

Personal Investing Philosophies

BY VISIT TANTISUNTHORN
President and CEO, Lanna Resources Plc

July 19, 2001



Table of Contents

Part I: Basic Investment Philosophies

Part II: How to create your portfolio?

Part III: Case study - Lanna Resources Plc.

Part I: Basic Investment Philosophies

- ◆ *Concept: to be in the right place at the right time*

- ◆ *Know yourself:*
 - *How much rate of return that you expect?*
 - *Are you risk taker or risk averse?*

- ◆ *Accept the rules:*
 - *be willing to fail before you gain*
 - *rather long-term investment, not a short term*
 - *this is a long term commitment activities*

- ◆ *Set up your own investment style*
 - *balance your risk and return profile*
 - *create a well-defined portfolio*

- ◆ *Don't always break your style, but be flexible*

It's All About Timing

- ◆ *No need to sell at peak*
- ◆ *No need to buy at bottom*
- ◆ *Let's someone else get some profits*
- ◆ *No return for greedy man*

Common Risks in Investment

High Risk vs High Return

- ◆ *Market risk*
- ◆ *Liquidity risk*
- ◆ *Industry risk*
- ◆ *Opportunity risk*

How can we prudently manage it?

Part II: How to create your portfolio?

- ◆ *How to mitigate the risks?*
- ◆ *How to diversify your portfolio?*
- ◆ *How to identify the right targets?*

How to mitigate the risks?

- ◆ *Accessing any number of investment opportunities*
- ◆ *Ensuring that your portfolio is well-defined*
- ◆ *Making investment based on credible research, but never be enough*
- ◆ *Using good evaluating and investing process*
- ◆ *In case of using investment professionals, selecting the good ones with proven track record and gauge them well*

How to diversify your portfolio?

- ◆ *High level of portfolio diversity will mitigate risk*
- ◆ *Don't forget liquid assets*
- ◆ *To allocate across assets classes*
 - *Listed/IPO/Private Equity/Venture Investing*
 - *Diversify your investment across various sectors and industries (but only promising sectors)*
 - *Choose the right targets*
 - *Not to put all your investable assets in one or few companies*
 - *Diversify across the targets that you carefully evaluate, really like and know them well.*

How to identify the right targets?

- ◆ *Can the company achieve its original objective and eventually be listed with attractive returns?*
- ◆ *Unforgettable criteria:*
 - *Growing sectors*
 - *Leader or to-be-leader in that industry*
 - *Management team: are they qualified?*
 - *Proven experience and expertise in that field*
 - *Integrity and management process/system*
 - *Business model: suit their customers profile?*
 - *Uniqueness and barrier to entry*
 - *Competition*
 - *Undervalued stock: how can we release it out?*

Part III: Case Study - Lanna

◆ *Background:*

- *Formerly, Lanna Lignite Plc was a listed company under energy sector*
- *operates coal mines in Thailand, which expects to be completely depleted by 2003*
- *Lanna holds 50% stake in 700 MW IPP, Gulf Electric*
- *Low trading volume due to small amount of free float*
- *In Nov 00, SCCC made a tender offer for 51% stake.*
- *In Nov 00, average share price was around BHT 30.*
- *Realizing value of the company, founders of Lanna defended SCCC's proposal*

How did we see the value?

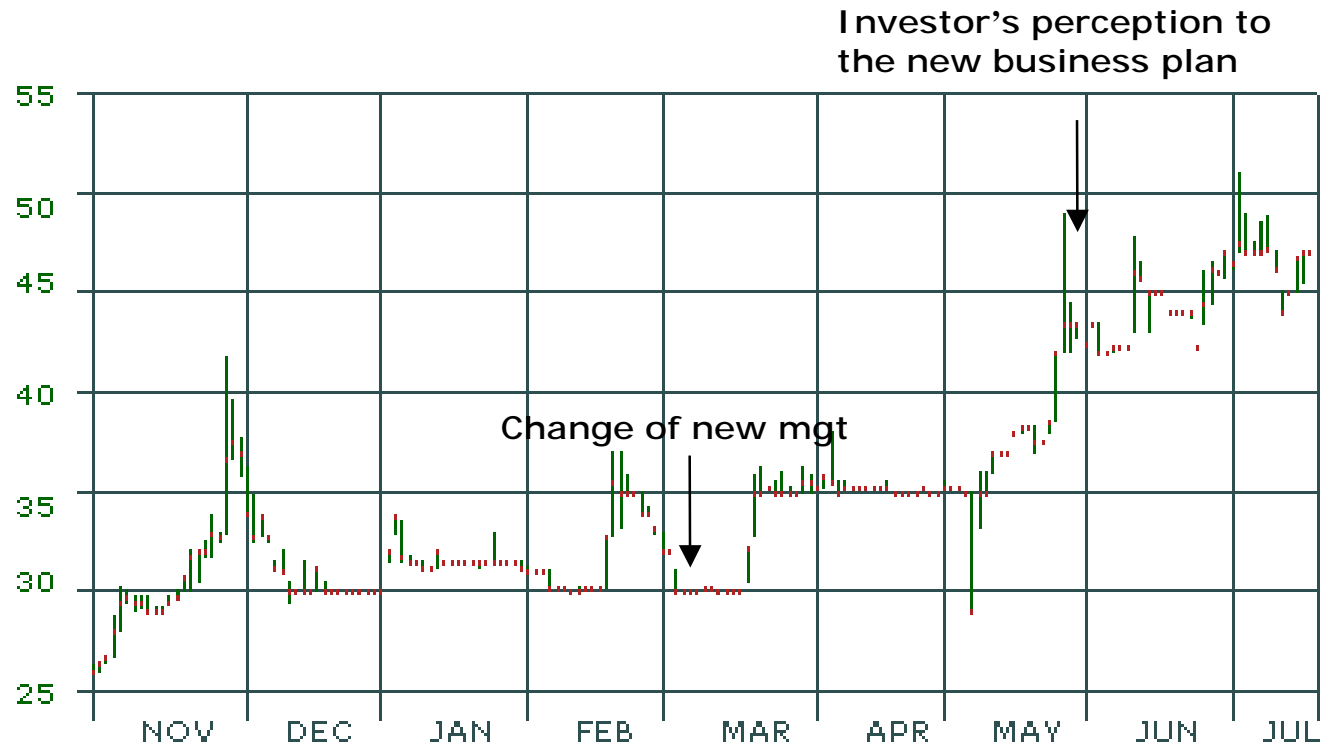
- ◆ *Stake in power plant worth around BHT 30-33 per share*
- ◆ *2 coal mines in Thailand and 1 coal mine in Indonesia worth around BHT 25-30 per share*

Lanna: the new business model

◆ *The new strategy:*

- *Just being coal mine operators mainly in Thailand and being a silent investors in huge power plant project may not be right strategies for the new business era.*
- *The new management then decided to reshape Lanna to be an active energy and resources development and renamed the company to “Lanna Resources Plc.”*
- *Plans:*
 - *Penetrate into SE Asia, search for new mines with high reserve offshore*
 - *Develop international trading*
 - *Rearrange the investment portfolio: divest non-core business out*
 - *Explore and do R&D on new energy resources to support local demands i.e. gas*

Lanna's share price





Thank you