

**PART I**  
**BUSINESS OPERATION**

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

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

**1. POLICY AND BUSINESS OVERVIEW**

**1.1 Mission and Vision**

**Mission**

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

**Vision**

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

## **1.2 Milestones**

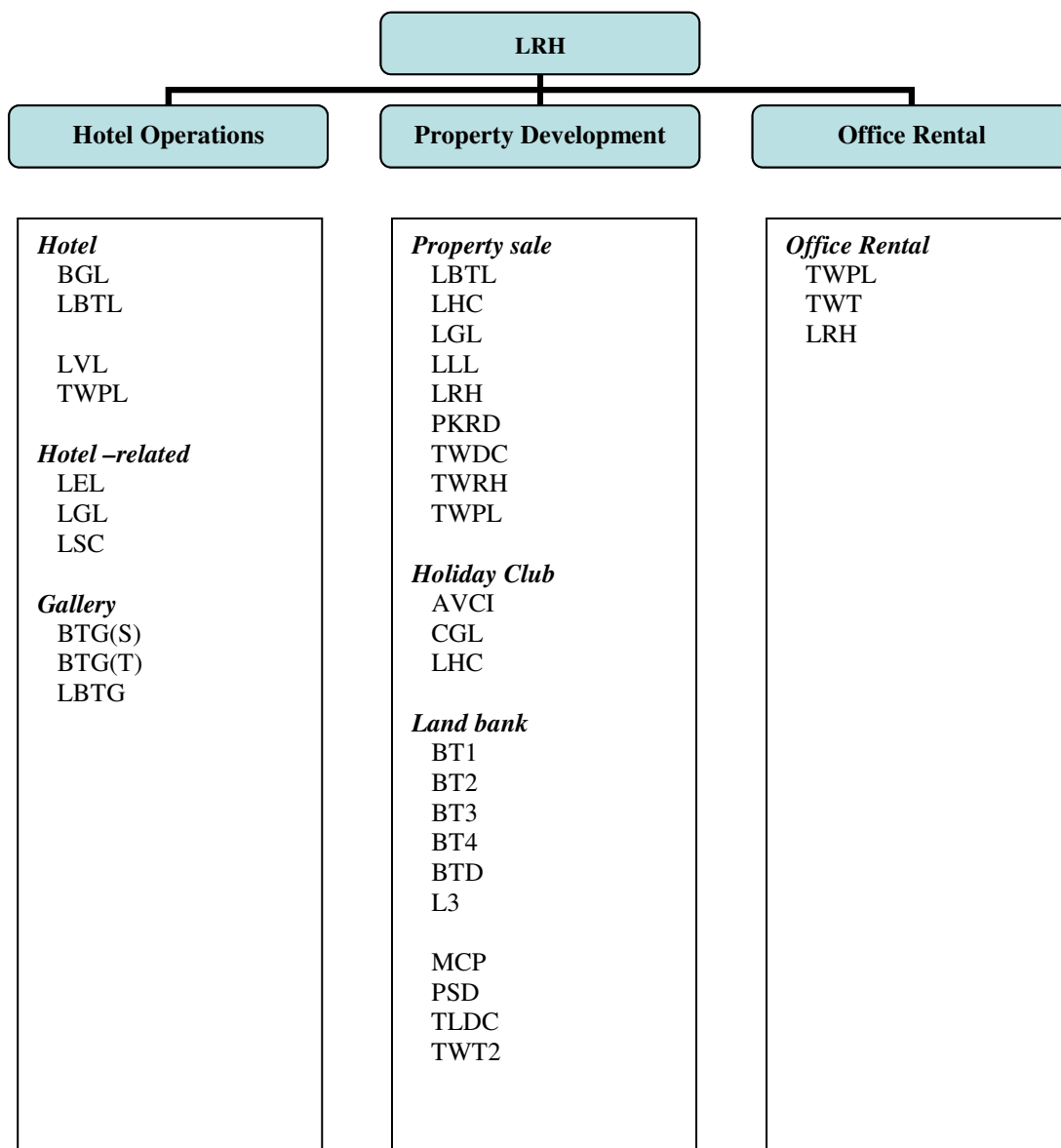
1987	Dusit Thani Laguna Phuket (formerly known as Dusit Laguna Resort) opened.
1991	Laguna Beach Resort opened.
1992	Sheraton Grande Laguna Phuket and the Laguna Phuket Golf Club opened.
1993	The Company listed on Stock Exchange of Thailand.  Property Sales operations commenced with the Allamanda condominium units.
1995	The resort's flagship hotel, Banyan Tree Phuket's Grand Opening.
1998	Laguna Holiday Club commenced operations.
2002	The Company acquired a large parcel of land adjacent to Laguna Phuket for future development opportunities.
2005	The Company acquired Thai Wah Plaza Limited which owns Banyan Tree Bangkok and commercial offices.
2006	Banyan Tree Lijiang, People's Republic of China and Laguna Holiday Club Phuket Resort opened. The latter is operated under the Holiday Club Business.
2008	The Company entered into an agreement to acquire additional land adjacent to Laguna Phuket for future development.
2009	The Company invested in the Banyan Tree Indochina Hospitality Fund which has developed an integrated resort in Hue, Vietnam.  Outrigger Laguna Phuket Resort & Villas commenced operations in December.
2010	Divestment of Dusit Thani Laguna Phuket Hotel in October.
2011	Divestment of Laguna Beach Resort in May.  Closure of the former Sheraton Grande Laguna Phuket in mid 2011 for a major renovation and rebranding and reopening of Angsana Laguna Phuket in December.
2012	Laguna Phuket celebrated its 25 <sup>th</sup> anniversary.

