



SUCCESS WITH INTEGRITY

Annual Report 2017

The Erawan Group Public Company Limited



Long Live His Majesty the King

On behalf of the Board, Management and Employee of
The Erawan Group Public Company Limited





To be the Leading Hotel Investor in Thailand and ASEAN.

Currently own

52 hotels

7,328 rooms

Alliance with

4 world-class
hoteliers

9 Brands
in operation

OUR BUSINESS STRATEGY

Hotel Growth Strategy

Continue expanding a well-diversified hotel portfolio in high growth segments and destinations

Return Enhancing Strategy

Providing optimal return to our shareholders through “Asset Improvement”, “Asset Monetization” and “Capital Structure Optimization”

Sustainable Platform Strategy

Ensure stability and sustainable growth of organization through development of systems, human capitals, core competencies, information database for decision making and core corporate culture





VISION

To be the leading hotel developer and investor in Thailand and ASEAN.

MISSION

To continue growing quality hotel portfolio in Thailand and ASEAN which optimize values to shareholders as well as stakeholders.

CORE VALUE

“ERAWAN’s SPICE”

System

Systematic management approach to enhance efficiency as well as to lessen reliance on individuals

People

Competent workforce with dedication to further learning and continual improvement

Information

Accurate, adequate, and up-to-date database for the purpose of management and decision-making

Culture

Sound corporate culture to support sustainable growth

Environment

Being a good and responsible corporate citizen by taking care of all stakeholders including community and environment

CORPORATE CULTURE



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2017 in Review





Financial Highlights

The Erawan Group Public Company Limited

Unit : Thousand Baht

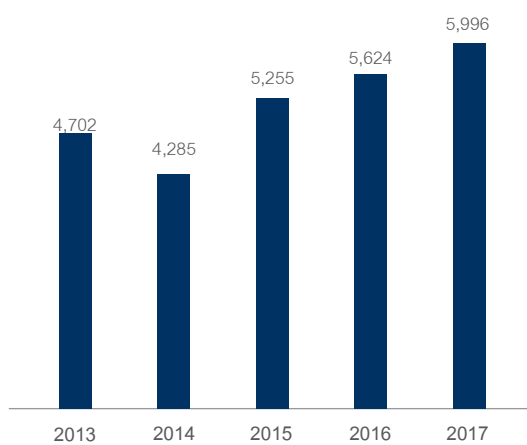
Description	2015	2016	2017
Operating results	(Restated)		
Operating Income	5,254,918	5,624,173	5,995,627
Total Revenues	5,300,674	5,663,949	6,050,456
Gross Profit	2,742,054	3,048,675	3,359,986
EBITDA	1,433,411	1,621,368	1,819,279
Net Profit	195,473	366,891	505,572
Financial Position			
Total Assets	14,820,047	14,911,115	16,047,695
Total Liabilities	9,937,584	9,838,561	10,644,663
Total Shareholders' Equity	4,882,463	5,072,554	5,403,032
Equity Attributable to Company's Shareholders	4,670,837	4,917,922	5,236,020
Paid-Up Share Capital	2,498,173	2,498,173	2,500,893
Number of Paid-Up shares (Thousand Shares)	2,498,173	2,498,173	2,500,893
Par Value Per Share (Baht)	1	1	1
Earnings Per Share (Baht)	0.08	0.15	0.20
Dividend Per Share (Baht)	0.04	0.06	0.09
Book Value Per Share (Baht)	1.87	1.97	2.09
Significant Financial Ratio			
Current Ratio (times)	0.39	0.35	0.49
Quick Ratio (times)	0.34	0.28	0.40
Liquidity Ratio (Cash Flow Basis) (times)	0.41	0.39	0.49
Gross Profit Ratio	52.18%	54.21%	56.04%
Net Profit Margin	3.69%	6.48%	8.36%
Return on Total Assets	1.33%	2.47%	3.27%
Return on Equity	4.25%	7.65%	9.96%
Debt to Equity Ratio (times)	2.04	1.94	1.97
Interest Bearing Debts to Equity Ratio (times)	1.76	1.66	1.68
Interest Coverage Ratio (times)	3.57	4.13	5.03





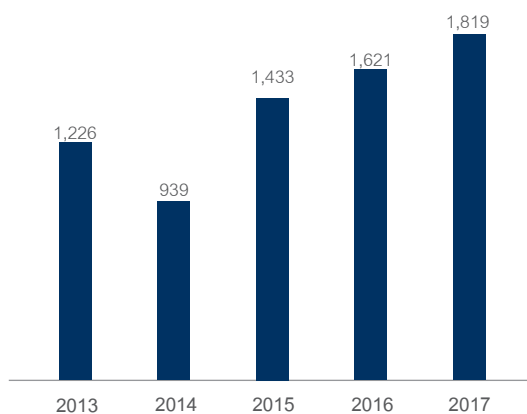
Operating Income

Unit : Million Baht



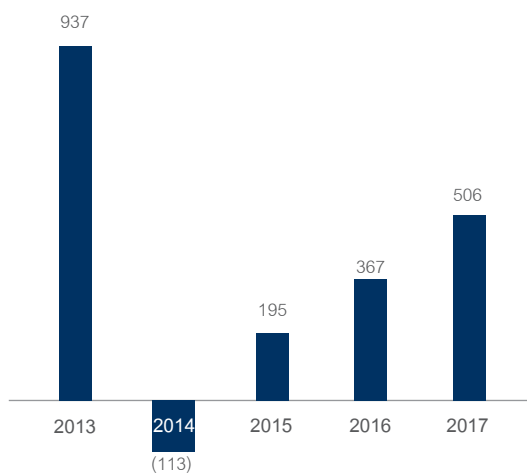
EBITDA

Unit : Million Baht



Net Profit (Loss)

Unit : Million Baht



Hotel and Resort Portfolio in 2017



Bangkok



Grand Hyatt Erawan
Bangkok



JW Marriott Bangkok



Courtyard by Marriott
Bangkok



Mercure Bangkok Siam



ibis Bangkok Siam



ibis Bangkok Sathorn



ibis Bangkok Sukhumvit 4



ibis Bangkok Riverside

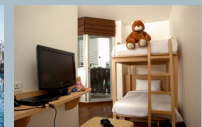
Pattaya



Holiday Inn Pattaya



Mercure Pattaya
Ocean Resort



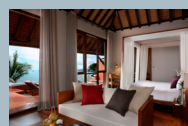
ibis Pattaya

Hua Hin

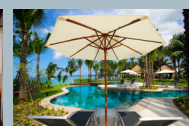


ibis Hua Hin

Samui



Renaissance
Koh Samui Resort & Spa



ibis Samui Bophut



ibis Styles Krabi Ao Nang

Krabi

Phuket



The Naka Island,
a Luxury Collection
Resort & Spa, Phuket



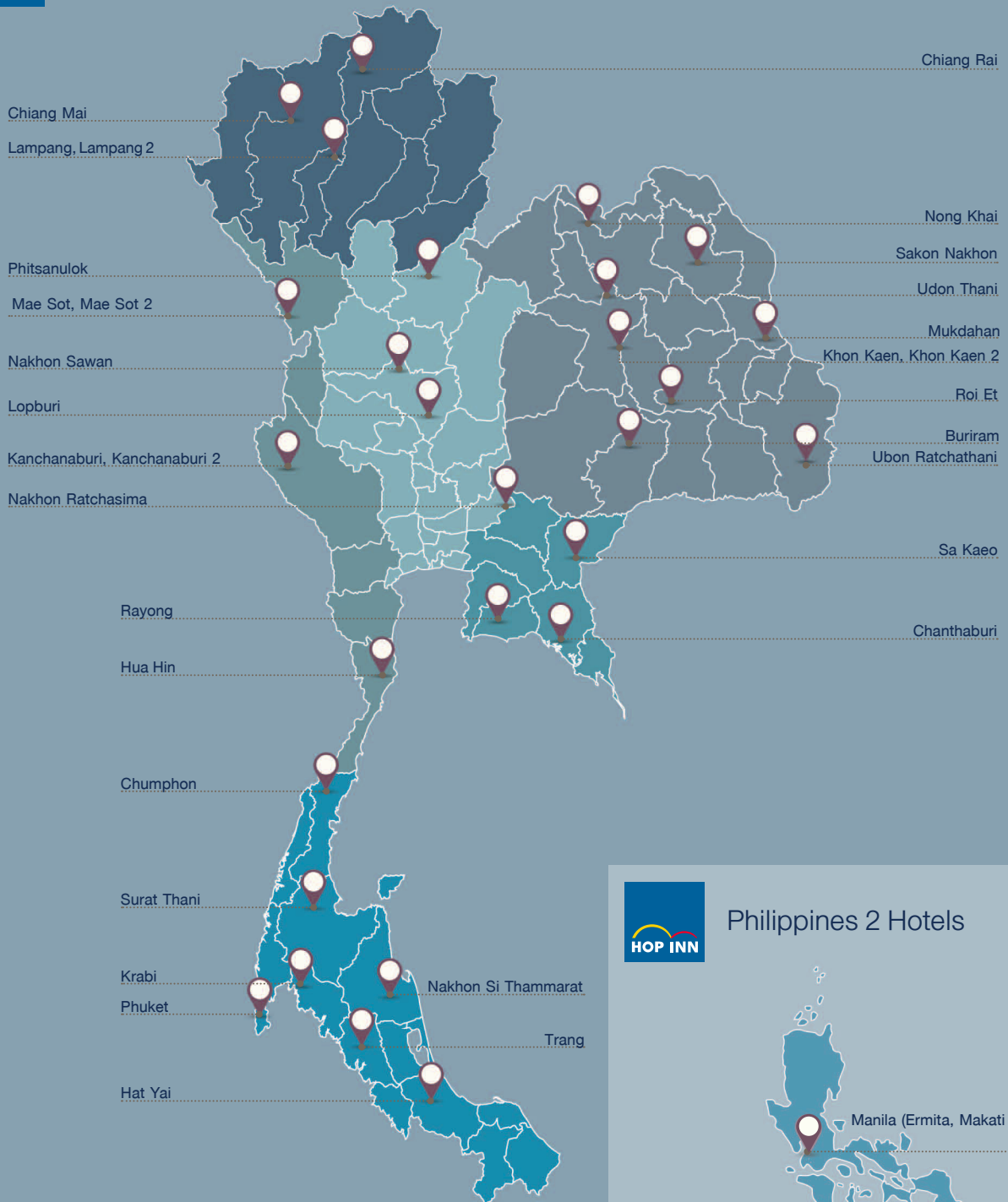
ibis Phuket Patong



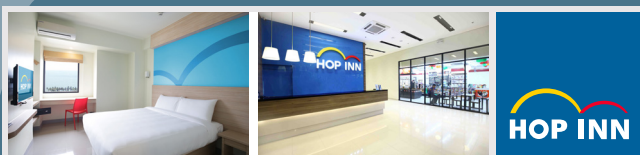
ibis Phuket Kata



Thailand 32 Hotels



HOP INN



Philippines 2 Hotels







Chairman Review

Tourism Industry was one of the key driver for Thailand's economy and 2017 was another great year for Thailand's tourism industry in line with our performance which able to produce satisfactory performance as target. These was driven by our long term strategy which comprised of 3 main strategies; the continuous development both in Thailand and ASEAN as part of our Hotel Growth Strategy, Asset Improvement Program to ensure the competitive advantage of our hotel together with our Sustainable Platform Strategy. We emphasize on operating business under good corporate governance to support our long term growth alongside with taking good care of our stakeholders.

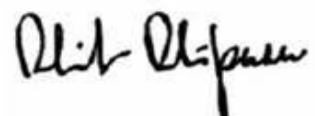
Our continuous commitment on creating well balanced among our stakeholders has been well recognized. We have been granted numerous awards and recognition during the past year and also received important awards from various organizations in 2017 as follows:

- Our corporate governance report continued to be acclaimed "Very Good" by the Thai Institute of Directors Association's Corporate Governance Report of Thai Listed Companies 2017
- Rated "Excellent" for 2017 Annual General Meeting of Shareholders (AGM)
- "ESG100 Companies" Certified of Environmental Social Governance Company of the year 2017 are recognized for its outstanding sustainability performance in the tourist & leisure sector in Thailand by Thaipat Institute and the Securities and Exchange Commission, Thailand (SEC)
- Outstanding "Investor Relations Awards 2017" from the Stock Exchange of Thailand (SET Awards) which precisely reflects our principle to constantly provide transparency and appropriate information to the public.

We are committed to improve our corporate governance in parallel with take good care of our stakeholders.

The success that we achieved during the past 35 years since the company incorporated in 1982 are on the back of great support from all stakeholders, management and all employees who are the key factors to propel the Company to grow with stability and sustainability.

On behalf of the Board of Directors, I would like to express our sincere gratitude to all stakeholders for their continuous support for The Erawan Group. We believe that our long term strategy and the support from all stakeholders will be the key driver for our sustainable growth under our business philosophy "Success with Integrity".



Mr. Prakit Pradipasen

Chairman of the Board



President's Report

Thailand's tourism industry recorded another prospect year in 2017 as tourism industry generated tourism receipt at THB 2.76 billion, representing a 9 percent increase from 2016. Growth was seen for both international and domestic market. In 2017 Thailand welcomed 35.4 million international tourist arrivals, representing a 9 percent increase from 2016. This marked the highest tourist arrivals in South East Asia region and growth was witnessed in all key source markets. Domestic tourism also continued to grow and posted a 4 percent increase from 2016.

The continuous investment as set forth in our 5 years' strategic plan which focusing in high growth market has benefited our performance. Our operating income posted an 8 percent increase from 2016 and generated net profit at THB 506 million, a significant increase from net profit at THB 367 million in 2016 and posted the highest normalized net profit.

Hotel Growth Strategy

We still continue our investment as set forth in our 5 years' master plan (2016-2020). In 2017 we opened 11 new hotels as follows:

- 10 of our own brand "HOP INN" in thailand which 4 hotels are the second branch in that destination which reflect the strong growth of budget hotel segment
- 1 HOP INN hotel in Manila Philippines, our second hotel outside Thailand, as part of our expansion plan in Philippines to support our ASEAN expansion

With the continuous expansion strategy as aforementioned, our portfolio as of 2017 ended with 52 hotels 7,328 rooms, increasing significantly from 41 hotels with 6,385 rooms as of 2016. Our expansion is progress as planned to support our vision to be the leading hotel developer and investor in Thailand and ASEAN.

Return Enhancing Strategy

- We have started room renovation program of JW Marriott Bangkok in 2017. The renovation will take place during the 3 years' period (2017-2019). The first phase of room renovation (129 rooms) has completed in December 2017 and the remaining will be renovated during 2Q and 3Q in 2018-2019 which are the low seasons. This renovation is part of our return enhancing strategy to ensure that the hotel will remain competitive.
- We developed new 13 deluxe rooms, to capture new customer base and enhance its competitiveness, at The Naka Island Resort & Spa Phuket. With the new rooms, the inventory increased to 80 rooms and the new rooms already opened in November 2017.

We strongly believe in our strategy which focus in high growth market and high growth return segment together with our continuous asset improvement program to enhance the competitiveness of our hotel. In addition, the strong fundamental of Thailand's tourism industry as the world top destination and the growth of Asia Pacific as the world's leading business hub and traveling destinations will be the key factors to support the future growth of ERAWAN. We are confident that our strategy and the growth of industry will be the key driver to deliver the sustainable growth for ERAWAN and create the appropriate return to all stakeholders.

Mrs. Kamonwan Wipulakorn

President



Report of the Audit Committee to Shareholder

To Shareholders of The Erawan Group Public Company Limited

The Audit Committee of The Erawan Group Public Company Limited has been appointed by the Board of the Directors and consists of 3 independent directors who are experienced on finance and management. The Audit Committee performs its duty independently based on its scope of responsibility to support the Board of Directors according to the Audit Committee Charter and the announcement made by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). In 2017, the Audit Committee held eight meetings. All members attended all meeting. Executives, Head of Internal Audit and auditors also attended the meetings when there are relevant agenda items that need their input. Results of the Audit Committee's performance can be summarized as follows:

1. Financial Statement Review

The Audit Committee reviewed the quarterly financial statements and the 2017 financial statements of the Group and found that they were completed accurately. The information was adequately disclosed in a reliable manner, and was approved by the auditors without conditions. The meetings were held with auditors, without members of management present, to discuss the independence of the Committee, opinions of auditors, their observations, and improvement guidelines that would be of benefit to the Company.

2. Internal Control System

The Audit Committee reviewed the internal control system of The Erawan Group Public Company Limited and its subsidiaries with respect to accounting and finance, safeguarding of assets, operations, evaluation as well as

legal and regulatory compliance. Check and balance mechanisms were implemented and monitoring was performed by Internal Audit Department whose independence and efficiency and deemed sufficient for protecting the interest of shareholders and relevant parties. The Company has transparent whistle-blowing and complaint-handling procedures in place.

3. Business Law Compliance

The Audit Committee determined that the Company duly complied with laws governing securities and exchange, as required by the SET, The SEC and other statutes relating to the Company's business.

4. Connected Transactions of Transactions with Potential Conflict of Interest

The Audit Committee reviewed connected transactions and found that they were genuine transactions carried out as a normal course of business, and with reasonable cause. The Company carried then out according to good corporate governance without any conflict of interest. The Company has strictly followed the SEC's and SET's rules and regulations by taking into account the interest of all Stakeholders.

5. Risk Management

The Audit Committee reviewed the annual plan and monitored the progress of the risk management on a quarterly basis. The Audit Committee was confident that the Company has appropriate and efficient risk management policy and procedures. Risk assessment criteria of investment projects were standardized in response to changing business environment, with the objective of discovering new business opportunities and creating value for the Company.



Report of the Audit Committee to Shareholder

6. Internal Audit

The Audit Committee give advice and approve the annual auditing plan; to acknowledge and submit an internal auditing result to the Board of Directors; to review an annual budget and to supervise and evaluate the Internal Audit Department's performance.

7. Anti-Corruption

The Erawan Group has announced its intention to be part of the Anti-Corruption Movement and certifies that the Company to declaration on anti-corruption by putting in place good business principles and control against bribery in response to Thailand's policy to support transparency and sustainability in business and the Company was also received level 4 "Certified" Anti-Corruption Progress Indicator Completed from the Securities and Exchange Commission (SEC). With the approval of the two regulators, we believe that the Company should strive for clearer action. And there is a process to do without defects.

The Audit Committee expressed its opinion, starting that the Company was actively committed to its corporate governance policy. Risk management is in line with the Company's policy. This compliance resulted in an effective and adequate internal control system that corresponded with both internal and external changes. An appropriate internal control system was in place. Connected transactions that may lead to conflict of interest were deemed to be genuine transactions carried out based on a normal course of business for the Company's maximum benefit. All related laws and regulations were fully complied with. The financial statements for the accounting period ending on 31st December 2017 were duly prepared, while adequate and reliable information was properly disclosed.

Appointment of auditors in 2018:

The Audit Committee considered nomination, appointment and annual remuneration of the external auditor for 2018 who has suitable qualifications. The processes taken into consideration were the independence, performance in the past year, knowledge, competency in telecommunications industry and also competitiveness of the audit fee as one of the key considerations. The resolution has been presented to the Board of Directors to further request for approval on appointment of the external auditor for 2018 from the shareholders' meeting are as following individuals:

1. Ms. Vilaivan Pholprasert, Certified Public Accountant (Thailand) No. 8420 and/or
2. Ms. Vipavan Pattavanvivek, Certified Public Accountant (Thailand) No. 4795 and/or
3. Ms. Patamavan Vadhanakul, Certified Public Accountant (Thailand) No.9832

of KPMG Phoomchai Audit Ltd. as The Erawan Group Public Company Limited and its subsidiaries' auditor in 2018.

Mr. Prakrit Pradipasen

Chairman of the Audit Committee

15 February 2018



About Erawan





Corporate Profile

The Erawan Group Public Company Limited

Continue to develop various Real Estates and Hotel Business over the past 35 years

1982

The Company was founded.

1985

Opened Amarin Plaza

1988

Registered on Stock Exchange of Thailand

Opened Grand Hyatt Erawan Bangkok Hotel

1991



1994

Converted into a Public Company



1996

Opened Ploenchit Center

Opened JW Marriott Hotel Bangkok

1997



Opened Erawan Bangkok

2004



2005

Opened Renaissance
Koh Samui Resort and Spa

Opened Courtyard by Marriott Bangkok Hotel

2007



Divested Amarin Plaza

Opened 4 ibis Hotels

ibis Phuket Patong, ibis Pattaya,
ibis Bangkok Sathorn, ibis Samui Bophut

2008



Opened Six Senses Sanctuary Phuket

Opened Holiday Inn Pattaya

Opened 2 ibis Hotels

ibis Bangkok Sukhumvit 4, ibis Phuket Kata

2009





Opened ibis Bangkok Riverside

2010



Rebranded

The Naka Island, a Luxury Collection Resort and Spa, Phuket.

Divested

Ploenchit Center; Erawan's Subsidiary, Erawan Commercial Management Co.,Ltd, continues to manage the building

2011



Opened

Mercure Bangkok Siam

Opened 2 ibis Hotels

ibis Hua-Hin, ibis Bangkok Siam

2012



Divested

ibis Phuket Patong and ibis Pattaya to Erawan Hotel Growth

Property Fund; Erawan's Subsidiary, Erawan Growth

Management Co., Ltd. continues to manage the properties.

2013



2014

Opened

Holiday Inn Pattaya Executive Tower

Opened

Mercure Pattaya Ocean Resort

Opened

ibis Styles Krabi Ao Nang

Opened

10 HOP INN Hotels across Thailand

2015

Opened

5 HOP INN Hotels across Thailand



2016

Opened

7 HOP INN Hotels across Thailand

Opened

HOP INN Ermita Manila, Philippines



2017

Introduced

Deluxe room category at The Naka Island, a Luxury Collection Resort and Spa, Phuket

Opened

10 HOP INN Hotels across Thailand

Opened

HOP INN Makati Avenue Manila, Philippines





Our Shareholders and Management Structure

Shareholders

As at 31st December 2017, the company's paid up capital is Baht 2,500,893,275 divided into 2,500,893,275 ordinary shares at par value 1 Baht per share. Top ten shareholders holding the highest number of shares are as follows:

	Shareholder's name	Number of shares	% of total shares
1	Mr. Sukakarn Wattanavekin	376,439,178	15.05%
2	City Holding Co.,Ltd.	222,728,100	8.91%
3	Mrs. Vansamorn Wannamethee	149,757,004	5.99%
4	Mid-Siam Capital Co.,Ltd.	144,488,645	5.78%
5	Thai NVDR Co.,Ltd.	105,190,038	4.21%
6	N.C.B.TRUST LIMITED-NORGES BANK 11	74,945,100	2.99%
7	PAN ASIA ASSETS LIMITED	73,000,000	2.92%
8	Mr. Supol Wattanavekin	66,235,502	2.65%
9	UBS AG SINGAPORE BRANCH	60,000,000	2.39%
10	Ms. Thitinant Wattanavekin	43,659,291	1.75%
Total top ten shareholders holding		1,316,442,858	52.64%

Detail Groups of Major Shareholders are as follows:

Group of Shareholders	Number of shares	% of total shares
Vongkusolkit Group	705,719,202	28.22%
Wattanavekin Group	710,438,967	28.41%
Thai Institution Investor and Foreign Institution Investor	890,403,380	35.60%
Company's executives and employees	10,083,169	0.40%
Minor Shareholders	184,248,557	7.37%
Total	2,500,893,275	100.00%

Investor will be able to see the updated shareholders list from the Company's website at www.TheErawan.com before the Annual General Meeting of Shareholders.





The Naka Island, a Luxury Collection Resort and Spa, Phuket

Directors that represent the major shareholders are as follows:

Director's Names	Groups of Major Shareholders
1. Mr. Chanin Vongkusolkrit 2. Mr. Gavin Vongkusolkrit 3. Mrs. Arada Vongkusolkrit	Vongkusolkrit Group
4. Mr. Supol Wattanavekin 5. Mrs. Panida Thepkanjana	Wattanavekin Group

Our Shareholders and Management

Management Structure

The Board of Directors consists of eleven directors; the Board has appointed four committees namely:

- 1) The Audit Committee (AC)
- 2) The Strategic and Investment Committee (SIC)
- 3) The Nominating and Corporate Governance Committee (NCG)
- 4) The Management Development and Compensation Committee (MDC).



JW Marriott Bangkok

1. Mr. Prakrit Pradipasen Age 75 years	2. Dr. Kulpatra Sirodom Age 61 years
Position <ul style="list-style-type: none"> Chairman of the Board Independent Director Chairman of the Audit Committee Chairman of the Nominating and Corporate Governance Committee 	Position <ul style="list-style-type: none"> Independent Director Member of the Audit Committee
Date of Directorship 1991	Date of Directorship April 26, 2017
Working period 26 years	Working period 8 months
Education <ul style="list-style-type: none"> M.A. Business Administration Wayne State University, Detroit, Michigan, U.S.A. B.A. Science in Business Administration, Silliman University, Dumaguete, Philippines 	Education <ul style="list-style-type: none"> Ph.D. (Finance) University of Pittsburgh, U.S.A. Master of Business Administration (Finance) West Virginia University, U.S.A. BBA (First Class Honors-Finance), Thammasat University
Directors Training Program <ol style="list-style-type: none"> RCP: Role of the Chairman Program 15/2007 DAP: Director Accreditation Program 1/2003 R-CAC: Thailand's 4th National Conference on Collective Action Against Corruption 1/2013 Panelist: CG Forum 4/2014 Panelist: Chairman Forum 2017 "The Role of Chairman in Leading Strategic Risk Oversight" 	Directors Training Program <ol style="list-style-type: none"> Director Certification Program (DCP) Thai Institute of Directors (IOD) 0/2000 Global Association of Risk Professionals (GARP) Capital Market Academy No.2 Audit Committee Program Thai Institute of Directors (IOD) 29/2009 Global Institute of Women Corporate Directors (Invited as speaker at the annual event in New York, USA)
5 years experience in other Listed Company 2015 – Present <ul style="list-style-type: none"> Chairman of the Nomination and Compensation Committee, Supalai Plc. 	5 years experience in other Listed Company 1994 – Present <ul style="list-style-type: none"> Independent Director and Chairman of the Audit Committee, Thai President Foods Plc.
2005 – Present <ul style="list-style-type: none"> Chairman of the Board and Independent Director Asian Marine Services Plc. 	2002 – Present <ul style="list-style-type: none"> Independent Director and Member of the Audit Committee, President Bakery Plc.
2003 – Present <ul style="list-style-type: none"> Chairman of the Board Diamond Building Products Plc. 	2009 – Present <ul style="list-style-type: none"> Independent Director, Member of the Audit Committee, Member of the Corporate Social Responsibility Committee, Siam Commercial Bank Plc.
2003 – Present <ul style="list-style-type: none"> Independent Director, Susco Plc. 	2013 – Present <ul style="list-style-type: none"> Independent Director, Chairman of the Audit Committee and Chairman of Corporate Governance Committee, Thai Wacoal Plc.
2001 – Present <ul style="list-style-type: none"> Independent Director and Chairman of the Audit Committee, Supalai Plc. 	
2001 – Present <ul style="list-style-type: none"> Independent Director and Chairman of the Audit Committee, Luckytex (Thailand) Plc. 	
2001 – Present <ul style="list-style-type: none"> Independent Director and Chairman of the Audit Committee, Haad Thip Plc. 	
2000 – 2006 <ul style="list-style-type: none"> Independent Director and Chairman of the Audit Committee Thai Carbon Black Plc. 	



3. Mr. Ekasith Jotikasthira Age 47 years	4. Mr. Banyong Pongpanich Age 63 years	5. Mr. Chanin Vongkusolkrit Age 65 years
<p>Position</p> <ul style="list-style-type: none"> Independent Director Member of the Audit Committee Member of the Nominating and Corporate Governance Committee <p>Date of Directorship April 29, 2009</p> <p>Working period 8 years</p> <p>Education</p> <ul style="list-style-type: none"> Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University <p>Director Training Program</p> <ul style="list-style-type: none"> DCP: Director Accreditation Program 79/2009 <p>5 years experience in other Listed Company</p> <ul style="list-style-type: none"> No 	<p>Position</p> <ul style="list-style-type: none"> Director Member of the Management Development and Compensation Committee Advisory to the Strategic and Investment Committee <p>Date of Directorship November 16, 2004</p> <p>Working period 13 years</p> <p>Education</p> <ul style="list-style-type: none"> Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University Bachelor of Economics, Chulalongkorn University <p>Director Training Program</p> <ol style="list-style-type: none"> CGI: Corporate Governance for Capital Market Intermediaries 15/2016 ACEP: Anti-Corruption for Executive Program 2/2012 DAP: Director Accreditation Program 36/2005 RCP: Role of the Chairman Program 5/2001 <p>5 year experience in other Listed Company</p> <p>2012 – Present</p> <ul style="list-style-type: none"> Director, Chairman of the Executive Committee and Member of the Risk Management Committee, Kiatnakin Bank Plc. <p>2010 – Present</p> <ul style="list-style-type: none"> Chairman of the Board, Phatra Capital Plc. <p>2007 – Present</p> <ul style="list-style-type: none"> Independent Director and Chairman of the Nomination and Remuneration Committee, Don Muang Tollway Plc. <p>2003 – Present</p> <ul style="list-style-type: none"> Chairman of the Board Phatra Securities Plc. <p>2003 – Present</p> <ul style="list-style-type: none"> Independent Director and Chairman of the Nomination and Remuneration Committee, Muang Thai Insurance Plc. <p>2012 – 2015</p> <ul style="list-style-type: none"> Chief Executive Officer, Kiatnakin Bank Plc. 	<p>Position</p> <ul style="list-style-type: none"> Director Chairman of the Strategic and Investment Committee Chairman of the Management Development and Compensation Committee <p>Date of Directorship November 4, 2004</p> <p>Working period 13 years</p> <p>Education</p> <ul style="list-style-type: none"> Master of Business Administration (Finance), St. Louis University, Missouri, U.S.A. <p>Director Training Program</p> <ol style="list-style-type: none"> DCP: Refresher Course 3/2006 DCP: Director Certification Program 20/2002 LDP: Leadership Development Program 0/2012 <p>5 year experience in other Listed Company</p> <p>2016 – Present</p> <ul style="list-style-type: none"> Chairman of the Board, Banpu Plc. <p>2015 – Present</p> <ul style="list-style-type: none"> Director, Banpu Power Plc. <p>1983 – Present</p> <ul style="list-style-type: none"> Director, Banpu Plc. <p>2015 – 2016</p> <ul style="list-style-type: none"> Senior Executive Officer, Banpu Plc. <p>1983 – 2015</p> <ul style="list-style-type: none"> Chief Executive Officer, Banpu Plc.

Our Shareholders and Management

6. Mr. Supol Wattanavekin Age 62 years	7. Mrs. Panida Thepkanjana Age 58 years	8. Mrs. Arada Vongkusolkrit Age 42 years
<p>Position</p> <ul style="list-style-type: none"> • Director • Member of the Nominating and Corporate Governance Committee • Advisory to the Strategic and Investment Committee <p>Date of Directorship November 4, 2004</p> <p>Working period 13 years</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration (Executive) (EMBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University <p>Director Training Program</p> <ol style="list-style-type: none"> 1. SET 100 Civil and State Cooperation (2016), The Stock Exchange of Thailand (SET) 2. RCL: Risk Management Program for Corporate Leader 3/2016 3. CG Forum 4/2015, Governance as a Driving Force for business Sustainability 4. CG Forum 2/2014, Corporate Governance in The Perspective of Investors 5. DCPU: Director Certification Program Update 1/2014 6. FGP: Financial Institutions Governance Program 2/2011 7. DCP: Director Certification Program 76/2006 8. DAP: Director Accreditation Program 56/2006 9. RCP: Role of the Chairman Program 1/2000 10. Chairman Forum 1/2013, Meeting the AEC Challenge: Role of the Chairman 11. Chairman Forum 2/2013, Role of the Chairman in promoting ethical business 12. CG Forum 3/2013, Conflict of Interest: Fighting abusive RPT 13. Financial sector Restructuring in Thailand : From present to the future (Special Seminar 1/ 2010), Thai Institute of Directors 14. The 5th SEACEN / ABAC / ABA / PECC Public Private Dialogue for the Asia Pacific Region (2009), The South East Asia Central Bank Research and Training Center of Malaysia 15. Corporate Governance Report of Thai Listed Companies (2007), Thai Institute of Directors 16. Sasin Graduate Institute of Business Administration of Chulalongkorn University <ol style="list-style-type: none"> 16.1 Leadership, Strategic Growth and Change (2006) 16.2 Organizing and Managing Strategic Alliances for Success and Profit (2006) 17. Orchestrating Winning Performance (2005), IMD International, Switzerland <p>5 year experience in other Listed Company 2011 – Present</p> <ul style="list-style-type: none"> • Chairman of the Board and Chairman of the Risk Management Committee, Kiatnakin Bank Plc. 	<p>Position</p> <ul style="list-style-type: none"> • Director • Member of the Strategic and Investment Committee • Member of the Management Development and Compensation Committee <p>Date of Directorship 1991</p> <p>Working period 26 years</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University • Master of Law, Chulalongkorn University • Barrister at Law, The Institute of Thai Bar Association <p>Director Training Program</p> <ol style="list-style-type: none"> 1. RNG: Role of the Nomination and Governance Committee 6/2014 2. DCP: Refresher Course 1/2005 3. DCP: Director Certification Program 18/2002 <p>5 year experience in other Listed Company</p> <ul style="list-style-type: none"> • No 	<p>Position</p> <ul style="list-style-type: none"> • Director • Member of the Nominating and Corporate Governance Committee • Advisory of the Strategic and Investment Committee <p>Date of Directorship April 26, 2017</p> <p>Working period 8 months</p> <p>Education</p> <ul style="list-style-type: none"> • Bachelor of Science in Manufacturing Engineering Boston University School of Engineering, Massachusetts • Master of Engineering, Operations Research & Industrial Engineering Cornell University Graduate School, Ithaca, New York • Executive Master of Business Administration (EMBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University <p>Director Training Program</p> <ol style="list-style-type: none"> 1. Director Certification Program (DCP) 162/2012 2. Board and Matter and Trends (BMT) 3/2017 <p>5 year experience in other Listed Company</p> <ul style="list-style-type: none"> • No



9. Mr. Gavin Vongkusolkrit Age 35 years	10. Mrs. Kamonwan Wipulakorn Age 55 years	11. Mr. Petch Krainukul Age 46 years
<p>Position</p> <ul style="list-style-type: none"> • Director • Member of the Strategic and Investment Committee <p>Date of Directorship December 1, 2011</p> <p>Working period 6 years</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration (Finance), The University of Sydney, Australia <p>Director Training Program</p> <ol style="list-style-type: none"> 1. RCC: Role of the Compensation Committee 17/2013 2. RNG: Role of the Nomination and Governance Committee 4/2013 3. DCP: Director Certification Program 156/2012 <p>5 years experience in other Listed Company</p> <ul style="list-style-type: none"> • No 	<p>Position</p> <ul style="list-style-type: none"> • Director • President • Member of the Strategic and Investment Committee <p>Date of Directorship April 27, 2011</p> <p>Working period 6 years</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration (Finance), Western Illinois University, U.S.A. <p>Director Training Program</p> <ol style="list-style-type: none"> 1. Leader Program Capital Market Academy (CMA 19) 2. Director Certification Program (DCP) 122/2009 3. Diploma Examination (Exam) 26/2009 <p>5 years experience in other Listed Company 2014 – Present</p> <ul style="list-style-type: none"> • Independent Director, Member of Audit Committee, Member of the Nomination Committee, Member of the Remuneration Committee and Member of the Corporate Governance Committee, Total Assets Communication Plc. 	<p>Position</p> <ul style="list-style-type: none"> • Director • Senior Executive Vice President • Member of the Strategic and Investment Committee <p>Date of Directorship June 1, 2014</p> <p>Working period 3 years</p> <p>Education</p> <ul style="list-style-type: none"> • Master of Business Administration (Finance), University of South Alabama, Alabama, U.S.A. <p>Director Training Program</p> <ul style="list-style-type: none"> • DCP: Director Certification Program 101/2008 <p>5 years experience in other Listed Company</p> <ul style="list-style-type: none"> • No

Our Shareholders and Management

12. Ms. Kanokwan Thongsiwarugs

Position

- Company Secretary
- Secretary of the Audit Committee and Head of Internal Audit
- Secretary of the Nominating and Corporate Governance Committee

Education

- Master of Business Administration (MBA), Kasetsart University

Training Program in 2017

1. Sustainability Reporting 1/2017
2. CSR for Corporate Sustainability 1/2017

Training Program

1. Corporate Secretary Development Program 11/2005, Chulalongkorn University
2. Auditing Information System, The Institute of Internal Auditors of Thailand (IIAT)
3. Role of the Compensation Committee Program (RCC) 3/2007
4. Company Secretary Program (CSP) 28/2008
5. Going from "Good" to "Great" in IT Risk and Control Management, November 28, 2012
6. IOD Company Secretary Forum 2013, topic "Equipping Your Board for AGM"
7. Lecturer: Company Secretary Program (CSP) 2014
8. Panelist: IOD Company Secretary Forum 2014, topic "Strengthening Anti-Corruption Practice in Your Boardroom"
9. The UK Experience on Implementing the Enhanced Auditor Reporting by SEC, Federation of Accounting Professions and SET
10. CG Forum 1/2016 by SET
11. IOD Luncheon Briefing "How can Corporate Directors Help Nurture Social Enterprises"
12. CG Forum 2/2016 by SET
13. TLCA Knowledge Sharing "Cross-Team Collaboration for Sustainability and Innovation"



Renaissance Koh Samui Resort and Spa

Authority to sign on behalf of the Company

Two of the following four directors namely, Mr. Chanin Vongkusolkrit or Mrs. Panida Thepkanjana or Mrs. Kamonwan Wipulakorn or Mr. Petch Krainukul, shall jointly sign a document together.

