



ANNUAL REPORT 2018

รายงานประจำปี 2561

The Erawan Group Public Company Limited
บริษัท ดี เอราวัณ กรุ๊ป จำกัด (มหาชน)

Vision

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

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

Mission

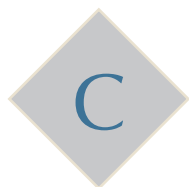
10 Brands
in operation

Currently own
61 hotels; 8,485 rooms

Alliance with
4 world-class hoteliers



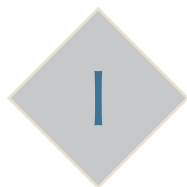
Corporate Culture for Sustainable Growth



Commit
to Success



Learning &
Improvement



Integrity



Enjoy to Serve



Team Spirit

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



To be the Leading
Hotel Developer and Investor
in Thailand and ASEAN.

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

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2018 in Review



Financial Highlights

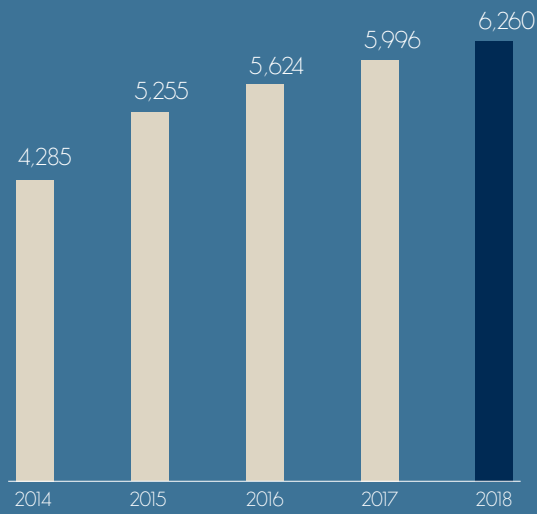
The Erawan Group Public Company Limited

Unit: Thousand Baht

Description		2016	2017	2018
Operating results				
Operating Income		5,624,173	5,995,627	6,260,170
Total Revenues		5,663,949	6,050,456	6,307,675
Gross Profit		3,048,675	3,359,986	3,445,012
EBITDA		1,621,368	1,819,279	1,893,480
Net Profit		366,891	505,572	536,305
Financial Position				
Total Assets		14,911,115	16,047,695	16,948,692
Total Liabilities		9,838,561	10,644,663	11,240,266
Total Shareholders' Equity		5,072,554	5,403,032	5,708,426
Equity Attributable to Company's Shareholders		4,917,922	5,236,020	5,543,115
Paid-Up Share Capital		2,498,173	2,500,893	2,507,716
Number of Paid-Up shares	(Thousand shares)	2,498,173	2,500,893	2,507,716
Par Value Per Share	(Baht)	1	1	1
Earnings Per Share	(Baht)	0.15	0.20	0.21
Dividend Per Share	(Baht)	0.06	0.09	0.09
Book Value Per Share	(Baht)	1.97	2.09	2.21
Significant Financial Ratio				
Current Ratio	(times)	0.34	0.49	0.44
Quick Ratio	(times)	0.28	0.40	0.35
Liquidity Ratio (Cash Flow Basis)	(times)	0.39	0.49	0.52
Gross Profit Ratio		54.21%	56.04%	55.03%
Net Profit Margin		6.48%	8.36%	8.50%
Return on Total Assets		2.47%	3.27%	3.25%
Return on Equity		7.65%	9.96%	9.95%
Debt to Equity Ratio	(times)	1.94	1.97	1.97
Interest Bearing Debts to Equity Ratio	(times)	1.66	1.68	1.68
Interest Coverage Ratio	(times)	4.13	5.03	5.00

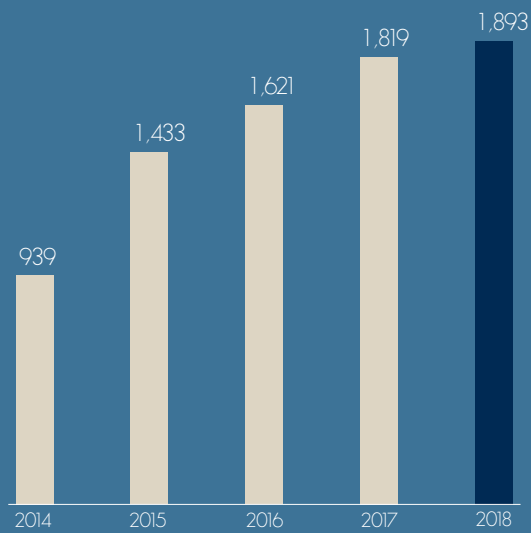
Operating Income

Unit : Million Baht



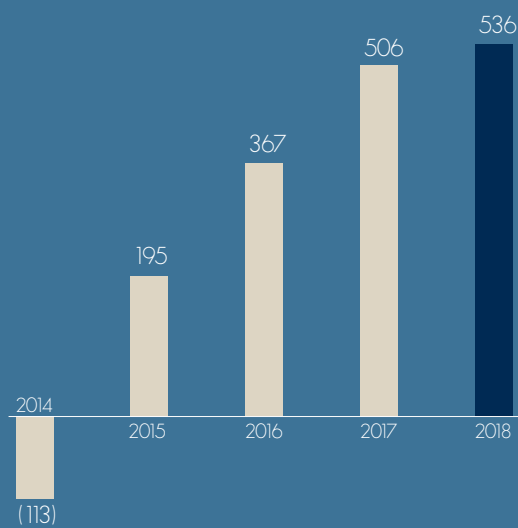
EBITDA

Unit : Million Baht



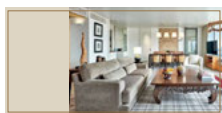
Net Profit (Loss)

Unit : Million Baht

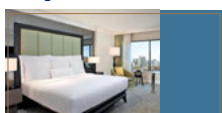


Hotel and Resort Portfolio in 2018

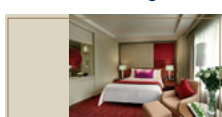
Bangkok



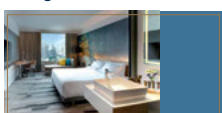
Grand Hyatt Erawan Bangkok



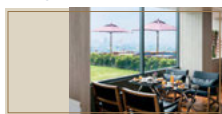
JW Marriott Bangkok



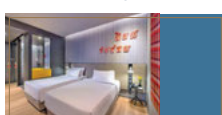
Courtyard by Marriott Bangkok



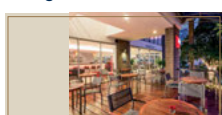
Novotel Bangkok Sukhumvit 4



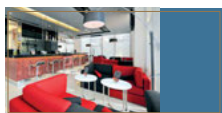
Mercure Bangkok Siam



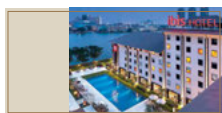
ibis Styles Bangkok Sukhumvit 4



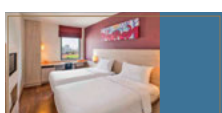
ibis Bangkok Sathorn



ibis Bangkok Sukhumvit 4

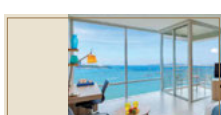


ibis Bangkok Riverside

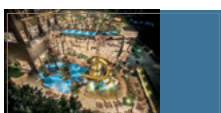


ibis Bangkok Siam

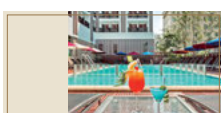
Pattaya



Holiday Inn Pattaya

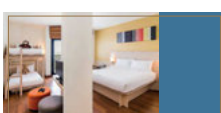


Mercure Pattaya Ocean Resort

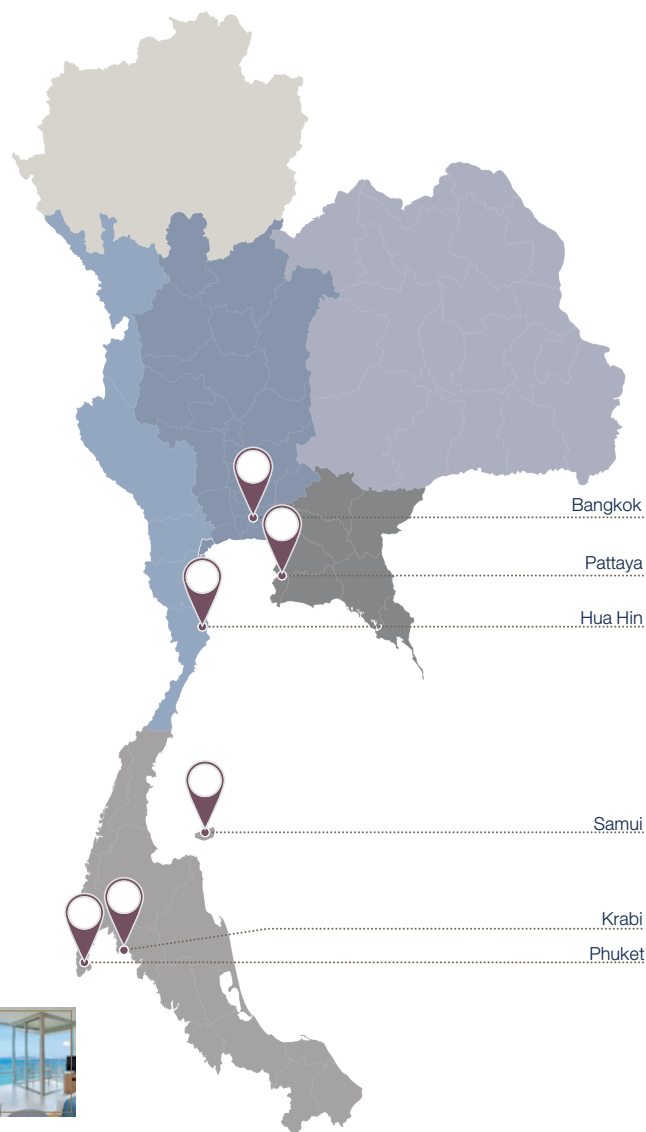


ibis Pattaya

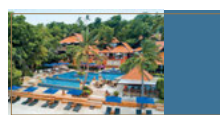
Hua Hin



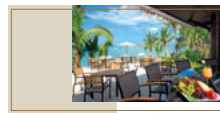
ibis Hua Hin



Samui

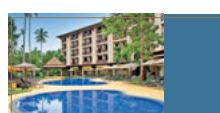


Renaissance Koh Samui Resort & Spa



ibis Samui Bophut

Krabi

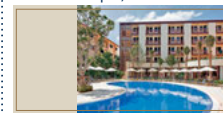


ibis Styles Krabi Ao Nang

Phuket



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



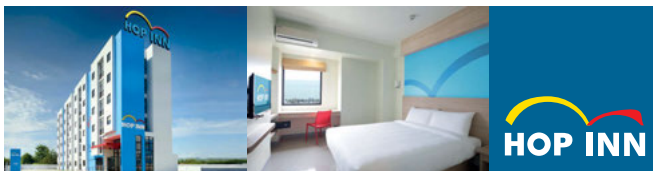
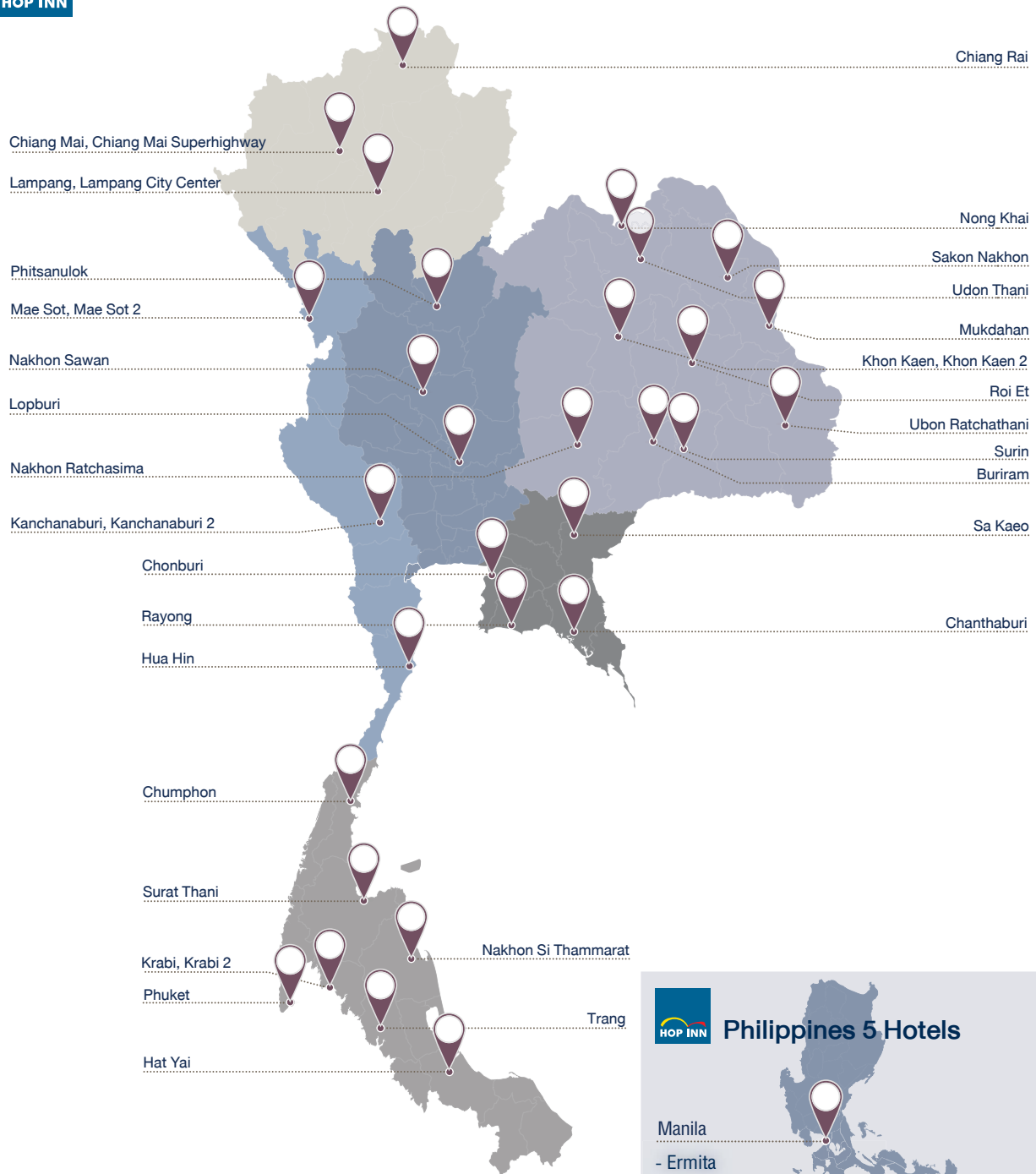
ibis Phuket Patong



ibis Phuket Kata



Thailand 36 Hotels



Philippines 5 Hotels



Chairman Review

Thailand's tourism industry in 2018 continued to grow 8 percent from the previous year. The growth was witnessed in all key source markets, which reaffirmed the strong fundamental and potential of Thailand as a top tourist destination. We continue to believe in long term growth potential of Thailand's tourism sector.

To prepare for major changes in our businesses, we set up the Corporate Strategy and Innovation Department in 2018 to explore and implement innovations in our business including study factors and trend to define and re-adjust our strategic directions to support new opportunities and challenges and pave way for a solid growth for our future. We believe that we are able to confront with any disruptions and can achieve our growth as planned.

Aside from our business success, we also place priority to social, community and environmental responsibility for sustainable development. In 2018, we initiated a community tourism project the "Happy Home, Happy Stay" through collaboration with Local Alike. We collaborated with Ban Leam Homestay Community in Nakhon Si Thammarat Province as a pilot community to develop and enhance the homestay service standards in Thailand to meet international standards. The engaging community was given an access to our know-how on hotel and accommodation management. We also provided skills and facilities required to serve visitors which will be a platform to develop community-based sustainable tourism activity in the future.

Balancing the interests of all stakeholders is something we have always paid attention to and this is evident through numerous awards we have been bestowed so far. For example, 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 (CGR Report) for the twelve consecutive year. We are one of the "ESG100 Companies" for outstanding in term of Environmental, Social and Governance (ESG) by the THAIPAT Institute and the Securities and Exchange Commission (SEC). We were also awarded an outstanding "Investor Relations Awards 2018" from the Stock Exchange of Thailand (SET Awards) which precisely reflects our principle to consistently provide transparent and appropriate information to all stakeholders. These awards truly reflect our commitment to grow our business alongside with all stakeholders. We strive to improve corporate governance practices while taking care of stakeholders in a sustainable manner.

On behalf of the Board of Directors, I would like to express our deep appreciation to our stakeholders, all relevant parties both in Thailand and overseas for your trust and your continuous support to our company. Our management team and all employees are the key factors to propel the Company to grow with stability and sustainability. We are confident that well managed strategy and the support from all stakeholders will be key factors to lead us along the path of our sustainable growth under our philosophy "Success with Integrity".



Mr. Chanin Vongkusolkrit

Chairman of the Board

Message from the President

2018 was my first year in assuming a new role as the President of the Erawan Group. Our vision continues to focus to be the leading hotel developer and investor in Thailand and ASEAN and to nurture our success throughout the past 36 years, which has been the fruition of hard work by all stakeholders. We have formulated the 5-years strategic plan align with our mission and this has been regularly reviewed to accommodate the changing environment.

The continuous investment as set forth in our 5 years' strategic plan which has diversified our portfolio across all segments has benefited our performance. We are able to cope with challenging market and expand our business as planned. In 2018, our operating income posted a 4 percent increase from 2017 and generated net profit at THB 536 million, a 6 percent growth from net profit at THB 506 million in 2017

Hotel Growth Strategy

We still continue our investment as set forth in our 5 years' master plan (2016-2020) by focusing on high growth market and high growth segment. In 2018, we opened 9 hotels as follows.

- 7 of our own brand "HOP INN" of which 4 hotels are in Thailand and 3 hotels are in the Philippines. Throughout the 4-year period from which we opened the first HOP INN in 2014, we expanded HOP INN" network to cover all regions of Thailand and expanded to the Philippines. As of end of 2018, we have 36 HOP INN in Thailand and 5 HOP INN the Philippines. We underline the importance of quality improvement to accommodate our customers' needs as well as create HOP INN's brand awareness as a leading quality budget hotel network. The success has been evident through the growing performance of our budget hotel segment.

- The Novotel Sukhumvit 4 and ibis Style Sukhumvit 4 hotel with total 318 rooms. This is our first Novotel brand in our portfolio and our second combo hotel that combines two hotels in one building. This follows the success of the first combo hotel Mercure and ibis Siam in 2012.

The continuous expansion strategy has enabled us to increase the number of hotels in our portfolio from 52 hotels to 61 hotels as of end of 2018, and the number of rooms to increase from 7,328 rooms as of end of 2017 to 8,485 rooms at the end of 2018. The growth aligns with our vision to be the leading hotel developer and investor in Thailand and ASEAN.

Return Enhancing Strategy

We have embarked on the second phase renovation of the JW Marriott Bangkok Hotel's 178 rooms, which accounted for 40 percent of the total room inventory, between April and September 2018 as planned. This was part of our return enhancing strategy to improve competitiveness of our hotel. The renovation was completed in October 2018. The final phase of the renovation (30 percent of room inventory) will take place during the low-season period between Q2 and Q3, 2019.

Sustainable Platform Strategy

We continue to enhance our company in all aspects to create the sustainable growth. We underline the importance of establishing and developing various management systems, building staff's competencies, strengthening the database system for the decision-making purpose, nourishing corporate culture and being a good corporate citizen. We have initiated a project to enhance homestay service to help promote local community tourism. We regard all activities as an important fundamental to nurture our sustainable growth in the long run.

With our focus on high growth market, our asset improvement program and together with our underlining the sustainable growth, we strongly believe that this will help reinforcing our growth, generating appropriate return for investors and offering overall benefit to all stakeholders. The growth of the Erawan Group not only means the success of our company but it also drives the development of Thailand's tourism industry as well.

On behalf of the Erawan Group, I wish to express my appreciation to all stakeholders who have given us your support throughout 2018. We hope to receive your support again in the years to come.



Mr. Petch Krainukul

President



Renaissance Koh Samui Resort and Spa

Report of the Audit Committee to Shareholder

To Shareholders,

The Audit Committee of The Erawan Group 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 2018, the Audit Committee held five 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 2018 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 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.

6. Internal Audit:

The Audit Committee gave advice and approved 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 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, stating 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 2018 were duly prepared, while adequate and reliable information was properly disclosed.

Appointment of auditors in 2019:

The Audit Committee considered nomination, appointment and annual remuneration of the external auditor for 2019 who has suitable qualifications. The processes taken into consideration were the independence, performance in the past year, knowledge 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 2019 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

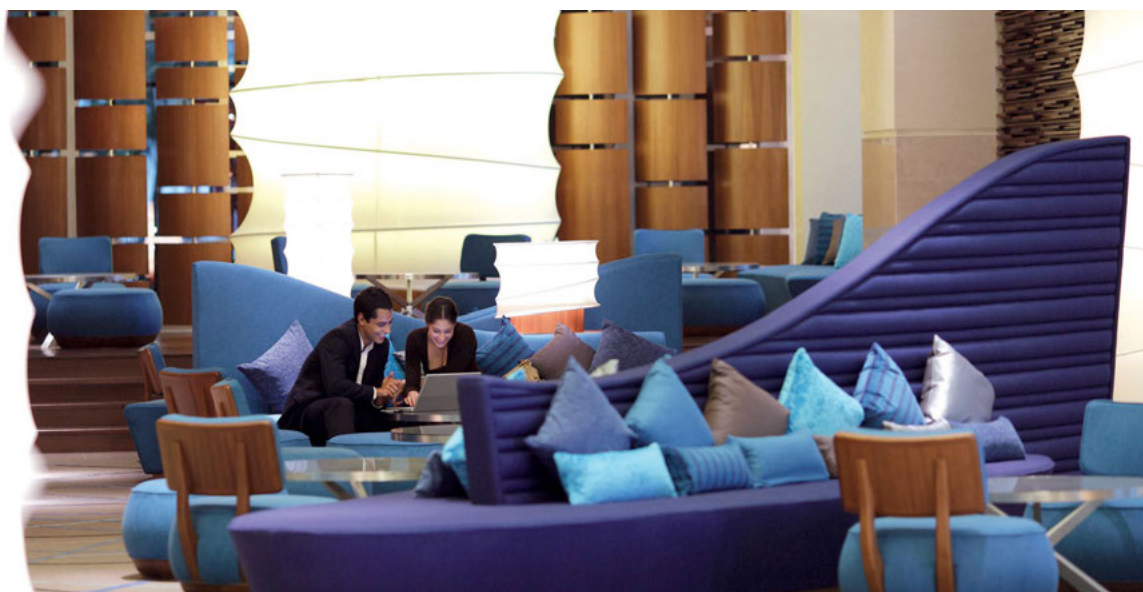
of KPMG Phoomchai Audit Ltd. as The Erawan Group and its subsidiaries' auditor in 2019.



