

PART I
BUSINESS OPERATION

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

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

1. POLICY AND BUSINESS OVERVIEW

1.1 Vision and Mission

Vision

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

Mission

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

1.2 Milestones

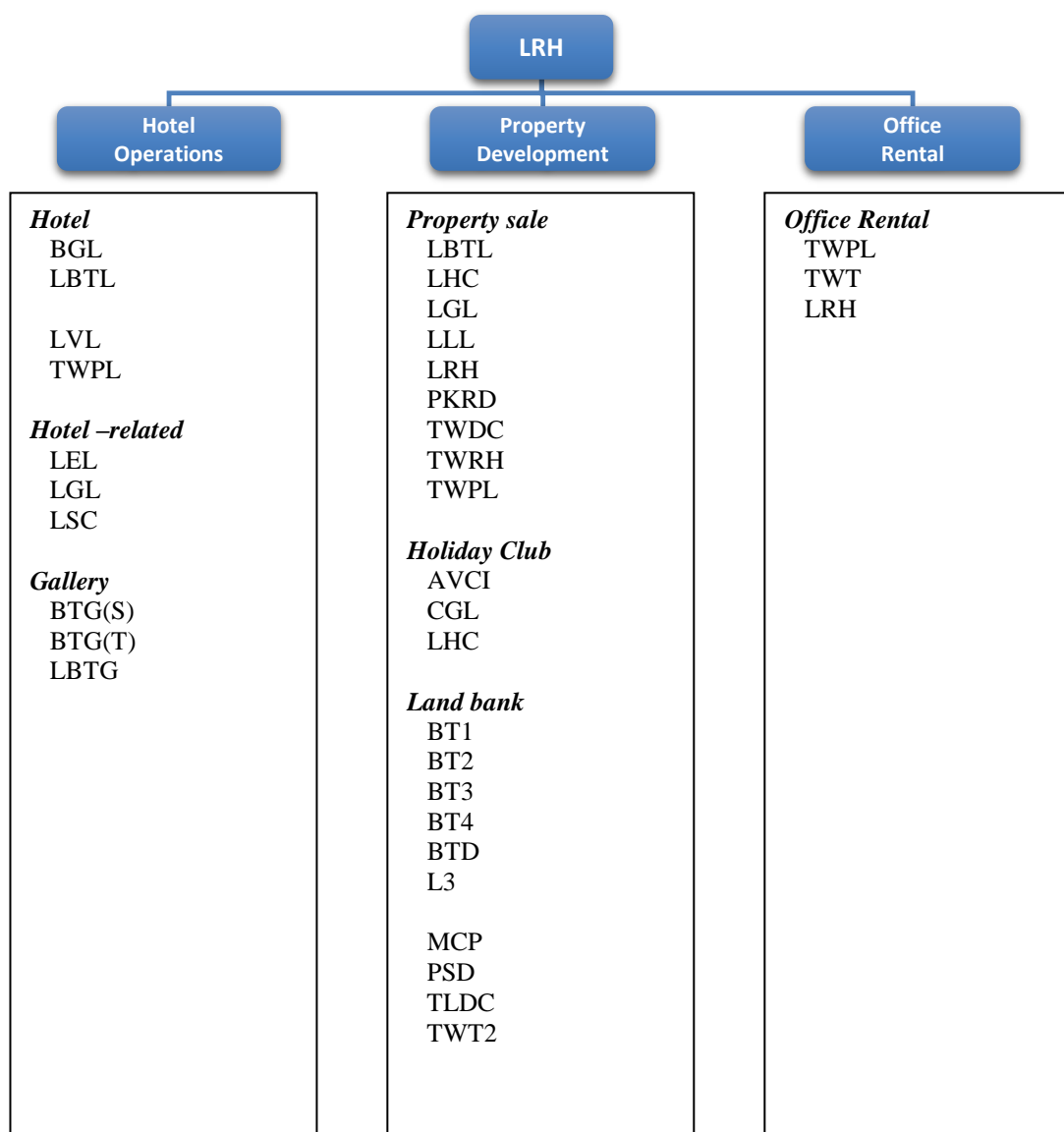
- | | |
|------|---|
| 1987 | <ul style="list-style-type: none"> • Dusit Thani Laguna Phuket (formerly known as Dusit Laguna Resort) opened. |
| 1991 | <ul style="list-style-type: none"> • Laguna Beach Resort opened. |
| 1992 | <ul style="list-style-type: none"> • Sheraton Grande Laguna Phuket and the Laguna Phuket Golf Club opened. |
| 1993 | <ul style="list-style-type: none"> • The Company listed on Stock Exchange of Thailand. • Property Sales operations commenced with the Allamanda condominium units. |
| 1995 | <ul style="list-style-type: none"> • The resort's flagship hotel, Banyan Tree Phuket's Grand Opening. |
| 1998 | <ul style="list-style-type: none"> • Laguna Holiday Club commenced operations. |
| 2002 | <ul style="list-style-type: none"> • The Group acquired a large parcel of land adjacent to Laguna Phuket for future development opportunities. |
| 2005 | <ul style="list-style-type: none"> • The Group acquired Thai Wah Plaza Limited which owns Banyan Tree Bangkok and commercial offices. |
| 2006 | <ul style="list-style-type: none"> • Banyan Tree Lijiang, People's Republic of China and Laguna Holiday Club Phuket Resort opened. The latter is operated under the Holiday Club Business. |
| 2008 | <ul style="list-style-type: none"> • The Group entered into an agreement to acquire additional land adjacent to Laguna Phuket for future development. |
| 2009 | <ul style="list-style-type: none"> • The Group invested in the Banyan Tree Indochina Hospitality Fund which has developed an integrated resort in Hue, Vietnam. • Outrigger Laguna Phuket Resort & Villas commenced operations in December. |
| 2010 | <ul style="list-style-type: none"> • Divestment of Dusit Thani Laguna Phuket Hotel in October. |
| 2011 | <ul style="list-style-type: none"> • Divestment of Laguna Beach Resort in May. • Closure of the former Sheraton Grande Laguna Phuket in mid 2011 for a major renovation and rebranding and reopening as Angsana Laguna Phuket in December. |
| 2013 | <ul style="list-style-type: none"> • Upgrade of Laguna Phuket Golf Club from mid 2013 to end 2014 which included the golf course, club house and the introduction of golf carts. |
| 2015 | <ul style="list-style-type: none"> • Reopening of Laguna Phuket Golf Club in January. • Grand opening of Cassia Phuket in October. |
| 2016 | <ul style="list-style-type: none"> • Angsana Vacation Club commenced operations in January. • Rebranding of Outrigger Laguna Phuket Resort & Villas to Angsana Villas Resort Phuket in August. • The Company further invested 1.25 percent in Thai Wah Public Company Limited. |

