2018	2017
Gain on Revaluation of Investment Property	86,510	50,618	5,215
Interest Income	38,194	31,368	35,650
Rental and Service Fee	14,109	11,685	10,689
Gain from sale of investment	-	-	115,732
Others	3,403	7,733	10,590
Total Other Income	142,216	101,404	177,876

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.

Explanation and Analysis by Management

For the year ended 31 December 2019, Laguna Resorts & Hotels Public Company Limited recorded a net profit of Baht 364 million which was Baht 276 million higher when compared to the year before.

Total revenue for the year increased by Baht 679 million as compared to last year and this was mainly due to the following:

- Revenue from property development operations which comprise of property sales and the sale of holiday club memberships increased by Baht 863 million. The revenue recognition of the property sales projects, as a result of Banyan Tree Villas and Cassia Residence Phuket, was higher when compared to the year before. This was partially offset by a drop in the sale of holiday club memberships. As of 31 December 2019, there is a total of Baht 3,098 million in property sales revenue which will be recognized in the future barring any cancellations.
- The overall revenue from hotel operations which comprise hotel, golf and retail operations decreased by Baht 216 million over the prior year as a result of a reduction in occupancy of Laguna Phuket hotels. The occupancy was adversely impacted by renovations and constructions within and around some of the Laguna Phuket hotels, the strong Thai Baht, and the drop in Chinese tourist arrivals into Thailand.
- Revenue from office rental operations which includes retail leasing decreased by Baht 7 million due largely to the decrease in occupancy of Thai Wah Tower office.
- Other income increased by Baht 41 million from the gain on revaluation of investment properties amounting to Baht 36 million.

Total expenses increased by Baht 273 million as compared to last year mainly due to the following:

- Cost of property development operations increased by Baht 354 million as more property sales were recognized during the period offset by lower cost of sales of holiday club memberships.
- Cost of hotel operations increased by Baht 40 million due to the operating cost Laguna Holiday Club Resorts which is now classified under the hotel segment, offset by the lower cost of other hotels which is in line with the lower hotel revenue.
- Cost of office rental operations decreased by Baht 7 million as a result of lower building repair expenses.
- Selling expenses increased by Baht 46 million which is principally due to higher commission expense, specific business tax and transfer fee relating to property sales.
- Administrative expenses decreased by Baht 159 million largely as a result of lower payroll costs, legal & professional fee and rental expenses.

Share of profit from investment in associates decreased by Baht 61 million mainly relates to lower profit from Banyan Tree China Pte. Ltd.

Finance cost decreased by Baht 26 million as compared to the same period last year due to the capitalization of interests relating to Cassia 3, Banyan Tree expansion, Banyan Tree Grande Residences, Dhawa and Angsana Ocean View projects which were under construction.

Income tax expenses increased by Baht 97 million as compared to the prior year because of the higher taxable profit of property sales operation in this year.

Loss attributable to non-controlling interests of the subsidiaries increased by Baht 1 million which is primarily caused by the loss of Talang Development Company Limited offset by gain from gallery operation.

For the reasons stated above, the Company's profit in 2019 is higher as compared to the prior year.

ECONOMIC TRENDS

Sales and Marketing

Hotels

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

The 2019 markets 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 85 percent of room revenue especially during the high season month while MICE business, Group Tour Series and Wedding group contribute to the rest.	The Wholesale market and leisure markets account for 87 percent of total revenue, while business travellers and corporate meeting groups represent the rest.
Geographical Segmentation	Asia 61 percent, mainly from People's Republic of China, South Korea, Hong Kong, Japan, India, Thailand and Singapore. Europe 28 percent, mainly from Russia, United Kingdom, Germany, France, Switzerland, 5 percent from the United States and 4 percent from Australia.	Asia 58 percent, mainly from People's Republic of China, South Korea, Japan, Hong Kong, Taiwan and Singapore. Europe 17 percent, mainly from United Kingdom, Germany and France, 7 percent from the United States and 5 percent from Australia.

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 2019 was significantly ahead of 2018 with a large portion due to the Company's latest offering, Skypark 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 and Republic of India, 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 services.

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

The Phuket Situation

Market Situation

- Total tourist arrivals for Thailand was close to static (-0.36 percent) compared to 2018 with growth in both the Chinese market by 2 percent and Indian market by 10 percent being offset by drops in the Malaysian, Korean, Hong Kong, Russian, and European markets. India is now the 4th largest market to Thailand. Continuing from 2017 and 2018, the Tourism Authority of Thailand's (TAT) strategy is to transform the country from a mass market to a more quality leisure destination, stating "TAT has also set clear directions to move the Thai tourism industry out of mass tourism and towards responsible tourism with an emphasis on revenue-generating quality tourists."
- For the Phuket market, in 2019, year-on-year passenger arrivals declined in both Q1 and Q2 by 4 percent and 7 percent respectively largely as a result of China-US trade tensions, and a strong Thai baht against all major currencies (Euro, RMB, GBP, Rubel, USD). Many of the long-haul markets of Australia and European countries were down on 2018. The largest market to Phuket, China, reduced substantially recording an arrivals drop against 2018 of 9 percent. 2019 seemed to be a tale of two differing halves, however, with Q3 and Q4 showing an increase of 3 percent and 8 percent in quarters 3 and 4, respectively. Overall for the year passenger arrivals in 2019 are similar to 2018, due to the second half of the year rebounding.

Tourism in Phuket remains dominated by Chinese and Russian holidaymakers and the two markets made up about 24 percent to 45 percent of the business of Banyan Tree Phuket and Angsana Laguna Phuket respectively in 2019. The Chinese tourists visit almost all year round, are more value conscious and tend to spend less in the hotel but they form a good base business for the hotels. Chinese visitors dropped 10 percent year-on-year and this was also part of the negative affect on our hotels' performance. On the other hand, the Russian tourists tend to visit during the lucrative peak year-end holidays, and are prepared to pay higher room rates and have a higher propensity to spend during their stays in the hotels. Other major markets for the hotels in Phuket include Great Britain, Germany, Hong Kong, South Korea and Japan. The Phuket hotels are yet to fully benefit from the rising Indian market, but with Angsana in particular, the strategy is to target many more Indian weddings due to the ACES convention centre.

ECONOMIC TRENDS

- The property sales 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, Singapore and Hong Kong.

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 continues to be development activity with 14 new hotels slated to open in 2020, adding approximately 3,500 keys. 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.

Although branded developments have continued to enter the market, 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.

DHAWA PHUKET



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 affordable properties (sub Baht 10 million) such as Skypark with units priced from Baht 3 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

The imminent Business outlook lacks visibility given the COVID-19 pandemic crisis which has slowed down the world economy. The Hospitality sector has seen large scale cancellations and a slow-down in booking pace compared to last year. We have started implementing stringent cost-saving practices throughout the organization and placing focus on our secondary and emerging markets so as to minimize the overall financial impact on our business. At this juncture depending on how 2020 levels out will determine our next 3 years, where we are positive when the rebound takes place, we will be best placed with our new inventory and Angsana Convention and Events Centre.

Phuket's major ongoing development plans include expansion of the Phuket International Airport, improvement of road and transport networks and along with other infrastructure improvements. With the ASEAN Economic Community integration now imminent, this is expected to drive demand for both tourism and real estate investment.

Hotel supply in Bangkok is likely to increase by 11,020 hotel keys by 2022 including brands such as Hyatt Regency, Capella and Waldorf Astoria and Langham, which will increase total supply by 23 percent to 59,000 keys; whilst in Phuket 26 new hotels are in the pipeline opening in the next 3 years including Hilton, JW Marriot, Mandarin Oriental, Four Points and Novotel.

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

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

SUSTAINABILITY REPORT



Overview of CSR Programmes

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

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

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

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

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

Operation and Report Preparation

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

Laguna Phuket was established 32 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 highlights 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 and impacts. 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.

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. 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.

Impact of Business Operations on CSR

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

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

CSR Initiatives and Projects

1. Cultural Diversity

Our Cultural Diversity initiatives help to promote and preserve ancient traditions of various origins in local communities. In doing so, Laguna Phuket contributes to uplifting the spiritual well-being of associates, their families, and local community members, to ensure a balance between the influx of western influences brought by tourism and preservation of the local way of life. A brief report of CSR activities in 2019 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 12 July 2019 at Phra Khao Temple and attended by 200 Laguna Phuket associates and community members. Apart from corporate donation of lent candles, this year Laguna Phuket has donated 7 sets of floor carpet and raised Baht 60,019 for the temple. Laguna Phuket has annually celebrated Buddhist Lent for over 24 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 21 September 2019 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 29 September - 7 October 2019. During these 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 230,000 worth of food and supplies this year to our local shrines and set up an offering shelter on 4 October 2019 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 Khongkha and the water spirits. This year's event was held on 11 November 2019 with lots of meaningful cultural appreciation activities. Thai Country Song Singing Contest, Krathong demonstration, traditional performances, community F&B stalls, and live music. Nearly 4,500 guests, associates and residents participated in releasing Krathong and expressing their gratitude towards the plentiful use of water.

2. Social Equity

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

Seedlings - Social Enterprise Restaurant

Seedlings is the first restaurant launched by Laguna Lang Co under Banyan Tree's group-wide mentorship program with the aim to provide training and job opportunities for disadvantaged and marginalized local young adults, giving them the necessary life skills to forge successful careers in hospitality. Seedlings serves as a launching platform for local youth development in collaboration with Prince of Songkla University, Phuket campus, providing invaluable vocational skills and experience.

To-date, 46 interns have graduated from the program since 2014 and 30 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 Phuket 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 85 million share volume with 1,140 associate members.

Laguna Phuket Children's Day

Laguna Phuket organized the 27th Children's Day event on 12 January 2019 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 be 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 2019, more than Baht 944,210 was spent for the sustenance.

Feeding Community

Laguna Phuket is always providing free meals to the local communities and in 2019 more than 7,580 meals worth Baht 130,000 were served in 17 events



3. Educational Empowerment

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

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

Laguna Phuket Kindergarten

Originally established in 1992 as a Child Care Centre. The center is widely acknowledged as one of the best in Thailand and at the end of 2008 was formally established as Laguna Phuket Kindergarten, to provide free education to the children of our associates and community members, under the guidance of the Ministry of Education. Today, the greatly-expanded program caters to 179 children aged between three to six, with 12 certified teachers creating fun and educational daily activities. To-date, 1,605 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 Chergntalay Sub-District Administrative Office.

On 22 December 2014, the newly refurbished centre was relaunched as the Community Learning Centre in recognition of the 10th Tsunami commemoration and has become a community hub where people can develop their general life skills, and further their knowledge in Chinese and English. In 2019, 166 people enrolled for language courses and 47 people took part in the life skills training courses such as saving scheme, basic flower arrangement and facelift massage conducted by our associates with the respective expertise who volunteered to be trainers. To-date, 8,688 learners have participated in our programs.

SUSTAINABILITY REPORT

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 900 students and 50 teachers in Phuket and Pang-Nga in 2019.

Sustainable School Development

To celebrate the 25th anniversary of Banyan Tree in September 2019, Laguna Phuket have donated books and learning materials worth Baht 150,000 to 3 local schools including Baan Cherngtalay, Baan Phru Chumpa, and Baan Para school benefiting 694 students.

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 1,983,600 cc of blood and 4,408 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 2019, the associates running events were organized every 2 weeks from August to September with the participation from 170 associates who could achieve a 25 kilometer virtual run.

5. Environmental Preservation

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

EarthCheck

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

Laguna Phuket 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 2019.

Greening Community Initiative

Since 2007, Laguna Phuket has worked in collaboration with Phuket Mangrove Station. In 2019, we planted 2,500 saplings on 23 May 2019 at Thasak Community, Thalang, Phuket. To-date over 32,500 saplings were planted in southern provinces of Thailand. 1,490 associates have participated in this project and 690 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 (PMBC) 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. 1,000 pieces of microchip and 2,000 pieces of Inconel tag worth Baht 260,000 were given to PMBC for the on-going research on sea turtle conservation. To-date, 2,145 turtles have been released and 4,700 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 2019. More than 400 kilograms of trash were collected by 400 people.



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EVENTS IN 2019

2019 National Children's Day Celebration

The annual National Children's Day Celebration was hosted by Laguna Phuket on 12 January at Laguna Grove with 3,000 participants. The event featured Jam-urd Na Jor, a famous Thai Comedy Theatre Show from Thai TV Channel 23 (Workpoint) and kids' performances from local schools and music school in Phuket. This annual celebration aims to encourage and inspire children to become active, informed and concerned citizens of the next generation, and to help them recognize the importance of their role in the society.



Thai Fight Phuket

Laguna Phuket was selected to host inaugural Thai Fight Phuket, an international sport entertainment event to showcase Muay Thai kickboxing fights, on 23 February 2019 in a purpose-built ring at Laguna Grove, Laguna Phuket's outdoor event venue by the lagoon where other mass-participation sporting events such as Laguna Phuket Marathon and the Triathlon have taken place. It was televised on Thai TV Channel 3, 33, 28 and LINE TV and celebrated its 10th anniversary.

20th Vertical Marathon

In March 2019, Banyan Tree Bangkok successfully raised Money for Charity through the 20th Annual Vertical Marathon with a total number of 800 runners. The proceeds were donated to the "HIV Formula Feeding Fund" a Thai Red Cross initiative under the patronage of Her Royal Highness Princess Soamsawali.





The Lagoon Deck Launch

The Lagoon Deck opened with an intimate weekend event for top clients and wedding planners showcasing Banyan Tree Phuket wide spectrum of event solutions. Featuring 454 square meters of event space with floor to ceiling windows, The Lagoon Deck offers 180-degree views overlooking the resort's main lagoon and green surroundings. The venue is equipped for sophisticated celebrations with up to 500 guests, glamorous dinners for up to 300 guests, and prestigious corporate meetings for up to 220 guests.

Singha Laguna Phuket Open

Singha Laguna Phuket Open 2019, a professional golf tournament in co-sanction with Asian Development Tour (ADT) and All Thailand Golf Tour (ATGT), was organized during 13-19 May at the award-winning Laguna Golf Phuket. The final rounds of this annual spectacular event, organized by Sports Management Group (SMG) with Singha Corporation as founding sponsor and grandly certified with Official World Golf Ranking, was broadcasted live on True Visions (True Sport 5, channel 684).



Laguna Phuket Greening Community

The annual tree planting was organised on 23 May when 2,500 trees were planted at Baan Thasak, Thalang, Phuket as part of Laguna Phuket's Greening Community commitment. Together, Laguna Phuket, its partners and members of local communities have planted 32,500 trees over the course of 13 years in Phuket and neighboring provinces.

EVENTS IN 2019

14th Laguna Phuket Marathon

2019 Laguna Phuket Marathon, “Run Paradise” - Phuket’s largest mass participation sports event welcomed a record 12,000-plus runners from 73 countries for its 14th edition was held during 8-9 June at Laguna Grove. Because of its unique race course, it is certified by Association of International Marathons (AIMS) and is a qualifying event for world-class marathons like Boston Marathon. Showcasing the local communities and families’ fun, it has been developed into one of the leading marathons in the Southeast Asian region. In addition, participants can also raise funds for Children First Fund (CFF) which managed by Laguna Phuket Foundation to help more than 400 children from 7 orphanages in Phuket.



Laguna Phuket Sea Turtle Conservation 2019

On 27 July at Phuket Marine Biological Centre (PMBC) beachfront, 40 turtles were released to the Andaman Ocean with the help of 200 environmental enthusiasts and volunteers. Our efforts focus on raising funds and awareness in support of the Phuket Marine Biological Centre and the Royal Thai Navy, whose ongoing conservation and rehabilitation programs. To-date, 2,145 turtles have been released and over 4,700 people have participated in our ongoing sea turtle conservation program since 1994.

Banyan Tree 25th Year Anniversary

Banyan Tree Phuket, flagship property for Banyan Tree Hotels & Resorts, has proudly celebrated 25 years as Phuket’s premier holiday resort. The festivities lasted a week and included a Charity Golf Tournament, a Phuket Inter Hotel Football Charity Tournament, Tree Planting events with a worldwide goal of planting 25,000 new trees, sustainability activities such as Plastic Free Banyan Tree, and a special gala to honor guests who have visited the property since its beginning - along with past and current associates, and the worldwide Banyan Tree family. What started out as a tin mine has flourished into an award winning resort.





Children First Charity Event

Celebrated 25th anniversary of Banyan Tree Group in 2019, Laguna Phuket together with award-winning Laguna Golf Phuket organized the inaugural Children First Charity Event on Saturday 21 September, a charity journey from golf day under the theme “Swing for Good” into “Battle of the Chefs” charity dinner at Angsana Ballroom, Angsana Laguna Phuket. The charity dinner was a real gourmet experience, completed with delicious food, free-flow beverages and live entertainment. The event raised over 1.6 million baht for Children First Fund (CFF) supported 7 orphanages in Phuket to housing more than 400 orphans and underprivileged children.

Children First Charity Football

On 23 September, a “Children First Charity Football Match” was held at Bangtao Stadium, Baan Bangtao School, featuring a friendly match between footballers from Laguna Phuket, Banyan Tree Group and Kao Kon La Kao Foundation, the resort’s charity partner. The charity football raised Baht 140,000 for the CFF. Children First Fund and Children First Charity Events are a couple of the newer initiatives added to a long list of our sustainability efforts as a member of the Phuket community since the resort’s establishment some 30 years ago.



Kao Kon La Kao 2019 - Southern Leg

On 27 October, Laguna Phuket was selected by Kao Kon La Kao Foundation, led by Thai rockstar Athiwara “Toon” Khongmalai, to host a 10.6 Km mega charity run, the Southern Thailand’s largest mini-marathon event ever with more than 13,000 runners joined the event. This campaign took place in Trang - Krabi - Phang Nga - Phuket during 24 - 28 October 2019 with the total distance of 315.6 km. The final mini-marathon started at Laguna Grove, Laguna Phuket to XANA Beach Club closing by mini concert from celebrities and singers. This campaign aimed to encourage people to exercise and supported the 7 hospitals in Southern Region which finally raised Baht 61 million.

EVENTS IN 2019

Banyan Tree Bangkok Launches Saffron Cruise

On 8 November, the cruise set sail on its very first voyage with aboard Mr. and Mrs. Ho, their family, Senior Management from Banyan Tree Hotels and Resorts and Banyan Tree Residence Riverside Management Team along with Banyan Tree Bangkok associates. Before the embarkation, Mrs. Ho christened the cruise and cut the ribbon, a ceremonial act that is known to bestow good luck and divine protection to the ship and to all those that sail aboard. The event also coincided with Banyan Tree Bangkok's annual Associate Recognition Event where deserving long-serving associates were recognized and rewarded.



Loy Krathong Festival

Loy Krathong Festival brings people together on the full moon night of the 12th Thai lunar calendar and pay respect to the water goddess, Pra Mae Khonkha and the water spirits. This year's event was held on 11 November at Laguna Grove, Laguna Phuket with lots of meaningful cultural appreciation activities; Thai country song singing contest, Krathong demonstration, traditional performances, community food & beverage stalls, and live music. Nearly 4,500 guests, associates and residents participated in releasing Krathong and expressing their gratitude towards the plentiful use of water.

3rd PGA Members' International Conference

Hosted by Angsana Laguna Phuket and Laguna Golf Academy Phuket, the PGA Members' International Conference took place at the stunning Laguna Phuket Resort during 10 - 13 November. Aiming to support PGA members in developing their career and business, the conference brought together 50 PGA Members and delegates from 14 countries to one of Asia's finest fully integrated resorts.





LPT Charity Fun Run

LPT Charity Fun Run took place on 23 November at Laguna Grove supported Kao Kon La Kao Foundation and 7 hospitals in the Southern Region of Thailand, it comprised of 5K, 10K and 2K Kids runs with an aim to raise funds for Children First Fund (CFF). Participated by more than 1,100 runners, this charity run supported 7 orphanages, housing more than 400 underprivileged children in Phuket.

26th Laguna Phuket Triathlon (LPT)

On 24 November, a field of more than 1,000 individual pro and age group athletes, as well as relay teams and triathletes in “25 For 25 Sprint” representing more than 51 nationalities crowded Asia’s premier destination resort “Laguna Phuket” from the Race Start at the resort’s beachfront to the Transition Area at Laguna Grove outdoor event venue to participate in the race. LPT was doubling its charitable cause by adding Kao Kon La Kao Foundation to its charity partner list. Every kilometre run at LPT this year became Baht 9 donation to Kao Foundation in support of 7 hospitals in South Region of Thailand. The total donation to Kao Kon La Kao South episode was Baht 1 million.



Exclusive Night with Burin Boonvisut at Vertigo TOO

On 28 November, Burin Boonvisut a famous Thai singer was at Vertigo TOO, Banyan Tree Bangkok for his mini exclusive concert. The concert gathered many of his fans and Thai celebrities who enjoyed the event dancing and singing along. The event got great feedback and was very successful.