## **1.3 Corporate Structure**

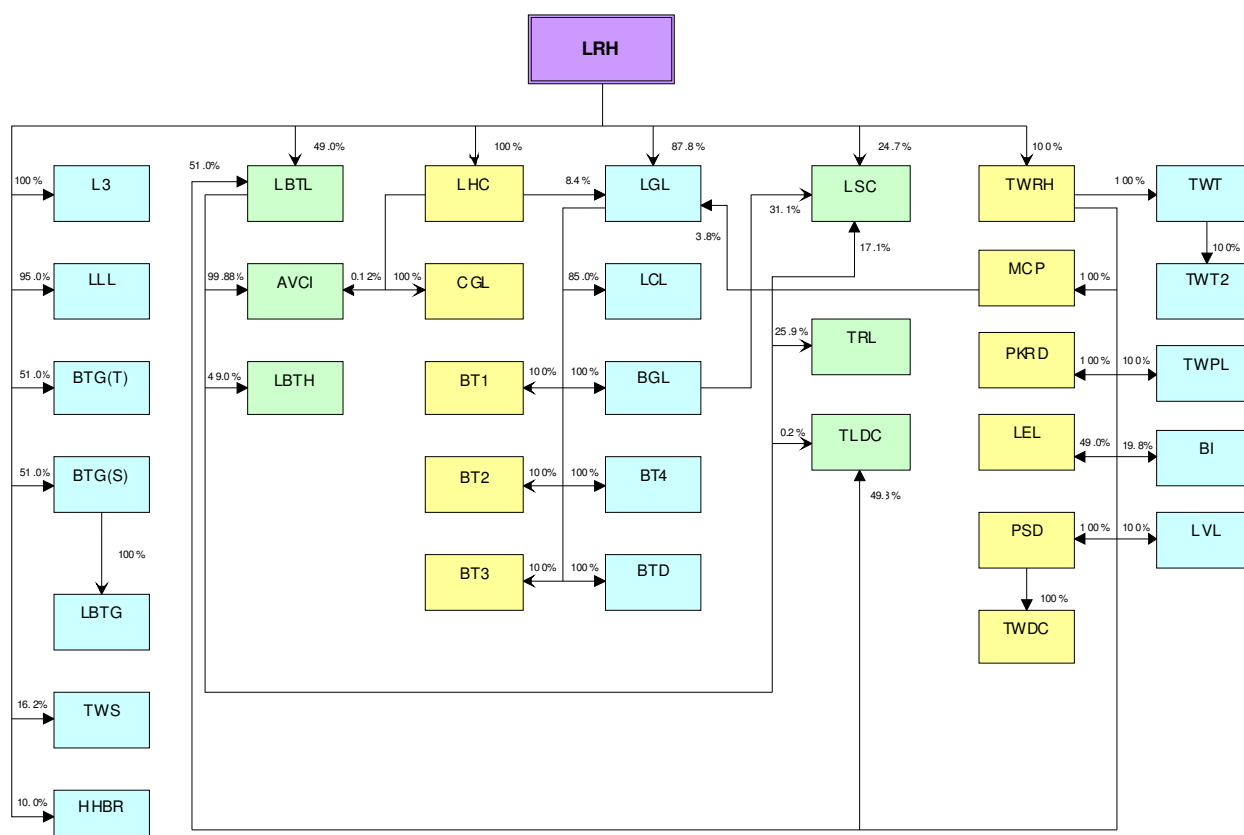
The key businesses of the Company are hotels, property development and office rental. The Company's major business investment largely revolves around the operation and management of the integrated resort of Laguna Phuket, located on the island of Phuket in Thailand, as well as its Banyan Tree hotel and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

**Segment information**

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



## Corporate Structure as at 31 December 2013



### Remark

Full company names of Abbreviations are shown in Attachment 6

#### 1.4 Business Relationship with Major Shareholders

Banyan Tree Holdings Limited (BTH) is a listed company in the Singapore Exchange operating as a leading manager and developer of premium resorts, hotels and spas in the Asia-Pacific. It is a major shareholder holding 65.8 percent in aggregation of both direct and indirect of the total shares issued and paid-up of the Company. BTH is also a major shareholder holding (both directly and indirectly) more than 10 percent of the shares in several subsidiaries and one associate of the Company.

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

## **2. NATURE OF THE BUSINESS**

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

### **2.1 Type of Business and Income Structure**

#### **2.1.1 Types of Business**

##### **Hotel Operations**

##### **Hotels**

The Group has ownership in 3 hotels in Phuket and 1 hotel in Bangkok all of which are top-tier and luxury properties. The Group also has ownership in the 4<sup>th</sup> hotel (as shown in the below table) in Phuket but for accounting purpose the hotel is classified under the Holiday Club Business. Each of the hotels offer deluxe and superior suites, exclusive villas and residences 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 and some units are sold as holiday club membership.

<b>Hotel</b>	<b>Location</b>	<b>Opening year</b>	<b>Number of rooms owned by LRH Group (in operation)*</b>	<b>Company (% held by LRH Group)</b>	<b>Operator</b>
Angsana Laguna Phuket	Bangtao, Phuket	2011	323 (409)	BGL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Banyan Tree Phuket	Bangtao, Phuket	1995	116 (173)	LBTL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Outrigger Laguna Phuket Resort & Villas	Bangtao, Phuket	2009	16 (55)	LVL (100%)	Outrigger Hotels (Thailand) Limited.
Laguna Holiday Club Phuket Resort**	Bangtao, Phuket	2006	44 (79)	LHC (100%)	Owner-operated
Banyan Tree Bangkok	Sathorn, Bangkok	2002 (purchased in 2005)	293 (325)	TWPL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited

\* The number of rooms shown in parenthesis include those owned by the Company 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 Operations**