1.3 Corporate Structure

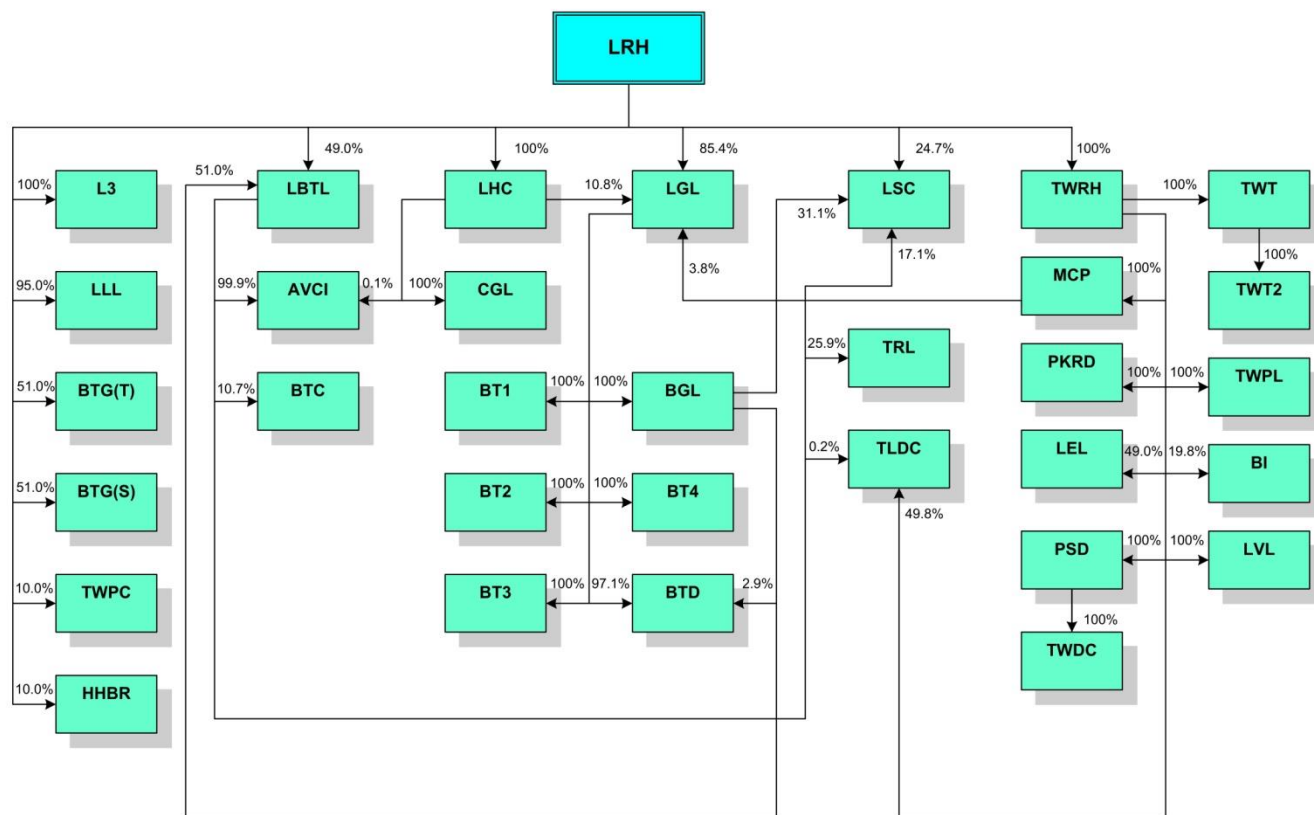
The key businesses of the LRH Group are hotels, property development and office rental. The Group's major business investment largely revolves around the operation and management of the integrated resort of Laguna Phuket, located on the island of Phuket in Thailand, as well as its Banyan Tree hotel and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