Dr. Kulpatra Sirodom

Chairman of the Audit Committee

20 February 2019



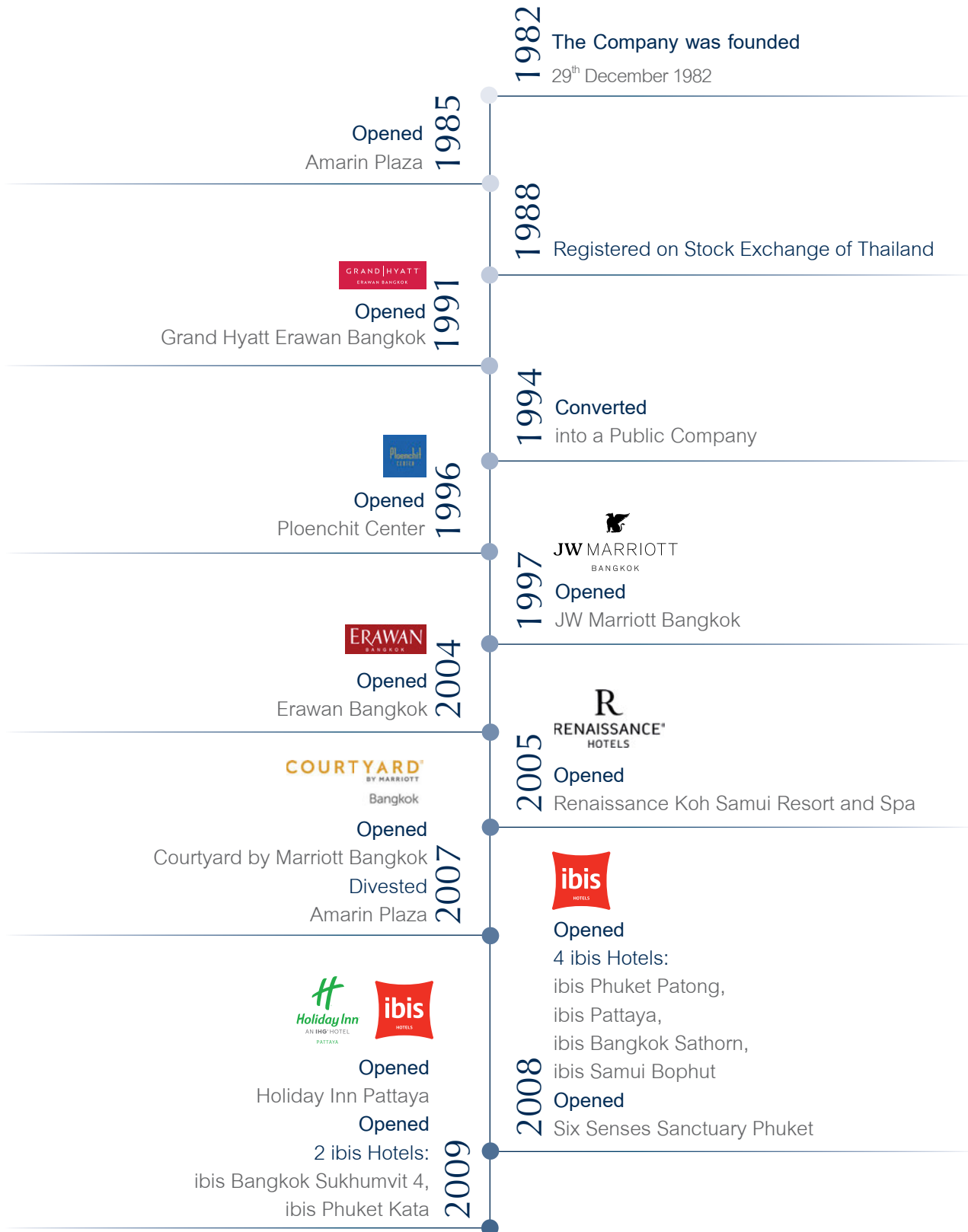
About Erawan

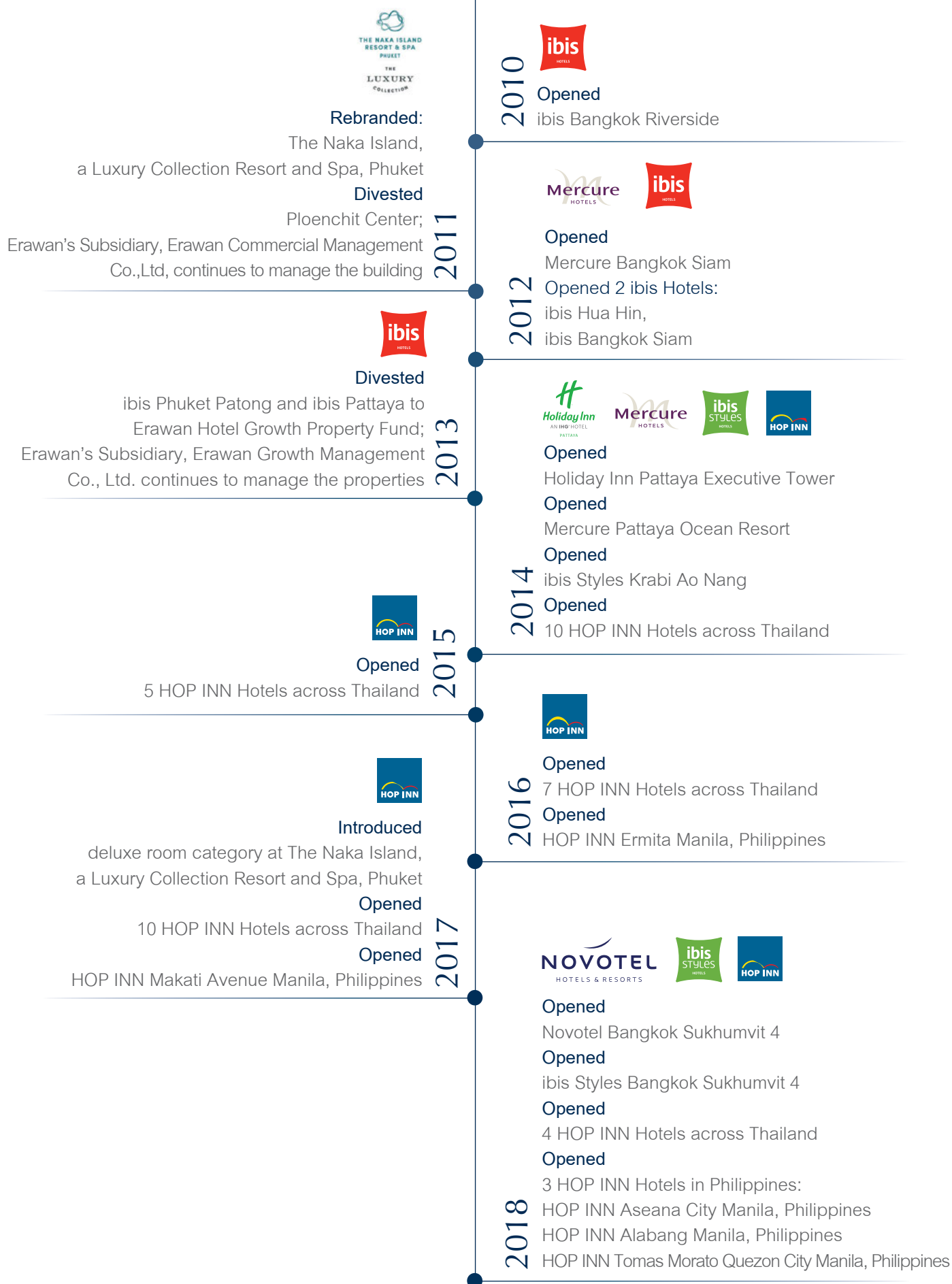


Corporate Profile

The Erawan Group Public Company Limited:

Continue to develop various Real Estates and Hotel Business over the past 36 years





Our Shareholders and Management Structure

Shareholders:

As at December 31, 2018, the company's paid up capital is Baht 2,507,715,910 divided into 2,507,715,910 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	336,439,178	13.42%
2. City Holding Co.,Ltd.	231,047,500	9.21%
3. Mrs. Vansamorn Wannamethee	149,757,004	5.97%
4. Mid-Siam Capital Co.,Ltd.	144,488,645	5.76%
5. Thai NVDR Co.,Ltd.	91,458,695	3.65%
6. PAN ASIA ASSETS LIMITED	73,000,000	2.91%
7. Mr. Supol Wattanavekin	66,235,502	2.64%
8. UBS AG SINGAPORE BRANCH	60,000,000	2.39%
9. N.C.B.TRUST LIMITED-NORGES BANK 11	58,044,600	2.31%
10. Ms. Thitinant Wattanavekin	43,659,291	1.74%
Total top ten shareholders holding	1,254,130,415	50.01%

Detail Groups of Major Shareholders are as follows:

Group of Shareholders	Number of shares	% of total shares
Vongkusolkit Group	717,967,966	28.63%
Wattanavekin Group	710,202,185	28.32%
Thai Institution Investor and Foreign Institution Investor	833,063,044	33.22%
Company's executives and employees	7,297,126	0.29%
Minor Shareholders	239,185,589	9.54%
Total	2,507,715,910	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.

Directors that represent the major shareholders are as follows:

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



Holiday Inn Pattaya



Our Shareholders and Management

Management Structure

The Board of Directors is comprised of eleven members; 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)

With the following positions and qualifications.



Grand Hyatt Erawan Bangkok

Mr. Chanin Vongkusolkrit

Age 66 years

Position

- Chairman of the Board of director, appointed date 27 April 2018
- Director

Date of Directorship

November 4, 2004 (14-years working period)

Education

Master of Business Administration (Finance),
St. Louis University, Missouri, U.S.A.

Director Training Program

1. DCP: Refresher Course 3/2006
2. DCP: Director Certification Program 20/2002
3. LDP: Leadership Development Program 0/2012

5 years experience in other Listed Company

2016 – Present

- Chairman of the Board
Banpu Plc.

2015 – Present

- Director
Banpu Power Plc.

1983 – Present

- Director
Banpu Plc.

2015 – 2016

- Senior Executive Officer
Banpu Plc.

1983 – 2015

- Chief Executive Officer
Banpu Plc.

Dr. Kulpatra Sirodom

Age 62 years

Position

- Independent Director
- Chairman of the Audit Committee, appointed date 27 April 2018

Date of Directorship

April 26, 2017 (2-years working period)

Education

- 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

Director Training Program

1. DCP: Director Certification Program - Train the Trainer
2. GARP: Global Association of Risk Professionals
3. Capital Market Academy No.2
4. ACP: Audit Committee Program 29/2009
5. Global Institute of Women Corporate Directors
(Invited as speaker at the annual event in New York, USA)

5 years experience in other Listed Company

1994-present

- Independent Director and Chairman of audit Committee,
Thai President Foods Plc.

2013-present

- Independent Director, Chairman of Audit Committee and
Chairman of Corporate Governance Committee,
Thai Wacoal Plc.

2009-present

- Independent Director, Member of Audit Committee and,
Member of Corporate Social Responsibilities Committee,
Siam Commercial Bank Plc.

2002-Sep. 2017

- Independent Director and Member of Audit Committee,
President Bakery Plc.

Mr. Ekasith Jotikasthira
Age 48 years

Position

- Independent Director
- Member of the Audit Committee
- Member of the Nominating and Corporate Governance Committee

Date of Directorship

April 29, 2009 (9-years working period)

Education

- Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University

Director Training Program

1. DCP: Director Accreditation Program 79/2009
2. AACP: Advanced Audit Committee Program 1 28/2018

5 years experience in other Listed Company

- No

Assoc. Prof. Dr. Somprawin Manprasert
Age 43 years

Position

- Independent Director
- Member of the Audit Committee

Date of Directorship

28 April 2018 (1-year working period)

Education

- Ph.D. Economics, University Of Maryland at college Park, United states
- M. A. Economics, University Of Maryland at college Park, United states
- M. Sc. Economics and Finance, University Of Warwick, United Kingdom
- Bachelor of Economics, Chulalongkorn University

Director Training Program

- DAP: Director Accreditation Program 151/2018

5 years experience in other Listed Company

July 2017 – Present

- Executive Vice President Head of Research Division Bank of Ayudhaya Plc.

Mr. Banyong Pongpanich
Age 64 years

Position

- Independent Director
- Member of the Management Development and Compensation Committee

Date of Directorship

November 16, 2004 (14-years working period)

Education

- Honorary Doctorate in Philosophy (Development Administration), National Institute of Development Administration
- Honorary Doctorate in Economics, Chulalongkorn University
- Master of Business Administration (MBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Economics, Chulalongkorn University

Director Training Program

1. CGI: Corporate Governance for Capital Market Intermediaries 15/2016
2. ACEP: Anti-Corruption for Executive Program 2/2012
3. DAP: Director Accreditation Program 36/2005
4. RCP: Role of the Chairman Program 5/2001

5 years experience in other Listed Company

2012 – Present

- Director, Chairman of the Executive Committee and Member of the Risk Management Committee Kiatnakin Bank Plc.

2010 – Present

- Chairman of the Board Phatra Capital Plc.

2007 – Present

- Independent Director and Chairman of the Nomination and Remuneration Committee Don Muang Tollway Plc.

2005 – Present

- Chairman of the Board Phatra Securities Plc.

2010 – April 2017

- Independent Director and Chairman of the Nomination and Remuneration Committee Muang Thai Insurance Plc.

2012 – 2015

- Chief Executive Officer Kiatnakin Bank Plc.

Mr. Supol Wattanavekin

Age 63 years

Position

- Director
- Chairman of the Nominating and Corporate Governance Committee

Date of Directorship

November 4, 2004 (14-years working period)

Education

- Master of Business Administration (Executive) (EMBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Laws Ramkhamhaeng University

Director Training Program

1. Chairman Dinner (2018) "Social Responsibilities in Action" Thai Institute of Directors Association (IOD)
2. Chairman Dinner (2017) Thai Institute of Directors Association (IOD)
3. Family Business Club Event (3/2017) Thai Institute of Directors Association (IOD)
4. SET 100 Civil and State Cooperation (2016) The Stock Exchange of Thailand (SET)
5. Risk Management Program for Corporate Leader (RCL 3/2016) Thai Institute of Directors Association (IOD)
6. CG Forum 4/2015 – Thailand CG Forum "Governance as a Driving Force for Business Sustainability" The Stock Exchange of Thailand (SET)
7. Director Certification Program Update (DCPU 1/2014) Thai Institute of Directors Association (IOD)
8. CG Forum 2/2014 Corporate Governance in the Perspective of Investors The Stock Exchange of Thailand (SET)
9. Chairman Forum 1/2013 Meeting the AEC Challenge: Role of the Chairman Thai Institute of Directors Association (IOD)
10. CG Forum 3/2013 Conflict of Interest: Fighting Abusive RPT The Securities and Exchange Commission (SEC)
11. Chairman Forum 2/2013 Role of the Chairman's business code of conduct Thai Institute of Directors Association (IOD)
12. Financial Institution Governance Program (FGP 2/2011) Thai Institute of Directors Association (IOD)
13. Financial sector Restructuring in Thailand: From present to the future (Special Seminar 1/ 2010) Thai Institute of Directors Association (IOD)
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, Malaysia
15. Corporate Governance Report of Thai Listed Companies (2007) Thai Listed Companies Association
16. Leadership, Strategic Growth and Change (2006) Sasin Graduate Institute of Business Administration of Chulalongkorn University
17. Organizing and Managing Strategic Alliances for Success and Profit (2006) Sasin Graduate Institute of Business Administration of Chulalongkorn University
18. Director Certification Program (DCP 76/2006) Thai Institute of Directors Association (IOD)
19. Director Accreditation Program (DAP 56/2006) Thai Institute of Directors Association (IOD)
20. Orchestrating Winning Performance (2005) IMD International, Switzerland
21. Board & CEO Assessment (2003), Thai Institute of Directors Association (IOD)
22. The Role of the Chairman Program (RCP 1/2000) Thai Institute of Directors Association (IOD)

5 years experience in other Listed Company

2011 - Present

- Chairman of the Board and Chairman of the Risk Management Committee Kiatnakin Bank Plc

1973 - Present

- Director Kiatnakin Bank Plc

Mrs. Panida Thepkanjana

Age 59 years

Position

- Director
- Chairman of the Management Development and Compensation Committee

Date of Directorship

1991 (27-years working period)

Education

- 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

Director Training Program

1. RNG: Role of the Nomination and Governance Committee 6/2014
2. DCP: Refresher Course 1/2005
3. DCP: Director Certification Program 18/2002

5 years experience in other Listed Company

- No

Mrs. Arada Vongkusolkrit

Age 43 years

Position

- Director
- Member of the Strategic and Investment Committee
- Member of Management Development and Compensation Committee

Date of Directorship

April 26, 2017 (2-years working period)

Education

- 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

Director Training Program

1. Risk Management Program for Corporate Leader 12/2018
2. BMT: Board and Matter and Trends 3/2017
3. DCP: Director Certification Program 162/2012
4. FSD: Financial Statements for Director 17/2012

5 years experience in other Listed Company

- No

Mr. Gavin Vongkusolkrit

Age 36 years

Position

- Director
- Member of the Strategic and Investment Committee
- Member of the Nominating and Corporate Governance Committee

Date of Directorship

December 1, 2011 (7-years working period)

Education

- Master of Business Administration (Finance), The University of Sydney, Australia

Director Training Program

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

5 years experience in other Listed Company

- No

Mr. Kasama Punyakupta

Age 56 years

Position

- Director
- Chairman of the Strategic and Investment Committee

Date of Directorship

April 28, 2018 (1-years working period)

Education

- Master of Business Administration (International Business), University of Bridgeport, Connecticut, U.S.A
- BA (Banking and Finance), Chulalongkorn University

Director Training Program

1. DCP: Director Certification Program 49/2004
2. DSR: Corporate Governance and Social Responsibility 1 /2007

5 years' experience in other Listed Company

2014 – 2017

- Advisory to the Strategic and Investment Committee The Erawan Group Plc.

2014 - 2016

- Director, The Strategy and Reform Committee Thai Airways International Plc.

2004 – 2010

- President and Chief Executive Officer The Erawan Group Plc.

2011 – 2014

- Chief Executive Officer The Erawan Group Plc.

Mr. Petch Krainukul

Age 47 years

Position

- Director
- Member of the Strategic and Investment Committee
- President ,appointed date 1 January 2018

Date of Directorship

June 1, 2014 (4-years working period)

Education

- Master of Business Administration (Finance),
University of South Alabama, Alabama, U.S.A.

Director Training Program

- DCP: Director Certification Program 101/2008

5 years experience in other Listed Company

- No

Ms. Kanokwan Thongsiwarugs

Position

- Company Secretary
- Secretary of the Audit Committee
- Secretary of the Nominating and
Corporate Governance Committee
- Vice President, Internal Audit Department
- Vice President, Good Corporate Governance Center

Education

- Master of Business Administration (MBA),
Kasetsart University

Training Program in 2018

1. Sustainability Reporting 1/2018
2. S06: Sustainability Reporting 2/2018 By SET
3. Seminar: Data Protection for Business: Road to GDPR Standard
4. S05: Sustainability Evaluation & Data Management 2/2018 By SET
5. Rehearsing of investor warning measures by SEC

Training Program

1. Sustainability Reporting 1/2017
2. CSR for Corporate Sustainability 1/2017
3. Corporate Secretary Development Program 11/2005,
Chulalongkorn University
4. Auditing Information System, the Institute of Internal Auditors of
Thailand (IIAT)
5. RCC: Role of the Compensation Committee Program 3/2007
6. CSP: Company Secretary Program 28/2008
7. Going from "Good" to "Great" in IT Risk and Control Management,
November 28, 2012
8. IOD Company Secretary Forum 2013,
topic "Equipping Your Board for AGM"
9. Lecturer: Company Secretary Program (CSP) 2014
10. Panelist: IOD Company Secretary Forum 2014. topic
"Strengthening Anti-Corruption Practice in Your Boardroom"
11. The UK Experience on Implementing the Enhanced Auditor
Reporting by SEC,
Federation of Accounting Professions and SET
12. CG Forum 1/2016 by SET
13. IOD Luncheon Briefing
"How can Corporate Directors Help Nurture Social Enterprises"
14. CG Forum 2/2016 by SET
15. TLCA Knowledge Sharing
"Cross-Team Collaboration for Sustainability and Innovation"
16. RE-CU Hotel investment and Marketing 8/2016

Authority to sign on behalf of the Company

Two of the following five directors namely, Mr. Chanin Vongkusolkrit or Mrs. Panida Thepkanjana or Mr. Kasama Punyakupta or Mrs. Arada Vongkusolkrit or Mr. Petch Krainukul, two of five directors shall jointly sign 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. Chanin Vongkusolkrit | Chairman of the Board |
| 2. Dr. Kulpatra Sirodorn | Independent Director and
Chairman of the Audit Committee |
| 3. Mr. Ekasith Jotikasthira | Independent Director and
Member of the Audit Committee |
| 4. Assoc. Prof. Dr.
Somprawin Manprasert | Independent Director and
Member of the Audit Committee |
| 5. Mr. Banyong Pongpanich | Independent Director |
| 6. Mr. Supol Wattanavekin | Director |
| 7. Mrs. Panida Thepkanjana | Director |
| 8. Mrs. Arada Vongkusolkrit | Director |
| 9. Mr. Gavin Vongkusolkrit | Director |
| 10. Mr. Kasama Punyakupta | Director |
| 11. Mr. Petch Krainukul | Director and President |

Board of Directors' roles and responsibilities are:

1. To manage the Company according to the laws, the Objectives in Detail, the Articles of Association and the 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 conduct the executive performance's evaluation and consider the HR Development Policy.

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. Dr. Kulpatra Sirodorn | Chairman |
| 2. Mr. Ekasith Jotikasthira | Member |
| 3. Assoc. Prof. Dr. Somprawin Manprasert | Member |
| 4. Ms. Kanokwan Thongsiwarugs | Secretary
and Vice
President,
Internal Audit
Department |

Audit Committee Charter:

The Board of Directors of The Erawan Group Public Company Limited attaches importance to Good Corporate Governance Practices and Anti-corruption policy sets by the Securities and Exchange Commission and/or the Stock Exchange of Thailand, has therefore appointed the Audit Committee to provide assistance in overseeing the Company's operations so as to be in the right direction, transparency and bring about benefits to the investors and all parties concerned and accordingly set out the duties and responsibilities as well as the scope of operations of the Audit Committee as follows:

1. The Composition of the Audit Committee
 - 1.1 Audit Committee members must be independent directors.
 - 1.2 Audit Committee must consist of at least 3 members, and at least 1 of whom must possess sufficient knowledge on finance and accounting.
2. The Qualifications of Audit Committee
 - 2.1 Must be appointed by the Board of Directors or the shareholders of the Company to be the Audit Committee members and be independent directors.
 - 2.2 Shall not hold shares exceeding 0.5 % of the total number of voting shares of the Company, its parent company, subsidiary companies, associated companies, or any juristic persons with potential conflict, including the shares held by related persons of such independent director.
 - 2.3 Must not be nor have ever been a director with management authority, employee, advisor who receives a salary, or is a controlling person of the Company, its parent company, subsidiary companies, associated companies, or juristic persons with potential conflict, unless the foregoing status has ended not less than 2 years prior to the date of appointment as an independent director.
 - 2.4 Must not be a person related by blood or by legal registration as father, mother, spouse, sibling, and offspring, including spouse of offspring of an executive or major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary.
 - 2.5 Must not have nor have ever had any business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts to the extent that may obstruct the using of his/her independent discretion, and is not nor ever been a major shareholder, a non-independent director or an executive of those with business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, unless the foregoing status has ended not less than 2 years prior to the date of filing an application with the Office of the Securities and Exchange Commission.
 - 2.6 Must not be nor have ever been an auditor of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, and is not a major shareholder, a non-independent director, an executive, or a managing partner of the audit firm where the auditors of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts are working for, unless the foregoing status has ended not less than 2 years prior to the date of appointment as an independent director.
 - 2.7 Must not be nor have ever been a provider of any professional service, including a legal advisor or financial advisor who receives service fees exceeding 2 million baht per year, from the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts. Where the provider of professional service is a juristic person, it shall include the major shareholders, non-independent directors, executives, or managing partners of such professional service provider, unless the foregoing status has ended not less than 2 years prior to the date of appointment as an independent director.
 - 2.8 Must not be a director appointed as the representative of the Company directors, major shareholders, or any shareholders who is related to a major shareholders of the Company.
 - 2.9 Must not possess any other characteristics that will prevent the independent expression of opinions regarding the Company's operations.
The Independent Director who are qualified according to items 2.1- 2.9 may be assigned by the Board of Directors to make decision relating to the business operation of the Company, subsidiaries, associated companies or juristic persons with potential conflict. The decision could be made in the form of panel.
3. Term of Office
 - 3.1 The Audit Committee shall hold the position for 3 years term. Nevertheless, a retiring member is eligible for re-appointment.

3.2 In case of a vacancy in the Audit Committee for reason other than the expiration of the term, the Board of Directors shall appoint a director who is fully qualified according to the requirement of the Securities and Exchange Commission Thailand and / or the Stock Exchange of Thailand to fill in such vacancy to serve the remaining term of the position.

3.3 If any member of the Audit Committee wishes to resign before the end of the term, the Company shall be notified in advance, not less than 30 days, in order for the Board of Directors to appoint a replacement. The Board of Directors shall appoint a substitute member immediately or at least within 3 months from the resigning date of such Audit Committee member. The Company shall immediately inform the Stock Exchange of Thailand about the resignation with a copy of the resignation letter.

4. Meetings and Quorum

4.1 To constitute a quorum, not less than one-half of the total members of the Audit Committee must attend the meeting each time.

4.2 If the Chairman is not present at the meeting, or unable to perform his duties, the Audit Committee members attending the meeting must select a member to perform as the Chairman of the meeting.

4.3 Meetings of the Audit Committee shall be at least 4 times per year, the Chairman of the Audit Committee may call for a special meeting to consider the urgent issue as deemed fit.

4.4 Resolution of the Audit Committee may be made by a majority vote of the attending members. Each member of the Audit Committee is entitled to one vote. In the event of tie vote, the Chairman of the meeting shall have a casting vote.

4.5 The Audit Committee Member who has a conflict of interest in any matters shall not be taken up the discussion or entitled to vote on such matter.

4.6 The Secretary of the Audit Committee and / or participants other than members has no voting right in the meetings of the Audit Committee.