Dividend Policy

Approximately 40 percent of the net profits of the consolidated financial statements after deduction of all kind of reserves as specified by law and the Company (with additional conditions)

Roles and Responsibilities of the Board of Directors and the Committee

Board of Directors consists of eleven members as follows:

- | | |
|-----------------------------|---|
| 1. Mr. Prakit Pradipasen | Chairman and Independent Director and Chairman of the Audit Committee |
| 2. Dr. Kulpatra Sirodom | Independent Director and Member of the Audit Committee |
| 3. Mr. Ekasith Jotikasthira | Independent Director and Member of the Audit Committee |
| 4. Mr. Banyong Pongpanich | Independent Director |
| 5. Mr. Chanin Vongkusolkrit | Director |
| 6. Mr. Supol Wattanavekin | Director |
| 7. Mrs. Panida Thepkanjana | Director |
| 8. Mrs. Arada Vongkusolkrit | Director |
| 9. Mr. Gavin Vongkusolkrit | Director |

10. Mrs. Kamonwan Wipulakorn Director and President

11. Mr. Petch Krainukul Director and Senior Executive Vice President

Board of Directors' roles and responsibilities are:

1. To manage the Company according to the laws, the Objects in Detail, the Articles of Association and resolutions of the Shareholders' Meeting with integrity and prudence for the Company's interests.
2. To determine the company's visions, obligations and business policy.
3. To review the business development plans to increase potential of itself.
4. To consider budgets to maximize the business's economic values and for better returns to shareholders.
5. To formulate the compensation policy and a succession plan of executives.
6. To supervise and develop risk assessment.
7. To supervise and develop the Company's good corporate governance.
8. To supervise and set up an internal control and an internal audit system.
9. To take care of interests of both major and minor shareholders so that they can equally exercise and maintain their interests while accessing accurate and complete information with transparency and accountability
10. To appoint committees in order to determine scopes of work and monitor their performances.
11. To performance evaluation's executives and the HR development policy.



ibis Bangkok Riverside



Our Shareholders and Management

Term of Directors: 3 years each term. At the Annual General Meeting of Shareholders (AGM), one-third of all directors shall resign by rotation. The resigning directors may be re-elected.

The Audit Committee consists of three members as follows:

- | | |
|-------------------------------|---|
| 1. Mr. Prakit Pradipasen | Chairman |
| 2. Dr. Kulpatra Sirodom | Member of the Committee |
| 3. Mr. Ekasith Jotikasthira | Member of the Committee |
| 4. Ms. Kanokwan Thongsiwarugs | Secretary of the Committee and Head of Internal Audit |

Audit Committee's roles and responsibilities are:

1. To review an annual financial statement already audited by auditors and to ensure that it meets the generally accepted accounting principles; to consider and screen financial information together with the auditors before releasing it to the third party.
2. To consider and select, propose for appointment, removal and determine auditors fees and to meet four times a year with the auditors.
3. To review material problems and obstacles the auditor may come across while performing his duty and to settle differences between the auditor and the management.
4. To review the appropriateness and effectiveness of the internal control system and internal audit systems are in place according to international standards.
5. To set up a defensive work system for business units in the company to increase operation efficiency and effectiveness.
6. To review an annual internal audit plan proposed by the Internal Audit Office. To provide opinion on the consideration of performance, appointment, removal, and remuneration of the Company's internal auditor.
7. To promote and support the development of a financial reporting system that meets the international standards.
8. To control company's compliance with the laws on Securities and Exchange and other legislations relating to its business.
9. To determine fraud prevention measures and review results of a corruption inspection report.
10. To review the accuracy and effectiveness of information technology relating to the internal control system; to offer

advice for roles and regular updates.

11. To consider the Company's information disclosure in case of connected transactions or transactions which may involve conflict of interest to ensure that all are correct, sound and carried out in a normal course of business.
12. To prepare the Audit Committee's report to be signed by Chairman of the Committee and disclosed it in the Company's annual report.
13. To act otherwise as required by the laws or entrusted by the Board of Directors; when performing along its scopes of work, the Audit Committee shall be empowered to order the President, Senior Executives, Heads of Department or related staff to provide their opinions, participate in meeting or submit documents deemed necessary or relevant.

Term of Audit Directors: 3 years each term.

The Strategic and Investment Committee

consists of seven members as follows:

- | | |
|--------------------------------|----------------------------|
| 1. Mr. Chanin Vongkusolkrit | Chairman |
| 2. Mrs. Panida Thepkanjana | Member of the Committee |
| 3. Mr. Gavin Vongkusolkrit | Member of the Committee |
| 4. Mrs. Vansamom Wannamethee | Member of the Committee |
| 5. Mr. Nattapong Vongkusolkrit | Member of the Committee |
| 6. Mrs. Kamonwan Wipulakorn | Member of the Committee |
| 7. Mr. Petch Krainukul | Member of the Committee |
| 8. Ms. Kanyarat Krisnathevin | Secretary of the Committee |

Advisory to the Committee:

1. Mr. Supol Wattanavekin
2. Mr. Banyong Pongpanich
3. Mrs. Arada Vongkusolkrit
4. Mr. Kasama Punyagupta

The Strategic and Investment Committee's

roles and responsibilities are:

1. To consider and formulate the business plan and long term strategy of the Company with the President and Management and propose to the Board of Director for final approval.
2. To supervise and approve investment projects and divestment transactions as set out in the Company's master



plan. The Committee's responsibilities shall include preliminary approvals of project feasibility, financial returns, and review of risks associated with the project, financial structure and source of financing.

3. To provide recommendation to management in relation to business opportunity.

Term of the Strategic and Investment Directors:

3 years each term.

The Nominating and Corporate Governance Committee

consists of four members as follows:

- | | |
|--------------------------------|----------------------------|
| 1. Mr. Prakit Pradipasen | Chairman |
| 2. Mr. Supol Wattanavekin | Member of the Committee |
| 3. Mr. Ekasith Jotikasthira | Member of the Committee |
| 4. Mrs. Arada Vongkusolkit | Member of the Committee |
| 5. Ms. Kanokwan Thongsirwarugs | Secretary of the Committee |

Nominating and Corporate Governance Committee's

roles and responsibilities are:

1. To determine the Board of Directors' composition and qualification of its members as well as members of board committees.
2. To nominate candidates for the Board of Directors and member of board committees.
3. To determine the Remuneration of Directors.
4. To propose corporate governance policies and guidelines to the Board of Directors and to review and update such policies and guidelines on ongoing basis.
5. To evaluate the Board of Directors and each committee's performance and to ensure that the Board of Directors and management's operations are being conducted within corporate governance policies and guidelines.
6. To promote knowledge acquisition for the Company's nature of business, regulations, and strategy.

Term of Nominating and Corporate Governance Director:

3 years each term.

The Management Development and Compensation Committee

consists of three members as follows:

- | | |
|--------------------------------|----------------------------|
| 1. Mr. Chanin Vongkusolkit | Chairman |
| 2. Mrs. Panida Thepkanjana | Member of the Committee |
| 3. Mr. Banyong Pongpanich | Member of the Committee |
| 4. Mr. Suchai Wuthworachairung | Secretary of the Committee |

Management Development and Compensation Committee's

roles and responsibilities are:

1. To assess and evaluate performances; to determine annual remunerations and a compensation structure of President while offering him/her an advice regarding remunerations of Senior Executives.
2. To consider a plan to develop skills and competency of President Nominees (in case of change).
3. To determine significant HR policies i.e. and structure of staff's remunerations for Annual Remunerations and Budgeting, Rewards (bonus), etc.
4. To consider an allocation of the Employees Share Options Program (ESOP) in case such allocation exceeds 5 percent of the program's shares.

Term of Management Development and Compensation Directors:

3 years each term.

Independent Directors, who account for 36.36 percent of the Company's Board of Directors, consist of:

- | | |
|-----------------------------|--|
| 1. Mr. Prakit Pradipasen | Chairman of the Board and Independent Director |
| 2. Dr. Kulpatra Sirodom | Member of the Audit Committee and Independent Director |
| 3. Mr. Ekasith Jotikasthira | Member of the Audit Committee and Independent Director |
| 4. Mr. Banyong Pongpanich | Independent Director |



Our Shareholders and Management

The Company's Executives consist of:

- | | |
|------------------------------|--|
| 1. Mrs. Kamonwan Wipulakorn | President |
| 2. Mr. Petch Krainukul | Senior Executive Vice President |
| 3. Ms. Kanyarat Krisnathevin | Executive Vice President and Chief Financial Officer |
| 4. Mr. Apichan Mapaisansin | Executive Vice President |
| 5. Mr. Navarat Tamsuwan | Executive Vice President |
| 6. Ms. Jetiya Kitiyodom | Vice President, Accounting Department |

7. To build and nurture corporate cultures to achieve long term sustainable growth.
8. To develop skills, knowledge and employee competency in accordance with the Company's business plan.
9. To develop valid and sufficient databases to support decision making.
10. To represent and promote corporate image and profile to public.
11. To develop good corporate governance and ensure good practice throughout both at company and employee's level.

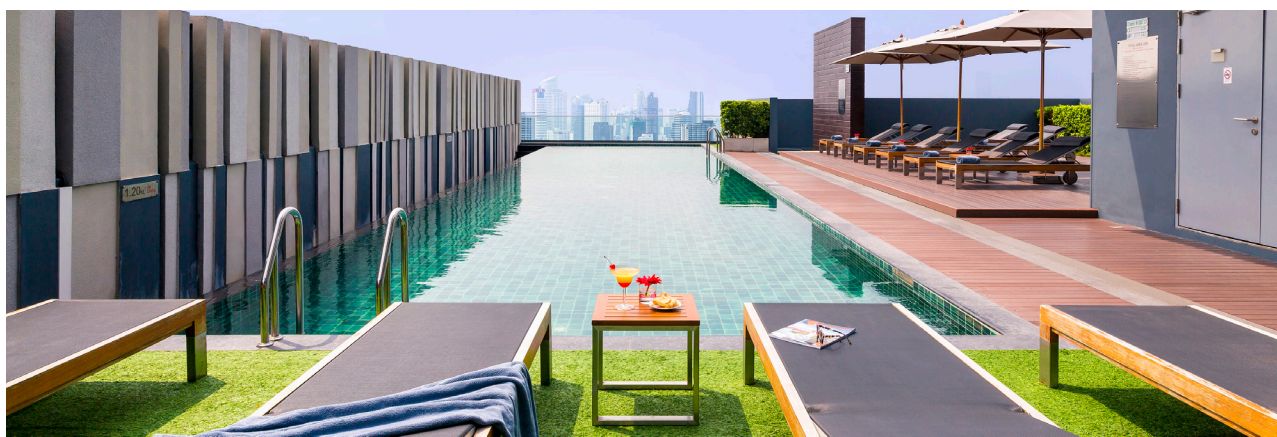
Duties and Authorities of President

1. To formulate the business plan and long term strategy of the Company with the Strategic and Investment Committee and propose to the Board of Director for final approval.
2. To formulate the Company's business plan and strategy in accordance with the Company's Vision and Mission.
3. To formulate the Company's annual budget and allocate required resources to achieve annual goal.
4. To manage human resources including recruiting, setting compensations, welfare and benefits, setting evaluation methods, appointing, removing and transferring staff and issuing rules, regulations and announcements as deemed appropriate.
5. To set forth management structure, determine roles, duties and approval authorities.
6. To develop various systems to ensure effective and efficient operations.

Duties and Responsibilities of Company Secretary

The Board of Directors has appointed Ms. Kanokwan Thongsiwarugs as Company Secretary, whose duties and responsibilities are as stipulated in the Securities and Exchange Act (No.4) B.E. 2535, an amendment of the Securities and Exchange Act (No.5) B.E. 2559 and/or other related laws, rules and regulations have stipulated. This includes:

1. To support the Board to perform its fiduciary duties with integrity and care as a normal person may do in the same situation; to offer advice to directors, the Management and staff to ensure compliances to the laws, rules and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) and other relevant legislations.
2. To supervise the internal auditing, the internal control system, compliance to the principle of good corporate governance.



Mercure Bangkok Siam





Courtyard by Marriott Bangkok

3. To coordinate matters relating to directors such as changes of qualifications, changes of roles and duties, terms of offices of committees, resignation on rotation, resignation prior to a due term and appointment of new directors.
4. To specify and inform a place where important documents of the firm are kept and to disclose related information based on duties and responsibilities to the SEC.
5. To monitor the Management's performances to ensure good practices.
6. To prepare enough annual reports for distribution to shareholders and related persons.
7. To review invitation letters to the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders, adequacy of documents, supporting documents and information disclosure to the meeting and minutes of the meeting.
8. To disclose related information under the Secretary's duties and responsibilities to the SET.

The Company's Articles of Association of the Nomination of Directors

Clause 18 the Shareholders' Meeting shall elect directors according to the following rules and procedures:

- 18.1 Chairman of the Meeting shall propose names and work experiences of nominees submitted by the Board of Directors for approval.
- 18.2 Each shareholder shall have voting rights equal to the number of shares he holds.
- 18.3 An election of director may be done by voting either one or several persons as director as the Shareholders' Meeting deems appropriate. However, each shareholder must exercise all of his voting rights existed under Clause 18.2 for each director. Dividing votes to a particular nominee is not permitted.
- 18.4 Those receiving the highest number of votes in a sequent order shall be elected as directors for an available number of directors. Should those elected in a subsequent order enjoy equal votes which however exceed the number of the existing directors, Chairman of the Meeting shall have a casting vote.

Clause 19 At each annual ordinary meeting of shareholders, not less than one-third (1/3) of the directors shall retire. If the number of directors is not a multiple of three, the number of directors shall be the closest to one-third (1/3) A director who vacates his office may be re-elected. The directors shall agree among themselves as to the order of their retirement from the office in accordance with the first paragraph.

Clause 48 A resolution of the Shareholders' Meeting shall consist of the following votes:

- 48.1 In a normal case, majority votes of shareholders who attend the meeting (either by themselves or by proxy) and exercise their votes shall be considered a resolution.



Shareholding of the Board of Directors and Management

Report of securities held by the Company's directors and Management as of December 31, 2017

Name	Title	Ordinary Share (Units)		
		Dec.31,2017	Dec.31,2016	+ (-)
1. Mr. Prakit Pradipasen	Chairman of the Board and Independent Director	-	165,058	(165,058)
2. Dr. Kulpatra Siridom	Independent Director	-	-	-
3. Mr. Ekasith Jotikasthira	Independent Director	-	-	-
4. Mr. Banyong Pongpanich	Independent Director	-	-	-
5. Mr. Supol Wattanavekin	Director	66,235,502	66,235,502	-
6. Mr. Chanin Vongkusolkit	Director	102,905	102,905	-
7. Mrs. Panida Thepkanjana ¹	Director	3,596,448	3,596,448	-
8. Mr. Gavin Vongkusolkit	Director	67,213	67,213	-
9. Mrs. Arada Vongkusolkit	Director	59,760	59,760	-
10. Mrs. Kamonwan Wipulakorn	President	4,800,000	4,800,000	-
11. Mr. Petch Krainukul	Senior Executive Vice President	3,339,082	2,889,082	450,000
12. Mrs. Vansamorn Wannamethee ²	Director of the Strategic and Investment Committee	149,764,304	149,764,304	-
13. Mr. Nattapong Vongkusolkit	Director of the Strategic and Investment Committee	389,640	339,640	50,000
14. Miss Kanyarat Krisnathevin	Executive Vice President	-	-	-
15. Mr. Apichan Mapaisansin	Executive Vice President	900,000	1,600,000	(700,000)
16. Mr. Navarat Tamsuwan	Executive Vice President	100,000	660,000	(560,000)
Total		226,015,772	230,279,912	(925,058)

Note : ¹ Include spouse of 1,868,500 shares

² Include spouse of 7,300 shares



Remuneration of the Board of Directors and Management

The Board entrusts several committees to formulate a compensation plan for directors, executives and staff as follows:

The Nominating and Corporate Governance Committee has a duty to formulate a compensation policy of directors where it is to review the soundness of compensations being paid on an annual basis on the basis of directors' scopes of duties as well as their roles and responsibilities and the company's financial status and operation results vis-à-vis others in a similar business enjoying the same amount of revenues. Compensations will be paid in three types: meeting allowances (retainer fees or attendance fees) and bonuses. Director entrusted as a committee's member shall receive additional compensations based on his additional responsibilities and this will be submitted to the Annual General Meeting of Shareholders for approval on an annual basis.

The Management Development and Compensation Committee evaluates performances of the President based on four aspects; namely, finance, customer satisfaction, internal process and HR and corporate development, as part of a review of the President compensation and the Company annual compensation.

The President reviews annual compensations of executives based on a formulated policy through two evaluation processes; namely,

(1) Balance Score Card (BSC) evaluation, which reviews strategic significances of each department vis-à-vis corporate strategy through a linkage that will eventually trigger corporate-level strategies to lower levels; namely, from corporate strategy, to departmental and section strategies;

(2) Competency Skill Behavior (CSB) evaluation, where behaviors that support corporate culture will be evaluated. Supervisors will evaluate each individual. Some of the evaluation will be based upon the company's policies; others upon something else, depending on criteria set by department supervisors. To ensure effective evaluation and to access information from co-workers of various levels, the assessment is conducted from every direction. In this regard, supervisors will evaluate their supervisees and vice versa. In addition, staff of all levels is encouraged to conduct a self evaluation. Results of both BSC and CSB evaluations are used to allocate the company's overall returns to departments, sections and units.

Remunerations in cash for the year ending 31st December 2017 totaled THB 60,366,479.92:

1. Remunerations of directors of the Company's Board of Directors and the Committees totaled THB 9,342,750.00
2. Remunerations of directors of the Company's subsidiary totaled THB 5,920,000.00
3. Remunerations, which were total wages of the (6) executives paid by the Company and its subsidiaries, totaled THB 44,064,695.52
4. Provident fund of the executives under item 3 above totaled THB 1,039,034.40



Remuneration of the Board of Directors and Management

Remunerations For the Board Of Directors and The Committees in cash for the year ending 31st December 2017

Name	Position	Remunerations in cash for member of the committee					Total (THB/Year)
		Board Of Directors	Audit Committee	Strategic And Investment Committee	Nominating and Corporate Governance Committee	Management Development And Compensation Committee	
1 Mr. Prakit Pradipasen	Chairman/Independent director	865,000	-	-	58,500	-	923,500
2. Mr. Sansern Wongcha-um	Independent director*	310,000	32,500	-	-	-	342,500
3. Assoc. Prof. Manop Bongsadadt	Independent director*	400,000	75,000	-	-	-	475,000
4. Mr. Dej Bulsuk	Independent director*	580,000	187,500	-	-	-	767,500
5. Dr. Kulpatra Silodom	Independent director	240,000	125,000	-	-	-	365,000
6. Mr. Ekasith Jotikasthira	Independent director	610,000	150,000	-	42,000	-	802,000
7. Mr. Banyong Pongpanich	Independent director	610,000	-	-	-	-	610,000
8. Mr. Vitoon Vongkusolkrit	Director*	370,000	-	56,250	14,000	-	440,250
9. Mr. Supol Wattanavekin	Director	610,000	-	75,000	42,000	-	727,000
10 Mr. Chanin Vongkusolkrit	Director	610,000	-	130,000	-	39,000	779,000
11. Mrs. Panida Thepkanjana	Director	610,000	-	56,250	-	28,000	694,250
12. Mr. Gavin Vongkusolkrit	Director	610,000	-	93,750	-	-	703,750
13. Mrs. Arada Vongkusolkrit	Director	240,000	-	37,500	28,000	-	305,500
14. Mrs. Kamonwan Wipulakorn	Director and President	610,000	-	Executive	-	-	610,000
15. Mr. Petch Krainukul	Director	610,000	-	Executive	-	-	610,000
16.Mrs. Vansamorn Wannamethee	Member of Sub-Committee	-	-	93,750	-	-	93,750
17.Mr. Nattapong Vongkusolkrit	Member of Sub-committee	-	-	93,750	-	-	93,750
Total (THB/Year)		7,885,000	570,000	636,250	184,500	67,000	9,342,750

Note: *

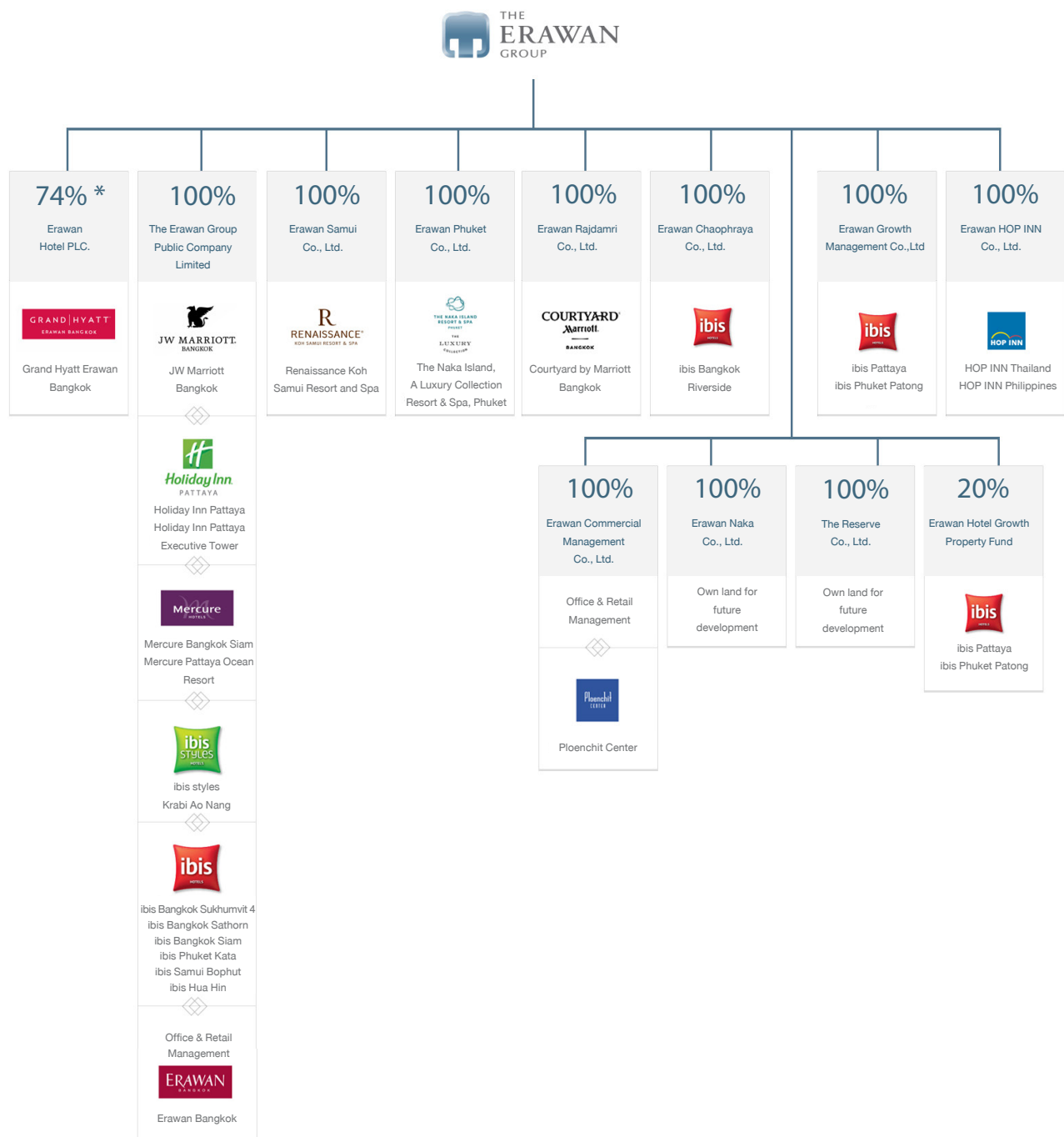
1. Mr. Sansern Wongcha-um, resignation on 1st March 2017
2. Mr. Vitoon Vongkusolkrit, resignation on 26th April 2017
3. Assoc. Prof. Manop Bongsadadt, resignation on 26th May 2017
4. Mr. Dej Bulsuk, resignation on 30th November 2017



Business Overview



Business Structure



*The Government hold 26% of shares via The Syndicate of Thai Hotels & Tourist Enterprises Limited and also the landlord

Operation Structure

There are 3 types of asset management structure in The Erawan Group's hotel operations.

1. Hotels managed under Hotel Management Agreement

The Company selects only well-known international hotel management companies to operate our properties.

The selection criteria are based on the reputation, experience, global network, and operation system of hotel operators as well as the appropriateness to our properties.

Hotel Operators			
Luxury		   	
Midscale			

2. Hotels managed by Erawan under the Franchise Agreement

The Erawan Group has entered into franchise agreement with ACCOR to have a right to use brands

to operate our properties. The Company also applies the selection criteria that the selected brands are best fitted to our properties.



3. Hotels managed by Erawan with own brand

The Erawan Group has developed its own brand



by focusing on necessity and requirements of main target

group of customers.

Properties in Operation

LUXURY • Bangkok



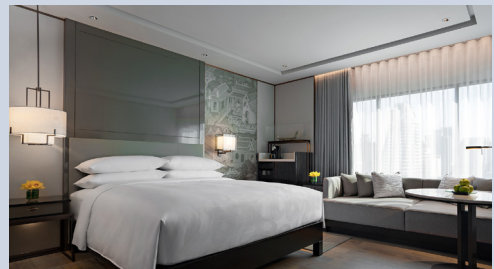
GRAND | HYATT
ERAWAN BANGKOK

Grand Hyatt Erawan Bangkok

www.bangkok.grand.hyatt.com

Number of rooms : 380 rooms

Location : Ratchaprasong, Rajdamri Road



JW MARRIOTT
BANGKOK

JW Marriott Hotel Bangkok

www.marriott.com/bkkdt

Number of rooms : 441 rooms

Location : Sukhumvit Soi 2

MIDSCALE • Bangkok



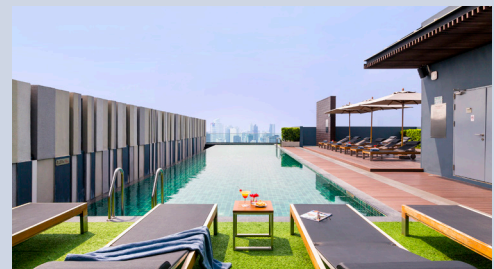
COURTYARD
Marriott
BANGKOK

Courtyard by Marriott Bangkok

www.marriott.com/bkkcy

Number of rooms : 316 rooms

Location : Soi Mahadlekluang 1, Rajdamri Road



Mercure
HOTELS

Mercure Bangkok Siam

www.mercure.com

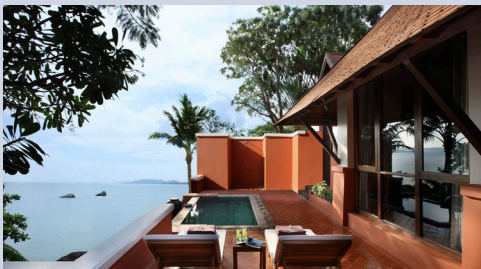
Number of rooms : 189 rooms

Location : Siam, Rama 1 Road



The Company and its subsidiaries' core businesses are investment, development and operation of diversified hotel properties in key destinations. Currently, the Company owns 52 hotels and operates other businesses including retail space rental, and management of office building.

LUXURY • Provincial



Renaissance Koh Samui Resort and Spa

www.marriott.com/usmbr

Number of rooms : Deluxe 45 rooms and Pool Villa 33 rooms

Location : Lamai Beach, Koh Samui, Surat Thani



The Naka Island, a Luxury Collection Resort and Spa, Phuket

www.nakaislandphuket.com

Number of rooms : Deluxe 13 rooms and Pool Villa 67 rooms

Location : Koh Naka Yai, Phuket

MIDSCALE • Provincial



Holiday Inn Pattaya

www.holidayinn-pattaya.com

Number of rooms : 567 rooms

Location : Pattaya Sai 1 Road, Chon Buri



Mercure Pattaya Ocean Resort

www.mercure.com

Number of rooms : 210 rooms

Location : Pattaya Sai 1 Road, Chon Buri



Properties in Operation

ECONOMY • Bangkok



ibis Bangkok Sathorn

www.ibishotel.com

Number of rooms: 213 rooms

Location : Soi Ngam Duphli, Rama IV Road



ibis Bangkok Sukhumvit 4

www.ibishotel.com

Number of rooms: 200 rooms

Location : Sukhumvit Soi 4 (Soi Nana)



ibis Bangkok Riverside

www.ibishotel.com

Number of rooms: 266 rooms

Location : Charoennakorn Road Soi 17,
Chaophraya River



ibis Bangkok Siam

www.ibishotel.com

Number of rooms: 189 rooms

Location : Siam, Rama 1 Road



ECONOMY • Provincial



ibis Samui Bophut

www.ibishotel.com

Number of rooms : 209 rooms

Location : Bophut Beach,
Koh Samui



ibis Phuket Kata

www.ibishotel.com

Number of rooms : 258 rooms

Location : Kata Beach, Phuket



ibis Phuket Patong

www.ibishotel.com

Number of rooms : 258 rooms

Location : Patong Beach, Phuket

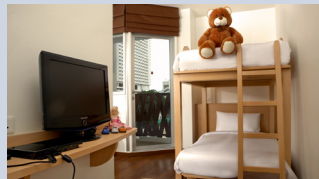


ibis Hua Hin

www.ibishotel.com

Number of rooms : 200 rooms

Location : Hua Hin,
Prachuap Khiri Khan



ibis Pattaya

www.ibishotel.com

Number of rooms : 254 rooms

Location : Pattaya Sai 2 Road,
Chon Buri



ibis Styles Krabi Ao Nang

www.ibishotel.com

Number of rooms : 206 rooms

Location : Ao Nang, Krabi

BUDGET • Provincial



HOP INN

www.hopinnhotel.com

Number of rooms : 2,502 rooms for 32 hotels

Location : Burirum, Chanthaburi, Chiang Mai, Chiang Rai, Chumphon, Hat Yai, Hua Hin, Kanchanaburi, Khonkaen, Krabi, Lampang, Lopburi, Mae Sot, Mukdahan, Nakhon Ratchasima, Nakhon Si Thammarat, Nakhon Sawan, Nong Khai, Phitsanulok, Phuket, Rayong, Roi Et, Sa Kaeo, Sakon Nakhon, Surat Thani, Trang, Ubon Ratchathani, Udon Thani





Properties in Operation

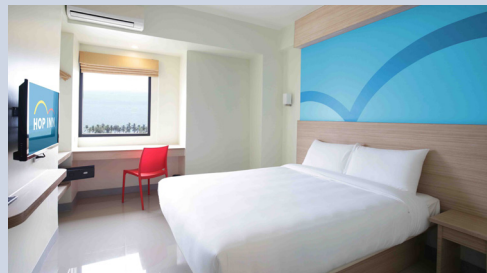
Hotel business abroad



HOP INN Ermita Manila

www.hopinnhotel.com

Segment : Budget Hotel
Number of rooms : 168 rooms
Location : Ermita, Manila, Philippines



HOP INN Makati Avenue Manila

www.hopinnhotel.com

Segment : Budget Hotel
Number of rooms : 144 rooms
Location : Makati, Manila, Philippines





Rental Property



Erawan Bangkok

www.erawanbangkok.com

Retail Shops (up-scale) : 6,554 sq.m.

Location : Ratchaprasong

Property Management



Ploenchit Center

Owner : Prime Office Leasehold Property Fund

Managed by : Erawan Commercial Management

Office Building : 42,847 sq.m.

Location : Sukhumvit Soi 2



Properties under Development

Expected Openings • 2018



NOVOTEL
HOTELS & RESORTS
Novotel

Location : Bangkok
Segment : Midscale Hotel



ibis
STYLES
ibis Styles

Location : Bangkok
Segment : Economy Hotel



HOP INN
HOP INN

Number of hotels : 4 hotels
Location : Thailand
Number of hotels : 3 hotels
Location : Philippines

Expected Openings • 2019



Mercure
HOTELS
Mercure

Location : Bangkok
Segment : Midscale Hotel



ibis
ibis

Location : Bangkok
Segment : Economy Hotel



HOP INN
HOP INN

Number of hotels : 2 hotels
Location : Thailand

Expected Openings • 2020



HOP INN

Number of hotels : 1 hotel
Location : Philippines
Segment : Budget Hotel

Midscale Hotel

Number of hotels : 1 hotel
Location : Philippines



Thailand's Tourism Industry

Thailand's tourism industry continued to have an outstanding growth during 2017 by showing an increased number in both international tourist arrivals and tourism revenue. International tourist arrivals recorded a 9% growth YoY from 33 million in 2016 to 35 million in 2017. 152 million of domestic trips are made across the country which is 4% growth YoY from 2016. In 2017, Thailand finished the year by earning THB 2.76 trillion in tourism revenue, a 9% increase from 2016.

Chinese tourists continue to account for the majority of Thailand's international arrivals with approximately 9.8 million arrivals or 28% of total international arrivals, followed by Malaysian, Korean and Japanese tourists. Meanwhile, Chinese tourists also contributes the highest revenue to tourism industry, followed by Russian, Malaysian and US tourists

The positive outlook in 2017 is based on many favorable factors, including a surge in travel demands especially in high-end and

first visit segment and recovery from Chinese market. Chinese visitors had gradually resumed their travels to Thailand after the traveler numbers fell due to the crackdown of zero dollar tour operators in late 2016. Thai government has been actively reconciling with the tour operators. As a result, tourist's confidence has recovered and Thailand's tourism industry is able to grow with stability in the long term. The other contributions that also boost tourism in Thailand are stimulation from both government and private sector. Also more airlines are interested to expand additional routes and flight frequency to Thailand.

For domestic market, 152 million trips were made in 2017 which represents a 4% growth YoY from 2016, generated revenue of THB 0.95 trillion. The key drivers include sale promotions that launched by hotels and airlines throughout the year and more tourist attractions are advertised through online and social media which encourage people to make more trips.