Segment information

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



Corporate Structure as at 31 December 2017



Remark

Full company names of Abbreviations are shown in Attachment 6.

1.4 Business Relationship with Major Shareholder

Banyan Tree Holdings Limited (BTH), a listed company in the Singapore Exchange, is a leading, international hospitality brand that manages and develops premium resorts, hotels and spas. It is a major shareholder which directly and indirectly holds 65.8 percent in aggregate of the total issued and paid-up shares of the Company. BTH is also a major shareholder holding (both directly and indirectly) more than 10 percent of the shares in several subsidiaries and one associate of the Company.

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

2. NATURE OF THE BUSINESS

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

2.1 Type of Business and Income Structure

2.1.1 Types of Business

Hotel Operations

Hotels

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

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

Hotel	Location	Opening year	Number of rooms owned by LRH Group (in operation)*	Company (% held by LRH Group)	Operator
Banyan Tree Phuket	Bangtao, Phuket	1995	108 (174)	LBTL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Angsana Laguna Phuket	Bangtao, Phuket	2011	328 (399)	BGL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Banyan Tree Bangkok	Sathorn, Bangkok	2002	305 (327)	TWPL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Angsana Villas Resort Phuket	Bangtao, Phuket	2009	16 (45)	LVL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd.
Cassia Phuket	Bangtao, Phuket	2015	46 (229)	PKRD (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Laguna Holiday Club Phuket Resort**	Bangtao, Phuket	2006	79 (79)	LHC (100%)	Banyan Tree Hotels & Resorts (Thailand) Limited

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

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

Hotel – Related Operation

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

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

Golf Operations

Laguna Golf - Phuket

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

Laguna Golf - Bintan

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

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

Property Development Operations

Property Sales

Property Sales offers a range of residential and vacation properties such as apartments, semi-detached and detached villas including hotel residences such as the high-end Banyan Tree Residences that are situated within a resort or hotel property. Investors in some 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.

Project	Location	Type	Price (Million Baht)
Angsana Beachfront Residences	Phuket	Apartment	38-42
Angsana Ocean View Residences	Phuket	Apartment	27-37
Banyan Tree Bangkok	Bangkok	Apartment	21-24
Banyan Tree Phuket	Phuket	Grande Residences Double Pool Villa Pool Villa (New)	101-114 60-65 49
Cassia Phuket	Phuket	Apartment Condominiums	5-10 7-14
Laguna Park	Phuket	Detached Homes Townhome	15-16 9-11
Laguna Village	Phuket	Residence Apartments	37-38 11-25

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.

Laguna Phuket Rental

Launched in late 2014, Laguna Phuket Rental offers holiday and long-term rentals service for all non-hotel branded residential properties developed by the Group in Laguna Phuket. The objective of this service is to further enhance the ease of property ownership in Laguna Phuket which is unmatched by any other development in Phuket. The service provides a one stop shop for housekeeping, maintenance and rental services on an optional basis for property owners.

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 and the Company is engaged in selling and marketing only.

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

Office Rental

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

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

Overseas Investment in Hotels and Resorts

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

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

2.1.2 Developments in 2017

Banyan Tree Bangkok is continually striving to offer impeccable food and beverage options to its guests and 2017 marked the opening of “Saffron Sky Garden” in the fourth quarter. A casual Thai street-food inspired menu and sister outlet of Banyan Tree’s renowned signature “Saffron” restaurant.

The management began the process of planning an extensive property sales project pipeline for the next several years and launched two new projects during the year namely Angsana Ocean View and Banyan Tree Phuket Villas.