5. Scope of Duties and Responsibilities

The Audit Committee has the duties assigned by the Board of Directors as Follows:

5.1 To review the accuracy and sufficient disclosure of the Company's reports on both financial and non-financial performance while offering opinions and management guidelines to ensure the appropriateness and transparency of the Company's operations.

5.2 To review the appropriateness and sufficient of Company's Internal Control System and the effectiveness and efficiency of Internal Audit Function. To consider the independence of internal audit department, as well as to approve the appointment, transfer or dismissal of the head of internal audit department or any other departments responsible for internal audit work.

5.3 To review the Company's Compliance Procedure in accordance with the Securities and Exchange Acts, requirements of the Stock Exchange of Thailand or any laws relevant to the Company's business.

5.4 To review the effectiveness and suitability of the Company's Risk Management while providing the recommendations and the systematically monitoring on the issues with significant progress.

5.5 To review the existence of Company's Internal Control Measures including the supervision, implementation on anti-corruption measures and risk assessment as well as provide the recommendations, and report the audit result with regard to the Anti-Corruption Measure to the Board of Directors regularly.

5.6 To select and propose the appointment an independent person to perform the duties of the Company's auditor, also propose the remuneration for such person, as well as to attend meeting with the auditor at least once a year without a presence of the management.

5.7 To consider connected transactions or transactions with potential conflict to ensure compliance with all pertinent laws and requirement of the Stock Exchange of Thailand and to be certain that such transactions are reasonable and for maximum benefit of the Company.

- 5.8 To prepare the Audit Committee's report to be disclosed in the Company's Annual Report. The report must be duly signed by the Chairman of the Audit Committee and comprise at minimum the following information:
- 5.8.1 Opinion in respect of the accuracy, completeness, reliability of the Company's financial reports and non-financial reports.
 - 5.8.2 Opinion toward the Risk Management.
 - 5.8.3 Opinion regarding the adequacy of the Company's Internal Control System.
 - 5.8.4 Opinion toward the compliance with the Securities and Exchange Acts, requirements of the Stock Exchange of Thailand or laws relevant to the Company's business.
 - 5.8.5 Opinion about the connected transactions or transactions with potential conflict of interest.
 - 5.8.6 Opinion about the Implementation of Counter-corruption Measures.
 - 5.8.7 Opinion about Internal Audit.
 - 5.8.8 Opinion about the suitability of the Auditor.
 - 5.8.9 Numbers of the meetings of the Audit Committee and attendance by each committee member.
 - 5.8.10 Opinions or remarks in whole of the Audit Committee obtained from performing duties under the charter.
 - 5.8.11 Other items that should be known by its shareholders and general investors under the scope of duties and responsibilities assigned by the Board of Directors.
- 5.9 The Audit Committee has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company's resources.
- 5.10 To review and amend the Audit Committee Charter and propose to the Board of Director for approval.
6. Any Other Operations Assigned by the Board of Directors with the Audit Committee's Approval
- In performing duties, the Audit Committee is responsible directly to the Board of Directors. The Board of Directors is responsible for the Company's operations and is directly accountable to the third party.
- In performing duties, if the Audit Committee has found or suspected that there are items or acts relating to
- 1) Transaction which may cause conflict of interest
 - 2) Fraud or irregular event or material flaws in the internal control system.
 - 3) Violations of laws pertaining to Securities and Exchange Act, requirements of the Stock Exchange of Thailand or the laws relating to the Company's business which may have a significant impact on the financial position and operational results of the Company. The Audit Committee shall report to the Board of Directors for rectification and improvement within the time deemed appropriate by the Audit Committee. Should the Board of Directors or the executives fail to remedy the issues within the timeline specified by the Audit Committee, a member of the Audit Committee may report the issue to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.
7. Reporting
- After each meeting of the Audit Committee, the Secretary of the meeting shall summarize the opinions and comments of the meeting then submit to the Company's Board of Directors for acknowledgment and / or for consideration.
8. Miscellaneous
- 8.1 The Audit Committee is authorized to call for or invite the executives, related persons or auditors to attend a meeting to provide additional explanation and information.
 - 8.2 The Audit Committee may seek independent opinion from any other professional advisors as deemed necessary with the Company's expense.
 - 8.3 The Audit Committee are in charge of consideration and providing opinions on the appointment, transfer, considering of merit or dismissal of the internal audit manager.
 - 8.4 The Audit Committee may propose the Board of Director to outsource the internal audit function as deemed necessary with the Company's expense.
- Term of Audit Directors:** 3 years each term.

The Strategic and Investment Committee

consists of seven members as follows:

1. Mr. Kasama Punyakuhta	Chairman
2. Mrs. Vansamorn Wannamethee	Member
3. Mrs. Arada Vongkusolkit	Member
4. Mr. Gavin Vongkusolkit	Member
5. Mr. Nattapong Vongkusolkit	Member
6. Mr. Supatchara Wattanavekin	Member
7. Mr. Petch Krainukul	Member
8. Ms. Kanyarat Krisnathevin	Secretary

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 three members as follows:

1. Mr. Supol Wattanavekin	Chairman
2. Mr. Ekasith Jotikasthira	Member
3. Mr. Gavin Vongkusolkit	Member
4. Ms. Kanokwan Thongsiwarugs	Secretary

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. Mrs. Panida Thepkanjana	Chairman
2. Mr. Banyong Pongpanich	Member
3. Mrs. Arada Vongkusolkit	Member
4. Mr. Suchai Wuthworachairung	Secretary

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. Dr. Kulpatra Sirodom
2. Mr. Ekasith Jotikasthira
3. Assoc. Prof. Dr. Somprawin Manprasert
4. Mr. Banyong Pongpanich

The Company's Executives consist of:

- | | |
|--------------------------------|--|
| 1. Mr. Petch Krainukul | President |
| 2. Ms. Kanyarat Krisnathevin | Executive Vice President |
| 3. Mr. Apichan Mapaisansin | Executive Vice President |
| 4. Mr. Navarat Tamsuwan | Executive Vice President |
| 5. Mr. Suchai Wuthworachairung | Assistant Executive Vice President |
| 6. Ms. Jetiya Kitiyodom | Vice President,
Accounting Department |

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.
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 Responsibilities of Company Secretary

The Board of Directors has appointed Ms. Kanokwan Thongsirwarugs 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.
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 Board of directors and Management as of December 31, 2018

Name	Title	Ordinary Share (Units)		
		Dec.31,2018	Dec.31,2017	+ (-)
1. Mr. Chanin Vongkusolkrit	Chairman of the Board	102,905	102,905	-
2. Dr. Kulpatra Sirodom	Independent Director	-	-	-
3. Mr. Ekasith Jotikasthira	Independent Director	-	-	-
4. Assoc. Prof. Dr. Somprawin Manprasert ²	Independent Director	-	-	-
5. Mr. Banyong Pongpanich	Independent Director	-	-	-
6. Mr. Supol Wattanavekin	Director	66,235,502	66,235,502	-
7. Mrs. Panida Thepkanjana ¹	Director	3,596,448	3,596,448	-
8. Mr. Gavin Vongkusolkrit	Director	67,213	67,213	-
9. Mrs. Arada Vongkusolkrit	Director	59,760	59,760	-
10. Mr. Kasama Punyagupta ²	Director	99,999	99,999	-
11. Mr. Petch Krainukul	President	3,339,082	3,339,082	-
12. Mrs. Vansamom Wannamethee ³	Member of the Strategic and Investment Committee	149,764,304	149,764,304	-
13. Mr. Nattapong Vongkusolkrit	Member of the Strategic and Investment Committee	389,640	389,640	-
14. Miss Kanyarat Krisnathevin	Executive Vice President	-	-	-
15. Mr. Apichan Mapaisansin	Executive Vice President	1,385,000	900,000	485,000
16. Mr. Navarat Tamsuwan	Executive Vice President	100,000	100,000	-
17. Mr. Suchai Wuthworachairung ⁴	Assistant Executive Vice President	500,587	128,387	372,200
18. Ms. Jetiya Kitiyodom	Vice President, Accounting Department	100,000	-	100,000
Grand Total		225,740,440	224,783,240	957,200

Note:

1. Include spouse of 1,868,500 shares

2. Appointed as the director on April 28, 2018

3. Include spouse of 7,300 shares

4. Appointed as the next four Executives in accordance with the notification of the SEC on March 23, 2018

Remuneration of the Board of Directors and Management

The Board of directors 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 2018 totaled THB 47,523,681.04

1. Remunerations of directors of the Company's Board of Directors and the Committees totaled THB 10,847,500.00
2. Remunerations of directors of the Company's subsidiary totaled THB 5,860,000.00
3. Remunerations, which were total wages of the (6) executives paid by the Company and its subsidiaries, totaled THB 29,906,091.80
4. Provident fund of the executives under item 3 above totaled THB 910,089.24

Remunerations for the Board of Directors and the Committees in cash for the year ending 31st December 2018

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. Chanin Vongkusolkit	Chairman of the Board	840,000	-	-	-	-	840,000
2. Dr. Kulpatra Sirodom	Independent director	720,000	167,000	-	-	-	887,000
3. Mr. Ekasith Jotikasthira	Independent director	720,000	140,000	-	54,000	-	914,000
4. Assoc. Prof. Dr. Somprawin Manprasert	Independent director	240,000	90,000	-	-	-	330,000
5. Mr. Banyong Pongpanich	Independent director	720,000	-	-	-	40,000	760,000
6. Mr. Supol Wattanavekin	Director	720,000	-	-	66,000	-	786,000
7. Mrs. Panida Thepkanjana	Director	720,000	-	-	-	52,000	772,000
8. Mrs. Arada Vongkusolkit	Director	720,000	-	318,750	14,000	40,000	1,092,750
9. Mr. Gavin Vongkusolkit	Director	720,000	-	293,750	40,000	-	1,053,750
10. Mr. Kasama Punyakupta	Director	240,000	-	292,500	-	-	532,500
11. Mr. Petch Krainukul	Director and President	720,000	-	-	-	-	720,000
12. Mrs. Vansamorn Wannamethee	Member of Sub-Committee	-	-	281,250	-	-	281,250
13. Mr. Nattapong Vongkusolkit	Member of Sub-committee	-	-	275,000	-	-	275,000
14. Mr. Supatchara Wattanavekin	Member of Sub-committee	-	-	318,750	-	-	318,750
15. Mr. Prakrit Pradipasen ¹	Independent director	720,000	65,000	-	19,500	-	804,500
16. Mrs. Kamonwan Wipulakorn ²	Director	480,000	-	-	-	-	480,000
Total (THB/Year)		8,280,000	462,000	1,780,000	193,500	132,000	10,847,500

Note: ¹ Mr. Prakrit Pradipasen , resignation on 27th April 2018

² Mrs. Kamonwan Wipulakorn , resignation on 27th April 2018

Business Overview



Business Structure



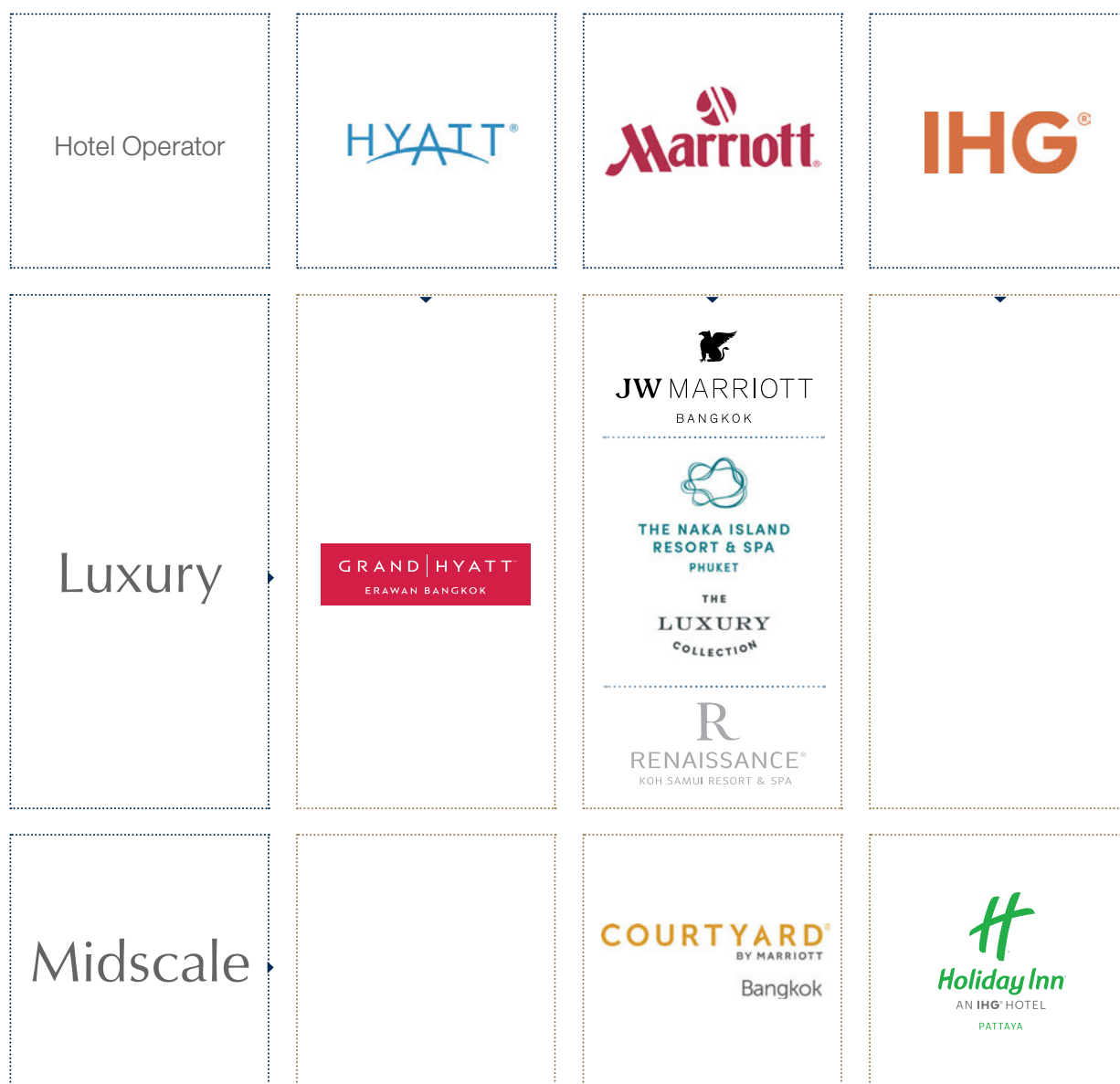
* The Government hold 26% of shares via The Syndicate of Thai Hotels & Tourist Enterprises Limited and also the landlord

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.



2. Hotels managed by Erawan under the Franchise Agreement

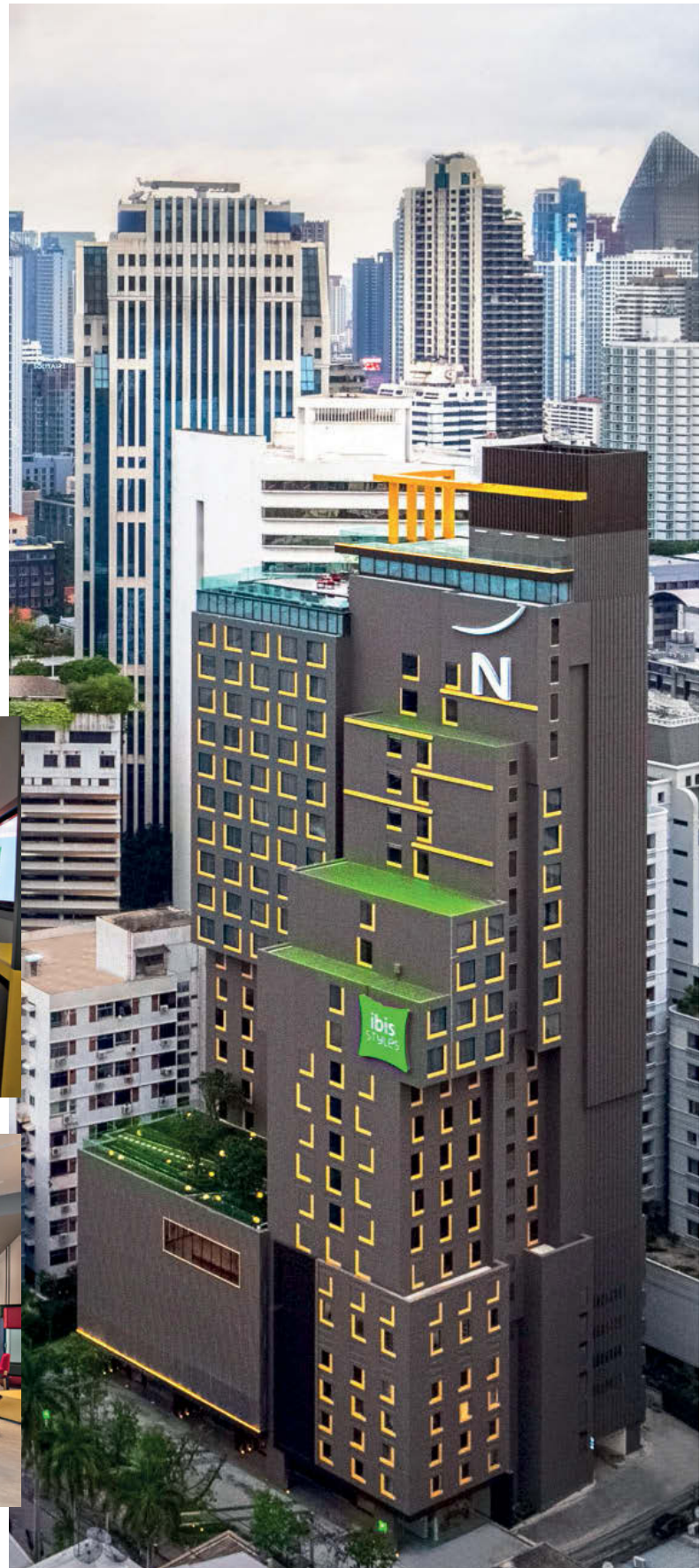
The Erawan Group has entered into franchise agreement with Accor Hotels Group to have a right to use Novotel, Mercure, ibis Styles, and ibis brands to operate our properties. The Company also applies the selection criteria that the selected brands are best fitted to our properties.

3. Hotels managed by Erawan with own brand

The Erawan Group has developed its own brand, under the name of HOP INN, by focusing on necessity and requirements of main target group of customers.



ibis Styles Bangkok Sukhumvit 4



Properties in Operation

The Company and its subsidiaries' core businesses are investment, development and operation of diversified hotel properties in key destinations. Currently, the Company owns 61 hotels and operates other businesses including retail space rental, and management of office building.

Hotel business in Thailand Bangkok Luxury



GRAND | HYATT
ERAWAN BANGKOK

Grand Hyatt Erawan Bangkok

<https://bangkok.grand.hyatt.com>

Number of rooms: 380 rooms

Location: Ratchaprasong, Rajdamri Road

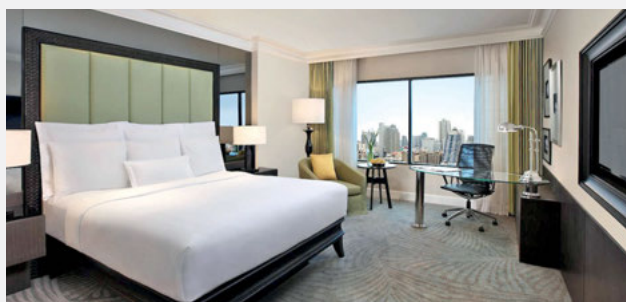


JW Marriott Bangkok

www.marriott.com/bkkdt

Number of rooms: 441 rooms

Location: Sukhumvit Soi 2



Provincial Luxury



Renaissance Koh Samui Resort and Spa

www.marriott.com/usmbr

Number of rooms: 45 Deluxe rooms and 33 Pool villas

Location: Lamai Beach, Koh Samui, Surat Thani



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

www.nakaaislandphuket.com

Number of rooms: 13 Deluxe rooms and 67 Pool villas

Location: Koh Naka Yai, Phuket

Hotel business in Thailand Bangkok Mid-Scale



Courtyard by Marriott Bangkok

www.marriott.com/bkkcy

Number of rooms: 316 rooms

Location: Soi Mahadlekluang 1,
Rajdamri Road



Novotel Bangkok Sukhumvit 4

www.novotel.com

Number of rooms: 185 rooms

Location: Sukhumvit Soi 4 (Soi Nana)



Mercure Bangkok Siam

www.mercure.com

Number of rooms: 189 rooms

Location: Siam, Rama 1 Road

Provincial Mid-Scale



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

Hotel business in Thailand Bangkok Economy



ibis Styles Bangkok Sukhumvit 4

www.ibisthailand.com

Number of rooms: 133 rooms

Location: Sukhumvit Soi 4 (Soi Nana)



ibis Bangkok Sathorn

www.ibisthailand.com

Number of rooms: 213 rooms

Location: Soi Ngam Duphli, Rama IV Road



ibis Bangkok Sukhumvit 4

www.ibisthailand.com

Number of rooms: 200 rooms

Location: Sukhumvit Soi 4 (Soi Nana)



ibis Bangkok Riverside

www.ibisthailand.com

Number of rooms: 266 rooms

Location: Charoennakorn Road Soi 17,
Chaopraya River

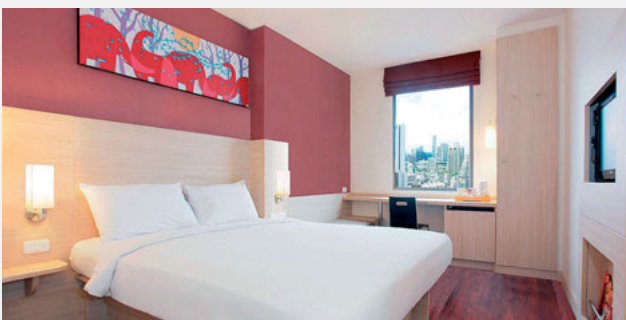


ibis Bangkok Siam

www.ibisthailand.com

Number of rooms: 189 rooms

Location: Siam, Rama 1 Road



Hotel business in Thailand Provincial Economy



ibis Styles Krabi Ao Nang

www.ibisthailand.com

Number of rooms: 206 rooms

Location: Ao Nang, Krabi



Ibis Pattaya

www.ibisthailand.com

Number of rooms: 254 rooms

Location: Pattaya Sai 2 Road, Chon Buri



ibis Phuket Patong

www.ibisthailand.com

Number of rooms: 258 rooms

Location: Patong Beach, Phuket



ibis Phuket Kata

www.ibisthailand.com

Number of rooms: 258 rooms

Location: Kata Beach, Phuket

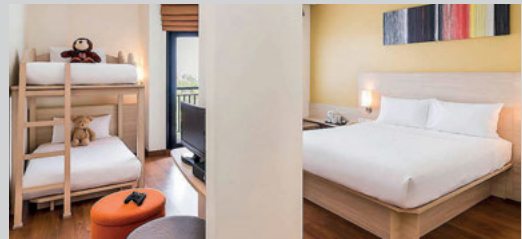


ibis Samui Bophut

www.ibisthailand.com

Number of rooms: 209 rooms

Location: Bophut Beach, Koh Samui, Surat Thani



Ibis Hua Hin

www.ibisthailand.com

Number of rooms: 200 rooms

Location: Hua Hin, Prachuap Khiri Khan

Hotel business in Thailand Provincial Budget



HOP INN

www.hopinhotel.com

Number of rooms: 2,810 rooms from 36 hotels

Location:

Buriram, Chanthaburi, Chiang Mai, Chiang Rai, Chon Buri, 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, Surin, Trang, Ubon Ratchathani, Udon Thani

Hotel business abroad



HOP INN Ermita Manila

Segment: Budget Hotel
Number of rooms: 168 rooms
Location: Ermita, Manila, Phillipines
www.hopinnhotel.com



HOP INN Makati Avenue Manila

Segment: Budget Hotel
Number of rooms: 144 rooms
Location: Makati, Manila, Phillipines
www.hopinnhotel.com



HOP INN Aseana City Manila

Segment: Budget Hotel
Number of rooms: 196 rooms
Location: Aseana City, Manila, Phillipines
www.hopinnhotel.com



HOP INN Alabang Manila

Segment: Budget Hotel
Number of rooms: 168 rooms
Location: Alabang, Manila, Phillipines
www.hopinnhotel.com



HOP INN Tomas Morato Quezon City Manila

Segment: Budget Hotel
Number of rooms: 167 rooms
Location: Quezon City, Manila, Phillipines
www.hopinnhotel.com

Rental Property



Erawan Bangkok

Retail Shops (up-scale): 6,554 sq.m.
Location: Ratchaprasong, Bangkok, CBD.
www.erawanbangkok.com

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, Bangkok, CBD.