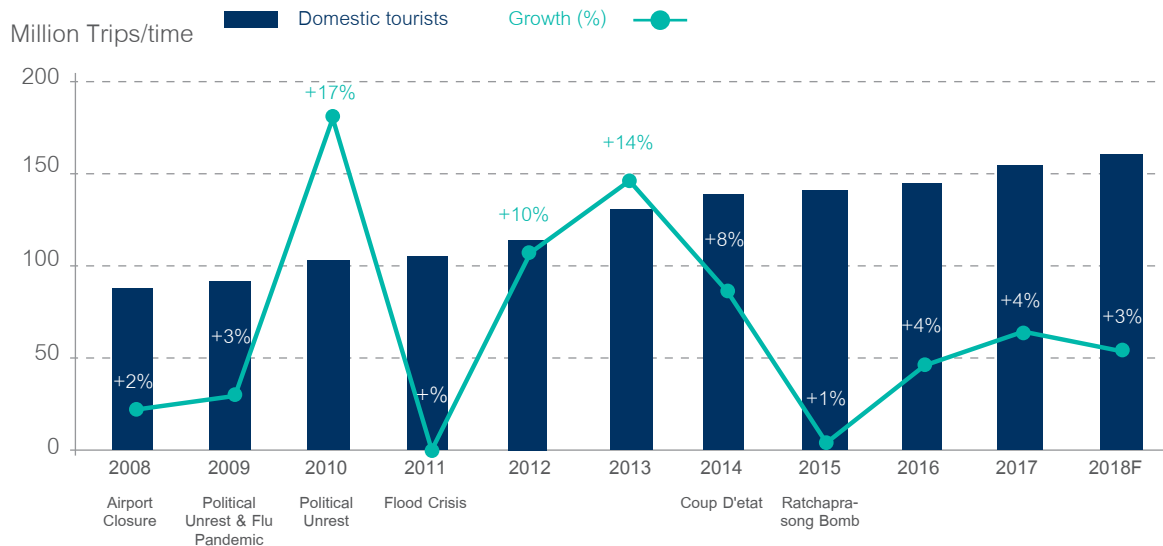
Number of foreign tourists each year and growth rate



Source : Tourism Authority of Thailand and the Tourism Council of Thailand

Thailand's Tourism Industry

Domestic travel each year and growth rate



Source : Tourism Authority of Thailand and the Tourism Council of Thailand

For the year 2018, Tourism Authority of Thailand (TAT) expects to earn total tourism revenue of THB 3 trillion of which THB 2 trillion will be generated by 37 million international tourists and THB 1 trillion will be generated by 157 million domestic trips. Thailand's tourism industry will benefit from strong global economic growth, particularly in USA and EU as well as strong tourist demand. Investment from Thai government will also have positive impact on tourism, including infrastructure projects such as expansion of Suvarnabhumi International Airport and Phuket International Airport and Eastern Economic Corridor project such as renovation of U-Tapao International Airport.

together with honeymoon & wedding, health & wellness, sport tourism and green tourism. For domestic market, TAT will focus on increasing the travel frequency of potential groups through several campaigns such as Amazing Thailand Go Local that promotes tourism in 55 secondary provinces in which Thai cabinet approved a personal income tax deduction scheme of up to THB 15,000 in travel expense. From the above-mentioned strategies, it demonstrates that Thailand still has promising potential to attract both international and domestic tourists.

Moreover, TAT's 2018 tourism strategies will be based on the government's 12th National Economic and Social Development Plan and 2nd National Tourism Development Plan that maintain a balance between the economy, environment and benefits for Thai society. The target for international market are high-end tourists, executive lady, family, millennial, Gen X and LGBT



Risk Factors

Our company has Strategic and Investment Committee ("SIC"), who supervises and manages policies, plans and investment projects approved by the Board. These include financial feasibility analysis, risk management, financial support and legal contracts which are essential to efficiently and systematically manage and monitor risks. The Committee also ensures that the firm has a systematic, distinct and effective risk management system. Each head of departments are responsible to analyze and formulate strategies to manage or mitigate risks in respective areas.

Risks and risks management strategies associated with our operations are:

1. Risk of Dependency on Third-party Hotel Management Companies

International hotel operators are carefully selected and hired to utilize their reputations, experiences, financial positions, and expertise in managing and administering our hotels. These third-party hotel operators include Hyatt International, Marriott International, and InterContinental Hotels Group which are amongst the world's largest with proven track records, established systems, worldwide reputations, and strong financial positions.

However, there is a risk that operators' capabilities to compete may decline and adversely affect our hotels' performance during the long-term management agreements contracted periods. Therefore, all hotel management agreements with third-party hotel operators include termination for non-performance clause, which allows the company to terminate the contract and appoint another international hotel operator to take over the management of the property, in case that the existing operator is not able to manage the hotel to reach expected performance level.

Additionally, the company has also developed skillful and experienced hotel operations team to operate properties under franchise agreement as well as company's owned brand to further mitigate the third-party dependency risk.

2. Risk from Declining Demand and Increasing Supply

The unbalanced situation of supply and demand could cause an intense competition in the hotel market, which may affect company's income and operating profit. We have mitigated this unbalanced demand-supply risk effectively by diversifying hotels and resorts portfolio into luxury, midscale, economy, and budget segments in various tourist destinations and business district areas. In addition, we have determined goals and strategies in acquiring high yielding land-plots both domestically and internationally to mitigate risks that might have occurred to any hotel tiers or to any geographical areas, in order to assure the company's stable performance.

Moreover, the company carefully selects different highly experienced hotel management operators and develops competent hotel operations team to manage our properties based on their strong market segments. Such hotel operators and hotel operations team can provide competitive advantage over other hotels such as extensive sales and marketing network, worldwide customer base, and proactive crisis management under unanticipated situations. We have always been proactive in introducing and reestablishing hotels' competitive strengths as well as reinforcing hotels to manage their operating expenses effectively and efficiently on an on-going basis.

3. External Risk Factors Impacting Company's Assets and Business Operations

Unpredictable and uncontrollable external risk factors such as natural disaster, terrorism or political unrest may cause a serious impact on company's properties and business operations. However, all hotel properties of the company are covered under all-risk, business interruption, and political violence insurance policies to cover the aforementioned impacts. The company has also determined measures to alleviate negative effects on properties and business performance to the magnitude that appropriately suit each situation and meet international standard.



Risk Factors

These external risk factors might also cause a sudden drop in number of international tourist arrival, which will have a direct impact on hotel revenue and net income. Nevertheless, precedent events have shown a pattern that these adverse impacts are short-lived, around 3 - 9 months, depending on severity. Since our hotels are managed by international hotel operators, who are professional, possess flexible and responsive systems and can capitalize on their experiences in dealing with extraordinary events from across the globe, our business performance are more resilient to such external factors. Sales and marketing activities are flexible and can be promptly adjusted according to market condition, while proactive extensive cost management policies can be implemented to reduce impacts to the company's net income.

4. Risk from International Investment

Our business strategy to invest internationally exposed the company to additional threats such as exchange rate volatility, fluctuation in investment value, lack of knowledge in laws and regulations related to hotel operations, as well as licenses and permits application. The company has implemented measures to closely monitor international hotel investment by performing the due diligence process as well as minimizing the exchange rate risk through natural currency hedging in order to reduce the above mentioned risks. Local experts are also employed as to share know-how in running business in foreign countries.

5. Interest Rate Risk

Interest rate risk, which is a result of changes of market rates in the future, will affect our operating results and cash flow. For the purpose of interest rate risk mitigation, in 2017 the Company converted most long term loan from floating rates into fixed rates for 3 years period.

6. Human Resources Risk

Loss of executive management or key personnel of the company is also considered a risk for the company. However, human resources development and management is one of the key priorities of the company. Over the past years, the company has recruited employees and managements in rapid growth departments and provides continuous training and development to existing employees. More importantly, the company has implemented a 3-layer succession plan from President down to Vice President level which supervised by the Management Development and Compensation Committee ("MDC") and Executive Vice President of each department respectively. In addition, with a professionally run structure, the company operates under an efficient system and do not rely on sole capability or decision-making of a single individual. Authority has been decentralized to various level employees under the supervision of the Board of Directors. These structures of management will help reduce risk from loss of key personnel.

In addition, key corporate cultures including "Team spirit" and "With integrity", will also attract capable professionals with integrity to join the company. Lastly, competitive compensation and benefits, bonus scheme which links to corporate strategy map as well as long term stock option plan for executive management and employees also creates commitment and loyalty to employees which will help them to work more efficiently. This compensation structure will also help to retain quality employees with the company.



ESG Report

(Environmental, Social and Governance Report)



CG Awards



Awards and Recognition 2005 - 2017

Year 2017

- "Very Good" CGR Report 2017
Project: Corporate Governance Report of Thai Listed Companies, the Thai Institute of Directors (IOD) in collaboration with the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission, Thailand (SEC)
- "Excellent" AGM Assessments Program 2017, Thai Investors Association
Project: AGM Assessments Program 2017, the Stock Exchange of Thailand.
- Outstanding "Investor Relations Awards 2017"
Project: SET Awards 2017
- "ESG100 Companies" Certified of Environmental Social Governance Company of the year 2017 are recognized for its outstanding sustainability performance in the tourist & leisure sector in Thailand by Thaipat Institute and the Securities and Exchange Commission, Thailand (SEC)

Recognitions 2005-2016

Board of the Year Awards

- Board of the Year for Distinctive Practices 2006/2007

Corporate Governance Report of Thai Listed Companies

- "2nd Quartile" Year 2005 (Top rating = 1st Quartile)
- "Very Good" Corporate Governance Rating 2006
- "Very Good" Corporate Governance Rating 2008
- "Excellent" Corporate Governance Rating 2009
- "Excellent & Top Quartile" Corporate Governance Rating 2010-2013
- "Very Good" Corporate Governance Rating 2014-2016

AGM Assessments Program

- "Good" AGM 2006
- "Very Good" AGM 2007
- "Excellent" AGM 2008
- "Excellent" AGM 2009
- "Excellent recognized as Good Example" AGM 2010
- "Excellent" AGM 2011-2016

SET Awards

- 1 in 3 Nomination to "IR Excellent" Awards 2009
- "Excellent" IR Awards 2010
- Nomination to "Excellent CSR Awards 2010"
- Nomination to "Excellent CSR Awards 2011"
- "Most Improved" CSRI Recognition 2013
- IR Awards 2013 "Best Investor Relations-Distinctive"
- IR Awards 2014 "Best Investor Relations-Distinctive"
- Nomination to "Excellent CSR Awards 2015"
- Outstanding "Investor Relations Awards 2015"
- Outstanding "Investor Relations Awards 2016"

The Collection Action Against Corruption (CAC)

- Full Member of the CAC (Certifies that the company to declaration on anti-corruption by putting in place good business principles and control against briber).
- Level 4 "Certified" Anti-Corruption Progress Indicator Completed. Project Sustainable Development by Thaipat Institute and The Securities and Exchange Commission (SEC)

ESG Awards 2015

- "ESG100 Companies" Certified of Environmental Social Governance Company of the year 2015 are recognized for its outstanding sustainability performance in the tourist & leisure sector in Thailand by Thaipat Institute and the Securities and Exchange Commission, Thailand (SEC)

Asia Recognition Awards

- "The Best of Asia" the 3rd Asian Excellence Recognition Awards 2012, Corporate Governance Asia Recognition Award
- "The Best of Asia-Corporate Director Recognition Awards" the 4th Asian Corporate Director Recognition Awards 2013, Corporate Governance Asia Recognition Awards

Thailand Corporate Excellence Awards and SMEs Excellence Awards 2016 by Thailand Management Association (TMA) and SASIN.

- Thailand Corporate Excellence Awards 2016 (Market Capitalization 10,000 billion Baht/year)

Sustainable Development Policy

The Erawan Group is determined to operate a business for a long term sustainable growth. This was built from our corporate governance, financial performance, employees and corporate culture with an emphasis at transparent operation to enhance the benefit and values to all our stakeholders while focus on the community and the environment.

We emphasize on our corporate strategy and sustainable strategic direction to build the Company to be the profitable and sustainable organization. We believe that key factors are good leadership and corporate governance, strategic planning and quality and efficiency of all stakeholders; namely, shareholders, employees and their families, customers, creditors, suppliers, competitors, the state, communities, the society and the environment. As such we have formulated the sustainable development policy as follows.

1. Implementing a development concept through communication and exchange of excellent practices with all stakeholders to lead the company to the sustainability organization

2. Conducting the concept of sustainable development to be fully integrated in all work and decision-making processes.
3. Promoting opportunities for learning and professional development and provide recommendations that focus on practices under the framework of sustainable development.
4. Encouraging the collaboration with the public and private sector to ensure the sustainable development was in place with the cooperation from all parties.

The Sustainable Development Policy is the accountability of our Board of Directors and Management to drive it in a constructive manner. It is also the duty of all employees in our organization to comply with the policy and integrated it as part of our day-to-day business process to achieve concrete outcomes.



(Mrs. Kamonwan Wipulakorn)

President



Hop Inn Thailand, Chanthaburi



Anti-Corruption Policy

The Erawan Group manages our business on the basis of the corporate governance principle. We have formulated an anti-corruption policy against all forms of corruption likely to emerge from our operation and contacts with stakeholders which directors, the management and employees of the Company, our subsidiaries and associated firms are required to strictly comply with.

Corruption as defined by the anti-corruption policy

Corruption means bribing, using a title, responsibility and/or information derived from work performed for the company to do anything to render benefit to one's self, his/her alliance and/or other parties in order to directly and indirectly acquire assets or any other profit not appropriate for the business or any illegitimate interest for oneself including any action found conflicting with the Company's Code of Conduct unless the laws, rules, announcements, regulations and local customs or business practice have allowed so.

Corruption is possibly expressed through the following four forms.

1. **Political assistance** - this refers to financial support or donation of items and/or participation in activities; or the Company's support for employees to attend political events in its name in order to acquire business advantages. This however does not include employee's own participation on the basis of his/her personal rights and freedom.
Erawan's policy is to conduct our business on a neutral basis with neither political alignment nor attachment to any professional politician of any party. We will not donate our funds or other forms of assistance for political purpose as defined in paragraph one for the benefit of our business.

2. **Charity donation** can be a corruption risk to the Company when the activity refers to a payment but without constructive returns. Besides, the activity can become a claim or a means of corruption. To avoid any charity donation with a hidden agenda, Erawan has formulated a policy and criteria as well as a review process and control details as follows.

- 2.1 A charity activity has to be proven that it actually exists; that actions have been made to successfully realize the purpose of the project and that it is set up for the real benefit of the society.
- 2.2 A charity donation has to be proven that it has nothing to do with a reciprocal return with anyone or any organization except an action to honor the donor as normally practiced such as displaying our logo, mentioning our name at the event or in a PR media.

3. **Sponsorships** to promote our business, logo or goodwill may, too, contain a risk as money usually paid for business or profit is difficult to detect and measure. In addition, the sponsorships could be related to bribing. That's why Erawan is stipulating a sponsorship policy, a review process, control details and assessment methods as follows.

- 3.1 A project has to be proven that the person soliciting for sponsorship has actually run the project; that his action is to realize the project's purpose; and that the project is created for the real benefit of the society.
- 3.2 It has to be proven that sponsorship or any other profit computable in a monetary value such as gift of accommodation and food has nothing to do with a reciprocal return with anyone or any organization unless it is an announcement to honor the person as normally practiced in the business.

4. **As for expenses relating to gifts**, hospitality and others, their policies, criteria, review process and control procedures as well as assessment of approval criteria will be in line with the CSR regulations.



Whistle blowing and controlling measures

Should anyone come across or doubt over the violation of the Code of Conduct or relevant rules, laws and regulations, the Company has set up an independent unit to review details informed by such whistleblower who may either be an internal employee or an external party through the following process for the purpose of fact-finding:

1. Fact-finding process: Erawan has set up a grievance-filing channel on its website, through the annual report under the topic of corporate governance statement and also through Code of Conduct. Our fast and systematic fact-finding process refers to the following:

- 1.1 Sufficiency and clarity details of what is revealed or filed must be true and/or enough to conduct an investigation.
- 1.2 Materiality as for tips or grievance found to contain materiality, the person receiving the grievance will submit the matter to the Disciplinary Action Committee whose members consist of the Compliance Unit, the HR Unit, the department in which the person being the subject of such grievance is working and the unit in which the whistleblower or the person filing the grievance (in case of an employee) is attached to in order to conduct a further investigation for fact-finding purpose.
- 1.3 The whistleblower or the person filing the grievance will be equally protected whether he is an employee or the third party.
- 1.4 The whistleblower or the person filing the grievance may choose not to reveal his name, address or contact number unless he feels that such a disclosure will enable Erawan to inform him a progress, to inquire him additional information that could be beneficial to the case, to notify him the facts or to relieve him from damage in a quicker and more convenient manner.

2. Fair treatment process: the Disciplinary Action Committee will review the case on a fair basis and will protect the whistleblower or the person filing the grievance, the person

handling the grievance, the person subject to such grievance and parties involving in the fact-finding and reporting process. Information will be kept confidential and only be revealed when necessary while we will take into consideration safety and damage of the whistleblower or the person filing the grievance, the person subject to such grievance or those cooperating in the fact-finding process, source of information or other related persons where everyone will sign a pledge together.

3. Reporting process: The Disciplinary Action Committee has a duty to directly report the facts of the matter to the President and/or the Audit Committee and/or the Board of Directors, depending however on what has happened where it will be upon the Committee's discretion to decide to what extent it is appropriate to present the report to a responsible person where Erawan has stipulated the following as a framework:

- 3.1 To the President if it's about general management and the matter is under the President's supervision;
- 3.2 To the Audit Committee if it's related to the corporate governance policy and/or if it's an intended violation of one's duty and responsibility with serious effect;
- 3.3 To the Board of Directors after the Audit Committee's decision that it's appropriate that the matter be reported thereto for its acknowledgement and/or for action relating to the supervision policy; and/or if the matter is having an effect to senior executives.

4. Disciplinary action and reporting :

- 4.1 Disciplinary action shall be in line with the Employee's Disciplinary Action Regulations issued by the Company and/or relevant laws.
- 4.2 In case the Company can contact the whistleblower or the person filing the grievance, it will report the person in writing.
- 4.3 Related supervisors are required to monitor improvement actions, if any, and report their line supervisors.



Anti-Money Laundering and Countering the Financing of Terrorism Policy

Policy formulation

To ensure that the Erawan Group Public Company Limited and its subsidiaries (the “Company”) comply with the laws on anti-money laundering (AML) and international criteria on anti-money laundering and counter financing of terrorism (AML/CFT), the Board of Directors has established the AML/CFT Policy, the Know Your Customer (KYC) Policy and the risk management policy against customer’s money laundering practices. This also include supervise employees to effectively comply the with the AML/CFT policy.



Renaissance Koh Samui Resort and Spa

The AML/CFT Policy

The Company has a duty and business ethics to establish the AML/CFT policy and practice guidelines while committing to prevent itself from being a money-laundering and terrorist financing haven. This can be done by strictly complying with the laws on AML as well as other related legislations and practices stipulated by the Anti-Money Laundering Office (AMLO).

The Company will also establish secondary policies and supporting measures to accommodate the aforementioned policy which shall include the Know Your Customer (KYC) policy, the risk management policy against customer’s money laundering practices, ongoing Customer Due Diligence (CDD) practice as well as supervision for effective AML/CFT compliance among employees. Details are as follows.

The Know Your Customers (KYC) Policy

The Company has a duty to ask customers to identify themselves and to verify customer’s identity before accepting them as customers under the provisions of the anti-money laundering laws.

The Risk Management Policy against Customer’s Money Laundering Practices

The Company is liable to manage risks involving customer’s money-laundering practices before approving customers under the laws on AML.



Ongoing Customer Due Diligence (CDD) Practices

The Company has a duty to constantly and continuously monitor customer information until its relationship with customers comes to an end in accordance with the laws on AML.

Supervision for AML/CFT compliance among employees

1. The Company requires executives at every levels, employees and business partner (hotel operator) to strictly comply with the AML/CFT policy and practice regulations.
2. The Company requires authorized executives to supervise compliance with the laws on AML and to coordinate with the Anti-Money Laundering Office (AMLO).
3. The Company determine measurement to control AML/CFT risks possibly occurred from customers using its services from the Company.
4. The Company communicates the AML/CFT policy with the Board of Directors, executives, employees and business partner (hotel operator) to promote genuine understanding toward this policy and compliance with it.
5. The Company set up procedure, guideline and operation manuals that comply with the AML/CFT policy.
6. All levels of executives, employees and business partners (hotel operator) must comply with the AML/CFT policy and regulations.



Mercure Pattaya Ocean Resort



Corporate Governance Policy

The Erawan Group is managed on the principle of good corporate governance. The business is run in compliance with the laws and on the basis of the Business Code of Conduct where information is disclosed in a transparent and straightforward manner. We have also put in place efficient auditing mechanisms. We operate our business by taking into consideration our responsibility in every aspect to shareholders and stakeholders, the structure of our Board of Directors, supervision mechanisms and efficient management responsibility. Aside from complying with the OCED's best practices and ASEAN CG Scorecard, we also implement other best practices normally practiced overseas; for example, The Erawan Group have set up four sub-committees to help supervising each task or the fact that our board consists of as much as 36.36 percent of Independent Directors out of the entire board. With regard to corporate governance, The Erawan Group has set up the Nominating and Corporate Governance Committee (NCG) to regularly review and update corporate governance policies and practices so the company will continue to have up-to-date criteria that it can be actually implemented. To comply with the policy, the President has been directed to promote corporate governance among staff of all levels.

The Erawan Group has signed the Collective Action Coalition (CAC), a movement established by the Thai private sector against corruption and certifies that the company to declaration on anti-corruption by putting in place good business principles and control against briber. (Full Member of the CAC) and got a level 4 "Certified" Anti-Corruption Progress Indicator Completed. Project Sustainable Development by Thaipat Institute and the Securities and Exchange Commission (SEC). In 2015 and 2017 the Erawan Group was certified as an ESG100 Company are recognized for its outstanding sustainability performance in the tourist & leisure sector in Thailand by Thaipat Institute and the Securities and Exchange Commission, Thailand (SEC)

The Erawan Group also ensure that staff understands the concept of Corporate Social Responsibility (CSR) where business is run by properly taking into consideration the interest of all stakeholders whether they are employees and family, customers, suppliers/creditors, competitors, public sector, society and environment. The Erawan Group regularly conducts an opinion survey of stakeholders. Results of the survey are used to improve business efficiency and to be one of the factors evaluating our staff performances annually.

Corporate Governance can be divided into eight areas as follows:

1. Code of Conduct

The Erawan Group have announced a policy to conduct our business based on the principles of good corporate governance. We combined the best practices and the Code of Conduct, which not only were in line with our corporate strategy, but were also practicable, into our Code of Conduct manual. The manual was updated in 2014, which was indeed a significant move based on our motto of "Success with Integrity". The updated Code of Conduct has been distributed to executive officers and staff for implementation to ensure our success with integrity and also to promote our corporate culture and ethical performances. Our Code of Conduct is now posted in our website at www.TheErawan.com, a mechanism to ensure that our directors, management and staffs commit to their responsibilities to all stakeholders.

2. Qualifications, Structure, Duties and Responsibilities of the Board and the Management

Not only qualifications of our directors are in line with the SET's requirements but they are also much more intensive. Director's term of office is three years each term with clear scopes of work and with power being balanced between non-executive directors. Half of the Board's entire members are independent non-executive directors. The Board consists of Chairman of the Board, who is an independent



Director and different person from the President where their roles, authority and responsibilities are clearly separated to maintain balance between managing and supervising the company. In addition, there are four other independent directors, five non-executive directors and two executive directors. The total number is 11.

The Board has appointed four different committees in a move to clearly define duties and responsibilities. The Board also has a policy to promote rotation among directors to sit at different committees for appropriate timeframe and on appropriate occasions. Chairman of a committee has a duty to submit a clear-cut policy of his committee to the Board. Every committee must appoint a secretary, who will coordinate with directors and the management to ensure that the policy is translated into action. In addition, the secretary must also record minutes of meeting in writing.

The committees include the following:

The Audit Committee (AC): The entire Audit Committee consists of independent directors and at least three members, who must have adequate accounting knowledge to be responsible for auditing the company's financial statements and its internal control system and to monitor the company's risk management practices on a regular basis. In addition, the Audit Committee will also review the independence of the company's Internal Audit Unit; approve appointment, transfer or termination of supervisor who works as its secretary; review legal compliance; select, appoint, removal and propose an auditor and auditor's fees and review the auditing and disclose information about connected transactions to meet the criteria in an accurate and transparent manner.

The Strategic and Investment Committee (SIC): This Committee consists of no fewer than seven members. The Committee is responsible for consider and formulate the business plan and long term strategy of the Company. To supervise and approve investment projects and divestment transactions as set out in the Company's master plan. The Committee's responsibilities shall include preliminary approvals of project feasibility, financial returns, and review of risks associated with the project, financial structure and source of financing and to provide recommendation to management in relation to business opportunity.

The Nominating and Corporate Governance Committee (NCG):

This Committee consists of no fewer than four members. Its chairman shall be an independent and non-executive director while the remaining three members are non-executive directors. The Committee is responsible for reviewing the structure of the Board, setting qualifications of a particular position, reviewing and recruiting experts to become our directors as well as assessing the Board's performances and other committees appointed by the Board. The Nominating and Corporate Governance Committee also sees that directors, executive officers and staff of all levels comply with the Good Corporate Governance practices and Code of Conduct.

The Management Development and Compensation Committee (MDC):

The Committee, consisting of no fewer than three non-executive directors, is responsible for proposing development policies, assessing knowledge and skills of and compensations to management's highest executives, writing a management's highest executives succession plan and reviewing the company's HR development policy.

3. Qualification of Directors

Principles:

The Board of Directors should consist of members of eclectic qualifications in terms of gender, age, knowledge and experiences in various fields from finance to economy, management, business administration, marketing, service, tourism, law and property development as this will allow the Board to formulate business policies and goals, approve strategic plans and operations, supervise and audit the management's performances and make sure the management is carried out under the principles of Good Corporate Governance. The Board of Directors, as a result, shall consist of the following:

1. Independent Directors, Non-Executive Directors and Executive Directors where the number of independent directors shall be no less than one-third of the entire board members.
2. Chairman of the Board and all members of the Audit Committee shall be independent directors where at least one director shall be knowledgeable in accounting and finance.



Corporate Governance Policy

General Qualifications:

1. Not exceeding 75 years old
2. Being knowledgeable with well-versed experience; being professional and ethical
3. Understanding one's roles and responsibilities; able to completely conduct one's practices on behalf of others with good faith and with ongoing commitment to maximize long-term interest of the business and shareholders
4. Having enough time to effectively perform one's duty
5. Able to conduct a self-assessment and notify the Board upon change or incident that may jeopardize one's effective performance.

Term of Office

1. Term of office of Director and Executive Director

A director will be in the office for three years each term based on the Company's Articles of Association. The Board may nominate retiring directors to shareholders for re-election after their term expires based on an annual evaluation of their performances. Likewise, the term of office of members of a sub-committee is equally three years. In case the term of the board/committee expires and no board/committee has been appointed, the existing board/committee shall continue performing its duties unless a new board/committee is appointed.

2. Term of office of Independent Director

An independent director shall remain in his/her office for no more than nine years in response to the principles of Good Corporate Governance and to attract competent personnel with new knowledge and experience to help managing the business while enhancing the Board's visions and perspectives. An independent director who retires from the office under Clause 2 above may be re-elected as an independent director only after having retired from the office for no fewer than two years.

Specific Qualifications:

Chairman of the Board of Directors

Aside from roles and responsibilities described in the principles and set for other directors, Chairman shall have the following duties: (1) presiding over the meeting of the Board of Directors; (2) making a casting vote at the Board's meeting when votes are tied; (3) calling the meeting of the Board of Directors; and (4) presiding over the Shareholders' Meeting. As a result, qualifications of Chairman are to be different from the rest of directors as follows.

1. He/she must be an independent director.
2. He/she must neither participate in any management, nor be an employee, staff, advisor who receives a regular salary, auditor or other types of professionals; nor shall he/she have any control authority over the Company or its affiliated or associated company or auditing firm; or be a person with possible conflict of interest without having to have any interest or stake in such a manner described above.

Executive Director

An Executive Director who is Chief Executive Officer and/or President is advised to dedicate time to actively manage the business. He/she should not hold a position in other firms except in a subsidiary or an affiliate. His/her wish to become a director in other firms shall however be first subject to the Board of Directors' review.

Independent Director

1. Independent Director shall hold less than 1 percent of the total shares with voting rights in a company, its affiliated company, associated company or any other person with possible conflicts of interest (including shares held by related persons).
2. Independent Director must not be involved in the management and is currently not being and has never been employee, staff, advisor enjoying monthly income or person with controlling power of the company, its affiliated company, associated company and auditing company; nor shall he be a person with conflict of interest without having to have any interest or stake in such manner for no less than two years.



3. Independent Director shall have neither blood nor registered relationship as a father, mother, spouse, sibling and children including spouse of children of executive officers, major shareholders, persons with controlling authority or anyone to be nominated as an executive officer or a person with controlling power of the company or its subsidiary.
4. Independent Director shall have no business relationship with the company during the previous two years. Details are as follows:
 - 4.1 No relationship as a provider of professional service including being an auditor (in any case), or of other professions such as being a legal consultant, a financial advisor or an asset appraiser with an annual transaction value exceeding Baht 2 million.
 - 4.2 A business and trade relationship including normal transactions, renting or leasing of property, transactions relating to assets and services and giving or getting financial assistance with a transaction value from Baht 20 million or 3 percent of the Company's NTA, whichever is lower. This however shall include values of all retroactive transactions during at least the six previous months prior to the latest transaction.
 - 4.3 Independent Director shall possess no other characteristic that prevents him/her from expressing his/her opinion independently.
5. Independent Director must attend at least one of the following courses held by the Thai Institute of Directors (IOD); namely, Director Certification Program (DCP); or Director Accreditation Program (DAP); or Audit Committee Program (ACP)

Member of the Audit Committee

1. He/she shall be an Independent Director appointed by the Board of Director or Shareholders.
2. He/she shall not be a director entrusted by the Board to make any decision with regard to a business of the company, its parent company, subsidiary and affiliate, subsidiary of the same level or other entities that may have a conflict of interest.
3. His/her duties must not be fewer than what is stipulated by the SET.

Transactions with Possible Effects to Independence

1. Being authorized to approve transactions or signing to bind the Company, to exempt collective decision.
2. Attending a meeting or voting in a matter he has an interest or a conflict of interest therein.

Prohibited Characteristics

Directors and executive officers must possess no qualifications that are conflicting with the company's requirements and announcements made by the SEC and the SET.

4. Rules and Responsibility of the Board of Directors and the Management

The Board of Directors determines policies and practices for the management, which include important tasks of an executive. In addition, the Board also allows the management to formulate a management policy based on the Company's objectives and missions, which will be subject to the Board's approval.

The Board of Directors also sets to have its Independent Directors meeting every year so that all directors meet the management.

5. Board of Directors' Meeting

The Erawan Group set a number of both the Board of Directors' meetings and those of other subcommittees. The meeting dates during an entire year would be communicated to directors and other relevant parties in advance. In addition, an agenda was introduced to allow independent directors to freely exchange ideas at the Board of Directors' Meeting during which neither the President nor the Management Director, both of whom were the management's highest executives, was present at the meeting where ideas were freely exchanged among directors.

In 2017, the Erawan Group organized 7 the Board of Directors' meetings, 8 the Audit Committee's meetings, 6 the Strategic and Investment Committee's meetings, 3 the Nominating and Corporate Governance Committee's meetings and 2 the Management Development and Compensation Committee's meetings. Minutes of meeting were recorded in writing at each and every meeting and kept at the Office of the Company Secretary and on a data server so that officers can conveniently access the database. As details are in the Times of Attendance 2017



Corporate Governance Policy

Times of Attendance 2017

Name	Title	Term	Times of attendance/Number of total attendance				
			Board Of Directors	Audit Committee	Strategic and Investment Committee	Nominating and Corporate Governance Committee	Management Development and Compensation Committee
1. Mr. Prakrit Pradipasen	Chairman Independent Director	Apr.2015-2018	7/7	1/1		3/3	
2. Mr. Sansern Wongcha-um	Independent Director	Apr.2015-2017*	1/1	1/1			
3. Assoc.Prof. Manop Bongsadatt	Independent Director	Apr.2015-2017*	2/2	3/3			
4. Mr. Dej Bulsuk	Independent Director	Apr.2015-2017*	3/7	7/8			
5. Dr. Kulpatra Sirodom	Independent Director	Apr.2017-2021	5/5	6/6			
6. Mr. Ekasith Jotikasthira	Independent Director	Apr.2017-2021	7/7	7/7		3/3	
7. Mr. Banyong Pongpanich	Independent Director	Apr.2016-2019	6/7				0/2
8. Mr. Vitoon Vongkusolkrit	Director	Apr.2014-2017*	2/2			1/1	
9. Mr. Supol Wattanavekin	Director	Apr.2016-2018	7/7			3/3	
10. Mr. Chanin Vongkusolkrit	Director	Apr.2016-2019	7/7		6/6		2/2
11. Mrs. Panida Thephanjana	Director	Apr.2017-2021	7/7		4/6		2/2
12. Mr. Gavin Vongkusolkrit	Director	Apr.2016-2019	7/7		6/6		
13. Mrs. Arada Vongkusolkrit	Director	Apr.2017-2021	5/5			2/2	
14. Mrs. Kamonwan Wipulakorn	Director and President	Apr.2017-2018	7/7		6/6		
15. Mr. Petch Krainukul	Director	Jun.2017-2018	7/7		6/6		
14. Mrs. Vansamorn Wannamethee	Member of Sub-Committee	Jun.2015-2018			6/6		
15. Mr. Nattapong Vongkusolkrit	Member of Sub-Committee	Jun.2015-2018			6/6		
Percent of directors' attended			95%	100%	95%	100%	67%

Note:

* 1. Mr. Sansern Wongcha-um, resignation on 1st March 2017

3. Assoc. Prof. Manop Bongsadatt, resignation on 26th May 2017

2. Mr. Vitoon Vongkusolkrit, resignation on 26th April 2017

4. Mr. Dej Bulsuk, resignation on 30th November 2017





The Naka Island, a Luxury Collection Resort and Spa, Phuket

6. Evaluation of the Board's Performances

Our Board of Directors is subject to an annual performance evaluation. To be in compliance with the principle of good corporate governance by listed companies, the Board of Directors and sub-committees are having a self-evaluation at least once a year so that they could review and improve their own conduct. The evaluation is based on the latest forms developed by the Corporate Governance for Capital Market Department of the Stock Exchange of Thailand (SET) released in February 2015, which is applied to suit our business nature and to cover performances of one Board of Directors and four sub-committees. The forms we have used consist of the following:

1. Evaluation form of the Board of Directors' performance to evaluate the entire Board.
2. Evaluation form of four sub-committees of:
 - 2.1 The Audit Committee (AC)
 - 2.2 The Strategic and Investment Committee (SIC)
 - 2.3 The Nominating and Corporate Governance Committee (NCG)
 - 2.4 The Management Development and Compensation Committee (MDC)
3. Evaluation form of Self- assessment
4. The Effectiveness of the Board meeting in 2017

How to read scores: Scores from 1 to 5 are given for statistical analysis. For each score, here is its meaning:

- 1 = Not agreeing. Need urgent improvement.
Please provide recommendations.
- 2 = There is room for improvement.
Please provide recommendations.
- 3 = Appropriate
- 4 = Very appropriate
- 5 = extremely appropriate

As for the Board of Directors' evaluation performance in 2017, 86% of board members agreed with the structure of the board and its components that they were appropriate and that members were independent enough to create a right check and balance. 84% were of the opinion that directors did understand their roles and responsibilities that they were independent when making a decision without being dominated by anyone. 85% viewed that the number of board meetings was appropriate and they had received enough documents to make a sound decision. Board members were able to study documents prior to the meeting and could attend the meeting on a regular basis. 84% felt that all members performed their duties with responsibilities to maximize the interest of shareholders. 81% deemed that board members did have a good relationship with the management and could frankly communicate with executives. 82% felt that directors were properly exposed to both self-development and executive development processes that allowed them to adequately understand the nature of the business.