2.1.3 Future Plan

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

Going forward the Group will focus on residential property development as its impetus of growth, it is therefore important to build up a pipeline of property sales and to do this the Group needs to maintain average annual sales at significant high level 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 more affordable homes (sub Baht 10 million) have been continuously implemented, particularly catering to the emerging Asian middle-class with the Cassia Phuket (a Banyan Tree brand by for part hotel, part serviced apartment) and Laguna Park (townhomes and detached homes) in order to keep pricing points attractive. Cassia Phuket and Laguna Park are expected to account for a significant proportion of sales. That being said, the

Group recognizes there is demand for very high-end branded villas and has therefore launched Banyan Tree Grande Residence in 2014 and the new Angsana Oceanview in 2017 to target this niche market.

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 selling and marketing only.

Golf Business

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

2.1.4 Income Structure

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

(Unit: Thousand Baht)

	2017	%	2016	%	2015	%
Revenue from Hotels	3,657,314	75	3,483,555	65	3,108,617	55
Revenue from Property Development	927,255	19	1,305,895	24	2,348,479	42
Revenue from Office Rental	95,119	2	90,827	2	86,428	1
Other Income	177,875	4	461,380	9	114,706	2
Total Revenue	4,857,563	100	5,341,657	100	5,658,229	100

The most significant businesses of the Group are hotels and property development operations for which further details are provided below. Note 37 to the financial statements of the Company for the year ended 31 December 2017, 2016 and 2015 discloses the operating results by business segment in accordance with accounting standards and principles.

Hotel Operations - Overall

	2017	2016	2015
Occupancy (%)			
Angsana Laguna Phuket	71	71	63
Banyan Tree Phuket	68	66	55
Banyan Tree Bangkok	82	77	74
Average - LRH Hotels	74	72	65
Average Room Rate (Baht)			
Angsana Laguna Phuket	4,874	4,473	4,672
Banyan Tree Phuket	15,476	15,172	15,603
Banyan Tree Bangkok	4,578	4,432	4,196
Average - LRH Hotels	6,612	6,333	6,241
Total Revenue (Thousand Baht)			
Angsana Laguna Phuket	845,884	814,883	753,429
Banyan Tree Phuket	999,562	921,057	780,299
Banyan Tree Bangkok	1,071,666	988,773	952,771
Total LRH Hotels	2,917,112	2,724,713	2,486,499
Gallery Operations	177,921*	216,197	231,077
Other Hotel-Related Operations	740,202	542,645	391,041
Total Revenue of Hotel Operations	3,657,314	3,483,555	3,108,617

* 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 2017 increased 7 percent from 2016. The Company's active ownership role in the hotel operation proved fruitful and all 3 hotels performed exceptionally well compared to the prior two years with support from fairly stable market conditions.

Property Development Operations

(Unit: Thousand Baht)

	2017	%	2016	%	2015	%
Revenue:						
Property Sales business*	754,085	81	1,090,485	84	2,156,122	92
Holiday Club business	173,170	19	215,410	16	192,357	8
Total Revenue - Property Development Operations	927,255	100	1,305,895	100	2,348,480	100

* Including other income

Property Sales business

A total of 58 units amounting to Baht 713 million in revenue was recognized in 2017 in accordance with accounting income recognition policies.

Holiday Club Business

In 2017, the Holiday Club business performed well from the sales of ANVC full memberships and trade-ins.

Other Income

(Unit: Thousand Baht)

	2017	2016	2015
Gain on Revaluation of Investment Property	5,215	18,887	-
Interest Income	35,650	41,726	21,151
Dividend Income	-	27,838	25,551
Rental and Service Fee	10,689	12,211	11,233
Insurance Claim	-	-	39,372
Gain on Fair Value Adjustment of Investment from Changing Status of Investment in Thai Wah Public Company Limited	-	345,660	-
Gain from sale of investment	115,733	-	-
Others	10,590	15,058	17,398
Total Other Income	177,877	461,380	114,705

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

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

2.1.5 Rights and Constraints in Business

BOI Privileges – None

Other Privileges – None

Constraints in Business – None

2.2 Marketing and Competition

➤ Sales and Marketing Strategy

Hotels

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

The 2017 markets, source of reservations and geographical segmentations in terms of room revenue are set out in the table below:

	Laguna Phuket hotels	Banyan Tree Bangkok
Targeted Markets / Type of Customers	The Wholesale market and leisure markets account for more than 83 percent of room revenue especially during the high season month while MICE business, GroupTour Series and Wedding group contribute to the rest.	The Wholesale market and leisure markets account for 84 percent of total revenue, while business travelers and corporate meeting groups represent the rest.
Source of Reservations	More than 50 percent are from travel agencies.	More than 50 percent are from direct bookings.
Geographical Segmentation	<p>Asia 50 percent, mainly from People's Republic of China, South Korea, Hong Kong, Japan, India and Thailand.</p> <p>Europe 36 percent, mainly from Russia, United Kingdom, United States, Germany, France and Switzerland.</p>	<p>Asia 60 percent, mainly from People's Republic of China, South Korea, Japan, Hong Kong and Singapore.</p> <p>Europe 24 percent, mainly from United Kingdom United States, Germany and France</p>

