



# ANNUAL REPORT 2019

The Erawan Group Public Company Limited

# Vision

---

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

# Mission

---

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



# Our Business Strategy

---

## Hotel Growth Strategy:

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

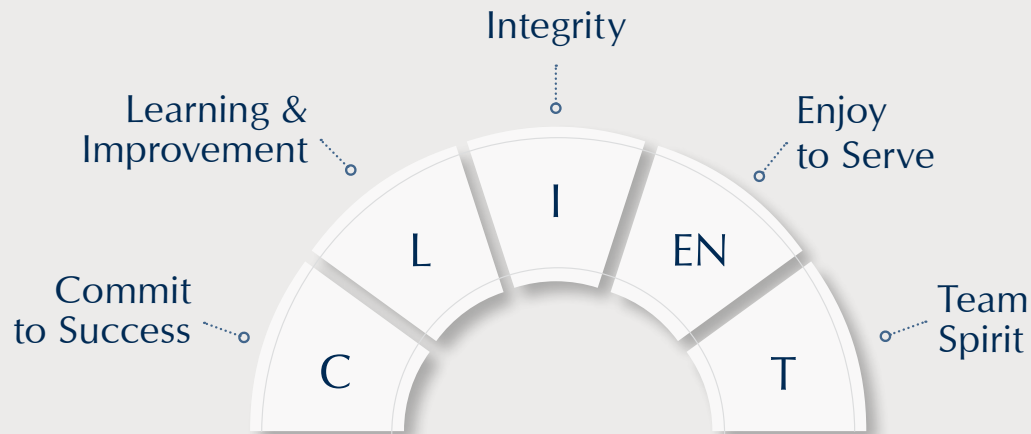
## Return Enhancing Strategy:

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

# Corporate Culture



## 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

# Contents

## 2019 In Review

Vision, Mission and Our Business Strategy	2
Corporate Culture and Core value	3
Financial Highlights	6
Hotels and Resorts Portfolio in 2019	8
Message from the Chairman of the Board of Directors	10
Message from the President	11
Report of the Audit Committee to Shareholder	13

## About Erawan

Corporate Profile	16
Our Shareholders and Management Structure	18
Shareholding of the Board of Directors and Management	32
Remuneration of the Board of Directors and Management	33

## Business Overview

Business Structure	36
Operation Structure	37
Properties in Operation	39
Properties under Development	44
Tourism Industry Overview	45
Risk Factors	48

## ESG Report (Environmental, Social and Governance Report)

CG Awards	52
Sustainable Development Policy	54
Anti-Corruption Policy	55
Anti-Money Laundering and Countering the Financing of Terrorism Policy	57
Corporate Governance Policy	58
Corporate Social Responsibility	64
Internal Control and Protection of Internal Information	68
Connected Transactions	69
Corporate Contribution Activities 2019	71

## Financial Information and Corporate Information

Report of the Board's Responsibility in the Financial Statements	77
Management Discussion and Analysis	78
Independent Auditor's Report	82
Audit Fee	85
Financial Statement	86
Corporate Information	170
CG Statement	176



2019  
in Review



# Financial Highlights

## The Erawan Group Public Company Limited

Unit: Thousand Baht

Description	2017	2018	2019
<b>Operating results</b>			
Operating Income	5,995,627	6,279,881	6,379,074
Total Revenues	6,050,456	6,327,386	6,439,073
Gross Profit	3,359,986	3,445,012	3,479,257
EBITDA	1,819,279	1,893,480	1,888,505
Net Profit	505,572	536,305	445,568

### Financial Position

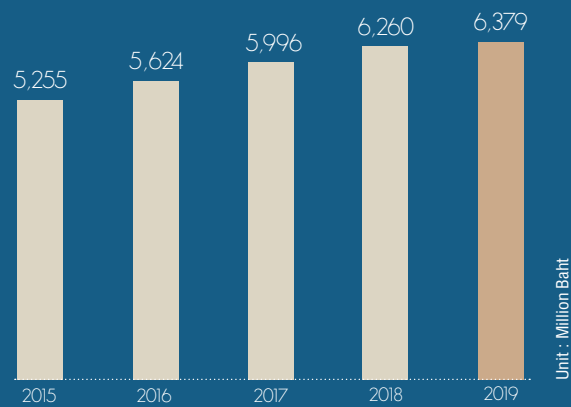
Total Assets	16,047,695	16,948,692	17,834,262
Total Liabilities	10,644,663	11,240,266	11,892,968
Total Shareholders' Equity	5,403,032	5,708,426	5,941,294
Equity Attributable to Company's Shareholders	5,236,020	5,543,115	5,762,155
Paid-Up Share Capital	2,500,893	2,507,716	2,517,533
Number of Paid-Up Shares (Thousand shares)	2,500,893	2,507,716	2,517,533

Par Value Per Share (Baht)	1	1	1
Earnings Per Share (Baht)	0.20	0.21	0.18
Dividend Per Share (Baht)	0.09	0.09	0.07
Book Value Per Share (Baht)	2.09	2.21	2.29

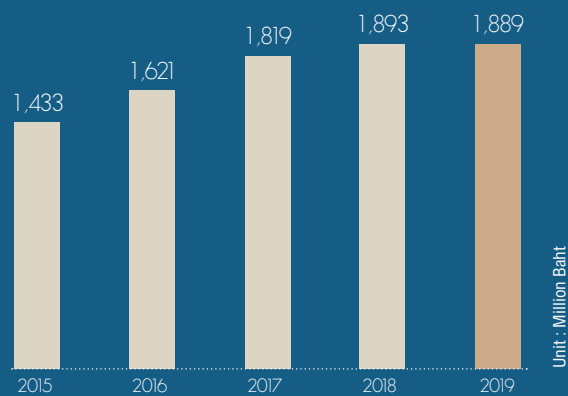
### Significant Financial Ratio

Current Ratio (times)	0.49	0.44	0.43
Quick Ratio (times)	0.40	0.35	0.34
Liquidity Ratio (Cash Flow Basis) (times)	0.49	0.52	0.52
Gross Profit Ratio	56.04%	54.86%	54.54%
Net Profit Margin	8.36%	8.48%	6.92%
Return on Total Assets	3.27%	3.25%	2.56%
Return on Equity	9.96%	9.95%	7.88%
Debt to Equity Ratio (times)	1.97	1.97	2.00
Interest Bearing Debts to Equity Ratio (times)	1.68	1.68	1.71
Interest Coverage Ratio (times)	5.03	5.00	4.59