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

<b>Hotel – related operations</b>	<b>Opening year</b>	<b>Company (% held by LRH Group)</b>	<b>Type of business/ facilities</b>
Laguna Service	1991	LSC (72.9%)	Provides essential services such as laundry, water supply, inter-resort transport, landscaping, common area maintenance, marquee facilities, a gas station, staff transportation, centralised destination marketing and other centralised services for the Laguna Phuket hotels and ancillary operations.
Laguna Phuket Golf Club	1992	LGL (100%)	A resort style 18-hole golf course.
Quest	1994	LEL (49%)	A corporate training facility providing management groups with programs tailored to suit individual company goals. Quest also operates recreational programs for resort guests and children.
Laguna Tours	2007	LEL (49%)	Started operations by selling selected third party tours to Laguna Phuket guests. From mid 2008, Laguna Tours established its own operated tours offering speed boat tours and city tours as well as offering luxury boat charters.
Canal Village Laguna Shopping	1994	LRH	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%), LBTG (51%)	A chain of retail outlets specialising in indigenous handicrafts and spa products. There are 15 outlets worldwide operated under these companies, 6 of which are located within Laguna Phuket.
Laguna Wedding Chapel	2005	BGL (100%)	Thailand's first resort wedding chapel offering comprehensive wedding packages and well positioned to capture the lucrative wedding market.

## **Property Development Operations**

### **Property Sales**

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

<b>Project</b>	<b>Location</b>	<b>Type</b>	<b>Price (Million Baht)</b>
Laguna Village	Phuket	Residence Apartments, Condominiums	30 - 35 12 - 29
Laguna Shores	Phuket	Apartment	4-10
Laguna Park	Phuket	Condominium Townhome Detached Homes	3-5 7-10 12-15
Banyan Tree Phuket	Phuket	Double Pool Villa Two-Bedroom Pool Villa	68 - 98 60
Dusit Thani Pool Villas	Phuket	Two-Bedroom Pool Villa	29 - 35
Banyan Tree Bangkok	Bangkok	Apartments	29 - 35

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

### **Estate Service Management**

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

### **Holiday Club Business**

Laguna Holiday Club commenced operations in 1998 selling memberships that entitle participants to annual vacations at the participating member resorts of Laguna Holiday Club Phuket Resort, Best Western Allamanda Laguna Phuket, Angsana Laguna Phuket, Angsana Laguna Phuket Private Pool Residences, Angsana Resort & Spa Bintan, Chiang Mai Twin Peaks, Boathouse Hua Hin and View Talay Pattaya. Members also have access to over 4,000 resorts in

more than 100 countries through reciprocal arrangements with RCI and Interval International. Laguna Holiday Club currently has 1 sales office/branche located in Laguna Phuket.

### **Office Rental**

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

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

### **Overseas Investment in Hotels and Resorts**

Banyan Tree Lijiang, opened in 2006, is a joint venture company incorporated in the People's Republic of China between Laguna Banyan Tree Limited (LBTL), a wholly owned subsidiary of the Company, and Banyan Tree Holdings Limited (BTH). The property features 124 luxurious villas, restaurants, bar, spa complex, gallery shop, gym, and treks and tours.

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, LRH invests overseas through Tropical Resorts Limited (TRL) and Bibace Investments Ltd (BI) which invest in luxury resorts largely throughout the Pacific Rim area.

#### **2.1.2 Developments in 2013**

The Thai political situation was stable for the most part of 2013 and this was very conducive for the overall Thai hotel and tourism industry. As a result the Company's hotels in Phuket and Bangkok performed reasonably well in comparison to the previous year. The Laguna Phuket hotels hosted several large group meetings such as Nuskin, Herbal Life, BMW and wedding functions during the year.

The Company embarked on a full renovation of the 18-hole golf course which started from June 2013 and is expected to complete by December 2014. This will greatly enhance the standard of the golf course and will attract more members and hotel guests alike.

In the property segment, there was stronger interest in the Company's residential properties with a total sale of 168 properties amounting to a sales value of Baht 1,544 million. The company also launched a new project called "Laguna Park" comprising condominiums, townhomes and detached homes.



### 2.1.3 Future Plan

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

Going forward the Company will focus on residential property development as its impetus of growth and will also seek to continue to diversify its investment portfolio away from Phuket by identifying investment opportunities in other parts of Thailand and within the Southeast Asia region.

#### Hotels

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

#### Property Sales

The Company 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. To capture a wider range of the market, the Company is developing luxury but small and affordable housing. Examples are "Laguna Shores" which is an apartment project of less than 100 sqm each which was launched in 2012. In 2013 the Company launched "Laguna Park" which consists of landed housing and condominiums which are significantly smaller in size than what the Company developed in the past.

### 2.1.4 Income Structure

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

(Unit: Thousand Baht)

	2013	%	2012	%	2011	%
Revenue from Hotels	3,428,458	79	3,164,823	74	2,798,296	78
Revenue from Property Development	744,417	17	892,572	21	576,750	16
Revenue from Office Rental	88,543	2	92,397	2	85,527	2
Other Income	91,017	2	149,487	3	137,448	4
<b>Total Revenue</b>	<b>4,352,435</b>	<b>100</b>	<b>4,299,279</b>	<b>100</b>	<b>3,598,021</b>	<b>100</b>

The most significant lines of business of the Group are hotels and property development operations for which further details are provided below. Note 38 to the financial statements of the Company for the year ended 31 December 2013 (note 36 and 39 for the year ended 31

December 2012 and 2011 respectively) discloses the operating results by business segment in accordance with accounting standards and principles.