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

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

Property Sales

The number of property units sold in 2017 was significantly ahead of 2016 with a large portion of the sales being new properties such as Cassia, Laguna Park and the Company's latest offering, Angsana Beachfront Residences. The Group is hopeful property sales performance will improve even further 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, continued focus on currently strong markets such as Russia and having collateral in several different languages.
- Offering a good mix of products i.e. more profitable and high-end products such as Angsana Beachfront Residences and also affordable products such as the Cassia residences and holiday apartments, Laguna Park projects comprising town homes 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 Russia, 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 services.

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

➤ **Market Situation**

- Total tourism revenue for Thailand increased by 9 percent over 2016 mainly supported by strong Asian Markets. The high-end hospitality industry was also able to benefit from the new strategy of Tourism Authority of Thailand's (TAT) to transform the country from a mass market to a more quality leisure destination this year.
- Advanced by a strong low season and double-digit China growth, Phuket hit a historic high with arrivals up to 8.4 million. Tourism in Phuket remains dominated by Chinese and Russian holidaymakers.
- Phuket real estate began to pick up momentum after a soft past few years where various ructions including the collapse of the Russian rouble, the worldwide slump in oil prices and the fallout from the UK's Brexit vote took their toll on investor confidence. The high-end segment on Thailand's star island is also expected to be enhanced by the recent extension and increased capacity to its international airport.

➤ **Competition**

Hotels

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

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

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

Property

The majority of Laguna Phuket's direct competitors are located along the northwest 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 and freehold ownership being available to foreigners, there has been an increased number of condominium developments in recent years.

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

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

➤ **Pricing Strategy**

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

In the property sector, competitive pricing will be required to sell the existing completed inventory. The Group will also continue with the strategy to offer more affordable vacation homes (sub Baht 10 million) such as Cassia Phuket and Laguna Park. Cassia is a development managed by a new Banyan Tree brand with units priced from Baht 5 million while Laguna Park is a gated residential development adjacent to the resort comprising townhomes and detached homes. These townhomes and villas are typically smaller than the previous Laguna Village projects in order to keep price points attractive.

➤ **Three Year Outlook**

Thailand's economy is on track for a strong 2018, underpinned by a pick-up in exports and booming tourism. The positive expectations are fuelled by a global trade recovery and a flood of visitors from China.

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

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

Property market also looks positive on the back of rising consumer spending – in-line with the economic recovery, the expansion of mass transit lines, and government infrastructure projects along the Eastern Economic Corridor.

In the short-term, uncertainties in the domestic political situation and global economic conditions could affect the performance of the hotel and property sales divisions. However, given the 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

For the new projects launched recently, the construction will be started after deposit is received from customers. The projects are grouped in projects under construction. The construction and sales progress of residential projects as of 31 December 2017 is shown in the table below:

Project	Value (Million THB)	Units				% Completion
		Total	Sold	% Sold	Recognized	
<u>Completed Projects:</u>						
Banyan Tree Bangkok	699	24	15	63%	15	100%
Banyan Tree Double Pool Villas	1,602	26	21	81%	21	100%
Banyan Tree Two-Bedroom Pool Villa	962	22	22	100%	22	100%
Cassia 1	1,450	229	183	80%	182	100%
Cassia 2	669	105	46	44%	13	77%
Dusit Thani Pool Villas	877	28	28	100%	28	100%
Laguna Village Residences 6	287	9	8	89%	7	100%
Laguna Village Villas	434	36	36	100%	36	100%
The Lofts at Laguna Village	306	22	10	45%	10	100%
Subtotal	7,286	501	369	74%	334	100%
<u>Projects Under Construction:</u>						
Cassia 3	815	87	42	48%	-	-
Angsana Beachfront Residence	2,160	54	40	74%	-	-
Banyan Tree Grande Residences	1,995	19	4	21%	1	34% *
Laguna Park Townhome	1,396	155	118	76%	108	80%
Laguna Park Villa	1,385	96	82	85%	72	85%
Laguna Village Residences 7	355	10	10	100%	5	82% *
Subtotal	8,106	421	296	70%	186	
Total	15,392	922	665	72%	520	

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

3. RISK FACTORS

3.1 Economy and Tourism in Thailand

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

3.2 Political Uncertainty

Thailand's tourism industry has been adversely impacted in recent years from 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 Over-Reliance on Some Key Markets

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

3.4 Interest Rate Fluctuation

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

3.5 Foreign Currency Fluctuation

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

3.6 Land Title

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

3.7 Thai Labour Laws

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

3.8 Operating Risks Inherent in the Hospitality Industry

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

- Seasonality of the industry in that the Group is subject to different levels of tourism and business/commercial travel across the year, and thereby the revenues tend to vary within the year.
- Competition from new resorts and hotels both locally and within the region.
- The dependence on travel patterns and destination preferences.
- Changes in regulatory conditions in Thailand.
- Periodic local oversupply of or reduced demand for guest accommodation, which may adversely affect occupancy rates and actual room rates achieved.