BOARD OF DIRECTORS

Board of Directors as at 31 December 2019

Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management:

Mr. Ho KwonPing's elder brother and

Mr. Ho Ren Hua's father

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

2000-2015

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

1997-2015

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



Mr. Ho KwonPing⁽¹⁾
Chairman of the Board
(Age 67 Years)
Date of First Appointment
as Director: 4 July 1986

In Non-Listed Companies

Present

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

2013-2018

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

2000-2016

- Director, Asia Tapioca Products Company Limited

Mr. Vudhiphol Suriyabhivadh

Independent Director

(Age 75 Years)

Date of First Appointment
as Director: 7 May 2003



Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

2015-2018

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

2003-2015

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

1999-2015

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

1996-2015

- Independent Director,
Thai Wah Food Products Public Company Limited

In Non-Listed Companies

None

Dr. Jingjai Hanchanlash

Independent Director

(Age 77 Years)

Date of First Appointment
as Director: 15 May 2001



Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

2017-2019

- Vice Chairman of the Executive Board,
Loxley Public Company Limited

2014-2019

- Director, Loxley Public Company Limited

2013-2015

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

2000-2015

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

In Non-Listed Companies

Present

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

BOARD OF DIRECTORS



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

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

2011-2016

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

In Non-Listed Companies

None



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

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Independent Director,
Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

1999-2015

- Chief Executive Officer, Burda (Thailand) Company Limited



Mr. Surapon Supratya
Independent Director
 (Age 67 Years)
 Date of First Appointment
 as Director: 22 March 1996

Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

2016-2019

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

2013-2016

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

1996-2015

- Director, Thai Wah Food Products Public Company Limited

In Non-Listed Companies

2003-2016

- Director, Vietnam Tapioca Company Limited

2000-2016

- Director, Asia Tapioca Products Company Limited

1996-2016

- Director, Tay Ninh Tapioca Joint Stock Company



Mr. Ho KwonCjan⁽¹⁾
Director
 (Age 63 Years)
 Date of First Appointment
 as Director: 27 February 1995

Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management:

Mr. Ho KwonPing's younger brother and

Mr. Ho Ren Hua's uncle

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

1997-2015

- Director, Thai Wah Food Products Public Company Limited

In Non-Listed Companies

Present

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

2006-2016

- Director, Bibace Investments Ltd

2000-2016

- Director, Asia Tapioca Products Company Limited

BOARD OF DIRECTORS



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

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

2013-2015

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

In Non-Listed Companies

Present

- Director, ICD (HK) Limited



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

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

2004-2018

- Chief Financial Officer, Banyan Tree Holdings Limited

In Non-Listed Companies

Present

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



Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Director and Managing Director, Laguna Resorts & Hotels Public Company Limited
- Executive Vice President - Group Business Performance Banyan Tree Holdings Limited
- Non-Executive Director, Thai Wah Public Company Limited

2017-2019

- Managing Director, Owned Hotels and Managing Director (Spa Operations), Banyan Tree Holdings Limited

In Non-Listed Companies

Present

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

2011-2016

- Managing Director, Laguna Lang Co Vietnam



Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

In Non-Listed Companies

Present

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

BOARD OF DIRECTORS



Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management:

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

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

2015

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

2011-2015

- Director, Thai Wah Food Products Public Company Limited

In Non-Listed Companies

Present

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

2016-2017

- Director, Asia Tapioca Products Company Limited

Remark

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

⁽¹⁾ Authorized directors as shown in the Company Affidavit

⁽²⁾ Details as shown in the section of "Position of Directors and Management as at 31 December 2019"

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

Name	Position	Profile
Management*		
Mr. Ho KwonPing	Chief Executive Officer	Profile as shown in the section of “Board of Directors as at 31 December 2019”
Mr. Shankar Chandran	Managing Director	
Mr. Kuan Chiet	Chief Financial Officer and Vice President - Finance & Administration and Property Leasing	Profile as shown in the following pages
Ms. Piploy Pluemarom	Assistant Vice President - Group Human Resources	
Ms. Areewan Sriwichupong	Chief Accountant and Assistant Vice President - Finance	
Head of Group Internal Audit		
Mr. Cheng Sai Him	Assistant Vice President - Group Internal Audit	
Company Secretary		
Ms. Nanchalee Kecharananta	Company Secretary and Assistant Vice President - Corporate Affairs	

Remark

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

MANAGEMENT OF THE COMPANY

Mr. Kuan Chiet
Chief Financial Officer and Vice President,
Finance & Administration and Property Leasing
(Age 53 Years)

Ms. Piploy Pluemarom
Assistant Vice President,
Group Human Resources
(Age 61 Years)

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

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

- Chief Financial Officer and
Vice President - Finance & Administration and
Property Leasing,
Laguna Resorts & Hotels Public Company Limited

2018-2019

- Chief Financial Officer, Banyan Tree Holdings Limited

2014-2016

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

2000-2015

- Director, Thai Wah Food Products Public Company Limited

In Non-Listed Companies

Present

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

2008-2015

- Director, Tapioca Development Corporation Limited

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

- Master of Public Administration, Chulalongkorn University

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

In Non-Listed Companies

Present

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

Ms. Areewan Sriwichupong
Chief Accountant and Assistant Vice President,
Finance
(Age 47 Years)

Mr. Cheng Sai Him
Assistant Vice President,
Group Internal Audit
(Age 38 Years)

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

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

In Non-Listed Companies

Present

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

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

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

2014-2016

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

In Non-Listed Companies

None



MANAGEMENT OF THE COMPANY

Ms. Nanchalee Kecharananta
Company Secretary and
Assistant Vice President, Corporate Affairs
 (Age 53 Years)

Highest Educational Background and Director Certificate Program:

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

Percentage of Shareholding in the Company:

None (No movement during the year)

Family Relation between Management: No relation

Working Experiences for the Past 5 Years:

In Listed Companies

Present

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

In Non-Listed Companies

Present

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

Remark

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

⁽¹⁾ Details as shown in the section of "Information on the Directors of Subsidiaries as at 31 December 2019"

BANYAN TREE PHUKET RESIDENCES



BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

Details of Positions of Directors and Management as at 31 December 2019

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

Remark

BoDC = Board of Directors Chairman

ID = Independent Director

PD = President Director

ARCGC = Audit, Risk and Corporate Governance Committee Chairman

NRCC = Nomination and Remuneration Committee Chairman

NED = Non-Executive Director

- = None

CEO = Chief Executive Officer

MD = Managing Director

PC = President Commissioner

ARCG = Audit, Risk and Corporate Governance Committee Member

NRC = Nomination and Remuneration Committee Member

/ = Director

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

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

BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

Subsidiaries															Associated Companies		Related Companies		
LEL	LGL	LHC	LLL	LSC	LVL	MCP	PGR	PSD	TLDC	TWL	TWPL	TWRH	TWT	TWT2	BTC	TRL	BI	HHBR	TWPC
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	BoDC	/	-	BoDC
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	ID
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	ID
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-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	CEO, /
-	/	/	/	/	/	/	/	/	-	/	/	/	/	/	-	-	-	-	NED
/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	-	-	-	-	-
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BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

Information on the Directors of Subsidiaries as at 31 December 2019

No.	Name list		Subsidiaries									
			AVCI	BGL	BT1	BT2	BT3	BT4	BTL	BTG(S)	BTG(T)	CGL
1	Mr. Ho	KwonCjan	-	/	/	/	/	/	/	-	/	-
2	Mr. Kuan	Chiet	/	/	/	/	/	/	/	/	/	/
3	Mr. Stuart	David Reading	PD	/	/	/	/	/	/	/	/	-
4	Ms. Areewan	Sriwichupong	-	/	/	/	/	/	/	-	/	/
5	Mr. Shankar	Chandran	-	/	/	/	/	/	/	-	/	/
6	Ms. Claire	Chiang See Ngoh	-	-	-	-	-	-	-	/	/	-
7	Mr. Phitak	Boonpojanasontorn	-	-	-	-	-	-	-	-	-	-
8	Mr. Eddy	See Hock Lye	PC	/	/	/	/	/	/	/	/	/
9	Mr. Boon	Yongsakul	-	-	-	-	-	-	-	-	-	-
10	Ms. Sriya	Yongsakul	-	-	-	-	-	-	-	-	-	-
11	Ms. Kingkarn	Olarnekarnjana	-	-	-	-	-	-	-	-	/	-
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"

BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

Subsidiaries																
L3	LBTL	LEL	LGL	LHC	LLL	LSC	LVL	MCP	PGR	PSD	TLDC	TWL	TWPL	TWRH	TWT	TWT2
/	/	-	-	-	-	-	-	/	/	/	-	/	-	/	/	/
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LAGUNA PHUKET MANAGEMENT TEAM



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

LAGUNA PHUKET MANAGEMENT TEAM

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

CASSIA PHUKET



General Information

Head Office

Laguna Resorts & Hotels Public Company Limited

Thai Wah Tower I, 7th, 22nd and 24th floor, No. 21/17B, 21/17C, 21/65, 21/66 and 21/68

South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand

Telephone 66 (0) 2677 4455 | Facsimile 66 (0) 2285 0733

Branch

390/1 Moo 1, Srisoontorn Road, Chergtalay, Thalang, Phuket 83110, Thailand

Telephone 66 (0) 7636 2300 | Facsimile 66 (0) 7632 4061

Homepages

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

Corporate Registration number

0107535000371

Type of Major Businesses

Hotel Business and Property Development

Registered Capital

Baht 2,116,753,580

Issued and Paid-up Capital

Baht 1,666,827,010

No. and Type of Shares Issued and Par Value

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

Foreign Limit

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

Dividend Policy of the Company

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

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

Dividend Policy of the Subsidiaries

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

Total Employees

65 employees (only employees employed by Laguna Resorts & Hotels Public Company Limited as of 31 December 2019)

CORPORATE AND MANAGEMENT STRUCTURE

Companies in which the Company's Shareholding Exceeds 10 percent

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone
AVCI	Holiday club membership and golf club operations	Bintan	USD7,000,000	USD10.00	USD6,599,350	100.00	(62) 770 693 402
BGL	Hotel operations and property development	Phuket	1,546,000,000	100.00	1,546,000,000	100.00	66 (0) 7632 4101-7
BI	Investment holdings	British Virgin Islands	USD50,000	USD0.01	USD10,100	19.80	(65) 6849 5888
BT1	Owens land on which the golf course is situated	Phuket	20,930,000	100.00	20,930,000	100.00	66 (0) 7636 2300
BT2	Owens land on which the golf course is situated	Phuket	19,100,000	100.00	19,100,000	100.00	66 (0) 7636 2300
BT3	Property development	Phuket	7,750,000	100.00	7,750,000	100.00	66 (0) 7636 2300
BT4	Owens land on which the golf course is situated	Phuket	14,550,000	100.00	14,550,000	100.00	66 (0) 7636 2300
BTC	Investment holdings	Singapore	-**	-**	SGD235,435,987	10.69	(65) 6849 5888
BTL	Owens land on which a hotel is situated and property development	Phuket	80,000,000	100.00	80,000,000	100.00	66 (0) 7636 2300
BTG(S)	Sale of merchandise	Singapore	-**	-**	SGD432,000	51.00	(65) 6849 5888
BTG(T)	Sale of merchandise	Bangkok	7,750,000	100.00	7,750,000	51.00	66 (0) 2677 3100
CGL	Investment holding	Hong Kong	-***	-***	HKD2	100.00	(852) 2598 5234
HHBR	Dormant	Bangkok	10,000,000	10.00	10,000,000	10.00	66 (0) 2454 0037
L3	Owens land on which a hotel is situated	Phuket	100,000	100.00	100,000	100.00	66 (0) 7636 2300
LBTL	Hotel operations, property development and sales and marketing service for holiday club membership	Phuket	1,500,000,000	100.00	1,500,000,000	100.00	66 (0) 7632 4374
LEL	Travel operations	Phuket	8,000,000	100.00	8,000,000	49.00	66 (0) 7636 2300
LGL	Golf club operations and property development	Phuket	1,000,000,000	100.00	1,000,000,000	100.00	66 (0) 7636 2300
LHC	Holiday club membership and property development	Phuket	330,000,000	100.00	330,000,000	100.00	66 (0) 7636 2400

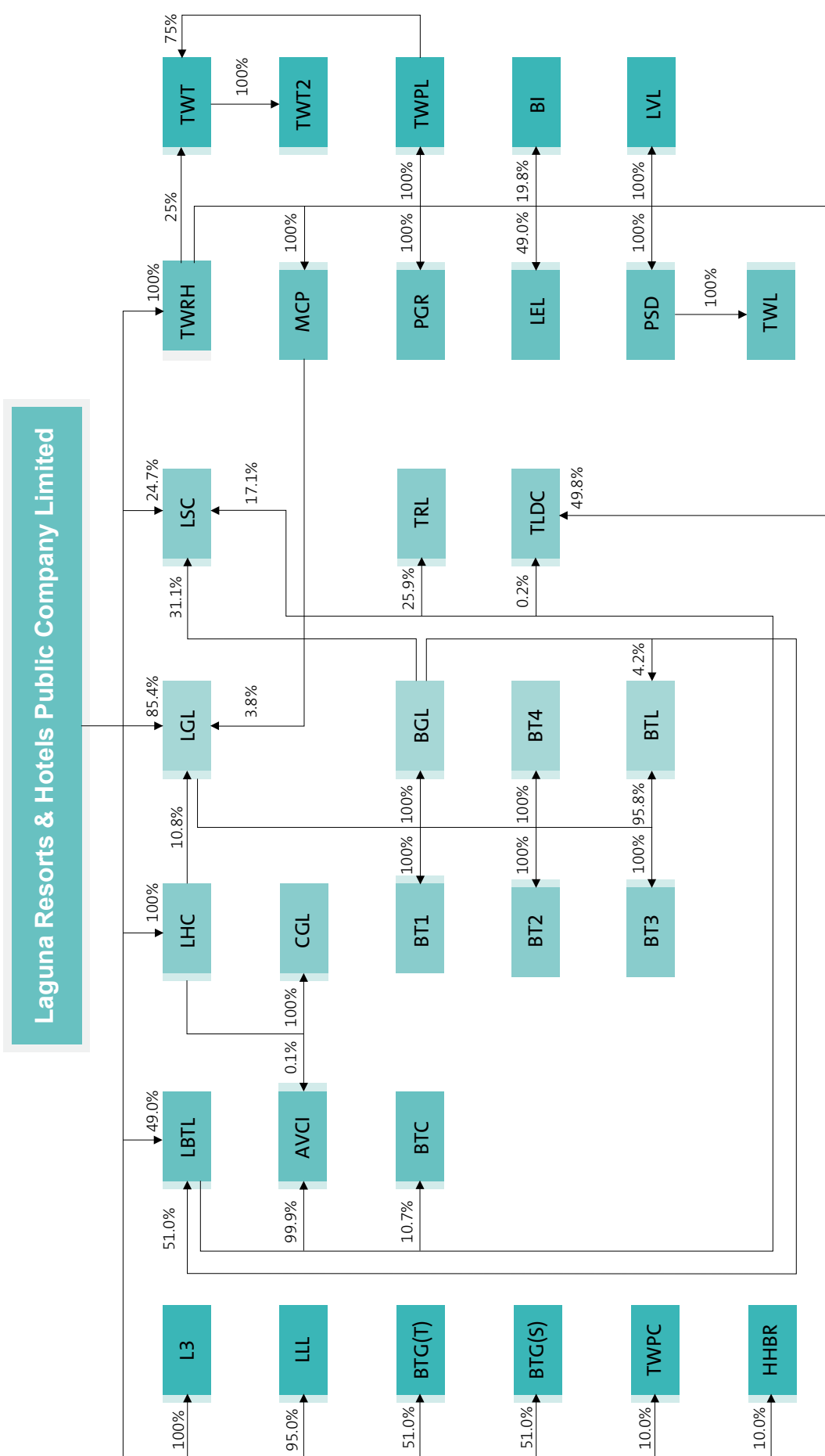
Companies in which the Company's Shareholding Exceeds 10 percent (con't)

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone
LLL	Property development	Phuket	1,000,000	100.00	1,000,000	95.00	66 (0) 7636 2300
LSC	Provide utilities and other services to hotels of the Company and subsidiaries	Phuket	90,500,000	100.00	90,500,000	72.90	66 (0) 7630 5639
LVL	Dormant	Phuket	6,000,000	100.00	6,000,000	100.00	66 (0) 7633 6900
MCP	Holds land plots for future development	Bangkok	232,300,000	100.00	232,300,000	100.00	66 (0) 2677 4455
PGR	Property development and hotel operations	Phuket	100,000,000	100.00	100,000,000	100.00	66 (0) 7636 2300
PSD	Holds land plots for future development	Bangkok	28,400,000	100.00	28,400,000	100.00	66 (0) 2677 4455
TLDC	Property development	Bangkok	251,000,000	1,000.00	251,000,000	50.00	66 (0) 2677 4455
TRL	Resort investment and development	Hong Kong	***	***	USD21,000,000	25.87	(852) 2869 7333
TWL	Property development	Phuket	214,370,000	100.00	214,370,000	100.00	66 (0) 7636 2300
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
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
TWRH	Investment holding and property development	Bangkok	1,550,000,000	100.00	1,550,000,000	100.00	66 (0) 2677 4455
TWT	Lease of office building space	Bangkok	455,000,000	100.00	455,000,000	100.00	66 (0) 2677 4455
TWT2	Owns land on which a hotel is situated	Bangkok	21,000,000	100.00	21,000,000	100.00	66 (0) 2677 4455

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 names as shown in the section of "Abbreviations"

Corporate Structure



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

CORPORATE AND MANAGEMENT STRUCTURE

Major shareholders as at 30 December 2019[#]

No.	Shareholders	No. of Shares Held	Total Shareholdings	%
1	Banyan Tree Holdings Limited Group of Companies		143,817,503	86.3
	(1) Banyan Tree Assets (Thailand) Company Limited*	80,432,342		
	(2) Banyan Tree Resorts & Spas (Thailand) Company Limited**	62,332,399		
	(3) Banyan Tree Hotels & Resorts Pte. Ltd.*	1,052,762		
2	Thai Wah Public Company Limited		3,480,200	2.1
3	Mr. Suvit Laohapholwattana		2,984,800	1.8
4	International Commercial Development Company Limited		2,585,950	1.6
5	Mr. Watshira Tayanaraporn		2,030,000	1.2
6	Ms. Pawana Atcharawan		1,844,000	1.1
7	Mr. Somchai Tiathasin		1,243,600	0.8
8	Ms. Pawita Kongthanasomboon		731,000	0.4
9	Mr. Permsak Kengmana		557,950	0.3
10	Mr. Phitak Boonpojanasootorn		346,853	0.2
	Other Minority Shareholders		7,060,845	4.2
	Total		166,682,701	100.0

Remarks:

- # = As at the last share register book closing date.
 Updated shareholder information prior to the 2020 Annual General Meeting can be accessed through www.lagunaresorts.com, the Company's corporate website.
 * = A company which is a wholly-owned subsidiary of Banyan Tree Holdings Limited.
 ** = A company which is under the control of Banyan Tree Holdings Limited.

CORPORATE AND MANAGEMENT STRUCTURE

Management Structure

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

Board of Directors

The Board of Directors of the Company comprises 12 Directors, 5 of whom are Independent Directors representing more than one-third of total Board members as follows:

Name		Position	Number of Meeting Attendance during 2019 / Total
Mr. Ho	KwonPing	Chairman of the Board	5/5
Mr. Vudhiphol	Suriyabhivadh	Independent Director*	5/5
		Audit, Risk and Corporate Governance Committee Chairman	
		Nomination and Remuneration Committee Member	
Dr. Jingjai	Hanchanlash	Independent Director*	5/5
		Nomination and Remuneration Committee Chairman	
		Audit, Risk and Corporate Governance Committee Member	
Mr. Thongchai	Ananthothai	Independent Director*	5/5
		Audit, Risk and Corporate Governance Committee Member	
		Nomination and Remuneration Committee Member	
Ms. Srinthorn	Ounayakovit	Independent Director*	5/5
Mr. Surapon	Supratya ¹	Independent Director*	5/5
Mr. Ariel	P. Vera	Non-Executive Director	5/5
Mr. Ho	KwonCjan	Director	5/5
Mr. Eddy	See Hock Lye	Director	5/5
Mr. Ho	Ren Hua	Director	4/5
Mr. Shankar	Chandran	Director	5/5
Mr. Stuart	David Reading	Director	5/5

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

¹ Mr. Surapon Supratya was appointed as new Independent Director in accordance with the resolution of the Board of Directors' Meeting on 12 November 2019.

Authorized Signatory

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

Duties and Responsibilities of the Company's Board of Directors

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

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

CORPORATE AND MANAGEMENT STRUCTURE

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

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

The Term of Office

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

Audit, Risk and Corporate Governance Committee

(Renamed from Audit and Risk Committee in accordance with the resolution of the Board of Directors' Meeting on 12 November 2019)

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

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

Mr. Vudhiphol Suriyabhivadh, the Chairman of the Audit, Risk and Corporate Governance 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 marked his extensive experience in reviewing the creditability of the financial reports.

Duties and Responsibilities of the Audit, Risk and Corporate Governance Committee

1. To review the accuracy and adequacy of financial reporting of the Company.
2. To review the adequacy and effectiveness of internal control and internal audit systems of the Company 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.

CORPORATE AND MANAGEMENT STRUCTURE

3. To consider, select, nominate and terminate 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 review the Company's compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand and the laws relating to the business of the Company.
5. To review the connected transactions or the transactions that may lead to conflicts of interests to ensure that they are in compliance with the laws, regulations of the Stock Exchange of Thailand, and are reasonable and for the highest benefit of the Company.
6. To report the activities of the Audit, Risk and Corporate Governance Committee to the Board.
7. To prepare and to disclose a report of the Audit, Risk and Corporate Governance Committee in the Company's Annual Report. The report must be signed by the Chairman of the Audit, Risk and Corporate Governance 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, Risk and Corporate Governance Committee meetings, and the attendance of such meetings by each committee member,
 - g. an opinion or overview comment received by the Audit, Risk and Corporate Governance committee from its performance of duties in accordance with the charter, and
 - h. other transactions which, according to the Audit, Risk and Corporate Governance committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board.
8. To review and encourage the Company to enforce and comply with an appropriate and efficient risk management policy, as well as to oversee and monitor the Group Risk Committee.
9. In performing the duty of the Audit, Risk and Corporate Governance 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, regulation of the Stock Exchange of Thailand, or the law relating to the business of the Company.

The Audit, Risk and Corporate Governance Committee shall report such transaction or act to the Board for rectification within the period of time that the Audit, Risk and Corporate Governance Committee thinks fit. If the Board or management fails to make a rectification within such period of time, Audit, Risk and Corporate Governance Committee member may report on such transaction or act to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.
10. To investigate and report the preliminary result to the Office of the Securities and Exchange Commission and the external auditor within thirty 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.
11. To implement and oversee the annual self-performance evaluations including reviewing the evaluation results and reporting the results to the Board on an annual basis.
12. To supervise the performance of management to strictly comply with the Company's good corporate governance policy.
13. To review the Corporate Governance Policy and Code of Corporate Conduct of the Company at least once a year.
14. To oversee the anti-corruption policy to ensure it is sufficient and appropriate for the Company's business.
15. To supervise and offer advices related to the operation concerning the Company's sustainable development.

CORPORATE AND MANAGEMENT STRUCTURE

16. To review and assess the adequacy of the Charter of the Audit, Risk and Corporate Governance Committee annually and recommend modification to the Board as needed, and
17. To perform any other acts as assigned by the Board and accepted by the Audit, Risk and Corporate Governance Committee.

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

The Term of Office

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

Nomination and Remuneration Committee

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

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

Duties and Responsibilities of the Nomination and Remuneration Committee

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

CORPORATE AND MANAGEMENT STRUCTURE

11. To review the Committee Charter at least once a year and recommend modifications to the Board of Directors as needed, and
12. To report to the Board of Directors on the Committee's activities and findings.

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

The Term of Office

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

Management *

Management of the Company comprised of the following members:

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

Remarks:

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

Head of Group Internal Audit

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

Mr. Cheng Sai Him graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy. He has over 13 years of audit experiences of which 8 years were in the hospitality and property development industries. The Company views that based on his experiences and knowledge, he meets the qualifications to head the internal audit function.

Company Secretary

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

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

Appointment of Directors

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

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

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

Removal of Directors

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

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

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

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

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, Risk and Corporate Governance 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 2019 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 appointment of an additional independent director, the increase of the size of the Board including the nomination of new directorial candidate for the additional position and recommended the amount of annual bonus and salary increment policy for the Company's employees.



Dr. Jingjai Hanchanlash

Nomination and Remuneration Committee Chairman

16 January 2020

Remuneration Policy

Employees' Remuneration

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

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

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

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

Directors' Remuneration

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

Details of the remuneration paid to directors of the Board and management in 2019 are disclosed in the Company's 2019 annual report and Form 56-1 under the section "Directors' and Management's Remuneration".