Corporate Governance Policy

Topics in Performance Evaluation	BOD	AC	SIC	NCG	MDC	Self - assessment
1 Board Structure and Component	86%	76%	88%	80%	93%	83%
2 Roles, duties and responsibilities	84%	80%	90%	86%	93%	87%
3 Board's Meeting	85%	78%	93%	79%	92%	87%
4 Director Fiduciary Duty	84%					
5 Relationship with Executive Management	81%					
6 Director's Improvement and Management Development	82%					
Total	84%	78%	90%	82%	93%	86%

7. Nomination of Directors and Executives

The Board entrusts the Nominating and Corporate Governance Committee to draft a clear nomination policy and process for directors. This refers to a process to initially check a nominee's qualifications to ensure that his/her is in compliance with director's qualifications; a selection and courting process of a nominee to be our director; a nomination process to the Board or shareholders and a reviewing process of director being re-nominated. An individual evaluation of a director's performances while in the office will be used to support the consideration.

Furthermore, the selection was independently conducted without being subject to anyone's influence. The management's highest executive conducted a two-hour orientation session and arranged for a management team to meet the new director so that he learned about the company, got access to corporate information and strategic plans.

The Board designated the Management Development and Compensation Committee to recruit and formulate a succession plan of management's highest executives, to ensure continued performances and to avoid business disruption.



Corporate Social Responsibility “CSR”

8. Corporate Social Responsibility (CSR)

The Board of Directors has formulated several business strategies and also has a strong determination to develop a sustainable business through the nurturing of internal CSR mentality. Known internally as the “CSR-in-process,” the mechanism refers to our responsibilities to all stakeholders; namely, shareholders, employees and families, customers, suppliers, creditors, competitors, public sector, the communities, the society and the environment. In addition, the Board of Directors has also set aside budget to conduct corporate contribution activities (CSR-after-process). The project is called “The ERAWAN for Society and the Environment” which involves annual activity programs on a continuous basis for the benefit of communities and the society at large.



Aside from corporate governance awards received by the Company (For more information, please go to “CG Awards”), we have joined hands with various agencies accredited by the SET and the Securities and Exchange Commission (SEC) including non-governmental organizations (NGO) as a corporate leader to train people to work in the hospitality business. Some of our activities are:

1. Being a member of the PACT Network run by Thaipat Institute, the public-interest organization.
2. Promoting children's rights and business principles (CBRP) by signing and delivering our commitment to work on the subject with the Thaipat Institute and Thai Rural Reconstruction Movement (TRRM) under the Royal Patronage and UNICEF Thailand.
3. Being one of the 50 company leaders to drive the society through the philanthropic investments, which is an alternative for sustainable corporate social responsibility.
4. Supporting the planning to develop and train personnel by ;
 - 4.1 Develop people in hospitality business by enter into the Memorandum of Cooperation with the University of the Thai Chamber of Commerce , Thai Hotels Association, Association of Thai Travel Agents and their business alliances.
 - 4.2 Support the program to develop and train underprivileged children and those with special needs run by the Pimali Foundation (<http://www.pimali.org>), an NGO. By helping the foundation formulate its plan, we are able to provide training to underprivileged children and those with special needs to work in the hospitality business under the foundation's project called “Learning by Doing” aimed to develop kids up to 17 years old in Nongkhai Province area. The project, which will enhance these children's vocational capacity for a stable career path, is part of our CSR-in-process and CSR-after-process that we hope will lead to a sustainable development in the long run.



Corporate Social Responsibility

In addition, we have benefited from the development of a process aimed to enhance the CSR concept by taking into consideration the interests of all stakeholders. Aside from creating values to the society, as a company, we have benefited from the fact that it keeps us run our business on a fair practice, allows us to support trade competitions and liberation and prevents us from doing anything considered a conflict of interest and intellectual property infringement and leads us to oppose all forms of corruption (For more information, please go to the “Sustainable Development Policy,” the “Anti-Corruption Policy” and the “Anti-Money Laundering/Counter Terrorist Financing”). In addition, it also helps preparing us for the ISO37001 anti-bribery management system and makes us consider human rights, fair labor treatment as well as community, social and environmental development under the CSR-in-process concept as our practice with all groups of stakeholders. (For more information, please go to “Code of Conduct” on our website.)

Duties and Responsibilities of the Board to Shareholder

The Board of Directors takes into consideration shareholders' rights without limiting only to their fundamental rights as stipulated by laws. This refers to their rights to trade or transfer shares, to share the company's profits, to adequately receive the company's information, to attend meetings to vote at shareholders' meeting in order to either appoint or remove directors and to appoint or remove auditors and discuss important matters affecting the company. In this regards, important matters can range from allocating dividends to formulating or amending rules and regulations and the Memorandum of Association, increasing or reducing capital and approving special transactions. The Board of Directors also supervises to ensure that meeting's time, date, place and meeting agendas are given to shareholders; that relevant documents and information required for making decisions at a meeting are available to shareholders, that shareholders are notified of applicable rules at the meeting, that voting procedures are not too complicated and that a meeting location is convenient and not expensive for shareholders to attend the meeting.

The Board of Directors has allowed shareholders to propose agendas of the Annual General Meeting of Shareholders in advance prior to the meeting date. Clear rules and regulations in doing so have been posted in the company's website to facilitate shareholders. Shareholders may submit a document to propose potential meeting agendas by January 31 of every year. The Board encourages shareholders to use Proxy Form B so that shareholders can determine a voting direction as there are names and information of five Independent Directors who can be alternative proxy for shareholders. In addition, the information must be posted in the Company's website at least 30 days prior to the meeting. Documents must also be sent to shareholders in advance enough for them to study prior to the meeting. During the Meeting, the Company treats every procedure equally. No agendas are shortened, deleted or alternated. This is especially the case of an agenda to appoint directors where shareholders are entitled to vote for directors individually upon enough information. All ballots featuring yes, no and abstention votes are duly kept as evidence. At the Annual General Meeting of Shareholders for the year 2017, no voided ballot.

At every shareholders' meeting, Chairman of the Board, Chairman of the Committees, Directors, the Chief Executive Officer (CEO) and the President attend the meeting to allow shareholders to express their views and ask questions about relevant matters to the meeting. During the past, the Chairman, Chairman of Sub-committee and Management attended the meeting to allow shareholders to ask questions in an adequate fashion, which however did not delay the meeting. In addition, Q&A sessions, resolutions adopted at the meeting and votes received at each agenda were properly recorded in writing in the Company's minutes of meeting and posted at the Company's website within 14 days from the shareholders' meeting date.

Aside from the Board's responsibilities to shareholders as mentioned above, the Board also formulates a Corporate Social Responsibility policy, which includes responsibilities to shareholders as follows.



Responsibilities to Shareholders

1. To manage the Company in a way that will turn it into a quality corporation committed to integrity while creating sustainable strength and growth for shareholders in the long run.
2. To perform our job with thorough care and competency as a business may do under the same situation.
3. To perform our duty with integrity and to fairly treat both major and minor shareholders for the benefit of all relevant parties.
4. To manage the Company's properties in a manner that avoids their depreciation.
5. To report the Company's status and operation results regularly, accurately and completely based on existing facts.
6. To prevent the Company's confidential information from being improperly disclosed to the third party.
7. To avoid doing anything that may lead to a conflict of interest against the Company without any advanced notice.
8. To respect the rights and to equally treat all shareholders, whether they are executive or non-executive shareholders, and foreign shareholders.

Responsibilities to Investor Relations

We set up the Investor Relations (IR) Department as a center to provide complete company information to retail and institutional investors, shareholders, analysts and the public sector. Contacts can be made directly at the Company's office or visit us at www.TheErawan.com. Inquiries can also be made through IR@TheErawan.com.

We conduct an Investor Relations Survey (IR Survey) to gauge satisfaction in relation to our information disclosure at least once a year. In 2017, we conducted the survey by distributing online questionnaires to analysts at the Quarterly Meeting held in November 2017, and also the last meeting of the year. All respondents were within a target group. More than 72 percent of the respondents had monitored our information for no less than 2-5 years. 98 percent of the respondents said they were satisfied with the information.

Responsibilities of the Right to Access Information of Stakeholders

We give all stakeholders an access to information. We also determine guidelines and practices for our executive officers and staff to encourage their fair and equal interactions with all stakeholders. We also allow stakeholders to directly contact the Board, the Audit Committee and the Nominating and Corporate Governance Committee for their valuable suggestions that will not only benefit but also add more values to our management at our office, No. 2, Ploenchit Center Building, 6th Floor, Sukhumvit Road, Klongtoey District, Bangkok; or at the Office of Corporate Governance, email: GCG@TheErawan.com. All information is treated confidential and will be directly forwarded to the Board.

Responsibilities to Employees and Families

1. To determine an appropriate structure of remunerations in line with market rates, staff's competency and responsibilities and their work performances through three levels of strategic assessments; namely, corporate strategy, department strategy and division strategy. The Competency Skill Behavior Assessment will be carried out in a 360-degree manner where supervisor will assess supervisees and vice versa and where everyone will have a self-evaluation at all levels.
2. To provide appropriate welfare and other benefits such as accident insurance to staff and executives working out of the office, health insurance and allowances for healthcare services as an out-patient, annual health check-up and coffee corner for staff.
3. To ensure staff's understanding about their professional roles and responsibilities as well as their career goals, to provide an opportunity for staff to grow professionally and to acknowledge and recognize staff's work.
4. Award and punishment will be conducted based on the concept of right and wrong and with integrity.
5. To ensure workplace safety, health and sanitation.
6. To have a clear and efficient working system that allows staff to exercise their knowledge and competency while supporting their knowledge enhancement and recognizing their participation role.



Corporate Social Responsibility

7. To promote the Code of Conduct to staff to help them duly understand and fully comply with the practices.
8. To comply with all the rules and regulations relating to labor laws and staff welfare.
9. To avoid action considered unfair and illegitimate that may affect staff's advancement and job security while respecting an individual's rights.
3. To choose a quality supplier who is really interested in doing the job. Avoid inviting suppliers just to have enough participating suppliers as stated in a regulation. All bidders are to receive the same written details, information and conditions. If notified verbally, they shall receive a written confirmation later.

Responsibilities to Customers

1. To set up a pricing policy considered fair and appropriate basis.
2. To treat all business deals equally without treating anyone more favorably where every deal is considered conducted on an arm's length basis.
3. To procure and improve the procurement process considered appropriate and meeting business conditions.
4. To execute a fair contract with customers. (without depriving a customer of his benefits)
5. To disclose related and beneficial information accurately, completely and in time without any distortion.
6. To keep customer's confidential information as if it is the Company's own information and not using it for the Company's own benefit.
7. Not demanding, receiving from or not giving any illicit profit to customers.
4. Executives or staff involving in the procurement or hiring process must disclose information and/or their personal relationship as well as that of their spouses or closed relatives or a personal relationship with a particular bidder that may directly result in an opaqueness of their job. They shall also exercise their responsibility by not attending a decision making process when a particular supplier is chosen.
5. Not demanding and receiving gifts, favors or treats unless otherwise on appropriate occasions; refrain from having a special relationship with suppliers so much so that others may believe it may lead to an unfair treatment especially if it makes other suppliers misunderstand, refuse to participate in quoting prices or spread ill words that damages the Company's reputation.
6. To prepare a fair contract and to comply with an agreement executed with suppliers and creditors. In case the Company is unable to comply with its contract, negotiate with suppliers/creditors without delay to find a solution and to prevent further damage.

Responsibilities to Suppliers and Creditors

1. To offer a fair competition environment where the procurement and hiring process of goods and services is carried out properly, transparently and efficiently. This will include finalizing price negotiations, making quotations, bidding methods, special methods and procurement methods for government agencies and state enterprises. Questionnaire will be regularly issued to ask for opinions about the Company's bid participation in order to regularly improve its procurement and hiring process of goods and services.
7. To refrain from doing anything that will prevent suppliers from paying tax to the state.
8. To disclose related and beneficial information accurately, completely and in time without distortion.

Responsibilities to Competitors

2. To avoid specify a particular product or choosing a particular product intentionally unless otherwise there is an enough reason to do so. In case of change of products or specifications of the product, suppliers must be informed. If necessary, a new price quotation must be submitted. An original supplier must be given an opportunity to equally offer his quotation.
1. Acting within the framework of decent competitions
2. Not seeking competitor's confidential information by dishonestly or inappropriately manner.
3. Not trying to ruin competitors reputation by accusing him falsely without factual basis.
4. Cooperating to reinforce business potentials for a sustainable growth, collaborating to ensure safety and public order of public areas in the neighborhood and jointly resolving problems to lessen impacts from what could affect the business.



Responsibilities to the Public Sector

1. Complying with the government's policies, relevant laws and regulations.
2. Promoting constitutional democracy with the King as Head of state.
3. Conducting business with accountability, supporting activities with the public sector and other organizations for social and community benefits.
4. Organizing events to generate incomes to support charitable organizations such as the Foundation of Elephant's Friends, the Foundation of Returning Elephants to Nature and etc.
5. Refrain from doing anything that may damage the community, the society and the country.

Responsibilities to the Communities, the Society and the Environment

1. Refrain from doing anything that will damage natural resources and the environment.
2. Regularly support activities initiated by both private and public sectors that will render social benefits.
3. Create awareness among staff of all levels in our responsibilities to the communities, the society and the environment.
4. Approve approximately 0.5 percent of our net profit annually to pursue the "The ERAWAN for the Society and the Environment" Project where money will be divided into two portions, the first of which will be spent for the benefit



Grand Hyatt Erawan Bangkok

of the communities, society and environment located closed to our properties while the second portion will be dedicated to the society in general. Approval of each project will be at our discretion.

Compliance with Corporate Governance and the Business Code of Conduct

The Erawan Group considers that it's the responsibility of directors, executives and all employees to acknowledge and perform their duties diligently. It's the duty of the Nominating and Corporate Governance Committee to have directors, executives and employees at all levels comply with the corporate governance best practices and the Business Code of Conduct. The secretary will help coordinating, following up with results and reporting the practices so that information can be disclosed to shareholders through both internal and external channels.



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Internal Control and Protection of Internal Information

In 2017, the Board of Directors convened seven times at which the Audit Committee attended every time to give opinions about an adequacy and soundness of the internal control system. The Audit Committee summarized and reported internal audit activities to the Board of Directors on February 27, 2018 and the Board of Directors expressed the same opinions as the Audit Committee in this matter, which can be summarized as follows:

Internal Control System

The Audit Committee has direct responsibilities to supervise the company's internal control system in every aspect, whether it is finance and accounting, legal compliance and compliance to relevant rules and regulations. The Audit Committee formulates auditing mechanisms to ensure effective balance of power. There is also the Internal Audit Department to audit performances of all departments based on a risk-based auditing plan and to offer advice on how to set up a good internal control system.

The Audit Committee has duties to review auditing plans; to control and supervise the Internal Auditing Department's independence; to approve appointment, transfer and termination of the Internal Auditing Department's supervisor and to ensure that the Internal Auditing Department remains independent. The Committee must also make sure that the Department can perform its auditing functions and balance the existing power according to the prevailing standards. The Department is to directly report its auditing work to the Audit Committee at least once each quarter to ensure that the company's internal control and internal auditing work is conducted in a thorough manner and will not damage shareholders.

Protection of Internal Information

One of our priorities is focused at the use of our internal information and the prevention of our directors and executives from using internal information for their benefit or the so-called abusing self-dealing. This applies specifically to internal information not yet disclosed to the public or information that may affect our corporate strategy, business, trade negotiations and share prices, which, if abused, not only means that our shareholders are taken advantage of but it can damage shareholders in general. That's why we have set our Executives Ethic Standards as a practice with heavy penalties in case of violations or intended violation of the 10 practices stated in the Code of Conduct under the topic of **"Executives Ethical Standards"**

We also allow different levels of staff to get access to different types of internal information based mainly on their responsibilities and duties. Disciplinary actions are stated in our Work Regulations under the topic of "Disciplinary Actions and Penalties." For example, Clause 3.2 Re: **Disciplines with regard to confidentiality and corporate profits prohibits employees to "seek inappropriate benefit from the company or others relating to the company. Employees are prohibited to conduct personal business or to work for others in an identical or similar business as the company's although the work may be performed outside the company's office hours"**. With regard to disciplinary actions and punishment, the company will normally appoint a disciplinary action committee to conduct an investigation and to ensure fairness to accused staff.





Connected Transactions

The Erawan Group requires an approval from either the Audit Committee or the Board, as the case may be, when conducting a transaction that may cause a possible conflict of interest. In addition, details of transactions with possible conflict of interest during the past year and their values are disclosed while explanations and reasons for the transactions are clearly stated in the Annual Report. The Erawan Group requires its executive directors involving in the transaction to disclose the information and/or types of relationship not only of his own, but also of his spouse, closed relatives as well as personal relationship with any bidder for transparency purpose to the Office of the Corporate Governance. In addition, director shall abstain from voting and/or not be part of the decision-making process.

Connected transactions are shown in the Notes to Financial Statements and connected transactions table. All transactions were reasonable and were considered normal transactions. They were conducted for the company's ultimate benefit. Connected transaction had already been reviewed by the Audit Committee and/or the Board on an arm's length basis that they were in compliance with our requirements and rules and regulations of the SEC and the SET and that they were not against accounting standards Re: Disclosure of information in relation to connected persons or transactions.

The Erawan Group has the other connected transaction in addition to the items mentioned above as follows. All transactions were reasonable and were normal transactions.

Corporate	2017	2016
1. Mitr Phol Sugar Group of Companies		
• Revenue from Hotel Operation	7,100,080.66	9,412,389.46
• Receivables at end of period	1,470,915.43	359,924.97
2. Banpu Public Company Limited		
• Revenue from Hotel Operation	2,763,386.32	2,128,164.53
• Receivables at end of period	130,655.25	124,073.81
3. Hotelbeds (Thailand) Ltd.		
• Revenue from Hotel Operation	46,349,097.15	64,688,727.80
• Receivables at end of period	3,454,878.32	7,821,420.15
4. Kiatnakin Bank Public Company Limited		
• Revenue from Hotel Operation	1,748,101.82	1,133,036.07
• Receivables at end of period	227,289.40	-
5. Chai Talay Hotel Co., Ltd.		
• Revenue from Hotel Operation	4,819,099.81	2,778,628.28
• Receivables at end of period	1,588,883.57	838,517.49





Connected Transactions

Connected transactions between businesses with the following relationships were executed;

Person/entity with possible conflict of interest and nature of relationship	Description	Transaction value (Baht)	
Chai Talay Hotel Co., Ltd. : Hyatt Regency Hua Hin Hotel		2017	2016
Type of business: Hotels and resort			
Nature of relationship:	Agreement to lease office space and the service agreement with Erawan Hotel Public Company Limited		
<ul style="list-style-type: none"> Mrs. Panida Thepkanjana and Mr.Supol Wattanakin are closed relative to Mrs. Vansamorn Wannamethee, Authorized Director of Chai Talay Hotel Co., Ltd. Wattanavekin Group holds 28.45 percent of the Company's shares. 	<ul style="list-style-type: none"> Rental and services income Receivables at end of period Deposit from Lessee 	1,011,518.78 82,680.06 316,186.06	876,932.86 - 274,495.30
Sushi Ichi (Thailand) Co., Ltd.		2017	2016
Type of business: Restaurants activities			
Nature of relationship:	Agreement to lease office space and the service agreement with The Erawan Group Public Company Limited		
<ul style="list-style-type: none"> Mr. Gavin Vongkusolkrit, Director and Authorized Director of Sushi Ichi (Thailand) Co.,Ltd. Vongkusolkrit Group holds 29.56 percent of the Company's shares. 	<ul style="list-style-type: none"> Rental and services income Receivables at end of period Deposit from Lessee 	2,046,426.74 27,661.61 586,131.56	1,915,100.45 195,167.17 506,322.00
Kuppadeli Co., Ltd.		2017	2016
Type of business: Restaurants activities			
Nature of relationship:	Agreement to lease office space and the service agreement with The Erawan Group Public Company Limited		
<ul style="list-style-type: none"> Vongkusolkrit Group holds 29.56 percent of the Company's shares. 	<ul style="list-style-type: none"> Rental and services income Receivables at end of period Deposit from Lessee 	4,976,859.28 486,323.24 1,230,840.00	4,695,408.14 885,063.71 1,230,840.00

Pricing policy and the Audit Committee's opinions

Price agreed was a market price compared to space in nearby areas and not lower than the price offered to other tenants or service users based on the business standards.

Necessity and Soundness of Connected Transactions

In case the Erawan Group signs an agreement or conducts a connected transaction with a subsidiary company, affiliate, related company and/or the third party, The Erawan Group will consider the necessity and soundness of such contract based mainly on the company interests.

Approval Measures or Procedures of Connected Transactions

If the Erawan Group is to execute a contract or if there is any connected transaction between itself and its subsidiary, affiliate, related company, the third party and/or anyone with possible conflicts of interest, the Board of Directors requires the company for the purpose of its benefits, to comply with the rules stated in the Stock Exchange of Thailand's (SET) Announcement Re: Information disclosure and practices of listed companies in connected transactions. Meanwhile, prices and other conditions shall be as if the transaction is at an arm's length where directors or staff having an interest in such transaction must not participate in any approval process.

Policy or Outlook for Future Connected Transactions

-None-



Corporate Contribution Activities

The Erawan Group conducts its corporate contribution activities on the principles that the activities must be the needs and the benefits of communities, and they can be continuously carried out so that eventually lead to sustainability. We also encourage employees and families to participate in these activities as a good citizen of the society. In 2017, we organized a contest for social and environmental activities. All employees must submit their entries to the contest under the following criteria;

- ◆ Activities must link and reflect the identity of the company's business.
- ◆ Activities must be continuously conduct
- ◆ Activities must spread out a significant impact
- ◆ Activities for Sustainable Development
- ◆ Activities must be realistic under a well worth budget.

The selected activities will be executed in 2018. So far, we are focusing on the activities which can be separated in four major areas as follows.

Activities	Objectives	Overall Result
Tourism Promotion Activities		
Welcome Guide to Thailand The Welcome Guide to Thailand is a foreign language teaching activity, English and Chinese, to taxi drivers and people related to hospitality and tourist services, to promote domestic tourism, maintain Thailand's good image among foreign visitors.	<ul style="list-style-type: none"> To enhance foreign language communication skills mainly to taxi drivers. To nurture an attitude of being a good host of taxi drivers. Encourage knowledge of the importance of tourism in the country. 	<ul style="list-style-type: none"> Consistency organizing English and Chinese classes for taxi drivers since 2008-2017 with 29 classes and 1,067 participants.
Community Based Tourism Appear Project; It is a project to promote tourism in unique communities but about to disappear to remain sustainable. It is a collaboration between The Erawan Group, Hiversters, United Nations Development Programme (UNDP), and Bangkok Metropolitan Administration (BMA).	<ul style="list-style-type: none"> To promote community based tourism. Preserve disappearing cultures and identities Build good relationships with partner communities Encourage and support the communities to use tourism for sustainable development. 	<ul style="list-style-type: none"> Participate in the promotion of tourism in Banglumpu community which is partner. Co work with Banglumpu community in finding solutions for sustainable tourism. Provide English language development program for the youth guide according to the needs of the community. The program will start in early 2018 Collect unique contents of Banglumpu area to make intelligent tourist signs.



Corporate Contribution Activities

Activities	Objectives	Overall Result
Community Development Activities.		
Flood Relief Project in Sakon Nakhon Province In July 2017 The company used the full amount of revenue from all HOP INN Hotels for the night of 31 July, 2017 for flood relief .	<ul style="list-style-type: none"> To heal flood victims such as hotel guests, staff, communities surrounding HOP INN Sakon Nakorn and others who affect from flood. 	<ul style="list-style-type: none"> Remedy customers affected by staying at the HOP INN Sakon Nakhon on the night of July 27, 2017. Provide assistance to employees affected by flood. Donate money to flood relief fund thought the governor of Sakon Nakorn Visit and help the community and schools surrounding the hotel.
Creative Cabinet Project. The company contributes Creative Cabinets, which consist of quality books and skill promoting toys, to 5 primary schools in each province where HOP INN hotel is operated. teachers to promote learning by playing and to broaden children's imagination.	<ul style="list-style-type: none"> To promote reading of the youth To build good relationships with the communities surrounding HOP INN Hotels. 	<ul style="list-style-type: none"> In the year 2017, the company contributed 50 creative cabinets to 50 schools in the province where the HOP INN Hotels are opened. At present, 150 cabinets were given to 150 schools.
HOP Learning Center It is a joint venture project with INDA (International Program in Design and Architecture), Department of Architecture, Chulalongkorn University .To support fieldwork of INDA students, to build a HOP Learning Center for needy schools in the province where the HOP INN hotels located	<ul style="list-style-type: none"> To support the education of youth in needy schools. To build an interesting learning space, to open the imagination and creativity for children. To support student fieldwork of INDA student. 	<ul style="list-style-type: none"> Construction of the 5th HOP Learning Center at Wat Wang Hin School Nakhon Sri Thammarat This area was affected by the floods in early 2017. The building is for school and communities to use as learning and activity areas.



Activities	Objectives	Overall Result
Energy & Environment Conservation Activities.		
Underwater Reforestation Activity. The activity strives to maintain the abundance of marine resources by making the artificial marine habitat as part of an attempt to preserve sustainable marine ecological balance and to build relationship with the community and affiliated hotels.	<ul style="list-style-type: none"> To restore food resource and habitat for marine animals To foster relationship among employees within the Erawan Group , Holiday Inn Pattaya Hotel, Mercure Pattaya Ocean Resort Hotel, the ibis Pattaya Hotel and to build good relationship with communities surrounding the hotels. 	<ul style="list-style-type: none"> On 22 July 2017, together with the Marine and Coastal Resources Conservation Center 1(Rayong Province), we organized the 5th "Underwater Reforestation activity by making artificial coral and installed under the water
Waste for Egg Activity. The exchange of Waste for Egg takes place on every 1 st Thursday of the month. We regularly provided training on how to properly separate household waste to tenant, customers, suppliers and the public. The company co-works with Wongpanich Suvarnabhumi Recycle Station Co., Ltd. continuously organize the activity since	<ul style="list-style-type: none"> To reduce waste and promote maximum use of resources. To encourage public to separate waste 	<ul style="list-style-type: none"> In 2017, the weight of waste exchange for eggs was 66.5 tons. Average 5,542 kilograms per month.
Thai Elephant Conservation Activity		
The Erawan Preserve Elephants. The purpose of this activity is to conserve Thai elephant which is our national symbol from extinction and the company's logo	<ul style="list-style-type: none"> Organize fund raising activities to support the elephant protect organizations. Organize activities to encourage employee and family including other stakeholders to volunteer to protect elephants. 	On 27 August, 2017 the company organized ERAWAN RUN TOGETHER to raise fund amount 204,600 THB and contributed to The Elephant Reintroduction Foundation.





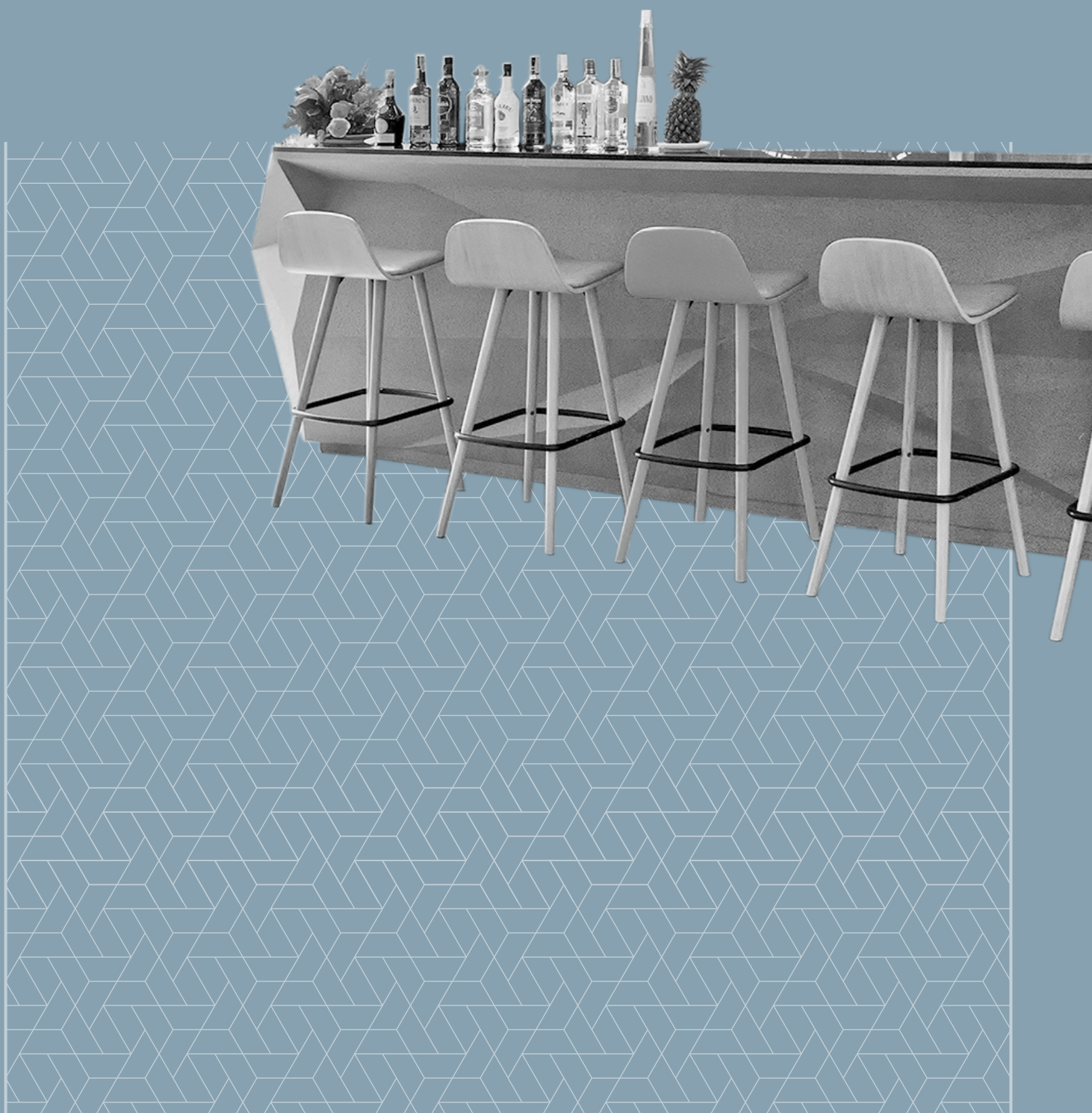
Corporate Contribution Activities

Social activities of affiliate hotels in 2017

Hotel	Social Activity	Environment Activity
Grand Hyatt Erawan Bangkok Hotel		
	<ul style="list-style-type: none"> Donating 100 sets of uniform to Kongtoey Slum Childcare 	<ul style="list-style-type: none"> Mangrove Planting at Bang Pu
JW Marriott Bangkok Hotel		
	<ul style="list-style-type: none"> Help with surgery to change the smile of the cleft palate. Organized fundraising activity to earn money every month. The amount of money donated in the year 2017 is 100,000 THB. Raise funds by selling clothes to donate to the Thai Red Cross 150,000 Baht to help with the flood crisis in Sakon Nakorn province. 	<ul style="list-style-type: none"> Support planting mangroves for the future project in conjunction with IUCN. The hotel encouraged hotel guests to donate 30 baht for every one-night stay to support the project. The total amount of donations from hotel guests throughout 2017 is 64,380.88 baht.
Courtyard by Marriott Bangkok		
	<ul style="list-style-type: none"> Deliver used and brand new bedding for specialized children's medical center. 	<ul style="list-style-type: none"> Repair a bridge for planting mangroves at Ban Ka Long, Samut Sakhon province.
Renaissance Koh Samui Resort & Spa Hotel		
	<ul style="list-style-type: none"> Donate helmets to students of municipality 1 school (Wat Lamai) to campaign and encourage students to wear helmets. 	<ul style="list-style-type: none"> Hotel staff together with the Department of Forestry and the villagers, built check dam on the upriver hill to slow down and store water for crops in the dry season.
The Naka island a luxury collection resort & spa Phuket		
	<ul style="list-style-type: none"> Support the education of Ban Naka School such as children's activities. Paint the library and kitchen. 	
Holiday Inn Pattaya Hotel		
	<ul style="list-style-type: none"> Support Human Trafficking and Child Abuse Prevention Center (Ban Kru Ja), Nongprue, Banglamung, Chonburi 	
Mercure-ibis Hotels		
	<ul style="list-style-type: none"> ibis Hua Hin Management and staff join Children's Day celebrations at Watnongkae School, Hua Hin, Prachuap Khiri Khan. 	<ul style="list-style-type: none"> ibis Phuket Kata management and staff work together planting 500 mangrove trees to create at forest in Mudong Canel, Phuket.
HOP INN Thailand		
	<ul style="list-style-type: none"> Shelter hotel guests who affected from flood in Sakon nakonn in July 2017. Provide special assistance to hotel guests whose cars damaged by flood of 10,000 baht each. 	



Financial Information and Corporate Information





Report of the Board's Responsibility in the Financial Statement

The main priority of the Board of Directors is to supervise the Company's operation, making sure they are in line with good corporate governance policy and that the financial statements and financial information appearing in the Company's annual report are accurate, complete and adequate. Its duty is also to make sure that the financial statements are in line with Thai Financial Reporting Standards and that an appropriate accounting policy has been chosen and is being carefully pursued on a regular basis. In addition, the Board of Directors must also ensure that the Company has an effective internal control system to assure the credibility of its financial statements. The Board also ensures protection over potential conflicts of interest through systems which are place to prevent unusual transactions. Connected transactions which might lead to possible conflicts of interest are closely monitored to ensure they are genuine transactions and are reasonably carried out, based on the normal course of business and for the Company's maximum benefits, and that the Company is in compliance with relevant laws and regulations. The Audit Committee has already reported the result of its action to the Board of Directors and also reported its opinions in report of the Audit Committee to Shareholder as seen in the annual report.

The Board of Directors is of the opinion that the Company's internal control system has been proven to be satisfactory. The Board was able to obtain reasonable assurance on the credibility of the Company's financial statements as at 31st December 2017 which the Company's auditor has audited based on the generally-accepted accounting standards. The auditor is of the opinion that the financial statements present fairly the Company's financial position and the results of its operations in accordance with generally accepted accounting principles.

Mr. Prakit Pradipasen

Chairman of The Board of Directors

Mrs. Kamonwan Wipulakorn

President



Management Discussion and Analysis

THB Millions	FY16	FY17	% Ch
Hotels' Operating Income	5,357	5,773	+8%
Rental and Service Income	214	222	+4%
Total Operating Income	5,571	5,995	+8%
Other Income	40	55	+38%
Total Income	5,611	6,050	+8%
Operating Expenses	(4,025)	(4,207)	+5%
EBITDA	1,586	1,844	+16%
Depreciation & Amortization	(730)	(738)	+1%
Operating Profit/(Loss)	856	1,106	+29%
Finance Costs	(362)	(344)	-5%
Pre-tax Profit / (Loss)	494	762	+54%
Taxes	(122)	(172)	+41%
Minority Interest	(41)	(60)	+46%
Normalized Net Profit / (Loss)	331	530	+60%
Extraordinary Items			
Share of Profit/ (Loss) from ERWPF	15	(24)	N.M.
Gain from sale of shop house	21	-	N.M.
Net Profit / (Loss)	367	506	+38%
E.P.S. (Baht)	0.1469	0.2022	+38%

Group Performance

Thailand's tourism industry continued growing in 2017. Total international tourist arrivals posted at 35.4 million, a 9 percent growth compared to the same period last year. This was the highest record tourist arrivals and reaffirmed the strong fundamental of Thailand's tourism industry. Chinese, Indian and Korean's were the top 3 key source markets that posted the strongest growth in this year. Domestic tourism for 2017 also growing as well. The number of domestic trips recorded at 152 million, a 4 percent increase from our performance in 2017 also growing in line with the hike of Thailand's tourism industry as aforementioned. We recorded total operating

income at THB 5,995 million, an 8 percent increase from FY16. Revenue from hotel operations and rental and service income grew 8 percent and 4 percent from the same period last year respectively. The revenue growth and the effective cost control leading to EBITDA expansion. We generated EBITDA at THB 1,844 million, a 16 percent increase from 2016 and EBITDA margin recorded at 30.5 percent compare to 28.3 percent from the same period last year. We recorded net profit at THB 506 million a significant increase from net profit of THB 367 million in 2016.