### **Hotel Operations – Overall**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Occupancy (%)</b>			
Laguna Beach Resort	-	-	79
Angsana Laguna Phuket *	73	56	60
Banyan Tree Phuket	68	69	57
Banyan Tree Bangkok	80	74	58
<b>Average – LRH Hotels</b>	<b>75</b>	<b>65</b>	<b>60</b>
<b>Average Room Rate (Baht)</b>			
Laguna Beach Resort	-	-	4,767
Angsana Laguna Phuket *	4,861	4,614	5,674
Banyan Tree Phuket	15,926	15,745	15,226
Banyan Tree Bangkok	3,792	3,672	3,711
<b>Average – LRH Hotels</b>	<b>6,372</b>	<b>6,488</b>	<b>6,684</b>
<b>Total Revenue (Thousand Baht)</b>			
Laguna Beach Resort	-	-	174,340
Angsana Laguna Phuket *	894,736	673,296	488,780
Banyan Tree Phuket	962,145	993,541	790,124
Banyan Tree Bangkok	889,732	804,982	644,502
<b>Total LRH Hotels</b>	<b>2,746,613</b>	<b>2,471,819</b>	<b>2,097,746</b>
Gallery operations	236,948	239,781	288,887
Other hotel-related operations	444,897	453,223	411,663
<b>Total Revenue of Hotel Operations</b>	<b>3,428,458</b>	<b>3,164,823</b>	<b>2,798,296</b>

\* Angsana Laguna Phuket is formerly known as Sheraton Grande Laguna Phuket

### **Hotel Operations -Overall**

Revenue was 8 percent above prior year due largely to the significantly higher revenue of Angsana Laguna Phuket and Banyan Tree Bangkok which were offset by a slightly lower performance of Banyan Tree Phuket.

### **Laguna Beach Resort**

There was no revenue contribution in 2012 and 2013 as the hotel was sold in May 2011. The revenue of 2011 represented four months of operations until it was sold.

### **Angsana Laguna Phuket**

Revenue was 33 percent above prior year because 2012's performance was impacted by the soft opening in the first quarter. The low performance in 2011 was mainly due to the closure of the property for six months for a major renovation.

### **Banyan Tree Phuket**

Revenue was 3 percent below 2012 as 2012 benefitted from significant group businesses including the Amway China event and Indian weddings.

### **Banyan Tree Bangkok**

Revenue was 11 percent above prior year due to improved occupancy as the hotel was able to tap into the growing Chinese market. Unfortunately, the hotel's business felt the impact of the Thai political problems which started from late November.

### **Property Development Operations**

(Unit: Thousand Baht)

	<b>2013</b>	<b>%</b>	<b>2012</b>	<b>%</b>	<b>2011</b>	<b>%</b>
Property Sales business	515,893	69	742,863	83	379,734	66
Holiday Club business	228,524	31	149,709	17	197,016	34
<b>Total Revenue - Property Development Operations</b>	<b>744,417</b>	<b>100</b>	<b>892,572</b>	<b>100</b>	<b>576,750</b>	<b>100</b>

### **Property Sales business**

Although a total of 168 properties amounting to Baht 1,544 million were sold in 2013, actual revenue was below prior year as only 19 units could be recognized due to income recognition policy as compared to 26 units in 2012. The sales which could not be recognized in 2013 are from new projects launched in 2012-2013 and these can only be recognized when the construction is completed in 2014/2015.

### **Holiday Club Business**

Holiday Club's revenue was above prior year as a result of a more stable global economic and domestic political environment. With effect from 1 January 2012 membership sales are recognized only when a 50 percent down payment has been received (previously 25 percent down payment).

**Other Income**

(Unit: Thousand Baht)

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Gain on revaluation of investment property	24,091	81,204	23,804
Interest Income	25,242	34,019	42,889
Dividend income	12,775	-	-
Rental and service fee	11,209	10,598	9,126
Gain on Sale of Investment	-	-	45,207
Others	17,700	23,666	16,422
<b>Total Other Income</b>	<b>91,017</b>	<b>149,487</b>	<b>137,448</b>

Other income in 2013 and 2012 comprised largely of gain on revaluation of investment property and interest income.

The revaluation relates to the office units for rental at Thai Wah Tower and retail shopping center at Canal Village which is done every year.

The main components of other income in 2011 were a gain on sale of investment of Laguna Beach Club Limited and interest income.

**2.1.5 Rights and Constraints in Business**

BOI Privileges – None

Other Privileges – None

Constraints in Business – None

**2.2 Marketing and Competition**

• **Sales and Marketing Strategy**

**Hotels**

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

The 2013 markets, source of reservations and geographical segmentations in term of room revenue are set out in the table below:

	<b>Laguna Phuket hotels</b>	<b>Banyan Tree Bangkok</b>
<b>Targeted Markets / Type of Customers</b>	The leisure markets account for more than 80 percent of room revenue during high season while regional leisure markets along with the corporate meeting groups account for the majority of revenue during low season.	The leisure markets account for approximately 70 percent of total revenue, while business travelers and corporate meeting groups represent the remainder.
<b>Source of Reservations</b>	More than 50 percent are from travel agencies.	More than 60 percent are from direct bookings.
<b>Geographical Segmentation</b>	<p><b>Asia</b> 43 percent, mainly from People's Republic of China, Hong Kong, Korea, Japan and Singapore</p> <p><b>Europe</b> 43 percent, mainly from Russia, United Kingdom, Germany, Scandinavia and Switzerland</p> <p><b>Oceania</b> 5 percent</p>	<p><b>Asia</b> 57 percent, mainly from People's Republic of China, Japan, Taiwan, Hong Kong, and Singapore</p> <p><b>Europe</b> 25 percent, mainly from United Kingdom, Germany and Spain</p> <p><b>Oceania</b> 8 percent</p>

The hotels will continue to focus on the high-end Chinese and Russian markets in the near term as the outbound tours from these two markets have increased exponentially in the last several years. The hotels will also drive more business from the other key European markets especially in the high season to maximize yield and to achieve a higher Revpar (revenue per available room).