Remuneration and Other Benefits of the Directors during the Year 2019

Name	Position	Remuneration/Other Benefits (Baht/Year)		
		The Board	Audit, Risk and Corporate Governance Committee	Nomination and Remuneration Committee
Mr. Ho KwonPing	Chairman of the Board and Chief Executive Officer	1,310,000 / -	- / -	- / -
Mr. Vudhiphol Suriyabhivadh	Independent Director, Audit, Risk and Corporate Governance Committee Chairman and Nomination and Remuneration Committee Member	875,000 / 66,000 ¹	348,000 / -	90,000 / -
Dr. Jingjai Hanchanlash	Independent Director, Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Chairman	875,000 / 66,000 ¹	180,000 / -	174,000 / -
Mr. Thongchai Ananthothai	Independent Director, Audit, Risk and Corporate Governance Committee Member and Nomination and Remuneration Committee Member	875,000 / 66,000 ¹	180,000 / -	90,000 / -
Ms. Srinthorn Ounayakovit	Independent Director	875,000 / 66,000 ¹	- / -	- / -
Mr. Surapon Supratya ²	Independent Director	875,000 / 66,000 ¹	- / -	- / -
Mr. Ariel P. Vera	Non-Executive Director	875,000 / - ³	- / -	- / -
Mr. Ho KwonCjan	Director	575,000 / -	- / -	- / -
Mr. Eddy See Hock Lye	Director	575,000 / -	- / -	- / -
Mr. Ho Ren Hua	Director	575,000 / -	- / -	- / -
Mr. Shankar Chandran	Director and Managing Director	575,000 / -	- / -	- / -
Mr. Stuart David Reading	Director	575,000 / -	- / -	- / -

Remark:

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

² Mr. Surapon Supratya was appointed as new Independent Director in accordance with the resolution of the Board of Directors' Meeting on 12 November 2019

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

REMUNERATION

Directors and Management's Remuneration

Monetary Remuneration

(a) Directors

The 2019 Annual General Meeting of the Company approved the remuneration for each category of directors of the Board and for each category of committee members of the Audit, Risk and Corporate Governance Committee (ARCG) and Nomination and Remuneration Committee (NRC) effective 1 January 2019 and for each subsequent year, unless or until resolved otherwise by a general meeting of the shareholders of the Company. Details of the remuneration are shown in the following table.

Board of Directors

Position	Remuneration / Meeting / Person (Baht)	Spa & Gallery Vouchers / Year / Person
Chairman of the Board	262,000	-
Independent Director	175,000	USD 2,000 (Approximately Baht 66,000)
Non-Executive Director	175,000	USD 2,000 (Approximately Baht 66,000)
Director	115,000	-

Audit, Risk and Corporate Governance Committee and Nomination and Remuneration Committee

Position	Remuneration / Meeting / Person (Baht)
Chairman	87,000
Member	45,000

Monetary remuneration for the Directors and Sub-Committee Members in 2019 was in the total amount of Baht 10,497,000. 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 2019".

(b) Management

Monetary remuneration for the top 7 management in 2019 amounted to Baht 35,983,717 consisting of salaries, bonus, 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 2019 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 2019".

(b) Management

Employee benefits such as personal accident and health insurance and complimentary vouchers, etc., for the top 7 management in 2019 were in the total amount of Baht 2,197,822.

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 published by the Securities and Exchange Commission to update the Company's corporate governance. In 2019, the Company has established the Corporate Governance Policy which has been considered and recommended by the Audit and Risk Committee (currently known as Audit, Risk and Corporate Governance Committee) and approved by the Board of Directors to benefit its business to have good long-term performance and create value for sustainable business. The Board of Directors has annually reviewed the Corporate Governance Policy for the improvement of good corporate governance. 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 26 April 2019 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.

The Company provides opportunity for a shareholder or shareholders who hold shares of the Company representing at least 5 percent of the total voting rights of the Company to have the rights to propose an AGM agenda item in advance

within 30 days prior to the end of the accounting period. The Audit, Risk and Corporate Governance Committee shall review the proposed agenda item and express its opinion to the Board of Directors for consideration. The proposed agenda item deemed to qualify by the Board of Directors shall be included in the AGM agenda. In the event that the proposed agenda item deemed not to qualify by the Board of Directors, it shall be announced with reasons at the AGM.

The Company provides channels for minority shareholders to make suggestions, express their opinions or make a complaint by sending the original duly signed statement together with supporting evidence to the Company Secretary by registered mail to the Company's address or by phone +66 2677 4455.

- 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 2019 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 2019 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, Risk and Corporate Governance 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 2019 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 2019 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 97 points out of 100 points for the 2019 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.

CORPORATE GOVERNANCE

- 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 2019, 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 Corporate Governance Policy and 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 such as new employee orientation and anti-corruption policy
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.

Anti-Corruption Policy

All employees shall attend Anti-Corruption policy training annually. The purpose of the training is to provide associates with practical information on preventive anti-corruption activities through guided discussions.

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 employees 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 conduct business, both in property development, sales of products, and services, in a safe and environmental-friendly manner and continuously develop products and services, create new innovations to add more values to the products and respond to the customers' needs. Safeguarding customer confidentiality and/or customer privacy is one of the Company's top priorities and in this regard the Company conducts business with integrity, honesty, and fairness, and does not take any action that would violate customer rights and refrain from abusing it for personal interest or for the interest of other parties.

The Company will strictly comply with the trading agreements, in the event that any particular condition cannot be met, the Company would notify the customers in advance, and jointly seek a resolution to prevent any possible damage.

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 treat all creditors in an equal and fair manner and strictly comply with all the terms and conditions agreed upon, particularly on credit guarantee, and capital management. The Company's financial position will be duly and accurately disclosed. In the event that any particular condition cannot be met or in case of debt default, the Company will inform creditors concerned beforehand and seek a mutually acceptable solution to prevent any possible damage. 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 Corporate Governance Policy and Code of Corporate Conduct, the Company has established the Anti-Corruption Policy which was proposed to the Audit, Risk and Corporate Governance 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.

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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, Risk and Corporate Governance Committee. The Audit, Risk and Corporate Governance 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@lagunaresorts.com" 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. Additionally, the Whistle Blowing Evaluation Team, comprising of members of Audit, Risk and Corporate Governance Committee and Head of Group Internal Audit, was set up to evaluate the reports from whistle blowers, assess and review the nature of the complaints, and set the

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

Policy on Environmental and Social Sustainability

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

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.

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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, Risk and Corporate Governance 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 2019, 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 2019 are detailed in clause 5 under "Board Responsibility" hereof.
 - The performance of the Audit, Risk and Corporate Governance Committee in the past year is detailed in Attachment 4 to Form 56-1, and under the heading "Report of the Audit, Risk and Corporate Governance 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 2019, 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, 5 of whom are Independent Directors namely Mr. Vudhiphol Suriyabhivadh, Dr. Jingjai Hanchanlash, Mr. Thongchai Ananthothai, Ms. Srinthorn Ounayakovit and Mr. Surapon Supratya, representing more than 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 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 is in line and more stringent than 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 not exceeding 0.75 percent of the total voting shares of the Company, its parent company, subsidiary, associate company, major shareholder or controlling person, including shares held by the connected persons of such independent director;
- (b) neither being nor having been an executive director, employee, staff, advisor who receives salary or the controlling person of the Company, its parent company, subsidiary, associate company, same-level subsidiary, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the date of appointment. Such prohibited characteristics shall exclude the case where an independent director used to be a government official or advisor of a governmental agency, which is a major shareholder or the controlling person of the Company;
- (c) not being a person who is related by blood or registration under laws, such as father, mother, spouse, sibling and child, including spouse of child, other directors, executives, major shareholders, controlling person or person to be nominated as director, executive or controlling person of the Company or its subsidiary;
- (d) not having or having had a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person in a manner that may interfere with his/her independent judgment, and neither being nor having been a significant shareholder or the controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person, unless the foregoing relationships has ended not less than two years prior to the date of appointment.

The term of ‘business relationship’ aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transactions relating to assets or services or grant or receipt of financial assistance through receiving or extending loan, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or his/her counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million baht or more, whichever amount is lower. The amount of such indebtedness shall be in accordance with the method for calculating the value of connected party transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions *mutatis mutandis*. The combination of such indebtedness shall include the 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, associate company, major shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of the audit firm which employs the auditor of the Company, its parent company, subsidiary, associate company, major shareholder, or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of appointment;

- (f) neither being nor having been any professional advisor including legal advisor or financial advisor being paid with a service fee of more than two million baht per year by the Company, its parent company, subsidiary, associated company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of the professional advisor, unless the foregoing relationship has ended for not less than two years prior to the date of the appointment;
- (g) not being a director who is appointed as the representative of the Company's directors, major shareholder, or shareholder who is a connected person of the Company's major shareholder;
- (h) not operate any business which has the same nature as and is in significant competition with the business of the Company or its subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, advisor earning regular monthly salary, or not holding shares exceeding one percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or its subsidiary;
- (i) not having any other 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 the first paragraph, 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, associate company, same-level subsidiary, major shareholder or controlling person, providing that such decision shall be in the form of collective decision.

5.1.3 Consecutive Terms of Office of an Independent Director

The Company encourages the consecutive terms of an independent director may serve no more than 3 consecutive terms, and the end of each term on the date of the Annual General Meeting of Shareholders in which they are due to retire by rotation. The Board of Directors may nominate their names to be re-elected at the Annual General Meeting of Shareholders as deemed fit.

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 good understanding of the Company's business and are able to provide opinions independently in Board of Directors' meeting and Sub-committees' meetings.

5.1.4 Roles of the Chairman of the Board

- Summoning meeting for Board and presiding over the meeting. In making a decision, the Chairman has a deciding or casting vote in the event of tied votes.
- Setting Board meeting agenda in consultation with the Chief Executive Officer / Managing Director, Chairman of the Audit, Risk and Corporate Governance Committee and Chairman of the Nomination and Remuneration Committee and ensuring that Board members receive accurate, complete, timely and clear information prior to the meeting in order to assist their decision making process.

- Conducting the Board meeting according to the agenda, relevant laws and good corporate governance, allocating sufficient time and encouraging all directors to participate in the discussion, exercise their discretion prudently and express their opinions freely.
- Overseeing and ensuring that the Board of Directors and the Sub-Committees effectively carry out their duties to achieve the Company's objectives.
- Promoting constructive relations between executive and non-executive directors, and between the Board and the management.
- Ensure that all directors contribute to the Company's ethical culture and good corporate governance.

5.1.5 Duties and Responsibilities of the Chief Executive Officer / Managing Director

- To be in charge of the daily business operations of the Company, supervise and manage the works and operations of the Company for complying with the policy, vision, mission, values, strategy and goals, both in terms of financial and non-financial, as well as to drive the business plan to achieve the financial budget as approved by the Board of Directors;
- To employ, appoint, transfer, dismiss, and terminate employees in all levels, except the appointment, transfer and dismissal of the Head of Group Internal Audit, which shall also be approved by the Audit, Risk and Corporate Governance Committee;
- To determine the salary and remuneration, adjust the salary, bonus, reward, and welfare of all employees of the Company, including the senior management in correspondence with the remuneration mechanism and welfare as approved by the Nomination and Remuneration Committee;
- To issue internal order, policies, announcement and memo of the Company to ensure that the operations of the Company are in compliance with the policy and the interest of the Company, including to maintain the organizational discipline;
- To perform other tasks as assigned by the Board of Directors and to perform any other acts as stipulated by laws and regulations of the authorities.

5.1.6 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, Risk and Corporate Governance 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.

5.1.7 Separation of Power, Duties and Responsibilities of the Board of Directors and the Management

The Company has a management structure that clearly defines the separation of power, duties and responsibilities of the Board of Directors and the Management. The Board of Directors, as the policy supervisor, has the duties to define the Company's vision, mission, values, strategy and long-term goals, including overseeing monitoring and evaluating the performance of the Management. Management, as the executives, has the duties to perform day-to-day operations to be efficient, effective and in compliance with the defined policies, vision, mission, values, strategy and long-term goals and report its performance to the Board of Directors on a regular basis.

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.

5.2 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, Risk and Corporate Governance Committee

The Audit, Risk and Corporate Governance 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, Risk and Corporate Governance 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 established and continues to apply the Corporate Governance Policy and 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, 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 2019, 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.

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, Risk and Corporate Governance 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, Risk and Corporate Governance 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, Risk and Corporate Governance Committee. The Audit, Risk and Corporate Governance 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

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, Risk and Corporate Governance Committee. The Audit, Risk and Corporate Governance 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 2019, the Company conducted 5 Board meetings and the attendance of all directors is shown below.

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

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, Risk and Corporate Governance Committee

The Company conducts regular scheduled Audit, Risk and Corporate Governance 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 2019, the Company conducted 4 Audit and Risk Committee (currently known as Audit, Risk and Corporate Governance 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 2019, 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 2019, 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 2019, 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, Risk and Corporate Governance 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 2019, Ms. Nanchalee Kecharananta, Company Secretary and Assistant Vice President - Corporate Affairs, attended the CGR Workshop "Enhancing Good Corporate Governance based on CGR Scorecard" held by Thai Institute of Directors and the SET.

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

5.3.11 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 External Directorship Policy

The Board of Directors has set a policy to limit the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company's best interests because it helps to ensure that directors have sufficient time to handle their duties efficiently. The Board of Directors has agreed to set the policy prescribing that each director should hold directorship of a maximum of 5 other listed companies.

In addition, the Company has a guideline that the Chief Executive Officer shall obtain prior approval for any external directorship from the Nomination and Remuneration Committee. While all other executive officers shall obtain prior approval for any external directorship from his/her superior holding the rank of Senior Vice President or higher relevant to the Executive officer's business unit. Where the approval as described was obtained but a material change in circumstances renders it inappropriate for the executive officer to continue his/her external directorship, it is a conflict of interest unless a fresh approval is obtained by the executive officer in accordance with the requirements set out.

5.3.13 Nomination of Board members

The Nomination and Remuneration Committee will be responsible for the nomination of new directors. The Nomination and Remuneration Committee will search for potential candidates and propose the same to the Board of Directors' or the shareholders' meeting (as the case may be) for consideration and appointment. The following matters will be taken into consideration as part of the selection criteria: the structure of the Board of Directors, which shall consist of members in the number that is suitable for the size and business strategy of the Company, the diversity in the structure of the Board of Directors (Board Diversity), including but not limited to, race, religion, national origin and gender, the appropriateness of the qualifications and skills of the director(s) that are necessary but lacking among the existing Board of Directors. The Board Skill Matrix will be used to identify the required qualifications.

5.3.14 Nomination Procedures

The Nomination and Remuneration Committee will select candidates for the position of director(s) of the Company from the recommendation of other directors, the nomination by the shareholders of the Company, the service of external professional search firms, or the directors' pools of various agencies, or other nomination procedures as the Nomination and Remuneration Committee considers appropriate.

5.3.15 Succession Plan

The Board of Directors places importance on having an effective and efficient management as well as the continuance of its business operations, which are essential factors to the sustainable growth of the organization. Thus, the Company is required to prepare a succession plan for the positions of the Chief Executive Officer, Managing Director and other senior executive positions, and to review every 3 years in order to ensure that there will be competent senior executives for the succession of these key positions in the organization.

5.3.16 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, Risk and Corporate 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 2019 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 90 percent which is in the Excellent category.
2. The Audit, Risk and Corporate Governance Committee achieved an average score of 98 percent which is in the Excellent category.
3. The Nomination and Remuneration Committee achieved an average score of 95 percent which is in the Excellent category.

SUPERVISION ON THE USE OF INSIDE INFORMATION

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

RISK FACTORS

Economy and Tourism in Thailand

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

Political Uncertainty

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

Over-Reliance on Some Key Markets

The over reliance on any market carries with it a certain degree of risk as a downturn in that market would adversely impact the performance of the Company if it fails to replace the business in a timely manner. Similar to many hotels in Thailand, Russia and China have become the two largest markets for the Group's hotels in recent years. The Company is mindful of this and is actively seeking to develop new and emerging markets (e.g. India) in order to diversify its customer base and to minimise the impact of over-reliance on any single market.

Interest Rate Fluctuation

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

Foreign Currency Fluctuation

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

Land Title

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

Thai Labour Laws

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

Operating Risks Inherent in the Hospitality Industry

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

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

Operating Risks Inherent in the Property Industry

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

- Changes in general, regional and local economic and political conditions which may affect, among others, 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 the management monitors each of these closely so that the strategies can be quickly adapted to any changes in the operating environment.

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Persons with Mutual Interest and Connected Transactions

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

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

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2019

							(Unit : Million Baht)
	Payee	Payer	Transactions in 2019	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity/ Reasonableness
Transactions with associate	TWPL	TWPC	6	-	-	CSH	Convenience of payment
	TWPL	TWPC	22	-	-	CSH	Rental of the corporate head office - The building is well located and has good amenities.
Transactions with related companies							
	TWPL	BTRS(T)	1	BTRS(T)	B	CH, CSH, KW	Convenience of guest's payment
	BTRS(T)	BGL	10	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	Convenience of guest's payment to promote
	BTRS(T)	LBT	33	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	Laguna Phuket resort integration
	BTRS(T)	PGR	1	BTRS(T)	B	CH, CSH, ESHL, KCH, KW	
	BTRS(T)	TWPL	20	BTRS(T)	B	CH, CSH, KW	Convenience of guest's payment
Management fee income	LRH	BTRS(T)	4	BTRS(T)	A	CSH, ESHL, KCH	Technical Assistance for providing management services for Information Technology, Human Resource, and maid services

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2019 (Con't)

(Unit : Million Baht)

Payee	Payer	Transactions in 2019	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity/ Reasonableness
BTHR	BTG(T)	2	BTH	A, B	CH, ESHL	For the use of "Banyan Tree" and "Angsana" trademarks and all proprietary rights associated with them
BTHR	BGL	28	BTH	B	CH, ESHL	For the use of "Angsana" trademark and all proprietary rights associated with it
BTHR	BTL	1	BTH	B	CH, ESHL	For project services and design services
BTHR	LBTL	42	BTH	B	CH, ESHL	For project services and design services
BTHR	LRH	6	BTH	A	ESHL	For the use of "Banyan Tree" trademark and all proprietary rights associated with it
BTHR	LGL	6	BTH	B	CH	For project services and design services
BTHR	TWRH	1	BTH	B	CH, ESHL	For project services and design services
BTHR	PGR	10	BTH	B	CH, ESHL	For the use of "Cassia" trademark and all proprietary rights associated with it
BTHR	TWPL	44	BTH	B	CH	For project services and design services
BTHR(T)	BGL	23	BTRS(T)	B	CSH, ESHL	For the use of "Banyan Tree" trademark and all proprietary rights associated with it
BTHR(T)	LBTL	30	BTRS(T)	B	CSH, ESHL	For project services and design services
BTHR(T)	PGR	6	BTRS(T)	B	CSH, ESHL	For project services and design services
BTHR(T)	TWPL	41	BTRS(T)	B	CSH	For project services and design services
BTMG	BGL	15	BTH	B	CH, ESHL	Expertise in managing hotels - Management fees are in line with industry standards
BTMG	LBTL	17	BTH	B	CH, ESHL	Centralised marketing to promote "Angsana" brand
BTMG	PGR	3	BTH	B	CH, ESHL	Centralised marketing to promote "Banyan Tree" brand
BTMG	TWPL	20	BTH	B	CH	Centralised marketing to promote "Cassia" brand
						Centralised marketing to promote "Banyan Tree" brand

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2019 (Con't)

(Unit : Million Baht)

Payee	Payer	Transactions in 2019	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity/ Reasonableness
Purchase of spa and gallery vouchers	BTS	BGL	1	BTH	CH, CSH, ESHL	Vouchers to use spa service at the Banyan Tree Spa and Angsana Spa or to buy goods from the Banyan Tree Gallery and Angsana Gallery provided to management as a benefit
	BTS	LBTCL	2	BTH	CH, CSH, ESHL	
	BTS	LRH	1	BTH	CSH, ESHL	
	BTS	LSC	1	BTH	CH, CSH	
	BTS	TWPL	1	BTH	CH, CSH	
Sale of goods	BTG(T)	HSSA	1	BTH	CSH, ESHL	Purchase of supplies for the spa operation and outlets
	BTG(T)	LVCL	5	BTH	ESHL	Purchase of guest supplies for the hotel
	BTG(T)	MAPL	1	BTH	ESHL	Purchase of guest supplies for the hotel
	BTG(T)	MBPL	2	BTH	ESHL	
	BTG(T)	PTBH	6	TRL	KCH	
	BTG(T)	VM	4	BTH	ESHL	
	AVCI	PTBH	1	TRL	-	Convenience of payment
	BGL	BTHR(T)	1	BTRS(T)	CSH, ESHL	
Reimbursement receipts	BGL	BTRS(T)	1	BTRS(T)	CH, CSH, ESHL, KCH, KW	
	BTG(S)	BTS	1	BTH	CH, ESHL	
	BTG(S)	BTHR	2	BTH	CH, ESHL	
	BTG(T)	BTS	8	BTH	CH, CSH, ESHL	
	LBTCL	BTHR(T)	1	BTRS(T)	CSH, ESHL	
	LBTCL	BTRS(T)	10	BTRS(T)	CH, CSH, ESHL, KCH, KW	
	LGL	LVCL	5	BTH	-	
	LGL	BTS	1	BTH	CH, CSH	
	LRH	BTH	2	BTH	APV, KPH	

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2019 (Con't)

(Unit : Million Baht)

Payee	Payer	Transactions in 2019	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity/ Reasonableness
Reimbursement receipts	LRH	BTHR	1	BTH	ESH	Convenience of payment
	LRH	BTHR(T)	4	BTRS(T)	CSH, ESH	
	LRH	BTRS(T)	1	BTRS(T)	CSH, ESH, KCH	
	PGR	BTRS(T)	1	BTRS(T)	CH, CSH, ESH, KCH, KW	
	TWPL	BTRS(T)	8	BTRS(T)	CH, CSH, KW	
	TWPL	BTHR	2	BTH	CH	
	TWPL	BTHR(T)	2	BTRS(T)	CSH	
	BTHR	BGL	2	BTH	CH, ESH	
	BTHR	BTG(S)	1	BTH	CH, ESH	
Reimbursement payments	BTHR	LBTL	3	BTH	CH, ESH	Convenience of payment
	BTHR	LSC	2	BTH	CH	
	BTHR	LRH	1	BTRS(T)	ESH	
	BTHR	TWPL	7	BTH	CH	
	BTS	BTG(T)	1	BTH	CH, CSH, ESH	
	BTRS(T)	BTG(T)	5	BTRS(T)	CH, CSH, ESH, KCH, KO, KW	
	BTRS(T)	LBTL	5	BTRS(T)	CH, CSH, ESH, KCH, KW	
	BTRS(T)	LGL	2	BTRS(T)	CH, CSH, KW	
	PTBH	AVCI	3	TRL	-	
	CMCH	LBTL	3	BTH	ESH	
	RYS	LBTL	12	BTH	ESH	
	BGL	BTRS(T)	1	BTRS(T)	CH, CSH, ESH, KCH, KW	
	LBTL	BTRS(T)	13	BTRS(T)	CH, CSH, ESH, KCH, KW	
Rent and service income	TWPL	BTRS(T)	9	BTRS(T)	CH, CSH, KW	Angsana Spa is a recognised spa brand name which enhances image of hotel and helps in its marketing. Banyan Tree Spa is a recognised spa brand name which enhances image of hotel and helps in its marketing.