- Changes in general, regional and local economic conditions which may affect, among other things, the disposable income of consumers and the traveling public and which may not be offset by increased revenues.
- Regional and local political and social conditions affecting market demand, including crime, civil disorder and terrorism.
- Epidemics affecting the travel and tourism industries.
- Travel advisories cautioning people to defer and/or avoid travel.
- Foreign exchange rate movement.
- Convenience of access to Thailand and in particular the airline capacity into Thailand and Phuket.
- Adverse weather conditions and natural disasters.

3.9 Operating Risks Inherent in the Property Industry

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

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

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

4. OPERATING ASSETS

4.1 Operating assets of the Company and its subsidiaries

(A) As at 31 December 2017, 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	108 rooms	Owner	Hotel	1,128	243	1,371	None
Bangtao Grande Limited	2. Angsana Laguna Phuket	Phuket	328 rooms	Owner	Hotel	765	214	979	(1) Mortgaged for loans totaling 2,700 MB
Laguna Village Limited	3. Angsana Villas Resort Phuket	Phuket	-	Owner	Hotel	-	7	7	None
Thai Wah Plaza Limited	4. Banyan Tree Bangkok	Bangkok	295 rooms	Owner	Hotel	1,206	266	1,472	(2) Mortgaged for loans totaling 3,620 MB
Phuket Resort Development Limited	5. Cassia Phuket	Phuket	207 rooms	Owner	Hotel	124	15	139	(3) Mortgaged for 620 MB loan
Laguna Grande Limited	6. Laguna Phuket Golf Club	Phuket	18 holes	Owner	Golf course	50	91	141	(4) Mortgaged for 250 MB loan
Laguna Service Company Limited	7. Laguna Service	Phuket	6 Rai 3 Ngan 54.8 Sqw	Owner	Utilities and resort support services provider	41	67	108	(5) Mortgaged for 90 MB loan
Laguna Excursions Limited	8. Laguna Tours & Travel	Phuket	-	Owner	Provider of tours and related services	2	1	3	None
Subsidiary companies	9. Banyan Tree and Angsana Gallery	Phuket / Bangkok / Singapore	8 shops	Owner	Retail shops	8	4	12	None
The Company and its subsidiaries	10. Building, furniture, fixtures and equipment	Phuket / Bangkok	-	Owner	For operations	158	108	266	None
						Land			
Subsidiary companies	11. Land	Bangkok	2 Rai 1 Ngan 92 Sqw	Owner	Hotel location	933		933	As per (2)
The Company and its subsidiaries	12. Land	Phuket	918 Rai 1 Ngan 92.14 Sqw	Owner	Laguna Phuket location	6,108		6,108	As per (1),(3),(4) and (5)

Total **11,742**

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 14 October 2016. The appraiser’s names are Miss Navaporn Wongurai – Authorized Valuer No. 012 or Mr. Surasit Phanthanakong – Authorized Valuer No. 013.

(B) As at 31 December 2017, investment properties of the Company and its subsidiaries are as follows:

Company's name	Type of asset	Location	Size	Type of Ownership	Possession Objective	Book Value (Million Baht)				Contingency
						Land awaiting for development/sales	Building office units and shops for rent	Construction in Progress	Total	
Laguna Resorts & Hotels Public Company Limited	1. Canal Village Laguna Shopping	Phuket	3,147 Sqm on 25 Rai 3 Ngan 46.8 Sqw	Owner	Retail shops rental	244	17	9	270	None
Subsidiary companies	2. Office space in Thai Wah Tower 1	Bangkok	15,389 Sqm	Owner	Office premises for lease	-	704	-	704	As per (2)
Subsidiary companies	3. Land	Chiang Mai/Chiang Rai/Mae Hong Son	1,426 Rai 3 Ngan 70.4 Sqw	Owner	Land awaiting for development/sales	191	-	-	191	None
Total						435	721	9	1,165	

As a policy, investment property revaluation by independent appraiser will be made every year. Units in office building and shops for rent were revalued using the "Income Approach" and land/land awaiting for development/sales was revalued using the "Market Approach" by Simon Lim & Partners Co., Ltd. dated 31 October 2017. The appraiser's names are Miss Navaporn Wongurai – Authorized Valuer No. 012 or Mr. Surasit Phanthanakong – Authorized Valuer No. 013.