Properties under Development

Thailand - Expected to open in year 2019 - 2020



Mercure

Segment: Mid-Scale Hotel

Location: Sukhumvit Soi 24, Bangkok



ibis

Segment: Economy Hotel

Location: Sukhumvit Soi 24, Bangkok



HOP INN

Segment: Budget Hotel

Location: Thailand

Number of hotels: 8 hotels



Philippines - Expected to open in year 2021



Holiday Inn

Segment: Mid-Scale Hotel

Location: Philippines



HOP INN

Segment: Budget Hotel

Location: Philippines

Number of hotels: 2 hotels



Tourism Industry Overview

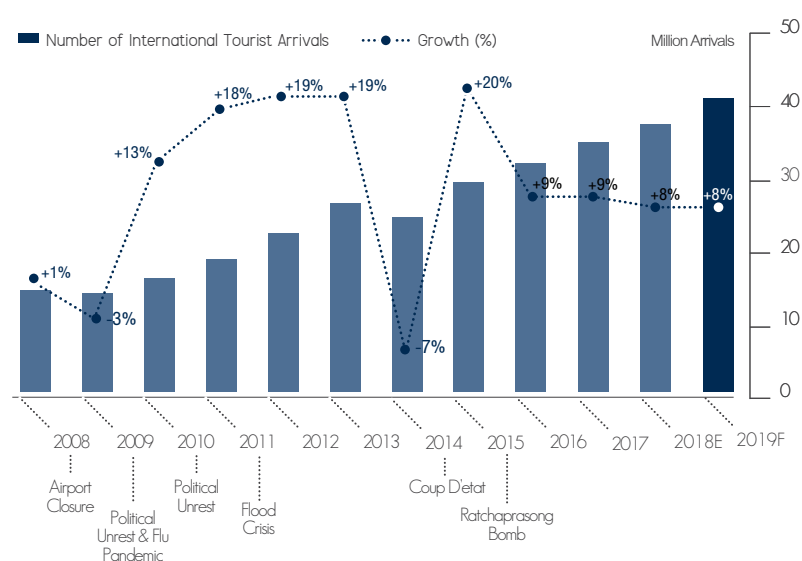
Thailand

Throughout the year 2018, Thailand's overall tourism industry continued to have outstanding growth by showing increased numbers in both tourist arrivals and tourism revenue. International tourist arrivals showed 8% growth YoY from 35 million arrivals in 2017 to 38.3 million arrivals in 2018. Meanwhile, 161 million of domestic trips were made across the country, growing at 6% YoY. International arrivals and domestic trips combined generated THB 3.05 trillion of Thailand tourism revenues, an 11% increase from 2017.

The positive tourism trend in 2018 was mainly driven by higher demand, especially from Free Individual Traveler (F.I.T.) segment. Tourism Authority of Thailand (TAT) focused their promotions on secondary provinces and gastronomy tourism aiming to allure more international tourists. In addition, more airlines have had interest to expand additional routes and flight frequency to Thailand.

During the first half of 2018, tourism industry trend continued to grow from 2017 with strong support from both private and government sectors such as TAT's campaign on gastronomy tourism by promoting local food of each province, signing a letter of intent between TAT and Kyushu Tourism, Japan to promote tourism destinations and opening TAT's office in Toronto, Canada to create awareness and expand tourism base in North American region. Moreover, Thailand was in the limelight during Japan golden week where Japanese tourist arrivals increased by 31% YoY while Chinese tourist arrivals showed an outstanding growth thanks to Chinese government's tourism ban policy limiting its people from travelling to Taiwan, which made Thailand perceived as preferred destination for Chinese tourists. Nevertheless, in July 2018, the number of Chinese travelers dropped rapidly as a result of boat incident in Phuket where Thai government and private sectors have actively reconciled

Annual international tourist arrivals and growth rate



Source: Department of Tourism, Tourism Authority of Thailand, and Tourism Council of Thailand

with the Chinese government and the Chinese public by meeting with government, travelers, and agents to develop better understanding and to relieve its impacts. Prior to the high season at the end of the year, Thai government issued visa-on-arrival (VOA) fees waiver for 20 countries and 1 Special Economic Zone to encourage tourism activity which led to increase in number of VOAs by 70% YoY. Several events were hosted during the year such as Miss Universe contest, MotoGP racing competition and international concerts which had positive impacts to the international tourist arrivals numbers.

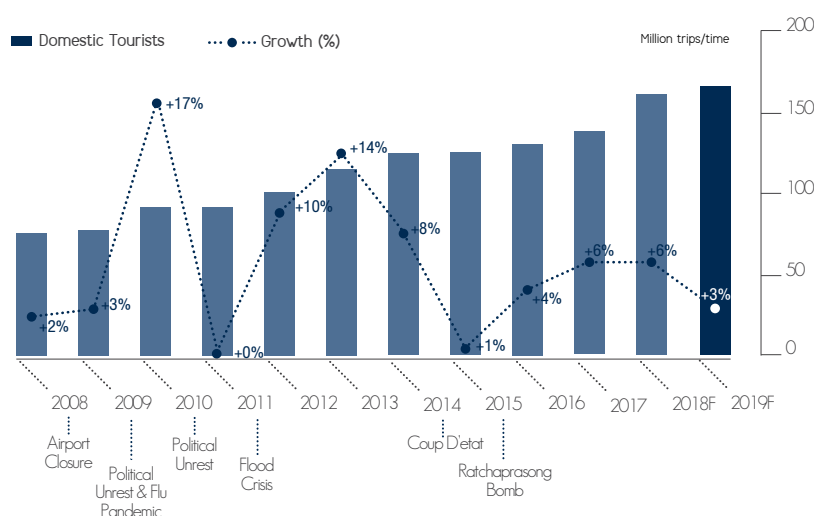
For domestic market, 161 million trips were made in 2018 which represented a 6% growth YoY and generated revenue of THB 1 trillion. Key drivers include sale promotions launched by tourism-related companies and airlines throughout the year. In addition, Thai government has also promoted secondary destinations through “Amazing Thailand Go Local” campaign which has driven tourist demand to secondary cities and advertised new experience in food and culture. In order to stimulate domestic tourists, Thai government launched tax-deduction scheme of up to THB 15,000 in travel expense for those who travel

in secondary cities and built marketing communication through online and social media which encouraged people to make more trips.

For the year 2019 ahead, TAT expects 41.1 million international tourist arrivals and 166 million domestic trips to be made. The total revenue from tourism industry is expected to be THB 3.33 trillion which separated into international tourist market by THB 2.21 trillion and domestic market by THB 1.12 trillion.

Thailand tourism should benefit from positive economic outlook across Asia such as Vietnam, Philippines, India, Japan, South Korea and Taiwan. More new routes and flight frequency from low cost airlines should increase outbound and inbound travelers. Moreover, we expect Thailand tourism industry to benefit from the rise of various government projects such as public infrastructure projects (i.e. Suvarnabhumi and Phuket International Airport expansion), Eastern Economic Corridor projects (i.e. renovation of U-Tapao International Airport) and government policy as hub of CLMV region. Thanks to positive feedback from VOA fee waiver campaign in 2018,

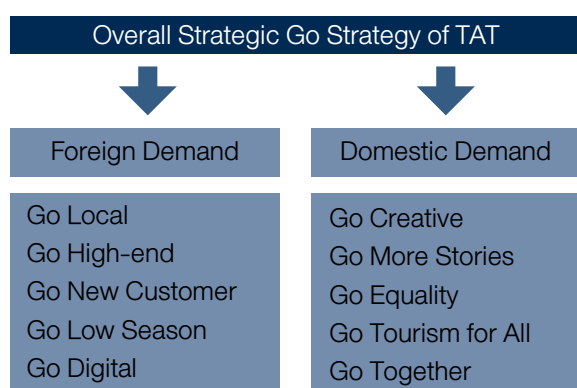
Annual domestic travel and growth rate



Source: Department of Tourism and Tourism Authority of Thailand

Thai government has decided to extend the campaign until 30 April 2019 which covers significant events such as Chinese New Year days and Songkran days. On the other hand, there are risks that could negatively impact tourism industry such as world economic instability from trade war policy between United States and China, China's economic slowdown and Brexit situation which will be regularly monitored to assess impact.

2019 TAT marketing plan



Source: Tourism Authority of Thailand

TAT announced tourism strategic plan under "Go strategy" campaign focusing on both foreign and domestic demand. For foreign market, TAT emphasizes on creating new experience through "Discover unique local experiences with million shades of Thailand" concept. The main ideas are to promote secondary cities, to increase spending per traveler, to attract luxury and niche tourists, and to increase demand during low season period. These strategies aim to seize more opportunities and diversify risks from depending on particular source markets or segments. Moreover, TAT will apply technology to increase efficiency in the most beneficial ways for tourists. For domestic demand, the main ideas are to increase travel frequency and to increase spending per traveler through collaboration among Thai government, private sectors and citizen which will give opportunity for local to be more accessible for travelling destination. TAT also launched policies to encourage Thais visiting second-tier region through "Million Shades of Thailand"

concept by creating branding in each destination in order to reflect new experience and story in that destination to entice travelers to discover story and inspiration. Therefore, "Go strategy" will balance seasonality of tourism industry and encourage tourists to travel across Thailand throughout the year. From all the mentioned strategies, it demonstrates that Thailand still has promising potential to attract both international and domestic tourists.

Philippines

The Philippines tourism industry is currently growing at its potential and we expect the trend to continue in 2019 with the support from Department of Tourism that focuses on 9 tourist activities, namely Nature-based, Cultural, Wellness, Retirement, MICE, Education, Leisure, Diving and Marine Sports through "It's More Fun in the Philippines" campaign with core concept of "Safety and Enjoy" in travel destination.

In 2018, the tourism industry had an outstanding growth driven by both international and domestic legs. For foreign market, South Korea remained as the country's top source market and Chinese tourist arrivals dramatically increased by 30% YoY. However, the number of international tourist arrivals had short fall from its target owing to six-month closure of the world-famous Boracay Island since April to October 2018 to conduct a massive rehabilitation.

For domestic market, it continues to have positive outlook from Philippines's economic growth where World Bank expects its GDP will grow by 6.4% in year 2018 and by 6.5% in year 2019. The mid-term election in May 2019 and infrastructure investment from the government will stimulate domestic spending which are major factor to boost tourism industry in Philippines.

Risk Factors

The Company ensures that risks in different areas are identified, evaluated and managed by all departments. Head of department is responsible to set out measures to manage or mitigate such risks under the supervision of the Board of Directors.

The 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. Competitive risk from Declining Demand and Increasing Supply

The unbalanced demand and supply situation has heated up the competition in the hotel industry, affecting market and company's operating performance. Therefore, the company focuses on portfolio diversification in terms of locations as well as segmentation. The portfolio encompasses hotels in various segments including luxury, midscale, economy, and budget located in major tourist destinations and major commercial destinations.

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. The company has 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.

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. Construction Risk

The company is well-aware of potential risks that could arise from project construction in terms of standards, timeline, and costs. Highly-experienced contractors whose construction standards meet requirements specified by laws and regulations are hired in order to minimize such construction risks. Management team are fully engaged in routine monitoring of construction progress in order to react promptly to any circumstances. The company has solid construction bidding policy to ensure non-discriminatory, transparent, and competitive bidding price. In addition, raw material cost trend is regularly monitored and updated to ensure the most accurate construction budget. However, as the company is aware of the risks of any unexpected events during the construction period, Contractor's All Risks Insurance is procured for all projects to mitigate such risks.

5. Risk from International Investment

The company's 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.

6. 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. The Company, has manage the most long- term loan to fixed interest rates for period of 3 years from the year 2017-2019.

7. 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



Year 2018

- “Very Good” CGR Report 2018
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 2018,
Thai Investors Association
Project: AGM Assessments Program 2018, the Stock Exchange of Thailand.
- Outstanding “Investor Relations Awards 2018”
Project: SET Awards 2018
- “ESG100 Companies” Certified of Environmental Social Governance Company of the year 2018 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 2005-2017

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 2014-2017

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 2011-2017

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 - 2017”

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

- “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.


Mr. Petch Krainukul

President



JW Marriott Bangkok

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.



ibis Bangkok Sukhumvit 4

Anti-Money Laundering and Countering the Financing of Terrorism Policy

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.

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.

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, Thailand (SEC). In 2015, 2017 and 2018 the Erawan Group was certified as an ESG 100 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 families the communities, 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. The Board consists of Chairman of the Board, who is 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, six non-executive directors and one 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 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 three members. 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.

Board of Directors Composition

1. Non-executive directors
2. Independent directors, whose number will be no fewer than one-third of all company directors where one must be knowledgeable in accounting and finance for the company to have enough directors to be appointed as members of the Audit Committee.
3. Executive directors

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 and Retirement

1. Directors and executive directors will remain in office for three years each term in accordance with the Articles of Association. The Board may nominate directors for re-

election to shareholders when their term becomes due.

Their directorship will be evaluated based on annual performances. Meanwhile, members of sub-committee will also be in the office three years each term. If their term becomes due and there is no new appointment yet, the same sub-committee will continue performing duties until a new sub-committee is appointed.

2. Independent directors will remain in office for three years each term but their term will not exceed nine consecutive years unless the Nomination and Corporate Governance Committee requests the Board to consider it on a special case where a relevant independent director is found being independent enough to continue performing his duty in a critical role of corporate governance to oversee the interests of both the company and its shareholders while also remaining independent from the management. In such a case, the Board of Directors shall duly grant its approval.



Holiday Inn Pattaya

3. Directors may retire from office in accordance with the Articles of Association and when he/she is older than 75 years old as per director's qualifications mentioned above. Directors however may remain in office to the day the Annual General Meeting (AGM) is held but will leave the office as soon as the meeting is completed term of office
3. An 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.

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.
- 4) presiding over the Shareholders' Meeting.

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.
4. An 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 An Independent Director shall possess no other characteristic that prevents him/her from expressing his 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 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 2018, the Erawan Group organized 6 the Board of Directors' meetings, 5 the Audit Committee's meetings, 14 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 2018

Times of Attendance 2018

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. Chanin Vongkusolkit	Chairman of the Board	27 Apr 2018 - Present	6/6				
	Director	Apr 2016 - 2019					
2. Dr. Kulpatra Sirodom	Independent Director	Apr 2017 - 2020	5/6	5/5			
3. Mr. Ekasith Jotikasthira	Independent Director	Apr 2017 - 2020	6/6	5/5		3/3	
4. Assoc. Prof. Somprawin Manprasert	Independent Director	Apr 2018 - 2021	4/4	3/3			
5. Mr. Banyong Pongpanich	Independent Director	Apr 2016 - 2019	5/6				2/2
6. Mr. Supol Wattanavekin	Director	Apr 2018 - 2021	6/6			3/3	
7. Mrs. Panida Thepkanjana	Director	Apr 2017 - 2020	4/6				2/2
8. Mrs. Arada Vongkusolkit	Director	Apr 2017 - 2020	6/6		14/14	1/1	2/2
9. Mr. Gavin Vongkusolkit	Director	Apr 2016 - 2019	6/6		13/14	2/2	
10. Mr. Kasama Panyagupta	Director	Apr 2018 - 2021	4/4		14/14		
11. Mr. Petch Krainukul	Director	Apr 2018 - 2021	6/6		14/14		
	President	1 Jan 2018 - Present					
12. Mrs. Vansamorn Wannamethee	Member of Sub-Committee	Jun 2018 - 2021			12/14		
13. Mr. Nattapong Vongkusolkit	Member of Sub-Committee	Jun 2018 - 2021			12/14		
14. Mr. Supatcha Wattanavekin	Member of Sub-Committee	Jan 2018 - 2021			14/14		
15. Mr. Prakit Pratepasen ¹	Independent Director	Apr 2015 - 2018	1/1	2/2		1/1	
16. Mrs. Kamonwan Wipulakorn ²	Director	Apr 2017 - 2018	1/1				
Percent of directors' attended			95%	100%	95%	100%	100%

Note: ¹Mr. Prakit Pratepasen, resignation on 27th April 2018

²Mrs. Kamonwan Wipulakorn, resignation on 27th April 2018

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 2018

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 2018,

91% 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. 87% 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. 92% 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. 91% felt that all members performed their duties with responsibilities to maximize the interest of shareholders. 93% deemed that board members did have a good relationship with the management and could frankly communicate with executives. 88% 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.

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”). In 2018, the company has established a project to support Community Based Tourism. The main objective is to promote Tourism in community by developing and up grading standard of homestay operation in local community of Thailand and to boost sustainable tourism at the community level. The company collaborated with Local Alike; the Social Enterprise that expert in operating with sustainable tourism by community for community.

In the late of year 2017, we started to survey the target communities and selected to support Ban Laem Homestay Community in Tha Sala district, Nakorn Sri Thammarat province because of its good tourism potential , strong teamwork and possible to grow sustainably.

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 2018, 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 Survey (IR Survey) 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 IR Survey to gauge satisfaction in relation to our information disclosure at least once a year. In 2018, we conducted the survey by distributing online questionnaires to analysts at the Quarterly Meeting held in November 2018, and also the last meeting of the year. All respondents were within a target

group. The respondents had monitored our information for no less than 2-10 years. 96.70 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.

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.

Responsibilities to Customers

1. To set up a pricing policy considered fair and appropriate.
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.

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.
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.

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.
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.
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

1. Acting within the framework of decent competitions
2. Not seeking competitor's confidential information 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 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.

Internal Control and Protection of Internal Information

In 2018, the Board of Directors convened six 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 26, 2019 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.

Connected transactions between businesses with the following relationships were executed;

Person/entity with possible conflict of interest and nature of relationship	Description	Transaction value (THB)	
		2018	2017
Chai Talay Hotel Co., Ltd. : Hyatt Regency Hua Hin Hotel			
Type of business: Hotels and resort hotels			
Nature of relationship:	Agreement to lease office space and the service agreement with Erawan Hotel Public Company Limited		
• Mrs. Panida Thepkanjana and Mr.Supol Wattanakin are closed relative to Mrs. Vansamorn Wannamethee, Authorized Director of Chai Talay Hotel Co., Ltd.	• Rental and services income	959,193.22	1,011,518.78
• Wattanavekin Group holds 28.32 percent of the Company's shares.	• Receivables at end of period	-	82,680.06
	• Deposit from Lessee	316,186.06	316,186.06
SUSHI ICHI (THAILAND) Co., Ltd.			
Type of business: Restaurants activities			
Nature of relationship:	Agreement to lease office space and the service agreement with The Erawan Group Public Company Limited		
• Mr. Gavin Vongkusolkit, Director and Authorized Director of Sushi Ichi (Thailand) Co.,Ltd.	• Rental and services income	2,102,445.21	2,046,426.74
• Vongkusolkit Group holds 28.63 percent of the Company's shares.	• Receivables at end of period	23,714.11	27,661.61
	• Deposit from Lessee	586,131.56	586,131.56
Kuppadeli Co., Ltd.			
Type of business: Restaurants activities			
Nature of relationship:	Agreement to lease office space and the service agreement with The Erawan Group Public Company Limited		
• Vongkusolkit Group holds 28.63 percent of the Company's shares.	• Rental and services income	2,785,670.97	4,976,859.28
	• Receivables at end of period	280,504.22	486,323.24
	• Deposit from Lessee	719,938.00	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-

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.

Other Connected Transaction	2018	2017
1. Mitr Phol Sugar Group of Companies		
• Revenue from Hotel Operation	9,055,309.69	7,100,080.66
• Receivables at end of period	1,346,315.78	1,470,915.43
2. Banpu Group of Companies		
• Revenue from Hotel Operation	1,461,412.52	2,763,386.32
• Receivables at end of period	142,887.80	130,655.25
3. Hotel Beds (Thailand) Co., Ltd. (Not the connected transactions as at 31 December 2018)		
• Revenue from Hotel Operation	13,684,451.33	46,349,097.15
• Receivables at end of period	-	3,454,878.32
4. Kiatnakin Bank Public Company Limited		
• Revenue from Hotel Operation	1,581,562.23	1,748,101.82
• Receivables at end of period	-	227,289.40
5. Chai Talay Hotel Co., Ltd.		
• Revenue from Hotel Operation	1,909,580.22	4,819,099.81
• Receivables at end of period	294,718.12	1,588,883.57

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 can be continuously carried out so that eventually lead to sustainability. The company has continuously carried out various corporate contribution activities that cover 4 main areas:

1. Activities to promote the tourism industry
2. Activities for community development
3. Activities to promote energy and environmental conservation
4. Thai elephant conservation activities.

We also encourage employees and families to participate in these activities as a good citizen of the society. In late 2017, we organized a contest for social and environmental activities. By grouping employees in teams to brainstorm and presented the activities 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 company selected to level up the service in local homestay to hotel service standards under the name "Happy Home Happy Stay Project" The main objective of the project is to support Community Based Tourism for sustainable growth.



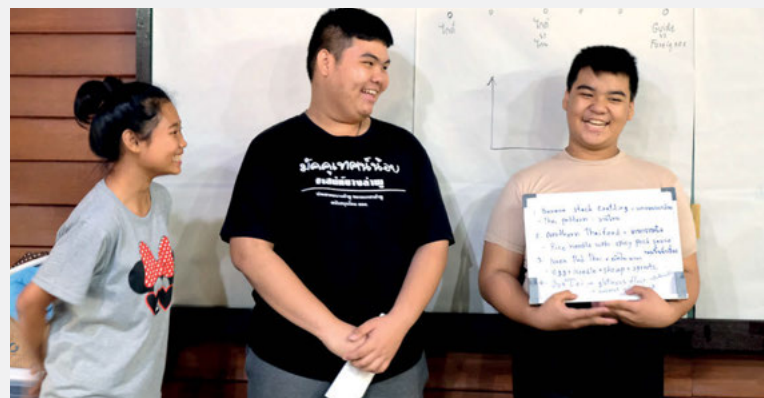
Ban Laem Home Stay in Thasala District, Nakorn Sri Thammarat province is chosen to be a pilot community of the project because of its unique tourism potential and its outstanding activities i.e. Spa Mud. We has worked closely with the community to educate them on hotel management. Our staff from HOP INN hotel organized training activities to give knowledge on service standard; such as housekeeping, front desk, registration and accounting. We also helped them revamp public restrooms and initialed revolving fund for members to borrow to recondition their homestays. However, the most important is to improve the service but maintain the identity of the community.

We believe that to support community to learn to develop by the members in community will finally lead to sustainable growth.



Corporate Contribution Activities of The Erawan Group

Activities	Objectives	2018 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 service, to promote domestic tourism, maintain Thailand's good image among foreign visitors.	<ul style="list-style-type: none"> To enhance foreign language communication skills. To nurture an attitude of being a good host. To make aware of the importance of tourism in the country. 	Consistency organizing English and Chinese classes for taxi drivers since 2008-2018 with 32 classes and 1,069 participants.
Banglumpu Community Based Tourism; 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, Hivesters, United Nations Development Programme (UNDP), and Bangkok Metropolitan Administration (BMA).	<ul style="list-style-type: none"> To promote community based tourism. To preserve disappearing cultures and identities To build good relationships with partner communities To encourage and support the communities to use tourism for sustainable development. 	<ul style="list-style-type: none"> Provide English language development program for the youth guide according to the needs of the community. Collect unique contents of Banglumpu area to make intelligent tourist signs in QR code.



Activities	Objectives	2018 Overall result
Community Development Activities.		
Creative Cabinet. 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. To promote learning and to broaden children's imagination by reading and playing.	<ul style="list-style-type: none"> To promote reading of the youth To build good relationships with the communities surrounding HOP INN Hotels. 	From 2014, the company contributed 170 creative cabinets to schools in the province where the Hop Inn Hotels are operated. In 2018 we contributed cabinets to 20 schools in Surin, Krabi, Chonburi and Chiang Mai.



Activities	Objectives	2018 Overall result
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Energy & Environment Conservation Activities.

Waste for Egg Activity.

The exchange of Waste for Egg takes place on every 1st Thursday of the month. The company co works with Wongpanich Suvarnabhumi Recycling Station Co., Ltd. continuously organize the activity since 2008

- To reduce waste and promote maximum use of resources.
- To encourage public to separate waste

- In 2018, the weight of waste exchange for eggs was 53.8 tons. Average 4,489 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

- Organize activities to encourage employee and family including other stakeholders to volunteer to protect elephants.
- Organize fund raising activities to support the elephant protect organizations.