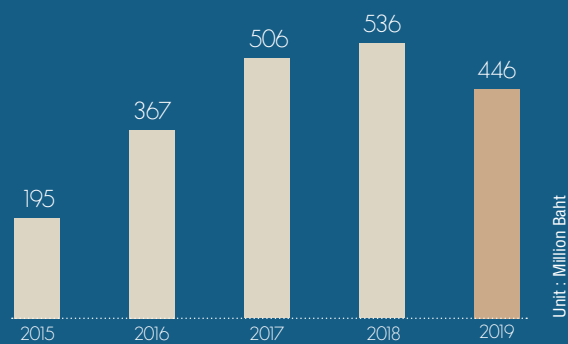
### Operating Income



### EBITDA

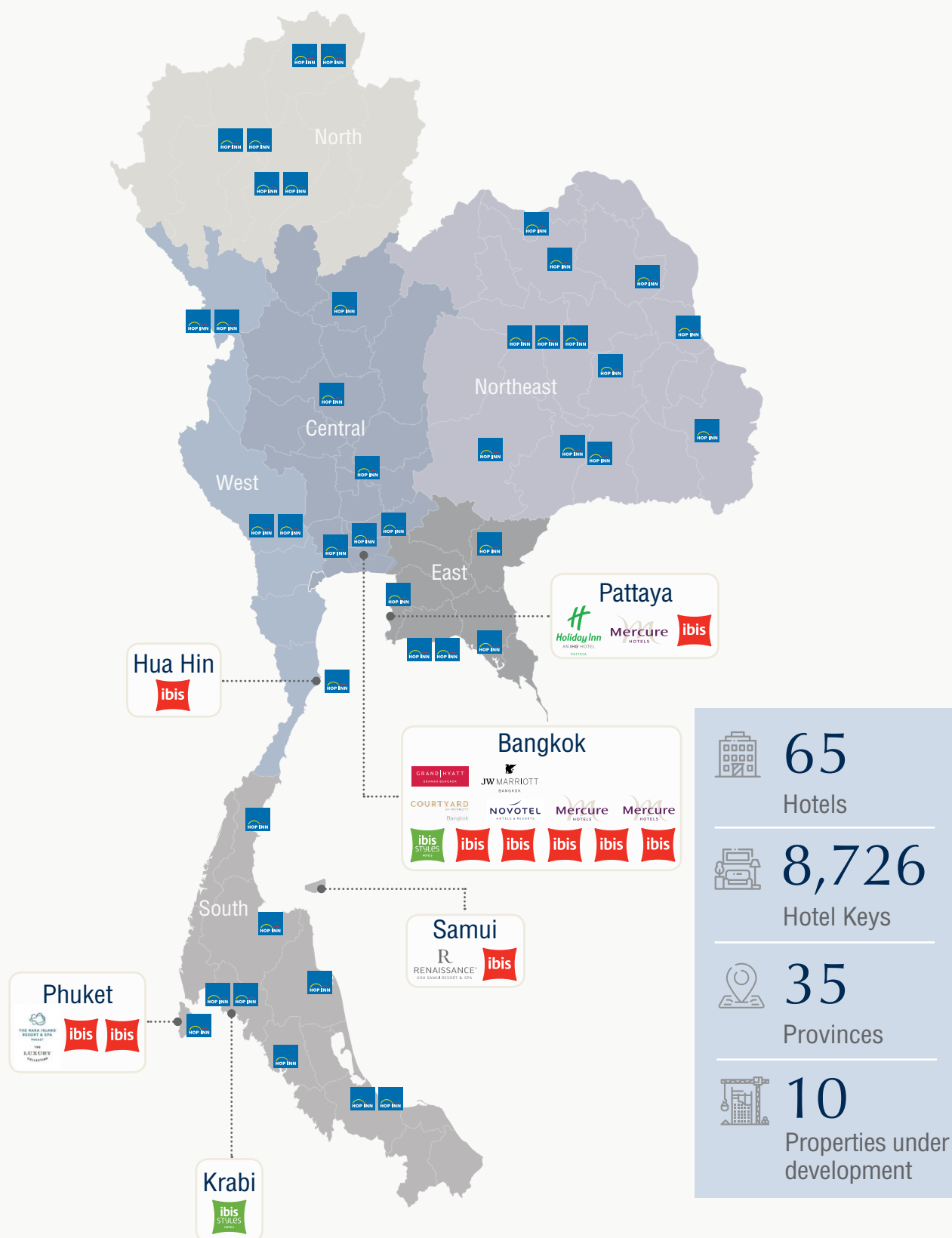


### Net Profit

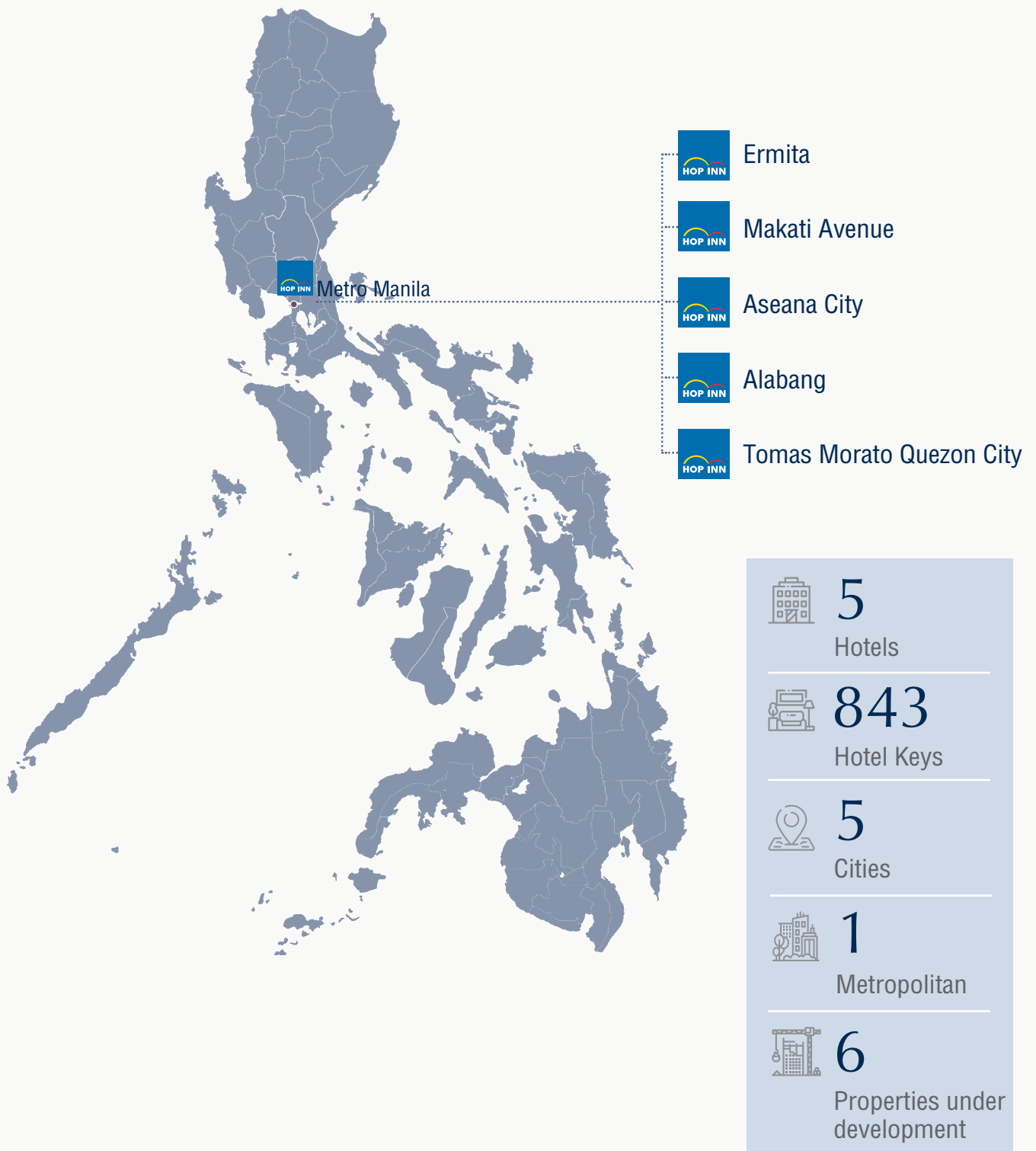


# Hotels and Resorts Portfolio in 2019

## Hotel business in Thailand



## Hotel business in Philippines





# Message from the Chairman of the Board of Directors

---

2019 was another challenge year for Thai tourism industry with the impact from Thai baht appreciation, global economic slowdown and market competition. Total international arrivals to Thailand posted a 4 percent growth which is the lower growth rate compared to the previous year. However, the concentration on the importance of constantly adapting to changes as well as our strategy to expand and diversify our portfolio enable us to managed to avoid material impact. We continue to be confident in the long-term potential of the Thai tourism industry and commit to grow our business together with take care of all stakeholders in a sustainable manner to achieve our vision to be the leading hotel developer and investor in Thailand and ASEAN.

The sustainable growth of our business as well as social, community and environmental responsibility are an important part of our priorities. In 2019, we continued the “Happy Home, Happy Stay” project for the second consecutive year to support community tourism through the enhancement of homestay accommodations. This year, we collaborated with AirAsia under the “Journey D” project to promote and develop sustainable community tourism. Knowledge and homestay management skill training was organized for participating communities to establish homestay management standards. This will help local communities to operate business with the sustainable growth and promote the long-term growth of community tourism.

We continue to commit to creating values to all stakeholders while enhancing our performance. This year we were awarded one of the Thailand’s top corporate brands in 2019 under the tourism and recreation sector by Chulalongkorn University. The award was essentially given to organizations with the highest brand values. In addition, our corporate governance report continued to be acclaimed “excellent” by the Thai Institute of Directors (IOD) for the sixth consecutive year. The Erawan Group Plc are one of the “ESG 100 Companies” for having outstanding and sustainable environment, social and corporate performances by the THAIPAT Institute and the Office of Securities and Exchange Commission (SEC). We were also awarded an outstanding “Investor Relations Awards” from the Stock Exchange of Thailand (SET Awards) for the sixth consecutive year. These prestigious awards reflect our dedication to grow our business alongside with all stakeholders.

On behalf of the Board of Directors, we wish to express our heartfelt appreciation to all stakeholders and all relevant parties both in Thailand and overseas as well as the management and employees for your relentless contribution to the Erawan Group Plc’s growth. We truly believe that our well managed strategies and strong commitment from all stakeholders will enable us to further grow under our business philosophy “Success with Integrity,” and enhance our business growth together with take care of all stakeholders in a sustainable manner.



**Mr. Chanin Vongkusolkrit**  
Chairman of the Board of Directors



# Message from the President

---

2019 was another challenging year for the Thai tourism industry, as the international tourist witnessed the growth rate of 4 percent, the slower growth rate compared to same period last year, while the number of domestic trips in line with 2018. This reflected the slowdown of Thai tourism industry, which remained one of the main challenges during the year. In 2019, we recorded operating income of THB 6,379 million, which represented a 2 percent growth from 2018, and a net profit of THB 446 million.