Management Discussion and Analysis

Performance by Business Unit

1 Hotel

- We continued our hotel development as set forth in our strategy. In 2017, we opened 11 hotels which comprised of 10 HOP INN hotels in Thailand and 1 HOP INN hotel in Philippines. As a result, at the end 2017 we have 52 hotels with 7,328 rooms in our portfolio, increasing from 41 hotels with 6,385 rooms as of 2016.

Our hotel business in 2017 continued growing from the same period last year. We generated income from hotel operations at THB 5,773 million in 2017, an 8 percent increase from 2016. Room revenue increased 9 percent and F&B revenue increased 3 percent from the same period last year. Growth was driven by both existing 41 hotels, with a 7 percent increase from 2016 and additional income from 11 new hotels. Budget hotel segment generated the highest revenue growth in 2017, a 54 percent increase from the same period last year.

Statistics for hotel room operations for the 2017 periods are as follows:

12-month period (Jan-Dec)	No. of rooms		Occupancy			ARR (THB/Night)			RevPAR(THB/Night)		
	2016	2017	2016	2017	+/-	2016	2017	+/-	2016	2017	+/-
Thailand											
Luxury Hotels	966	979	81%	77%	▼4%	5,358	5,685	▲6%	4,345	4,358	-
Midscale Hotels	1,282	1,282	84%	88%	▲4%	2,639	2,783	▲5%	2,227	2,453	▲10%
Economy Hotels	2,253	2,253	83%	85%	▲3%	1,156	1,209	▲5%	954	1,029	▲8%
Total Group (ex. Budget)	4,501	4,514	83%	84%	▲1%	2,470	2,554	▲3%	2,044	2,150	▲5%
Budget Hotels*	1,716	2,502	70%	75%	▲5%	516	543	▲5%	359	407	▲13%

*Exclude HOP INN Philippines

Details of each segment are as follows:

1.1 Luxury Bangkok

- The Luxury segment comprised of 2 hotels in Bangkok; Grand Hyatt Erawan Bangkok and JW Marriott Bangkok, and 2 hotels in Samui and Phuket; Renaissance Koh Samui Resort and Spa and The Naka Island, a Luxury Collection Resort and Spa, Phuket. Occupancy recorded at 77 percent in 2017 compared to 81 percent in 2016, this mainly came from the decrease in occupancy of JW Marriott Bangkok which was undertaken the room renovation

program during August to December 2017. However ARR increased 6 percent from 2016 resulting in the aligned RevPAR with 2016. Excluding the impact of JW Marriott Bangkok room renovation, RevPAR increased by 5 percent which was driven by both occupancy and ARR. For 2017, the Luxury segment generated operating income at THB 2,909 million and EBITDA at THB 885 million, a 2 percent and 9 percent increase from the same period last year respectively.



1.2. Midscale Hotels

- The Midscale segment comprised of 2 hotels in Bangkok; Courtyard by Marriott Bangkok and Mercure Bangkok Siam, and 2 hotels in Pattaya; Holiday Inn Pattaya and Mercure Pattaya Ocean Resort. Occupancy in this segment recorded at 88 percent increased from 84 percent in 2016 and ARR increased 5 percent from the same period last year. This led to a 10 percent RevPAR increase from 2016. Growth was driven by the increase in both occupancy and ARR from all hotels in this segment. Hotels located in Pattaya generated the highest RevPAR growth among this group due to the recovery of Russian and Chinese tourists as well as the growth of other source markets. For 2017, the Midscale segment generated operating income at THB 1,458 million and EBITDA at THB 580 million, a 9 percent and 12 percent increase from the same period last year respectively.

1.3. Economy Hotels

- We now have ten ibis hotels in six major tourist destinations in Thailand (Bangkok, Pattaya, Phuket, Samui, Hua Hin and Krabi). Occupancy in this segment recorded at 85 percent increased from 83 percent in 2016 and ARR increased 5 percent as such RevPAR increased 8 percent from the same period last year. Our Economy hotels located in Phuket recorded the highest RevPAR growth among the group, a 15 percent increase from 2016. This mainly came from the growth of key source markets such as Russian and our marketing strategy to expand customer base. For 2017, the Economy segment generated operating income at THB 1,054 million and EBITDA at THB 383 million, an 8 percent and 13 percent increase from the same period last year respectively.

1.4. Budget Hotels

- In 2017 we opened additional 10 hotels under our own brand "HOP INN" in Thailand. They are located in Buriram, Rayong, Chiangrai, Hua Hin, Nakorn Sawan, Lop Buri. For Lampang, Tak, Khon Kaen and Kanchanaburi, they are the second branch in that destinations. As such, we now have 32 hotels in this segment which cover major Thailand's tourist and business destinations.
- Occupancy in this segment recorded at 75 percent in 2017 increased from 70 percent in 2016, despite room increase inventory from 10 new hotels opened this year. ARR increased 5 percent and RevPAR increased 13 percent from the same period last year which is the highest RevPAR growth among the group. For 2017, the Budget segment generated operating income at THB 297 million and EBITDA at THB 128 million, a 54 percent and 53 percent increase from the same period last year respectively.

Note: EBITDA by segment is calculated without taking non-property-specific expenses into account

2. Rental Properties

We own and operate Erawan Bangkok, a luxury retail property adjacent to Grand Hyatt Erawan Hotel, and manage Ploenchit Center as a property manager. For 2017, income from rental and service increased 4 percent to record at THB 222 million mainly from the increase of occupancy rate compare to the same period last year.

Other Items in P&L

- **Depreciation & Amortization** : This non-cash item recorded at THB 738 million in 2017, increased by THB 8 million from the same period last year. This mainly came from the additional depreciation of new hotels opened.





Management Discussion and Analysis

- **Finance Costs:** We recorded finance costs at THB 344 million in 2017, decreased THB 18 million from the same period last year. This mainly driven by the decrease in average cost of financing and the conversion of floated rate to fixed rate for 3 year periods during 2017-2019.
- **Corporate Income Tax:** We recorded corporate income tax at THB 172 million in 2016 which increased from the same period last year due to better performance.
- **Extraordinary Items:**
 - **Investment in ERWPF:** We recorded share of loss at THB 24 million in 2017 mainly from the decrease in revaluation of asset.
 - **Gain from sale of shop house:** We recorded total gain from sale of shop house at THB 21 million in 2016 while no transaction in 2017.

Financial Status

FINANCIAL RATIO (TIMES)	FY 2016	FY 2017
Interest Coverage Ratio	4.1	5.0
Interest Bearing Debt to Equity	1.7	1.7

We generated THB 1,867 million of operating cash flow before change in operating asset and liabilities, representing a 16 percent increase from the same period last year from a better performance. We utilized cash flow generated, together with bank loans to fund the development of new hotels. Cash on hand was recorded at THB 1,077 million at the end of 2017. Interest coverage ratio recorded at 5.0 times as a result of increasing operating cash flow compare to the same period last year.

At the end of 2017, we recorded total assets at THB 16,048 million compare to THB 14,911 million at the end of 2016. Our total liabilities recorded at THB 10,645 million slightly increased from THB 9,839 million at the end of 2016. Shareholder's equity recorded at THB 5,403 million at the end of 2017 increased from THB 5,073 million at the end of 2016 on the back of additional net profit generated in 2017. Our interest bearing debt-to-equity ratio recorded at 1.7 times in line with the end of 2016.



Independent Auditor's Report

To the Shareholders of The Erawan Group Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of The Erawan Group Public Company Limited and its subsidiaries (the "Group") and of The Erawan Group Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2017, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Valuation of Property, plant and equipment, investments in associates and investments in subsidiaries

Refer to Notes 2 (d), 4 (j), 9, 10 and 13 to the financial statements.

The key audit matter

To respond to the Group and the Company's growth strategy, the Group and the Company have expanded their activities through hotel development by investing in property plant and equipment, investments in associates and investments in subsidiaries which operated hotel business. Certain hotels have not operated in line with initial expectations. These factors are considered as impairment indicator of hotels.

The Group and the Company hold a number of hotels. The recoverable amount for each hotel has been determined based on value in use. This value in use is calculated from discounted future cash flows for which require management to make judgements on key assumptions. Overall, due to the involvement of high level of judgement, this is key judgemental areas that my audit is concentrated on.



Independent Auditor's Report

How the matter was addressed in the audit

My audit procedures included:

- Assessing management's procedures for identify potential impairment and understanding the processes of impairment testing and determining the recoverable amount;
- In respect of each hotel for which an impairment indicator exists, I obtained the discounted future cash flow. In the case that the Company engaged independent property valuer to assist in valuing the assets, I evaluated the competency, independence and objectivity of the valuer by considering of professional qualification and read the term of engagement letter between independent property valuer and the Company. I inquired management, tested calculation and considered the appropriateness of key assumptions by comparing them against historical data, budget plan of the Group and the Company and external data in the same industry. The external expert engaged by KPMG assisted on considering whether measurement basis and key of assumptions applied by the independent property valuer were reasonable by taking account of similar assets in other comparable situation; and
- I have also considered the adequacy of disclosures according to Thai Financial Reporting Standards.

Other Information

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

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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



Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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



Independent Auditor's Report

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

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

Vilaivan Pholprasert

Certified Public Accountant

Registration No. 8420

KPMG Phoomchai Audit Ltd.

Bangkok

27 February 2018





Audit Fee

In 2017, the remuneration paid to the external auditor of KMPG Phomchai Audit Limited as follow

- 1) The total audit fee is Baht 7,057,000 consisting of:
 - ◆ The audit fee of The Erawan Group Plc. Baht 2,687,000 (excluding transportation out of Bangkok and relevant miscellaneous expenses) is the same as previous year
 - ◆ The audit fee of The Company's subsidiaries in Thailand is totaling Baht 2,630,000
 - ◆ The audit fee of The Company's subsidiaries in overseas is totaling Baht 1,740,000.
- 2) The Company did not pay any non-audit fee to the auditor, the auditor's office, and person or company related to the auditor and the auditor's office.



Statement of financial position

The Erawan Group Public Company Limited and its Subsidiaries

Unit : Baht

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2017	2016	2017	2016
Assets					
<i>Current assets</i>					
Cash and cash equivalents	5	1,076,975,887	795,425,481	253,445,888	174,770,232
Trade accounts receivable	4, 6	217,610,134	202,333,857	99,266,021	100,889,235
Inventories	7	56,830,065	53,231,685	11,602,501	9,074,987
Value added tax refundable		128,775,953	86,035,400	-	-
Other current assets	4, 8	92,478,705	96,840,394	43,349,376	42,603,381
Total current assets		1,572,670,744	1,233,866,817	407,663,786	327,337,835
<i>Non-current assets</i>					
Investments in associates	9	109,475,093	155,074,371	322,167,211	365,879,607
Investments in subsidiaries	10	-	-	3,607,959,686	4,415,159,686
Other long-term investments	11	1,058,558	1,343,911	844,082	1,057,633
Long-term loans to related parties	4	-	-	1,765,392,334	1,424,138,082
Property, plant and equipment	13	12,567,565,969	11,707,469,199	6,710,071,750	6,417,840,020
Land held for development	14	104,236,832	104,236,832	-	-
Leasehold rights for land and buildings	15	1,406,161,076	1,460,519,569	726,401,952	769,729,687
Intangible assets	16	34,279,141	34,638,437	15,133,348	20,445,475
Deposits for lease of land, building and equipment		140,092,267	128,868,404	100,027,075	97,603,821
Deferred tax assets	17	13,362,927	12,936,355	9,383,735	9,781,791
Other non-current assets	18	98,792,435	72,161,207	35,185,011	60,443,147
Total non-current assets		14,475,024,298	13,677,248,285	13,292,566,184	13,582,078,949
Total assets		16,047,695,042	14,911,115,102	13,700,229,970	13,909,416,784

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





Statement of financial position (continued)

The Erawan Group Public Company Limited and its Subsidiaries

Unit : Baht

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2017	2016	2017	2016
Current liabilities					
Short-term borrowings from					
financial institutions	19	1,095,000,000	1,182,000,000	1,095,000,000	1,182,000,000
Trade accounts payable	4, 20	279,507,797	252,273,079	137,202,481	129,667,206
Current portion of long-term borrowings					
from financial institutions	19	915,150,695	1,375,255,842	564,704,270	1,038,500,000
Current portion of finance lease					
liabilities	19	1,215,245	1,183,903	1,215,245	1,183,903
Income tax payable		76,001,601	49,672,601	39,508,707	28,924,146
Other current liabilities	4, 21	850,934,449	745,715,399	424,125,423	327,217,145
Total current liabilities		3,217,809,787	3,606,100,824	2,261,756,126	2,707,492,400
Non-current liabilities					
Long-term loans from					
related party	4, 19	-	-	140,589,731	118,086,351
Long-term borrowings from financial	19	7,056,439,414	5,867,164,229	4,257,692,877	3,158,950,000
institutions					
Finance lease liabilities	19	1,617,297	1,839,544	1,617,297	1,839,544
Accounts payable for land					
leasehold rights		180,000,000	180,000,000	180,000,000	180,000,000
Deposits from lessees		42,679,157	39,507,852	41,077,814	37,892,291
Deferred income	22	12,313,253	14,337,349	12,313,253	14,337,349
Deferred tax liabilities	17	47,204,116	43,970,236	-	-
Provision for employee benefits	23	86,599,861	85,640,879	42,431,277	44,713,751
Total non-current liabilities		7,426,853,098	6,232,460,089	4,675,722,249	3,555,819,286
Total liabilities		10,644,662,885	9,838,560,913	6,937,478,375	6,263,311,686

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



Statement of financial position (continued)

The Erawan Group Public Company Limited and its Subsidiaries

Unit : Baht

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2017	2016	2017	2016
Shareholder's equity					
Share capital	24				
Authorised share capital		2,537,893,275	2,537,893,275	2,537,893,275	2,537,893,275
Issued and paid-up share capital		2,500,893,275	2,498,173,275	2,500,893,275	2,498,173,275
Shares premium on ordinary shares	24	846,265,204	836,499,588	846,265,204	836,499,588
Employee stock options	24	11,410,359	-	11,410,359	-
Retained earnings					
Appropriated					
Legal reserve	25	235,558,000	235,558,000	235,558,000	235,558,000
Unappropriated		1,729,896,305	1,374,317,969	3,168,322,871	4,075,961,297
Other components of shareholders' equity		(88,002,976)	(26,626,871)	301,886	(87,062)
Equity attributable to owners					
of the parent		5,236,020,167	4,917,921,961	6,762,751,595	7,646,105,098
Non-controlling interests	12	167,011,990	154,632,228	-	-
Total shareholders' equity		5,403,032,157	5,072,554,189	6,762,751,595	7,646,105,098
Total liabilities and shareholders' equity		16,047,695,042	14,911,115,102	13,700,229,970	13,909,416,784

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





Statement of comprehensive income

The Erawan Group Public Company Limited and its Subsidiaries

Unit : Baht

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2017	2016	2017	2016
Revenues					
Revenues from hotel operations	4	5,773,116,967	5,356,929,514	2,853,128,405	2,722,552,980
Rental of units in buildings and service income	4	222,509,991	214,405,797	158,275,217	152,759,743
Revenues from sale of properties		-	52,838,000	-	-
Dividend income	4	-	-	134,828,541	289,855,312
Interest income	4	6,702,257	6,347,082	82,622,040	49,314,532
Other income	4, 27	48,126,727	33,428,782	46,191,937	19,279,545
Total revenues		6,050,455,942	5,663,949,175	3,275,046,140	3,233,762,112
Expenses					
Cost of hotel operations	4	2,549,629,655	2,455,677,903	1,204,121,383	1,161,696,340
Cost of rental of units in buildings and services	4	86,011,597	87,956,115	46,445,477	44,984,228
Cost of sale of properties		-	31,863,863	-	-
Depreciation and amortisation		738,422,891	729,842,215	367,852,304	377,865,372
Selling expenses	28	347,798,235	345,192,864	176,105,068	168,735,450
Administrative expenses	4, 29	1,223,263,801	1,136,483,358	650,480,603	600,484,053
Loss on impairment of investments	9, 10	-	-	1,264,600,000	-
Finance costs	4, 32	343,671,564	362,081,245	230,307,942	229,845,737
Total expenses		5,288,797,743	5,149,097,563	3,939,912,777	2,583,611,180
Share of profit (loss) of investment in associate	9	(24,474,322)	14,592,866	-	-
Profit (loss) before income tax expense		737,183,877	529,444,478	(664,866,637)	650,150,932
Income tax expense	33	(172,167,057)	(121,708,452)	(92,778,354)	(69,231,078)
Profit (loss) for the year		565,016,820	407,736,026	(757,644,991)	580,919,854

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



Statement of comprehensive income (continued)

The Erawan Group Public Company Limited and its Subsidiaries

Unit : Baht

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2017	2016	2017	2016
Other comprehensive income					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statements		(61,856,045)	(20,111,243)	-	-
Gain on remeasurement investments held as available-for-sale		479,940	231,789	388,948	175,123
Other comprehensive income (loss) for the year, net of income tax		(61,376,105)	(19,879,454)	388,948	175,123
Total comprehensive income (loss) for the year		503,640,715	387,856,572	(757,256,043)	581,094,977
Profit (loss) attributable to:					
Owners of Company		505,571,771	366,890,803	(757,644,991)	580,919,854
Non-controlling interests	12	59,445,049	40,845,223	-	-
Profit (loss) for the year		565,016,820	407,736,026	(757,644,991)	580,919,854
Total comprehensive income (loss) attributable to:					
Owners of Company		444,195,666	347,011,349	(757,256,043)	581,094,977
Non-controlling interests	12	59,445,049	40,845,223	-	-
Total comprehensive income (loss) for the year		503,640,715	387,856,572	(757,256,043)	581,094,977
Earnings (loss) per share (in Baht)	34				
Basic earnings (loss) per share		0.2022	0.1469	(0.3031)	0.2325
Diluted earnings (loss) per share		0.2012	0.1469	(0.3016)	0.2325

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



Statement of changes in equity

The Erawan Group Public Company Limited and its Subsidiaries

Unit : Baht

	Note	Consolidated financial statements										Total shareholders' equity
		Retained earnings			Other components of shareholders' equity							
		Issued and paid share capital	Share premium on ordinary shares	Employee stock options	Legal reserve	Unappropriated	Exchange differences on translating financial statements	Gain (loss) on remeasurement investment held as available-for-sale	Total other components of shareholders' equity	Equity attributable to owners of parent	Non-controlling interests	
Year ended 31 December 2016		2,498,173,275	836,499,588	-	206,508,000	1,136,403,093	(6,510,727)	(236,690)	(6,747,417)	4,670,836,539	211,626,187	4,882,462,726
Balance at 1 January 2016		-	-	-	-	-	-	-	-	(99,925,927)	(97,839,182)	(197,765,109)
Transactions with owners, recorded directly in equity		-	-	-	-	(99,925,927)	-	-	-	(99,925,927)	(97,839,182)	(197,765,109)
<i>Distributions to owners of the parent</i>	35	-	-	-	-	-	-	-	-	-	-	-
Dividends to owners of the Company		-	-	-	-	-	(20,111,243)	231,789	(19,879,454)	(19,879,454)	-	(19,879,454)
<i>Total distributions to owners of the parent</i>		-	-	-	-	366,890,803	(20,111,243)	231,789	(19,879,454)	347,011,349	40,845,223	387,856,572
Comprehensive income (loss) for the year		-	-	-	-	-	-	-	-	-	-	-
Profit		-	-	-	-	366,890,803	-	-	-	366,890,803	40,845,223	407,736,026
Other comprehensive income (loss)		-	-	-	-	-	(20,111,243)	231,789	(19,879,454)	(19,879,454)	-	(19,879,454)
Total comprehensive income (loss) for the year		-	-	-	-	366,890,803	(20,111,243)	231,789	(19,879,454)	347,011,349	40,845,223	387,856,572
Transfer to legal reserve		-	-	-	29,050,000	(29,050,000)	-	-	-	-	-	-
Balance at 31 December 2016	25	2,498,173,275	836,499,588	-	235,558,000	1,374,317,969	(26,621,970)	(4,901)	(26,626,871)	4,917,921,961	154,632,228	5,072,554,189
Year ended 31 December 2017		2,498,173,275	836,499,588	-	235,558,000	1,374,317,969	(26,621,970)	(4,901)	(26,626,871)	4,917,921,961	154,632,228	5,072,554,189
Balance at 1 January 2017		-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity		-	-	-	-	-	-	-	-	-	-	-
<i>Contributions by and distributions to owners of the parent</i>		-	-	-	-	-	-	-	-	-	-	-
Employee stock options	24	2,720,000	9,765,616	11,410,359	-	-	-	-	-	23,895,975	-	23,895,975
Dividends to owners of the Company	35	-	-	-	-	(149,993,435)	-	-	-	(149,993,435)	(47,065,287)	(197,058,722)
<i>Total contribution by and distributions to owners of the parent</i>		2,720,000	9,765,616	11,410,359	-	(149,993,435)	-	-	-	(126,097,460)	(47,065,287)	(173,162,747)
Comprehensive income (loss) for the year		-	-	-	-	505,571,771	-	-	-	505,571,771	59,445,049	565,016,820
Profit		-	-	-	-	-	(61,856,045)	479,940	(61,376,105)	(61,376,105)	-	(61,376,105)
Other comprehensive income (loss)		-	-	-	-	-	(61,856,045)	479,940	(61,376,105)	444,195,666	59,445,049	503,640,715
Total comprehensive income (loss) for the year		-	-	-	-	505,571,771	(61,856,045)	479,940	(61,376,105)	523,619,666	167,011,990	5,403,032,157
Balance at 31 December 2017		2,500,893,275	846,265,204	11,410,359	235,558,000	1,729,896,305	(88,478,015)	475,039	(88,002,976)	5,236,020,167	167,011,990	5,403,032,157

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

Statement of changes in equity (continued)

The Erawan Group Public Company Limited and its Subsidiaries

Unit : Baht

		Separate financial statements						Total shareholders' equity
		Retained earnings				Other component of shareholders' equity		
	Note	Issued and paid share capital	Share premium on ordinary shares	Employee stock options	Legal reserve	Unappropriated	Gain (loss) on remeasurement investment held as available-for-sale	
Year ended 31 December 2016								7,164,936,048
Balance at 1 January 2016		2,498,173,275	836,499,588	-	206,508,000	3,624,017,370	(262,185)	
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the parent</i>								
	35	-	-	-	-	(99,925,927)	-	(99,925,927)
<i>Total distributions to owners of the Company</i>		-	-	-	-	(99,925,927)	-	(99,925,927)
Comprehensive income for the year								
		-	-	-	-	580,919,854	-	580,919,854
Other comprehensive income		-	-	-	-	-	175,123	175,123
<i>Total comprehensive income for the year</i>		-	-	-	-	580,919,854	175,123	581,094,977
Transfer to legal reserve		-	-	-	29,050,000	(29,050,000)	-	-
Balance at 31 December 2016		2,498,173,275	836,499,588	-	235,558,000	4,075,961,297	(87,062)	7,646,105,098
Year ended 31 December 2017								
Balance at 1 January 2017		2,498,173,275	836,499,588	-	235,558,000	4,075,961,297	(87,062)	7,646,105,098
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the parent</i>								
	24	2,720,000	9,765,616	11,410,359	-	-	-	23,895,975
	35	-	-	-	-	(149,993,435)	-	(149,993,435)
<i>Total contribution by and distributions to owners of the parent</i>		2,720,000	9,765,616	11,410,359	-	(149,993,435)	-	(126,097,460)
Comprehensive income (loss) for the year								
		-	-	-	-	(757,644,991)	-	(757,644,991)
Other comprehensive income		-	-	-	-	-	388,948	388,948
<i>Total comprehensive income (loss) for the year</i>		-	-	-	-	(757,644,991)	388,948	(757,256,043)
Balance at 31 December 2017		2,500,893,275	846,265,204	11,410,359	235,558,000	3,168,322,871	301,886	6,762,751,595

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



Statement of cash flows

The Erawan Group Public Company Limited and its Subsidiaries

Unit : Baht

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2017	2016	2017	2016
<i>Cash flows from operating activities</i>				
Profit for the year	565,016,820	407,736,026	(757,644,991)	580,919,854
<i>Adjustments to reconcile profit (loss)</i>				
<i>to cash receipts (payments)</i>				
Income tax expense	172,167,057	121,708,452	92,778,354	69,231,078
Finance costs	343,671,564	362,081,245	230,307,942	229,845,737
Depreciation and amortisation	738,422,891	729,842,215	367,852,304	377,865,372
Provision for employee benefit	13,438,274	12,358,776	7,555,888	6,976,667
Share-based payment	14,103,975	-	14,103,975	-
Share of (profit) loss of investment in associate	24,474,322	(14,592,866)	-	-
Loss on impairment of investments	-	-	1,264,600,000	-
(Reversal of) doubtful debts expenses	(392,728)	665,145	(130,089)	159,235
Loss on declining in value of inventories	2,250,300	-	-	-
(Gain) loss on disposal of building and equipment	1,978,658	648,779	(933,656)	(1,326,612)
Loss on non-refundable withholding tax deducted at source	698,618	915,994	-	-
Recognised rental deposits and deferred income to income	(2,273,082)	(2,286,854)	(2,154,162)	(2,199,282)
Dividend income	-	-	(134,828,541)	(289,855,312)
Interest income	(6,702,257)	(6,347,082)	(82,622,040)	(49,314,532)
	1,866,854,412	1,612,729,830	998,884,984	922,302,205
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(14,948,662)	(929,700)	1,753,303	6,847,813
Inventories	(5,848,994)	8,286,441	(2,527,514)	2,906,249
Value added tax refundable	(45,936,320)	(33,721,658)	-	-
Other current assets	1,343,165	(23,044,824)	(745,995)	(10,817,556)
Deposits for lease of land, building and equipment	(14,056,673)	(13,112,518)	(2,423,254)	2,108,695
Other non current assets	(29,967,554)	(63,098,866)	25,258,136	(59,764,725)
Trade accounts payable	27,156,306	(9,181,645)	7,535,275	(601,746)
Employee benefits paid	(12,479,292)	(4,398,356)	(9,838,362)	(2,496,456)
Other current liabilities	47,125,617	55,532,046	21,886,836	11,686,840
Deposits from lessees	3,405,123	(1,650,677)	3,315,589	2,010,888
Net cash generated from operating	1,822,647,128	1,527,410,073	1,043,098,998	874,182,207
Income tax paid	(142,684,274)	(111,659,436)	(81,795,737)	(68,168,959)
Net cash from operating activities	1,679,962,854	1,415,750,637	961,303,261	806,013,248

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





Statement of cash flows (continued)

The Erawan Group Public Company Limited and its Subsidiaries

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2017	2016	2017	2016
<i>Cash flows from investing activities</i>				
Investment in associate	15,912,396	746,664	15,912,396	746,664
Investment in subsidiary	-	-	(429,600,000)	-
Other long-term investments	802,799	218,945	602,499	164,316
Long-term loans to related parties	-	-	(1,124,742,046)	(821,077,223)
Proceeds from repayment of long-term loans to related parties	-	-	782,825,702	304,540,098
Acquisition of property, plant and equipment	(1,498,215,140)	(790,063,203)	(531,880,943)	(163,031,868)
Acquisition of leasehold rights for land and buildings	(21,202,613)	(113,348,777)	-	(97,000,000)
Acquisition of intangible assets	(12,670,915)	(11,820,583)	(2,491,864)	(2,876,103)
Proceeds from sales of building and equipment	3,713,444	3,169,234	2,258,631	2,800,053
Dividends received	5,212,560	20,409,990	134,828,541	289,855,312
Interest received	6,656,167	6,368,469	83,284,132	49,041,470
Net cash used in investing activities	(1,499,791,302)	(884,319,261)	(1,069,002,952)	(436,837,281)
<i>Cash flows from financing activities</i>				
Proceeds from short-term borrowings from financial institutions	2,692,000,000	4,110,000,000	2,692,000,000	3,846,000,000
Repayment of short-term borrowings from financial institutions	(2,779,000,000)	(4,265,000,000)	(2,779,000,000)	(4,001,000,000)
Proceeds from short-term loans from a related party	-	-	1,165,100,720	1,641,798,574
Repayment of short-term loans from a related party	-	-	(1,165,100,720)	(1,641,798,574)
Proceeds from long-term loans from a related party	-	-	98,434,911	100,518,027
Repayment of long-term loans from a related party	-	-	(76,154,349)	(71,193,995)
Proceeds from long-term borrowings from financial institutions	1,494,645,701	1,257,965,003	1,037,000,000	1,002,000,000
Repayment of long-term borrowings from financial institutions	(734,727,673)	(1,277,172,500)	(405,234,625)	(916,500,000)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(1,721,905)	(1,483,138)	(1,721,905)	(1,483,138)
Proceeds from exercises of share options	9,792,000	-	9,792,000	-
Dividends paid to owners of the Company	(149,993,435)	(99,925,927)	(149,993,435)	(99,925,927)
Dividends paid to non-controlling interests	(47,065,287)	(97,839,182)	-	-
Finance costs	(362,399,404)	(369,951,324)	(238,747,250)	(228,523,687)
Net cash from (used in) financing activities	121,529,997	(743,407,068)	186,375,347	(370,108,720)

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





Statement of cash flows (continued)

The Erawan Group Public Company Limited and its Subsidiaries

Unit : Baht

	Consolidated		Separate	
	financial statements		financial statements	
	Year ended 31 December		Year ended 31 December	
	2017	2016	2017	2016
Net increase (decrease) in cash and cash equivalents before effect of exchange rates	301,701,549	(211,975,692)	78,675,656	(932,753)
Effect of exchange rate changes on cash and cash equivalents	(20,151,143)	(3,851,698)	-	-
Net increase (decrease) in cash and cash equivalent	281,550,406	(215,827,390)	78,675,656	(932,753)
Cash and cash equivalents at 1 January	795,425,481	1,011,252,871	174,770,232	175,702,985
Cash and cash equivalents at 31 December	1,076,975,887	795,425,481	253,445,888	174,770,232
<i>Non-cash transactions</i>				
Vehicles purchased under finance lease liabilities	1,531,000	-	1,531,000	-
Acquisition of building and equipment and intangible assets for which payment had not yet been made	123,540,124	70,774,022	90,359,546	14,728,452

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



Notes to consolidated financial statements

The Erawan Group Public Company Limited and its Subsidiaries

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 27 February 2018.

1 General information

The Erawan Group Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 2 Sukhumvit Road, Klong Toey Subdistrict, Klong Toey District, Bangkok. The Company has 13 branches in Bangkok, Choburi, Phuket, Suratthani, Prajauabkirikhan and Krabi.

The Company was listed on the Stock Exchange of Thailand in June 1994.

The principal businesses of the Company are engaged as a holding company with investments in various companies, engaged in hotel business, and in building rental business. Details of the Company’s subsidiaries and associates as at 31 December 2017 and 2016 were as follows:

			Ownership interest (%)	
Name of the entity	Type of business	Country of incorporation	2017	2016
Direct subsidiaries				
Erawan Hotel Public Company Limited	Hotel	Thailand	72.59	72.59
Erawan Chaophraya Company Limited	Hotel	Thailand	95.77	95.77
Erawan Rajdamri Company Limited	Hotel	Thailand	99.99	99.99
Erawan Phuket Company Limited	Hotel	Thailand	99.99	99.99
Erawan Samui Company Limited	Hotel	Thailand	99.99	99.99
Erawan Naka Company Limited	Land owner	Thailand	99.99	99.99
The Reserve Company Limited	Property development	Thailand	99.99	99.99
Erawan Commercial	Management			
Management Company Limited	service	Thailand	99.99	99.99
Erawan Hop Inn Company Limited	Hotel	Thailand	99.99	99.99
Erawan Growth				
Management Company Limited	Hotel	Thailand	99.99	99.99



Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2017	2016
Indirect subsidiaries				
Erawan Hotel Public Company Limited	Hotel	Thailand	1.05	1.05
Erawan Chaophraya Company Limited	Hotel	Thailand	4.22	4.22
Taveesapanan Company Limited	Hotel	Thailand	99.99	-
Erawan Mauritius Limited	Holding company	Mauritius	100.00	100.00
Erawan Singapore Pte. Ltd.	Holding company	Singapore	100.00	100.00
Indirect subsidiaries				
Erawan Philippines, INC.	Holding company	Philippines	99.99	99.99
Erawan Philippines (Ermita), INC.	Hotel	Philippines	99.99	99.99
Erawan Philippines (Makati), INC.	Hotel	Philippines	99.99	99.99
Erawan Philippines (Aseana), INC.	Hotel	Philippines	99.99	99.99
Erawan Philippines (Alabang), INC.	Hotel	Philippines	99.99	99.99
Erawan Philippines (Quezon City), INC.	Hotel	Philippines	99.99	99.99
Erawan Philippines (Ortigas), INC.	Hotel	Philippines	99.99	-
Erawan Philippines (Cebu), INC.	Hotel	Philippines	99.99	-
PT. Erawan Indonesia Jakarta	Hotel	Indonesia	99.96	99.96
Associates				
Rajprasong Development Co., Ltd.	Service provider	Thailand	48.00	48.00
Erawan Hotel Growth Property Fund	Investment in properties	Thailand	20.00	20.00

Erawan Mauritius Limited

As at 31 December 2017, Erawan Mauritius Limited, an indirect subsidiary, has authorised share capital of 19,488,000 ordinary shares at a par value of USD 1, totaling USD 19,488,000 which have been wholly acquired and fully paid of USD 19,488,000 by Erawan Hop Inn Company Limited. During 2016 to 2017, there were changes in investment in Erawan Mauritius Limited as follows:

On 18 March 2016, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 2,500,000 ordinary shares at a par value of USD 1, totaling USD 2,500,000 which have been wholly acquired and fully paid by Erawan Hop Inn Company Limited on 18 March 2016.

On 20 September 2016, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 1,010,000 ordinary shares at a par value of USD 1, totaling USD 1,010,000 which have been wholly acquired and fully paid by Erawan Hop Inn Company Limited on 20 September 2016.



On 23 January 2017, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 2,880,000 ordinary shares at a par value of USD 1, totaling USD 2,880,000 which have been wholly acquired and fully paid by Erawan Hop Inn Company Limited on 23 January 2017.

On 17 March 2017, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 1,270,000 ordinary shares at a par value of USD 1, totaling USD 1,270,000 which have been wholly acquired and fully paid by Erawan Hop Inn Company Limited on 17 March 2017.

On 20 June 2017, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 4,098,000 ordinary shares at a par value of USD 1, totaling USD 4,098,000 which have been wholly acquired and fully paid by Erawan Hop Inn Company Limited on 20 June 2017.

Erawan Singapore Pte. Ltd.

As at 31 December 2017, Erawan Singapore Pte. Ltd., an indirect subsidiary, has authorised share capital of 19,408,000 ordinary shares at a par value of USD 1, totaling USD 19,408,000 which have been wholly acquired and fully paid of USD 19,408,000 by Erawan Mauritius Limited. During 2016 to 2017, there were changes in investment in Erawan Singapore Pte. Ltd. as follows:

On 28 March 2016, Erawan Singapore Pte. Ltd., registered the increase of the authorised share capital by issuing 2,480,000 ordinary shares at a par value of USD 1, totaling USD 2,480,000 which have been wholly acquired and fully paid by Erawan Mauritius Limited on 28 March 2016.

On 28 September 2016, Erawan Singapore Pte. Ltd., registered the increase of the authorised share capital by issuing 990,000 ordinary shares at a par value of USD 1, totaling USD 990,000 which have been wholly acquired and fully paid by Erawan Mauritius Limited on 28 September 2016.

On 31 January 2017, Erawan Singapore Pte. Ltd., registered the increase of the authorised share capital by issuing 2,880,000 ordinary shares at a par value of USD 1, totaling USD 2,880,000 which have been wholly acquired and fully paid by Erawan Mauritius Limited on 31 January 2017.

On 23 March 2017, Erawan Singapore Pte. Ltd., registered the increase of the authorised share capital by issuing 1,270,000 ordinary shares at a par value of USD 1, totaling USD 1,270,000 which have been wholly acquired and fully paid by Erawan Mauritius Limited on 23 March 2017.

On 28 June 2017, Erawan Singapore Pte. Ltd., registered the increase of the authorised share capital by issuing 4,098,000 ordinary shares at a par value of USD 1, totaling USD 4,098,000 which have been wholly acquired and fully paid by Erawan Mauritius Limited on 28 June 2017.