- 18-19 August 2018 organized reforestation at for elephants at Sub Langka, sanctuary Lopburi.
- 4 November 2018 organized ERAWAN RUN TOGETHER NO. 2 to raise fund amount 363,000 THB and contributed to The Elephant Reintroduction Foundation

Social Activities of Affiliate Hotels in 2018

Hotel	Social Activity	Environmental Activity
Grand Hyatt Erawan Bangkok	Partnered with Habitat for Humanity Thailand, all Hyatt hotels in Thailand donated money with volunteers help in building a house for an underprivileged family in April 2018.	Donated cooked & unserved food daily to SOS (Scholars of Sustenance Thailand), a Food Rescue Foundation for sharing to the people in need. The total food waste donated in 2018 is 9,354.34 kg.
JW Marriott Bangkok	JW Marriott Hotel Bangkok together with Marriott Hotels in Bangkok recently held “ Run To Give 2018” in order to raise fund for constructing the 84th Year Navamindrapobitr Building as a tribute to King Rama IX. The total donation we raised was 1,436,050 Baht from 3,000 runners this year	Environmental protection campaign to reduce the use of resources
Courtyard by Marriott Bangkok		<ul style="list-style-type: none"> Removed plastic bottles from Banquet operation and Health Club facility and offer drinking water and infused water dispenser instead.
Renaissance Koh Samui Resort & Spa		<ul style="list-style-type: none"> Reduce food waste (from preparation, cooking or leftover food). As December 2018, we can reduce 17% of food waste per cover from the baseline data
The Naka island a luxury collection resort & spa Phuket	Support the education of Ban Naka School such as children's activities and paint the classroom.	
Holiday Inn Pattaya	Supported the Anti-Human Trafficking and Child Abuse Center and joined hands to plant saplings, repair fences and color tables and chairs. We donated daily necessities and also played a friendly football match with the children who call this center their home. The highlight of this activity was the individual pan pizzas that we served to the children and the delight on their faces brought tears of happiness to the eyes of most of us.	Holiday Inn Pattaya Team members joined hands to make sure that the beach along the bay where the hotel is located is a cleaner place for everyone. The main focus during this activity was to identify and remove plastic waste such as bottles, straws and bags.
Accor Group: Novotel Mercure - ibis Erawan	Learning Center at Ban Ao Nam Bor School is refurbishing by ibis Phuket Kata and other Accor Hotel Colleagues, giving brand new learning corner to local students.	
HOP INN	Providing training on house keeping to the hosts of homestay in Ban Laem community , Nakhon Si Thammarat in to support Happy Home Happy Stay Project	

Financial Information and Corporate Information



Report of the Board's Responsibility in the Financial Statements

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 2018 which the Company's auditor has conducted in accordance with Thai Standards on Auditing. The auditor is of the opinion that the financial statements present fairly the Company's financial position, the financial performance and cash flows in accordance with Thai Financial Reporting Standards.



Mr. Chanin Vongkusolkrit
Chairman of The Board of Directors



Mr. Petch Krainukul
President

Management Discussion and Analysis

Consolidated Profit & Loss Statement (period ending 31st December 2018)

THB Millions	FY17	FY18	% Ch.
Hotels' Operating Income	5,773	6,022	+4%
Rental and Service Income	222	234	+5%
Total Operating Income	5,995	6,256	+4%
Other Income	55	52	-6%
Total Income	6,050	6,308	+4%
Operating Expenses	(4,207)	(4,411)	+5%
EBITDA	1,844	1,897	+3%
Depreciation & Amortization	(738)	(776)	+5%
Operating Profit/(Loss)	1,106	1,121	+1%
Finance Costs	(344)	(360)	+5%
Pre-tax Profit / (Loss)	762	761	-0%
Taxes	(172)	(164)	-5%
Minority Interest	(60)	(57)	-4%
Normalized Net Profit / (Loss)	530	540	+2%
Extraordinary Items			
Share of Profit/ (Loss) from ERWPF	(24)	(4)	+85%
Net Profit / (Loss)	506	536	+6%
E.P.S. (Baht)	0.2022	0.2141	+6%

Group Performance

Thailand's tourism industry continued growing in 2018. The number of tourists visiting Thailand was reported at 38.3 million, increased 8 percent compared to the same period last year. Malaysian, Indian and Vietnamese's were the top 3 key source markets that posted the strongest growth in this year. In addition, the number of domestic trips recorded at 161 million in 2018, a 6 percent increase from the same period last year.

Our performance in 2018 also growing in line with Thailand's tourism industry as aforementioned. We recorded total operating income at THB 6,256 million, a 4 percent increase from 2017. Revenue from hotel operations grew 4 percent and rental and service income grew 5 percent from the same period last year. We generated EBITDA at THB 1,897 million, a 3 percent increase from 2017 and posted EBITDA margin at 30.1 percent in line with 30.5 percent in 2017. For 2018, we generated normalized net profit at THB 540 million, a 2 percent increase from 2017 and net profit at THB 536 million, a 6 percent increase from the same period last year.

Performance by Business Unit

1. Hotel

We continued our hotel development as set forth in our strategy. In 2018, we opened 9 hotels which comprised of 6 hotels in Thailand and 3 hotels in Metro Manila, Philippines. In Thailand we opened midscale and economy hotels; Novotel and ibis Styles Sukhumvit 4, which are combo hotel that combine 2 brands in 1 building and 4 hotels under "HOP INN" brand. As a result, at the end of 2018 we have 61 hotels with 8,485 rooms in our portfolio.

In addition, JW Marriott Bangkok hotel completed the second phase of room renovation for 178 rooms or 40 percent of total room inventory, which conducted during April to September 2018 as planned. Combining with the

129 new rooms from year 2017, there are total 307 new rooms or 70 percent of total room inventory. JW Marriott Bangkok hotel also completed renovation of Marriott Café, an all-day dining restaurant which took place during May to September 2018.

We generated income from hotel operations at THB 6,022 million in 2018, a 4 percent increase from 2017. Room revenue recorded at 8 percent increase from 2017 while F&B revenue dropped 1 percent from the same period last year mainly from the renovation of F&B outlet of JW Marriott Bangkok as aforementioned. Growth was driven from existing 52 hotels at 2 percent increase from 2017 and new hotel opening in 2018. HOP INN hotels recorded the highest revenue growth among the group.

Statistics for hotel room operations for the 2018 periods are as follows:

12-month period (Jan-Dec)	No. of rooms		Occupancy			ARR (THB/Night)			RevPAR (THB/Night)		
	2017	2018	2017	2018	+/-	2017	2018	+/-	2017	2018	+/-
Thailand											
Luxury Hotels	979	979	77%	74%	3%▼	5,685	5,836	3%▲	4,358	4,290	2%▼
Midscale Hotels	1,282	1,467	88%	85%	3%▼	2,783	2,907	4%▲	2,453	2,483	1%▲
Economy Hotels	2,253	2,386	85%	81%	4%▼	1,209	1,302	8%▲	1,029	1,056	3%▲
Total Group (ex. HOP INN)	4,202	4,832	84%	81%	3%▼	2,554	2,672	5%▲	2,150	2,158	-
HOP INN Hotels	2,502	2,810	75%	75%	-	543	580	7%▲	407	438	8%▲
Philippines											
HOP INN Hotels	312	843	76%	76%	-	929	980	5%▲	705	743	5%▲

Details of each segment are as follows:

Thailand

Luxury Hotels

- The Luxury segment comprised of 2 hotels in Bangkok and 2 hotels in Samui and Phuket.
- In 2018, occupancy in this segment recorded at 74 percent compared to 77 percent in 2017 mainly came from JW Marriott Bangkok which was undertaken the room renovation program and number of renovated room

in 2018 was higher than last year. However, ARR increased 3 percent from 2017 resulting in the declined RevPAR at 2 percent from 2017. For 2018, the Luxury segment generated operating income at THB 2,851 million and EBITDA at THB 804 million, a 2 percent and 9 percent decrease from the same period last year respectively mainly from JW Marriott Bangkok as aforementioned.

Midscale Hotels

- In 2018, we opened 1 midscale hotels in Bangkok, Novotel Sukhumvit 4. As such, at the end of 2018, midscale segment comprised of 3 hotels in Bangkok and 2 hotels in Pattaya.
- Occupancy in this segment recorded at 85 percent slightly decreased from 88 percent in 2017. ARR increased 4 percent from the same period last year and growth was driven from all hotels in this segment leading to a 1 percent RevPAR increase from 2017. Hotels located in Bangkok generated the highest RevPAR growth among this group. For 2018, the Midscale segment generated operating income at THB 1,523 million and EBITDA at THB 597 million, a 4 percent and a 3 percent increase from the same period last year respectively.

Economy Hotels

- In 2018 we opened 1 new economy hotel in Bangkok; ibis Style Sukhumvit 4. At the end of 2018, the Economy segment comprised of 11 ibis hotels in 6 major tourist destinations in Thailand (Bangkok, Pattaya, Phuket, Samui, Hua Hin and Krabi).
- Occupancy in this segment recorded at 81 percent decreased from 85 percent in 2017. ARR increased 8 percent and growth was witnessed from all hotels in this segment resulting to a 3 percent RevPAR increase from 2017. Our Economy hotels located in Bangkok recorded the highest RevPAR growth among the group at a 5 percent increase from 2017 while non-Bangkok hotels still impact from slowdown of Russian and Chinese market, which are our top source in second half of 2018. For 2018, the Economy segment generated operating income at THB 1,074 million, 2 percent increase from 2017, while EBITDA recorded at THB 369 million, a 4 percent decrease from the same period last year.

HOP INN Hotels

- In 2018 we opened additional 4 hotels under our own brand "HOP INN" in Thailand. They are located in Surin, Chonburi, Krabi and Chiang Mai. As such, we now have 36 hotels in this segment which cover major Thailand's tourist and business destinations.

- Occupancy in this segment recorded at 75 percent in 2018 in alignment with year 2017. ARR increased 7 percent and RevPAR increased 8 percent from the same period last year which is the highest RevPAR growth among the group. For 2018, HOP INN recorded operating income at THB 422 million and EBITDA at THB 204 million, a 44 percent and a 69 percent increase from the same period last year respectively.

Philippines

HOP INN Hotels

- In 2018, we opened 3 new HOP INN hotels in Manila. At the end of 2018, we have 5 hotels in Manila City, Philippines; Ermita, Makati, Aseana, Alabang and Quezon.
- Occupancy in this segment recorded at 76 percent in 2018 in alignment with year 2017, despite additional 531 room inventory but performance of 2 existing hotels continued growing. ARR increased 5 percent and RevPAR increased 5 percent from the same period last year. HOP INN in Philippines generated operating income and EBITDA at THB 152 million and THB 53 million for 2018 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 2018, income from rental and service increased 5 percent from 2017 to record at THB 234 million.

Other Items in P&L

- **Depreciation & Amortization:** This non-cash item recorded at THB 776 million in 2018, increased by THB 38 million from the same period last year. This mainly came from the additional depreciation of new hotels opened.

- **Finance Costs:** We recorded finance costs at THB 360 million in 2018, increased THB 16 million from 2017. This mainly came from the recognition of interest expense of new hotels opened.

Extraordinary Items:

- **Investment in ERWPF:** We recorded share of loss at THB 4 million in 2018 due to the revaluation of asset in 1Q18.

Financial Status

Financial Ratio (times)	FY 2017	FY 2018
Interest Coverage Ratio	5.0	5.0
Interest Bearing Debt to Equity	1.7	1.7

We generated THB 1,907 million of operating cash flow before change in operating asset and liabilities, representing a 2 percent increase from the same period last year. We utilized cash flow generated, together with bank loans to fund the development of new hotels. Cash on hand was recorded at THB 1,051 million at the end of 2018. Interest coverage ratio recorded at 5.0 times, in line with 2017.

At the end of 2018, we recorded total assets at THB 16,949 million compared to THB 16,048 million at the end of 2017 due to the increase in property, plant and equipment from the expansion of new hotels. Our total liabilities recorded at THB 11,240 million increased from THB 10,645 million at the end of 2017 due to the increasing of long-term loan to support hotel expansion. Shareholder's equity recorded at THB 5,709 million at the end of 2018 increased from THB 5,403 million at the end of 2017. Our interest bearing debt-to-equity ratio recorded at 1.7 times, in line with the end of 2017.

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 2018, 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 2018 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), 3(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.

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 and 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.
- 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.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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.

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.

Vilain V.

(Vilaivan Pholprasert)

Certified Public Accountant
Registration No. 8420

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2019

Audit fee

In 2018, the remuneration paid to the external auditor of KMPG Phomchai Audit Limited as follow

- 1) The total audit fee is Baht 7,737,000 consisting of:
 - a. The audit fee of The Erawan Group Plc. Baht 2,947,000 (excluding transportation out of Bangkok and relevant miscellaneous expenses) is higher than the previous year (Baht 2,687,000) by Baht 260,000 or 9.68 percent.
 - b. The audit fee of The Company's subsidiaries in Thailand is totaling Baht 2,730,000
 - c. The audit fee of The Company's subsidiaries in overseas is totaling Baht 2,060,000
- 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

Assets	Note	Consolidated financial statements 31 December		Separate financial statements 31 December	
		2018	2017	2018	2017

(in Baht)

Current assets

Cash and cash equivalents	5	1,051,289,657	1,076,975,887	199,697,964	253,445,888
Trade accounts receivable	4, 6	205,311,187	217,610,134	100,919,563	99,266,021
Inventories	7	55,434,252	56,830,065	11,527,582	11,602,501
Value added tax refundable		146,799,452	128,775,953	-	-
Other current assets	4, 8	101,106,833	92,478,705	42,925,418	43,349,376
Total current assets		1,559,941,381	1,572,670,744	355,070,527	407,663,786

Non-current assets

Investments in associates	9	92,336,571	109,475,093	308,706,127	322,167,211
Investments in subsidiaries	10	-	-	4,159,459,686	3,607,959,686
Other long-term investments	11	746,519	1,058,558	610,561	844,082
Long-term loans to related parties	4	-	-	1,304,214,688	1,765,392,334
Property, plant and equipment	13	13,505,201,492	12,567,565,969	7,414,121,962	6,710,071,750
Land held for development	14	104,236,832	104,236,832	-	-
Leasehold rights for land and buildings	15	1,365,629,084	1,406,161,076	683,239,144	726,401,952
Intangible assets	16	39,385,892	34,279,141	16,422,606	15,133,348
Deposits for lease of land, building and equipment		148,129,904	140,092,267	101,773,430	100,027,075
Deferred tax assets	17	12,849,094	13,362,927	9,809,109	9,383,735
Other non-current assets	18	120,235,675	98,792,435	47,858,623	35,185,011
Total non-current assets		15,388,751,063	14,475,024,298	14,046,215,936	13,292,566,184
Total assets		16,948,692,444	16,047,695,042	14,401,286,463	13,700,229,970

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

Liabilities and equity	Note	Consolidated financial statements 31 December		Separate financial statements 31 December	
		2018	2017	2018	2017

(in Baht)

Current liabilities

Short-term borrowings from					
financial institutions	19	749,000,000	1,095,000,000	749,000,000	1,095,000,000
Trade accounts payable	4, 20	224,887,424	279,507,797	102,813,583	137,202,481
Current portion of long-term borrowings					
from financial institutions	19	1,524,545,735	915,150,695	842,835,895	564,704,270
Current portion of finance lease					
liabilities	19	906,727	1,215,245	906,727	1,215,245
Income tax payable		65,512,211	76,001,601	22,744,967	39,508,707
Other current liabilities	4, 21	974,975,575	850,934,449	510,717,767	424,125,423
Total current liabilities		3,539,827,672	3,217,809,787	2,229,018,939	2,261,756,126

Non-current liabilities

Long-term loans from					
related parties	4, 19	-	-	176,344,562	140,589,731
Long-term borrowings from financial					
institutions	19	7,329,100,774	7,056,439,414	4,784,556,982	4,257,692,877
Finance lease liabilities	19	1,694,231	1,617,297	1,694,231	1,617,297
Accounts payable for land					
leasehold rights		180,000,000	180,000,000	180,000,000	180,000,000
Deposits from lessees		45,889,791	42,679,157	43,404,321	41,077,814
Deferred income	22	10,289,157	12,313,253	10,289,157	12,313,253
Deferred tax liabilities	17	50,798,571	47,204,116	-	-
Provision for employee benefits	23	82,665,932	86,599,861	44,772,086	42,431,277
Total non-current liabilities		7,700,438,456	7,426,853,098	5,241,061,339	4,675,722,249
Total liabilities		11,240,266,128	10,644,662,885	7,470,080,278	6,937,478,375

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

		Consolidated financial statements 31 December		Separate financial statements 31 December	
Liabilities and equity	Note	2561	2560	2561	2560
(in Baht)					
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		2,507,715,910	2,500,893,275	2,507,715,910	2,500,893,275
Shares premium on ordinary shares	24	871,840,883	846,265,204	871,840,883	846,265,204
Employee stock options	24	15,232,789	11,410,359	15,232,789	11,410,359
Retained earnings					
Appropriated					
Legal reserve	25	253,273,000	235,558,000	253,273,000	235,558,000
Unappropriated		2,034,593,417	1,729,896,305	3,283,002,204	3,168,322,871
Other components of shareholders' equity		(139,541,361)	(88,002,976)	141,399	301,886
Equity attributable to owners of the parent		5,543,114,638	5,236,020,167	6,931,206,185	6,762,751,595
Non-controlling interests	12	165,311,678	167,011,990	-	-
Total shareholders' equity		5,708,426,316	5,403,032,157	6,931,206,185	6,762,751,595
Total liabilities and shareholders' equity		16,948,692,444	16,047,695,042	14,401,286,463	13,700,229,970

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

Statement of comprehensive income

The Erawan Group Public Company Limited and its Subsidiaries

	Note	Consolidated financial statements Year ended 31 December		Separate financial statements Year ended 31 December	
		2018	2017	2018	2017

(in Baht)

Revenues					
Revenues from hotel operations	4	6,022,102,098	5,773,116,967	2,851,869,601	2,853,128,405
Rental of units in buildings and service income	4	234,268,494	222,509,991	163,430,476	158,275,217
Revenues from sale of property		3,800,000	-	-	-
Dividend income	4	-	-	163,668,225	134,828,541
Interest income	4	7,761,729	6,702,257	66,378,190	82,622,040
Other income	4, 27	39,743,371	48,126,727	43,351,960	46,191,937
Total revenues		6,307,675,692	6,050,455,942	3,288,698,452	3,275,046,140
Expenses					
Cost of hotel operations	4	2,728,883,601	2,549,629,655	1,251,384,307	1,204,121,383
Cost of rental of units in buildings and services	4	83,950,586	86,011,597	44,587,764	46,445,477
Cost of sale of property		2,323,931	-	-	-
Depreciation and amortisation		775,935,926	738,422,891	370,683,630	367,852,304
Selling expenses	28	357,310,178	347,798,235	180,847,482	176,105,068
Administrative expenses	4, 29	1,238,049,762	1,223,263,801	656,353,933	650,480,603
Loss on impairment of investments	9, 10	-	-	118,500,000	1,264,600,000
Finance costs	4, 32	360,336,075	343,671,564	237,375,383	230,307,942
Total expenses		5,546,790,059	5,288,797,743	2,859,732,499	3,939,912,777
Share of loss of investment in associates	9	(3,677,438)	(24,474,322)	-	-
Profit (loss) before income tax expense		757,208,195	737,183,877	428,965,953	(664,866,637)
Income tax expense	33	(164,021,822)	(172,167,057)	(74,695,061)	(92,778,354)
Profit (loss) for the year		593,186,373	565,016,820	354,270,892	(757,644,991)

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

Note	Consolidated financial statements Year ended 31 December		Separate financial statements Year ended 31 December	
	2018	2017	2018	2017
(in Baht)				
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	(51,323,661)	(61,856,045)	-	-
Gain (loss) on remeasurement investments held as available-for-sale	(214,724)	479,940	(160,487)	388,948
Total items that will be reclassified subsequently to profit or loss	(51,538,385)	(61,376,105)	(160,487)	388,948
<i>Items that will not be reclassified to profit or loss</i>				
Gain on remeasurements of defined benefit plans	23 15,504,320	-	4,464,200	-
Income tax on other comprehensive income	17, 33 (3,100,864)	-	(892,840)	-
Total items that will not be reclassified to profit or loss	12,403,456	-	3,571,360	-
Other comprehensive income (loss) for the year, net of income tax	(39,134,929)	(61,376,105)	3,410,873	388,948
Total comprehensive income (loss) for the year	554,051,444	503,640,715	357,681,765	(757,256,043)
Profit (loss) attributable to:				
Owners of Company	536,305,644	505,571,771	354,270,892	(757,644,991)
Non-controlling interests	12 56,880,729	59,445,049	-	-
Profit (loss) for the year	593,186,373	565,016,820	354,270,892	(757,644,991)
Total comprehensive income (loss) attributable to:				
Owners of Company	496,321,646	444,195,666	357,681,765	(757,256,043)
Non-controlling interests	12 57,729,798	59,445,049	-	-
Total comprehensive income (loss) for the year	554,051,444	503,640,715	357,681,765	(757,256,043)
Earnings (loss) per share (in Baht)	34			
Basic earnings (loss) per share	0.2141	0.2022	0.1414	(0.3031)
Diluted earnings (loss) per share	0.2127	0.2012	0.1405	(0.3016)

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

	Consolidated financial statements											
	Note	Share premium on ordinary shares		Employee stock options	Retained earnings		Other components of shareholders' equity			Equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
		Issued and paid-up share capital	Share premium on ordinary shares		Legal reserve	Unappropriated	Translating foreign operations	Available-for-sale investments	Total other components of shareholders' equity			
(in Baht)												
Year ended 31 December 2017												
Balance at 1 January 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
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the parent												
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)
Total contribution by and distributions to owners of the parent		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												
Profit		-	-	-	-	505,571,771	-	-	-	505,571,771	59,445,049	565,016,820
Other comprehensive income (loss)		-	-	-	-	-	(61,856,045)	479,940	(61,376,105)	(61,376,105)	-	(61,376,105)
Total comprehensive income (loss) for the year		-	-	-	-	505,571,771	(61,856,045)	479,940	(61,376,105)	444,195,666	59,445,049	503,640,715
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
Year ended 31 December 2018												
Balance at 1 January 2018		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
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the parent												
Employee stock options	24	6,822,635	25,575,679	3,822,430	-	-	-	-	-	36,220,744	-	36,220,744
Dividends to owners of the Company	35	-	-	-	-	(225,447,919)	-	-	-	(225,447,919)	(59,430,110)	(284,878,029)
Total contribution by and distributions to owners of the parent		6,822,635	25,575,679	3,822,430	-	(225,447,919)	-	-	-	(189,227,175)	(59,430,110)	(248,657,285)
Comprehensive income (loss) for the year												
Profit		-	-	-	-	536,305,644	-	-	-	536,305,644	56,880,729	593,186,373
Other comprehensive income (loss)		-	-	-	-	11,554,387	(51,323,661)	(214,724)	(51,538,385)	(39,983,998)	849,069	(39,134,929)
Total comprehensive income (loss) for the year		-	-	-	-	547,860,031	(51,323,661)	(214,724)	(51,538,385)	496,321,646	57,729,798	554,051,444
Transfer to legal reserve	25	-	-	-	17,715,000	(17,715,000)	-	-	-	-	-	-
Balance at 31 December 2018		2,507,715,910	871,840,883	15,232,789	253,273,000	2,034,593,417	(139,801,676)	260,315	(139,541,361)	5,543,114,638	165,311,678	5,708,426,316

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

Note	Separate financial statements						Total shareholders' equity
	Issued and paid-up share capital	Share premium on ordinary shares	Employee stock options	Retained earnings		Other component of shareholders' equity	
				Legal reserve	Unappropriated	Available-for-sale investments	
(in Baht)							
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							
Contributions by and distributions to owners of the parent							
Employee stock options	2,720,000	9,765,616	11,410,359	-	-	-	23,895,975
Dividends to owners of the Company	-	-	-	-	(149,993,435)	-	(149,993,435)
Total contribution by and distributions to owners of the parent	2,720,000	9,765,616	11,410,359	-	(149,993,435)	-	(126,097,460)
Comprehensive income (loss) for the year							
Loss	-	-	-	-	(757,644,991)	-	(757,644,991)
Other comprehensive income	-	-	-	-	-	388,948	388,948
Total comprehensive income (loss) for the year	-	-	-	-	(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
Year ended 31 December 2018							
Balance at 1 January 2018	2,500,893,275	846,265,204	11,410,359	235,558,000	3,168,322,871	301,886	6,762,751,595
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners of the parent							
Employee stock options	6,822,635	25,575,679	3,822,430	-	-	-	36,220,744
Dividends to owners of the Company	-	-	-	-	(225,447,919)	-	(225,447,919)
Total contribution by and distributions to owners of the parent	6,822,635	25,575,679	3,822,430	-	(225,447,919)	-	(189,227,175)
Comprehensive income (loss) for the year							
Profit	-	-	-	-	354,270,892	-	354,270,892
Other comprehensive income (loss)	-	-	-	-	3,571,360	(160,487)	3,410,873
Total comprehensive income (loss) for the year	-	-	-	-	357,842,252	(160,487)	357,681,765
Transfer to legal reserve	-	-	-	17,715,000	(17,715,000)	-	-
Balance at 31 December 2018	2,507,715,910	871,840,883	15,232,789	253,273,000	3,283,002,204	141,399	6,931,206,185