Amidst the volatility and intense competition in both Thai and worldwide tourism industry, the Erawan Group Plc. continues to pursue our long-term strategic plan to accomplish our vision to be the leading hotel developer and investor in Thailand and ASEAN which optimize values to shareholders as well as stakeholders.

## Hotel Growth Strategy

Although the tourism industry was witnessed the slower growth during the past year, we continued our investment as set forth in our strategy by focusing on high growth market and high growth segment to generate long-term growth. In 2019, our development are as follows:

- Opened midscale and economy hotels in Bangkok; Mercure and ibis Sukhumvit 24, the combo hotel that combine 2 brands in 1 building. This combo hotel concept enables us to respond to more diverse group of customers and has been warmly received by our clients. This is our 3rd combo hotel in our portfolio with the highest number of room inventory (500 rooms) for our hotel in Bangkok and will be key factors to support our future growth.
- Seven “HOP INN” hotels were opened in Thailand, resulting in 43 hotels being operated in all regions nationwide as of end of 2019. The main customer of these hotels are local tourists, who are less sensitive by external circumstances and still contribute to our growth at a time the number of foreign tourists is dwindling.

Following our first opening of the HOP INN in 2014, we continues to focus on the development of both product and customer experience including reservation system, hotel design to suit its location and competitive development cost, with a commitment to achieve a recognition as a leading quality budget hotel network.

- Aside from developing the HOP INN in Thailand, we continue to expand this budget hotel chain in the Philippines where five hotels are under construction and should be ready for operate from 2021 onward.

With the continuous expansion strategy as aforementioned, our portfolio as of 2019 ended with 70 hotels 9,569 rooms, which truly reflects our vision to be the leading hotel developer and investor in Thailand and ASEAN.

## Return Enhancing Strategy

In 2019, we renovated 133 rooms of JW Marriot Bangkok Hotel, which accounted for 30 percent of total rooms inventory and was the last phase of room renovation. The renovation completed on time and the rooms had been opened since October 2019. The renovation which is part of the return enhancing strategy to increase business competitiveness starting from 2017-2019 had been completed as planned.

We also conducted 1st phase of soft renovation of three ibis Hotels, namely, ibis Sathorn, ibis Phuket Patong and ibis Samui Bo Phut, which started during the low season of 2019. This was part of the two-year renovation plan from 2019-2020.

### Sustainable Platform Strategy

Aside from enhancing the business's growth, we also focus on organization and corporate development in various areas. Human resources development are one of our focus as we support staff to attend the "Design Thinking" curriculum to encourage effective work process and respond more effectively to customer's needs. This will be an important mechanism enable us to grow sustainably at a time of technological disruption and business challenge. In addition, we also give priority to good corporate governance, social responsibility and environmental impact. During the past year, we have started the energy management and the plastic use reduction project in every hotel.