Erawan Philippines, INC.

As at 31 December 2017, Erawan Philippines, INC., an indirect subsidiary, has authorised share capital of 600,000,000 ordinary shares at a par value of PHP 1, totaling PHP 600,000,000 and paid-up share capital of PHP 599,039,605 which is 99.99% holding and paid by Erawan Singapore Pte. Ltd. of PHP 599,039,599. During 2016 to 2017, there were changes in investment in Erawan Philippines, INC. as follows:

On 18 February 2016, Erawan Philippines, INC., registered the increase of the authorised share capital by issuing 400,000,000 ordinary shares at a par value of PHP 1, totaling PHP 400,000,000 which have been wholly acquired and partially paid by Erawan Singapore Pte. Ltd. of PHP 36,800,000 on 18 February 2016, and PHP 112,060,692 on 11 August 2016, and PHP 45,000,613 on 27 April 2017, and PHP 141,868,800 on 8 May 2017, and PHP 63,309,500 on 3 July 2017, respectively.

Erawan Philippines (Ermita), INC.

As at 31 December 2017, Erawan Philippines (Ermita), INC., an indirect subsidiary, has authorised share capital of 141,000,000 ordinary shares at a par value of PHP 1, totaling PHP 141,000,000 and paid-up share capital of PHP 141,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 140,999,994. During 2017, there were changes in investment in Erawan Philippines (Ermita), INC. as follows:

On 1 February 2017, Erawan Philippines, INC., paid for the share capital of Erawan Philippines (Ermita), INC., totaling PHP 3,220,000.

On 18 October 2017, Erawan Philippines (Ermita), INC., registered the increase of the authorised share capital by issuing 41,000,000 ordinary shares at a par value of PHP 1, totaling PHP 41,000,000 which is wholly acquired and fully paid by Erawan Philippines, INC. on 18 October 2017.

Erawan Philippines (Makati), INC.

As at 31 December 2017, Erawan Philippines (Makati), INC., an indirect subsidiary, has authorised share capital of 85,000,000 ordinary shares at a par value of PHP 1, totaling PHP 85,000,000 and paid-up share capital of PHP 85,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 84,999,994.

Erawan Philippines (Aseana), INC.

As at 31 December 2017, Erawan Philippines (Aseana), INC., an indirect subsidiary, has authorised share capital of 115,000,000 ordinary shares at a par value of PHP 1, totaling PHP 115,000,000 and paid-up share capital of PHP 115,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 114,999,093. During 2017, there was change in investment in Erawan Philippines (Aseana), INC. as follow:

On 18 October 2017, Erawan Philippines, INC., paid for the share capital of Erawan Philippines (Aseana), INC. totaling PHP 5,000,000.



Erawan Philippines (Alabang), INC.

As at 31 December 2017, Erawan Philippines (Alabang), INC., an indirect subsidiary, has authorised share capital of 100,000,000 ordinary shares at a par value of PHP 1, totaling PHP 100,000,000 and paid-up share capital of PHP 100,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 99,999,994. During 2016 to 2017, there were changes in investment in Erawan Philippines (Alabang), INC. as follows:

On 25 April 2016, Erawan Philippines INC., invested in 99.99% of Erawan Philippines (Alabang), INC., which had authorised share capital of PHP 100,000,000 divided into 100,000,000 ordinary shares at a par value of PHP 1 and partially paid by Erawan Philippines INC. of PHP 24,999,994 on 25 April 2016 and additionally paid-up of PHP 55,000,000 on 8 May 2017, and PHP 20,000,000 on 3 July 2017, respectively.

Erawan Philippines (Quezon City), INC.

As at 31 December 2017, Erawan Philippines (Quezon City), INC., an indirect subsidiary, has authorised share capital of 100,000,000 ordinary shares at a par value of PHP 1, totaling PHP 100,000,000 and paid-up share capital of PHP 42,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 41,999,994. During 2016 to 2017, there were changes in investment in Erawan Philippines (Quezon City), INC. as follows:

On 25 April 2016, Erawan Philippines, INC., invested in 99.99% of Erawan Philippines (Quezon City), INC., which had authorised share capital of PHP 100,000,000 divided into 100,000,000 ordinary shares at a par value of PHP 1 and partially paid by Erawan Philippines, INC. of PHP 24,999,994 on 25 April 2016 and additionally paid-up of PHP 17,000,000 on 8 May 2017.

Erawan Philippines (Ortigas), INC.

As at 31 December 2017, Erawan Philippines (Ortigas), INC., an indirect subsidiary, has authorised share capital of 180,000,000 ordinary shares at a par value of PHP 1, totaling PHP 180,000,000 and paid-up share capital of PHP 80,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 79,999,994. During 2017, there were changes in investment in Erawan Philippines (Ortigas), INC. as follows:

On 13 June 2017, Erawan Philippines, INC., invested in 99.99% of Erawan Philippines (Ortigas), INC., which had authorised share capital of PHP 180,000,000 divided into 180,000,000 ordinary shares at a par value of PHP 1 and partially paid by Erawan Philippines, INC. of PHP 49,999,994 on 13 June 2017 and additionally paid-up of PHP 35,000,000 on 13 December 2017, respectively.

Erawan Philippines (Cebu), INC.

As at 31 December 2017, Erawan Philippines (Cebu), INC., an indirect subsidiary, has authorised share capital of 185,000,000 ordinary shares at a par value of PHP 1, totaling PHP 185,000,000 and paid-up share capital of PHP 81,500,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 81,499,994. During 2017, there were changes in investment in Erawan Philippines (Cebu), INC. as follows:



On 13 June 2017, Erawan Philippines, INC., invested in 99.99% of Erawan Philippines (Cebu), INC., which had authorised share capital of PHP 185,000,000 divided into 185,000,000 ordinary shares at a par value of PHP 1 and partially paid by Erawan Philippines, INC. of PHP 46,249,994 on 13 June 2017 and additionally paid-up of PHP 35,250,000 on 13 December 2017, respectively.

PT. Erawan Indonesia Jakarta

As at 31 December 2017, PT. Erawan Indonesia Jakarta., an indirect subsidiary, has authorised share capital of 4,000 ordinary shares at a par value of USD 1,000, totaling USD 4,000,000 and paid-up share capital of USD 2,300,000 which is 99.96% holding and paid by Erawan Singapore Pte, Ltd. of USD 2,299,000.

Taveesapanan Company Limited

As at 31 December 2017, Taveesapanan Company Limited, an indirect subsidiary, has authorised share capital of 6,000,000 ordinary shares at a par value of Baht 10, totaling Baht 60,000,000 and paid-up share capital of Baht 54,000,000 which is 99.99% holding and paid by Erawan Hop Inn Company Limited of Baht 53,999,973. During 2017, there were changes in investment in Taveesapanan Company Limited as follows:

On 3 March 2017, Erawan Hop Inn Company Limited., invested in 99.99% of Taveesapanan Company Limited, which has authorised share capital of Baht 60,000,000 divided into 6,000,000 ordinary shares at a par value of Baht 10 and partially paid by Erawan Hop Inn Company Limited of Baht 29,999,985 on the 3 March 2017 and additionally paid-up of Baht 11,999,994 on 19 September 2017, and Baht 11,999,994 on 6 December 2017, respectively.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. These changes have no material effect on this financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.



(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

Items	Measurement bases
Employee stock options	Fair value
Available-for-sale financial assets	Fair value
Defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 3 (m)

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand/ million unless otherwise stated.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note 9	Classification of investments in associates
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(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 9, 10 and 13	Impairment test: key assumptions underlying recoverable amounts;
Note 3 (s) and 17	Recognition deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
Note 23	Measurement of defined benefit obligations: key actuarial assumptions; and
Note 24	Measurement of share-based payments





Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 24	Share-based payments
Note 36	Financial instruments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.





Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.





Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transaction.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transaction.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments.

(d) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.



(f) **Investments**

Investments in subsidiaries and associates

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method.

Investments in associates in the consolidated financial statements is accounted for using the equity method.

Investments in equity securities

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses on available-for-sale monetary items, are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(g) **Property, plant and equipment and land held for development**

Recognition and measurement

Owned assets

Lands are measured at cost less impairment losses. Plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Land held for development is measured at cost less impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.





Any gains and losses on disposal of an item of property, plant and equipment and land held for development are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and land held for development, and are recognised net in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment and vehicles acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Building and improvements	5 - 40 years
Furniture, fixtures and equipment	5 - 10 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction and land held for development.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Hotel operating equipment consists of linen, crockery, glass, silver and kitchen utensils purchased to meet the normal requirements of the hotel operations have been regarded as a base stock and subsequent purchases are expended when incurred.

(h) Leasehold rights

Leasehold rights comprise leasehold rights for land and buildings are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Leasehold rights are amortised on a straight-line basis over the terms of the leases.



(i) **Intangible assets**

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Software licences	5 - 10 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) **Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the



asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(l) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(m) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.



Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(o) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Revenue from hotel operations

Hotel revenues from room, food and beverages and other services are recognised when the rooms are occupied, food and beverages are sold and the services are rendered.

Rental income

Rental income from units in office buildings and shopping center are recognised in profit or loss on a straight-line basis over the terms of leases.

Revenue from sale of properties

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the properties or there are





significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of properties.

Services income

Services income from units rental in office buildings and shopping center are recognised in profit or loss on an accrual basis.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(p) Deferred income

The Company recognises deferred rental income as income on a straight-line basis over the term of the lease.

(q) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

(r) Lease payments

Payments made under operating leases are recognised in profit or loss on a systematic basis over the term of the lease and on a straight-line basis for leases begin on or after 1 January 2008. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.



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(s) **Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) **Earnings (loss) per share**

The Group presents basic and diluted earnings (loss) per share data for its ordinary shares. Basic earnings (loss) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings (loss) is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all potential dilutive ordinary shares, which comprise share options granted to employees.



(u) Segment reporting

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly assets of the Company's headquarters, head office's expenses, and tax assets and liabilities.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Erawan Hotel Public Company Limited	Thailand	Subsidiary, 72.59% direct shareholding and 1.05% indirect shareholding
Erawan Chaophraya Company Limited	Thailand	Subsidiary, 95.77% direct shareholding and 4.22% indirect shareholding
Erawan Rajdamri Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Phuket Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Samui Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Naka Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
The Reserve Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Commercial Management Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Hop Inn Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Erawan Growth Management Company Limited	Thailand	Subsidiary, 99.99% direct shareholding
Taveesapanan Company Limited	Thailand	Subsidiary, 99.99% indirect shareholding
Erawan Mauritius Limited	Mauritius	Subsidiary, 100.00% indirect shareholding
Erawan Singapore Pte. Ltd.	Singapore	Subsidiary, 100.00% indirect shareholding
Erawan Philippines, INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Ermita), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Makati), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Aseana), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Alabang), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Quezon City), INC	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Ortigas), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
Erawan Philippines (Cebu), INC.	Philippines	Subsidiary, 99.99% indirect shareholding
PT. Erawan Indonesia Jakarta	Indonesia	Subsidiary, 99.96% indirect shareholding





Name of entities	Country of incorporation/ nationality	Nature of relationships
Rajprasong Development Co., Ltd.	Thailand	Associate, 48.00% direct shareholding, some common directors
Erawan Hotel Growth Property Fund	Thailand	Associate, 20.00% direct shareholding
Rajprasong Square Co., Ltd.	Thailand	Related company, 23.29% direct shareholding
Chai Talay Hotel Co., Ltd.	Thailand	Related company, director is closed relative to the Company's director
Mitr Phol Sugar Co., Ltd.	Thailand	Related company, some common directors
Banpu Public Company Limited	Thailand	Related company, some common directors
The Syndicate of Thai Hotels & Tourists Enterprises Ltd.	Thailand	Related company, some common directors and 26.36% shareholding in a subsidiary of the Company
Kiatnakin Bank Public Company Limited	Thailand	Related company, some common directors
Hotel beds (Thailand) Co., Ltd.	Thailand	Related company, some common directors
Sushi Ichi (Thailand) Co., Ltd.	Thailand	Related company, some common directors
Kuppadeli Co., Ltd	Thailand	Related company, some common directors
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Subsidiaries	
Dividend income	At the rate of declaration
Interest income and interest expenses	At the rate of 4.02 - 5.53 % per annum (2016: at the rate of 4.15% - 5.78% per annum)
Utility income	Contractually agreed prices
Other service income	Fair price under the best conditions
Space rental and service expenses	Contractually agreed prices
Associates	
Dividend income	At the rate of declaration
Land and building rental expenses	Contractually agreed prices
Management fee	At cost - allocated in proportion to shareholding
Other related parties	
Revenue from hotel operations	Fair price under the best conditions
Rental of units in buildings and services income	Contractually agreed prices
Utility income	Contractually agreed prices
Land rental expense	Contractually agreed prices
Dividends	At the rate of declaration



Significant transactions for the years ended 31 December with related parties were as follows:

Unit : Thousand Baht				
Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Subsidiaries				
Dividend income	-	-	129,617	269,445
Interest income	-	-	82,023	48,836
Utility income	-	-	3,139	3,241
Other service income	-	-	18,250	-
Space rental and service expenses	-	-	16,441	16,400
Interest expenses	-	-	15,258	22,817
Associates				
Dividend income	-	-	5,212	20,410
Land and building rental expenses	72,500	111,500	-	-
Management fee	751	751	751	751
Other related parties				
Revenue from hotel operations	63,631	81,805	33,351	47,441
Rental of units in buildings and services income	7,050	6,543	6,039	5,666
Utility income	1,798	1,750	1,798	1,750
Land rental expense	14,120	14,120	-	-
Dividends	47,065	97,839	-	-
Key management personnel compensation				
Short-term employee benefits	55,167	38,980	49,247	35,695
Post-employment benefits	1,607	1,527	1,607	1,527
Total key management personnel compensation	56,774	40,507	50,854	37,222

Balances as at 31 December with related parties were as follows:

Unit : Thousand Baht				
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts receivable - related parties				
Subsidiaries	-	-	1,003	1,333
Other related parties	7,469	10,224	3,518	6,256
Total	7,469	10,224	4,521	7,589
Other receivables - related parties				
Subsidiaries	-	-	7,848	2,005
Prepaid expenses - related party				
Other related party	7,060	7,060	-	-



		Unit : Thousand Baht				
Loans to related parties	Interest rate		Consolidated		Separate	
			financial statements		financial statements	
	2017	2016	2017	2016	2017	2016
	(% per annum)					
Long-term loans Subsidiaries						
Erawan Samui Company Limited	4.02	4.15	-	-	146,592	139,177
Erawan Phuket Company Limited	4.02	4.15	-	-	467,223	342,682
Erawan Chaophraya Company Limited	4.02	4.15	-	-	79,105	85,103
Erawan Commercial Management Company Limited	4.02	4.15	-	-	-	2,651
The Reserve Company Limited	4.02	4.15	-	-	3,569	3,327
Erawan Hop Inn Company Limited	4.02	4.15	-	-	902,075	732,769
Erawan Growth Management Company Limited	4.02	4.15	-	-	166,828	118,429
Total			-	-	1,765,392	1,424,138

Movements during the years ended 31 December of loans to related parties were as follows:

		Unit : Thousand Baht			
Loans to related parties	Consolidated		Separate		
	financial statements		financial statements		
	2017	2016	2017	2016	
Long-term loans					
Subsidiaries					
At 1 January	-	-	1,424,138	907,328	
Increase	-	-	1,124,742	821,077	
Decrease	-	-	(783,488)	(304,267)	
At 31 December	-	-	1,765,392	1,424,138	
Trade accounts payables - related parties					
Subsidiaries	-	-	711	510	
Other payables to related parties					
Subsidiaries	-	-	732	286	
Accrued expenses - related party					
Associate	8,144	47,144	-	-	



Unit : Thousand Baht

Unit : Thousand Baht

Loans from related parties	Interest rate		Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016	2017	2016
	(% per annum)					
Long-term loans						
Subsidiary						
Erawan Rajdamri						
Company Limited	4.45	5.53	-	-	140,590	118,086
Total			-	-	140,590	118,086

Movements during the years ended 31 December of loans from related parties were as follows:

Unit : Thousand Baht

Loans from related parties	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term loans				
Subsidiary				
At 1 January	-	-	-	-
Increase	-	-	1,165,101	1,641,799
Decrease	-	-	(1,165,101)	(1,641,799)
At 31 December	-	-	-	-
Long-term loans				
Subsidiary				
At 1 January	-	-	118,086	88,526
Increase	-	-	98,658	100,518
Decrease	-	-	(76,154)	(70,958)
At 31 December	-	-	140,590	118,086

5 Cash and cash equivalents

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash on hand	11,628	11,515	3,916	3,856
Cash at banks	849,673	669,724	249,530	170,914
Highly liquid short-term investments	215,675	114,186	-	-
Total	1,076,976	795,425	253,446	174,770

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Thai Baht (THB)	844,879	628,172	253,446	174,770
United States Dollars (USD)	1,902	3,424	-	-
Philippines Peso (PHP)	160,469	89,989	-	-
Indonesian Rupiah (IDR)	69,726	73,840	-	-
Total	1,076,976	795,425	253,446	174,770

6 Trade accounts receivable

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Related parties	4	7,469	10,224	4,521	7,589
Other parties		213,057	195,419	96,011	94,696
Total		220,526	205,643	100,532	102,285
Less allowance for doubtful accounts		(2,916)	(3,309)	(1,266)	(1,396)
Net		217,610	202,334	99,266	100,889
(Reversal of) doubtful debt expense for the year		(393)	665	(130)	159

Aging analyses for trade accounts receivable were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Related parties				
Outstanding:				
Less than 3 months	7,465	10,221	4,517	7,586
3 - 6 months	-	3	-	3
6 - 12 months	4	-	4	-
	7,469	10,224	4,521	7,589

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Other parties				
Outstanding:				
Less than 3 months	206,204	187,975	92,011	92,610
3 - 6 months	4,775	6,322	3,209	1,642
6 - 12 months	1,963	1,122	791	444
More than 12 months	115	-	-	-
	<u>213,057</u>	<u>195,419</u>	<u>96,011</u>	<u>94,696</u>
Less allowance for doubtful accounts	(2,916)	(3,309)	(1,266)	(1,396)
	<u>210,141</u>	<u>192,110</u>	<u>94,745</u>	<u>93,300</u>
Net	<u>217,610</u>	<u>202,334</u>	<u>99,266</u>	<u>100,889</u>

The currency denomination of trade accounts receivable as at 31 December were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Thai Baht (THB)	216,581	202,046	99,266	100,889
Philippines Peso (PHP)	1,029	288	-	-
Total	<u>217,610</u>	<u>202,334</u>	<u>99,266</u>	<u>100,889</u>

The normal credit term granted by the Group and the Company ranges from 15 days to 60 days.

7 Inventories

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Food and beverage	42,360	36,015	10,125	7,107
Operating supplies	8,343	8,549	1,150	1,317
Others	8,377	8,668	328	651
Total	<u>59,080</u>	<u>53,232</u>	<u>11,603</u>	<u>9,075</u>
Less allowance for declining in value of inventories	(2,250)	-	-	-
Net	<u>56,830</u>	<u>53,232</u>	<u>11,603</u>	<u>9,075</u>

8 Other current assets

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Prepaid expenses	54,262	60,314	15,872	25,632
Other receivables	10,006	10,783	8,015	2,193
Others	28,211	25,743	19,462	14,778
Total	92,479	96,840	43,349	42,603

9 Investments in associates

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
At 1 January	155,074	161,638	365,880	366,626
Share of net profit (loss) of investment in associate	(24,474)	14,592	-	-
Dividend income	(5,212)	(20,410)	-	-
Capital reduction	(15,913)	(746)	(15,913)	(746)
Allowance for impairment	-	-	(27,800)	-
At 31 December	109,475	155,074	322,167	365,880

During the year ended 31 December 2017 there was no acquisitions and disposal of investments in associates.

Impairment of investment in associate

Management reviewed and tested impairment of investment in an associate in which impairment indicator existed by determining recoverable amount of investment from the value in use of the hotels which are cash-generating units. The discounted cash flow projection ("DCF") have been prepared with reference to forecasted performance results considering historical data adjusted with projected revenue growth at 9% discount rate.

The recoverable amount of investment in associate was less than the carrying amount. As a result, the Company recognised an impairment loss of Baht 27.8 million in the separate income statements for the year ended 31 December 2017.



Investments in associates as at 31 December 2017 and 2016, and dividend income from those investments for the years then ended, were as follows:

Consolidated financial statements												
Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		Fair value of listed security		Dividend income
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
		(%)	(in million Baht)							(in thousand Baht)		
Associates												
	Rajprasong Development Co., Ltd.	48.00	1.00	1.00	338	338	338	338	338	-	-	-
	Erawan Hotel Growth Property Fund	20.00	1,748.14	1,827.71	349,629	365,542	109,137	154,736	239,496	288,804	5,212	20,410
	Total				349,967	365,880	109,475	155,074			5,212	20,410
Separate financial statements												
Ownership interest	Paid-up capital	Cost		Impairment		At cost - net		Fair value of listed security		Dividend income		
		2017	2016	2017	2016	2017	2016	2017	2016			
(%)	(in million Baht)					(in thousand Baht)						
Associates												
	Rajprasong Development Co., Ltd.	48.00	1.00	338	-	338	338	338	-	-	-	-
	Erawan Hotel Growth Property Fund	20.00	1,748.14	1,827.71	(27,800)	321,829	365,542	239,496	288,804	5,212	20,410	
	Total				(27,800)	322,167	365,880			5,212	20,410	

Fair value of investment in associate has been disclosed by using closing price of listed security. The fair value measurement is determined to be level 2 of the fair value hierarchy identified in TFRS 13 Fair Value Measurement.



Associate

The following table summarises the financial information of the associate as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in this company.

	Unit : Thousand Baht	
	Erawan Hotel Growth Property Fund	
	2017	2016
Income	72,566	111,606
Expenses	(6,388)	(7,091)
Net investments income	66,178	104,515
Net loss from investments	(188,540)	(31,551)
Increase (decrease) in net assets from operations	(122,362)	72,964
Attributable to Group	(24,472)	14,592
Assets	1,626,342	1,854,339
Liabilities	(552)	(562)
Net assets	1,625,790	1,853,777
Group's interest in net assets of investee at 1 January before adjustments	370,755	377,319
Elimination and other adjustments	(216,019)	(216,019)
Group's interest in net assets of investee at 1 January after adjustments	154,736	161,300
Increase (decrease) in net assets from operations		
Attribute to the Group	(24,472)	14,592
Adjustments for decrease in net assets from operations		
Attribute to the Group	(2)	-
Dividends received during the year	(5,212)	(20,410)
Capital reduction	(15,913)	(746)
Carrying amount of interest in investee at 31 December	109,137	154,736

10 Investments in subsidiaries

	Unit : Thousand Baht	
	Separate financial statements	
	2017	2016
At 1 January	4,415,160	4,415,160
Acquisitions	429,600	-
Allowance for impairment	(1,236,800)	-
At 31 December	3,607,960	4,415,160

On 27 December 2017, Erawan Hop Inn Company Limited, registered the increase of the authorised share capital by issuing 53,700,000 ordinary shares at a par value of Baht 10, totaling Baht 537,000,000, which have been 99.99% acquired and partially paid by the Company of Baht 429,600,000 on the same date.

Investments in subsidiaries as at 31 December 2017 and 2016, and dividend income from those investments for the years then ended, were as follows:

Separate financial statements													
Subsidiaries	Type of business	Ownership Interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
(in million Baht)													
Direct Subsidiaries	Hotel	73.64	73.64	119.50	119.50	819,710	819,710	-	-	819,710	819,710	129,617	269,445
	Hotel	99.99	99.99	71.00	71.00	68,000	68,000	-	-	68,000	68,000	-	-
	Hotel	99.99	99.99	450.00	450.00	451,291	451,291	-	-	451,291	451,291	-	-
	Hotel	99.99	99.99	1,750.00	1,750.00	1,782,001	1,782,001	(1,236,800)	-	545,201	1,782,001	-	-
	Hotel	99.99	99.99	330.00	330.00	376,858	376,858	-	-	376,858	376,858	-	-
The Reserve Company Limited	Land owner	99.99	99.99	26.50	26.50	19,300	19,300	-	-	19,300	19,300	-	-
	Property development	99.99	99.99	185.00	185.00	185,000	185,000	-	-	185,000	185,000	-	-
	Management service	99.99	99.99	2.00	2.00	2,000	2,000	-	-	2,000	2,000	-	-
	Hotel	99.99	99.99	1,125.60	696.00	1,125,600	696,000	-	-	1,125,600	696,000	-	-
	Hotel	99.99	99.99	15.00	15.00	15,000	15,000	-	-	15,000	15,000	-	-
Total						4,844,760	4,415,160	(1,236,800)	-	3,607,960	4,415,160	129,617	269,445

All direct subsidiaries were incorporated in Thailand. None of the Company's subsidiaries is publicly listed and consequently does not have published price quotations.

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Indirect subsidiaries			Ownership Interest (%)		(in million Baht)		(in thousand Baht)			
Taveesapanan Company Limited Erawan Mauritius Limited Erawan Singapore Pte. Ltd. Erawan Philippines, INC. Erawan Philippines (Ermita), INC. Erawan Philippines (Makati), INC. Erawan Philippines (Aseana), INC. Erawan Philippines (Alabang), INC. Erawan Philippines (Quezon City), INC. Erawan Philippines (Ortigas), INC. Erawan Philippines (Cebu), INC. PT. Erawan Indonesia Jakarta	Hotel Holding company	Thailand	99.99	-	54.00	-	-	-	-	-
	Holding company	Mauritius	100.00	100.00	664.08	378.55	-	-	-	-
	Holding company	Singapore	100.00	100.00	656.69	373.24	-	-	-	-
	Holding company	Philippines	99.99	99.99	447.10	272.58	-	-	-	-
	Hotel	Philippines	99.99	99.99	99.99	71.77	-	-	-	-
	Hotel	Philippines	99.99	99.99	62.83	62.83	-	-	-	-
	Hotel	Philippines	99.99	99.99	83.31	80.14	-	-	-	-
	Hotel	Philippines	99.99	99.99	69.30	18.50	-	-	-	-
	Hotel	Philippines	99.99	99.99	30.12	18.50	-	-	-	-
	Hotel	Philippines	99.99	-	52.61	-	-	-	-	-
	Hotel	Philippines	99.99	-	53.61	-	-	-	-	-
	Hotel	Indonesia	99.96	99.96	74.03	74.03	-	-	-	-

Impairment of investment in a subsidiary

Management of the Company reviewed and tested impairment of investments in certain subsidiaries in which impairment indicator existed by determining recoverable amount of investments from the value in use of the hotel which is cash-generating unit. The discounted cash flow projections ("DCF") have been prepared with reference to forecasted performance results considering historical data adjusted with projected revenue growth at 9% discount rate.

The recoverable amounts of investment in Erawan Phuket Company Limited was less than carrying amount. As a result, the Company recognised an impairment loss of Baht 1,236.8 million in the separate financial statements for the year ended 31 December 2017.

11 Other long-term investments

	Equity interest		Consolidated financial statements	
	2017	2016	2017	2016
	(%)		(in thousand Baht)	
Related companies				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.17	0.17	853	1,138
Total			1,059	1,344

	Equity interest		Separate financial statements	
	2017	2016	2017	2016
	(%)		(in thousand Baht)	
Related companies				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.13	0.13	638	852
Total			844	1,058

12 Non-controlling interests

The following table summarises the information relating to the Group's subsidiary that has a material non-controlling interest.

	Unit : Thousand Baht		
	31 December 2017		
	Erawan Hotel Public Company Limited	Intra-group eliminations	Total
Non-controlling interest percentage	26.36		
Current assets	529,282		
Non-current assets	1,238,507		
Current liabilities	(362,033)		
Non-current liabilities	(772,177)		
Net assets	633,579		
Carrying amount of non-controlling interest	167,012	-	167,012



Unit : Thousand Baht

31 December 2017

	Erawan Hotel Public Company Limited	Intra-group eliminations	Total
Revenue	1,429,106		
Profit	225,512		
Other comprehensive income	-		
Total comprehensive income	225,512		
Profit allocated to non-controlling interest	59,445	-	59,445
Other comprehensive income allocated to non-controlling interest	-	-	-
Cash flows from operating activities	425,675		
Cash flows from investing activities	(10,733)		
Cash flows from financing activities (dividends to non-controlling interest: Baht 47.1 million)	(317,712)		
Net increase in cash and cash equivalents	97,230		

Unit : Thousand Baht

31 December 2016

	Erawan Hotel Public Company Limited	Intra-group eliminations	Total
Non-controlling interest percentage	26.36		
Current assets	411,234		
Non-current assets	1,393,644		
Current liabilities	(322,006)		
Non-current liabilities	(896,257)		
Net assets	586,615		
Carrying amount of non-controlling interest	154,632	-	154,632
Revenue	1,383,303		
Profit	178,555		
Other comprehensive income	-		
Total comprehensive income	178,555		





Unit : Thousand Baht

	31 December 2016		
	Erawan Hotel Public Company Limited	Intra-group eliminations	Total
Profit allocated to non-controlling interest	40,845	-	40,845
Other comprehensive income allocated to non-controlling interest	-	-	-
Cash flows from operating activities	379,459		
Cash flows from investing activities	(19,345)		
Cash flows from financing activities			
(dividends to non-controlling interest: Baht 97.8 million)	(563,713)		
Net decrease in cash and cash equivalents	(203,599)		

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Unit : Thousand Baht

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	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction	Total
Cost							
At 1 January 2016	1,006,544	6,839,443	1,351,244	28,728	156,362	81,272	9,463,593
Additions	-	26,515	35,408	-	693	88,983	151,599
Transfers	-	4,626	-	-	-	(58,126)	(53,500)
Disposals	-	(4,044)	(25,933)	(4,339)	-	-	(34,316)
At 31 December 2016 and 1 January 2017	1,006,544	6,866,540	1,360,719	24,389	157,055	112,129	9,527,376
Additions	-	129,737	59,195	2,239	86	423,639	614,896
Transfers	-	5,766	-	-	-	(5,766)	-
Disposals	-	(57,369)	(45,826)	(2,438)	(146)	-	(105,779)
At 31 December 2017	1,006,544	6,944,674	1,374,088	24,190	156,995	530,002	10,036,493
Depreciation							
At 1 January 2016	-	1,772,157	1,021,552	18,419	-	-	2,812,128
Depreciation charge for the year	-	212,012	114,778	3,460	-	-	330,250
Disposals	-	(4,030)	(24,473)	(4,339)	-	-	(32,842)
At 31 December 2016 and 1 January 2017	-	1,980,139	1,111,857	17,540	-	-	3,109,536
Depreciation charge for the year	-	210,477	107,789	2,931	-	-	321,197
Disposals	-	(56,936)	(44,938)	(2,438)	-	-	(104,312)
At 31 December 2017	-	2,133,680	1,174,708	18,033	-	-	3,326,421
Net book value							
At 1 January 2016	1,006,544	5,067,286	329,692	3,920	156,362	81,272	6,645,076
Owned assets	-	-	-	6,389	-	-	6,389
Assets under finance leases	1,006,544	5,067,286	329,692	10,309	156,362	81,272	6,651,465



Unit : Thousand Baht

	Separate financial statements						Total
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction	
At 31 December 2016 and 1 January 2017							
Owned assets	1,006,544	4,886,401	248,862	2,873	157,055	112,129	6,413,864
Assets under finance leases	-	-	-	3,976	-	-	3,976
	<u>1,006,544</u>	<u>4,886,401</u>	<u>248,862</u>	<u>6,849</u>	<u>157,055</u>	<u>112,129</u>	<u>6,417,840</u>
At 31 December 2017							
Owned assets	1,006,544	4,810,994	199,380	2,174	156,995	530,002	6,706,089
Assets under finance leases	-	-	-	3,983	-	-	3,983
	<u>1,006,544</u>	<u>4,810,994</u>	<u>199,380</u>	<u>6,157</u>	<u>156,995</u>	<u>530,002</u>	<u>6,710,072</u>
Finance costs capitalised							
Finance costs capitalised during 2017	32	-	-	-	-	1,234	1,234
Rates of interest capitalised during 2017 (MLR - 2.00 % per annum)							

The Company does not have finance cost capitalised during 2016.

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2017 amounted to Baht 1,191.0 million (2016: Baht 1,075.6 million).

The Group and the Company have mortgaged their property, building and improvements, with net book values as at 31 December 2017 of Baht 9,533.3 million and Baht 5,474.2 million, respectively (31 December 2016: the Group and the Company of Baht 9,821.8 million and Baht 5,869.9 million, respectively), as collateral against credit facilities received from financial institutions and transferred the related beneficiary rights under insurance policies to the financial institutions to secure the loans with the conditions stipulated in the agreement (see note 19 to the financial statements). In addition, the ownership of buildings and building improvements on the leased land of certain agreements will be transferred to the lessors upon the termination of the agreements.



Management reviewed and tested impairment of certain property, plant and equipment in which impairment indicator existed by determining recoverable amount of property, plant and equipment from the value in use of the hotel which is cash-generating unit. The discounted cash flow projections ("DCF") have been prepared with reference to forecasted performance results considering historical data adjusted with projected revenue growth at 9% discount rate.

The recoverable amounts of property, plant and equipment was greater than carrying amounts. Thus, no impairment loss has been recognised for property, plant and equipment.

14 Land held for development

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Land cost	95,382	95,382	-	-
Development expenses	8,855	8,855	-	-
Total	104,237	104,237	-	-

15 Leasehold rights for land and buildings

	Unit : Thousand Baht		
	Consolidated financial statements		
	Leasehold rights for land	Leasehold rights for buildings	Total
Cost			
At 1 January 2016	991,037	1,217,926	2,208,963
Additions	113,211	139	113,350
Transfers	79,105	-	79,105
At 31 December 2016 and 1 January 2017	1,183,353	1,218,065	2,401,418
Additions	19,000	2,202	21,202
At 31 December 2017	1,202,353	1,220,267	2,422,620
Amortisation			
At 1 January 2016	366,914	498,895	865,809
Amortisation for the year	22,534	48,054	70,588
Transfers to assets under construction	4,501	-	4,501
At 31 December 2016 and 1 January 2017	393,949	546,949	940,898
Amortisation for the year	22,946	47,294	70,240
Transfers to assets under construction	5,321	-	5,321
At 31 December 2017	422,216	594,243	1,016,459
Net book value			
At 1 January 2016	624,123	719,031	1,343,154
At 31 December 2016 and 1 January 2017	789,404	671,116	1,460,520
At 31 December 2017	780,137	626,024	1,406,161



Unit : Thousand Baht

Separate financial statements			
	Leasehold rights for land	Leasehold rights for buildings	Total
Cost			
At 1 January 2016	809,664	278,481	1,088,145
Additions	97,000	-	97,000
Transfers	53,500	-	53,500
At 31 December 2016 and 1 January 2017	960,164	278,481	1,238,645
31 December 2017	960,164	278,481	1,238,645
Amortisation			
At 1 January 2016	248,288	178,550	426,838
Amortisation for the year	18,455	20,421	38,876
Transfers to assets under construction	3,201	-	3,201
At 31 December 2016 and 1 January 2017	269,944	198,971	468,915
Amortisation for the year	18,404	20,366	38,770
Transfers to assets under construction	4,558	-	4,558
31 December 2017	292,906	219,337	512,243
Net book value			
At 1 January 2016	561,376	99,931	661,307
At 31 December 2016 and 1 January 2017	690,220	79,510	769,730
At 31 December 2017	667,258	59,144	726,402

The Group and the Company have mortgaged their leasehold rights for land, with net book values as at 31 December 2017 of Baht 582.6 million and Baht 516.0 million, respectively (31 December 2016: the Group and the Company of Baht 586.2 million and Baht 539.6 million, respectively), as collateral against credit facilities received from financial institutions (see note 19 to the financial statements).