Property development projects for sale

As at 31 December 2017, the property development projects for sale of the Company and its subsidiaries are as follows:

Company's name	Project	Project Location	Project area	Type of Ownership	Available units	Book Value (Million Baht)	Completed Project Date	Contingency
Laguna Banyan Tree Limited	1. Banyan Tree Double Pool Villa	Phuket	1,804 Sqm	Owner	4	91	March 2007	(6) Mortgage for 592.5 MB loan
PT. AVC Indonesia	2. AVC Indonesia	Indonesia	1,341 Sqm	Owner	11	38	January 2008	None
Laguna Holiday Club Limited	3. Laguna Holiday Club	Phuket / Chiang Mai / Hua Hin / Pattaya	18,777 Sqm	Owner	151	382	November 2008	(7) Mortgage for 265 MB loan
Thai Wah Plaza Limited	4. Banyan Tree Residences Bangkok	Bangkok	1,152 Sqm	Owner	9	110	December 2008	As per (2)
Laguna Grande Limited	5. The Lofts	Phuket	2,585 Sqm	Owner	12	132	July 2011	(8) Mortgage for 298 MB loan
Phuket Resort Development Limited	6. Cassia Phuket Phase 1	Phuket	3,913 Sqm	Owner	47	153	November 2015	(3) Mortgage for 620 MB loan
Phuket Resort Development Limited	7. Cassia Phuket Phase 2&3	Phuket	5,064 Sqm	Owner	179	357	April 2018	(3) Mortgage for 620 MB loan
TWR-Holdings Limited	8. Laguna Village Residences 7	Phuket	4,697 Sqm	Owner	5	64	May 2018	None
Twin Waters Development Company Limited	9. Laguna Park Townhomes & Villas	Phuket	37,736 Sqm	Owner	71	540	December 2018	(9) Mortgage for 920 MB loan
Subsidiary companies	10. Land awaiting for future development	Phuket	898 Rai 2 Ngan 43.91 Sqw	Owner	-	1,275	-	None
Subsidiary companies	11. Other	Phuket	-	Owner	-	844	-	None
Total					489	3,986		

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

Background

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

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

On 27 June 2014, the Phuket Provincial Court ordered the defendants (1) to transfer the nine plots of land totaling 10 Rai 3 Ngan 97.1 Square Wah to the plaintiffs or compensate in the amount of Baht 131,913,000 with interest at the rate of 7.5 percent per annum from the date the claim was lodged until payment has been made in full, (2) to pay Baht 5,890,956 for unlawful usage of the two plots of land no. 7257 and 7264 with interest at the rate of 7.5 percent per annum from the date the claim was lodged until payment is made in full, (3) to pay Baht 16,000.79 per day for unlawful usage of those two land pieces from the date the claim was lodged until the transfer of aforementioned land has been completed, and (4) to pay a further Baht 500,000 for legal fees to the plaintiffs. On 17 July 2014, the defendants filed the request for extension of submitting the appeal and the Court granted the extension to 27 August 2014. On 21 August 2014, the defendants filed the second request for extension of submitting the appeal and the Court granted the extension to 27 November 2014. On 19 November

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

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

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

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

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

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

The Present Circumstances

This case is currently pending at the Supreme Court.

Opinion of the Lawyer

Both parties request the Supreme Court to rule this case based on the settlement agreement. The Supreme Court shall not object such request and shall issue a judgment as per the settlement agreement.

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

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

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

The following is a list of companies in which the Company made investments, in the form of shareholding of 10 percent or more of the total number of shares issued as of 31 December 2017.

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
AVCI	Holiday club membership and Golf club operations	Bintan	USD2,335,000	USD10.00	USD2,335,000	100.00	(62) 770 693 402	(62) 770 693 402
BGL	Hotel operations	Phuket	1,546,000,000	100.00	1,546,000,000	100.00	66 (0) 7632 4101-7	66 (0) 7627 1808
BI	Investment holdings	British Virgin Islands	USD50,000	USD0.01	USD10,100	19.80	(65) 6849 5888	(65) 6462 0186
BT1	Property development	Phuket	20,930,000	100.00	20,930,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT2	Property development	Phuket	19,100,000	100.00	19,100,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT3	Property development	Phuket	7,750,000	100.00	7,750,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT4	Property development	Phuket	14,550,000	100.00	14,550,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BTC****	Investment holdings	Singapore	_-**	_-**	SGD6,260,984	10.69	(65) 6849 5888	(65) 6462 0186
BTD	Property development	Phuket	80,000,000	100.00	80,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BTG(S)	Sale of merchandise	Singapore	_-**	_-**	SGD432,000	51.00	(65) 6849 5888	(65) 6462 0186