We continues to believe in the long-term potential of Thailand and ASEAN both for international travel and domestic travel for tourism and business purposes. We are also confident in our growth strategy to focus expanding in high growth market and asset improvement to maintain competitive advantage. In addition, we are also continuing to explore new innovative knowledge and conducting a business with ethics. This will enable us to deliver the sustainable growth for ERAWAN and create the appropriate return to all stakeholders.



Mr. Petch Krainukul

The President



Mercure Bangkok Sukhumvit 24

# Report of the Audit Committee to Shareholder

---

## To Shareholders,

The Audit Committee of The Erawan Group Public Company Limited (The Erawan Group) has been appointed by the Board of Directors and consists of 3 independent directors who are experts and have experienced on finance and management. The Audit Committee has performed duties independently within the scope of responsibility to support the Board of Directors in accordance with the Audit Committee Charter and the Announcement made by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). In 2019, the Audit Committee held four meetings that the Executives, Head of Internal Audit and auditors have attended the meetings when there were the relevant agendas that need their input. The Audit Committee's performance can be summarized as follows:

1. **Financial Statement Review:** The Audit Committee reviewed the quarterly financial statements and annual financial statements of the year 2019 of the Erawan Group and found that they were completely correct with the sufficient disclosure of information, and was certified by the auditors without conditions. The meetings with the auditors without management presence were held to independently discuss on the auditors' practices, opinions and 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 independent and efficient to protect 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 and regulations as required by the SET, The SEC and other governing bodies relating to the Company's business.
4. **Connected Transactions or Transactions with Potential Conflict of Interest:** The Audit Committee reviewed the connected transactions and found that they were genuine transactions carried out as a normal course of business, and with reasonable cause. The Company has operated its business on the good corporate governance principle without any conflict of interest and has strictly followed SEC 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 the changing business environment, with the objective of discovering new business opportunities and creating value for the Company.
6. **Internal Audit:** The Audit Committee advised and approved the annual auditing plan, acknowledged and presented the internal audit results to the Board of Directors, reviewed an annual budget, supervised and evaluated the Head of Internal Audit Department's performance.
7. **Anti-Corruption:** The Erawan Group has been the member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and was certified the status since October 4, 2013 in response to Thailand's policy to support transparency and sustainability in business practices. In 2014, the Erawan Group also received "Certified", the level 4 of certification, on Anti-Corruption Progress Indicator under the Sustainable Development Assessment of the Listed Company Program conducted by the Securities and Exchange Commission (SEC). With the endorsement of the two regulators, we believed that the Company should strive for clearer action and provide the flawless operation process.

The Audit Committee expressed its opinion, stating that the Erawan Group was actively committed to its good corporate governance policy and its risk management is in line with the Company's policy which resulted in the existing of the effective and sufficient internal control system that is capable of corresponding with both internal and external changes. 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. The financial statements for the accounting period ending on 31<sup>st</sup> December 2019 were duly prepared, while adequate and reliable information was properly disclosed.

#### Appointment of auditors in 2020:

The Audit Committee considered the selection, appointment and annual fee of the external auditor for 2020 based on their knowledge, capability, experience, independence, performance in the past year and the reasonability of the audit fee. The committee proposed its resolution to the Board of Directors for presenting further in the shareholders' meeting for approval on the appointment of the followings:

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. Mrs. Wilai Buranakittisophon, Certified Public Accountant (Thailand) No.3920
- of KPMG Phoomchai Audit Ltd. as The Erawan Group and its subsidiaries' auditor in 2020.