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

Statement of cash flows

The Erawan Group Public Company Limited and its Subsidiaries

	Consolidated financial statements Year ended 31 December		Separate financial statements Year ended 31 December	
	2018	2017	2018	2017
	(in Baht)			
<i>Cash flows from operating activities</i>				
Profit for the year	593,186,373	565,016,820	354,270,892	(757,644,991)
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Income tax expense	164,021,822	172,167,057	74,695,061	92,778,354
Finance costs	360,336,075	343,671,564	237,375,383	230,307,942
Depreciation and amortisation	775,935,926	738,422,891	370,683,630	367,852,304
Provisions for employee benefits	14,266,845	13,438,274	7,784,881	7,555,888
Share-based payment	11,095,095	14,103,975	11,095,095	14,103,975
Share of loss of investment in associates	3,677,438	24,474,322	-	-
Loss on impairment of investments	-	-	118,500,000	1,264,600,000
Reversal of doubtful debts expenses	(825,787)	(392,728)	(636,230)	(130,089)
(Reversal of) loss on declining in value of inventories	(2,250,300)	2,250,300	-	-
(Gain) loss on disposal of building and equipment	(2,071,131)	1,978,658	(1,696,697)	(933,656)
Loss on non-refundable withholding tax deducted at source	377,817	698,618	-	-
Recognised rental deposits and				
deferred income to income	(2,769,856)	(2,273,082)	(2,700,146)	(2,154,162)
Dividend income	-	-	(163,668,225)	(134,828,541)
Interest income	(7,761,729)	(6,702,257)	(66,378,190)	(82,622,040)
	1,907,218,588	1,866,854,412	939,325,454	998,884,984

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

	Consolidated financial statements Year ended 31 December		Separate financial statements Year ended 31 December	
	2018	2017	2018	2017
	(in Baht)			
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	12,983,821	(14,948,662)	(1,017,312)	1,753,303
Inventories	3,640,611	(5,848,994)	74,919	(2,527,514)
Value added tax refundable	(22,249,226)	(45,936,320)	-	-
Other current assets	(9,071,067)	1,343,165	423,958	(745,995)
Deposits for lease of land, building and equipment	(10,063,530)	(14,056,673)	(1,746,355)	(2,423,254)
Other non current assets	(24,106,435)	(29,967,554)	(12,673,612)	25,258,136
Trade accounts payable	(54,666,886)	27,156,306	(34,388,898)	7,535,275
Employee benefits paid	(2,696,454)	(12,479,292)	(979,872)	(9,838,362)
Other current liabilities	112,900,680	47,125,617	92,717,119	21,886,836
Deposits from lessees	3,965,775	3,405,123	3,002,557	3,315,589
Net cash generated from operating	1,917,855,877	1,822,647,128	984,737,958	1,043,098,998
Income tax paid	(174,038,686)	(142,684,274)	(92,777,015)	(81,795,737)
Net cash from operating activities	1,743,817,191	1,679,962,854	891,960,943	961,303,261
<i>Cash flows from investing activities</i>				
Investment in associate	13,461,084	15,912,396	13,461,084	15,912,396
Investments in subsidiaries	-	-	(670,000,000)	(429,600,000)
Other long-term investments	97,315	802,799	73,034	602,499
Long-term loans to related parties	-	-	(528,121,050)	(1,124,742,046)
Proceeds from repayment of long-term loans to related parties	-	-	988,990,115	782,825,702
Acquisition of property, plant and equipment	(1,634,756,024)	(1,498,215,140)	(1,014,425,449)	(531,880,943)
Acquisition of leasehold rights for land and buildings	(35,616,548)	(21,202,613)	-	-
Acquisition of intangible assets	(17,167,885)	(12,670,915)	(6,884,877)	(2,491,864)
Proceeds from sales of building and equipment	5,814,876	3,713,444	4,835,053	2,258,631
Dividends received	-	5,212,560	163,668,225	134,828,541
Interest received	7,290,064	6,656,167	66,686,771	83,284,132
Net cash used in investing activities	(1,660,877,118)	(1,499,791,302)	(981,717,094)	(1,069,002,952)

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

	Consolidated financial statements Year ended 31 December		Separate financial statements Year ended 31 December	
	2018	2017	2018	2017
	(in Baht)			
Cash flows from financing activities				
Proceeds from short-term borrowings from financial institutions	2,121,000,000	2,692,000,000	2,121,000,000	2,692,000,000
Repayment of short-term borrowings from financial institutions	(2,467,000,000)	(2,779,000,000)	(2,467,000,000)	(2,779,000,000)
Proceeds from short-term loans from a related party	-	-	1,391,578,747	1,165,100,720
Repayment of short-term loans from a related party	-	-	(1,391,578,747)	(1,165,100,720)
Proceeds from long-term loans from related parties	-	-	118,255,143	98,434,911
Repayment of long-term loans from related parties	-	-	(82,563,552)	(76,154,349)
Proceeds from long-term borrowings from financial institutions	1,829,282,079	1,494,645,701	1,371,000,000	1,037,000,000
Repayment of long-term borrowings from financial institutions	(929,350,213)	(734,727,673)	(565,879,500)	(405,234,625)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(3,340,584)	(1,721,905)	(3,340,584)	(1,721,905)
Proceeds from exercises of share options	25,125,649	9,792,000	25,125,649	9,792,000
Dividends paid to owners of the Company	(225,447,919)	(149,993,435)	(225,447,919)	(149,993,435)
Dividends paid to non-controlling interests	(59,430,110)	(47,065,287)	-	-
Finance costs	(383,725,072)	(362,399,404)	(255,141,010)	(238,747,250)
Net cash from (used in) financing activities	(92,886,170)	121,529,997	36,008,227	186,375,347
Net increase (decrease) in cash and cash equivalents before effect of exchange rates	(9,946,097)	301,701,549	(53,747,924)	78,675,656
Effect of exchange rate changes on cash and cash equivalents	(15,740,133)	(20,151,143)	-	-
Net increase (decrease) in cash and cash equivalent	(25,686,230)	281,550,406	(53,747,924)	78,675,656
Cash and cash equivalents at 1 January	1,076,975,887	795,425,481	253,445,888	174,770,232
Cash and cash equivalents at 31 December	1,051,289,657	1,076,975,887	199,697,964	253,445,888
Non-cash transactions				
Vehicles purchased under finance lease liabilities	3,109,000	1,531,000	3,109,000	1,531,000
Acquisition of building and equipment and intangible assets for which payment had not yet been made	126,906,475	123,540,124	83,433,794	90,359,546

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 26 February 2019.

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 14 branches in Bangkok, Chonburi, Phuket, Suratthani, Prachuabkirikhan 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 2018 and 2017 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
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 Company Limited	Management 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
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	99.99

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2018	2017
Indirect subsidiaries				
Erawan Mauritius Limited	Holding company	Mauritius	100.00	100.00
Erawan Singapore Pte. Ltd.	Holding company	Singapore	100.00	100.00
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	99.99
Erawan Philippines (Cebu), INC.	Hotel	Philippines	99.99	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 2018, Erawan Mauritius Limited, an indirect subsidiary, has authorised share capital of 27,203,000 ordinary shares at a par value of USD 1, totaling USD 27,203,000 which have been wholly acquired and fully paid of USD 27,203,000 by Erawan Hop Inn Company Limited. During 2017 to 2018, there were changes in investment in Erawan Mauritius Limited as follows:

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.

On 5 July 2018, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 7,715,000 ordinary shares at a par value of USD 1, totaling USD 7,715,000 which have been wholly acquired and fully paid by Erawan Hop Inn Company Limited on 5 July 2018.

Erawan Singapore Pte. Ltd.

As at 31 December 2018, Erawan Singapore Pte. Ltd., an indirect subsidiary, has authorised share capital of 27,103,000 ordinary shares at a par value of USD 1, totaling USD 27,103,000 which have been wholly acquired and fully paid of USD 27,103,000 by Erawan Mauritius Limited. During 2017 to 2018, there were changes in investment in Erawan Singapore Pte. Ltd. as follows:

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.

On 11 July 2018, Erawan Singapore Pte. Ltd., registered the increase of the authorised share capital by issuing 7,695,000 ordinary shares at a par value of USD 1, totaling USD 7,695,000 which have been wholly acquired and fully paid by Erawan Mauritius Limited on 11 July 2018.

Erawan Philippines, INC.

As at 31 December 2018, Erawan Philippines, INC., an indirect subsidiary, has authorised share capital of 1,400,000,000 ordinary shares at a par value of PHP 1, totaling PHP 1,400,000,000 and paid-up share capital of PHP 1,211,076,745 which is 99.99% holding and paid by Erawan Singapore Pte. Ltd. of PHP 1,211,076,739. During 2017 to 2018, there were changes in investment in Erawan Philippines, INC. as follows:

On 27 April 2017, Erawan Singapore Pte. Ltd., paid for the share capital of Erawan Philippines, INC., totaling PHP 45,000,613, and PHP 141,868,800 on 8 May 2017, and PHP 63,309,500 on 3 July 2017, and PHP 960,395 on 8 January 2018, respectively.

On 8 May 2018, Erawan Philippines, INC., registered the increase of the authorised share capital by issuing 800,000,000 ordinary shares at a par value of PHP 1, totaling PHP 800,000,000 which have been wholly acquired and partially paid by Erawan Singapore Pte. Ltd. of PHP 203,652,745 on 8 May 2018 and PHP 407,424,000 on 13 July 2018, respectively.

Erawan Philippines (Ermita), INC.

As at 31 December 2018, 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 2018, Erawan Philippines (Makati), INC., an indirect subsidiary, has authorised share capital of 110,000,000 ordinary shares at a par value of PHP 1, totaling PHP 110,000,000 and paid-up share capital of PHP 110,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 109,999,994. During 2018, there were changes in investment in Erawan Philippines (Makati), INC. as follows:

On 8 May 2018, Erawan Philippines (Makati), INC., registered the increase of the authorised share capital by issuing 25,000,000 ordinary shares at a par value of PHP 1, totaling PHP 25,000,000 which have been wholly acquired and partially paid by Erawan Philippines, INC. of PHP 6,250,000 on 8 May 2018 and PHP 18,750,000 on 13 July 2018, respectively.

Erawan Philippines (Aseana), INC.

As at 31 December 2018, Erawan Philippines (Aseana), INC., an indirect subsidiary, has authorised share capital of 160,000,000 ordinary shares at a par value of PHP 1, totaling PHP 160,000,000 and paid-up share capital of PHP 160,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 159,999,993. During 2017 to 2018, there were changes 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.

On 23 February 2018, Erawan Philippines (Aseana), INC., registered the increase of the authorised share capital by issuing 15,000,000 ordinary shares at a par value of PHP 1, totaling PHP 15,000,000 which is wholly acquired and partially paid by Erawan Philippines, INC. of PHP 10,000,000 on 23 February 2018 and PHP 5,000,000 on 13 July 2018, respectively.

On 22 August 2018, Erawan Philippines (Aseana), INC., registered the increase of the authorised share capital by issuing 30,000,000 ordinary shares at a par value of PHP 1, totaling PHP 30,000,000 which is wholly acquired and fully paid by Erawan Philippines, INC. on 22 August 2018.

Erawan Philippines (Alabang), INC.

As at 31 December 2018, Erawan Philippines (Alabang), INC., an indirect subsidiary, has authorised share capital of 120,000,000 ordinary shares at a par value of PHP 1, totaling PHP 120,000,000 and paid-up share capital of PHP 120,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 119,999,994. During 2017 to 2018, there were changes in investment in Erawan Philippines (Alabang), INC. as follows:

On 8 May 2017, Erawan Philippines, INC., paid for the share capital of Erawan Philippines (Alabang), INC. totaling PHP 55,000,000, and PHP 20,000,000 on 3 July 2017.

On 2 March 2018, Erawan Philippines (Alabang), INC., registered the increase of the authorised share capital by issuing 20,000,000 ordinary shares at a par value of PHP 1, totaling PHP 20,000,000 which have been wholly acquired and fully paid by Erawan Philippines, INC. on 30 April 2018.

Erawan Philippines (Quezon City), INC.

As at 31 December 2018, 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 100,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 99,999,994. During 2017 to 2018, there were changes in investment in Erawan Philippines (Quezon City), INC. as follows:

On 8 May 2017, Erawan Philippines, INC., paid for the share capital of Erawan Philippines (Quezon City), INC. totaling PHP 17,000,000, PHP 30,000,000 on 8 January 2018 and PHP 28,000,000 on 13 July 2018, respectively.

Erawan Philippines (Ortigas), INC.

As at 31 December 2018, 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 44,999,994 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 2018, Erawan Philippines (Cebu), 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 386,500,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 386,499,994. During 2017 to 2018, 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, PHP 40,000,000 on 6 June 2018, and PHP 63,500,000 on 13 July 2018, respectively.

On 20 November 2018, Erawan Philippines (Cebu), INC., registered the increase of the authorised share capital by issuing 415,000,000 ordinary shares at a par value of PHP 1, totaling PHP 415,000,000 which is partially paid by Erawan Philippines, INC. of PHP 201,500,000 on 20 November 2018.

PT. Erawan Indonesia Jakarta

As at 31 December 2018, 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 2018, 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 60,000,000 which is 99.99% holding and paid by Erawan Hop Inn Company Limited of Baht 59,999,970. During 2017 to 2018, 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 paid by Erawan Hop Inn Company Limited of Baht 29,999,985 on 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, and Baht 5,999,997 on 23 January 2018, 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 2018. 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 new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 39.

(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 prepared and 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 carrying amounts of assets and liabilities within the year ending 31 December 2019 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.

(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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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

Name of entities	Country of incorporation/ nationality	Nature of relationships
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
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 - 4.45 % per annum (2017: at the rate of 4.02% - 5.53% 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:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Subsidiaries				
Dividend income	-	-	163,668	129,617
Interest income	-	-	65,783	82,023
Utility income	-	-	3,072	3,139
Other service income	-	-	19,350	18,250
Space rental and service expenses	-	-	16,441	16,441
Interest expenses	-	-	17,997	15,258
Associates				
Dividend income	-	-	-	5,212
Land and building rental expenses	72,500	72,500	-	-
Management fee	743	751	743	751
Other related parties				
Revenue from hotel operations	27,770	63,631	12,771	33,351
Rental of units in buildings and services income	5,019	7,050	4,060	6,039
Utility income	1,532	1,798	1,532	1,798
Land rental expense	14,120	14,120	-	-
Dividends	59,430	47,065	-	-
Key management personnel compensation				
Short-term employee benefits	50,824	55,167	41,664	49,247
Post-employment benefits	1,003	1,607	1,003	1,607
Total key management personnel compensation	51,827	56,774	42,667	50,854

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Trade accounts receivable - related parties				
Subsidiaries	-	-	340	1,003
Other related parties	2,088	7,469	1,593	3,518
Total	2,088	7,469	1,933	4,521
Other receivables - related parties				
Subsidiaries	-	-	8,288	7,848
Prepaid expenses - related party				
Other related party	7,060	7,060	-	-

	Interest rate		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
	(% per annum)		(in thousand Baht)			
Loans to related parties						
Long-term loans						
Subsidiaries						
Erawan Samui Company Limited	4.24	4.02	-	-	141,077	146,592
Erawan Phuket Company Limited	4.24	4.02	-	-	46,394	467,223
Erawan Chaophraya Company Limited	4.24	4.02	-	-	20,913	79,105
The Reserve Company Limited	4.24	4.02	-	-	3,721	3,569
Erawan Hop Inn Company Limited	4.24	4.02	-	-	1,091,971	902,075
Erawan Growth Management Company Limited	4.24	4.02	-	-	139	166,828
Total			-	-	1,304,215	1,765,392

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

Loans to related parties	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			

Long-term loans

Subsidiaries

At 1 January	-	-	1,765,392	1,424,138
Increase	-	-	528,121	1,124,742
Decrease	-	-	(989,298)	(783,488)
At 31 December	-	-	1,304,215	1,765,392

Consolidated		Separate	
financial statements		financial statements	
2018	2017	2018	2017
(in thousand Baht)			

Trade accounts payables - related parties

Subsidiaries	-	-	339	711
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Other payables to related parties

Subsidiaries	-	-	892	732
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Accrued expenses - related party

Associate	7,484	8,144	-	-
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Loans from related parties	Interest rate		Consolidated		Separate	
			financial statements		financial statements	
	2018	2017	2018	2017	2018	2017
	(% per annum)		(in thousand Baht)			

Long-term loans

Subsidiaries

Erawan Rajdamri Company Limited	4.45	4.45	-	-	165,336	140,590
Erawan Commercial Management Company Limited	4.24	-	-	-	7,006	-
Erawan Naka Company Limited	4.24	-	-	-	4,003	-
Total			-	-	176,345	140,590

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

Loans from related parties	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Short-term loans				
Subsidiary				
At 1 January	-	-	-	-
Increase	-	-	1,391,579	1,165,101
Decrease	-	-	(1,391,579)	(1,165,101)
At 31 December	-	-	-	-
Long-term loans				
Subsidiaries				
At 1 January	-	-	140,590	118,086
Increase	-	-	118,319	98,658
Decrease	-	-	(82,564)	(76,154)
At 31 December	-	-	176,345	140,590

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Cash on hand	11,875	11,628	4,250	3,916
Cash at banks	795,914	849,673	195,448	249,530
Highly liquid short-term investments	243,501	215,675	-	-
Total	1,051,290	1,076,976	199,698	253,446

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Thai Baht (THB)	751,322	844,879	199,698	253,446
United States Dollars (USD)	1,596	1,902	-	-
Philippines Peso (PHP)	230,967	160,469	-	-
Indonesian Rupiah (IDR)	67,405	69,726	-	-
Total	1,051,290	1,076,976	199,698	253,446

6 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)			
Related parties	4	2,088	7,469	1,933	4,521
Other parties		205,314	213,057	99,616	96,011
Total		207,402	220,526	101,549	100,532
Less allowance for doubtful accounts		(2,091)	(2,916)	(629)	(1,266)
Net		205,311	217,610	100,920	99,266
Reversal of doubtful debt expense for the year		(825)	(393)	(637)	(130)

Aging analyses for trade accounts receivable were as follows:

ing analysis for trade accounts receivable were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Related parties				
Outstanding:				
Less than 3 months	2,087	7,465	1,932	4,517
6 - 12 months	1	4	1	4
	2,088	7,469	1,933	4,521
Other parties				
Outstanding:				
Less than 3 months	202,809	206,204	98,773	92,011
3 - 6 months	1,829	4,775	556	3,209
6 - 12 months	478	1,963	287	791
More than 12 months	198	115	-	-
	205,314	213,057	99,616	96,011
Less allowance for doubtful accounts	(2,091)	(2,916)	(629)	(1,266)
	203,223	210,141	98,987	94,745
Net	205,311	217,610	100,920	99,266

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Thai Baht (THB)	198,404	216,581	100,920	99,266
Philippines Peso (PHP)	6,907	1,029	-	-
Total	205,311	217,610	100,920	99,266

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

7 Inventories

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Food and beverage	41,889	42,360	9,128	10,125
Operating supplies	8,497	8,343	1,331	1,150
Others	5,048	8,377	1,069	328
Total	55,434	59,080	11,528	11,603
Less allowance for declining in value of inventories	-	(2,250)	-	-
Net	55,434	56,830	11,528	11,603

8 Other current assets

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Prepaid expenses	54,787	54,262	13,466	15,872
Other receivables	13,913	10,006	8,288	8,015
Others	32,407	28,211	21,171	19,462
Total	101,107	92,479	42,925	43,349

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
At 1 January	109,475	155,074	322,167	365,880
Share of net loss of investment in associate	(3,677)	(24,474)	-	-
Dividend income	-	(5,212)	-	-
Capital reduction	(13,461)	(15,913)	(13,461)	(15,913)
Allowance for impairment	-	-	-	(27,800)
At 31 December	92,337	109,475	308,706	322,167

During the year ended 31 December 2018 there was no acquisitions and disposal of investments in associates.

On 1 February 2018, the associate declared the capital reduction and paid back for such capital reduction to the Company amounting to Baht 4.68 million on 2 March 2018.

On 2 May 2018, the associate declared the capital reduction and paid back for such capital reduction to the Company amounting to Baht 5.78 million on 1 June 2018.

On 7 November 2018, the associate declared the capital reduction and paid back for such capital reduction to the Company amounting to Baht 3.00 million on 4 December 2018.

On 23 January 2017, the associate declared the capital reduction and paid back for such capital reduction to the Company amounting to Baht 7.02 million on 23 February 2017.

On 27 April 2017, the associate declared the capital reduction and paid back for such capital reduction to the Company amounting to Baht 5.98 million on 24 May 2017.

On 30 October 2017, the associate declared the capital reduction and paid back for such capital reduction to the Company amounting to Baht 2.91 million on 27 November 2017.

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 2018 and 2017, 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	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(%)		(in million Baht)		(in thousand Baht)							
Associates													
Rajprasong Development Co., Ltd.	Thailand	48.00	48.00	1.00	1.00	338	338	338	338	-	-	-	-
Erawan Hotel Growth Investment													
Property Fund in properties	Thailand	20.00	20.00	1,680.84	1,748.14	336,168	349,629	91,999	109,137	186,666	239,496	-	5,212
Total						336,506	349,967	92,337	109,475			-	5,212

Separate financial statements													
Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Fair value of listed security		Dividend income	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
(%)		(in million Baht)		(in thousand Baht)									
Associates													
Rajprasong Development													
48.00	48.00	1.00	1.00	338	338	-	-	338	338	-	-	-	-
Erawan Hotel Growth													
20.00	20.00	1,680.84	1,748.14	336,168	349,629	(27,800)	(27,800)	308,368	321,829	186,666	239,496	-	5,212
Total				336,506	349,967	(27,800)	(27,800)	308,706	322,167			-	5,212

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.

	Erawan Hotel Growth Property Fund	
	2018	2017
	(in thousand Baht)	
Income	72,551	72,566
Expenses	(6,228)	(6,388)
Net investments income	66,323	66,178
Net loss from investments	(84,710)	(188,540)
Decrease in net assets from operations	(18,387)	(122,362)
Attributable to Group	(3,677)	(24,472)
Assets	1,541,517	1,626,342
Liabilities	(1,419)	(552)
Net assets	1,540,098	1,625,790
Group's interest in net assets of investee at 1 January		
before adjustments	325,158	370,755
Elimination and other adjustments	(216,021)	(216,019)
Group's interest in net assets of investee at 1 January		
after adjustments	109,137	154,736
Decrease in net assets from operations		
Attribute to the Group	(3,677)	(24,472)
Adjustments for decrease in net assets from operations		
Attribute to the Group	-	(2)
Dividends received during the year	-	(5,212)
Capital reduction	(13,461)	(15,913)
Carrying amount of interest in investee at 31 December	91,999	109,137

10 Investments in subsidiaries

	Separate financial statements	
	2018	2017
	(in thousand Baht)	
At 1 January	3,607,960	4,415,160
Acquisitions	670,000	429,600
Allowance for impairment	(118,500)	(1,236,800)
At 31 December	4,159,460	3,607,960

On 2 August 2018, Erawan Growth Management Company Limited, a subsidiary, registered the increase of the authorised share capital by issuing 17,000,000 ordinary shares at a par value of Baht 10, totaling Baht 170,000,000, which have been wholly acquired and fully paid by the Company on 2 August 2018.

On 2 August 2018, Erawan Phuket Company Limited, a subsidiary, registered the increase of the authorised share capital by issuing 500,000 ordinary shares at a par value of Baht 1,000, totaling Baht 500,000,000, which have been wholly acquired and fully paid by the Company on 2 August 2018.

On 27 December 2017, Erawan Hop Inn Company Limited, a subsidiary, 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 wholly acquired and partially paid by the Company of Baht 429,600,000 on 27 December 2017.

Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income from those investments for the years then ended, were as follows:

Subsidiaries	Type of business	Separate financial statements											
		Ownership Interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
(in thousand Baht)													
Direct Subsidiaries													
Erawan Hotel Public Company Limited	Hotel	73.64	73.64	119.50	119.50	819,710	819,710	-	-	819,710	819,710	163,668	129,617
Erawan Chaophraya Company Limited	Hotel	99.99	99.99	71.00	71.00	68,000	68,000	-	-	68,000	68,000	-	-
Erawan Rajdamri Company Limited	Hotel	99.99	99.99	450.00	450.00	451,291	451,291	-	-	451,291	451,291	-	-
Erawan Phuket Company Limited	Hotel	99.99	99.99	2,250.00	1,750.00	2,282,001	1,782,001	(1,236,800)	(1,236,800)	1,045,201	545,201	-	-
Erawan Samui Company Limited	Hotel	99.99	99.99	330.00	330.00	376,858	376,858	-	-	376,858	376,858	-	-
Erawan Naka Company Limited	Land owner	99.99	99.99	26.50	26.50	19,300	19,300	-	-	19,300	19,300	-	-
The Reserve Company Limited	Property development	99.99	99.99	185.00	185.00	185,000	185,000	-	-	185,000	185,000	-	-
Erawan Commercial Management Company Limited	Management service	99.99	99.99	2.00	2.00	2,000	2,000	-	-	2,000	2,000	-	-
Erawan Hop Inn Company Limited	Hotel	99.99	99.99	1,125.60	1,125.60	1,125,600	1,125,600	-	-	1,125,600	1,125,600	-	-
Erawan Growth Management Company Limited	Hotel	99.99	99.99	185.00	15.00	185,000	15,000	(118,800)	-	66,500	15,000	-	-
Total						5,514,760	4,844,760	(1,355,300)	(1,236,800)	4,159,460	3,607,960	163,668	129,617

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

Type of business	Separate financial statements												
	Country of incorporation	Ownership Interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(%)		(in million Baht)								(in thousand Baht)	
Indirect subsidiaries													
Taveesapanan Company Limited	Hotel	99.99	99.99	60.00	54.00	-	-	-	-	-	-	-	-
Erawan Mauritius Limited	Holding company	100.00	100.00	920.88	664.08	-	-	-	-	-	-	-	-
Erawan Singapore Pte. Ltd.	Holding company	100.00	100.00	911.28	656.69	-	-	-	-	-	-	-	-
Erawan Philippines, INC.	Holding company	99.99	99.99	831.04	447.10	-	-	-	-	-	-	-	-
Erawan Philippines (Ermita), INC.	Hotel	99.99	99.99	99.99	99.99	-	-	-	-	-	-	-	-
Erawan Philippines (Makati), INC.	Hotel	99.99	99.99	78.06	62.83	-	-	-	-	-	-	-	-
Erawan Philippines (Aseana), INC.	Hotel	99.99	99.99	110.37	83.31	-	-	-	-	-	-	-	-
Erawan Philippines (Alabang), INC.	Hotel	99.99	99.99	81.28	69.30	-	-	-	-	-	-	-	-
Erawan Philippines (Quezon City), INC.	Hotel	99.99	99.99	66.22	30.12	-	-	-	-	-	-	-	-
Erawan Philippines (Ortigas), INC.	Hotel	99.99	99.99	52.61	52.61	-	-	-	-	-	-	-	-
Erawan Philippines (Cebu), INC.	Hotel	99.99	99.99	240.34	53.61	-	-	-	-	-	-	-	-
PT. Erawan Indonesia Jakarta	Hotel	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 Growth Management Company Limited was less than carrying amount. As a result, the Company recognised an impairment loss of Baht 118.5 million in the separate financial statements for the year ended 31 December 2018. (31 December 2017: Erawan Phuket Company Limited of Baht 1,236.8 million)

11 Other long-term investments

	Equity interest		Consolidated financial statements	
	2018	2017	2018	2017
	(%)		(in thousand Baht)	
Related companies				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.17	0.17	541	853
Total			747	1,059

	Equity interest		Separate financial statements	
	2018	2017	2018	2017
	(%)		(in thousand Baht)	
Related companies				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.13	0.13	405	638
Total			611	844

12 Non-controlling interests

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

	31 December 2018		
	Erawan Hotel Public Company Limited	Intra-group eliminations	Total
	(in thousand Baht)		
Non-controlling interest percentage	26.36		
Current assets	524,503		
Non-current assets	1,102,584		
Current liabilities	(523,726)		
Non-current liabilities	(476,234)		
Net assets	627,127		
Carrying amount of non-controlling interest	165,311	-	165,311
Revenue	1,422,797		
Profit	215,784		
Other comprehensive income	3,221		
Total comprehensive income	219,005		
Profit allocated to non-controlling interest	56,881	-	56,881
Other comprehensive income allocated to non-controlling interest	849	-	849
Cash flows from operating activities	406,092		
Cash flows from investing activities	(16,333)		
Cash flows from financing activities			
(dividends to non-controlling interest: Baht 59.4 million)	(377,708)		
Net increase in cash and cash equivalents	12,051		

31 December 2017			
	Erawan Hotel Public Company Limited	Intra-group eliminations	Total
	(in thousand Baht)		
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
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		

	Consolidated financial statements					
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction
						Total
Net book value						
At 1 January 2017						
Owned assets	2,063,212	8,482,653	503,860	5,446	296,405	351,917
Assets under finance leases	-	-	-	3,976	-	-
	2,063,212	8,482,653	503,860	9,422	296,405	11,707,469
At 31 December 2017 and 1 January 2018						
Owned assets	2,188,975	8,710,712	486,426	3,695	305,430	868,345
Assets under finance leases	-	-	-	3,983	-	-
	2,188,975	8,710,712	486,426	7,678	305,430	12,567,566
At 31 December 2018						
Owned assets	2,188,975	9,742,713	583,299	4,251	325,832	656,228
Assets under finance leases	-	-	-	3,903	-	-
	2,188,975	9,742,713	583,299	8,154	325,832	13,505,201

(in thousand Baht)

Note	Consolidated financial statements					
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction
(in thousand Baht)						

Finance costs capitalised

Finance costs capitalised during 2017

Rates of interest capitalised during 2017
(MLR - 2.00 % and RRP+2.25% per annum)

32	-	-	-	-	-	7,144	7,144
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Finance costs capitalised during 2018

Rates of interest capitalised during 2018
(MLR - 2.00 %, MLR - 3.20% and RRP+2.25% per annum)

32	-	-	-	-	-	25,908	25,908
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The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2018 amounted to Baht 1,598.5 million (2017: Baht 1,786.6 million).

Cost	
At 1 January 2017	
Additions	
Transfers	
Disposals	
At 31 December 2017 and 1 January 2018	
Additions	
Transfers	
Disposals	
At 31 December 2018	
Depreciation	
At 1 January 2017	
Depreciation charge for the year	
Disposals	
At 31 December 2017 and 1 January 2018	
Depreciation charge for the year	
Disposals	
At 31 December 2018	

Separate financial statements						
Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction	Total
(in thousand Baht)						
1,006,544	4,886,401	248,862	2,873	157,055	112,129	6,413,864
-	-	-	3,976	-	-	3,976
1,006,544	4,886,401	248,862	6,849	157,055	112,129	6,417,840
1,006,544	4,810,994	199,380	2,174	156,995	530,002	6,706,089
-	-	-	3,983	-	-	3,983
1,006,544	4,810,994	199,380	6,157	156,995	530,002	6,710,072
1,006,544	5,441,554	299,962	3,092	168,672	490,395	7,410,219
-	-	-	3,903	-	-	3,903
1,006,544	5,441,554	299,962	6,995	168,672	490,395	7,414,122

Net book value

At 1 January 2017

Owned assets

Assets under finance leases

At 31 December 2017 and 1 January 2018

Owned assets

Assets under finance leases

At 31 December 2018

Owned assets

Assets under finance leases

	Separate financial statements					
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction
Note	(in thousand Baht)					
Finance costs capitalised						
Finance costs capitalised during 2017	32	-	-	-	-	1,234
Rates of interest capitalised during 2017 (MLR - 2.00 % per annum)						1,234
Finance costs capitalised during 2018						
Rates of interest capitalised during 2018 (MLR - 2.00 % per annum and MLR - 3.20 % per annum)	32	-	-	-	-	18,505
						18,505

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2018 amounted to Baht 914.0 million (2017: Baht 1,191.0 million).

The Group and the Company have mortgaged their property, building and improvements, with net book values as at 31 December 2018 of Baht 9,643.6 million and Baht 5,643.5 million, respectively (31 December 2017: the Group and the Company of Baht 9,533.3 million and Baht 5,474.2 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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Land cost	95,382	95,382	-	-
Development expenses	8,855	8,855	-	-
Total	104,237	104,237	-	-

Consolidated financial statements			
	Leasehold rights for land	Leasehold rights for buildings	Total
	(in thousand Baht)		
Cost			
At 1 January 2017	1,183,353	1,218,065	2,401,418
Additions	19,000	2,202	21,202
At 31 December 2017 and 1 January 2018	1,202,353	1,220,267	2,422,620
Additions	30,820	4,797	35,617
Transfers	-	897	897
At 31 December 2018	1,233,173	1,225,961	2,459,134
Amortisation			
At 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 and 1 January 2018	422,216	594,243	1,016,459
Amortisation for the year	24,115	48,079	72,194
Transfers to assets under construction	4,852	-	4,852
At 31 December 2018	451,183	642,322	1,093,505
Net book value			
At 1 January 2017	789,404	671,116	1,460,520
At 31 December 2017 and 1 January 2018	780,137	626,024	1,406,161
At 31 December 2018	781,990	583,639	1,365,629

	Separate financial statements		
	Leasehold rights for land	Leasehold rights for buildings	Total
	(in thousand Baht)		
Cost			
At 1 January 2017	960,164	278,481	1,238,645
At 31 December 2017 and 1 January 2018	960,164	278,481	1,238,645
31 December 2018	960,164	278,481	1,238,645
Amortisation			
At 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
At 31 December 2017 and 1 January 2018	292,906	219,337	512,243
Amortisation for the year	18,793	20,221	39,014
Transfers to assets under construction	4,149	-	4,149
31 December 2018	315,848	239,558	555,406
Net book value			
At 1 January 2017	690,220	79,510	769,730
At 31 December 2017 and 1 January 2018	667,258	59,144	726,402
At 31 December 2018	644,316	38,923	683,239

The Group and the Company have mortgaged their leasehold rights for land, with net book values as at 31 December 2018 of Baht 680.1 million and Baht 605.5 million, respectively (31 December 2017: the Group and the Company of Baht 586.2 million and Baht 516.0 million, respectively), as collateral against credit facilities received from financial institutions (see note 19 to the financial statements).

16 Intangible assets

Software licenses	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Cost				
At 1 January	196,321	212,101	135,803	136,305
Additions	17,057	12,741	6,800	2,577
Disposals	(13,967)	(28,206)	(13,967)	(3,079)
Exchange differences on translating financial statements	(302)	(315)	-	-
At 31 December	199,109	196,321	128,636	135,803

Software licenses	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Amortisation				
At 1 January	162,042	177,463	120,670	115,860
Amortisation charge for the year	11,663	12,796	5,500	7,885
Disposals	(13,957)	(28,201)	(13,957)	(3,075)
Exchange differences on translating financial statements	(25)	(16)	-	-
At 31 December	159,723	162,042	112,213	120,670
Net book value				
At 1 January	34,279	34,638	15,133	20,445
At 31 December	39,386	34,279	16,423	15,133

17 Deferred tax

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

	Consolidated financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
	(in thousand Baht)			
Total	18,040	18,973	(55,990)	(52,814)
Set off of tax	(5,191)	(5,610)	5,191	5,610
Net deferred tax assets (liabilities)	12,849	13,363	(50,799)	(47,204)

	Separate financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
	(in thousand Baht)			
Total	9,809	9,384	-	-
Set off of tax	-	-	-	-
Net deferred tax assets	9,809	9,384	-	-

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

Consolidated financial statements								
	At 1 January 2017	(Charged) / Credited to:		At 31 December 2017	At 1 January 2018	(Charged) / Credited to:		At 31 December 2018
		Profit or loss	Other comprehensive income			Profit or loss	Other comprehensive income	
(in thousand Baht)								
Deferred tax assets								
Accounts receivable (doubtful accounts)	662	(79)	-	583	583	(229)	-	354
Provision for employee benefits	17,128	192	-	17,320	17,320	2,314	(3,101)	16,533
Other current assets	-	425	-	425	425	-	-	425
Other current liabilities	689	(44)	-	645	645	83	-	728
Total	18,479	494	-	18,973	18,973	2,168	(3,101)	18,040
Deferred tax liabilities								
Property, plant and equipment (depreciation)	(49,513)	(3,301)	-	(52,814)	(52,814)	(3,176)	-	(55,990)
Total	(49,513)	(3,301)	-	(52,814)	(52,814)	(3,176)	-	(55,990)
Net	(31,034)	(2,807)	-	(33,841)	(33,841)	(1,008)	(3,101)	(37,950)

Separate financial statements							
At 1 January 2017	(Charged) / Credited to:		At 31 December 2017	At 1 January 2018	(Charged) / Credited to:		At 31 December 2018
	Profit or loss	Other comprehensive income			Profit or loss	Other comprehensive income	
(in thousand Baht)							
Deferred tax assets							
Accounts receivable (doubtful accounts)	279	(26)	253	253	(127)	-	126
Provision for employee benefits	8,943	(457)	8,486	8,486	1,362	(893)	8,955
Other current liabilities	560	85	645	645	83	-	728
Total	9,782	(398)	9,384	9,384	1,318	(893)	9,809

Certain subsidiaries have not recognised deferred tax assets arising from the tax loss carry forward of Baht 671.0 million (2017: Baht 859.7 million) which will be expired in 2019 -2023 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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Withholding tax deducted at source	2,708	2,551	-	-
Prepaid expenses	30,525	24,704	18,104	18,719
Advances	87,003	71,537	29,755	16,466
Total	120,236	98,792	47,859	35,185

19 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Current				
Short-term loans from financial institutions				
secured	449,000	250,000	449,000	250,000
unsecured	300,000	845,000	300,000	845,000
Short-term loans from financial institutions	749,000	1,095,000	749,000	1,095,000
Current portion of long-term loans from financial institutions				
secured	1,025,317	915,151	343,607	564,704
unsecured	499,229	-	499,229	-
Current portion of long-term loans	1,524,546	915,151	842,836	564,704
Current portion of finance lease liabilities	907	1,215	907	1,215
Total current interest-bearing liabilities	2,274,453	2,011,366	1,592,743	1,660,919

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		(in thousand Baht)			
Non-current					
Long-term loans from related parties					
unsecured	4	-	-	176,345	140,590
		-	-	176,345	140,590
Long-term loans from financial institutions					
secured		5,443,988	5,269,439	2,899,444	2,470,693
unsecured		1,885,113	1,787,000	1,885,113	1,787,000
		7,329,101	7,056,439	4,784,557	4,257,693
Long-term loans		7,329,101	7,056,439	4,960,902	4,398,283
Finance lease liabilities		1,694	1,617	1,694	1,617
Total non-current interest-bearing liabilities		7,330,795	7,058,056	4,962,596	4,399,900
Total		9,605,248	9,069,422	6,555,339	6,060,819

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Within one year	2,273,546	2,010,151	1,591,836	1,659,704
After one year but within five years	5,908,975	5,613,267	4,084,080	3,513,145
After five years	1,420,126	1,443,172	876,822	885,138
Total	9,602,647	9,066,590	6,552,738	6,057,987

As at 31 December 2018, 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	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
7	Secured	Short-term Baht 1,500 million	MMR	As stated in promissory notes
8	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
9	Secured	Long-term Baht 950 million	MLR - fixed rate p.a.	Commencing on March 2022
	Unsecured	Short-term Baht 300 million	MMR	As stated in promissory notes

Loan agreement	Type of secured loan	Approved credit facilities	Interest rate (% p.a.)	Term of payment
10	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
11	Secured	Long-term Baht 600 million	Fixed rate p.a.	Every 6 months commencing from June 2015
12	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
13	Secured	Long-term Baht 450 million	Fixed rate p.a.	Every 3 months commencing from March 2006
14	Secured	Long-term Baht 630 million	Fixed rate p.a.	Every 3 months commencing from March 2017
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
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 1,000 million	MLR - fixed rate p.a.	Every 3 months commencing from May 2019
35	Secured	Long-term PHP 181 million	RRP + fixed rate p.a.	Every months commencing from August 2017
36	Secured	Long-term PHP 178 million	RRP + fixed rate p.a.	Every months commencing from September 2018
37	Secured	Long-term PHP 224.6 million	RRP + fixed rate p.a.	Every months commencing from April 2019
38	Secured	Long-term PHP 218 million	RRP + fixed rate p.a.	Every months commencing from August 2019
39	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. In December 2018, the Group received the waiver letters to revoke the restriction of maintenance of certain financial ratios for the year 2018 from certain financial institutions. However, there was a subsidiary that subsequently received a waiver letter to revoke the restriction of maintenance of a financial ratio from a financial institution on 21 January 2019. As a result, such loan from the financial institution totaling Baht 98.6 million has been classified as current liabilities on the consolidated financial statements as at 31 December 2018.

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Property, plant and improvements - net book values	9,643,556	9,533,266	5,643,485	5,474,168
Leasehold rights for land - net book values	680,074	582,572	605,532	516,032
Total	10,323,630	10,115,838	6,249,017	5,990,200

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 2018, the Group had unutilised credit facilities of totaling Baht 4,324.7 million and PHP 64.3 million (2017: Baht 4,233.4 million and PHP 447.8 million) and the Company had unutilised credit facilities of totaling Baht 3,240.0 million (2017: Baht 2,928.0 million).

20 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)			
Related parties	4	-	-	339	711
Other parties		224,887	279,508	102,475	136,491
Total		224,887	279,508	102,814	137,202

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Thai Baht (THB)	217,353	276,521	102,814	137,202
Philippines Peso (PHP)	7,534	2,987	-	-
Total	224,887	279,508	102,814	137,202

21 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Accrued expenses	394,116	325,386	202,097	161,574
Advances from customers and deposit received	203,442	174,677	93,704	71,998
Accounts payable - construction	135,790	132,188	89,274	96,685
Accrued management, royalty, marketing and other fees	35,627	38,196	15,933	16,518
Retention	96,450	75,387	54,798	22,950
Value added tax payable	24,721	20,491	12,067	7,763
Others	84,830	84,609	42,845	46,637
Total	974,976	850,934	510,718	424,125

22 Deferred income

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Leasehold rights - building, service and equipment	28,000	28,000	28,000	28,000
Less accumulated amortisation	(15,686)	(13,662)	(15,686)	(13,662)
Net book value	12,314	14,338	12,314	14,338
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	10,290	12,314	10,290	12,314
Total	12,314	14,338	12,314	14,338

23 Provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Statement of financial position obligations for:				
Retirement benefits	82,666	86,600	44,772	42,431
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Retirement benefits	14,267	13,438	7,785	7,556
Recognised in other comprehensive income:				
Gain on remeasurements of defined benefit plan	15,504	-	4,464	-

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:

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Defined benefit obligations at 1 January	86,600	85,641	42,431	44,714
Include in profit or loss:	30			
Current service cost	11,717	11,039	6,558	6,340
Interest on obligation	2,550	2,399	1,227	1,216
	14,267	13,438	7,785	7,556
Include in other comprehensive income:				
Gain on remeasurements of defined benefit plans	(15,504)	-	(4,464)	-
	(15,504)	-	(4,464)	-
Other				
Benefit paid	(2,697)	(12,479)	(980)	(9,839)
	(2,697)	(12,479)	(980)	(9,839)
Defined benefit obligations at 31 December	82,666	86,600	44,772	42,431

Gain on remeasurements of define benefit plans recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Demographic assumptions	(9,163)	-	(3,648)	-
Financial assumptions	1,303	-	838	-
Experience adjustment	(7,644)	-	(1,654)	-
Total	(15,504)	-	(4,464)	-

Actuarial assumptions

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(%)			
Discount rate	2.8	2.9	2.8	2.9
Future salary growth	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0	5.0 - 7.0

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

At 31 December 2018, the weighted-average duration of the defined benefit obligation was 11.8 years (2017:13 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.

	Consolidated financial statements		Separate financial statements	
	(in thousand Baht)			
Defined benefit obligation at 31 December 2018	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(6,359)	7,223	(3,559)	4,037
Future salary growth (1% movement)	6,955	(6,258)	3,858	(3,479)
Defined benefit obligation at 31 December 2017				
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)

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.

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group and Company will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognised during that period in the consolidated and the separate financial statements is estimated to increase by an amount of approximately Baht 17.6 million and Baht 8 million, respectively.

24 Share capital

Par value per share (in Baht)	2018		2017	
	Number	Amount	Number	Amount
	(thousand shares / in thousand Baht)			

Authorised

At 1 January

Ordinary shares	1	2,537,893	2,537,893	2,537,893	2,537,893
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At 31 December

ordinary shares	1	2,537,893	2,537,893	2,537,893	2,537,893
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Issued and paid-up

At 1 January

Ordinary shares	1	2,500,893	2,500,893	2,498,173	2,498,173
Issue under ESOP	1	6,823	6,823	2,720	2,720

At 31 December

ordinary shares	1	2,507,716	2,507,716	2,500,893	2,500,893
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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

The Group and the Company recognised share-based payment expense in the consolidated and separate financial statement of Baht 11.1 million for the years ended 31 December 2018 (31 December 2017: Baht 14.1 million).

Movements in the number of ESOP during the year ended 31 December 2018 and 2017 were as follows:

	2018	2017
	(thousand units)	
At 1 January	37,000	-
Issued	-	39,720
Exercised	(6,823)	(2,720)
At 31 December	30,177	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 2018 or 2017.