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2019 (Con't)

(Unit : Million Baht)

	Payee	Payer	Transactions in 2019	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity/ Reasonableness
Rent and service expenses	BTHR	BTG(S)	1	BTH	A, B	CH, ESHL	Convenience of operation
Rental return on hotel units	CGL	PTBH	4	TRL	C	-	Purchase of units to set up a Holiday Club operation in the Angsana Resort & Spa Bintan. A very good rental return is being received from the hotel prior to the units being required for the operation.
Resort service income	LSC	BTRS(T)	4	BTRS(T)	B	CH, CSH, KW	Centralization of facilities and services to each operation in Laguna Phuket
Training charges	BTHR(T)	BGL	3	BTRS(T)	B	CSH, ESHL	Centralized training for Laguna Phuket staff of all operations and allocated based on actual cost
	BTHR(T)	LBT	3	BTRS(T)	B	CSH, ESHL	
	BTHR(T)	PGR	1	BTRS(T)	B	CSH, ESHL	
	BTHR(T)	TWPL	1	BTRS(T)	B	CSH	
Interest expenses	BTS	BTG(S)	1	BTH	A, B	CH, ESHL	Interest expenses
Transaction with management and directors	KPH	LRH	1	KPH	Director LRH	-	Rental return on hotel units
	CSN	LRH	1	CSN	Spouse KPH	-	

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Transactions within the Group and a Company Which is Owned by Persons with a Mutual of Interest More Than 10 percent in The Year 2019

(Unit : Million Baht)

	Payee	Payer	Transactions in 2019	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity/ Reasonableness
Inter resort receipts	BTG(T)	BGL	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	Convenience of guest's payment to promote Laguna Phuket resort integration
	BTG(T)	LBTL	6	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	
Purchase of goods	BTG(T)	TWPL	2	BTH	A, B	AS, CH, CSH, KW, SDR	Convenience of guest's payment
	BTG(T)	BTG(S)	10	BTH	A, B	CH, CSN, ESHL, SDR	Central purchasing to facilitate bulk purchasing for competitive pricing
	BTG(T)	BGL	3	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	Purchase of guests supplies for the hotel
	BTG(T)	LBTL	11	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	
Reimbursement of costs	BTG(T)	LGL	4	BTH	A, B	AS, CH, CSH, KW, SDR	
	BTG(T)	PGR	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	
	BTG(T)	TWPL	12	BTH	A, B	AS, CH, CSH KW, SDR	
	BTG(S)	BTG(T)	5	BTH	A, B	CH, CSN, ESHL, SDR	Convenience of payment
Rent and service	LBTL	BTG(T)	1	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	
	TWPL	BTG(T)	2	BTH	A, B	AS, CH, CSH, KW, SDR	
	LBTL	BTG(T)	2	BTH	A, B	AS, CH, CSH, ESHL, KCH, KW, SDR	Providing the hotel facility of a high class retail outlet
	TWPL	BTG(T)	2	BTH	A, B	AS, CH, CSH, KW, SDR	

Remarks:

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

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Abbreviations

AVCI	PT. AVC Indonesia	LGL	Laguna Grande Limited
BGL	Bangtao Grande Limited	LRH	Laguna Resorts & Hotels Public Company Limited
BTG(S)	Banyan Tree Gallery (Singapore) Pte Ltd.	LSC	Laguna Service Company Limited
BTG(T)	Banyan Tree Gallery (Thailand) Limited	LVCL	Laguna (Vietnam) Company Limited
BTH	Banyan Tree Holdings Limited	MAPL	Maldives Angsana Pvt Ltd.
BTHR	Banyan Tree Hotels & Resorts Pte. Ltd.	MBPL	Maldives Bay Pvt Ltd.
BTHR(T)	Banyan Tree Hotels & Resorts (Thailand) Limited	PGR	Phuket Grande Resort Limited
BTL	Bangtao Laguna Limited	PTBH	PT Bintan Hotels
BTMG	Banyan Tree Marketing Group Pte. Ltd.	RYS	Rong Yuan (Shanghai) Business Management Company Limited
BTRS(T)	Banyan Tree Resorts & Spas (Thailand) Company Limited	TRL	Tropical Resorts Limited
BTS	Banyan Tree Spas Pte. Ltd.	TWPC	Thai Wah Public Company Limited
CGL	Cheer Golden Limited	TWPL	Thai Wah Plaza Limited
CMCH	Banyan Tree Marketing Shanghai Company Limited	TWRH	TWR-Holdings Limited
HSSA	Heritage Spas South Africa (Pty) Ltd.	VM	Vabbinvest Maldives Pvt. Ltd.
LBTL	Laguna Banyan Tree Limited		

Initials

APV	Mr. Ariel P Vera
AS	Ms. Areewan Sriwichupong
CH	Mr. Kuan Chiet
CSH	Mr. Shankar Chandran
CSN	Ms. Chiang See Ngoh Claire
ESHL	Mr. Eddy See Hock Lye
KCH	Mr. Ho KwonCjan
KPH	Mr. Ho KwonPing
KO	Ms. Kingkam Olarnarnjanin
KW	Mr. Kontee Warapitayut
SDR	Mr. Stuart David Reading

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

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

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

Procedures for approving related party transactions

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

Future policy or tendency of related party transactions

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

LEGAL DISPUTES

As of the date in preparation of this report, legal issues pending in litigation in which the Company or its subsidiaries are parties are minor legal disputes with no materially impact to the Company's business operations.

For those minor legal disputes, please refer to clause 44.1 - 44.4 of the Company's notes to consolidated financial statements.

REPORT OF THE AUDIT, RISK AND CORPORATE GOVERNANCE COMMITTEE

In November 2019 the Audit and Risk Committee of Laguna Resorts & Hotels Public Company Limited has enlarged their responsibility to cover their review of corporate governance and was renamed to read “Audit, Risk and Corporate Governance Committee”. The Committee 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 as well as approve the appointment, transfer and termination of employment of the chief of the internal audit unit;
- advise management on matters related to the principles of good corporate governance;
- recommend the appointment and termination 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;
- seek to oversee and ensure a continuous process for managing risk;
- oversee the compliance with the Anti-Corruption Policy; and
- supervise and offer advices related to the operation concerning the Company’s sustainable development.

During 2019 the Audit and Risk Committee (presently known as Audit, Risk and Corporate Governance 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 2019, 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 2019.

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, Risk and Corporate Governance 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, Risk and Corporate Governance 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, Risk and Corporate Governance 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, Risk and Corporate Governance Committee recommended the Company to join the Thailand Private Sector Collective Action Coalition Against Corruption (CAC), set up the Anti-Corruption

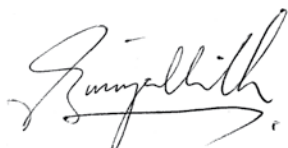
REPORT OF THE AUDIT, RISK AND CORPORATE GOVERNANCE COMMITTEE

Policy and adopt Corporate Governance Policy. The Company has joined the CAC and established the Anti-Corruption Policy 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. After putting in place all necessary anti-corruption policies and measures under the stringent guidelines of the CAC, the Company has become a certified member of CAC in February 2018.

Despite the complexity of the Group's structure which primarily arises from the integration of several resorts at Laguna Phuket, the Audit, Risk and Corporate Governance Committee is satisfied that all connected transactions that were reviewed by it and arose in 2019 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, Risk and Corporate Governance Committee. The Company's operating results and financial reports are therefore reviewed for transparency and completeness. In this regard the Audit, Risk and Corporate Governance 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, Risk and Corporate Governance Committee has recommended the Board to appoint Ms. Runnapa 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 and/or Mr. Chayapol Suppasetanon, Certified Public Accountant No. 3972 and/or Ms. Orawan Techawatanasirikul, Certified Public Accountant No. 4807 and/or Ms. Kirdsiri Kanjanaprakasit, Certified Public Accountant No. 6014 of EY Office Limited to be the Company's auditors for the fiscal year 2020 with a recommended audit fee of Baht 900,000. The appointment of the auditors and the auditing fee would be subject to the approval at the Annual General Meeting of Shareholders.



(Mr. Vudhiphol Suriyabhivadh)

Audit, Risk and Corporate Governance Committee Chairman

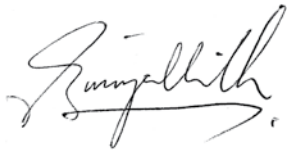
18 February 2020

OPINION OF THE AUDIT, RISK AND CORPORATE GOVERNANCE COMMITTEE ON THE COMPANY'S INTERNAL CONTROL

The Audit and Risk Committee (presently renamed to Audit, Risk and Corporate Governance Committee) met four times in 2019 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 2019, 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, Risk and Corporate Governance Committee is satisfied that the Group's internal controls are sufficient both to support its operations and to enable the external auditors to express an opinion on the Company's financial statements presented fairly in all material respects, the financial position and the results of its operations.



Mr. Vudhiphol Suriyabhivadh

Audit, Risk and Corporate Governance Committee Chairman

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

Based upon the reports of work carried out by the external auditors, the Board of Directors is of the opinion that the Company's internal accounting controls are adequate and have enabled the external auditors to opine that the financial statements for the year ended 2019 are presented fairly. The Board has also taken note of and accepted the Audit, Risk and Corporate Governance Committee's report on the internal control system and therefore concludes that there are no material weaknesses in the Company's internal control system.



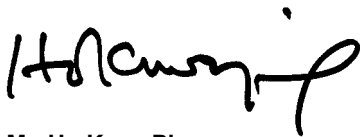
Mr. Ho KwonPing
Chairman of the Board

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE COMPANY'S FINANCIAL STATEMENTS

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

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

The Board of Directors is therefore able to conclude that the financial statements for the year ended 2019 have been prudently prepared in accordance with generally accepted accounting principles to give a correct and complete presentation, in all material aspects, the financial position of the Company and its subsidiaries.



Mr. Ho KwonPing
Chairman of the Board



FINANCIAL REPORTS



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and of Laguna Resorts & Hotels Public Company Limited as at 31 December 2019, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of matter

I draw attention to the following notes to the financial statements.

- a) Note 3 and Note 4 to the financial statements regarding the change in accounting policy as a result of the adoption of TFRS 15 Revenue from contracts with customers. The Group has restated the 2018 consolidated financial statements, presented herein as comparative information, to reflect the change in accounting policy. The Group has also presented the consolidated statements of financial position as at 1 January 2018 as comparative information.
- b) Note 19 to the financial statements regarding the change in valuation approach of investment properties. The Group has recognised gain on change in valuation approach of investment properties of Baht 75 million in the consolidated income statements for year ended 31 December 2019.

My opinion is not qualified in respect of those matters.

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements.

INDEPENDENT AUDITOR'S REPORT

The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

Revenue recognition of hotel and property development

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

I have examined the revenue recognition of the Group by

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

Fair value measurement of land, buildings and investment properties

Land and buildings are stated at revalued amount and investment properties are stated at fair value. The management arranged for an independent valuer to appraise their fair value. The measurement of fair value is identified as a key audit matter because land, buildings and investment properties are the most significant amounts in the consolidated statement of financial position. In addition, the assessment of fair value required the management to exercise judgement in respect of the key assumptions and estimates, as described in Notes 19 and 20 to the financial statements. There are therefore risks with respect to the value of land, buildings and investment properties.

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

- Gaining an understanding of internal controls of the Group relevant to the measurement of fair value of land, buildings and investment properties.
- Evaluating the independence and competence of the independent valuer.
- Evaluating the scope and objectives of the engagement of the independent valuer, together with the appropriateness of valuation model or method and key assumptions used.
- Having discussions with the management and independent valuer and performing a review of key assumptions and methods applied in determination of fair value.

INDEPENDENT AUDITOR'S REPORT

- Comparing the consistency of valuation model or method used and key assumptions with those used in the prior year.
- Reviewing the completeness and correctness of data prepared by management which were used in determination of fair value.
- Reviewing the disclosures related to land, buildings and investment properties in the note to financial statements.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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



Rosaporn Decharkom

Certified Public Accountant (Thailand) No. 5659

EY Office Limited

Bangkok: 25 February 2020

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements	
		31 December 2019	31 December 2018	1 January 2018	31 December 2019	31 December 2018
		(Restated)				
Assets						
Current assets						
Cash and cash equivalents	7	632,543,523	601,678,401	1,009,981,428	21,705,541	22,643,210
Current investment - short-term fixed deposit		-	14,044,883	13,006,461	-	-
Trade and other receivables	9	813,940,591	636,051,262	704,568,196	64,262,353	62,818,881
Inventories	11	88,325,038	101,116,835	112,597,365	-	-
Property development cost	12	4,138,397,889	3,815,339,965	3,985,979,399	111,429,000	111,429,000
Cost to obtain contracts with customers	13	99,982,089	70,722,274	61,156,814	-	-
Other current assets	14	241,838,015	271,722,731	138,879,245	15,194,230	15,115,506
Total current assets		6,015,027,145	5,510,676,351	6,026,168,908	212,591,124	212,006,597
Non-current assets						
Long-term restricted deposits at financial institutions	8	37,872,733	41,189	41,189	-	-
Long-term fixed deposit		2,268,852	2,178,200	2,178,200	2,268,852	2,178,200
Long-term trade accounts receivable	15	796,461,495	488,042,448	322,174,524	-	-
Investments in subsidiaries	16	-	-	-	4,242,655,371	4,242,655,371
Investments in associates	17	981,182,127	1,015,217,329	928,399,146	777,454,049	777,454,049
Other long-term investments	18	606,364,594	606,364,594	606,364,594	-	-
Long-term loans to subsidiaries	10	-	-	-	1,905,550,000	987,000,000
Investment properties	19	1,411,202,087	1,233,350,769	1,165,333,970	181,619,106	183,621,330
Property, plant and equipment	20	13,177,872,310	11,526,678,951	11,299,858,680	42,546,018	42,090,404
Deferred tax assets	34	54,198,090	78,025,222	98,127,654	-	-
Goodwill	16	407,903,881	407,903,881	407,903,881	-	-
Leasehold rights	21	5,811,485	8,637,717	11,460,947	-	-
Other non-current assets		30,152,248	25,917,223	76,852,868	1,342,353	1,342,053
Total non-current assets		17,511,289,902	15,392,357,523	14,918,695,653	7,153,435,749	6,236,341,407
Total assets		23,526,317,047	20,903,033,874	20,944,864,561	7,366,026,873	6,448,348,004

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements	
		31 December 2019	31 December 2018	1 January 2018	31 December 2019	31 December 2018
		(Restated)				
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	22	1,117,000,000	450,000,000	510,000,000	650,000,000	240,000,000
Trade and other payables	23	1,188,160,411	1,020,813,844	924,894,679	38,605,983	33,678,514
Current portion of long-term loans from financial institutions	25	899,235,358	673,343,101	518,609,850	37,000,000	3,875,000
Current portion of unsecured debenture		-	-	497,979,879	-	-
Income tax payable		26,851,373	38,800,305	38,182,203	-	-
Advance received from customers		955,996,163	904,919,466	812,247,751	175,310	503,847
Other current liabilities	24	261,323,369	195,430,761	159,674,257	24,225,492	7,621,536
Total current liabilities		4,448,566,674	3,283,307,477	3,461,588,619	750,006,785	285,678,897
Non-current liabilities						
Long-term loans from subsidiaries	10	-	-	-	173,000,000	433,500,000
Long-term loans from financial institutions - net of current portion	25	3,959,091,576	2,323,850,568	2,207,869,615	1,326,809,446	70,250,000
Long-term loan from related company	10	26,950,000	-	-	-	-
Provision for long-term employee benefits	26	74,328,953	65,492,702	55,168,001	19,637,813	16,270,273
Long-term provision - provision for legal cases	27, 44	18,314,159	20,681,911	41,017,534	-	-
Deferred tax liabilities	34	2,676,464,668	2,358,878,779	2,351,359,498	106,852,652	106,776,717
Other non-current liabilities		110,029,557	121,408,438	118,257,665	5,796,736	6,008,810
Total non-current liabilities		6,865,178,913	4,890,312,398	4,773,672,313	1,632,096,647	632,805,800
Total liabilities		11,313,745,587	8,173,619,875	8,235,260,932	2,382,103,432	918,484,697
Shareholders' equity						
Share capital						
Registered						
211,675,358 ordinary shares of Baht 10 each		2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580
Issued and fully paid-up						
166,682,701 ordinary shares of Baht 10 each		1,666,827,010	1,666,827,010	1,666,827,010	1,666,827,010	1,666,827,010
Share premium		2,062,460,582	2,062,460,582	2,062,460,582	2,062,460,582	2,062,460,582
Capital reserve	28	568,130,588	568,130,588	568,130,588	-	-
Retained earnings						
Appropriated - statutory reserve	30	211,675,358	211,675,358	211,675,358	211,675,358	211,675,358
Unappropriated		1,858,942,161	3,043,537,032	3,019,179,367	901,647,099	1,449,857,402
Other components of shareholders' equity		5,704,657,240	4,922,763,641	4,922,513,837	141,313,392	139,042,955
Equity attributable to owner of the Company		12,072,692,939	12,475,394,211	12,450,786,742	4,983,923,441	5,529,863,307
Equity attributable to non-controlling interests of the subsidiaries		139,878,521	254,019,788	258,816,887	-	-
Total shareholders' equity		12,212,571,460	12,729,413,999	12,709,603,629	4,983,923,441	5,529,863,307
Total liabilities and shareholders' equity		23,526,317,047	20,903,033,874	20,944,864,561	7,366,026,873	6,448,348,004

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

INCOME STATEMENT

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018
Revenue	31				
Revenue from hotel operations		3,356,259,391	3,572,747,471	36,296,848	37,370,516
Revenue from property development operations		2,568,162,685	1,705,618,276	349,960	629,510
Revenue from office rental operations		91,182,662	98,667,116	21,577,181	21,339,103
Other income	32	142,215,981	101,404,100	1,227,348,803	172,276,789
Total revenue		6,157,820,719	5,478,436,963	1,285,572,792	231,615,918
Expenses					
Cost of hotel operations		2,083,085,206	2,043,390,377	29,434,088	29,441,874
Cost of property development operations		1,486,462,100	1,132,780,838	-	-
Cost of office rental operations		42,557,058	49,879,209	7,082,740	6,728,901
Selling expenses		476,391,632	430,865,563	2,068,056	1,590,391
Administrative expenses	44	1,359,129,324	1,518,113,767	173,749,198	184,508,760
Total expenses		5,447,625,320	5,175,029,754	212,334,082	222,269,926
Profit before share of profit from investments in associates, finance cost and income tax expenses		710,195,399	303,407,209	1,073,238,710	9,345,992
Share of profit from investments in associates	17	4,779,916	65,627,750	-	-
Profit before finance cost and income tax expenses		714,975,315	369,034,959	1,073,238,710	9,345,992
Finance cost		(132,252,130)	(158,178,352)	(53,474,500)	(39,015,177)
Profit (loss) before income tax expenses		582,723,185	210,856,607	1,019,764,210	(29,669,185)
Income tax expenses	34	(224,517,782)	(127,630,259)	491,674	9,869,096
Profit (loss) for the year		358,205,403	83,226,348	1,020,255,884	(19,800,089)
Profit (loss) attributable to:					
Equity holders of the Company		364,101,439	87,697,417	1,020,255,884	(19,800,089)
Non-controlling interests of the subsidiaries		(5,896,036)	(4,471,069)		
		358,205,403	83,226,348		
Basic earnings per share	35				
Profit (loss) attributable to equity holders of the Company		2.18	0.53	6.12	(0.12)

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018
Profit (loss) for the year		358,205,403	83,226,348	1,020,255,884	(19,800,089)
Other comprehensive income (loss):					
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency, net of income tax		2,140,604	8,004,633	-	-
Share of other comprehensive income (loss) from associates, net of income tax	17	(10,544,062)	1,023,085	-	-
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods, net of income tax		(8,403,458)	9,027,718	-	-
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>					
Change in revaluation of assets, net of income tax		812,375,853	-	2,270,437	-
Actuarial loss, net of income tax	26	-	(9,101,458)	-	(2,250,883)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of income tax		812,375,853	(9,101,458)	2,270,437	(2,250,883)
Other comprehensive income (loss) for the year		803,972,395	(73,740)	2,270,437	(2,250,883)
Total comprehensive income (loss) for the year		1,162,177,798	83,152,608	1,022,526,321	(22,050,972)
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		1,165,764,915	87,946,167	1,022,526,321	(22,050,972)
Non-controlling interests of the subsidiaries		(3,587,117)	(4,793,559)		
		1,162,177,798	83,152,608		