**Dr. Kulpatra Sirodom**

Chairman of the Audit Committee

20 February 2020



JW Marriott Bangkok



# About Erawan

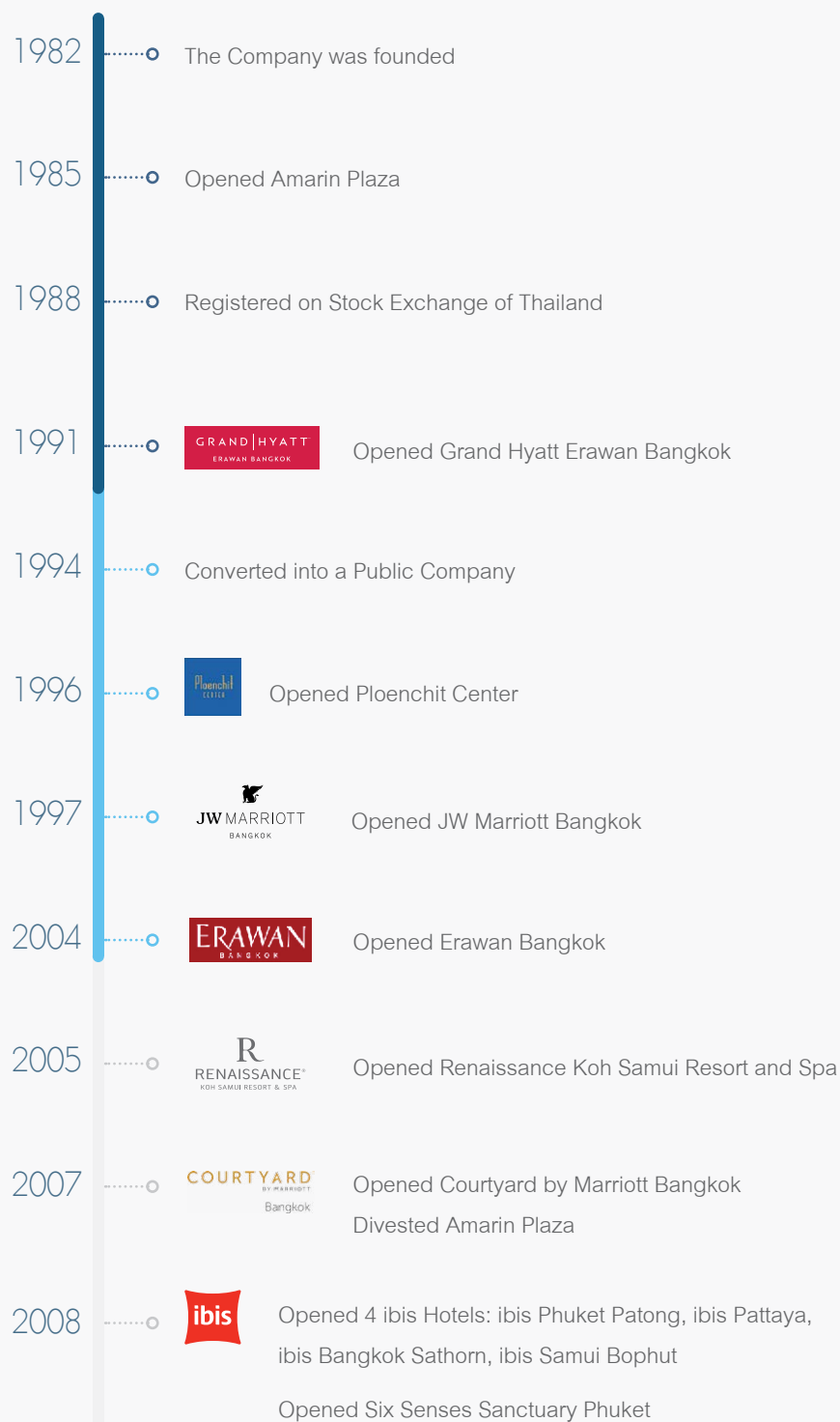


Grand Hyatt Erawan Bangkok

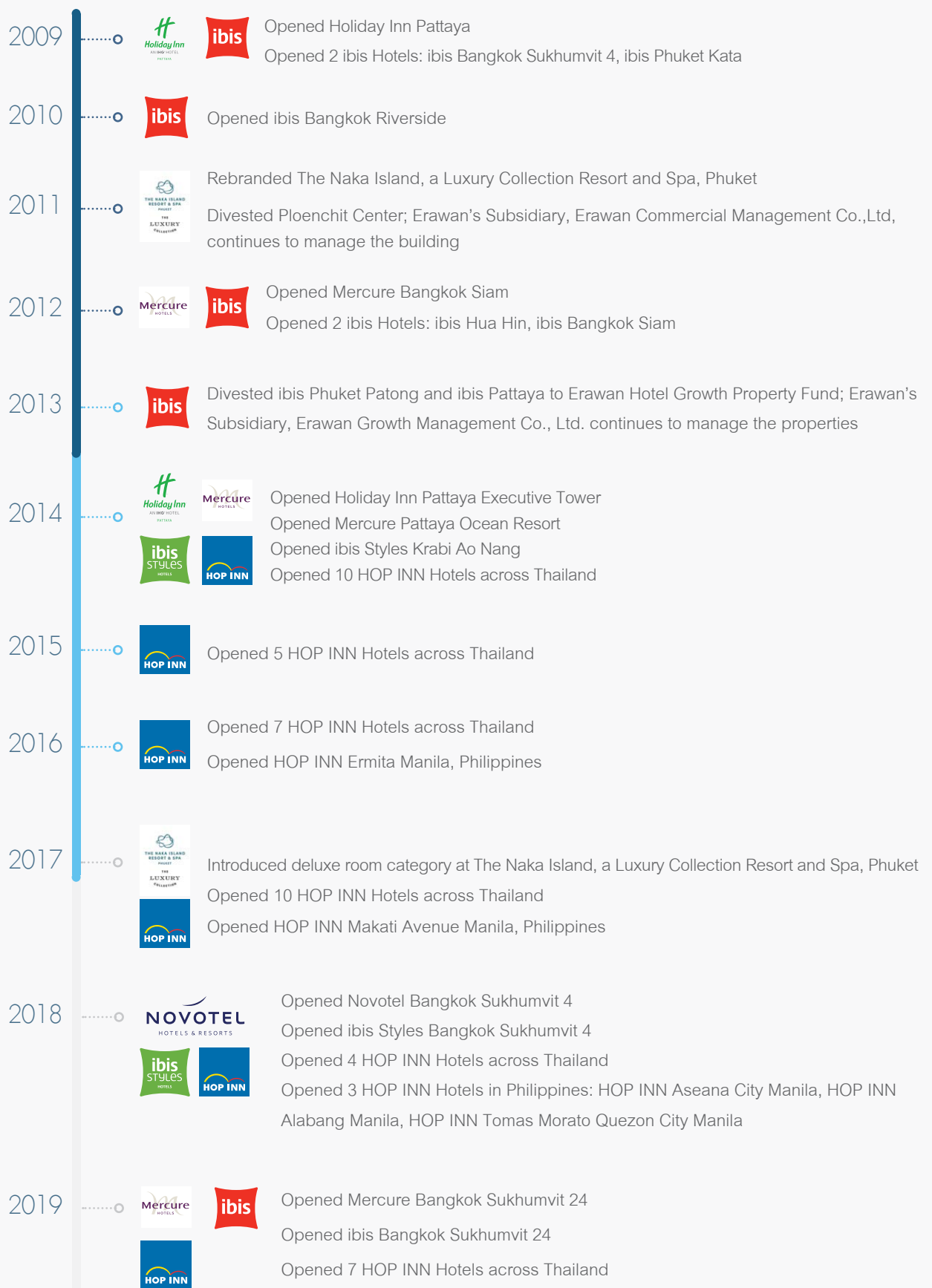
# Corporate Profile

## The Erawan Group Public Company Limited:

Continue to develop various Real Estates and Hotel Business over the past 37 years







# Our Shareholders and Management Structure

## Shareholders:

As at December 31, 2019, the company's paid up capital is Baht 2,517,533,185 divided into 2,517,533,185 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	13.36%
2. City Holding Co.,Ltd.	228,928,600	9.09%
3. Mrs. Vansamorn Wannamethee	149,757,004	5.95%
4. Mid-Siam Capital Co.,Ltd.	144,488,645	5.74%
5. Thai NVDR Co.,Ltd.	91,802,363	3.65%
6. PAN ASIA ASSETS LIMITED	73,000,000	2.90%
7. Mr. Supol Wattanavekin	66,235,502	2.63%
8. CREDIT SUISSE AG, SINGAPORE BRANCH	60,000,000	2.38%
9. N.C.B.TRUST LIMITED-NORGES BANK 11	54,237,026	2.15%
10. Ms. Thitinant Wattanavekin	43,659,291	1.73%
<b>Total top ten shareholders holding</b>	<b>1,248,547,609</b>	<b>49.59%</b>

## Detail Groups of Major Shareholders are as follows:

Group of Shareholders	Number of shares	% of total shares
Vongkusolkrit Group	712,533,066	28.30%
Wattanavekin Group	710,343,076	28.22%
Thai Institution Investor and Foreign Institution Investor	804,292,121	31.95%
Company's executives and employees	9,663,294	0.38%
Minor Shareholders	280,701,628	11.15%
<b>Total</b>	<b>2,517,533,185</b>	<b>100.00%</b>

Investor will be able to see the updated shareholders list from the Company's website at [www.TheErawan.com](http://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 Vongkusolkrit	Vongkusolkrit Group
2.	Mrs. Arada Vongkusolkrit	
3.	Mr. Gavin Vongkusolkrit	
4.	Mr. Supol Wattanavekin	Wattanavekin Group
5.	Mrs. Panida Thepkanjana	



Grand Hyatt Erawan Bangkok

# Our Shareholders and Management Structure

## Management Structure

The Board of Directors is comprised of eleven members that were appointed in the Shareholders' Meeting.

The Board has appointed four committees to oversee in some aspects as follows:

- 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.

## Mr. Chanin Vongkusolkit

Age 67 years

### Position

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

### Date of Directorship

November 4, 2004 (15-year working period)

### Education

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

### Director Training Program

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

### 5 years' experience in other Listed Company

2016 - Present

- Chairman of the Board of Director  
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 63 years

### Position

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

### Date of Directorship

April 26, 2017 (3-year 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. Global Association of Risk Professionals (GARP)
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, U.S.A.)