The increase in supply of upscale hotels in recent years has increased competition and combined with the strength of the Baht has resulted in downward pressure on room rates. The Company 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, particularly Russia.
- 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.
- A return of MICE and corporate business levels with improved local political stability and less global economic volatility

### **Property Sales**

The property sales business has been subdued in recent years, after the onset of the global economic downturn and domestic political uncertainty. However, there has been stronger interest in 2013 and the Company is hopeful this will continue going forward if economic and political stability remains. Areas of focus will include:

- Selling the already completed Laguna Village and Banyan Tree Residences inventory.
- Penetration into newly emerging regional markets such as the People's Republic of China and having collateral in several different languages.
- Offering more affordable products such as the Laguna Shores holiday apartments, Laguna Park projects comprising condominium, townhomes and detached homes and developing competitively priced products for both primary and secondary home buyer segments.
- Organizing exhibitions and road shows in key potential markets such as Singapore, Hong Kong and People's Republic of China.
- Introducing innovative promotions and incentives such as long-term payment plans.
- Continuing to improve our excellent after sales service offerings.

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

### • **Market Situation**

#### **The Phuket Situation**

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

- The Phuket International Airport, currently has the capacity to handle 6.5 million passengers a year. The Airports of Thailand (AOT), the national airport operator, has recently commenced expansion of the Phuket International Airport which is expected to be completed in 2015. This will include new terminals, an upgraded runway and taxiways and a new car park. It will raise the airport's capacity to 12.5 million passengers per year.
- Road network improvements include the commencement of an underpass near Central Festival at Darasamuth Intersection is under construction.
- The five existing marinas can accommodate over 1,000 yachts.
- There are currently six international schools with just over 2,000 students.
- There are eight major hospitals, which are increasingly catering for the medical tourism sector.
- There are seven golf courses, which cover more than 4,000 rais.
- Retail developments include Tesco Lotus, Big C hypermarkets, and a number of large shopping malls, including offerings from Central, Robinson, Ocean and Jungceylon. In addition, several smaller community shopping malls have been opened in recent years.

- **Competition**

**Laguna Phuket Hotels**

The competitive set of Laguna Phuket are upper-tier hotels and luxury villas. There continues to be development activity, however a number of projects have been put on hold due after the onset of global economic downturn. The major competitors include the following.

Top Tier Properties - Phuket	Luxury Villa Properties – Phuket	Top Tier Properties - Bangkok
<ul style="list-style-type: none"> <li>• Dusit Thani Laguna Phuket</li> <li>• Outrigger Laguna Phuket Beach Resort</li> <li>• Le Meridien Phuket Beach Resort</li> <li>• JW Marriott Resort &amp; Spa</li> <li>• Hilton Phuket Arcadia Resort &amp; Spa</li> <li>• The Movenpick Resort &amp; Spa</li> <li>• Sala Phuket Resort and Spa</li> <li>• Renaissance Phuket Resort &amp; Spa</li> <li>• The Westin Siray Bay Resort &amp; Spa</li> <li>• Centara Grand Beach Resort Phuket</li> <li>• InterContinental (2014)</li> <li>• Hyatt (2014)</li> </ul>	<ul style="list-style-type: none"> <li>• The Amanpuri</li> <li>• Trisara</li> <li>• Six Senses</li> <li>• Sri Panwa</li> <li>• Pavillions</li> </ul>	<ul style="list-style-type: none"> <li>• The Sukhothai Bangkok</li> <li>• Conrad Bangkok</li> <li>• Le Meridien Bangkok</li> <li>• Dusit Thani Bangkok</li> <li>• Sofitel So</li> <li>• W Bangkok</li> </ul>

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.

**Banyan Tree 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**

In the property sector, the majority of potential secondary home buyers remain foreigners and require confidence in the ability of developers to deliver a quality product. The main competitors remain very much the same as the prior year with few quality developments entering the market. Otherwise the vast majority of developments are either:

- Smaller and very high end; or
- Lower end developments that do not compete with Laguna Property.

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

- **Pricing Strategy**

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

In the property sector, competitive pricing will be required to sell the existing completed inventory. In 2013, sales volume increased due to a new strategy to offer more affordable vacation homes (sub Baht 10 million) was implemented, with the launch of Laguna Shores, an apartment development to be managed by a new Banyan Tree brand with units priced from Baht 4 million. In addition, Laguna Park (a residential gated community adjacent to the resort) was also launched comprising condominiums (from Baht 3-5 million), townhomes (from Baht 7-10 million) and detached homes (from Baht 12-15 million) being typically smaller than the previous Laguna Village projects in order to keep pricing points attractive.

- **Three Year Outlook**

The continued investment into luxury hotels and resorts in Phuket and Bangkok signifies the development into a world-class resort destination. Several major international operators are now present or set to debut over the coming years, and the necessary infrastructure is being developed to support these hotels.

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



## 2.3 Project Status

The progress of projects as of 31 December 2013 which includes new projects launched at end of 2012 and in 2013 (Laguna Shores and Laguna Park), is show in the table below:

Project (Value – Million Baht)	Units					% construction
	Total	Sold	% sold	Contracted	Recognized	
Laguna Village Villas (440 mb)	36	31	86	31	31	100
The Lofts at Laguna Village (306 mb)	25	8	32	8	8	100
Laguna Shores (2,119 mb)	334	136	41	130	-	-
Laguna Park Condo (599 mb)	146	1	1	-	-	-
Laguna Village Townhomes (1,249 mb)	70	70	100	70	70	100
Laguna Park Townhome (493 mb)	51	45	88	10	-	-
Laguna Village Residences (1,740 mb)	48	40	83	40	37	97
Laguna Park Villa (435 mb)	33	20	61	6	-	-
Dusit Thani Pool Villas (971 mb)	28	20	71	20	20	100
Banyan Tree Phuket (3,174 mb)	48	35	73	35	35	100
Banyan Tree Bangkok (719 mb)	24	15	63	15	15	100
<b>Total</b>	<b>843</b>	<b>421</b>	<b>50</b>	<b>365</b>	<b>216</b>	

### **3. RISK FACTORS**

#### **3.1 Economy and Tourism in Thailand**

As most of the Company's revenue is generated from tourism and property sales in Thailand, the Company 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 Company's business, financial condition and performance.

The global financial crisis and the prolonged Thai political turmoil in recent years revealed the Company's vulnerability and confirmed the Company's concerns that it has too much exposure in Phuket and Thailand. The Company continually seeks new markets in order to limit reliance on a single or few markets.