16 Intangible assets

Software licenses	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost				
At 1 January	212,101	200,493	136,305	133,548
Additions	12,741	11,760	2,577	2,816
Disposals	(28,206)	(59)	(3,079)	(59)
Exchange differences on translating financial statements	(315)	(93)	-	-
At 31 December	196,321	212,101	135,803	136,305
Amortisation				
At 1 January	177,463	163,735	115,860	107,180
Amortisation charge for the year	12,796	13,788	7,885	8,739
Disposals	(28,201)	(59)	(3,075)	(59)
Exchange differences on translating financial statements	(16)	(1)	-	-
At 31 December	162,042	177,463	120,670	115,860
Net book value				
At 1 January	34,638	36,758	20,445	26,368
At 31 December	34,279	34,638	15,133	20,445

17 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax assets	13,363	12,936	9,384	9,782
Deferred tax liabilities	(47,204)	(43,970)	-	-
Net	(33,841)	(31,034)	9,384	9,782

Movements in total deferred tax assets and liabilities during the years were as follows:

		Consolidated financial statements					Unit : Thousand Baht	
		(Charged) / Credited to:		(Charged) / Credited to:				
		At 1	Other	At 31	At 1	Other	At 31	
		January	comprehensive	December	January	comprehensive	December	
		2016	income	2016	2017	income	2017	
			Profit or loss			Profit or loss		
Deferred tax assets								
Accounts receivable (doubtful accounts)	529	133	-	662	662	(79)	-	583
Provision for employee benefits	15,536	1,592	-	17,128	17,128	192	-	17,320
Other current assets	-	-	-	-	-	425	-	425
Other current liabilities	-	689	-	689	689	(44)	-	645
Total	16,065	2,414	-	18,479	18,479	494	-	18,973
Deferred tax liabilities								
Property, plant and equipment (depreciation)	(46,416)	(3,097)	-	(49,513)	(49,513)	(3,301)	-	(52,814)
Total	(46,416)	(3,097)	-	(49,513)	(49,513)	(3,301)	-	(52,814)
Net	(30,351)	(683)	-	(31,034)	(31,034)	(2,807)	-	(33,841)

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	<u>(Charged) / Credited to:</u>		<u>(Charged) / Credited to:</u>		<u>(Charged) / Credited to:</u>	
	At 1 January 2016	Profit or loss	Other comprehensive income	At 31 December 2016	At 1 January 2017	At 31 December 2017
Deferred tax assets						
Accounts receivable (doubtful accounts)	247	32	-	279	279	253
Provision for employee benefits	8,047	896	-	8,943	8,943	8,486
Other current liabilities	-	560	-	560	560	645
Total	8,294	1,488	-	9,782	9,782	9,384

Certain subsidiaries have not recognised deferred tax assets arising from the tax loss carry forward of Baht 859.7 million which will be expired in 2018 -2022 due to the fact that it is not probable that future taxable profit will be available against which such subsidiaries can utilise the benefits therefrom.



18 Other non-current assets

		Unit : Thousand Baht	
	Consolidated		Separate
	financial statements		financial statements
	2017	2016	2017 2016
Withholding tax deducted at source	2,551	3,596	- -
Prepaid expenses	24,704	24,271	18,719 19,334
Advances	71,537	44,294	16,466 41,109
Total	98,792	72,161	35,185 60,443

19 Interest-bearing liabilities

				Unit : Thousand Baht	
		Consolidated		Separate	
		financial statements		financial statements	
	Note	2017	2016	2017	2016
Current					
Short-term loans from financial institutions					
secured		250,000	432,000	250,000	432,000
unsecured		845,000	750,000	845,000	750,000
Current portion of long-term loans from financial institutions					
secured		915,151	1,375,256	564,704	1,038,500
Current portion of finance lease liabilities					
		1,215	1,184	1,215	1,184
Total current interest-bearing liabilities		2,011,366	2,558,440	1,660,919	2,221,684
Non-current					
Long-term loans from related parties					
unsecured	4	-	-	140,590	118,086
Long-term loans from financial institutions					
secured		5,269,439	4,867,164	2,470,693	2,158,950
unsecured		1,787,000	1,000,000	1,787,000	1,000,000
Finance lease liabilities					
		1,617	1,840	1,617	1,840
Total non-current interest-bearing liabilities		7,058,056	5,869,004	4,399,900	3,278,876
Total		9,069,422	8,427,444	6,060,819	5,500,560



The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities as at 31 December were as follows:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Within one year	2,010,151	2,557,256	1,659,704	2,220,500
After one year but within five years	5,613,267	3,958,021	3,513,145	1,886,986
After five years	1,443,172	1,909,143	885,138	1,390,050
Total	9,066,590	8,424,420	6,057,987	5,497,536

As at 31 December 2017, the Group had short-term and long-term loan agreements with certain local and foreign financial institution. Details are as follows:

Loan agreement	Type of secured loan	Approved credit facilities	Interest rate (% p.a.)	Term of payment
1	Secured	Short-term Baht 600 million	MMR	As stated in promissory notes
2	Unsecured	Short-term Baht 300 million	MMR	As stated in promissory notes
3	Secured	Long-term Baht 2,277.55 million	Fixed rate p.a.	Every 3 months commencing from March 2017
4	Secured	Long-term Baht 650 million	Fixed rate p.a.	Every 6 months commencing from June 2015
	Secured	Short-term Baht 100 million	MMR	As stated in promissory notes
5	Secured	Long-term Baht 2,000 million	MLR - fixed rate p.a. and 6 months fixed deposit + fixed rate p.a.	Every 6 months commencing from March 2010
	Secured	Short-term Baht 500 million	MMR	As stated in promissory notes
6	Unsecured	Long-term Baht 2,500 million	MLR - fixed rate p.a.	As stated in the agreement
	Unsecured	Short-term Baht 1,000 million	MMR	As stated in promissory notes
7	Secured	Long-term Baht 660 million	MLR - fixed rate p.a.	Every 6 months commencing from June 2019
	Secured	Short-term Baht 100 million	MMR	As stated in promissory notes
8	Unsecured	Short-term Baht 300 million	MMR	As stated in promissory notes
9	Secured	Long-term Baht 1,000 million	Fixed rate p.a.	Every 6 months commencing from June 2007
	Secured	Short-term Baht 500 million	MMR	As stated in promissory notes
10	Secured	Long-term Baht 600 million	Fixed rate p.a.	Every 6 months commencing from June 2015
11	Secured	Long-term Baht 700 million	Fixed rate p.a.	Every 3 months commencing from December 2008
	Secured	Short-term Baht 39 million	MMR	As stated in promissory notes
12	Secured	Long-term Baht 450 million	Fixed rate p.a.	Every 3 months commencing from March 2006
13	Secured	Long-term Baht 630 million	Fixed rate p.a.	Every 3 months commencing from March 2017
14	Secured	Long-term Baht 300 million	Fixed rate p.a.	Every 3 months commencing from June 2012
15	Secured	Long-term Baht 36.22 million	Fixed rate p.a.	Every 3 months commencing from March 2016
16	Secured	Long-term Baht 32.67 million	Fixed rate p.a.	Every 3 months commencing from March 2016
17	Secured	Long-term Baht 34.56 million	Fixed rate p.a.	Every 3 months commencing from March 2016
18	Secured	Long-term Baht 39 million	Fixed rate p.a.	Every 3 months commencing from March 2016
19	Secured	Long-term Baht 39 million	Fixed rate p.a.	Every 3 months commencing from March 2016
20	Secured	Long-term Baht 34.06 million	Fixed rate p.a.	Every 3 months commencing from May 2016
21	Secured	Long-term Baht 38.50 million	Fixed rate p.a.	Every 3 months commencing from May 2016
22	Secured	Long-term Baht 29.18 million	Fixed rate p.a.	Every 3 months commencing from May 2016
23	Secured	Long-term Baht 39 million	Fixed rate p.a.	Every 3 months commencing from October 2016

Loan agreement	Type of secured loan	Approved credit facilities	Interest rate (% p.a.)	Term of payment
24	Secured	Long-term Baht 37.02 million	Fixed rate p.a.	Every 3 months commencing from December 2016
25	Secured	Long-term Baht 37.70 million	Fixed rate p.a.	Every 3 months commencing from June 2017
26	Secured	Long-term Baht 37.17 million	Fixed rate p.a.	Every 3 months commencing from August 2017
27	Secured	Long-term Baht 33.02 million	Fixed rate p.a.	Every 3 months commencing from August 2017
28	Secured	Long-term Baht 37.50 million	Fixed rate p.a.	Every 3 months commencing from August 2017
29	Secured	Long-term Baht 35.59 million	Fixed rate p.a.	Every 3 months commencing from August 2017
30	Secured	Long-term Baht 38.53 million	Fixed rate p.a.	Every 3 months commencing from September 2017
31	Secured	Long-term Baht 36.62 million	Fixed rate p.a.	Every 3 months commencing from December 2017
32	Secured	Long-term Baht 33.89 million	Fixed rate p.a.	Every 3 months commencing from December 2017
33	Secured	Long-term Baht 31.52 million	Fixed rate p.a.	Every 3 months commencing from April 2018
34	Secured	Long-term Baht 47.80 million	MLR - fixed rate p.a.	Every 3 months commencing from May 2019
35	Secured	Long-term Baht 46.40 million	MLR - fixed rate p.a.	Every 3 months commencing from May 2019
36	Secured	Long-term Baht 39.78 million	MLR - fixed rate p.a.	Every 3 months commencing from June 2019
37	Secured	Long-term Baht 34 million	MLR - fixed rate p.a.	Every 3 months commencing from June 2019
38	Secured	Long-term Baht 33.18 million	MLR - fixed rate p.a.	Every 3 months commencing from June 2019
39	Secured	Long-term Baht 32.49 million	MLR - fixed rate p.a.	Every 3 months commencing from June 2019
40	Secured	Long-term PHP 181 million	RRP + fixed rate p.a.	Every months commencing from August 2017
41	Secured	Long-term PHP 178 million	RRP + fixed rate p.a.	Every months commencing from September 2018
42	Secured	Long-term PHP 224.6 million	RRP + fixed rate p.a.	Every months commencing from April 2019
43	Secured	Long-term PHP 218 million	RRP + fixed rate p.a.	Every months commencing from August 2019
44	Secured	Long-term PHP 182 million	RRP + fixed rate p.a.	Every months commencing from November 2019

Under the loan agreements, the Group has to comply with certain covenants and restrictions e.g. the percentage of shareholding of the major shareholders, changes in directors, changes in hotel management, guarantees to loans or aval to promissory notes of any persons or any companies, dividend payments, reduction of authorised shares, merger or consolidation with any companies, and maintenance of certain financial ratios. However, in December 2017, the Group received the letters to revoke the restriction of maintenance of certain financial ratios for the year 2017 from financial institutions.

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Property, plant and improvements - net book values	9,533,266	9,821,796	5,474,168	5,869,895
Leasehold rights for land - net book values	582,572	586,221	516,032	539,609
Total	10,115,838	10,408,017	5,990,200	6,409,504

In addition, the Group transferred the rights and beneficiary rights under insurance policies to the lenders to secure the loan with the condition stipulated in the agreements. Certain loans are also secured by a guarantee provided by the Company and pledging of 1,599,994 shares of Erawan Rajdamri Company Limited.

As at 31 December 2017, the Group had unutilised credit facilities of totaling Baht 4,233.4 million and PHP 447.8 million (2016: Baht 3,357.0 million and PHP 151.4 million) and the Company had unutilised credit facilities of totaling Baht 2,928.0 million (2016: Baht 2,818.0million).

20 Trade accounts payable

		Unit : Thousand Baht			
		Consolidated		Separate	
		financial statements		financial statements	
	Note	2017	2016	2017	2016
Related parties	4	-	-	711	510
Other parties		279,508	252,273	136,491	129,157
Total		279,508	252,273	137,202	129,667

The currency denomination of trade accounts payable as at 31 December was as follows:

		Unit : Thousand Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Thai Baht (THB)		276,521	251,699	137,202	129,667
Philippines Peso (PHP)		2,987	574	-	-
Total		279,508	252,273	137,202	129,667



21 Other current liabilities

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accrued expenses	325,386	280,867	161,574	131,389
Advances from customers and deposit received	174,677	181,357	71,998	85,110
Accounts payable - construction	132,188	75,728	96,685	15,759
Accrued management, royalty, marketing and other fees	38,196	37,110	16,518	15,311
Retention	75,387	57,965	22,950	21,862
Value added tax payable	20,491	27,441	7,763	13,685
Others	84,609	85,247	46,637	44,101
Total	850,934	745,715	424,125	327,217

22 Deferred income

	Unit : Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Leasehold rights - building, service and equipment	28,000	28,000	28,000	28,000
Less accumulated amortisation	(13,662)	(11,638)	(13,662)	(11,638)
Net book value	14,338	16,362	14,338	16,362
Amortisation included in statements of income for the year	2,024	2,024	2,024	2,024
Current portion of leasehold rights - building service and equipment	2,024	2,024	2,024	2,024
Leasehold rights - building service and equipment	12,314	14,338	12,314	14,338
Total	14,338	16,362	14,338	16,362

23 Employee benefit obligations

Unit : Thousand Baht				
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Statement of financial position				
obligations for:				
Retirement benefits	<u>86,600</u>	<u>85,641</u>	<u>42,431</u>	<u>44,714</u>
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Retirement benefits	<u>13,438</u>	<u>12,359</u>	<u>7,556</u>	<u>6,977</u>

The Group operates a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Movement in the present value of the defined benefit obligations:

		Unit : Thousand Baht			
		Consolidated		Separate	
	Note	financial statements		financial statements	
		2017	2016	2017	2016
Defined benefit obligations					
at 1 January		85,641	77,680	44,714	40,234
Include in profit or loss:	30				
Current service cost		11,039	10,172	6,340	5,876
Interest on obligation		2,399	2,187	1,216	1,101
		<u>13,438</u>	<u>12,359</u>	<u>7,556</u>	<u>6,977</u>
Other					
Benefit paid		(12,479)	(4,398)	(9,839)	(2,497)
		<u>(12,479)</u>	<u>(4,398)</u>	<u>(9,839)</u>	<u>(2,497)</u>
Defined benefit obligations					
at 31 December		<u>86,600</u>	<u>85,641</u>	<u>42,431</u>	<u>44,714</u>

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
			(%)	
Discount rate	2.9	2.9	2.9	2.9
Future salary growth	4.0 - 7.0	4.0 - 7.0	5.0 - 7.0	5.0 - 7.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2017, the weighted-average duration of the defined benefit obligation was 13 years (2016:13 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Unit : Thousand Baht			
	Consolidated financial statements		Separate financial statements	
Defined benefit obligation				
at 31 December 2017	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(6,731)	7,640	(3,297)	3,736
Future salary growth (1% movement)	9,203	(8,191)	4,462	(3,981)
Defined benefit obligation				
at 31 December 2016				
Discount rate (1% movement)	(6,411)	7,294	(3,098)	3,516
Future salary growth (1% movement)	7,925	(7,083)	3,815	(3,423)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

24 Share capital

Unit : Thousand Shares / Thousand Baht					
	Par value	2017		2016	
	per share	Number	Amount	Number	Amount
	(in Baht)				
Authorised					
At 1 January					
Ordinary shares	1	2,537,893	2,537,893	2,505,000	2,505,000
Reduction of shares	1	-	-	(6,827)	(6,827)
Increase of new shares	1	-	-	39,720	39,720
At 31 December					
ordinary shares	1	<u>2,537,893</u>	<u>2,537,893</u>	<u>2,537,893</u>	<u>2,537,893</u>
Issued and paid-up					
At 1 January					
Ordinary shares	1	2,498,173	2,498,173	2,498,173	2,498,173
Issue under ESOP	1	<u>2,720</u>	<u>2,720</u>	-	-
At 31 December					
ordinary shares	1	<u>2,500,893</u>	<u>2,500,893</u>	<u>2,498,173</u>	<u>2,498,173</u>

Reduction of authorised share capital

At the annual general meeting of the shareholders of the Company held on 26 April 2016, the shareholders approved the reduction of the Company's registered share capital from Baht 2,505,000,000 to Baht 2,498,173,275 by canceling its non-issued share capital. The Company registered the reduction of share capital amounting to Baht 6,826,725 with the Ministry of Commerce on 10 May 2016.

Increase of authorised share capital

At the annual general meeting of the shareholders of the Company held on 26 April 2016, the shareholders approved the increase of the Company's registered share capital from Baht 2,498,173,275 to Baht 2,537,893,275 to reserve for the exercise of stock options under ESOP for employees of the Group. The Company registered the increase of share capital amounting to Baht 39,720,000 with the Ministry of Commerce on 11 May 2016.

Employee Stock Option Plan (ESOP)

At the annual general meeting of the shareholders of the Company held on 26 April 2016, the shareholders of the Company approved the issuance of the employee stock option plan for the employee of the Group of 39,720,000 options, Grant 4 (ESOP-4). The Company granted such ESOP to the employees on 1 February 2017. The period of the plan shall not exceed 5 years from date of shareholders' approval on 26 April 2016. The employees are entitled to exercise their rights to purchase shares within 30 December 2020. The key terms and conditions were as follow:

No.	Exercise period	Number of eligible options	Exercise price
1	1 February 2017 - 30 December 2020	10% of total allocated options	3.60
2	1 January 2018 - 30 December 2020	20% of total allocated options	3.70
3	1 January 2019 - 30 December 2020	30% of total allocated options	3.80
4	1 January 2020 - 30 December 2020	40% of total allocated options	3.90

Fair value measurement

The Company measured approximate fair value of the options granted through the plan by using the binomial model. The weighted average fair value at the grant date was from Baht 0.99 to Baht 1.15 per unit. Key assumptions were as follows:

Share price at the grant date	4.42 Baht/share
Expected volatility	30%
Expected dividends	1.55% per annum
Risk-free interest rate	1.43% - 2.04% per annum depend on period of time

For the years ended 31 December 2017, the Group recognised share-based payment expense in the consolidated and separate financial statement of Baht 14.1 million (31 December 2016: nil)

Movements in the number of ESOP during the year ended 31 December 2017 and 2016 were as follows:

	Unit : Thousand Units	
	2017	2016
At 1 January	-	-
Issued	39,720	-
Exercised	(2,720)	-
At 31 December	37,000	-

The exercise of ESOP complied with the terms and conditions of the issuance of ESOP which were approved by the Company's shareholders.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

25 Reserve

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value changes in available-for-sale investments

The fair value change in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

26 Segment information

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different services, are managed separately and different marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1	Hotel business
Segment 2	Rental and management building business

None of other operations meets the quantitative thresholds for determining reportable segments in 2017 or 2016.

Inter-segment pricing is determined on mutually agreed terms.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before interest and tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Hotel business		Rental and management building business		Other business		Unallocated amount		Eliminations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
External revenue	5,846	5,418	203	191	-	53	1	2	-	-	6,050	5,664
Inter-segment revenue	37	44	3	3	-	-	237	341	(277)	(388)	-	-
Total segment revenue	5,883	5,462	206	194	-	53	238	343	(277)	(388)	6,050	5,664
Share of profit (loss) of investment in associate	-	-	-	-	-	-	(24)	15	-	-	(24)	15
Depreciation and amortisation	(699)	(692)	(27)	(26)	-	-	(6)	(6)	(6)	(6)	(738)	(730)
Segment profit (loss) before income tax	872	595	83	69	-	20	(1,307)	138	1,089	(293)	737	529
Investments in associates as at 31 December	-	-	-	-	-	-	109	155	-	-	109	155
Capital expenditure as at 31 December	13,669	12,832	78	102	-	-	174	175	191	198	14,112	13,307
Segment assets as at 31 December	20,499	18,390	563	479	55	57	3,075	3,422	(8,144)	(7,437)	16,048	14,911
Segment liabilities as at 31 December	9,470	8,990	56	56	-	1	3,263	2,435	(2,144)	(1,643)	10,645	9,839

Unit : Million Baht

Reconciliation of reportable segment profit or loss, assets and liabilities and other material items

	Unit : Million Baht	
	2017	2016
Revenues		
Total revenue from reportable segments	6,089	5,709
Other revenue	55	40
Elimination of inter-segment revenue	(277)	(388)
Unallocated amount	183	303
Consolidated revenue	6,050	5,664
Profit or loss		
Total profit for reportable segments before income tax and elimination of inter-segment	955	684
Elimination of inter-segment	1,089	(293)
Unallocated corporate revenues (expenses)	(1,283)	123
Share of profit (loss) of investment in associate	(24)	15
Consolidated profit before income tax	737	529
Assets		
Total assets for reportable segments	21,117	18,926
Investments in associates	109	155
Elimination of inter-segment	(8,144)	(7,437)
Unallocated amounts	2,966	3,267
Consolidated total assets	16,048	14,911
Liabilities		
Total liabilities for reportable segments	9,526	9,047
Elimination of inter-segment	(2,144)	(1,643)
Unallocated amounts	3,263	2,435
Consolidated total liabilities	10,645	9,839

Unit : Million Baht			
	Reportable segment totals	Unallocated assets and eliminations	Consolidated totals
Other material items			
2017			
Capital expenditure	13,747	365	14,112
Depreciation and amortisation	(726)	(12)	(738)
2016			
Capital expenditure	12,934	373	13,307
Depreciation and amortisation	(718)	(12)	(730)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Geographical information

Unit : Thousand Baht				
	Revenue		Non-current assets	
	2017	2016	2017	2016
Thailand	5,987	5,657	13,830	13,352
Philippines	59	2	645	325
Other countries	4	5	-	-
Total	6,050	5,664	14,475	13,677

27 Other income

Unit : Thousand Baht				
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Income from property tax	1,815	1,753	1,649	1,545
Gain on disposal of building and equipment	-	-	934	1,327
Net foreign exchange gain	4,650	3,670	2,591	1,567
Other service income	-	-	18,238	-
Others	41,662	28,006	22,780	14,841
Total	48,127	33,429	46,192	19,280

28 Selling expenses

Unit : Thousand Baht				
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Marketing expenses	234,940	237,922	114,202	111,826
Employee benefit expenses	112,858	107,271	61,903	56,909
Total	347,798	345,193	176,105	168,735

29 Administrative expenses

Unit : Thousand Baht				
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Employee benefit expenses	579,356	554,535	374,506	332,100
Management and other fees	302,179	290,940	157,524	152,901
Repair and maintenance expenses	160,012	136,161	66,490	59,164
Others	181,717	154,847	51,961	56,319
Total	1,223,264	1,136,483	650,481	600,484

30 Employee benefit expenses

Unit : Thousand Baht					
		Consolidated		Separate	
		financial statements		financial statements	
	Note	2017	2016	2017	2016
Salaries and other benefits		1,432,035	1,381,824	790,776	739,850
Post-employment benefits	23	13,438	12,359	7,556	6,977
Total		1,445,473	1,394,183	798,332	746,827

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2 % to 15 % of their basic salaries and by the Group at rates ranging from 2 % to 10 % of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Managers.



31 Expenses by nature

The financial statement includes an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

		Unit : Thousand Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Employee benefit expenses		1,445,473	1,394,183	798,332	746,827
Costs of food and beverage		695,751	674,215	333,414	312,406
Rental expenses		159,200	179,499	41,414	40,330

32 Finance costs

		Unit : Thousand Baht			
		Consolidated		Separate	
		financial statements		financial statements	
	Note	2017	2016	2017	2016
Interest expense:					
Related parties	4	-	-	15,258	22,817
Financial institutions		345,747	363,218	214,922	204,507
Total interest expense		345,747	363,218	230,180	227,324
Amortisation of transaction costs capitalised		1,850	-	843	-
Other finance costs		3,219	3,468	519	2,522
		350,816	366,686	231,542	229,846
Less: amounts included in the cost of qualifying assets:					
- Capitalised as cost of assets under construction	13	(7,144)	(4,605)	(1,234)	-
Net		343,672	362,081	230,308	229,846

33 Income tax expense

Income tax recognised in profit or loss

		Unit : Thousand Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Current tax expense					
Current year		169,360	121,025	92,380	70,719
Deferred tax expense	17				
Movements in temporary differences		2,807	683	398	(1,488)
Income tax expense		172,167	121,708	92,778	69,231

Reconciliation of effective tax rate

		Consolidated financial statements			
		2017		2016	
		Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense			737,184		529,444
Income tax using the Thai corporation tax rate	20.0		147,437	20.0	105,889
Effect of different tax rates in foreign jurisdictions			(1,534)		(1,340)
Tax difference on expense (revenue)			2,042		(5,198)
Recognition of previously unrecognised tax losses			(4,176)		(13,982)
Current year losses for which no deferred tax asset was recognised			28,398		36,339
Total		23.4	172,167	23.0	121,708

		Separate financial statements			
		2017		2016	
		Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense			(664,867)		650,151
Income tax using the Thai corporation tax rate	20.0		(132,974)	20.0	130,030
Tax difference on expense (revenue)			225,752		(60,799)
Total		(14.0)	92,778	10.6	69,231
Income tax reduction					

34 Earnings (loss) per share

Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2017 and 2016 were based on the profit or loss for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Unit : Thousand Baht / Thousand Shares			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>505,571</u>	<u>366,891</u>	<u>(757,645)</u>	<u>580,920</u>
Number of ordinary shares outstanding at 1 January	2,498,173	2,498,173	2,498,173	2,498,173
Effect of shares options exercised	<u>1,749</u>	<u>-</u>	<u>1,749</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (basic)	<u>2,499,922</u>	<u>2,498,173</u>	<u>2,499,922</u>	<u>2,498,173</u>
Earnings (loss) per share (basic) (in Baht)	<u>0.2022</u>	<u>0.1469</u>	<u>(0.3031)</u>	<u>0.2325</u>

Diluted earnings (loss) per share

The calculations of diluted earnings (loss) per share for the years ended 31 December 2017 and 2016 were based on the profit or loss for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:



Unit : Thousand Baht / Thousand Shares				
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>505,571</u>	<u>366,891</u>	<u>(757,645)</u>	<u>580,920</u>
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	<u>505,571</u>	<u>366,891</u>	<u>(757,645)</u>	<u>580,920</u>
Weighted average number of ordinary shares outstanding (basic)	2,499,922	2,498,173	2,499,922	2,498,173
Effect of share options granted	<u>12,357</u>	<u>-</u>	<u>12,357</u>	<u>-</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>2,512,279</u>	<u>2,498,173</u>	<u>2,512,279</u>	<u>2,498,173</u>
Earnings (loss) per share (diluted) (in Baht)	<u>0.2012</u>	<u>0.1469</u>	<u>(0.3016)</u>	<u>0.2325</u>

35 Dividends

At the annual general meeting of the shareholders of the Company held on 25 April 2017, the shareholders approved the appropriation of dividends of Baht 0.06 per share, amounting to Baht 149.99 million. The dividend was paid to shareholders on 24 May 2017.

At the annual general meeting of the shareholders of a subsidiary held on 28 April 2017, the shareholders approved the appropriation of dividends of Baht 2.24 per share, amounting to Baht 178.55 million. The dividend was paid to shareholders on 26 May 2017.

At the annual general meeting of the shareholders of the Company held on 26 April 2016, the shareholders approved the appropriation of dividends of Baht 0.04 per share, amounting to Baht 99.93 million. The dividend was paid to shareholders on 25 May 2016.

At the annual general meeting of the shareholders of a subsidiary held on 21 April 2016, the shareholders approved the appropriation of dividends of Baht 1.659 per share, amounting to Baht 132.17 million. The dividend was paid to shareholders on 19 May 2016.

At the board of director meeting of a subsidiary held on 22 September 2016, the board of directors approved the appropriation of dividends of Baht 3.00 per share, amounting to Baht 239.00 million. The dividend was paid to shareholders on 5 October 2016.



36 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly floating. The Group is primarily exposed to interest rate risk from its borrowings (Note 19). The Group mitigates this risk by ensuring that the majority of its borrowings are close to the market rate.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivable mature or re-price were as follows:

Unit : Thousand Baht					
	Effective interest rate (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
2017					
Loans receivable - related parties	4.02	-	1,765,392	-	1,765,392
2016					
Loans receivable - related parties	4.15	-	1,424,138	-	1,424,138

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

Unit : Thousand Baht

		Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
Effective interest rate (% per annum)					
2017					
Loans payable - financial institutions	4.20, 4.275, MMR, MLR - 2.00, MLR - 2.15, MLR - 2.40, RRP + 2.25, 6-month fixed deposit rate + 2.00	<u>2,010,151</u>	<u>5,613,267</u>	<u>1,443,172</u>	<u>9,066,590</u>
2016					
Loans payable - financial institutions	MMR, MLR MLR - 1.00, MLR - 1.50, MLR - 1.75, MLR - 2.00, MLR - 2.40, RRP + 2.25, 6-month fixed deposit rate + 2.00	<u>2,557,256</u>	<u>3,958,021</u>	<u>1,909,143</u>	<u>8,424,420</u>



Unit : Thousand Baht

Separate financial statements					
After 1 year but within 5					
	Effective interest rate (% per annum)	Within 1 year	years	After 5 years	Total
2017					
Loans payable - related party	4.45	-	140,590	-	140,590
Loans payable - financial institutions	4.20, 4.275, MMR, MLR - 2.00, MLR - 2.40, 6-month fixed deposit rate + 2.00	1,659,704	3,372,555	885,138	5,917,397
Total		1,659,704	3,513,145	885,138	6,057,987
2016					
Loans payable - related party	5.53	-	118,086	-	118,086
Loans payable - financial institutions	MMR, MLR - 1.50, MLR - 1.75, MLR - 2.00, MLR - 2.40, 6-month fixed deposit rate + 2.00	2,220,500	1,768,900	1,390,050	5,379,450
Total		2,220,500	1,886,986	1,390,050	5,497,536

Foreign currency risk

The Group operates mainly in Baht currency. Accordingly, the Company does not have material foreign currency risk.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were



no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measure at fair value if a carrying amount is a reasonable approximation of fair value.

Unit : Million Baht					
	Carrying amount	Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
31 December 2017					
Current					
Loan from financial institutions	2,010	-	2,010	-	2,010
Non-current					
Equity securities available for sale	1	-	1	-	1
Loans from financial institutions	7,056	-	7,056	-	7,056
31 December 2016					
Current					
Loan from financial institutions	2,557	-	2,557	-	2,557
Non-current					
Equity securities available for sale	1	-	1	-	1
Loans from financial institutions	5,867	-	5,867	-	5,867

Unit : Thousand Baht

Separate financial statements

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2017					
Current					
Loans from financial institutions	1,660	-	1,660	-	1,660
Non-current					
Equity securities available for sale	1	-	1	-	1
Loans to related parties	1,765	-	1,765	-	1,765
Loans from related party	141	-	141	-	141
Loans from financial institutions	4,258	-	4,258	-	4,258
31 December 2016					
Current					
Loans from financial institutions	2,221	-	2,221	-	2,221
Non-current					
Equity securities available for sale	1	-	1	-	1
Loans to related parties	1,424	-	1,424	-	1,424
Loans from related party	118	-	118	-	118
Loans from financial institutions	3,159	-	3,159	-	3,159

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group determines Level 2 fair values for equity securities available for sale using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

The fair value of accounts receivable and accounts payable - trade and others is taken to approximate the carrying value.

The fair value of loans to and loans from related parties is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

37 Commitments with non-related parties

	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Capital commitments				
Contracted but not provided	1,289.8	424.9	1,040.2	160.4
Future minimum lease payments under non-cancellable operating leases				
Within one year	176.7	122.1	46.9	51.0
After one year but within five years	446.0	372.5	206.3	198.0
After five years	4,326.0	3,989.7	2,693.8	2,759.0
Total	4,948.7	4,484.3	2,947.0	3,008.0
Commitments under service agreements				
Within one year	33.9	63.9	15.8	38.1
After one year but within five years	10.0	19.8	8.1	12.6
After five years	2.0	2.8	2.0	2.8
Total	45.9	86.5	25.9	53.5
Other commitments				
Guarantee for bank credit facilities	2,547.4	1,473.9	2,547.4	1,473.9
Bank guarantees	34.4	32.0	16.6	16.1
Total	2,581.8	1,505.9	2,564.0	1,490.0

Long-term agreements

The Company and its subsidiaries have entered into several long-term asset lease agreements and several service agreements with third parties, local companies, overseas companies, and Government organisations as follows:

Long-term asset lease agreements

On 9 November 1987, Erawan Hotel Public Company Limited, a subsidiary, entered into an agreement with a related company to lease land for a term of 30 years up to the year 2021, could be extended for further period subject to certain conditions in the agreement. Under the terms of this agreement, the subsidiary shall pay lease remuneration of Baht 120.0 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in agreement. Upon termination of the agreement, the ownership of buildings and building improvements on the leased land, including equipment, furniture and tools necessary for hotel operations, shall be transferred to the lessor.

The Company has land lease agreement on which its hotel building is situated from the lessor. The term of the lease is a period of 30 years up to the year 2025, could be extended for further period subject to certain conditions in the agreement. Under the terms of this agreement, the Company shall pay lease remuneration of Baht 180.0 million which will be paid within the 30th year of the lease and is recorded as part of "Accounts payable for land leasehold rights". The Company has also paid the deposit for rental amounting to Baht 90.0 million which shall be refunded in the 30th year and is presented as part of "Deposits for lease of land, building and equipment" in the statement of financial position.

In addition, the Company has another land lease agreement to extend the term of aforementioned agreement for 20 years up to the year 2045. The Company agreed to pay the lease remuneration of Baht 216.1 million. The Company has already paid this remuneration. In addition, the Company shall pay rental per annum as mentioned in the agreement. Upon termination of the agreements, the ownership of buildings and building improvements on the leased, including equipment, furniture and tools necessary for hotel operations, shall be transferred to the lessor.

On 31 October 2002, Erawan Chaophraya Company Limited, a subsidiary, entered into an agreement to lease land from a foundation for the purpose of land development and building construction. The term of the lease is a period of 30 years up to the year 2034, to be extended for further period, subject to certain conditions in the agreement. Under the terms of this agreement, the subsidiary agreed to pay a monthly rate as mentioned in the agreement. Upon termination of the agreement, the ownership of buildings and all structures constructed on the leased land shall be transferred to the lessor.

On 9 January 2006, Erawan Rajdamri Company Limited, a subsidiary, entered into the Building Renovation and Land and Renovated Building Lease Agreement with a Government organization covering a term of 30 years. Under the term of this agreement, the subsidiary shall pay remuneration of Baht 70.0 million, which had already been paid. In addition, the subsidiary shall pay monthly rental as mentioned in the agreement.

On 9 June 2006, the Company entered into a land lease agreement with a third party for a period of 30 years up to the year 2038. Under the terms of this agreement, the Company shall pay lease remuneration of Baht 25.0 million. The Company had already paid this remuneration. In addition, the Company shall pay a land rental of Baht 1.2 million per annum for the first three years, and such rental shall adjusted every three years. Upon the termination



of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 15 May 2007, the Company entered into a land lease agreement with a third party for a period of 30 years up to the year 2039. Under the terms of this agreement, the Company shall pay lease remuneration of Baht 53.0 million. The Company had already paid this remuneration. In addition, the Company shall pay a land rental of Baht 0.4 million per annum for the first three years, and such rental shall be adjusted every three years. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 19 March 2010, the Company entered into a land lease agreement with two local companies for a period of 30 years up to the year 2043. Under the terms of this agreement, the Company shall pay lease remuneration of Baht 150.0 million. The Company had already paid this remuneration. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 19 January 2011, The Company entered into land lease agreement with a third party for a period of 30 years up to the year 2043, to be extended for further period, subject to certain conditions in the agreement. Under the terms of this agreement, the Company shall pay lease remuneration of Baht 3.0 million. The Company has already paid this remuneration. In addition, the Company shall pay a land rental of Baht 0.3 million per annum for the first three years, and such rental shall be adjusted every three years. Upon the termination of the agreement, the Company shall demolish the building or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.

On 27 March 2013, Erawan Growth Management Company Limited, a subsidiary, entered into a lease agreement with the Fund to lease the land, buildings, infrastructures, furniture, equipment and facilities of IBIS Hotels at Patong and Pattaya, for a period of three years. The counter parties have a right to extend the agreements for five times by notice in advance at least 60 days before expiration. The lease agreements can be extended for further periods of three years each time for the first to the fourth extension and can be extended not more than four months for the fifth time with a fixed rental fee and variable rental fee in accordance with the conditions stipulated in the agreement. Furthermore, the said subsidiary agreed to guarantee the minimum rental income that the Fund shall be received from the subsidiary over the period of 4 years from the lease agreement date. The guaranteed income is Baht 111.5 million per year, totaling Baht 446 million. If the subsidiary cannot pay any shortfall in the guaranteed income, the Company shall provide financial support to the subsidiary to the extent of such shortfall. Lessee does not have an option to repurchase the leased assets under the agreement.