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2019

	Consolidated financial statements														(Unit: Bz)
	Equity attributable to the owners of the Company														
	Issued and fully paid-up share capital	Share premium	Capital reserve	Retained earnings		Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets	Share of other comprehensive income (loss) from associates	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
				Appropriated - statutory reserve	Unappropriated										
Balance as at 31 December 2017 - as previously reported	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,970,280,205	113,690,579	4,799,913,498	8,909,760	4,922,513,837	12,401,887,580	258,790,598	12,660,678,178			
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard (Note 4)	-	-	-	-	48,899,162	-	-	-	-	48,899,162	26,289	48,925,451			
Balance as at 31 December 2017 - as restated	1,666,827,010	2,062,460,582	568,130,588	211,675,358	3,019,179,367	113,690,579	4,799,913,498	8,909,760	4,922,513,837	12,450,786,742	258,816,887	12,709,603,629			
Profit (loss) for the year (restated)	-	-	-	-	87,697,417	-	-	-	-	87,697,417	(4,471,069)	83,226,348			
Other comprehensive income (loss) for the year	-	-	-	-	(9,101,458)	8,327,123	-	1,023,085	9,350,208	248,750	(322,490)	(73,740)			
Total comprehensive income (loss) for the year (restated)	-	-	-	-	78,595,959	8,327,123	-	1,023,085	9,350,208	87,946,167	(4,793,559)	83,152,608			
Dividend paid (Note 37)	-	-	-	-	(63,338,698)	-	-	-	-	(63,338,698)	-	(63,338,698)			
Reversal of revaluation surplus on disposal of assets (Note 29)	-	-	-	-	9,100,404	-	(9,100,404)	-	-	-	-	-			
Liquidation of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(3,540)			
Balance as at 31 December 2018 - as restated	1,666,827,010	2,062,460,582	568,130,588	211,675,358	3,043,537,032	122,017,702	4,790,813,094	9,932,845	4,922,763,641	12,475,394,211	254,019,788	12,729,413,999			
Balance as at 31 December 2018 - as previously reported	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,986,959,213	122,017,702	4,790,813,094	9,932,845	4,922,763,641	12,418,816,392	254,019,788	12,672,836,180			
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard (Note 4)	-	-	-	-	56,577,819	-	-	-	-	56,577,819	-	56,577,819			
Balance as at 31 December 2018 - as restated	1,666,827,010	2,062,460,582	568,130,588	211,675,358	3,043,537,032	122,017,702	4,790,813,094	9,932,845	4,922,763,641	12,475,394,211	254,019,788	12,729,413,999			
Profit (loss) for the year	-	-	-	-	364,101,439	-	-	-	-	364,101,439	(5,896,036)	358,205,403			
Other comprehensive income (loss) for the year	-	-	-	-	-	2,310,045	809,897,493	(10,544,062)	801,663,476	801,663,476	2,308,919	803,972,395			
Total comprehensive income (loss) for the year	-	-	-	-	364,101,439	2,310,045	809,897,493	(10,544,062)	801,663,476	1,165,764,915	(3,587,117)	1,162,177,798			
Dividend paid (Note 37)	-	-	-	-	(1,568,466,187)	-	-	-	-	(1,568,466,187)	-	(1,568,466,187)			
Subsidiaries paid dividends to non-controlling interests of subsidiaries (Note 16)	-	-	-	-	-	-	-	-	-	-	-	(110,554,150)			
Reversal of revaluation surplus on disposal of assets (Note 29)	-	-	-	-	19,769,877	-	(19,769,877)	-	-	-	-	-			
Balance as at 31 December 2019	1,666,827,010	2,062,460,582	568,130,588	211,675,358	1,858,942,161	124,327,747	5,580,940,710	(611,217)	5,704,657,240	12,072,692,939	139,878,521	12,212,571,460			

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the year ended 31 December 2019

	Separate financial statements						(Unit: Baht)
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		
			Appropriated - statutory reserve	Unappropriated	Other comprehensive income		
					Revaluation surplus on assets	Total other components of shareholders' equity	
Balance as at 1 January 2018	1,666,827,010	2,062,460,582	211,675,358	1,531,571,228	142,718,799	142,718,799	5,615,252,977
Loss for the year	-	-	-	(19,800,089)	-	-	(19,800,089)
Other comprehensive income (loss) for the year	-	-	-	(2,250,883)	-	-	(2,250,883)
Total comprehensive income (loss) for the year	-	-	-	(22,050,972)	-	-	(22,050,972)
Dividend paid (Note 37)	-	-	-	(63,338,698)	-	-	(63,338,698)
Reversal of revaluation surplus on disposal of assets (Note 29)	-	-	-	3,675,844	(3,675,844)	(3,675,844)	-
Balance as at 31 December 2018	1,666,827,010	2,062,460,582	211,675,358	1,449,857,402	139,042,955	139,042,955	5,529,863,307
Balance as at 1 January 2019	1,666,827,010	2,062,460,582	211,675,358	1,449,857,402	139,042,955	139,042,955	5,529,863,307
Profit for the year	-	-	-	1,020,255,884	-	-	1,020,255,884
Other comprehensive income (loss) for the year	-	-	-	-	2,270,437	2,270,437	2,270,437
Total comprehensive income for the year	-	-	-	1,020,255,884	2,270,437	2,270,437	1,022,526,321
Dividend paid (Note 37)	-	-	-	(1,568,466,187)	-	-	(1,568,466,187)
Balance as at 31 December 2019	1,666,827,010	2,062,460,582	211,675,358	901,647,099	141,313,392	141,313,392	4,983,923,441

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

CASH FLOW STATEMENT

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018
Cash flows from operating activities				
Profit (loss) before income tax expenses	582,723,185	210,856,607	1,019,764,210	(29,669,185)
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	411,754,788	375,532,160	8,314,081	8,005,507
Amortisation of leasehold rights	2,370,681	2,495,171	-	-
Amortisation of transaction costs related to debenture issuance	-	2,020,121	-	-
Allowance for doubtful accounts (reversal)	805,637	(317,048)	228,205	-
Reduction of inventory to net realisable value (reversal)	(228,355)	2,077,550	-	-
Dividend income from investments in subsidiaries	-	-	(1,009,560,260)	-
Dividend income from investment in associates	-	-	(28,271,056)	(28,271,056)
Share of profit from investments in associates	(4,779,916)	(65,627,750)	-	-
Loss (gain) on revaluation of investment properties	(86,510,317)	(50,618,099)	(7,427,794)	2,105,654
Loss (gain) on sales of property, plant and equipment	(648,330)	1,299,395	(5,077)	(11,982)
Write off investment property	9,672,019	-	9,430,018	-
Write off property, plant and equipment	5,515,715	426,423	-	18,515,442
Write off deposit for purchase of land	-	64,711,856	-	-
Impairment of property, plant and equipment	11,150,454	-	2,919,631	-
Provision for long-term employee benefits	13,603,226	11,455,914	3,503,576	1,175,930
Provision for legal cases (reversal)	1,668,397	(10,335,623)	-	-
Forfeited money from property units	(6,880,452)	(48,531,803)	-	-
Interest income	(38,193,528)	(31,368,328)	(73,143,428)	(41,693,688)
Interest expenses	132,252,130	158,178,352	53,474,500	39,015,177
Profit (loss) from operating activities before changes in operating assets and liabilities	1,034,275,334	622,254,898	(20,773,394)	(30,828,201)
Operating assets (increase) decrease				
Trade and other receivables	(178,807,475)	68,871,308	12,731,405	(18,790,751)
Inventories	13,020,152	9,402,980	-	-
Property development cost	(423,472,660)	125,258,382	-	15,727,741
Cost to obtain contracts with customers	(29,259,815)	(9,565,460)	-	-
Other current assets	51,154,094	(119,321,491)	6,572,555	5,629,014
Long-term trade accounts receivable	(308,419,047)	(165,867,924)	-	-
Other non-current assets	(4,235,025)	(13,776,211)	(300)	(51,600)
Operating liabilities increase (decrease)				
Trade and other payables	262,652,113	(39,357,702)	1,172,010	(1,223,109)
Advance received from customers	(48,568,629)	227,412,519	(328,537)	323,913
Other current liabilities	66,781,179	39,076,577	16,603,956	(220,813)
Cash paid for provision for long-term employee benefits	(4,766,975)	(12,508,035)	(136,036)	(2,506,733)
Settlement of long-term provision - provision for legal cases	(4,036,149)	(10,000,000)	-	-
Other non-current liabilities	(11,378,881)	3,150,773	(212,074)	440,461
Cash flows from (used in) operating activities	414,938,216	725,030,614	15,629,585	(31,500,078)
Cash received for interest income	38,306,037	31,331,003	58,740,346	43,988,561
Cash paid for interest expenses	(174,833,093)	(159,301,012)	(49,719,041)	(38,634,659)
Cash paid for income tax	(119,417,034)	(110,637,075)	(6,651,278)	(5,948,110)
Net cash flows from (used in) operating activities	158,994,126	486,423,530	17,999,612	(32,094,286)

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

CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018
Cash flows from investing activities				
Decrease (increase) in current investment - short-term fixed deposit	14,044,883	(1,038,422)	-	-
Increase in restricted deposits at financial institutions	(37,831,544)	-	-	-
Increase in long-term fixed deposit	(90,652)	-	(90,652)	-
Cash received from long-term loans to subsidiaries	-	-	1,082,500,000	920,000,630
Cash paid for long-term loans to subsidiaries	-	-	(2,001,050,000)	(929,000,000)
Cash paid for acquisition of investment in associate	-	(48,438,405)	-	-
Cash paid for acquisition of investment properties	(83,625,750)	(17,398,700)	-	-
Cash received from sales of property, plant and equipment	1,399,970	1,074,422	7,196	66,843
Cash paid for acquisition of property, plant and equipment	(930,554,213)	(516,345,073)	(8,853,400)	(8,500,035)
Dividend received from investments in subsidiaries	-	-	1,009,560,260	-
Dividend received from investment in associates	28,271,056	28,271,056	28,271,056	28,271,056
Decrease in cash and cash equivalents from liquidation of subsidiary	-	(3,540)	-	-
Net cash flows from (used in) investing activities	(1,008,386,250)	(553,878,662)	110,344,460	10,838,494
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	667,000,000	(60,000,000)	410,000,000	(20,000,000)
Draw down of long-term loans from subsidiaries	-	-	1,137,500,000	1,094,500,000
Repayment of long-term loans from subsidiaries	-	-	(1,398,000,000)	(1,007,000,000)
Draw down of long-term loans from financial institutions	2,625,575,804	862,624,954	1,293,559,446	-
Repayment of long-term loans from financial institutions	(764,442,539)	(591,910,750)	(3,875,000)	(500,000)
Draw down of long-term loan from related company	26,950,000	-	-	-
Repayment of debenture	-	(500,000,000)	-	-
Payment of dividends	(1,679,020,337)	(63,338,698)	(1,568,466,187)	(63,338,698)
Net cash flows from (used in) financing activities	876,062,928	(352,624,494)	(129,281,741)	3,661,302
Net exchange differences on translation of financial statements in foreign currency	4,194,318	11,776,599	-	-
Net increase (decrease) in cash and cash equivalents	30,865,122	(408,303,027)	(937,669)	(17,594,490)
Cash and cash equivalents at beginning of year	601,678,401	1,009,981,428	22,643,210	40,237,700
Cash and cash equivalents at end of year	632,543,523	601,678,401	21,705,541	22,643,210
Supplemental cash flows information				
Non-cash items				
Share of other comprehensive income (loss) from associates	(10,544,062)	1,023,085	-	-
Addition of revaluation surplus on assets	1,015,469,816	-	2,838,045	-
Reversal of revaluation surplus on disposal of assets	19,769,877	9,100,404	-	-
Interest recorded as property development cost	35,538,114	1,658,721	-	-
Interest recorded as property, plant and equipment	11,382,629	-	-	-
Transfer of property development cost to property, plant and equipment	303,056,373	114,087,019	-	-
Transfer of property development cost to investment properties	17,387,270	-	-	-
Transfer of property, plant and equipment to property development cost	177,610,341	18,515,442	-	-

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. General information

Laguna Resorts & Hotels Public Company Limited (“the Company”, “LRH”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Banyan Tree Assets (Thailand) Company Limited, which was incorporated in Thailand. The parent company of the Group is Banyan Tree Holdings Limited, which was incorporated in Singapore.

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

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

On 1 January 2019, the Group changed certain parts of hotel operation among its subsidiaries by transferring of Angsana Villas Resort Phuket hotel, which previously operated under Laguna Village Limited, to Bangtao Grande Limited and transferring of Laguna Holiday Club Phuket Resort hotel, which previously operated under Laguna Holiday Club Limited, to Bangtao Grande Limited.

The changes are intended to improve the efficiency of managing and operating the hotel business.

2. Basis of preparation

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			%	%
<u>Subsidiaries directly held by the Company</u>				
Banyan Tree Gallery (Singapore) Pte. Limited	Sale of merchandise	Singapore	51.0	51.0
Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	51.0	51.0
Laguna Banyan Tree Limited ⁽¹⁾	Hotel operations, property development sales and marketing service for holiday club membership	Thailand	100.0	100.0
Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	100.0	100.0
Laguna Grande Limited ⁽²⁾	Operating a golf club and property development	Thailand	100.0	100.0
Laguna Lakes Limited	Property development	Thailand	95.0	95.0
Laguna (3) Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Laguna Service Company Limited ⁽³⁾	Provide utilities and other services to hotels of the Company and subsidiaries	Thailand	72.9	72.9
TWR - Holdings Limited	Investment holding and property development	Thailand	100.0	100.0
<u>Subsidiaries held through TWR - Holdings Limited</u>				
Laguna Excursions Limited	Travel operations	Thailand	49.0	49.0
Laguna Village Limited	Dormant company	Thailand	100.0	100.0
Mae Chan Property Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Pai Samart Development Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Phuket Grande Resort Limited ⁽⁴⁾	Property development and hotel operations	Thailand	100.0	100.0
PT AVC Indonesia	Holiday club membership and operating a golf club	Indonesia	100.0	100.0
Talang Development Company Limited	Property development	Thailand	50.0	50.0
Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	100.0	100.0
Thai Wah Tower Company Limited	Lease of office building space	Thailand	100.0	100.0
Thai Wah Tower (2) Company Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Twin Waters Limited ⁽⁵⁾	Property development	Thailand	100.0	100.0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			%	%
<u>Subsidiaries held through Laguna Grande Limited</u>				
Bangtao (1) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (2) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (3) Limited	Property development	Thailand	100.0	100.0
Bangtao (4) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao Laguna Limited ⁽⁶⁾	Owns land on which a hotel is situated and property development	Thailand	100.0	100.0
Bangtao Grande Limited	Hotel operations and property development	Thailand	100.0	100.0
<u>Subsidiary held through Laguna Holiday Club Limited</u>				
Cheer Golden Limited	Investment holding	Hong Kong	100.0	100.0

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

(2) Laguna Grande Limited is held 85.4% by the Company and 14.6% through Laguna Holiday Club Limited and Mae Chan Property Company Limited.

(3) Laguna Service Company Limited is held 24.7% by the Company and 48.2% through Bangtao Grande Limited and Laguna Banyan Tree Limited.

(4) Formerly known as "Phuket Resort Development Limited". The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

(5) Formerly known as "Twin Waters Development Company Limited". The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

(6) Formerly known as "Bangtao Development Limited". The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

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

- (b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- (c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- (e) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
 - (g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

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

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are 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 recognised 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Group adopted TFRS 15 using the full retrospective method of adoption. The Group elects to apply the following practical expedient.

- Not restate completed contracts as at 1 January 2018 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy.

The cumulative effect of the change is described in Note 4.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A 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 entity'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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The management of the Group expect the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investment in equity instruments of non-listed companies - The Group is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Group elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

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

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 51 million (the Company only: approximately Baht 6 million) and the Group's liabilities by approximately Baht 66 million (the Company only: approximately Baht 8 million).

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current year, the Group has adopted TFRS 15 using the full retrospective method of adoption. The cumulative effect of the change in accounting policy is presented as a separate item in the consolidated statement of changes in shareholders' equity. There is no impact to the separate financial statements from the adoption of TFRS 15.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The amounts of the adjustments affecting the consolidated statement of financial position and consolidated statement of income are summarised below:

	(Unit: Million Baht)	
	Consolidated financial statements	
	Increase	
	31 December 2018	1 January 2018
Statements of financial position		
Assets		
Cost to obtain contracts with customers	71	61
Total assets	71	61
Liabilities		
Deferred tax liabilities	14	12
Total liabilities	14	12
Shareholders' equity		
Retained earnings	57	49
Total shareholders' equity	57	49
Total liabilities and shareholders' equity	71	61

	(Unit: Million Baht)	
	Consolidated financial statements	
	Increase (decrease) in profit for the year ended	
	31 December 2018	
Income statements		
Profit or loss:		
Revenue from property development operations		(1)
Selling expenses		11
Income tax expenses		(2)
Profit for the period		8
Attributable to:		
Profit attributable to equity holders of the Company		8
Earnings per share (Baht):		
Basic earnings per share		0.05

The nature of the significant adjustment is described below:

- Commission paid to obtain a contract - The Group has 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 Group immediately recorded commission as selling expenses when the transaction occurred.

5. Significant accounting policies

5.1 Revenue recognition

(a) Revenue from hotel operations

- Revenue from hotel operations, mainly comprises room sales, food and beverage sales and revenue from auxiliary activities, is recognised at a point in time upon completion of the service. Sales are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts.
- Revenue from sales of merchandise (Gallery operation) is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowance and price promotions to customers.

(b) Revenue from property development operations

- Revenue from the real estate sales

Revenue from sales of real estate is recognised at the point in time when control of the asset is transferred to the buyer, and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate sold. In addition, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

- Revenue from sales of furniture

Revenue from sales of furniture is recognised at the point in time when control of furniture is transferred to the buyer, generally when furniture is completely and satisfactorily installed.

- Revenue from services

Service revenue is recognised over time when services have been rendered taking into account the stage of completion.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(c) Revenue from rental and services

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

(d) Interest income

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

(e) Dividends

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

5.2 Cost of property development

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

5.3 Cash and cash equivalents

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

5.4 Trade accounts receivable

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

5.5 Inventories

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

5.6 Property development cost

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

5.7 Cost to obtain a contract

The Group recognises commission paid to obtain a customer contract as an asset and amortises to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of consideration that the entity expects to receive less direct costs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5.8 Investments

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

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

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

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

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

5.9 Investment properties

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

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

5.10 Property, plant and equipment/Depreciation

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

5.11 Leasehold rights and amortisation

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

The amortisation is included in determining income.

5.12 Borrowing costs

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

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

5.13 Goodwill

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

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

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

5.14 Deferred financial fees

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

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

5.15 Related party transactions

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5.16 Long-term leases

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

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

5.17 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

5.18 Impairment of assets

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

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

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

5.19 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

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

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

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

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

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5.20 Provisions

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

5.21 Income tax

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

Current tax

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

Deferred tax

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

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

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

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.22 Fair value measurement

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

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

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

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

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

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

6. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Fair value of financial instruments

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Impairment of equity investments

The Group treats other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Investment properties

The Group presents investment properties at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach or the market approach. The key assumptions used in estimating the fair value are described in Note 19.

Property, plant and equipment/Depreciation

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

The Group measures land and buildings at revalued amounts. Such amounts are determined by independent valuer using the market approach for land, the replacement cost approach or the income approach for buildings. The valuation involves certain assumptions and estimates as described in Note 20.

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

Goodwill

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

Deferred tax assets

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

Litigation

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

Investments in associates

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

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	7,044	7,722	145	148
Bank deposits	625,500	593,956	21,561	22,495
Total	632,544	601,678	21,706	22,643

As at 31 December 2019, bank deposits in saving accounts and fixed deposits carried interest rates between 0.22% and 0.60% per annum (2018: between 0.25% and 0.85% per annum).

8. Long-term restricted deposit at financial institutions

The long-term restricted deposit pledged with a financial institution as security for bank guarantee and short-term loans facilities of a subsidiaries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	223,108	230,656	5,326	5,102
Less: Allowance for doubtful accounts	(9,119)	(8,566)	(3,528)	(3,300)
Trade accounts receivable - hotel operations, net	213,989	222,090	1,798	1,802
Trade accounts receivable - sales of property				
- Installments due	121,606	60,531	-	-
Current portion of long-term trade accounts receivable (Note 15)	295,637	184,522	-	-
Trade accounts receivable - sales of property, net	417,243	245,053	-	-
Trade accounts receivable - sales of holiday club memberships - Installments due and trade accounts receivable from sales and marketing services for holiday club memberships	41,213	81,510	-	-
Current portion of long-term trade accounts receivable (Note 15)	484	1,507	-	-
Trade accounts receivable - sales of holiday club memberships and sales and marketing services for holiday club memberships, net	41,697	83,017	-	-
Trade accounts receivable - net	672,929	550,160	1,798	1,802
<u>Other receivables</u>				
Amounts due from related parties (Note 10)	51,504	45,368	29,958	38,874
Other receivables	56,167	9,268	3,713	332
Insurance claim receivable	404	1,434	-	-
Accrued other income	4,376	8,191	233	234
Interest receivable	39	152	39	98
Accrued rental	28,521	21,478	28,521	21,479
Total other receivables	141,011	85,891	62,464	61,017
Trade and other receivables, net	813,940	636,051	64,262	62,819

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The balances of trade accounts receivable - hotel operations as at 31 December 2019 and 2018, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Age of receivables</u>				
Not yet due	110,965	120,892	184	287
Past due				
Up to 30 days	64,608	65,827	325	190
31 - 60 days	17,397	16,904	211	131
61 - 90 days	3,171	5,142	103	102
91 - 120 days	7,658	2,911	56	54
Over 120 days	19,309	18,980	4,447	4,338
Total	223,108	230,656	5,326	5,102
Less: Allowance for doubtful debts	(9,119)	(8,566)	(3,528)	(3,300)
Trade accounts receivable - hotel operations, net	<u>213,989</u>	<u>222,090</u>	<u>1,798</u>	<u>1,802</u>

The balances of trade accounts receivable - sales of property as at 31 December 2019 and 2018, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Age of receivables</u>				
Not yet due	378,626	224,777	-	-
Past due				
Up to 30 days	8,689	11,202	-	-
31 - 60 days	7,722	4,103	-	-
61 - 90 days	5,507	1,958	-	-
91 - 120 days	9,274	947	-	-
Over 120 days	7,425	2,066	-	-
Trade accounts receivable - sales of property, net	<u>417,243</u>	<u>245,053</u>	<u>-</u>	<u>-</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The balances of installments due of trade accounts receivable - holiday club memberships and trade account receivable from sales and marketing service for holiday club memberships as at 31 December 2019 and 2018, aged on the basis of due dates, are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Age of receivables</u>				
Not yet due	20,633	5,275	-	-
Past due				
Up to 30 days	2,248	3,771	-	-
31 - 60 days	5,287	4,224	-	-
61 - 90 days	2,707	4,870	-	-
91 - 120 days	3,085	1,041	-	-
Over 120 days	7,253	62,329	-	-
Trade accounts receivable - sales of holiday club memberships - installments due and trade accounts receivable from sales and marketing service for holiday club memberships - net	41,213	81,510	-	-

10. Related party transactions

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

(Unit: Million Baht)					
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Guarantee fee income	-	-	1	1	(3) agreed basis
Guarantee fee expenses	-	-	2	3	(3) agreed basis
Interest income	-	-	73	41	(5) agreement
Interest expenses	-	-	35	31	(5) agreement
Management fee income	-	-	103	95	(4), (7) agreement

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Reimbursement receipts	-	-	3	30	(11) agreed basis
Reimbursement payments	-	-	8	9	(11) agreed basis
Rental and service income	-	-	4	5	(12)(iii) agreement
Rental and service expenses	-	-	6	6	(12)(iv), (v) agreement
Resort service expenses	-	-	8	7	(14) agreed basis
Dividend income	-	-	1,010	-	As declared
<u>Transactions with associates</u>					
Dividend income	-	-	28	28	As declared
Reimbursement receipts	6	4	-	-	(11) agreed basis
Rental and service income	22	22	-	-	(12)(iv) agreement
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	64	69	-	-	(1) agreed basis
Management fee income	5	3	4	2	(15), (16) agreement
Management fee expenses	296	248	6	-	(6), (17) agreement
Purchase of spa and gallery vouchers	7	7	1	2	(2), (8) agreed basis
Sale of goods	21	25	-	-	(9) agreed basis
Reimbursement receipts	55	56	7	6	(11) agreed basis
Reimbursement payments	49	33	1	1	(11) agreed basis
Rental and service income	23	26	-	-	(12)(i), (ii), (iv), (vi) agreement
Rental and service expenses	1	1	-	-	(12)(vii) agreement
Rental return on hotel units	4	4	-	-	(13) agreement
Resort service income	5	5	-	-	(14) agreed basis
Training charges	8	13	-	-	(10) agreed basis
Interest expenses	1	-	-	-	(5), (18) agreement
<u>Transactions with management and directors</u>					
Rental return on hotel units	2	2	-	-	As actual

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

- (2) This relates to sale of spa and gallery vouchers by companies which operate Banyan Tree Spas and Banyan Tree Gallery to related companies for using as a marketing tool. The Spa vouchers are priced at a 55% discount to the Spa price list. The Gallery vouchers are priced at 20% discount to the face value of the voucher.
- (3) Guarantee fee among group companies for permitting their assets to be pledged as collateral for other related companies' bank loans by charging on 1% of proportion of value of pledged assets to total loan facilities.
- (4) The Company charges a management fee to its subsidiaries for providing centralised duties and services for each operation in the group. The monthly fixed rate is charged dependent on the department serviced, except the internal audit service is charged by the working hours and project management service is charged as Note (7).
- (5) Loans between group companies are unsecured and are denominated in Thai Baht. The loans carry interest at a rate equal to the lenders' borrowing costs per annum (based upon commercial bank's interest rates) plus a margin of 1.1%. The loans are repayable on demand, however it is expected that those loans would not be called for repayment in the short-term. Therefore such loans are recorded as non-current assets/liabilities in the statements of financial position.
- (6) The terms of the operating agreements are disclosed in Note 38 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Hotel management and technical assistance fees.