#### **3.2 Political Uncertainty**

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

#### **3.3 Interest Rate Fluctuation**

The Company'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 Company does not use derivative financial instruments to hedge such risk.

#### **3.4 Foreign Currency Fluctuation**

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

### **3.5 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 Company is unable to transfer good title to them.

### **3.6 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 Company is generally prohibited from discharging employees without compensation absent gross misconduct, neglect, or acts of dishonesty. As such, the Company 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 Company was restricted from dismissing employees and could only institute a voluntary unpaid leave program. The Company has been restricted in the past and expects in the future to be limited to using voluntary separation plans where the Company is required to pay high amounts of severance pay and similar measures under which selected employees may elect to leave the Company in return for lump-sum compensation packages and other benefits.

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

### **3.8 Operating Risks Inherent in the Property Industry**

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

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

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

#### 4. OPERATING ASSETS

##### 4.1 Operating assets of the Company and its subsidiaries

(A) As at 31 December 2013, the principal assets of the Company and its subsidiaries that are used in the business operations are as follows:

Company's name	Type of asset	Location	Size	Type of Ownership	Possession Objective	Book Value (Million Baht)			Contingency
						Building	Furniture, fixtures and equipment	Total	
Laguna Banyan Tree Limited	1. Banyan Tree Phuket	Phuket	116 rooms	Owner	Hotel	1,032	203	1,235	None
Bangtao Grande Limited	2. Angsana Laguna Phuket	Phuket	323 rooms	Owner	Hotel	870	268	1,138	(1) Mutually mortgage of 2,300 MB
Laguna Village Limited	3. Outrigger Laguna Phuket Resort & Villas	Phuket	16 rooms	Owner	Hotel	-	18	18	None
Thai Wah Plaza Limited	4. Banyan Tree Bangkok	Bangkok	293 rooms	Owner	Hotel	1,251	247	1,498	(2) Mutually mortgage of 2,645 MB
Laguna Grande Limited	5. Laguna Phuket Golf Club	Phuket	18 hole	Owner	Golf course (under renovation, expected to complete January 2015)	34	53	87	(3) Mortgage of 150 MB
Laguna Resorts & Hotels Pcl.	6. Canal Village Laguna Shopping	Phuket	52 shops	Owner	Retail shops for lease	-*	1	1	None
Laguna Service Company Limited	7. Laguna Service	Phuket	6 Rai 3 Ngan 54.8 Sqw	Owner	Utilities and resort support services provider	32	72	104	(4) Mortgage of 60 MB
Laguna Excursions Limited	8. Laguna Tours & Travel	Phuket	-	Owner	Provider of tours and related services	2	8	10	None
Subsidiary companies	9. Banyan Tree and Angsana Gallery	Phuket / Bangkok / Singapore / Laos / China	11 shops 2 shops 2 shops	Owner	Retail shops	10	6	16	None
The Company and its subsidiaries	10. Building, furniture, fixtures and equipment	Phuket / Bangkok	-	Owner	For operations	115	83	198	None
						Land			
Subsidiary companies	11. Land	Bangkok	2 Rai 1 Ngan 92 Sqw	Owner	Hotel location	744		744	As per (2)
The Company and its subsidiaries	12. Land	Phuket	928 Rai 1 Ngan 61.6 Sqw	Owner	Laguna Phuket location	5,158		5,158	As per (1),(3) and (4)

\* Reclassified as Investment Property section 4.1 (B)

**Total** **10,207**

As a policy, land and building revaluation by independent appraiser will be made every 3 years. The buildings were revalued using the “Replacement Cost Approach” and land was revalued using the “Market Approach” by Simon Lim & Partners Co., Ltd. dated 24 December 2013. The appraiser’s names are Miss Navaporn Wongurai – Authorized Valuer No. 012 or Mr. Surasit Phanthanakong – Authorized Valuer No. 013 or Mr. Pipat Suriyasupapong – Authorized Valuer No. 014.

(B) As at 31 December 2013, investment properties of the Company and its subsidiaries are as follows:

Company’s name	Type of asset	Location	Size	Type of Ownership	Possession Objective	Book Value (Million Baht)			Contingency
						Land awaiting for development/sales	Building office units and shops for rent	Total	
Laguna Resorts & Hotels Pcl.	1. Canal Village Laguna Shopping	Phuket	3,147 Sqm	Owner	Retail shops rental	-	34	34	None
Subsidiary companies	2. Office space in Thai Wah Tower 1	Bangkok	15,389 Sqm	Owner	Office premises for lease	-	709	709	As per (2)
Subsidiary companies	3. Land	Chiang Mai/Chiang Rai/Mae Hong Son/Phuket	1,449 Rai 3 Ngan 71.4 Sqw	Owner	Land awaiting for development/sales	358	-	358	None
Total						358	743	1,101	

As a policy, investment property revaluation by independent appraiser will be made every year. Units in office building and shops for rent were revalued using the “Income Approach” and land awaiting for development/sales was revalued using the “Market Approach” by Simon Lim & Partners Co., Ltd. dated 1 November 2013 and 24 December 2013 respectively. The appraiser’s names are Miss Navaporn Wongurai – Authorized Valuer No. 012 or Mr. Surasit Phanthanakong – Authorized Valuer No. 013 or Mr. Pipat Suriyasupapong – Authorized Valuer No. 014.