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
BTG(T)	Sale of merchandise	Bangkok	7,750,000	100.00	7,750,000	51.00	66 (0) 2677 3100	66 (0) 2677 3200
CGL	Investment holding	Hong Kong	_***	_***	HKD2	100.00	(852) 2598 5234	(852) 2598 7500
HHBR	Dormant	Bangkok	10,000,000	10.00	10,000,000	10.00	66 (0) 2454 0037	66 (0) 2454 1097
L3	Property development	Phuket	100,000	100.00	100,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LBTL	Hotel operations and property development	Phuket	1,500,000,000	100.00	1,500,000,000	100.00	66 (0) 7632 4374	66 (0) 7632 4375
LEL	Travel operations	Phuket	8,000,000	100.00	8,000,000	49.00	66 (0) 7636 2300	66 (0) 7636 2370
LGL	Golf club operations and property development	Phuket	1,000,000,000	100.00	1,000,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LHC	Holiday club membership and property development	Phuket	330,000,000	100.00	330,000,000	100.00	66 (0) 7636 2400	66 (0) 7636 2401
LLL	Property development	Phuket	1,000,000	100.00	1,000,000	95.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LSC	Provide utilities and other services to hotels of the subsidiaries	Phuket	90,500,000	100.00	90,500,000	72.90	66 (0) 7630 5639-42	66 (0) 7630 5643
LVL	Hotel operations	Phuket	6,000,000	100.00	6,000,000	100.00	66 (0) 7633 6900	66 (0) 7633 6970

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
MCP	Property development	Bangkok	232,300,000	100.00	232,300,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
PKRD	Property development	Phuket	100,000,000	100.00	100,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
PSD	Property development	Bangkok	28,400,000	100.00	28,400,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TLDC	Property development	Bangkok	251,000,000	1,000.00	251,000,000	50.00	66 (0) 2677 4455	66 (0) 2285 0733
TRL	Resort investment and development	Hong Kong	-***	-***	USD21,000,000	25.87	(852) 2522 7239	(852) 2845 2754
TWDC	Property development	Phuket	214,370,000	100.00	214,370,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
TWPC	Manufacture and distribution of tapioca product, vermicelli and other food product	Bangkok	880,420,930	1.00	880,420,930	10.03	66 (0) 2285 0040	66 (0) 2285 0270-1
TWPL	Hotel operations, lease of office building space and property development	Bangkok	2,250,000,000	100.00	2,250,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TWRH	Investment holding and property development	Bangkok	1,550,000,000	100.00	1,550,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733

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

Remark

- * 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.
- *** 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.
- **** LBTL sold its interest of 24.52 percent in LBTH and restructured its remaining 24.52 percent interest in LBTH to its interest in BTC. The new percentage of shareholding in BTC was determined using the sale value for the 24.52 percent interest and the fair value of BTC as appraised by independent valuers. As a result of the restructuring, LBTL holds a 10.69 percent interest in BTC.

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

6.1.3 References

- **Regulator for Issuing Company:**
The Securities and Exchange Commission (SEC)
333/3 Vibhavadi Rangsit Road, Chomphon, Chatuchak, Bangkok 10900, Thailand
Telephone 66 (0) 2033 9999
Facsimile 66 (0) 2033 9660
Email info@sec.or.th Homepage www.sec.or.th
- **Regulator for Listed Company:**
The Stock Exchange of Thailand (SET)
The Stock Exchange of Thailand Building
93 Ratchadapisek Road, Dindaeng, Bangkok 10400, Thailand
Telephone 66 (0) 2009 9000 and 66 (0) 2009 9999
Facsimile 66 (0) 2009 9991
Email SETContactCenter@set.or.th Homepage www.set.or.th
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The Stock Exchange of Thailand Building,
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Ms. Rungrana Lertsuwankul, C.P.A. No. 3516 and/or
Ms. Rosaporn Decharkom, C.P.A. No. 5659 and/or
Ms. Pimjai Manitkajohnkit, C.P.A. No. 4521 and/or
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- **Financial Advisor:**

-None-

- **Financial Institutions:**

Siam Commercial Bank Public Company Limited, Head Office

Siam Commercial Bank Public Company Limited, Thanon Sathon Branch

Siam Commercial Bank Public Company Limited, Phuket Branch

Kasikorn Bank Public Company Limited, Head Office

Kasikorn Bank Public Company Limited, Silom Main Branch

Bangkok Bank Public Company Limited, Head Office

Bangkok Bank Public Company Limited, Silom Branch

6.2 Other Material Information

-None-