### 5 years' experience in other Listed Company

Apr. 2019 - Present

- Independent Director, Member of the Audit Committee and  
Member of the Nomination and Compensation Committee  
Tisco Financial Group Plc.

2019 - Present

- Independent Director, Chairman of the Audit Committee and  
Member of the Corporate Governance Committee  
Thai Group holding Plc.

2017 - Present

- Independent Director and Chairman of the Audit Committee  
Thai President Foods Plc.

2013 - Present

- Chairman of the Corporate Governance Committee  
Thai Wacoal Plc.

2012 - Present

- Chairman of the Audit Committee, Thai Wacoal Plc.

2010 - Present

- Independent Director, Thai Wacoal Plc.

2009 - Apr. 2018

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

2002 - Sep. 2017

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

**Mr. Ekasith Jotikasthira**

Age 49 years

**Position**

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

**Date of Directorship**

April 29, 2009 (10-year working period)

**Education**

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

**Director Training Program**

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

**5 years' experience in other Listed****Company**

- No

**Assoc. Prof. Dr. Somprawin Manprasert**

Age 44 years

**Position**

- Independent Director
- Member of the Audit Committee

**Date of Directorship**

28 April 2018 (2-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**

Jul. 2017 - Present

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

2016 - 2017

- Advisory and Head of Research Bank of Ayudhaya Plc.

**Mr. Banyong Pongpanich**

Age 65 years

**Position**

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

**Date of Directorship**

November 16, 2004 (15-year 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**

May 2019 - Present

- Advisory of the Risk Oversight Committee Kiatnakin Bank Plc.

2012 - Present

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

2010 - Present

- Chairman of the Board of Director 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 of Director Phatra Securities Plc.

2012 - May 2019

- Member of the Risk Management Committee Kiatnakin Bank Plc.

2012 - 2015

- Chief Executive Officer Kiatnakin Bank Plc.

2010 - Apr. 2017

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

2008 - Apr. 2017

- Independent Director Muang Thai Insurance Plc.



## Mr. Supol Wattanavekin

Age 64 years

### Position

- Director
- Chairman of the Nominating and Corporate Governance Committee

### Date of Directorship

November 4, 2004 (15-year 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. BMD: Boards that make a Difference 10/2019
2. Cyber Resilience Leadership Workshop "Mission in Action" (2019), Bank of Thailand
3. Bangkok FinTech Fair 2019, Bank of Thailand
4. Bangkok Sustainable Banking Forum 2019: An Industry Wake-up Call, Bank of Thailand
5. Chairman Dinner (2018) "Social Responsibilities in Action", Thai Institute of Directors Association (IOD)
6. Chairman Dinner (2017), Thai Institute of Directors Association (IOD)
7. Family Business Club Event (3/2017), Thai Institute of Directors Association (IOD)
8. SET 100 Civil and State Cooperation (2016), The Stock Exchange of Thailand (SET)
9. Risk Management Program for Corporate Leader (RCL 3/2016), Thai Institute of Directors Association (IOD)
10. CG Forum 4/2015 - Thailand CG Forum "Governance as a Driving Force for Business Sustainability", The Stock Exchange of Thailand (SET)
11. Director Certification Program Update (DCPU 1/2014), Thai Institute of Directors Association (IOD)
12. CG Forum 2/2014 Corporate Governance in the Perspective of Investors, The Stock Exchange of Thailand (SET)
13. Chairman Forum 1/2013 "Meeting the AEC Challenge: Role of the Chairman", Thai Institute of Directors Association (IOD)
14. CG Forum 3/2013 "Conflict of Interest: Fighting Abusive RPT", The Securities and Exchange Commission (SEC)
15. Chairman Forum 2/2013 "Role of the Chairman's business code of conduct", Thai Institute of Directors Association (IOD)

16. Financial Institution Governance Program (FGP 2/2011), Thai Institute of Directors Association (IOD)
17. Financial sector Restructuring in Thailand: From present to the future (Special Seminar 1/2010), Thai Institute of Directors Association (IOD)
18. 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
19. Corporate Governance Report of Thai Listed Companies (2007), Thai Listed Companies Association
20. Leadership, Strategic Growth and Change (2006), Sasin Graduate Institute of Business Administration of Chulalongkorn University
21. Organizing and Managing Strategic Alliances for Success and Profit (2006), Sasin Graduate Institute of Business Administration of Chulalongkorn University
22. DCP: Director Certification Program 76/2006, Thai Institute of Directors Association (IOD)
23. DAP: Director Accreditation Program 56/2006, Thai Institute of Directors Association (IOD)
24. Orchestrating Winning Performance (2005), IMD International, Switzerland
25. Board & CEO Assessment (2003), Thai Institute of Directors Association (IOD)
26. RCP: The Role of the Chairman Program 1/2000, Thai Institute of Directors Association (IOD)

### 5 years' experience in other Listed Company

May 2019 - Present

- Chairman of the Risk Oversight Committee  
Kiatnakin Bank Plc.

2012 - Present

- Advisory to Executive Committee  
Kiatnakin Bank Plc.

2011 - Present

- Chairman of the Board of Director  
Kiatnakin Bank Plc.

2003 - 2019

- Chairman of the Risk Management Committee  
Kiatnakin Bank Plc.



## Mrs. Panida Thepkanjana

Age 60 years

### Position

- Director
- Chairman of the Management Development and Compensation Committee

### Date of Directorship

1991 (28-year 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 44 years

### Position

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

### Date of Directorship

- April 26, 2017 (3-year working period)

### Education

- Bachelor of Science in Manufacturing Engineering, Boston University School of Engineering, Boston 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. RCL: 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 Statement for Director 17/2012

### 5 years' experience in other Listed Company

- No

## Mr. Gavin Vongkusolkrit

Age 37 years

### Position

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

### Date of Directorship

December 1, 2011 (8-year 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 57 years

### Position

- Director
- Chairman of the Strategic and Investment Committee

### Date of Directorship

April 28, 2018 (2-year working period)

### Education

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

### Director Training Program

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

### 5 years' experience in other Listed Company

Jul. 2019 - Present

- Independent Director and Chairman of the Audit Committee  
MBK Plc.

Apr. 2018 - Jun. 2019

- Independent Director and Member of the Audit Committee  
MBK Plc.

2014 - 2017

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

2014 - 2016

- Director and Chairman of the Risk Management Committee  
Zen Corporation Group plc.

2014 - 2016

- Member of the Strategy and Reform Committee  
Thai Airways International Plc.