- (iv) The Technical Assistance Agreement of Banyan Tree Phuket pay a technical fee of 7.5% of gross operating profit.
- (v) The Hotel Management Agreements of Banyan Tree Bangkok and Angsana Laguna Phuket pay a hotel management fee of 10% of gross operating profit. Cassia Phuket, Angsana Villas Resort Phuket and Laguna Holiday Club Phuket Resort pay a hotel management fee of 7.5% of gross operating profit.
- (vi) In addition, pursuant to the hotel management and technical assistance agreements, expenses relating to the sharing of group marketing costs such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by 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 2% of total actual hotel revenue.
 - Reservation service fees are 1% of room revenue plus USD 12 per booking sourced through third party channels.

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

- (7) The Company provides project management services, the contracted fee is set at a rate of 5% of the actual or budgeted costs of the project.
- (8) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.
- (9) These transactions relate to:
 - (i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies is priced at a 15% to 30% discount to the retail price depending on the volume purchased.
 - (ii) Sale of guest and spa supplies of high volume purchases from companies which operate galleries to related companies is priced at cost plus up to 30% and 40% margin.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (10) Training charges by Banyan Tree Hotels & Resorts (Thailand) Limited in respect of providing centralised training facilities and courses for staff. The training costs are allocated to each operation based on actual cost.
- (11) Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed.
- (12) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated in (12)(i).

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

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

BGL : Bangtao Grande Limited

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

- (ii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store is at Baht 1,172 per square metre per month.
- (iii) Rental of space and service in Canal Village. The charges include rental and related service fees which are at market rate.
- (iv) Rental and service income earned by Thai Wah Plaza Limited for renting the office space at Thai Wah Tower I and Banyan Tree Bangkok. The charges include rental and related service fees which are at market rate.
- (v) Rental of land and lagoon on which hotel and hotel-related operations are located are at Baht 120,847 and Baht 12,085 per rai per annum respectively.
- (vi) Service income from rental of Banyan Tree Management Academy is at Baht 132,613 per month.
- (vii) Rental of office space and service of Banyan Tree Gallery (Singapore) Pte. Limited is at SGD 3 per square feet per month.
- (13) This relates to a Management Agreement to manage the hotel units of Cheer Golden Limited in the Angsana Resort & Spa on Bintan Island, Indonesia under which Cheer Golden Limited receives a return of 15% per annum on the investment of the leasehold rights.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

- (15) The Company charges a management fee to Banyan Tree Resorts & Spas (Thailand) Company Limited and Banyan Tree Hotels & Resorts (Thailand) for providing administration services of information technology and human resources.

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

- (17) This relates to project management services and design service agreement which the fees are based on 10% mark up of actual working hours in providing the service and included all cost.

- (18) Loan from a related company is unsecured and is denominated in Thai Baht. The loans carry interest at a rate 1.5% per annum. The loan is repayable within December 2023.

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

	(Unit: Million Baht)	
	2019	2018
Overdrafts and bank guarantee facilities	106	106

Subsidiaries have contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of the Group as follows:

	(Unit: Million Baht)	
	2019	2018
Short-term loan facilities	150	150
Long-term loan facilities	900	900
Overdrafts and bank guarantee facilities	20	20

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2019 and 2018, the balances of the accounts between the Company and related companies are as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Amounts due from related parties				
Subsidiaries	-	-	25,973	36,707
Associated companies	169	59	-	-
Related companies (related by common shareholders)	51,335	45,309	3,985	2,167
Total amounts due from related parties (Note 9)	51,504	45,368	29,958	38,874
Amounts due to related parties				
Subsidiaries	-	-	10,009	8,487
Associated companies	24	16	-	-
Related companies (related by common shareholders)	150,829	121,197	3,234	933
Total amounts due to related parties (Note 23)	150,853	121,213	13,243	9,420

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

As at 31 December 2019 and 2018, the balance of loans between the Company and related companies and the movement are as follows:

Long-term loans to subsidiaries

	Separate financial statements			
	1 January 2019	Addition	Repayment	31 December 2019
Laguna Banyan Tree Limited	464,000	539,500	(278,500)	725,000
Laguna Holiday Club Limited	208,000	92,500	(76,500)	224,000
Laguna Lakes Limited	315,000	21,000	(36,000)	300,000
Laguna Grande Limited	-	1,315,000	(689,500)	625,500
Laguna (3) Limited	-	5,000	(2,000)	3,000
Banyan Tree Gallery (Thailand) Limited	-	28,050	-	28,050
Total	987,000	2,001,050	(1,082,500)	1,905,550

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	1 January 2019	Addition	Repayment	31 December 2019
Laguna Grande Limited	32,500	-	(32,500)	-
Laguna (3) Limited	28,000	-	(28,000)	-
TWR-Holdings Limited	373,000	1,137,500	(1,337,500)	173,000
Total	433,500	1,137,500	(1,398,000)	173,000

Long-term loan from related company

(Unit: Thousand Baht)

	Consolidated financial statements			
	1 January 2019	Addition	Repayment	31 December 2019
Banyan Tree Hotels & Resorts (Thailand) Limited	-	26,950	-	26,950
Total	-	26,950	-	26,950

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	87,727	102,867	42,838	57,636
Post-employment benefits	2,875	2,808	1,429	1,459
Other long-term employee benefits	32	37	15	22
Total	90,634	105,712	44,282	59,117

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Food and beverage	22,864	25,032	-	-	22,864	25,032
Finished goods and supplies	66,443	77,670	(982)	(1,585)	65,461	76,085
Total	89,307	102,702	(982)	(1,585)	88,325	101,117

12. Property development cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Property for sale under holiday club memberships	229,062	425,209	-	-
Completed buildings	532,081	641,385	-	-
Land	1,924,053	1,796,067	111,429	111,429
Property under construction	1,453,202	952,679	-	-
Total	4,138,398	3,815,340	111,429	111,429

Subsidiaries have mortgaged property development cost amounting to Baht 1,288 million (2018: Baht 788 million) as collateral against its credit facilities received from financial institutions.

The property development cost has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 35.5 million were capitalised for the year ended 31 December 2019 (2018: Baht 1.7 million). The weighted average rate of 3.67% - 4.93% (2018: 4.78%) has been used to determine the amount of borrowing costs eligible for capitalisation.

13. Assets recognised in respect of costs to obtain contracts with customers

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(Restated)			
Net book value at beginning of year	70,722	61,157	-	-
Additions	56,324	35,689	-	-
Amortisation	(27,064)	(26,124)	-	-
Net book value at end of year	99,982	70,722	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Other current assets

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
Value added tax	43,971	47,263	1,355	962
Prepaid expenses and withholding tax deducted at source	53,642	39,689	7,118	6,425
Advances to suppliers and staff	37,357	73,753	745	786
Income tax and VAT refundable	32,807	31,768	5,976	6,943
Deposit for purchase of land and office units for rent	74,061	79,250	-	-
Total	241,838	271,723	15,194	15,116

15. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

- 15.1 Installments receivable from property sales which bear interest at a rate of 3.0% - 7.0% and MLR plus 0.5% per annum and installments are repaid over a period of 3 to 10 years.
- 15.2 Installments receivable from sales of holiday club memberships which bear interest at a rate of 9.0% per annum and installments are repaid over a period of 5 years.

Long-term trade accounts receivable are due as follows:

	(Unit: Thousand Baht) Consolidated financial statements	
	2019	2018
Current portion of long-term trade accounts receivable	296,121	186,029
Long-term trade accounts receivable	796,461	488,042
Total	1,092,582	674,071
Sales of property		
Within 1 year (Note 9)	295,637	184,522
Over 1 year to 5 years	796,385	487,145
Long-term trade accounts receivable - sales of property	1,092,022	671,667
Sales of holiday club memberships		
Within 1 year (Note 9)	484	1,507
Over 1 year to 5 years	76	897
Long-term trade accounts receivable - sales of holiday club memberships	560	2,404
Total	1,092,582	674,071

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2019	2018	2019	2018	2019	2018
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
<u>Subsidiaries held by the Company</u>						
Banyan Tree Gallery (Singapore) Pte Limited	SGD 0.43 Million	SGD 0.43 Million	51.0	51.0	4.0	4.0
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51.0	51.0	4.0	4.0
Laguna Banyan Tree Limited ⁽¹⁾	1,500.0	1,500.0	100.0	100.0	1,325.1	1,325.1
Laguna Holiday Club Limited	330.0	330.0	100.0	100.0	330.0	330.0
Laguna Grande Limited ⁽²⁾	1,000.0	1,000.0	100.0	100.0	958.5	958.5
Laguna Lakes Limited	1.0	1.0	95.0	95.0	0.9	0.9
Laguna Service Company Limited ⁽³⁾	90.5	90.5	72.9	72.9	22.4	22.4
Laguna (3) Limited	0.1	0.1	100.0	100.0	47.8	47.8
TWR - Holdings Limited	1,550.0	1,550.0	100.0	100.0	1,550.0	1,550.0
<u>Subsidiaries held through TWR - Holdings Limited</u>						
Laguna Excursions Limited	8.0	8.0	49.0	49.0	-	-
Laguna Village Limited	6.0	6.0	100.0	100.0	-	-
Mae Chan Property Company Limited	232.3	232.3	100.0	100.0	-	-
Pai Samart Development Company Limited	28.4	28.4	100.0	100.0	-	-
Phuket Grande Resort Limited ⁽⁴⁾	100.0	100.0	100.0	100.0	-	-
PT AVC Indonesia	USD 7.0 Million	USD 7.0 Million	100.0	100.0	-	-
Talang Development Company Limited	251.0	251.0	50.0	50.0	-	-
Thai Wah Plaza Limited	2,250.0	2,250.0	100.0	100.0	-	-
Thai Wah Tower Company Limited	455.0	455.0	100.0	100.0	-	-
Thai Wah Tower (2) Company Limited	21.0	21.0	100.0	100.0	-	-
Twin Waters Company Limited ⁽⁵⁾	214.4	214.4	100.0	100.0	-	-
<u>Subsidiaries held through Laguna Grande Limited</u>						
Bangtao (1) Limited	20.9	20.9	100.0	100.0	-	-
Bangtao (2) Limited	19.1	19.1	100.0	100.0	-	-
Bangtao (3) Limited	7.8	7.8	100.0	100.0	-	-
Bangtao (4) Limited	14.6	14.6	100.0	100.0	-	-
Bangtao Laguna Limited ⁽⁶⁾	80.0	80.0	100.0	100.0	-	-
Bangtao Grande Limited	1,546.0	1,546.0	100.0	100.0	-	-
<u>Subsidiary held through Laguna Holiday Club Limited</u>						
Cheer Golden Limited	-	-	100.0	100.0	-	-
Total investments in subsidiaries					4,242.7	4,242.7

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

(2) Laguna Grande Limited is held 85.4% by the Company and 14.6% through Laguna Holiday Club Limited and Mae Chan Property Company Limited.

(3) Laguna Service Company Limited is held 24.7% by the Company and 48.2% through Bangtao Grande Limited and Laguna Banyan Tree Limited.

(4) Formerly known as "Phuket Resort Development Limited". The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

(5) Formerly known as "Twin Waters Development Company Limited". The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

(6) Formerly known as "Bangtao Development Limited". The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(Unit: Thousand Baht)

Company's name	Separate financial statements	
	2019	2018
Laguna (3) Limited	32,884	-
TWR - Holdings Limited	747,100	-
Laguna Grande Limited	157,173	-
Banyan Tree Gallery (Thailand) Limited	43,348	-
Laguna Service Company Limited	29,055	-
Total	1,009,560	-

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

Details of investments in subsidiaries that have material non-controlling interests.

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Dividend paid to non-controlling interests during the year	
	2019	2018	2019	2018
Banyan Tree Gallery (Thailand) Company Limited	49.0	49.0	41.7	-
Laguna Services Company Limited	27.1	27.1	31.9	-
Talang Development Company Limited	50.0	50.0	37.0	-
			110.6	-

On 17 December 2019, Laguna Grande Limited ("LGL", a wholly owned subsidiary) has entered into the joint venture agreement with an unrelated person to establish a joint venture company in Thailand. The purpose of the joint venture is to invest in boutique farming business in Thailand. Joint venture stake will be held by LGL at 60 percent and unrelated person at 40 percent. The initial investment cost for the portion of LGL is Baht 6,000. The establishment of the joint venture company is expected to be completed in the first quarter of 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	2019	2018
Thai Wah Plaza Limited	56,976	56,976
Laguna Banyan Tree Limited	350,928	350,928
Total	407,904	407,904

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

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

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

	Thai Wah Plaza Limited		Laguna Banyan Tree Limited	
	2019	2018	2019	2018
Growth rate (% per annum)	2.15	3.69	9.80	12.24
Discount rate (% per annum)	7.92	8.90	7.83	8.88

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Investments in associates

17.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2019	2018	2019	2018	2019	2018
			(%)	(%)				
Tropical Resorts Ltd.	Holding company	Hong Kong	26	26	17,673	17,673	-	-
Less: Allowance for impairment of investment					(17,673)	(17,673)	-	-
					-	-	-	-
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	10.03	777,454	777,454	759,168	793,720
Banyan Tree China Pte. Ltd.	Holding company	Singapore	10.69	10.69	173,495	173,495	222,014	221,497
Total investments in associates - net					950,949	950,949	981,182	1,015,217

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2019	2018	2019	2018
			(%)	(%)		
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	10.03	777,454	777,454
Total					777,454	777,454

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

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

As at 31 December 2019 and 2018, the Company has pledged the 10 million ordinary shares of Thai Wah Public Company Limited with a bank to secure a long-term loan of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17.2 Share of comprehensive income (loss) and dividend received

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of profit		Share of other comprehensive	
	from investments in		income (loss) from investments in	
	associates during the years		associates during the years	
	2019	2018	2019	2018
Thai Wah Public Company Limited	4,263	12,643	(10,544)	2,067
Banyan Tree China Pte. Ltd.	517	52,985	-	(1,044)
Total	4,780	65,628	(10,544)	1,023

(Unit: Thousand Baht)

Company's name	Separate financial statements	
	Dividend received	
	2019	2018
Thai Wah Public Company Limited	28,271	28,271
Total	28,271	28,271

17.3 Fair value investments in a listed associate

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

(Unit: Million Baht)

Associate	Fair values as at 31 December	
	2019	2018
Thai Wah Public Company Limited	369	733

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17.4 Summarised financial information about material associates

Summarised information about financial position

			(Unit: Million Baht)	
	Thai Wah Public		Banyan Tree China	
	Company Limited		Pte. Ltd.	
	2019	2018	2019	2018
Current assets	3,243	3,201	-	-
Non-current assets	4,655	3,901	2,552	2,436
Current liabilities	(1,009)	(796)	-	-
Non-current liabilities	(1,621)	(440)	-	-
Non-controlling interests	(275)	(562)	-	-
Net assets	4,993	5,304	2,552	2,436
Shareholding percentage (%)	10.03	10.03	10.69	10.69
Share of net assets	501	532	273	260
Difference in share of net assets and net book value of investment	-	-	(51)	(39)
Difference in fair value of identifiable assets	160	164	-	-
Goodwill	98	98	-	-
Carrying amounts of associates based an equity method	759	794	222	221

Summarised information about comprehensive income

			(Unit: Million Baht)	
	Thai Wah Public		Banyan Tree China	
	Company Limited		Pte. Ltd.	
	2019	2018	2019	2018
Revenue	7,407	7,329	-	-
Profit (loss)	51	156	5	(43)
Other comprehensive income (loss)	(108)	40	(5)	(3)
Total comprehensive income (loss)	(57)	196	-	(46)

17.5 Summarised financial information of other associate

	(Unit: Million Baht)	
	For the year ended	
	31 December	
	Tropical Resorts Ltd.	
	2019	2018
Gain (loss)	11	(248)
Other comprehensive income (loss)	(201)	158
Total comprehensive income (loss)	(190)	90

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17.6 Investment in associate with capital deficit

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

(Unit: Million Baht)

Company's name	Unrecognised share of profit (losses)			
	Share of profit (losses)		Cumulative share	
	during the years		of losses up to	
			31 December	
	2019	2018	2019	2018
Tropical Resorts Ltd.	(49)	23	(278)	(229)

18. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements	
	2019	2018
Investments in other companies		
Bibace Investments Ltd.	188,425	188,425
Banyan Tree Indochina Hospitality Fund, L.P.	417,940	417,940
Total other long-term investments	606,365	606,365

19. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements			
	Land awaiting development / sales	Units in office building and shops for rent (including land)	Construction in progress	Total	Land awaiting development / sales	Units in office building and shops for rent (including land)	Construction in progress	Total
Balance as at 31 December 2018	191,077	1,032,602	9,672	1,233,351	73,352	100,839	9,430	183,621
Addition	-	83,626	-	83,626	-	-	-	-
Transfer from property development cost	-	17,387	-	17,387	-	-	-	-
Write off	-	-	(9,672)	(9,672)	-	-	(9,430)	(9,430)
Gain on revaluation of investment properties	11,640	74,870	-	86,510	1,419	6,009	-	7,428
Balance as at 31 December 2019	<u>202,717</u>	<u>1,208,485</u>	<u>-</u>	<u>1,411,202</u>	<u>74,771</u>	<u>106,848</u>	<u>-</u>	<u>181,619</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2019, the fair value of the investment properties has been determined based on valuation performed by an independent valuer, using the Market Approach (2018: the Market Approach for land awaiting development / sales, and the Income Approach for units in office building and shops for rent).

During the second quarter of 2019, the management has considered that the change in property market condition affect the selling price of the units in office building and land which the shops for rent are located. The management, therefore, reassessed the highest and best use of the units in office building and shops for rent and considered that using the Market Approach for revaluation of such assets is more appropriate in determining the fair value under the current market condition. As a result, the Group hired an independent appraiser to appraise the value of their investment properties and considered to change their determination of fair value of units in office building and shops for rent from the Income Approach to the Market Approach. In this regard, the Group recognised a Baht 75 million gain on change in valuation approach, which was included in gain on revaluation of investment properties in the consolidated income statements for the year ended 31 December 2019.