**Property development projects for sale**

As at 31 December 2013, the property development projects for sale of the Company and its subsidiaries are as follows:

Company's name	Project	Project Location	Project area (Rai-Ngan-Sqw)	Type of Ownership	Available units	Book Value (Million Baht)	Completed Project Date	Contingency
Laguna Resorts & Hotels Pcl.	1. Laguna Village Villas	Phuket	11-3-73.93	Owner	5	37	June 2008	None
Laguna Grande Limited	2. The Lofts	Phuket	9-0-72.74	Owner	17	228	July 2011	(5) Mortgage of 910 MB
TWR-Holdings Limited	3. Laguna Village Residences 5	Phuket	9-1-16.58	Owner	2	28	February 2014	None
Thai Wah Plaza Limited	4. Laguna Village Residences 6	Phuket	9-2-28.41	Owner	2	26	August 2010	None
Laguna Banyan Tree Limited	5. Banyan Tree Two Bedroom Pool Villa	Phuket	8-3-00.00	Owner	10	110	January 2010	(6) Mortgage of 700 MB
Laguna Banyan Tree Limited	6. Banyan Tree Double Pool Villa	Phuket	40-3-10.00	Owner	6	130	March 2007	None
Thai Wah Plaza Limited	7. Banyan Tree Residences Bangkok	Bangkok	1-3-80.00	Owner	9	98	December 2008	As per (2)
Laguna Holiday Club Limited	8. Laguna Holiday Club	Phuket / Chiang Mai / Hua Hin / Pattaya	19,084 Sqm	Owner	104	393	November 2008	(7) Mortgage of 30 MB
Laguna Resorts & Hotels Pcl.	9. Dusit Residences 1	Phuket	296 Sqm	Owner	8	86	July 2008	None
PT. AVC Indonesia	10. AVC Indonesia	Indonesia	14,435 Sqf	Owner	10	40	January 2008	None
Phuket Resort Development Limited	11. Laguna Shores	Phuket	20,761 Sqm	Owner	-	123	Construction after sales	None
Subsidiary companies	12. Land awaiting for future development	Phuket	1,061-3-94.11	Owner	-	1,847	-	None
Subsidiary companies	13. Other	Phuket	-	Owner	-	268	-	None
<b>Total</b>					<b>173</b>	<b>3,415</b>		

### **Intangible Assets**

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

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

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

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

## **4.2 Investment policy in subsidiary and associated companies**

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

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

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

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



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

#### **4.3 Asset Revaluation**

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

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

## **5. LEGAL DISPUTE**

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

**Black case No. 2290/2552 between:**

Allamanda 1 Condominium Juristic Person and 9 Unit Owners

“Plaintiffs”

Laguna Grande Limited, Bangtao Development Limited,

“Defendants”

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

#### **Background**

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

Both parties have completed the taking of evidences and hearing of witnesses. The Court initially set the hearing of judgment on 7 February 2014 but on the day the Court postponed the hearing to 28 March 2014.

#### **The Present Circumstances**

This case is currently pending at the Phuket Provincial Court of First Instance.

**Opinion of the Lawyer**

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

**The Management Opinion**

As per the opinion of the lawyer above.

## 6. GENERAL INFORMATION AND OTHER MATERIAL INFORMATION

### 6.1 General Information

#### 6.1.1 The Issuing Company

<b>The Issuing Company</b>	:	Laguna Resorts & Hotels Public Company Limited (the “Company” or “LRH”)
<b>Type of Businesses</b>	:	Major businesses 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.
<b>Corporate Registration Number</b>	:	0107535000371 (Former: Bor Mor Jor 70)
<b>Registered Capital</b>	:	Baht 2,116,753,580
<b>Issued and Paid-up Capital</b>	:	Baht 1,666,827,010
<b>Head Office</b>	:	Thai Wah Tower I, 7 <sup>th</sup> , 22 <sup>nd</sup> and 24 <sup>th</sup> floor, 21/17B, 21/17C, 21/65, 21/66 and 21/68 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
<b>Branches</b>		<p><b>Branch 1</b></p> <p>390/1 Moo 1, Srisoontorn Road, Cherngtalay, Thalang, Phuket 83110, Thailand</p> <p><b>Branch 2</b></p> <p>390/62 Moo 1, Srisoontorn Road, Cherngtalay, Thalang, Phuket 83110, Thailand</p> <p><b>Branch 3</b> (No longer branch of the Company since 23 January 2014)</p> <p>57 Moo 4, Srisoontorn Road, Cherngtalay, Thalang, Phuket 83110, Thailand</p>
<b>Homepages</b>	:	<a href="http://www.lagunaresorts.com">www.lagunaresorts.com</a> (Corporate Website) <a href="http://www.lagunaphuket.com">www.lagunaphuket.com</a> (Marketing Website)
<b>Telephones</b>	:	<p>Bangkok Head Office      66 (0) 2677 4455</p> <p>Laguna Phuket Office      66 (0) 7636 2300</p>
<b>Facsimiles</b>	:	<p>Bangkok Head Office      66 (0) 2285 0733</p> <p>Laguna Phuket Office      66 (0) 7632 4061</p>

### 6.1.2 Companies in which the Company's shareholding exceed 10 percent

The following is a list of companies in which the Company made investments, in the form of shareholding of 10 percent or more of the total number of shares issued as of 31 December 2013.

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
AVCI	Holiday club membership	Bintan	USD2,335,000	USD10.00	USD850,000	100.00	(62) 770 693 402	(62) 770 693 402
BGL	Hotel operations	Phuket	1,546,000,000	100.00	1,546,000,000	100.00	66 (0) 7632 4101-7	66 (0) 7627 1808
BI	Investment holdings	British Virgin Islands	USD50,000	USD0.01	USD10,100	19.80	(65) 6849 5888	(65) 6849 5713
BT1	Property development	Phuket	20,930,000	100.00	20,930,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT2	Property development	Phuket	19,100,000	100.00	19,100,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT3	Property development	Phuket	7,750,000	100.00	7,750,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT4	Property development	Phuket	14,550,000	100.00	14,550,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BTD	Property development	Phuket	80,000,000	100.00	80,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BTG(S)	Sale of merchandise	Singapore	-**	-**	SGD432,000	51.00	(65) 6849 5888	(65) 6462 0186
BTG(T)	Sale of merchandise	Bangkok	7,750,000	100.00	7,750,000	51.00	66 (0) 2677 3100	66 (0) 2677 3200