On 31 March 2016, Erawan Growth Management Company Limited, a subsidiary, entered into a new lease agreement with the Fund to lease the land, buildings, infrastructures, furniture, equipment and facilities of IBIS Hotels at Patong and Pattaya, for a period of three years. The counter parties have a right to extend the agreements for five times by notice in advance at least 60 days before expiration. The lease agreements can be extended for further periods of three years each time for the first to the fourth extension and can be extended not



more than four months for the fifth time with a fixed rental fee and variable rental fee in accordance with the conditions stipulated in the agreement. After the counter party exercise its option to renew the agreement for three times, the counter party has a right to negotiate for extending the right to renew the agreement additional to the aforesaid terms within 31 March 2027 subject to the condition stipulated in the agreement.

On 13 November 2014, Erawan Philippines (Ermita), INC., an indirect subsidiary, entered into lease agreement to lease land in Philippines for hotel construction. The rental period is 25 years ending in 2039, to be extended for a further period of 5 years, subject to certain conditions in the agreement. The indirect subsidiary agreed to pay a monthly rental rate in each year, according to the agreement. Upon the termination of the agreement; the indirect subsidiary shall demolish the building or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor. Then, on 5 October 2015, the indirect subsidiary entered into a supplemental agreement to extend the term of the lease to 27 years ending in 2041. The indirect subsidiary has the right to renew for another 5 years whereas other conditions in the agreement remains the same.

On 13 March 2015, Erawan Hop Inn Company Limited entered into land lease agreement with a third party for a period of 30 years up to the year 2047, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 2.0 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 2 July 2015, Erawan Hop Inn Company Limited entered into land lease agreement with a third party for a period of 30 years up to the year 2046, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 5.3 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 2 July 2015, The Company entered into land lease agreement with a third party for a period of 30 years up to the year 2048, to be extended for further period, subject to certain conditions in the agreement. The Company shall pay lease remuneration of Baht 53.5 million. The Company has already paid this remuneration. In addition, the Company shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 2 July 2015, Erawan Philippines (Makati), INC., an indirect subsidiary, entered into lease agreement to lease land in Philippines for hotel construction. The rental period is 30 years ending in 2045, to be extended for a further period of 20 years, subject to certain conditions in the agreement. The indirect subsidiary agreed to pay a monthly rental rate in each year as mentioned in the agreement. Upon the termination of the agreement, the indirect subsidiary shall demolish the buildings or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.



On 9 July 2015, Erawan Hop Inn Company Limited, a subsidiary, entered into land lease agreement with a foundation for a period of 30 years up to the year 2046, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 4.7 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 7 August 2015, Erawan Hop Inn Company Limited, a subsidiary, entered into land lease agreement with local company for a period of 30 years up to the year 2047, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 13.6 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in the agreement. Upon the termination of the agreement, the subsidiary shall demolish the building and structures on such land to the lessor.

On 26 January 2016, Erawan Philippines (Aseana), INC., an indirect subsidiary, entered into lease agreement to lease land in Philippines for hotel construction. The rental period is 30 years ending in 2046, to be extended for a further period of 20 years, subject to certain conditions in the agreement. The indirect subsidiary agreed to pay a monthly rental rate in each year as mentioned in the agreement. Upon the termination of the agreement, the indirect subsidiary shall demolish the buildings or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.

On 26 May 2016, Erawan Samui Company Limited, a subsidiary, entered into land lease agreement with a third party for a period of 30 years up to the year 2046, to be extended for further period, subject to certain conditions in the agreement. In addition, the subsidiary shall pay a land rental at the period and rate as mentioned in the agreement. Upon the termination of the agreement, the subsidiary shall demolish the building or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.

On 30 May 2016, Erawan Hop Inn Company Limited, a subsidiary, entered into land lease agreement with a third party for a period of 30 years up to the year 2047, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 4.0 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 1 June 2016, The Company entered into land lease agreement with a third party for a period of 30 years up to the year 2049, to be extended for further period, subject to certain conditions in the agreement. The Company shall pay lease remuneration of Baht 87.0 million. The Company has already paid this remuneration. In addition, the Company shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.





On 1 June 2016, The Company entered into land lease agreement with a third party for a period of 30 years up to the year 2049, to be extended for further period, subject to certain conditions in the agreement. The Company shall pay lease remuneration of Baht 10.0 million. The Company has already paid this remuneration. In addition, the Company shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 6 July 2016, Erawan Philippines (Alabang), INC., an indirect subsidiary, entered into lease agreement to lease land in Philippines for hotel construction. The rental period is 30 years ending in 2046, to be extended for a further period of 20 years, subject to certain conditions in the agreement. The indirect subsidiary agreed to pay a monthly rental rate in each year as mentioned in the agreement. Upon the termination of the agreement, the indirect subsidiary shall demolish the buildings or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.

On 20 July 2016, Erawan Hop Inn Company Limited, a subsidiary, entered into land lease agreement with local company for a period of 30 years up to the year 2047, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 8.0 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in the agreement. Upon the termination of the agreement, the subsidiary shall demolish the building or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.

On 7 October 2016, Erawan Hop Inn Company Limited, a subsidiary, entered into land lease agreement with local company for a period of 30 years up to the year 2047, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 4.2 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in the agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 1 April 2017, Erawan Philippines (Quezon City), INC., an indirect subsidiary, entered into lease agreement to lease land in Philippines for hotel construction. The rental period is 30 years ending in 2047, to be extended for a further period of 20 years, subject to certain conditions in the agreement. The indirect subsidiary agreed to pay a monthly rental rate in each year as mentioned in the agreement. Upon the termination of the agreement, the indirect subsidiary shall demolish the buildings or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.

On 5 July 2017, Erawan Hop Inn Company Limited, a subsidiary, entered into land lease agreement with a third party for a period of 30 years up to the year 2047, to be extended for further period, subject to certain conditions in the agreement. The Company shall pay lease remuneration of Baht 16.0 million. The Company has already paid this remuneration. In addition, the Company shall pay a land rental per annum as mentioned in agreement. Upon



the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

On 1 September 2017, Erawan Philippines (Cebu), INC., an indirect subsidiary, entered into lease agreement to lease land in Philippines for hotel construction. The rental period is 30 years ending in 2047, to be extended for a further period of 20 years, subject to certain conditions in the agreement. The indirect subsidiary agreed to pay a monthly rental rate in each year as mentioned in the agreement. Upon the termination of the agreement, the indirect subsidiary shall demolish the buildings or deliver all buildings and structures on such land to the lessor, depending upon the purpose of the lessor.

On 20 October 2017, Erawan Hop Inn Company Limited, a subsidiary, entered into land lease agreement with a third party for a period of 30 years up to the year 2048, to be extended for further period, subject to certain conditions in the agreement. The Company shall pay lease remuneration of Baht 3.0 million. The Company has already paid this remuneration. In addition, the Company shall pay a land rental per annum as mentioned in agreement. Upon the termination of the agreement, the ownership of all constructs erected on the leased land, together with equipment which are unremovable, shall be transferred to the lessor.

Hotel management agreements

On 24 February 1988, Erawan Hotel Public Company Limited, a subsidiary, entered into agreements with various companies in the Hyatt International Corporation Limited Group ("HYATT") whereby HYATT will provide necessary hotel construction and management services to the subsidiary. Under the terms of the agreements, the subsidiary is committed to pay a management fee, license fee, and a share of marketing and promotion expenses to HYATT, at the rates indicated in the agreements. The terms of the management agreement is for 20 years, counting from commencement of hotel operations, to be extended for at least 10 years, dependent upon certain conditions as specified in the agreement.

On 29 October 2010, Erawan Hotel Public Company Limited, a subsidiary, entered into amendment agreement with Hyatt to amend certain conditions in the agreement. The subsidiary agreed to extend the terms of the management agreement for another 9.5 years and automatically extended for 10 years under the terms of the agreement except the counter parties have notification letter at least 6 months before 30 June 2021 and extended for at least 10 years since the extending of second agreement by making notification letter for the counter parties before 29 June 2029, dependent upon certain conditions as specified in the agreement.

On 3 February 1994, Erawan Ploenchit Company Limited entered into an agreement with Marriott Worldwide Corporation Group ("Marriott") to appoint the Marriott as management of the subsidiary's hotel. The subsidiary also made agreements with Marriott relating to the hotel operations. Under the terms of the agreements, the subsidiary is committed to pay remuneration to Marriott at the rates, terms and basis specified in the agreements. The hotel management agreement will be terminated on 31 December 2032. On 1 January 2008, the subsidiary transferred all commitments under these agreements to the Company.





On 4 July 2005, Erawan Rajdamri Company Limited and Erawan Samui Company Limited entered into management agreements with Marriott Group ("Marriott"), to appoint the Marriott to manage the subsidiaries' hotel as a standardised Courtyard by Marriott and Renaissance hotel. Under the terms of the agreements, the subsidiaries are committed to pay remuneration to Marriott in accordance with the rates, terms and basis specified in the agreements. The terms of the hotel management agreements are for 30 years from commencement of hotel operations, and are extendible for a further period of at least 10 years, depend on the fulfillment of certain conditions specified in the agreements.

In December 2005, the Company entered into agreements with InterContinental Hotels Group to manage a hotel located at Pattaya under the brand Holiday Inn. Under the terms of the agreements, the Company is committed to pay remuneration in accordance with the rates, terms and basis specified in the agreements. The terms of the hotel management agreements are 15 years from commencement of hotel operations, and are extendible for a further period of at least five years, dependent upon the fulfillment of certain conditions specified in the agreements.

On 18 February 2013, the Company entered into amendment agreement with InterContinental Hotel Group. Under the term of the agreements, the Company is committed to pay remuneration in accordance with the rates, terms and basis specifies in the new amendment agreements. The term of the hotel management agreement is for 15 years from commencement of the additional building operations under the brand Holiday Inn, extendible for a further period of at least five years two times, dependent upon the fulfillment of certain conditions specified in the agreements.

In July 2011, Erawan Phuket Company Limited, a subsidiary, terminated management services agreements with Six Senses Company Group and entered into management services agreements with Starwood Group, which consequently merged with Marriott. In December 2017, all management services agreements with Starwood Group were assigned to Marriott Group. All terms and conditions under the management services agreements remain unchanged of which Marriott Group will provide resort management services to the subsidiary and the subsidiary is committed to pay management fees at the rates indicated in the agreements. The agreements will be expired in December 2031 with an option to extend for further period which depends on certain conditions as specified in the agreements.

During June 2006 to December 2012, the Company and Erawan Chaopraya Company Limited, a subsidiary, entered into agreements with Accor Group to manage 12 hotels located in Thailand of the Company and a subsidiary under the brand Ibis and Mercure. Under the terms of the agreements, the Company and a subsidiary are committed to pay remuneration in accordance with the rates, terms and basis specified in the agreements. The terms of the hotel management agreements are 15 years from commencement of hotel operations, extendible for a further period of at least 5 years, dependent upon the fulfillment of certain conditions specified in the agreements. On 1 July 2009, the contract was extended from 15 to 20 years.

On 1 July 2013, the Company and its subsidiaries agreed with the Accor Group to terminate the hotel management agreements for 12 hotels and enter into franchise agreements with the Accor Group under the Ibis and Mercure



brand to replace the hotel management agreements. Under the terms of these agreements, the Company and its subsidiaries are committed to pay fees to Accor Group at the rates, terms and basis specified in the agreements. The periods of the franchise agreements are the same as the previous hotel management agreements.

On 30 December 2015, the Company entered into franchise agreements with the Accor Group to operate hotels under the Ibis Styles and Novotel brands. Under the terms of these agreements, the Company is committed to pay fees to Accor Group at the rates, terms and basis specified in the agreements. The term of the franchise agreement is for 20 years from commencement of hotel operations.

On 29 December 2016, the Company entered into franchise agreements with the Accor Group to operate hotels under the Ibis Styles and Mercure brands. Under the terms of these agreements, the Company is committed to pay fees to Accor Group at the rates, terms and basis specified in the agreements. The term of the franchise agreement is for 20 years from commencement of hotel operations.

On 5 December 2017, Erawan Philippines (Cebu), Inc., an indirect subsidiary, entered into an agreement with InterContinental Hotels Group to franchise the brand Holiday Inn. Under the terms of the agreement, the subsidiary is committed to pay remuneration in accordance with the rates, terms and basis specified in the agreement. The terms of the franchise agreement is for 20 years from the commencement of hotel operation, and is extendible for a further period of at least five years, dependent upon fulfillment of certain conditions specified in the agreement.

38 Events after the reporting period

On 8 January 2018, Erawan Singapore Pte. Ltd., an indirect subsidiary, paid up the share capital of Erawan Philippines, INC., of 960,395 ordinary shares at a par value of PHP 1, totaling PHP 960,395.

On 8 January 2018, Erawan Philippines, INC., an indirect subsidiary, paid up the share capital of Erawan Philippines (Quezon city), INC., of 30,000,000 ordinary share at a par value PHP 1, totaling PHP 30,000,000.

On 23 February 2018, Erawan Philippines, INC., an indirect subsidiary, paid up the share capital of Erawan Philippines (Aseana), INC., of 10,000,000 ordinary share at a par value PHP 1, totaling PHP 10,000,000.

At the Company's board of directors' meeting held on 27 February 2018, the board of directors passed a resolution to propose the payment of a dividend of Baht 0.09 per share, totaling Baht 225.08 million to the 2018 annual general meeting of the shareholders of the Company. The right to receive the aforesaid dividend is subject to the approval of annual general meeting of the shareholders.



39 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2016, which are included in the year ended 31 December 2017 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2017 financial statements. The reclassifications were as follows:

	2016				Unit : Thousand Baht	
	Consolidated financial statements		Separate financial statements			
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
Statement of financial position						
Value added tax refundable	51,095	34,941	86,036	-	-	-
Other current assets	176,075	(79,235)	96,840	83,712	(41,109)	42,603
Other non-current assets	27,867	44,294	72,161	19,334	41,109	60,443
		-			-	

These reclassifications have principally been made because, in the opinion of management, the new classification is more appropriate to the Group's business.



Corporate Information

The Erawan Group Public Company Limited

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Head Office

Ploenchit Center

6th Floor 2 Sukhumvit Road, Kwang Klongtoey, Khet Klongtoey, Bangkok 10110 Thailand

Telephone : 66 (0) 2257 4588 Fax : 66 (0) 2257 4577

Branch 1

Erawan Bangkok

494 Ploenchit Road, Kwang Lumpini, Khet Pathumwan, Bangkok 10330 Thailand

Telephone : 66 (0) 2250 7777

Fax : 66 (0) 2250 7788

Branch 2

JW Marriott Bangkok

4 Sukhumvit Road, Kwang Klongtoey, Khet Klongtoey, Bangkok 10110 Thailand

Telephone : 66 (0) 2656 7700

Fax : 66 (0) 2656 9831

Branch 3

ibis Patong Phuket

10 Chalempkrakiat Road, Patong, Kathu, Phuket 83150 Thailand

Telephone : 66 (0) 7630 3888

Fax : 66 (0) 7630 3889

Branch 4

ibis Pattaya

463/79 Pattaya Sai 2 Road, Nongprue, Bang Lamung, Chonburi 20150 Thailand

Telephone : 66 (0) 3841 8188

Fax : 66 (0) 3841 8189

Branch 5

ibis Samui

197 Rob Koh Road, Bophut, Koh Samui, Surat Thani 84320 Thailand

Telephone : 66 (0) 7791 4888

Fax : 66 (0) 7791 4889

Branch 6

ibis Sathorn

29/9 Soi Ngam Duphli, Rama IV Road, Kwang Thung Mahamek, Khet Sathorn, Bangkok 10120 Thailand

Telephone : 66 (0) 2610 5188

Fax : 66 (0) 2610 5189

Branch 7

ibis Nana

41 Soi Sukhumvit 4, Sukhumvit Road, Kwang Klong Toey, Khet KlongToey, Bangkok 10110 Thailand

Telephone : 66 (0) 2667 5888

Fax : 66 (0) 2667 5889

Branch 8

Holiday Inn Pattaya and Holiday Inn Executive Pattaya

463/68, 463/99 Pattaya Sai 1 Road, Nongprue, Bang Lamung, Chonburi 20150 Thailand

Telephone : 66 (0) 3872 5555

Fax : 66 (0) 3872 5556

Branch 9

ibis Kata

88/8 Kata Road, Karon, Mueang Phuket, Phuket 83100 Thailand

Telephone : 66 (0) 7636 3488

Fax : 66 (0) 7636 3489

Branch 10

ibis Hua Hin

73/15 Soi Moobaan Nongkae, Nongkae, Hua-Hin, Prachuapkhirikhan 77110 Thailand

Telephone : 66 (0) 3261 0388

Fax : 66 (0) 3261 0389

Branch 11

Mercure ibis Bangkok Siam

927 Rama 1 Road, Kwang Wangmai, Khet Pathumwan, Bangkok 10330 Thailand

Telephone : 66 (0) 2874 7222

Fax : 66 (0) 2874 7229

Branch 12

ibis Styles Krabi Ao Nang

725 Moo 2, Ao Nang, Mueang Krabi, Krabi 81000 Thailand

Telephone : 66 (0) 7562-6388

Fax : 66 (0) 7562 6389

Branch 13

Mercure Pattaya Ocean Resort

463/100 Moo 9, Nongprue, Bang Lamung, Chonburi 20150 Thailand

Telephone : 66 (0) 3876 9688

Fax : 66 (0) 3876 9689





Corporate Information

Home page	www.TheErawan.com
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Type of Business	Invest and develop hotel properties strategically located to match travelers' different demand including property management and retail shops.
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Company's Capital as at 31 st December 2017	
Registered Capital	: 2,537,893,275 Baht : 2,537,893,275 ordinary shares at par value 1 Baht/share.
Paid-Up Capital	: 2,500,893,275 Baht : 2,500,893,275 ordinary shares at par value 1 Baht/share.

Other References	
Registrar of Ordinary Shares	Thailand Securities Depository Co., Ltd. No. 93 Rachadapisek Road, Dindaeng, Bangkok 10400 Thailand Telephone : 66 (0) 2009 9000 Fax : 66 (0) 2009 9991
Auditor	Ms. Vilaivan Pholprasert Certified Public Accountant (Thailand) No. 8420 Ms. Vipavan Pattavanvivek Certified Public Accountant (Thailand) No. 4795 Ms. Patamavan Vadhanakul Certified Public Accountant (Thailand) No. 9832 KPMG Phoomchai Audit Ltd. 48 th Floor, Empire Tower 195 South Sathorn Road, Bangkok 10120, Thailand Telephone : 66 (0) 2677 2000 Fax : 66 (0) 2677 2222

THE ERAWAN GROUP PUBLIC COMPANY LIMITED

Hotel Business

6th Floor, Ploenchit Center, 2 Sukhumvit Road,
Kwang Klongtoey, Khet Klongtoey, Bangkok 10110 Thailand
Telephone : 66 (0) 2257 4588 Fax : 66 (0) 2257 4577
www.TheErawan.com

Grand Hyatt Erawan Bangkok Hotel 494 Ploenchit Road, Patumwan, Bangkok, 10330 Thailand Telephone : 66 (0) 2254 1234 Fax : 66 (0) 2254 6267 www.bangkok.grand.hyatt.com	JW Marriott Bangkok 4 Sukhumvit Soi 2, Sukhumvit Road, Klongtoey, Bangkok, 10110 Thailand Telephone : 66 (0) 2656 7700 Fax : 66 (0) 2656 7711 www.marriott.com/bkkdt	Renaissance Koh Samui Resort and Spa 208/1 Moo 4, T. Maret, Lamai Beach, Koh Samui, Surat Thani 84310 Thailand Telephone : 66 (0) 7742 9300 Fax : 66 (0) 7742 9333 www.marriott.com/usmbr
The Naka Island, a Luxury Collection Resort & Spa, Phuket 32 Moo 5, Paklok, Thalung, Phuket 83110 Thailand Telephone : 66 (0) 7637 1400 Fax : 66 (0) 7637 1401 www.nakaishlandphuket.com	Courtyard by Marriott Bangkok 155/1 Soi Mahadlekluang 1, Rajdamri Road, Bangkok, 10330 Thailand Telephone : 66 (0) 2690 1888 Fax : 66 (0) 2690 1899 www.courtyard.com/bkkcy	Holiday Inn Pattaya and Holiday Inn Executive Pattaya 463/68, 463/99 Pattaya Sai 1 Road, Nongprue, Bang Lamung Chonburi 20150 Thailand Telephone : 66 (0) 3872 5555 Fax : 66 (0) 3872 5556 www.holidayinn.com/pattaya
Mercure Bangkok Siam 927 Rama 1 Road, Kwang Wangmai, Khet Pathumwan, Bangkok 10330 Thailand Telephone : 66 (0) 2874 7222 Fax : 66 (0) 2874 7229 www.mercure.com	Mercure Pattaya Ocean Resort 463/100 Moo 9, Nongprue, Bang Lamung, Chonburi 20150 Thailand Telephone : 66 (0) 3876 9688 Fax : 66 (0) 3876 9689 www.mercure.com	ibis Phuket Patong 10 Chalermphrakiat Road, Patong, Kathu, Phuket 83150 Thailand Telephone : 66 (0) 7630 3888 Fax : 66 (0) 7630 3889 www.ibishotel.com
ibis Pattaya 463/79 Pattaya Sai 2 Road, Nongprue, Bang Lamung, Chonburi 20150 Thailand Telephone : 66 (0) 3841 8188 Fax : 66 (0) 3841 8189 www.ibishotel.com	ibis Samui 197 Rob Koh Road, Bophut, Koh Samui, Surat Thani 84320 Thailand Telephone : 66 (0) 7791 4888 Fax : 66 (0) 7791 4889 www.ibishotel.com	ibis Bangkok Sathorn 29/9 Soi Ngam Duphli, Rama IV Road, Kwang Thung Mahamek, Khet Sathorn, Bangkok 10120 Thailand Telephone : 66 (0) 2 610 5188 Fax : 66 (0) 2 610 5189 www.ibishotel.com
ibis Bangkok Sukhumvit 4 41 Sukhumvit Soi 4, Sukhumvit Road, Kwang Klongtoey, Khet Klongtoey, Bangkok 10110 Thailand Telephone : 66 (0) 2667 5888 Fax : 66 (0) 2667 5889 www.ibishotel.com	ibis Kata 88/8 Kata Road, Karon, Mueang Phuket, Phuket 83100 Thailand Telephone : 66 (0) 7636 3488 Fax : 66 (0) 7636 3489 www.ibishotel.com	ibis Bangkok Riverside 27, Soi Charoennakorn 17, Charoennakorn Road, Kwang Banglamphulung, Khet Klongsan, Bangkok 10600 Thailand Telephone : 66 (0) 2805 9888 Fax : 66 (0) 2805 9889 www.ibishotel.com
ibis Hua Hin 73/15 Soi Moobaan Nongkae, Nongkae, Hua-Hin, Prachuapkhirikhan 77110 Thailand Telephone : 66 (0) 3261 0388 Fax : 66 (0) 3261 0389 www.ibishotel.com	ibis Bangkok Siam 927 Rama 1 Road, Kwang Wangmai, Khet Pathumwan, Bangkok 10330 Thailand Telephone : 66 (0) 2874 7222 Fax : 66 (0) 2874 7229 www.ibishotel.com	ibis Styles Krabi Ao Nang 725 Moo 2, Ao Nang, Mueang Krabi, Krabi 81000 Thailand Telephone : 66 (0) 7562 6388 Fax : 66 (0) 7562 6389 www.ibishotel.com
HOP INN Nong Khai 889 Moo 3, Nai Mueang, Mueang Nong Khai, Nong Khai 43000 Thailand Telephone : 66 (0) 4241 3599 Fax : 66 (0) 4241 3833 http://www.hopinhotel.com/	HOP INN Mukdahan 18 Chayangkul Kor Road, Mukdahan, Mueang Mukdahan, Mukdahan 49000 Thailand Telephone : 66 (0) 4263 0399 Fax : 66 (0) 4263 0833 http://www.hopinhotel.com/	HOP INN Kanchanaburi 360/39 U Thong Road, Pak Phraek, Mueang Kanchanaburi, Kanchanaburi 71000 Thailand Telephone : 66 (0) 3451 3599 Fax : 66 (0) 3451 4533 http://www.hopinhotel.com/



Corporate Information

Hotel Business

HOP INN Kanchanaburi 2 360/40 U Thong Road, Pak Phraek, Mueang Kanchanaburi, Kanchanaburi 71000 Thailand Telephone : 66 (0) 3451 3599 Fax : 66 (0) 3451 4533 http://www.hopinhotel.com/	HOP INN Udon Thani 30/2 Moo 7, Soi Ban Nonpiboon, Piboon Road, Mak Khaeng, Mueang Udon Thani, Udon Thani 41000 Thailand Telephone : 66 (0) 4232 4299 Fax : 66 (0) 4232 4423 http://www.hopinhotel.com/	HOP INN Sa Kaeo 1/10 Thesaban 18 Road, Sa Kaeo, Mueang Sa Kaeo, Sa Kaeo 27000 Thailand Telephone : 66 (0) 3742 1299 Fax : 66 (0) 3742 1133 http://www.hopinhotel.com/
HOP INN Ubon Ratchathani 263 Moo 1, Chaeramae, Mueang Ubon Ratchathani, Ubon Ratchathani, Thailand Telephone : 66 (0) 4535 5199 Fax : 66 (0) 4531 1533 http://www.hopinhotel.com/	HOP INN Khon Kaen 90/609 Rob Mueang Road, Nai Mueang, Mueang Khon Kaen, Khon Kaen 40000 Thailand Telephone : 66 (0) 4322 3899 Fax : 66 (0) 4322 3033 http://www.hopinhotel.com/	HOP INN Khon Kaen 2 175 Rob Mueang Road, Nai Mueang, Mueang Khon Kaen, Khon Kaen 40000 Thailand
HOP INN Nakhon Ratchasima 624 Suebsiri Road, Nai Mueang, Mueang Nakhon Ratchasima, Nakhon Ratchasima 30000 Thailand Telephone : 66 (0) 4435 5039 Fax : 66 (0) 4435 4033 http://www.hopinhotel.com/	HOP INN Mae Sot 81/9 Asian Highway, Mae Sot, Mae Sot, Tak 63110 Thailand Telephone : 66 (0) 5553 6399 Fax : 66 (0) 5553 5833 http://www.hopinhotel.com/	HOP INN Mae Sot 2 81/18 Asian Highway, Mae Sot, Mae Sot, Tak 63110 Thailand Telephone : 66 (0) 5553 6399 Fax : 66 (0) 5553 5833 http://www.hopinhotel.com/
HOP INN Lampang 79/31 Phaholyothin Road, Suan dok, Mueang Lampang, Lampang 52100 Thailand Telephone : 66 (0) 5422 7899 Fax : 66 (0) 5422 8333 http://www.hopinhotel.com/	HOP INN Phitsanulok 66/6 Moo 10, Siharat Decho Chai Road, Wat Chan, Mueang Phitsanulok, Phitsanulok 65000 Thailand Telephone : 66 (0) 5533 4699 Fax : 66 (0) 5533-4522 http://www.hopinhotel.com/	HOP INN Surat Thani 5/135 Moo 3, Liang Mueang Road, Makham Tia, Mueang Surat Thani, Surat Thani 84000 Thailand Telephone : 66 (0) 7743-7099 Fax : 66 (0) 7743-7255 http://www.hopinhotel.com/
HOP INN Nakhon Si Thammarat 59 Pattanakarn-Khukwang Road, Tha Wang, Mueang Nakhon Si Thammarat, Nakhon Si Thammarat 80000 Thailand Telephone : 66 (0) 7580 8199 Fax : 66 (0) 7580 8133 http://www.hopinhotel.com/	HOP INN Roi-et 377 Moo 6, Nuea Mueang, Mueang Roi Et District, Roi Et 45000 Thailand Telephone : 66 (0) 4352 2122 Fax : 66 (0) 4352 2233 http://www.hopinhotel.com/	HOP INN Trang 251/35 Moo 4 Phetkasem Road, Ban Pho Sub District, Mueang Trang District, Trang 92000 Thailand Telephone : 66 (0) 7521 6899 Fax : 66 (0) 7521 2033 http://www.hopinhotel.com/
HOP INN Chantaburi 169/5 Tha Chalaep Road, Talad, Mueang Chanthaburi, Chanthaburi 22000 Thailand Telephone : 66 (0) 3930 2599 Fax : 66 (0) 3931 3633 http://www.hopinhotel.com/	HOP INN Krabi 19 Ruamjit Road, Pak Nam, Mueang Krabi, Krabi 81000 Thailand Telephone : 66 (0) 7562 0889 Fax : 66 (0) 7562 0133 http://www.hopinhotel.com	HOP INN Chumphon 75/59 Krumluang Chumphon Rd., Tha Taphao, Mueang Chumphon, Chumphon 86000 Thailand Telephone : 66 (0) 7750 1799 Fax : 66 (0) 7750 3433 http://www.hopinhotel.com/

Hotel Business

HOP INN Sakonnakorn 1912 Tor Phatthana Road, That Choeng Chum, Mueang Sakon Nakhon, Sakon Nakhon 47000 Thailand Telephone : 66 (0) 4271 6399 Fax : 66 (0) 4271 3233 http://www.hopinhotel.com/	HOP INN Chiang Mai 1 Soi Saijai, Huay Kaew Road, Chang Phueak, Mueang Chiang Mai, Chiang Mai 50300 Thailand Telephone : 66 (0) 5321 7599 Fax : 66 (0) 5321 7533 http://www.hopinhotel.com/	HOP INN Hat Yai 1318 Kanchanavanich Road, Hat Yai, Mueang Hat Yai, Songkhla 90110 Thailand Telephone : 66 (0) 7424 1829 Fax : 66 (0) 7424 1825 http://www.hopinhotel.com/
HOP INN Phuket 14/19 Moo 6, Thepkasattri Rd., Ratsada, Mueang Phuket, Phuket 83000 Thailand Telephone : 66 (0) 7652 3399 Fax : 66 (0) 7652 3343 http://www.hopinhotel.com/	HOP INN Buriram 517/27 Jira Road, Tambon Nai Muang, Amphoen Muang Buriram, Buriram, 31000 Thailand Telephone : 66 (0) 4460 1699 Fax : 66 (0) 4461 1633 http://www.hopinhotel.com/	HOP INN Rayong 355/3 Sukhumvit Rd., Noenphra, Meang Rayong, Rayong, 21000 Thailand Telephone : 66 (0) 3861 3399 Fax : 66 (0) 3861 3833 http://www.hopinhotel.com/
HOP INN Lampang City Center 101/22 Chansurin Road, Tambon Sotui, Mueang Lampang District, Lampang, 52100 Thailand Telephone : 66 (0) 05422 6299 Fax : 66 (0) 05422 6233 http://www.hopinhotel.com/	HOP INN Chiang Rai 934/28 Phaholyothin Rd., Tambon Viang, Amphoe Chiangrai, Chiangrai 57000 Thailand Telephone : 66 (0) 5371 9479 Fax : 66 (0) 5371 9513 http://www.hopinhotel.com/	HOP INN Hua Hin 6/4 Damrongratch Road, Tambon Huahin, Amphoe Huahin, Prachub Prachuap Khiri Khan 77110 Thailand Telephone : 66 (0) 3251 3199 Fax : 66 (0) 3251 2733 http://www.hopinhotel.com/
HOP INN Nakhonsawan 605/755 Moo 10, Nakhon Sawan Tok Sub District, Mueang Nakhon Sawan District, Nakhon Sawan 60000 Thailand Telephone : 66 (0) 5622 2499 Fax : 66 (0) 5622 2433 http://www.hopinhotel.com/	HOP INN Lopburi 288 Moo 2, Ta Sa La Sub District, Mueang Lopburi District, Lopburi 15000 Thailand Telephone : 66 (0) 3642 2666 Fax : 66 (0) 3642 2308 http://www.hopinhotel.com/	HOP INN ERMITA MANILA 1850 M.H. Del Pilar Street, Malate, Manila City, 1000 Metro Manila, Philippines Telephone : 63 2 528 3988 Fax : 63 2 528 3999 http://www.hopinhotel.com
HOP INN MAKATI AVENUE MANILA 7806 Makati Avenue, Poblacion, Makati City, Metro Manila, 1210 Philippines Telephone : 63 2 816 7866 Fax : 63 2 816 7876 http://www.hopinhotel.com		

Rental Property

Erawan Bangkok

494 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Thailand
 Telephone : 66 (0) 2250 7777
www.erawanbangkok.com



CG Statement

Principle/Recommendation	Reference
Vision Mission and Core Values	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com Code of Conduct
Corporate Culture	www.TheErawan.com Code of Conduct
Our Business Strategy	Annual Report (56-2)
Operation Structure	Annual Information form (56-1)
Shareholder and Management Structure	
<ul style="list-style-type: none"> Major Shareholders Directors' Name/Position/Education Roles and Responsibilities of the Board of Directors and Management Independent Directors The Company's Executives 	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com
<ul style="list-style-type: none"> Duties and Authorities of President Duties and Responsibilities of Company Secretary 	Annual Report (56-2) Annual Information form (56-1)
<ul style="list-style-type: none"> Shareholding of the Board of Directors and Management 	Annual Report (56-2) Annual Information form (56-1) Report of securities holding (59-1) Report of change in securities holding (59-2)
Risk Factors	Annual Report (56-2) Annual Information form (56-1)
Anti-Money Laundering and Combating the Financing of Terrorism	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com
Anti-Corruption Policy	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com Code of Conduct
Corporate Governance Policy	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com
CSR Activities	Annual Report (56-2) www.TheErawan.com





Principle/Recommendation	Reference
Code of Conduct	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com Code of Conduct
Qualification of Directors	
<ul style="list-style-type: none">Chairman QualificationIndependent QualificationRules and Responsibility of The Board of Directors and the ManagementBoard of Directors' MeetingEvaluation of the Board's PerformancesNomination of Directors and ExecutivesRemunerations of the Board of Directors and ManagementCorporate Social ResponsibilityInternal ControlConnected Transactions	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com Annual Report (56-2) Annual Information form (56-1)
Shareholder's meeting	
<ul style="list-style-type: none">Meeting Agendas – Submitted in advanceAnnouncement of the AGM NoticeMeeting's placeAnnounce date of meeting and agendas in advanceNotification of the AGM's resolutionsMinutes of the AGM	SET Notice www.TheErawan.com
Financial Information	
<ul style="list-style-type: none">45 days for Quarterly Financial Statement Report and 60 days for Financial Statement for the year endedQuarterly Management Discussion and Analysis / Full Year Management discussion and analysis2 days after the meeting to announce a Quarterly Meeting PresentationQuarterly Investor Factsheet	SET Notice www.TheErawan.com IR quarterly meeting www.TheErawan.com





CG Statement

Principle/Recommendation	Reference
Other Information Disclosure	
<ul style="list-style-type: none">• Set up New company / New branch• Change of Top Management• Acquisition of Disposition of Assets• Report on the result of the exercise Employee Stock Option Program (ESOP)	SET Notice www.TheErawan.com
Receiving Complaints regarding Corporate Governance and the Code of Conduct	
<ul style="list-style-type: none">• Suppliers and Creditors	Bidding Survey External Survey GCG@theerawan.com
<ul style="list-style-type: none">• Employees	Internal Survey GCG@theerawan.com
<ul style="list-style-type: none">• Customer / Tenant / Guest	External Survey GCG@theerawan.com
<ul style="list-style-type: none">• Investor / Analyst	Investor Relation Survey ir@theerawan.com GCG@theerawan.com
<ul style="list-style-type: none">• Shareholder / Others	GCG@theerawan.com CompanySecretary@theerawan.com





บริษัท ดี เอราวัณ กรุ๊ป จำกัด (มหาชน)

อาคารเพลันจิต เซ็นเตอร์ ชั้น 6 เล่งที่ 2 ถนนสุขุมวิท

แขวงคลองเตย เขตคลองเตย กรุงเทพฯ 10110

โทรศัพท์ 66 (0) 2257 4588 | 66 (0) 2257 4577

ทะเบียนเลขที่ 0107537001943

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