## Mr. Petch Krainukul

Age 48 years

### Position

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

### Date of Directorship

June 1, 2014 (5-year 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

Age 53 years

### 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 2019

1. Cybersecurity and Personal Data Protection “Get Ready for New Business Standards” by Faculty of Law, Chulalongkorn University and SET
2. Professional Development: Risk Management and Internal Audit, Thai Union Group Plc.
3. How to use the Reporting of acquisition or disposal of securities (form 246-2) system, SEC
4. The progress of SETLink system development and the seminar on the topic of “Company Secretary’s Qualification and Importance of Contact Person”, SET
5. State of the Corporate Sustainability: Sector Perspective from 100 Reporting Organizations, SEC and Thaipat Institute
6. Audit Committee of the Future-Driving Through the era of disruption, IOD
7. Strategic Audit Committee : Beyond Figure and compliance, IOD and SEC
8. Thailand Responsible Business Network (TRBN), TLCA

### Training Program

1. Sustainability Reporting 1/2018, SET
2. S06: Sustainability Reporting 2/2018, SET
3. Seminar : Data Protection for Business : Road to GDPR Standard
4. S05: Sustainability Evaluation & Data Management 2/2018, SET
5. Rehearsing of investor warning measures, SEC
6. Sustainability Reporting 1/2017
7. CSR for Corporate Sustainability 1/2017
8. Lecture on the topic of “Key Success Factors for Hotel Business, RE-CU Hotel in Songkhla Vol. 1”, The Real Estate Executive Association, Chulalongkorn University
9. CG Forum 1/2016, SET
10. IOD Luncheon Briefing “How can Corporate Directors Help Nurture Social Enterprises”
11. CG Forum 2/2016, SET
12. Internal Audit’s Challenge in Value Adding (2016)
13. RE-CU Hotel investment and Marketing 8/2016
14. TLCA Knowledge Sharing “Cross-Team Collaboration for Sustainability and Innovation”
15. Panelist: IOD Company Secretary Forum 2014. topic “Strengthening Anti-Corruption Practice in Your Boardroom”
16. Lecturer: Company Secretary Program (CSP) 2014
17. The UK Experience on Implementing the Enhanced Auditor Reporting, SEC, Federation of Accounting Professions and SET
18. Going from “Good” to “Great” in IT Risk and Control Management, November 28, 2012
19. IOD Company Secretary Forum 2013, topic “Equipping Your Board for AGM”
20. CSP: Company Secretary Program (CSP) 28/2008
21. RCC: Role of the Compensation Committee Program (RCC) 3/2007
22. Auditing Information System, the Institute of Internal Auditors of Thailand (IIAT)
23. Corporate Secretary Development Program 11/2005, Chulalongkorn University

### 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, shall jointly sign a document together.

### Dividend Policy

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

### Roles and Responsibilities of the Board of Directors and the Committee

**Board of Directors** consists of eleven members, as follows:

- |   |   |
|---|---|
| 1. Mr. Chanin Vongkusolkrit                 | Chairman  |
| 2. Dr. Kulpatra Sirodom                     | Independent Director and<br>Chairman of the Audit Committee |
| 3. Mr. Ekasith Jotikasthira                 | Independent Director and<br>Member of the Audit Committee   |
| 4. Assoc. Prof. Dr.<br>Somprawin Manprasert | Independent Director and<br>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, improve its competency and assess the company performance.
4. To consider budgets to maximum 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 corporate governance compliance.
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 the committees, 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 Sirodom                     | Chairman   |
| 2. Mr. Ekasith Jotikasthira                 | Member   |
| 3. Assoc. Prof. Dr.<br>Somprawin Manprasert | Member   |
| 4. Ms. Kanokwan Thongsiwarugs               | Secretary and Vice President,<br>Internal Audit Department |

#### Audit Committee Charter:

The Board of Directors of The Erawan Group Public Company Limited attaches the importance of 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 The 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 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 Collective Decision.

## 3. Term of Office

- 3.1 The Audit Committee shall hold the position for 3-year 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's 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.

Should be reported 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 making a consideration and providing opinions on the appointment, transfer, considering of merit or dismissal of the internal audit staff, head of Department or any other department responsible for internal audit work.
- 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.

**The Strategic and Investment Committee** consists of seven members as follows:

- |                                |           |
|--------------------------------|-----------|
| 1. Mr. Kasama Punyakupta       | Chairman  |
| 2. Mrs. Vansamorn Wannamethee  | Member    |
| 3. Mrs. Arada Vongkusolkrit    | Member    |
| 4. Mr. Gavin Vongkusolkrit     | Member    |
| 5. Mr. Nattapong Vongkusolkrit | Member    |
| 6. Mr. Supatchara Wattanavekin | Member    |
| 7. Mr. Petch Krainukul         | Member    |
| 8. Ms. Woramon Inkatanuvat     | 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 Vongkusolkrit    | Member    |
| 4. Ms. Kanokwan Thongsiwarugs | Secretary |

**The 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 the committees.
2. To nominate candidates for the Board of Directors and member of the committees.
3. To determine the Remuneration of Directors and the directors of the committees.

**Term of Audit Directors:** 3 years each term.

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 evaluate the performance and determine the annual remunerations and the compensation structure of President while offering him/her an advice regarding remunerations of senior executives.
2. To consider a succession plan of President as well as a Skills and Competency Development Plan of the potential candidates for President Position and to give an advice to the President on the Executive Succession Plan Development.
3. To acknowledge the report on the succession plan of Executive Vice President level.
4. To determine the significant HR policies and the structure of staff's remunerations' policy: the Annual Remunerations policy and Budgeting, Rewards (bonus), etc.
5. 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                  | Chairman of the Audit Committee |
| 2. Mr. Ekasith Jotikasthira              | Member of the Audit Committee   |
| 3. Assoc. Prof. Dr. Somprawin Manprasert | Member of the Audit Committee   |
| 4. Mr. Banyong Pongpanich                | Independent Director            |

**The Company's Executives** consist of:

- |                                |  |
|--------------------------------|--|
| 1. Mr. Petch Krainukul         | President                                    |
| 2. Ms. Woramon Inkatanuvat     | 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. Mr. Youssef El Khomri       | Assistant Executive Vice President           |
| 7. Ms. Jetiya Kitiyodom        | Senior 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 Thongsiwarugs as Company Secretary, whose duties and responsibilities are as stipulated in the Securities and Exchange Act (No.4) B.E. 2535, an amendment of the Securities and Exchange Act (No.5) B.E. 2559 and/or other related laws, rules and regulations. 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, 2019

Name	Title	Ordinary Share (Units)		
		Dec.31,2019	Dec.31,2018	+ (-)
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	Independent Director	-	-	-
5. Mr. Banyong Pongpanich	Independent Director	-	-	-
6. Mr. Supol Wattanavekin	Director	66,235,502	66,235,502	-
7. Mrs. Panida Thepkanjana <sup>1</sup>	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	Director	99,999	99,999	-
11. Mr. Petch Krainukul	President	3,339,082	3,339,082	-
12. Mrs. Vansamorn Wannamethee <sup>2</sup>	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 Woramon Inkatanuvat	Executive Vice President	160,000	-	160,000
15. Mr. Apichan Mapaisansin	Executive Vice President	1,745,000	1,385,000	360,000
16. Mr. Navarat Tamsuwan	Executive Vice President	750,000	100,000	650,000
17. Mr. Suchai Wuthworachairung	Assistant Executive Vice President	100,687	500,587	(399,900)
18. Mr. Youssef El Khomri	Assistant Executive Vice President	-	-	-
19. Ms. Jetiya Kitiyodom	Senior-Vice President, Accounting Department	200,000	100,000	100,000
<b>Grand Total</b>		<b>226,610,540</b>	<b>225,740,440</b>	<b>870,100</b>