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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
(in million Baht)												
External revenue	6,092	5,846	210	203	4	-	2	1	-	-	6,308	6,050
Inter-segment revenue	46	37	3	3	-	-	251	237	(300)	(277)	-	-
Total segment revenue	6,138	5,883	213	206	4	-	253	238	(300)	(277)	6,308	6,050
Share of loss of investment in associate	-	-	-	-	-	-	(4)	(24)	-	-	(4)	(24)
Depreciation and amortisation	(737)	(699)	(27)	(27)	-	-	(6)	(6)	(6)	(6)	(776)	(738)
Segment profit (loss) before income tax	897	872	92	83	1	-	(168)	(1,307)	(65)	1,089	757	737
Investments in associates as at 31 December	-	-	-	-	-	-	92	109	-	-	92	109
Capital expenditure as at 31 December	14,603	13,669	53	78	-	-	174	174	184	191	15,014	14,112
Segment assets as at 31 December	22,208	20,499	657	563	56	55	3,338	3,075	(9,310)	(8,144)	16,949	16,048
Segment liabilities as at 31 December	9,335	9,470	57	56	-	-	3,411	3,263	(1,563)	(2,144)	11,240	10,645

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

	2018	2017
	(in million Baht)	
Revenues		
Total revenue from reportable segments	6,355	6,089
Other revenue	47	55
Elimination of inter-segment revenue	(300)	(277)
Unallocated amount	206	183
Consolidated revenue	6,308	6,050
Profit or loss		
Total profit for reportable segments before income tax and elimination of inter-segment	990	955
Elimination of inter-segment	(65)	1,089
Unallocated corporate expenses	(164)	(1,283)
Share of loss of investment in associate	(4)	(24)
Consolidated profit before income tax	757	737
Assets		
Total assets for reportable segments	22,921	21,117
Investments in associates	92	109
Elimination of inter-segment	(9,310)	(8,144)
Unallocated amounts	3,246	2,966
Consolidated total assets	16,949	16,048
Liabilities		
Total liabilities for reportable segments	9,392	9,526
Elimination of inter-segment	(1,563)	(2,144)
Unallocated amounts	3,411	3,263
Consolidated total liabilities	11,240	10,645

Reportable segment totals	Unallocated assets and eliminations	Consolidated totals
(in million Baht)		

Other material items

2018

Capital expenditure	14,656	358	15,014
Depreciation and amortisation	(764)	(12)	(776)

2017

Capital expenditure	13,747	365	14,112
Depreciation and amortisation	(726)	(12)	(738)

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

	Revenue		Non-current assets	
	2018	2017	2018	2017
	(in thousand Baht)			
Thailand	6,146	5,987	14,419	13,830
Philippines	158	59	970	645
Other countries	4	4	-	-
Total	6,308	6,050	15,389	14,475

27 Other income

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Income from property tax	2,225	1,815	2,032	1,649
Gain on disposal of building and equipment	2,071	-	1,697	934
Net foreign exchange gain	2,793	4,650	1,770	2,591
Other service income	-	-	19,321	18,238
Others	32,654	41,662	18,532	22,780
Total	39,743	48,127	43,352	46,192

28 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Marketing expenses	237,399	234,940	118,563	114,202
Employee benefit expenses	119,911	112,858	62,284	61,903
Total	357,310	347,798	180,847	176,105

29 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Employee benefit expenses	569,907	579,356	366,156	374,506
Management and other fees	338,183	302,179	168,353	157,524
Repair and maintenance expenses	157,124	160,012	56,912	66,490
Others	172,836	181,717	64,933	51,961
Total	1,238,050	1,223,264	656,354	650,481

30 Employee benefit expenses

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)			
Salaries and other benefits		1,479,760	1,432,035	794,485	790,776
Post-employment benefits	23	14,267	13,438	7,785	7,556
Total		1,494,027	1,445,473	802,270	798,332

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:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Employee benefit expenses	1,494,027	1,445,473	802,270	798,332
Costs of food and beverage	698,314	695,751	333,227	333,414
Rental expenses	178,661	159,200	44,935	41,414

32 Finance costs

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
(in thousand Baht)					
Interest expense:					
Related parties	4	-	-	17,997	15,258
Financial institutions		381,553	345,747	235,993	214,922
Total interest expense		381,553	345,747	253,990	230,180
Amortisation of transaction costs					
capitalised		2,382	1,850	1,375	843
Other finance costs		2,309	3,219	515	519
		386,244	350,816	255,880	231,542
Less: amounts included in the cost of qualifying assets:					
- Capitalised as cost of assets under construction	13	(25,908)	(7,144)	(18,505)	(1,234)
Net		360,336	343,672	237,375	230,308

33 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)			
Current tax expense					
Current year		163,014	169,360	76,013	92,380
Deferred tax expense					
	17				
Movements in temporary differences		1,008	2,807	(1,318)	398
Income tax expense		164,022	172,167	74,695	92,778

Income tax recognised in other comprehensive income

Consolidated financial statements					
2018			2017		
Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
(in thousand Baht)					
Defined benefit plan actuarial gains	15,504	(3,101)	12,403	-	-
Total	15,504	(3,101)	12,403	-	-

	Separate financial statements					
	2018			2017		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	(in thousand Baht)					
Defined benefit plan actuarial gains	4,464	(893)	3,571	-	-	-
Total	4,464	(893)	3,571	-	-	-

Reconciliation of effective tax rate

	Consolidated financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		757,208		737,184
Income tax using the Thai corporation tax rate	20.0	151,422	20.0	147,437
Effect of different tax rates in foreign jurisdictions		(759)		(1,534)
Tax difference on expense		7,314		2,042
Recognition of previously unrecognised tax losses		(9,377)		(4,176)
Current year losses for which no deferred tax asset was recognised		15,402		28,398
Total	21.7	164,022	23.4	172,167

	Separate financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense		428,966		(664,867)
Income tax using the Thai corporation tax rate	20.0	85,793	20.0	(132,974)
Tax difference on expense (revenue)		(11,098)		225,752
Total	17.4	74,695	(14.0)	92,778

34 Earnings (loss) per share

Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2018 and 2017 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:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht / thousand shares)			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>536,306</u>	<u>505,571</u>	<u>354,271</u>	<u>(757,645)</u>
Number of ordinary shares outstanding at 1 January	2,500,893	2,498,173	2,500,893	2,498,173
Effect of shares options exercised	<u>4,308</u>	<u>1,749</u>	<u>4,308</u>	<u>1,749</u>
Weighted average number of ordinary shares outstanding (basic)	<u>2,505,201</u>	<u>2,499,922</u>	<u>2,505,201</u>	<u>2,499,922</u>
Earnings (loss) per share (basic) (in Baht)	<u>0.2141</u>	<u>0.2022</u>	<u>0.1414</u>	<u>(0.3031)</u>

Diluted earnings (loss) per share

The calculations of diluted earnings (loss) per share for the years ended 31 December 2018 and 2017 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:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht / thousand shares)			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>536,306</u>	<u>505,571</u>	<u>354,271</u>	<u>(757,645)</u>
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	<u>536,306</u>	<u>505,571</u>	<u>354,271</u>	<u>(757,645)</u>
Weighted average number of ordinary shares outstanding (basic)	2,505,201	2,499,922	2,505,201	2,499,922
Effect of share options granted	<u>16,339</u>	<u>12,357</u>	<u>16,339</u>	<u>12,357</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>2,521,540</u>	<u>2,512,279</u>	<u>2,521,540</u>	<u>2,512,279</u>
Earnings (loss) per share (diluted) (in Baht)	<u>0.2127</u>	<u>0.2012</u>	<u>0.1405</u>	<u>(0.3016)</u>

35 Dividends

At the annual general meeting of the shareholders of the Company held on 27 April 2018, the shareholders approved the appropriation of dividends of Baht 0.09 per share, amounting to Baht 225.45 million. The dividend was paid to the shareholders on 25 May 2018.

At the annual general meeting of the shareholders of a subsidiary held on 19 April 2018, the shareholders approved the appropriation of dividends of Baht 2.83 per share, amounting to Baht 225.46 million. The dividend was paid to the shareholders on 18 May 2018.

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 the 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 the shareholders on 26 May 2017.

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:

	Effective interest rate	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)	(in thousand Baht)			
2018					
Loans receivable - related parties	4.24	-	1,304,215	-	1,304,215
2017					
Loans receivable - related parties	4.02	-	1,765,392	-	1,765,392

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:

	Effective interest rate	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)	(in thousand Baht)			
2018					
Loans payable					
- financial institutions	4.20, 4.275, MMR, MLR - 2.00, MLR - 2.15, MLR - 2.40, MLR - 3.20, RRP + 2.25	<u>2,273,546</u>	<u>5,908,975</u>	<u>1,420,126</u>	<u>9,602,647</u>
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>

	Effective interest rate	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)	(in thousand Baht)			
2018					
Loans payable - related parties	4.24, 4.45	-	176,345	-	176,345
Loans payable - financial institutions	4.20, 4.275, MMR, MLR - 2.00, MLR - 2.40, MLR - 3.20				
		1,591,836	3,907,735	876,822	6,376,393
Total		1,591,836	4,084,080	876,822	6,552,738
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

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.

Consolidated financial statements					
Carrying amount	Fair value				Total
	Level 1	Level 2	Level 3		
(in million Baht)					
31 December 2018					
Current					
Loan from financial institutions	2,274	-	2,274	-	2,274
Non-current					
Equity securities available for sale	1	-	1	-	1
Loans from financial institutions	7,329	-	7,329	-	7,329
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

Separate financial statements					
Carrying amount	Fair value				Total
	Level 1	Level 2	Level 3		
(in million Baht)					
31 December 2018					
Current					
Loans from financial institutions	1,592	-	1,592	-	1,592
Non-current					
Equity securities available for sale	1	-	1	-	1
Loans to related parties	1,304	-	1,304	-	1,304
Loans from related parties	176	-	176	-	176
Loans from financial institutions	4,785	-	4,785	-	4,785
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

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Baht)			
Capital commitments				
Contracted but not provided	832.7	1,289.8	458.3	1,040.2
Future minimum lease payments under non-cancellable operating leases				
Within one year	136.4	176.7	43.4	46.9
After one year but within five years	440.9	446.0	219.5	206.3
After five years	4,703.2	4,326.0	2,637.1	2,693.8
Total	5,280.5	4,948.7	2,900.0	2,947.0
Commitments under service agreements				
Within one year	62.4	33.9	32.1	15.8
After one year but within five years	40.1	10.0	23.8	8.1
After five years	1.5	2.0	1.5	2.0
Total	104.0	45.9	57.4	25.9
Other commitments				
Guarantee for bank credit facilities	2,547.4	2,547.4	2,547.4	2,547.4
Bank guarantees	36.4	34.4	16.6	16.6
Total	2,583.8	2,581.8	2,564.0	2,564.0

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 constructsures 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 constructsures 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 constructsures 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 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 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 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 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.

On 26 June 2018, 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 2049, to be extended for further period, subject to certain conditions in the agreement. The Company shall pay lease remuneration of Baht 8.0 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 subsidiary shall demolish the building or deliver all buildings and structures, including equipment and furniture on such land to the lessor, depending upon the purpose of the lessor.

On 29 June 2018, 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 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 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 23 August 2018, 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 2049, to be extended for further period, subject to certain conditions in the agreement. The Company shall pay lease remuneration of Baht 1.0 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 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 31 August 2018, 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 2049, to be extended for further period, subject to certain conditions in the agreement. The Company shall pay lease remuneration of Baht 1.8 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 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 September 2018, 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 2049, to be extended for further period, subject to certain conditions in the agreement. The Company shall pay lease remuneration of Baht 6.0 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 subsidiary shall demolish the building and structures on such land to the lessor.

On 8 November 2018, 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 2049, to be extended for further period, subject to certain conditions in the agreement. The Company shall pay lease remuneration of Baht 4.0 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 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 18 December 2018, Erawan Philippines (Ortigas), INC., an indirect subsidiary, entered into lease agreement to lease land in Philippines for hotel construction. The rental period is 35 years ending in 2052. 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.

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 28 January 2019, Erawan Philippines (Quezon City), INC., an indirect subsidiary registered the increase of the authorised share capital by issuing 75,000,000 shares at a par value of PHP 1, totaling PHP 75,000,000 which have been wholly acquired and fully paid by Erawan Philippines, INC. on 28 January 2019.

On 30 January 2019, the associate declared the capital reduction amounting to Bath 4.12 million, which will be paid back for such capital reduction to the Company on 1 March 2019.

At the Company's board of directors' meeting held on 26 February 2019, the board of directors passed a resolution to propose to the 2019 annual general meeting of the shareholders of the Company for the following matters;

- (1) The payment of a dividend of Baht 0.09 per share, totaling Baht 225.7 million. The right to receive the aforesaid dividend is subject to the approval of annual general meeting of the shareholders.
- (2) The reduction of the Company's registered share capital from Baht 2,537.9 to Baht 2,507.7 by eliminating registered shares which have not been subscribed. The reduction of the registered share capital amount depends on the outstanding number of unexercised ESOP for employees of the Group as of the last working day of February 2019.

(3) The increase of the Company's registered share capital from Baht 2,507.7 to Baht 2,788.7 to reserve for the right to exercise ESOP for employees of the Group and the new shares from capital increase through general Mandate for private placement. The increase of the registered share capital amount depends on the outstanding number of unexercised ESOP for employees of the Group as of the last working day of February 2019.

39 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

The Group completed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group does not expect significant changes to the recognition criteria for most of its existing revenue arrangements.

(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the consolidated and separate financial statements.

Corporate Information

The Erawan Group Public Company Limited
Symbol “ERW”

Registration No : 0107537001943

Head Office

Ploenchit Center

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

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 7711

Branch 3

Ibis Patong Phuket

10 Chalermpkrakiat 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 Bangkok Sukhumvit 4

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 Mooban 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

Branch 14

Novotel Ibis Styles Bangkok Sukhumvit 4

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

Telephone : 66 (0) 2080 5388,

Fax : 66 (0) 2080 5389

Home page : www.TheErawan.com

Type of Business : Invest and develop hotel properties strategically located to match travelers' different demand including property management and retail shops.

Company's Capital as at 31st December 2018

Registered Capital	2,537,893,275 Baht	:	2,537,893,275 ordinary shares at par value 1 Baht/share.
Paid-Up Capital	2,507,715,910 Baht	:	2,507,715,910 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 Ms. Vipavan Pattavanvivek Ms. Patamavan Vadhanakul	Certified Public Accountant (Thailand) No.8420 Certified Public Accountant (Thailand) No.4795 Certified Public Accountant (Thailand) No.9832
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KPMG Phoomchai Audit Ltd.
48th Floor, Empire Tower, 195 South Sathorn Road, Bangkok 10120, Thailand
Telephone : 66 (0) 2677 2000 Fax : 66 (0) 2677 2222

HEAD OFFICE

THE ERAWAN GROUP PUBLIC COMPANY LIMITED
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

Hotel Business

Grand Hyatt Erawan Bangkok

494 Ploenchit Road, Patumwan,
Bangkok, 10330 Thailand
Telephone : 66 (0) 2254 1234
Fax : 66 (0) 2254 6267
<https://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, Thalang, Phuket 83110 Thailand
Telephone : 66 (0) 7637 1400
Fax : 66 (0) 7637 1401
www.nakaislandphuket.com

Courtyard by Marriott Bangkok

155/1 Soi Mahadlekluang 1, Rajdamri Road,
Pathumwan, 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-pattaya.com

Mercure Bangkok Siam

927 Rama 1 Road, 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

Novotel Bangkok Sukhumvit 4

27 Sukhumvit Soi 4, Sukhumvit Road, Klongtoey,
Bangkok, 10110 Thailand
Telephone : 66 (0) 2080 5388
Fax : 66 (0) 2080 5389
www.novotel.com

ibis Phuket Patong

10 Chalermpkrakiat Road, Patong, Kathu,
Phuket 83150 Thailand
Telephone : 66 (0) 7630 3888
Fax : 66 (0) 7630 3889
www.ibisthailand.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.ibisthailand.com

ibis Samui Bophut

197 Rob Koh Road, Bophut, Koh Samui,
Surat Thani 84320 Thailand
Telephone : 66 (0) 7791 4888
Fax : 66 (0) 7791 4889
www.ibisthailand.com

ibis Bangkok Sathorn

29/9 Soi Ngam Duphli, Rama IV Road,
Sathorn, Bangkok 10120 Thailand
Telephone : 66 (0) 2610 5188
Fax : 66 (0) 2 610 5189
www.ibisthailand.com

ibis Bangkok Sukhumvit 4

41 Sukhumvit Soi 4, Sukhumvit Road,
Klongtoey, Bangkok 10110 Thailand
Telephone : 66 (0) 2667 5888
Fax : 66 (0) 2667 5889
www.ibisthailand.com

ibis Phuket Kata

88/8 Kata Road, Karon, Mueang Phuket,
Phuket 83100 Thailand
Telephone : 66 (0) 7636 3488
Fax : 66 (0) 7636 3489
www.ibisthailand.com

ibis Bangkok Riverside

27, Soi Charoennakom 17, Charoennakom Road,
Klongsan, Bangkok 10600 Thailand
Telephone : 66 (0) 2805 9888
Fax : 66 (0) 2805 9889
www.ibisthailand.com

ibis Hua Hin

73/15 Soi Moobaan Nongkae, Nongkae, Hua-Hin,
Prachuapkhiri Khan 77110 Thailand
Telephone : 66 (0) 3261 0388
Fax : 66 (0) 3261 0389
www.ibisthailand.com

ibis Bangkok Siam

927 Rama 1 Road, Pathumwan,
Bangkok 10330 Thailand
Telephone : 66 (0) 2874 7222
Fax : 66 (0) 2874 7229
www.ibisthailand.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.ibisthailand.com

ibis Styles Bangkok Sukhumvit 4

27 Sukhumvit Soi 4, Sukhumvit Road, Klongtoey,
Bangkok, 10110 Thailand
Telephone : 66 (0) 2080 5388
Fax : 66 (0) 2080 5389
www.ibisthailand.com

HOP INN Nong Khai

889 Moo 3, Nai Mueang Sub District, Mueang Nong Khai District,
Nong Khai Thailand
Telephone : 66 (0) 4241 3599
Fax : 66 (0) 4241 3833
<http://www.hopinhotel.com/>

Hop INN Mukdahan

18 Chayangkul Kor Road, Mukdahan Sub District, Mueang
Mukdahan District, 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 Sub District, Mueang
Kanchanaburi District, Kanchanaburi 71000 Thailand
Telephone : 66 (0) 3451 3599
Fax : 66 (0) 3451 4533
<http://www.hopinhotel.com/>

HOP INN Kanchanaburi 2

360/40 U Thong Road, Pak Phraek Sub District, Mueang
Kanchanaburi District, 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 Sub
District, Mueang Udon Thani District, 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 Sub District,
Mueang Sa Kaeo District, Sa Kaeo 27000, Thailand
Telephone : 66 (0) 3742 1299
Fax : 66 (0) 3742 1133
<http://www.hopinhotel.com/>

HOP INN Ubon Ratchathani

263 Moo1, Chaeramae Sub District, Mueang Ubon Ratchathani District, Ubon Ratchathani 34000, Thailand
Telephone : 66 (0) 4535 5199
Fax : 66 (0) 4531 1533
<http://www.hopinhotel.com/>

HOP INN Khon Kaen

90/609 Moo 4, Nai Mueang Sub District, Mueang Khon Kaen District, 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 Sub District, Mueang Khon Kaen District, Khon Kaen 40000, Thailand
Telephone : 66 (0) 4322 3899
Fax : 66 (0) 4322 3033
<http://www.hopinhotel.com/>

HOP INN Nakhon Ratchasima

624 Suebsiri Road, Nai Mueang Sub District, Mueang Nakhon Ratchasima District, 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 Sub District, Mae Sot District, 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 Sub District, Mae Sot District, 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 Sub District, Mueang Lampang District, 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 Sub District, Mueang Phitsanulok District, 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, Soi Suchon 1, Liang Mueang Road, Makham Tia Sub District, Mueang Surat Thani District, Surat Thani 84000, Thailand
Telephone : 66 (0) 7743-7099
Fax : 66 (0) 7743-7255
<http://www.hopinhotel.com/>

HOP INN Nakhon Si Thammarat

59 Pattanakam-Khukwang Road, Tha Wang Sub District, Mueang Nakhon Si Thammarat District, 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 Rob Mueang Soi 5, Rob Mueang Road, Nuea Mueang Sub District, 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 Krabi

19 Ruamjit Road, Pak Nam Sub District, Mueang Krabi District, Krabi 81000, Thailand
Telephone : 66 (0) 7562 0889
Fax : 66 (0) 7562 0133
<http://www.hopinhotel.com/>

HOP INN Krabi 2

19/1 Ruamjit Road, Pak Nam Sub District, Mueang Krabi District, Krabi 81000, Thailand
Telephone : 66 (0) 7562 0889
Fax : 66 (0) 7562 0133
<http://www.hopinhotel.com/>

HOP INN Chumphon

75/59 Soi Krumluang Chumphon 3, Krumluang Chumphon Road, Tha Taphao Sub District, Mueang Chumphon District, Chumphon 86000, Thailand
Telephone : 66 (0) 7750 1799 Fax : 66 (0) 7750 3433
<http://www.hopinhotel.com/>

HOP INN Chantaburi

169/5 Tha Chalaep Road, Talad Sub District, Mueang Chantaburi District, Chantaburi 22000, Thailand
Telephone : 66 (0) 3930 2599
Fax : 66 (0) 3931 3633
<http://www.hopinhotel.com/>

HOP INN Sakon Nakhon

1912 Tor Phatthana Road, That Choeng Chum Sub District, Mueang Sakon Nakhon District, 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 Sub District, Mueang Chiang Mai District, Chiang Mai 50300, Thailand
Telephone : 66 (0) 5321 7599
Fax : 66 (0) 5321 7533
<http://www.hopinhotel.com/>

HOP INN Chiang Mai Super Highway

386 Chiang Mai - Lampang Road, Fa Ham Sub District,
Mueng Chiang Mai District , Chiang Mai 50000, Thailand
Telephone : 66 (0) 5324 3499
Fax : 66 (0) 5324 2833
<http://www.hopinhotel.com/>

HOP INN Hat Yai

1318 Kanchanavanich Road, Hat Yai Sub District,
Mueang Hat Yai District, Songkhla 90110, Thailand
Telephone : 66 (0) 7424 1829
Fax : 66 (0) 7424 1825
<http://www.hopinhotel.com/>

HOP INN Phuket

14/19 Moo 6, Thepkasatri Road, Ratsada Sub District,
Mueang Phuket District , Phuket 83000, Thailand
Telephone : 66 (0) 7652 3399
Fax : 66 (0) 7652 3343
<http://www.hopinhotel.com/>

HOP INN Buriram

517/27 Jira Road. Naimueang Sub District,
Mueang Buriram District, Buriram 31000, Thailand
Telephone : 66 (0) 4460 1699
Fax : 66 (0) 4461 1633
<http://www.hopinhotel.com/>

HOP INN Rayong

355/3 Sukhumvit Road, Neanpra Sub District,
Mueang Rayong District, 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, Sotui Sub District,
Mueang Lampang District, Lampang 52100, Thailand
Telephone : 66 (0) 5422 6299
Fax : 66 (0) 5422 6233
<http://www.hopinhotel.com/>

HOP INN Chiang Rai

934/28 Phaholyothin Road, Viang Sub District,
Mueang Chiangrai District, Chiang Rai 10900, Thailand
Telephone : 66 (0) 5371 9479
Fax : 66 (0) 5371 9513
<http://www.hopinhotel.com/>

HOP INN Hua Hin

6/4 Damrongratch Road, Huahin Sub District,
Huahin District, 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

228 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 Surin

5/1 Soi Poy Tang Ko, Nai Mueang Sub District,
Mueang Surin District, Surin 32000, Thailand
Telephone : 66 (0) 4451 2397
Fax: 66 (0) 4451 2398
<http://www.hopinhotel.com/>

HOP INN Chonburi

40/1 Moo1, Huaykapi Sub District, Mueang Chonburi District,
Chonburi 20000, Thailand
Telephone : 66 (0) 3811 1499
Fax: 66 (0) 3819 5022
<http://www.hopinhotel.com/>

HOP INN ERMITA MANILA

1850 M. H. Del Pilar Street, Malate, City of Manila,
Metro Manila 1004, Philippines
Telephone : 63 2 528 3988
Fax : 63 2 528 3999
<http://www.hopinhotel.com>

HOP INN MAKATI AVENUE

7806 Makati Avenue, Makati City,
Metro Manila 1210, Philippines
Telephone : 63 2 816 7866
Fax : 63 2 816 7876
<http://www.hopinhotel.com>

HOP INN ASEANA CITY MANILA

Lot 9 Block 5, near corner of Bradco Avenue and Macapagal
Boulevard, Aseana Business Park, Aseana City, Parañaque City,
Metro Manila 1702, Philippines
Telephone : 63 2 842 6850 Fax : 63 2 842 0013
<http://www.hopinhotel.com>

HOP INN ALABANG MANILA

Lot 2 Block 4 Phase 3, Market Street, Madrigal Business Park,
Ayala Alabang, Muntinlupa City, Metro Manila 1780, Philippines
Telephone : 63 2 296 1464
Fax : 63 2 296 2709
<http://www.hopinhotel.com>

HOP INN TOMAS MORATO QUEZON CITY

312 Tomas Morato Avenue, Brgy. South Triangle, Quezon City,
Metro Manila 1103, Philippines
Telephone : 63 2 990 0720
Fax : 63 2 990 0729
<http://www.hopinhotel.com>

Rental Property :

Erawan Bangkok
494 Ploenchit Road, Lumpini, Pathumwan,
Bangkok 10330 Thailand
Telephone : 66 (0) 2250 7777
Fax : 66 (0) 2250 7788
www.erawanbangkok.com

CG Statement

Principle/Recommendationw	Reference
Vision Mission and Core Values	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com Code of Conduct Annual Report (56-2)
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	
• Major Shareholders	Annual Report (56-2)
• Directors' Name/Position/Education	Annual Information form (56-1)
• Roles and Responsibilities of the Board of Directors and Management	www.TheErawan.com
• Independent Directors	
• The Company's Executives	
• Duties and Authorities of President	Annual Report (56-2)
• Duties and Responsibilities of Company Secretary	Annual Information form (56-1)
• Shareholding of the Board of Directors and Management	Annual Report (56-2) Annual Information form (56-1)
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
Corporate Contribution Activities	Annual Report (56-2) www.TheErawan.com

Principle/Recommendationw	Reference
Code of Conduct	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com Code of Conduct
Qualification of Directors	
• Chairman Qualification	Annual Report (56-2)
• Independent Qualification	Annual Information form (56-1)
• Rules and Responsibility of The Board of Directors and the Management	www.TheErawan.com
• Board of Directors' Meeting	Annual Report (56-2)
• Evaluation of the Board's Performances	Annual Information form (56-1)
• Nomination of Directors and Executives	
• Remunerations of the Board of Directors and Management	
• Corporate Social Responsibility	
• Internal Control	
• Connected Transactions	
Shareholder's meeting	
• Meeting Agendas – Submitted in advance	SET Notice
• Announcement of the AGM Notice	www.TheErawan.com
• Meeting's place	
• Announce date of meeting and agendas in advance	
• Notification of the AGM's resolutions	
• Minutes of the AGM	
Financial Information	
• 45 days for Quarterly Financial Statement Report and 60 days for Financial Statement for the year ended	SET Notice www.TheErawan.com
• Quarterly Management Discussion and Analysis / Full Year Management discussion and analysis	
• 2 days after the meeting to announce a Quarterly Meeting Presentation	IR quarterly meeting
• Quarterly Investor Factsheet	www.TheErawan.com

Principle/Recommendationw	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



The Erawan Group Public Company Limited

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

Tel. +66 (0) 2257 4588

Fax. +66 (0) 2257 4577

Registration No. : 0107537001943

บริษัท ดี เอราวัณ กรุ๊ป จำกัด (มหาชน)

อาคารเฟลีนจิต เซ็นเตอร์ ชั้น 6 เลขที่ 2 ถนนสุขุมวิท
แขวงคลองเตย เขตคลองเตย
กรุงเทพฯ 10110

โทรศัพท์ +66 (0) 2257 4588

โทรสาร +66 (0) 2257 4577

ทะเบียนเลขที่ : 0107537001943

www.theerawangroup.com