Key assumptions used in the valuation are summarised below:

	Consolidated financial	Separate financial	(Unit: Thousand Baht)
	statements	statements	Result to fair value where as an increase in assumption value
Price per rai	110 - 16,000	171 - 16,000	Increase in fair value
Price per Sq.m.	43 - 85	-	Increase in fair value

As at 31 December 2019, the subsidiaries have pledged investment properties amounting to approximately Baht 837 million (2018: Baht 729 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation in Note 44.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Property, plant and equipment

Consolidated financial statements

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
At cost										
As at 1 January 2018	1,510,817	5,093,911	433,683	1,700,133	1,099,697	526,154	59,755	183,528	62,253	10,669,931
Additions	-	7,376	902	49,085	51,794	44,540	1,081	13,440	348,127	516,345
Disposals and write-off	-	-	-	(2,224)	(36,713)	(25,066)	(9)	(960)	-	(64,972)
Transfers in/out	-	115,656	-	19,912	19,848	25,912	806	1,905	(184,039)	-
Transfer to property development cost	-	(30,684)	-	-	-	-	-	-	-	(30,684)
Transfer from property development cost	-	100,659	-	-	13,428	-	-	-	-	114,087
Adjustments	(44)	(3,946)	(2,104)	(356)	(353)	(807)	(88)	(380)	(1,193)	(9,271)
As at 31 December 2018	1,510,773	5,282,972	432,481	1,766,550	1,147,701	570,733	61,545	197,533	225,148	11,195,436
Additions	9,700	67,880	1,644	32,612	33,086	51,400	603	7,337	737,675	941,937
Disposals and write-off	-	(493)	-	(8,391)	(21,329)	(29,637)	(20,783)	(3,283)	(3,142)	(87,058)
Transfers in/out	-	405,771	1,559	191,761	100,602	36,772	1,584	45,434	(783,483)	-
Transfer to property development cost	(3,105)	(26,141)	-	(4,691)	(10,927)	-	-	-	-	(44,864)
Transfer from property development cost	7,088	263,018	-	-	32,950	-	-	-	-	303,056
Adjustments	(224)	(806)	(726)	(233)	(244)	(203)	-	(79)	(780)	(3,295)
As at 31 December 2019	1,524,232	5,992,201	434,958	1,977,608	1,281,839	629,065	42,949	246,942	175,418	12,305,212

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements (continued)

Assets carried at cost

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
(Unit: Thousand Baht)										
Accumulated depreciation										
As at 1 January 2018	(571)	(1,669,084)	(332,678)	(1,175,170)	(949,105)	(378,851)	(45,610)	(188,466)	-	(4,719,535)
Depreciation charged for the year	-	(151,441)	(11,704)	(93,795)	(54,177)	(52,213)	(3,700)	(6,207)	-	(373,237)
Disposals and write-off	-	-	-	1,717	34,703	24,838	4	910	-	62,172
Transfer to property development	-	16,427	-	-	-	-	-	-	-	16,427
Adjustments	-	1,621	54	(72)	312	148	86	358	-	2,507
As at 31 December 2018	(571)	(1,802,477)	(344,328)	(1,267,320)	(968,267)	(406,078)	(49,220)	(173,405)	-	(5,011,666)
Depreciation charged for the year	-	(166,219)	(11,808)	(94,099)	(70,449)	(56,902)	(3,611)	(6,874)	-	(409,962)
Disposals and write-off	-	328	-	8,195	20,955	29,393	18,636	3,283	-	80,790
Transfer to property development	-	8,683	-	3,874	8,321	-	-	-	-	20,878
Adjustments	-	165	37	8	375	156	-	69	-	810
As at 31 December 2019	(571)	(1,959,520)	(356,099)	(1,349,342)	(1,009,065)	(433,431)	(34,195)	(176,927)	-	(5,319,150)
Allowance for impairment loss										
As at 1 January 2018	-	(4,923)	-	-	-	-	-	-	-	(4,923)
Adjustments	-	170	-	-	-	-	-	-	-	170
As at 31 December 2018	-	(4,753)	-	-	-	-	-	-	-	(4,753)
Reverse (addition)	-	(11,150)	-	-	-	-	-	-	-	(11,150)
Adjustments	-	162	-	-	-	-	-	-	-	162
As at 31 December 2019	-	(15,741)	-	-	-	-	-	-	-	(15,741)
Net book value - At cost										
As at 1 January 2018	1,510,246	3,419,904	101,005	524,963	150,592	147,303	14,145	15,062	62,253	5,945,473
As at 31 December 2018	1,510,202	3,475,742	88,153	499,230	179,434	164,655	12,325	24,128	225,148	6,179,017
As at 31 December 2019	1,523,661	4,016,940	78,859	628,266	272,774	195,634	8,754	70,015	175,418	6,970,321

Consolidated financial statements (continued)

Assets carried at revalued amount

	(Unit: Thousand Baht)									
	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Revaluation portion										
As at 1 January 2018	5,257,496	139,224	-	-	-	-	-	-	-	5,396,720
Transfer to property development cost	-	(9,095)	-	-	-	-	-	-	-	(9,095)
As at 31 December 2018	5,257,496	130,129	-	-	-	-	-	-	-	5,387,625
Additions	990,724	63,959	-	-	-	-	-	-	-	1,054,683
Transfer to property development cost	(153,460)	(249)	-	-	-	-	-	-	-	(153,709)
As at 31 December 2019	6,094,760	193,839	-	-	-	-	-	-	-	6,288,599
Accumulated depreciation										
As at 1 January 2018	-	(42,335)	-	-	-	-	-	-	-	(42,335)
Depreciation of revaluation surplus on assets	-	(2,465)	-	-	-	-	-	-	-	(2,465)
Transfer to property development cost	-	4,837	-	-	-	-	-	-	-	4,837
As at 31 December 2018	-	(39,963)	-	-	-	-	-	-	-	(39,963)
Depreciation of revaluation surplus on assets	-	(1,955)	-	-	-	-	-	-	-	(1,955)
Additions	-	(39,213)	-	-	-	-	-	-	-	(39,213)
Transfer to property development cost	-	83	-	-	-	-	-	-	-	83
As at 31 December 2019	-	(81,048)	-	-	-	-	-	-	-	(81,048)
Net book value - revaluation portion										
As at 1 January 2018	5,257,496	96,889	-	-	-	-	-	-	-	5,354,385
As at 31 December 2018	5,257,496	90,166	-	-	-	-	-	-	-	5,347,662
As at 31 December 2019	6,094,760	112,791	-	-	-	-	-	-	-	6,207,551
Property, plant and equipment - net										
As at 1 January 2018	6,767,742	3,516,793	101,005	524,963	150,592	147,303	14,145	15,062	62,253	11,299,858
As at 31 December 2018	6,767,698	3,565,908	88,153	499,230	179,434	164,655	12,325	24,128	225,148	11,526,679
As at 31 December 2019	7,618,421	4,129,731	78,859	628,266	272,774	195,634	8,754	70,015	175,418	13,177,872
Depreciation for the year										
2018										375,532
2019										411,755

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Separate financial statements

Assets carried at cost

	Land and land improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office Equipment	External work	Motor vehicles	Construction in process	Total
(Unit: Thousand Baht)									
At cost									
As at 1 January 2018	189	57,342	16,108	15,173	36,623	1,527	8,558	281	135,801
Additions	-	-	87	428	1,114	-	-	6,870	8,499
Disposals and write-off	-	(30,684)	-	(156)	(1,414)	-	-	-	(32,254)
Adjustments	-	-	-	-	-	-	-	(50)	(50)
As at 31 December 2018	189	26,658	16,195	15,445	36,323	1,527	8,558	7,101	111,996
Additions	-	-	-	616	1,673	-	-	6,565	8,854
Disposals and write-off	-	-	-	(247)	(420)	-	-	-	(667)
Transfer in / out	-	12,284	-	-	-	-	-	(12,284)	-
As at 31 December 2019	189	38,942	16,195	15,814	37,576	1,527	8,558	1,382	120,183
Accumulated depreciation									
As at 1 January 2018	-	(33,156)	(5,447)	(11,911)	(26,187)	(1,408)	(7,908)	-	(86,017)
Depreciation charged for the year	-	(1,501)	(1,088)	(851)	(4,158)	(31)	(201)	-	(7,830)
Disposals and write-off	-	16,427	-	156	1,360	-	-	-	17,943
As at 31 December 2018	-	(18,230)	(6,535)	(12,606)	(28,985)	(1,439)	(8,109)	-	(75,904)
Depreciation charged for the year	-	(2,455)	(1,091)	(965)	(3,538)	(32)	(184)	-	(8,265)
Disposals and write-off	-	-	-	245	420	-	-	-	665
As at 31 December 2019	-	(20,685)	(7,626)	(13,326)	(32,103)	(1,471)	(8,293)	-	(83,504)
Allowance for impairment loss									
Additions	-	(2,920)	-	-	-	-	-	-	(2,920)
As at 31 December 2019	-	(2,920)	-	-	-	-	-	-	(2,920)
Net book value - At cost									
As at 1 January 2018	189	24,186	10,661	3,262	10,436	119	650	281	49,784
As at 31 December 2018	189	8,428	9,660	2,839	7,338	88	449	7,101	36,092
As at 31 December 2019	189	15,337	8,569	2,488	5,473	56	265	1,382	33,759

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Separate financial statements (continued)

Assets carried at revalued amount

	Land and Land Improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in process	Total
(Unit: Thousand Baht)									
Revaluation portion									
As at 1 January 2018	3,804	14,092	-	-	-	-	-	-	17,896
Disposals and write-off	-	(9,095)	-	-	-	-	-	-	(9,095)
As at 31 December 2018	3,804	4,997	-	-	-	-	-	-	8,801
Additions	444	7,522	-	-	-	-	-	-	7,966
As at 31 December 2019	4,248	12,519	-	-	-	-	-	-	16,767
Accumulated depreciation									
As at 1 January 2018	-	(7,464)	-	-	-	-	-	-	(7,464)
Depreciation of revaluation surplus on assets	-	(176)	-	-	-	-	-	-	(176)
Disposal and write off	-	4,837	-	-	-	-	-	-	4,837
As at 31 December 2018	-	(2,803)	-	-	-	-	-	-	(2,803)
Depreciation charged for the year	-	(49)	-	-	-	-	-	-	(49)
Additions	-	(5,128)	-	-	-	-	-	-	(5,128)
As at 31 December 2019	-	(7,980)	-	-	-	-	-	-	(7,980)
Net book value - revaluation portion									
As at 1 January 2018	3,804	6,628	-	-	-	-	-	-	10,432
As at 31 December 2018	3,804	2,194	-	-	-	-	-	-	5,998
As at 31 December 2019	4,248	4,539	-	-	-	-	-	-	8,787
Property, plant and equipment - net									
As at 1 January 2018	3,993	30,814	10,661	3,262	10,436	119	650	281	60,216
As at 31 December 2018	3,993	10,622	9,660	2,839	7,338	88	449	7,101	42,090
As at 31 December 2019	4,437	19,876	8,569	2,488	5,473	56	265	1,382	42,546
Depreciation for the year									
2018									8,006
2019									8,314

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company and subsidiaries arranged for an independent professional valuer to re-appraise the value of certain assets in the report dated 29 November 2019 on an asset-by-asset basis. The basis of the revaluation was as follows:

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

Key assumptions used in the valuation are summarised below:

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Building - Price per square metre (Baht)	1,000 - 75,000	1,000 - 16,000	Increase in fair value
Discount rate (%)	13	-	Decrease in fair value
Average room rate per night (Baht)	10,432	-	Increase in fair value
Land - Price per rai (Million Baht)	1.5 - 400	18	Increase in fair value

As at 31 December 2019, certain buildings and equipment of the Group have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 2,204 million (2018: Baht 2,295 million) (the Company only: Baht 45 million, 2018: Baht 42 million).

As at 31 December 2019, the Group had an outstanding balance of new buildings under construction amounting to Baht 231 million (2018: Nil). The construction has been financed with loans from a financial institution. Borrowing costs amounting to Baht 11 million were capitalised during the year ended 31 December 2019 (2018: Nil). The weighted average rate of 4.93% has been used to determine the amount of borrowing costs eligible for capitalization.

The subsidiaries have mortgaged land and buildings at fair value of Baht 9,135 million (2018: Baht 7,488 million) as collateral against credit facilities received from financial institutions.

21. Leasehold rights

	(Unit: Thousand Baht)
	Hotel units
Cost	
As at 1 January 2018	49,664
Exchange rate adjustment	(1,540)
As at 31 December 2018	48,124
Exchange rate adjustment	(2,795)
As at 31 December 2019	45,329

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	(Unit: Thousand Baht)
	Hotel units
Accumulated amortisation	
As at 1 January 2018	(38,203)
Amortisation for the year	(2,495)
Exchange rate adjustment	1,212
As at 31 December 2018	(39,486)
Amortisation for the year	(2,371)
Exchange rate adjustment	2,339
As at 31 December 2019	(39,518)
Net book value	
As at 31 December 2018	8,638
As at 31 December 2019	5,811

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

22. Short-term loans from financial institutions

		(Unit: Thousand Baht)	
		Consolidated	Separate
	Interest rate	financial statements	financial statements
	(percent per annum)	2019	2018
Short-term loans from financial institutions	2.40 – 6.00 (2018: 3.63 – 3.65)	1,117,000	450,000
Total		1,117,000	450,000

These short-term loans from financial institutions are secured by the mortgage of plots of land and buildings of its subsidiaries, as described in Note 20 and by the guarantee provided by subsidiaries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

23. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade accounts payable	433,703	325,389	2,046	1,478
Accrued construction	18,122	-	-	-
Amounts due to related parties (Note 10)	150,853	121,213	13,243	9,420
Accrued expenses	225,314	198,140	16,220	13,885
Other payables	231,371	242,712	263	209
Service charge payable to hotel staff	36,783	34,256	-	-
Accrued rental to villa owners	92,014	99,104	6,834	8,687
Total	1,188,160	1,020,814	38,606	33,679

24. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(Restated)		
Value added tax payable	65,185	60,148	3,173	4,487
Unearned income	33,467	34,614	-	-
Other tax payable	153,653	89,978	21,052	3,134
Short-term provision	9,018	10,691	-	-
Total	261,323	195,431	24,225	7,621

25. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Secured	4,858,327	2,997,194	1,363,809	74,125
Long-term loans are repayable as follows:				
Within 1 year	899,235	673,343	37,000	3,875
Over 1 year to 5 years	2,137,962	1,820,601	565,250	62,000
Over 5 years	1,821,130	503,250	761,559	8,250
	3,959,092	2,323,851	1,326,809	70,250
Total	4,858,327	2,997,194	1,363,809	74,125

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Long-term loans consist of the following:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>The Company</u>				
(1) Baht loan from a bank, with a facility of Baht 75 million repayable quarterly from April 2017 to January 2024, at an interest rate as follows:				
2017 onwards: MLR less 0.75%, 1.25% and 1.5% per annum	70,250	74,125	70,250	74,125
(2) Baht loan from a bank, with a facility of Baht 1,300 million repayable quarterly from February 2020 to November 2027, at an interest rate as follows:				
2019 onwards: MLR less 1.25% and 1.5% per annum	1,293,559	-	1,293,559	-
<u>Subsidiaries</u>				
(3) Baht loan from a bank, with a facility of Baht 1,000 million ^(a) repayable quarterly from October 2009 to July 2022, at an interest rate as follows:				
2018 onwards: MLR less 0.5% and 0.75% per annum	339,550	467,550	-	-
(4) Baht loan from a bank, with a facility of Baht 800 million repayable quarterly from March 2013 to December 2022, at an interest rate as follows:				
2012 onwards: MLR less 1% per annum	240,000	320,000	-	-
(5) Baht loan from a bank, with a facility of Baht 298 million ^(a) repayable quarterly from June 2014 to March 2022, at an interest rate as follows:				
2016 onwards: MLR less 1% per annum	82,729	114,729	-	-
(6) Baht loan from a bank, with a facility of Baht 175 million, repayable quarterly from January 2017 to October 2023, at an interest rate as follows:				
2015 onwards: MLR less 1%, 1.25% and 1.5% per annum	157,500	169,500	-	-
(7) Baht loan from a bank, with a facility of Baht 100 million, repayable quarterly from December 2016 to September 2022, at an interest rate as follows:				
2015 onwards: MLR less 1% and 1.25% per annum	48,000	64,000	-	-
(8) Baht loan from a bank, with a facility of Baht 600 million ^(a) repayable quarterly from June 2016 to March 2021, at an interest rate as follows:				
2015 onwards: MLR less 0.75% and 1.25% per annum	158,000	282,294	-	-
(9) Baht loan from a bank, with a facility of Baht 900 million ^(a) repayable quarterly from August 2018 to August 2022, at an interest rate as follows:				
2015 onwards: MLR less 0.75% and 1.25% per annum	367,041	365,840	-	-
(10) Baht loan from a bank, with a facility of Baht 800 million repayable quarterly from October 2018 to May 2030, at an interest rate as follows:				
2018 -2022: MLR less 1.5% per annum				
2023 onwards: MLR less 1.25% per annum	799,000	500,000	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(11) Baht loan from a bank, with a facility of Baht 300 million repayable quarterly from December 2019 to July 2031, at an interest rate as follows: 2018 onwards: MLR less 1.25% and 1.50% per annum	131,182	250,156	-	-
(12) Baht loan from a bank, with a facility of Baht 450 million repayable quarterly from August 2017 to May 2023, at an interest rate as follows: 2016 onwards: MLR less 1.0%, 1.25% and 1.5% per annum	323,000	389,000	-	-
(13) Baht loan from a bank, with a facility of Baht 335 million repayable quarterly from November 2019 to August 2027, at an interest rate as follows: 2019 onwards: MLR less 1.25% and 1.5% per annum	115,500	-	-	-
(14) Baht loan from a bank, with a facility of Baht 100 million ^(a) repayable quarterly from August 2020 to August 2023, at an interest rate as follows: 2019 onwards: MLR less 1.25% and 1.5% per annum	32,000	-	-	-
(15) Baht loan from a bank, with a facility of Baht 400 million repayable quarterly from February 2020 to November 2027, at an interest rate as follows: 2019 onwards: MLR less 1.25% and 1.5% per annum	298,016	-	-	-
(16) Baht loan from a bank, with a facility of Baht 75 million repayable quarterly from July 2019 to April 2026, at an interest rate as follows: 2019 onwards: MLR less 1.25% and 1.5% per annum	74,000	-	-	-
(17) Baht loan from a bank, with a facility of Baht 400 million ^(a) repayable yearly from December 2020 to December 2024, at an interest rate as follows: 2019 onwards: MLR less 1.25% and 1.5% per annum	329,000	-	-	-
Total long-term loans from financial institutions	<u>4,858,327</u>	<u>2,997,194</u>	<u>1,363,809</u>	<u>74,125</u>
MLR: Minimum Lending Rate				

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

Movement of the long-term loan account during the year ended 31 December 2019 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	2,997,194	74,125
Add: Additional borrowings	2,625,575	1,293,559
Less: Repayment	(764,442)	(3,875)
Balance as at 31 December 2019	<u>4,858,327</u>	<u>1,363,809</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The additional borrowings during the year are for the property development projects, hotel renovation and dividend payment.

The loans are secured by mortgage of plots of land and buildings of its subsidiaries, as described in Notes 12, 19, 20. The loan in (10) above is guaranteed by a subsidiary and the pledge of 10 million ordinary shares of Thai Wah Public Company Limited.

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

As at 31 December 2019, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 936 million (2018: Baht 555 million).

26. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	2019			2018		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Balance at beginning of year	41,994	23,499	65,493	33,846	21,322	55,168
Included in profit or loss:						
Current service cost	4,168	1,205	5,373	2,077	2,186	4,263
Interest cost	575	523	1,098	524	486	1,010
Past service costs and gains or losses on settlement	7,132	-	7,132	-	-	-
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	-	-	-	742	742
Financial assumptions changes	-	-	-	-	(1,546)	(1,546)
Experience adjustments	-	-	-	-	6,987	6,987
Included in other comprehensive income:						
Actuarial loss arising from						
Demographic assumptions changes	-	-	-	341	-	341
Financial assumptions changes	-	-	-	341	-	341
Experience adjustments	-	-	-	10,695	-	10,695
Benefits paid during the year	(1,375)	(3,392)	(4,767)	(5,830)	(6,678)	(12,508)
Balance at end of year	<u>52,494</u>	<u>21,835</u>	<u>74,329</u>	<u>41,994</u>	<u>23,499</u>	<u>65,493</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Thousand Baht)

	Separate financial statements					
	2019			2018		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Balance at beginning of year	14,577	1,693	16,270	13,446	1,341	14,787
Included in profit or loss:						
Current service cost	1,255	79	1,334	184	123	307
Interest cost	79	41	120	88	41	129
Past service costs and gains or losses on settlement	2,050	-	2,050	-	-	-
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	-	-	-	89	89
Financial assumptions changes	-	-	-	-	(185)	(185)
Experience adjustments	-	-	-	-	836	836
Included in other comprehensive income:						
Actuarial loss arising from						
Demographic assumptions changes	-	-	-	84	-	84
Financial assumptions changes	-	-	-	84	-	84
Experience adjustments	-	-	-	2,646	-	2,646
Benefits paid during the year	-	(136)	(136)	(1,955)	(552)	(2,507)
Balance at end of year	17,961	1,677	19,638	14,577	1,693	16,270

On 5 April 2019, the Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 7 million (The Company only: Baht 2 million) as a result. The Group recorded the effect of the change by recognising past service costs as expenses in the income statement for the second quarter of the current year.

As at 31 December 2019, cumulative actuarial gains (net of actuarial losses) of post-employment benefits, which were recognised in other comprehensive income of the Group and recognised as a part of retained earnings as at 31 December 2019, amounted to Baht 10 million (2018: Baht 10 million) (the Company only: Cumulative actuarial loss Baht 1 million and 2018: cumulative actuarial gain Baht 1 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Group expects to pay Baht 22 million of long-term employee benefits during the next year (the Company only: Baht 13 million) (2018: Baht 20 million, the Company: Baht 13 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 10 years (the Company only: 10 years) (2018: 10 years, the Company only: 10 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate (% per annum)	2.75	2.75	2.75	2.75
Salary increase rate (% per annum)	3.25	3.25	3.25	3.25
Gold price (Baht)	18,500	18,500	18,500	18,500

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 are summarised below:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(947)	985	(108)	113
Salary increase rate (+/-1.00%)	1,673	(1,535)	232	(213)
Gold Price (+/- 1,000 Baht)	422	(422)	32	(32)

27. Provision for legal cases

	(Unit: Thousand Baht) Consolidated financial statement	
	2019	2018
Balance at beginning of year	20,682	41,018
Increase	1,668	20,682
Settlement	(4,036)	(10,000)
Reversal	-	(31,018)
Balance at end of year	18,314	20,682

	(Unit: Thousand Baht) Consolidated financial statement	
	2019	2018
Current	-	-
Non-current	18,314	20,682
	18,314	20,682

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

28. Capital reserve

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

29. Revaluation surplus

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

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
Balance - beginning of year	4,790,813	4,799,913	139,043	142,719
Addition of revaluation surplus on assets	809,898	-	2,270	-
Reversal of revaluation surplus on disposal of assets	(19,770)	(9,100)	-	(3,676)
Balance - end of year	5,580,941	4,790,813	141,313	139,043

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

30. Statutory reserve

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31. Revenue from contracts with customers

31.1 Disaggregated revenue information

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	2019	2018 (Restated)	2019	2018 (Restated)
Revenue from contract with customers:				
Revenue from hotel operations	3,356,259	3,572,748	36,297	37,371
Revenue from property development operations	2,568,163	1,705,618	350	629
Revenue from office rental operations - service income	21,979	19,937	2,481	2,780
Management fee income	4,633	2,553	107,432	97,233
Total revenue from contract with customers	5,951,034	5,300,856	146,560	138,013
Revenue from office rental operations - rental income	69,204	78,730	19,096	18,559
Interest income	38,194	31,368	73,143	41,694
Dividend income	-	-	1,037,831	28,271
Gain on change in fair value of investment properties	86,510	50,618	7,428	-
Other	12,879	16,865	1,515	5,079
Total revenue	6,157,821	5,478,437	1,285,573	231,616
Timing of revenue recognition:				
Revenue recognised at a point in time	5,799,271	5,112,700	36,647	38,000
Revenue recognised over time	151,763	188,156	109,913	100,013
Total revenue from contracts with customers	5,951,034	5,300,856	146,560	138,013

31.2 Contract balances and revenue recognised in relation to contract balances

As at 31 December 2019 and 2018, the Group had significant contract balances and revenue recognised in relation to contract balance from hotel and property development operations, which are summarised below.

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial statements	
	2019	2018	2019	2018
Revenue recognised that was included in contract liabilities at the beginning of the year	547,433	503,069	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2019, the Group has revenue from property development operations of Baht 3,086 million which is expected to be recognised as revenue over the next 3 years (2018: Baht 3,279 million which is expected to be recognised as revenue over the next 2 years) as construction of development properties progress.