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
CGL	Investment holding	Hong Kong	HKD10,000	HKD1.00	HKD2	100.00	(852) 2598 5234	(852) 2598 7500
HHBR	Dormant	Bangkok	10,000,000	10.00	10,000,000	10.00	66 (0) 2454 0037	66 (0) 2454 1097
L3	Property development	Phuket	100,000	100.00	100,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LBTG	Trading and retailing of consumer goods in resorts	Yunnan	USD75,000	-	USD75,000	51.00	(86) 888 533 1111	(86) 888 533 2222
LBTH	Hotel operations and property development	Yunnan	USD18,400,000	-	USD18,400,000	49.04	(86) 888 533 1111	(86) 888 533 2222
LBTL	Hotel operations and property development	Phuket	500,000,000	100.00	500,000,000	100.00	66 (0) 7632 4374	66 (0) 7632 4375
LCL	Dormant	Bangkok	1,000,000	100.00	1,000,000	85.00	66 (0) 2677 4455	66 (0) 2285 0733
LEL	Travel operations	Phuket	8,000,000	100.00	8,000,000	49.00	66 (0) 7636 2300	66 (0) 7636 2370
LGL	Golf club operations and property development	Phuket	1,000,000,000	100.00	1,000,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LHC	Holiday club membership and property development	Phuket	330,000,000	100.00	330,000,000	100.00	66 (0) 7636 2400	66 (0) 7636 2401

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
LLL	Property development	Phuket	1,000,000	100.00	1,000,000	95.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LSC	Provide utilities and other services to hotels of the subsidiaries	Phuket	90,500,000	100.00	90,500,000	72.90	66 (0) 7630 5639-42	66 (0) 7630 5643
LVL	Hotel operations	Phuket	6,000,000	100.00	6,000,000	100.00	66 (0) 7633 6900	66 (0) 7633 6970
MCP	Property development	Bangkok	232,300,000	100.00	232,300,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
PKRD	Property development	Phuket	41,400,000	100.00	41,400,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
PSD	Property development	Bangkok	28,400,000	100.00	28,400,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TLDC	Property development	Bangkok	251,000,000	1,000.00	251,000,000	50.00	66 (0) 2677 4455	66 (0) 2285 0733
TRL	Resort investment and development	Hong Kong	USD50,500,000	USD1.00	USD21,000,000	25.87	(852) 2525 8854	(852) 2845 2754
TWDC	Property development	Phuket	214,370,000	100.00	214,370,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
TWPL	Hotel operations, lease of office building space and property development	Bangkok	2,250,000,000	100.00	2,250,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733

<b>Company (Abbreviations)</b>	<b>Type of Business</b>	<b>Head Office</b>	<b>Registered Capital (Baht)</b>	<b>Par Value (Baht/Share)</b>	<b>Paid-Up Capital (Baht)</b>	<b>Shareholding Proportion (Direct+Indirect*) (%)</b>	<b>Telephone</b>	<b>Facsimile</b>
TWRH	Investment holding and property development	Bangkok	1,250,000,000	100.00	1,250,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TWS***	Manufacture and distribution of tapioca products	Bangkok	787,500,000	10.00	785,360,380	16.27	66 (0) 2285 0040	66 (0) 2285 0270-1
TWT	Lease of office building space	Bangkok	455,000,000	100.00	455,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TWT2	Property development	Bangkok	21,000,000	100.00	21,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733

**Remark**

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

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

\*\*\* Formerly known as Universal Starch Public Company Limited

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



### 6.1.3 References

- **Regulator for Issuing Company:**

**The Securities and Exchange Commission (SEC)**

333/3 Viphavadi Rangsit Road, Chomphon, Chatuchak, Bangkok 10900, Thailand

Telephone 66 (0) 2695 9999

Facsimile 66 (0) 2695 9660

Email [info@sec.or.th](mailto:info@sec.or.th)

Homepage [www.sec.or.th](http://www.sec.or.th)

- **Regulator for Listed Company:**

**The Stock Exchange of Thailand (SET)**

The Stock Exchange of Thailand Building

62 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand

Telephone 66 (0) 2229 2000 and 66 (0) 2229 2222

Facsimile 66 (0) 2359 1008-11

Email [SETCallCenter@set.or.th](mailto:SETCallCenter@set.or.th)

Homepage [www.set.or.th](http://www.set.or.th)

- **Registrar:**

**Thailand Securities Depository Company Limited**

The Stock Exchange of Thailand Building,

62 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand

Telephone 66 (0) 2229 2888 and 66 (0) 2229 2800

Facsimile 66 (0) 2359 1259

Email [TSDCallCenter@set.or.th](mailto:TSDCallCenter@set.or.th)

Homepage [www.tsd.co.th](http://www.tsd.co.th)

- **Auditor:**

**Ernst & Young Office Limited (currently renamed to read “EY Office Limited”) by**

Mr. Sophon Permsirivallop, C.P.A. No. 3182 and/or

Ms. Rungrapa Lertsuwankul, C.P.A. No. 3516 and/or

Ms. Rosaporn Decharkom, C.P.A. No. 5659 and/or

Ms. Pimjai Manitkajohnkit, CPA No. 4521

Lake Rajada Office Complex, 33rd floor,

193/136-137 Ratchadapisek Road, Klongtoey, Klongtoey, Bangkok 10110, Thailand

Telephone 66 (0) 2264 0777

Facsimile 66 (0) 2264 0789-90

- **Legal Counselors:**

**Allen & Overy (Thailand) Company Limited**

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

-None-

- **Financial Institutions:**

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Kasikorn Bank Public Company Limited, Head Office  
Kasikorn Bank Public Company Limited, Silom Main Branch  
Bangkok Bank Public Company Limited, Head Office  
Bangkok Bank Public Company Limited, Silom Branch

**6.2 Other Material Information**

-None-