32. Other income

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
Interest income	38,194	31,368	73,143	41,694
Dividend income	-	-	1,037,831	28,271
Gain on revaluation of investment properties (Note 19)	86,510	50,618	7,428	-
Management fee income	4,633	2,553	107,432	97,233
Other	12,879	16,865	1,515	5,079
Total	142,216	101,404	1,227,349	172,277

33. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
	(Restated)			
Salaries, wages and other employee benefits	1,037,431	1,139,368	108,021	107,380
Depreciation	411,755	375,532	8,314	8,006
Rental expenses from operating lease agreements	205,064	252,381	32,783	32,974
Repairs and maintenance	180,553	173,493	2,525	4,759
Water and electricity	216,093	209,690	4,830	4,630
Management, incentive fee and royalty fees	179,444	173,598	-	-
Commission	173,378	165,586	-	-
Sales and marketing expenses	334,806	280,379	1,274	(349)
Food and beverage cost	337,395	339,818	-	-
Increase in land and construction during the year	1,809,520	962,142	-	-
Change in property development cost	(323,058)	170,639	-	15,728

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

34. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(Restated)			
Current income tax:				
Current income tax charge	82,076	91,525	-	-
Adjustment in respect of income tax of previous year	4,122	5,318	-	-
Write off prepaid withholding tax	-	890	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	138,320	29,897	(492)	(9,869)
Income tax expense reported profit or loss	224,518	127,630	(492)	(9,869)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax relating to actuarial loss	-	(2,275)	-	(563)
Deferred tax relating to revaluation surplus on assets	203,093	-	568	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(Restated)			
Accounting profit before income tax	582,723	210,857	1,019,764	(29,669)
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	116,452	42,241	203,953	(5,934)
Adjustment in respect of income tax of previous year	4,122	5,318	-	-
Write off prepaid withholding tax	-	890	-	-
Effects of:				
Gain on sales of investments in subsidiaries in the Group	19,002	43,799	-	-
Gain on sales of land in subsidiaries in the Group	21,608	-	-	-
Gain on conversion of loan to share capital of subsidiaries in the Group	12,647	-	-	-
Dividend income	5,008	-	(207,566)	(5,654)
Unused tax losses	34,585	28,378	-	-
Non-taxable expenses	11,094	7,004	3,121	1,719
Total	103,944	79,181	(204,445)	(3,935)
Income tax expense reported in profit or loss	224,518	127,630	(492)	(9,869)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(Unit: Thousand Baht)

	Statements of financial position	
	Consolidated financial statements	
	2019	2018
		(Restated)
Deferred tax assets (liabilities)		
Unutilised tax losses	97,714	185,565
Provision for long-term employee benefits	14,942	10,297
Intercompany charges to property development cost and property, plant and equipment	15,360	18,655
Other items of deferred tax assets	31,428	23,311
Revaluation surplus on assets	(1,675,714)	(1,582,870)
Temporary differences arising from revenue and cost recognition	(882,500)	(760,394)
Gain on revaluation of investment properties	(223,497)	(175,418)
Net deferred tax liabilities	(2,622,267)	(2,280,854)
Reflected in the statements of financial position as follows:		
Deferred tax assets	54,198	78,025
Deferred tax liabilities	(2,676,465)	(2,358,879)
Deferred tax liabilities, net	(2,622,267)	(2,280,854)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Thousand Baht)

	Statements of financial position	
	Separated financial statements	
	2019	2018
Deferred tax assets (liabilities)		
Unutilised tax losses	15,965	18,892
Provision for long-term employee benefits	3,928	3,254
Other items of deferred tax assets	1,011	1,116
Revaluation surplus on assets	(21,185)	(21,211)
Temporary differences arising from		
revenue recognition	(80,525)	(84,431)
Gain on revaluation of investment properties	(26,047)	(24,397)
Net deferred tax liabilities	106,853	(106,777)

As at 31 December 2019, the Group has unused tax losses totaling Baht 452 million (2018: Baht 266 million), on which deferred tax assets have not been recognised on these amounts as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
31 December 2019	-	51,215	-	-
31 December 2020	95,219	54,699	-	-
31 December 2021	96,617	38,091	-	-
31 December 2022	112,668	67,832	-	-
31 December 2023	125,136	53,895	-	-
31 December 2024	21,911	-	-	-
	451,551	265,732	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

35. Basic earnings per share

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

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(Restated)			
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	364,101	87,697	1,020,256	(19,800)
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	2.18	0.53	6.12	(0.12)

36. Provident fund

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

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

(Unit: Million Baht)

	Fund Manager		Company's contribution in	
	Operation staffs	Office staffs	2019	2018
Laguna Resorts & Hotels Public Company Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	2.9	2.9
Laguna Grande Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	0.9	1.1
Bangtao Grande Limited	SCB Asset Management	-	4.2	4.2
	Company Limited			
Laguna Banyan Tree Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	6.6	6.3
Banyan Tree Gallery (Thailand) Limited	-	MFC Asset Management Plc.	0.6	0.9
Banyan Tree Gallery (Singapore) Pte Ltd.	-	Central Provident Fund Board	1.1	1.3
Laguna Service Company Limited	-	MFC Asset Management Plc.	2.2	2.2
Laguna Holiday Club Limited	-	MFC Asset Management Plc.	0.8	0.9
Thai Wah Plaza Limited	TISCO Assets Management	MFC Asset Management Plc.	4.1	4.4
	Company Limited			
Laguna Village Limited	MFC Asset Management Plc.	-	-	0.7
Laguna Excursions Limited	-	MFC Asset Management Plc.	0.3	0.3
Phuket Grande Resort Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	0.9	1.2
(Formerly known as "Phuket Resort Development Limited")				

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37. Dividends

Dividends declared in 2019 and 2018 consisted of:

Dividend	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends on retained earnings for the period ended 30 September 2019	Board of Directors' Meeting on 20 November 2019	1,500.14	9.00
Dividends on retained earnings for the year ended 31 December 2018	Annual General Meeting of the shareholders on 26 April 2019	68.33	0.41
Total for 2019		1,568.47	9.41
Dividends on retained earnings for the year ended 31 December 2017	Annual General Meeting of the shareholders on 27 April 2018	63.34	0.38
Total for 2018		63.34	0.38

38. Commitments

Capital commitment

As at 31 December 2019, the Group has capital commitments as follows:

- (a) The subsidiaries have commitments in respect of constructing new and renovating existing hotel properties and office rental amounting to Baht 119 million (2018: Baht 162 million).
- (b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 1,396 million (2018: Baht 894 million).
- (c) During the second quarter of 2019, a subsidiary entered into two sale and purchase agreements for land with unrelated persons, area of 13 rai 66.6 square wah, totaling Baht 99 million. The subsidiary paid deposit of Baht 74 million and the remaining Baht 25 million shall be paid within February 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Operating agreements

As at 31 December 2019, the Group has operating agreements as follows:

- (a) The subsidiaries have entered into operating agreements with certain companies whereby these companies are to operate the subsidiaries' hotels and golf businesses. In consideration of such services, the subsidiaries are committed to pay remuneration at the rates, terms and basis specified in the agreements. These agreements are summarised below:

Company	Business unit	Operator	Contract period	Fees
Bangtao Grande Limited	Angsana Laguna Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 30.11.2031	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 30.11.2031	- Management fee: 10% of gross operating profit
	Angsana Villas Resort Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.8.2016 - 31.7.2041	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.8.2016 - 31.7.2041	- Management fee: 7.5% of gross operating profit
	Laguna Holiday Club Phuket Resort	Banyan Tree Hotels & Resorts Pte. Limited	19.10.2015 - 18.10.2035	- Royalty fee: 2% of total revenue
			19.10.2015 - 18.10.2035	- Management fee: 7.5% of gross operating profit
			(c)	
			(a)	
Laguna Banyan Tree Limited	Banyan Tree Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.1.2016 - 31.12.2025	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.1.2016 - 31.12.2025	- Technical fee: 7.5% of gross operating profit
			(a)	
Thai Wah Plaza Limited	Banyan Tree Bangkok	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 31.12.2021	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2021	- Management fee: 10% of gross operating profit
			(b)	
Phuket Grande Resort Limited (Formerly known as Phuket Resort Development Limited)	Cassia Phuket	Banyan Tree Hotels & Resorts Pte. Limited	20.10.2015 - 19.10.2040	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	20.10.2015 - 19.10.2040	- Management fee: 7.5% of gross operating profit
			(c)	
Banyan Tree Gallery (Singapore) Pte. Limited	Gallery	Banyan Tree Hotels & Resorts Pte. Limited	1.1.2009 onwards	- Royalty fee: 1% of total revenue
Banyan Tree Gallery (Thailand) Limited	Gallery	Banyan Tree Hotels & Resorts Pte. Limited	1.1.2009 onwards	- Royalty fee: 1% of total revenue

(a) Operator has option to extend for 1 additional period of 10 years.

(b) Operator has option to extend for 1 additional period of 20 years.

(c) Either party may extend the contract period for another 20 years with indefinite number of extension.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (b) The Group has commitments in respect of cash rewards options for villa/unit rental scheme agreements. The cash reward options are included fix return or variable return based on actual hotel revenue or hotel profit. The terms of the agreements are generally 2 - 3 years.

As at 31 December 2019 and 2018, future minimum payments required under these agreements were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Payable within:				
In up to 1 year	23	10	4	5
In over 1 and up to 5 years	46	8	4	7

During the year 2019, the Group recognised rental expenses of Baht 22 million (2018: Baht 19 million) (the Company only: Baht 5 million and 2018: Baht 5 million).

Servitude over land

As at 31 December 2019, some subsidiaries have land servitudes of approximately 11 rai (2018: 11 rai) in Phuket province, which are presented under property development cost and property, plant and equipment.

39. Guarantees

As at 31 December 2019, there were bank guarantees amounting to Baht 50 million (the Company only: Baht 0.4 million) issued to various parties on behalf of the Group, mainly provided for the usage of electricity, other utilities and telecommunication channels (2018: Baht 58 million, the Company only: Baht 2 million).

40. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its products and services and have the reportable segments as follows:

- Hotel business segment relates to hotel and restaurant operations including other relating businesses such as golf club and sales of merchandise.
- Property development segment relates to property sales and sale of holiday club memberships.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Office rental segment relates to rental and service from lands and buildings which managements manage for lease.
- Head office segment relates to expenses incurred by corporate office and is not allocated to other operating segments.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Group's operating segments for the years ended 31 December 2019 and 2018, respectively.

Intersegment revenues are eliminated on consolidation.

(Unit: Million Baht)

	For the year ended 31 December 2019				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,552	2,574	104	-	6,230
Intersegment revenues	(196)	(6)	(13)	-	(215)
Revenue from external customers	3,356	2,568	91	-	6,015
Results:					
Segment results	4	701	21	(158)	568
Unallocated income					104
Profit from operations and other income					672
Interest income	2	36	-	-	38
Finance cost	(92)	(21)	-	(19)	(132)
Share of profit from investments in associates					5
Profit before income tax expenses					583
Income tax expenses	(33)	(154)	(4)	(40)	(225)
Profit for the year					358
Other segment information					
Depreciation of property, plant and equipment	387	15	3	7	412
Amortisation of leasehold rights	-	2	-	-	2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Million Baht)

For the year ended 31 December 2018 (restated)					
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,774	1,713	112	-	5,599
Intersegment revenues	(202)	(7)	(13)	-	(222)
Revenue from external customers	3,572	1,706	99	-	5,377
Results:					
Segment results	147	151	26	(122)	202
Unallocated income					70
Profit from operations and other income					272
Interest income	2	29	-	-	31
Finance cost	(104)	(46)	-	(8)	(158)
Share of profit from investments in associates					66
Profit before income tax expenses					211
Income tax expenses	(42)	(41)	(5)	(40)	(128)
Profit for the year					83
Other segment information					
Depreciation of property, plant and equipment	355	11	3	7	376
Amortisation of leasehold rights	-	2	-	-	2

Revenue from external customers is based on locations of the customers.

(Unit: Million Baht)

	2019	2018 (Restated)
Revenue from external customers		
Thailand	5,966	5,334
Others	49	43
Total	6,015	5,377
Non-current assets other than financial instruments and deferred tax assets		
Thailand	14,982	13,147
Others	51	55
Total	15,033	13,202

For the years 2019 and 2018, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

41. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	1,411	1,411
Property, plant and equipment - land and building	-	-	11,748	11,748
Assets disclosed at fair values				
Investment in associate - Thai Wah Plc.	369	-	-	369

(Unit: Million Baht)

	Separate financial statements			
	31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	182	182
Property, plant and equipment - land and building	-	-	24	24
Assets disclosed at fair values				
Investment in associate - Thai Wah Plc.	369	-	-	369

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	1,233	1,233
Property, plant and equipment - land and building	-	-	10,334	10,334
Assets disclosed at fair values				
Investment in associate - Thai Wah Plc.	733	-	-	733

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Million Baht)

	Separate financial statements			
	31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	184	184
Property, plant and equipment - land and building	-	-	15	15
Assets disclosed at fair values				
Investment in associate - Thai Wah Plc.	733	-	-	733

42. Financial instruments

42.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables and payables, loans, investments, short-term loans and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable from the hotel, space rental, and property development businesses. However, due to the large number and diversity of the entities comprising the Group's customer base, the Group does not anticipate material losses from debt collection.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to their deposits with financial institutions, trade accounts receivable, long-term trade accounts receivable, bank overdrafts and loans. Most of the Group's financial assets and liabilities have floating interest rates or fixed interest rates which are close to the market interest rates. The Group does not use derivative financial instruments to hedge such risk.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2019					
	Fixed interest rates					
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	649	7	656	0.22 - 0.60
Current investments	14	-	-	-	14	0.90
Trade and other receivables	261	-	1	553	815	3.00 - 7.00
Long-term fixed deposit	-	2	-	-	2	1.45
Long-term trade accounts receivable	-	796	1	-	797	3.00 - 7.00
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	1,163	1,163	-
Short-term loans from financial institutions	-	-	1,117	-	1,117	2.40 - 6.00
Long-term loans from financial institutions	-	-	4,858	-	4,858	4.53 - 5.53
Long-term loans from related company	-	-	27	-	27	1.50

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2019					
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
<u>Financial assets</u>						
Cash and cash equivalents	-	-	22	-	22	0.25 - 0.375
Trade and other receivables	-	-	-	64	64	-
Long-term fixed deposit	-	2	-	-	2	1.45
Long-term loans to subsidiaries	-	-	1,906	-	1,906	5.53
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	39	39	-
Short-term loans from financial institution	-	-	650	-	650	3.53 - 3.60
Long-term loans from subsidiaries	-	-	173	-	173	1.85 - 6.58
Long-term loans from financial institution	-	-	1,364	-	1,364	4.53 - 4.78

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2018						
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
<u>Financial assets</u>						
Cash and cash equivalents	-	-	594	8	602	0.25 - 0.85
Current investments	14	-	-	-	14	0.90
Trade and other receivables	176	-	10	450	636	3.00 - 12.00
Long-term fixed deposit	-	2	-	-	2	0.90
Long-term trade accounts receivable	-	487	1	-	488	3.00 - 12.00
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	886	886	-
Short-term loans from financial institutions	-	-	450	-	450	3.63
Long-term loans from financial institutions	-	-	2,997	-	2,997	4.53 - 5.28

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2018						
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
<u>Financial assets</u>						
Cash and cash equivalents	-	-	23	-	23	0.25 - 0.375
Trade and other receivables	-	-	-	63	63	-
Long-term fixed deposit	-	2	-	-	2	0.90
Long-term loans to subsidiaries	-	-	987	-	987	4.37
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	34	34	-
Short-term loans from financial institution	-	-	240	-	240	3.63
Long-term loans from subsidiaries	-	-	434	-	434	2.10 - 6.95
Long-term loans from financial institution	-	-	74	-	74	4.53

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. In addition to those transactional exposures, the Group is also exposed to the effect of foreign exchange movements on its investment in foreign subsidiaries and associates, which currently are not hedged by any derivative financial instrument.

The balances of the Group's financial assets and liabilities denominated in foreign currencies are summarised below.

	Consolidated financial statements				Separate financial statements					
	Financial assets		Financial liabilities as at		Financial assets		Financial liabilities as at		Average exchange rate as at	
	as at		liabilities as at		as at		liabilities as at		Average exchange rate as at	
	31 December		31 December		31 December		31 December		31 December	
Foreign currency	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	1	2	-	-	-	-	-	-	30.1084	32.4036

42.2 Fair value of financial instruments

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash at banks, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
- For short-term and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

43. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at 31 December 2019, the Group's debt-to-equity ratio was 0.93:1 (2018: 0.64:1) and the Company's was 0.48:1 (2018: 0.17:1).

44. Litigation

- 44.1 A case was brought to the Phuket Provincial Court since 2004 in which a contractor (the plaintiff) sued a subsidiary and claimed for compensation and damages from the subsidiary. The plaintiff referred in the plaint that the plaintiff entered into construction contracts with the subsidiary in order to construct 24 houses in Laguna Townhomes II project. The plaintiff completed some of the construction and received some payments from the subsidiary. The construction could not be completed within the completion date of the contracts, therefore, the subsidiary terminated the contract. The plaintiff claimed that the subsidiary did not pay the plaintiff the last 10 payments of their work and did not return the retention to the plaintiff. The subsidiary countered that the plaintiff did not complete the work on the schedule and the subsidiary had to hire another contractor to complete their work. The subsidiary had to pay extra amount to the new contractor, therefore, the subsidiary did not have to pay the plaintiff for the uncompleted work and to return the retention.

In December 2017, the Phuket Provincial Court ordered the subsidiary to return Baht 3.7 million to the plaintiff plus interest 7.5% from the plaint date until the subsidiary has made full payment.

On 18 December 2018, the subsidiary placed Baht 17 million to the Phuket Provincial Court as security for the amount awarded by the Appeal Court.

On 18 February 2019, the subsidiary submitted the appeal statement to the Supreme Court. This case is now pending on the Supreme Court's consideration.

As at 31 December 2019, the subsidiary set aside a provision of Baht 17 million for liabilities arising as a result of this case (2018: Baht 17 million).

- 44.2 A subsidiary was sued from 11 time-share members for the breaching of agreements and requested for refunds. The Phuket Provincial Court ordered the subsidiary to pay 11 members in the total amount of Baht 2.5 million plus interest 7.5% from the plaint date until the subsidiary has made full payment. However, the Appeal Court reversed the judgement of the Phuket Provincial Court and dismissed the case.

On 11 July 2018, the Supreme Court granted the request to appeal the Appeal Court's judgement of the plaintiff and accepted this case on their consideration.

In October 2019, the Supreme Court revised the judgement of the Appeal Court and confirmed the judgement of the Phuket Provincial Court instead. Therefore, the Supreme Court ordered the subsidiary to pay 11 LHC's member in the total amount of Baht 2.5 million plus interest 7.5% from the plaint date until the subsidiary has made full payment.

In December 2019, the subsidiary has already placed all payment to the Court.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

44.3 Two subsidiaries were sued by a former buyer of property sales project and claimed for refund of her payment in the amount of Baht 4.1 million plus interest 15% calculated from Baht 2.9 million from the plaint date.

On 15 August 2018, the Phuket Provincial Court ordered both subsidiaries to return Baht 1.4 million to the plaintiff plus interest 7.5% from the plaint date until both subsidiaries have made full payment.

On 26 February 2019, the Appeal Court confirmed the judgement of the Phuket Provincial Court.

On 21 June 2019, the subsidiaries submitted the appeal statement to the Supreme Court. This case is now pending on the Supreme Court's consideration.

As at 31 December 2019, the subsidiaries set aside a provision of Baht 1.7 million for liabilities arising as a result of this case (2018: Nil).

44.4 The Company was sued by a former shop lessee that the Company has breached the lease agreement and claimed for compensation of Baht 3.9 million plus interest 7.5% from the plaint date. However, the Phuket Provincial court and the Appeal court dismissed the case. This case is now pending on the Supreme Court's consideration. The Company does not set up provision for this case.

45. Event after reporting period

On 25 February 2020, the meeting of the Company's Board of Directors passed the resolution to propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from the retained earnings as at 31 December 2019. The dividend will be paid by cash at the rate of Baht 0.43 per share. The payment of the final dividend is dependent on approval being granted by the shareholders.

46. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2020.

Auditor's Remuneration for the fiscal year ended 31 December 2019

Audit fees

The Company and subsidiaries paid audit fees for the fiscal year to an audit firm which amounted to Baht 8,715,000 and subsidiaries paid audit fees to other audit firms which amounted to Baht 846,882. This amount does not include the audit fees paid by associated companies.

Non-audit fees

There is no non-audit fees for agreed upon procedures of net sales and other consultant fees for the fiscal year paid to other audit firms by the Company and subsidiaries. There is no outstanding commitment to pay any fees in the future for uncompleted engagements relating to the year 2019.

REFERENCES

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-None-

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Siam Commercial Bank Public Company Limited,
Thanon Sathon Branch
Siam Commercial Bank Public Company Limited, Phuket Branch
Kasikorn Bank Public Company Limited, Head Office
Kasikorn Bank Public Company Limited, Silom Main Branch
Bangkok Bank Public Company Limited, Head Office
Bangkok Bank Public Company Limited, Silom Branch

Other Material Information

-None-

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Email: reservations-phuket@cassia.com

Laguna Hoilday Club Phuket Resort

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Facsimile: 66 (0) 7627 1853
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Angsana Villas Resort Phuket

142, 142/3, Moo 6, Cherngtalay, Thalang, Phuket 83110, Thailand
Telephone: 66 (0) 7633 6900
Facsimile: 66 (0) 7633 6970
Email: reservations-villasresort@angsana.com

FACILITIES

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Thalang, Phuket 83110, Thailand
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Facsimile: 66 (0) 7632 4351
Email: golf@lagunaphuket.com

Canal Village

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Facsimile: 66 (0) 7636 2331
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suwitp@lagunaphuket.com

Laguna Tours

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Facsimile: 66 (0) 7636 2370
Email: tours@lagunaphuket.com

Laguna Property Sales

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Email: info@lagunaproperty.com

Laguna Rental Property

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Estate Services

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Laguna Holiday Club - Phuket

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Facsimile: 66 (0) 7636 2401
Email: info@lagunaholidayclub.com

Laguna Holiday Club - Bangkok

Thai Wah Tower 1, 7th Floor,
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Tungmahamek, Sathorn, Bangkok 10120, Thailand
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Laguna Service Company Limited

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Facsimile: 66 (0) 7627 1225, 66 (0) 7630 5643
Email: officer@lagunaphuket.com

Angsana Laguna Wedding Chapel

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Facsimile: 66 (0) 7627 1465
Email: weddings-lagunaphuket@angsana.com

Thai Wah Plaza Limited

Thai Wah Tower 1, 22nd and 24th floor,
21/65, 21/66 and 21/68 South Sathorn Road,
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Telephone: 66 (0) 2677 4455
Facsimile: 66 (0) 2285 0733

ABBREVIATIONS OF COMPANY

Abbreviations	Company Name in Full
AVCI	PT. AVC Indonesia
BGL	Bangtao Grande Limited
BI	Bibace Investments Ltd
BT1	Bangtao (1) Limited
BT2	Bangtao (2) Limited
BT3	Bangtao (3) Limited
BT4	Bangtao (4) Limited
BTC	Banyan Tree China Pte. Ltd.
BTL	Bangtao Laguna Limited (Formerly know as 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
PGR	Phuket Grande Resort Limited (Formerly know as Phuket Resort Development Limited)
PSD	Pai Samart Development Company Limited
TLDC	Talang Development Company Limited
TRL	Tropical Resorts Limited
TWL	Twin Waters Limited (Formerly know as 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

An aerial photograph of a beach. The top half of the image shows turquoise ocean water with white foam from a wave washing onto the shore. Below the water is a wide, flat expanse of white sand. The text is centered on the sand.

ANNUAL REPORT 2019

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PUBLIC COMPANY LIMITED