Note:

1. Include spouse of 1,868,500 shares

2. Include spouse of 7,300 shares

# Remuneration of the Board of Directors and Management

---

The Board 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's 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 2019 totaled THB 60,710,414.01 was consisted of:

1. Remunerations of directors of the Company's Board of Directors and the Committees totaled THB 10,355,000.00
2. Remunerations of directors of the Company's subsidiary totaled THB 5,420,000.00
3. Remunerations, which were total wages of the 7 executives paid by the Company and its subsidiaries, totaled THB 43,673,143.61
4. Provident fund of the executives under item 3 above totaled THB 1,262,270.40

Remunerations for the Board of Directors and the Committees in cash for the year ending 31<sup>st</sup> December 2019

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	1,080,000	-	-	-	-	1,080,000
2. Dr. Kulpatra Sirodom	Independent director	720,000	156,000	-	-	-	876,000
3. Mr. Ekasith Jotikasthira	Independent director	720,000	60,000	-	40,000	-	820,000
4. Assoc. Prof. Dr. Sompravin Manprasert	Independent director	720,000	120,000	-	-	-	840,000
5. Mr. Banyong Pongpanich	Independent director	720,000	-	-	-	40,000	760,000
6. Mr. Supol Wattanavekin	Director	720,000	-	-	52,000	-	772,000
7. Mrs. Panida Thepkanjana	Director	720,000	-	-	-	52,000	772,000
8. Mrs. Arada Vongkusolkit	Director	720,000	-	250,000	-	40,000	1,010,000
9. Mr. Gavin Vongkusolkit	Director	720,000	-	175,000	40,000	-	935,000
10. Mr. Kasama Punyakupta	Director	720,000	-	325,000	-	-	1,045,000
11. Mr. Petch Krainukul	Director and President	720,000	-	Executive	-	-	720,000
12. Mrs. Vansamorn Wannamethee	Member of Sub-Committee	-	-	225,000	-	-	225,000
13. Mr. Nattapong Vongkusolkit	Member of Sub-committee	-	-	250,000	-	-	250,000
14. Mr. Supatchara Wattanavekin	Member of Sub-committee	-	-	250,000	-	-	250,000
<b>Total (THB/Year)</b>		<b>8,280,000</b>	<b>336,000</b>	<b>1,475,000</b>	<b>132,000</b>	<b>132,000</b>	<b>10,355,000</b>



## Business Overview



# Business Structure

100%

The Erawan Group Public Company Limited



74%\*

Erawan Hotel Public Company Limited

  
**Grand Hyatt Erawan Bangkok**

20%

Erawan Hotel Growth Property Fund


  
**ibis Pattaya**  
**ibis Phuket Patong**

\* 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 by Erawan with own brand

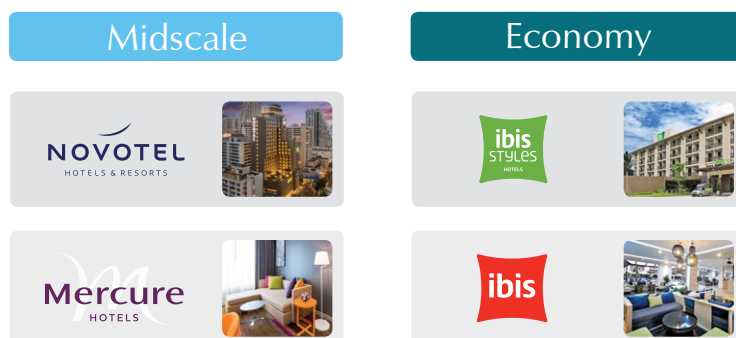
The Erawan Group has developed its own brand by the name of  which is a network of budget hotels that built and operated by the company. The company continues to offer consistent quality of product and services on prime locations in business district which serve our main customers who are domestic business travelers.

The company has first opened HOP INN in Thailand in 2014 and expanded across Thailand with more than 40 branches by 2019. The company also took HOP INN brand outside of its home country to Philippines since 2016 which has 5 branches at the moment.

## 2. Hotels managed by Erawan under the Franchise Agreement

The Erawan Group entered into franchise agreement with AccorHotels who is a multinational hospitality company and has its own brands with broad marketing channels. According to franchise agreement, the company is entitled to use 4 brands from AccorHotels which are Novotel consisting of 1 hotel, Mercure consisting of 3 hotels, ibis styles consisting of 2 hotels and ibis consisting of 10 hotels, which makes a total of 16 hotels across Thailand that built and operated by the company.

The company also introduced Combo Hotel which is a combination of 2 brands under 1 property which enables hotel to serve wider range of customer group and to share cost in order to generate highest return. At present, the company has 3 Combo Hotels which are 1). Mercure ibis Bangkok Siam, 2). Novotel ibis Styles Bangkok Sukhumvit 4 and 3). Mercure ibis Bangkok Sukhumvit 24.



3. Hotels managed under Hotel Management Agreement

The Erawan Group selected 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. The company now entered into hotel management agreement with 3 companies which are Hyatt, Marriott International and IHG under 6 different brands.



Luxury

GRAND | HYATT<sup>™</sup>

ERAWAN BANGKOK





Luxury

JW MARRIOTT<sup>™</sup>

BANGKOK



THE NAKA ISLAND  
RESORT & SPA

PHUKET



RENAISSANCE<sup>®</sup>

KOH SAMUI RESORT & SPA





Midscale

COURTYARD<sup>™</sup>

BY MARRIOTT

Bangkok



Holiday Inn

AN IHG<sup>®</sup> HOTEL

PATTAYA





# 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 70 hotels and operates other businesses including retail space rental, and management of office building.

## Hotel Business in Thailand • Luxury



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](http://www.marriott.com/bkkdt)

Number of rooms: 441 rooms

Location: Sukhumvit Soi 2



Renaissance Koh Samui Resort and Spa



[www.marriott.com/usmbr](http://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.naka Islandphuket.com](http://www.naka Islandphuket.com)

Number of rooms: 23 Deluxe rooms and 67 Pool villas

Location: Koh Naka Yai, Phuket

## Hotel Business in Thailand • Midscale



**Courtyard by Marriott Bangkok**



[www.marriott.com/bkkcy](http://www.marriott.com/bkkcy)

Number of rooms: 316 rooms

Location: Soi Mahadlekluang 1, Rajdamri Road



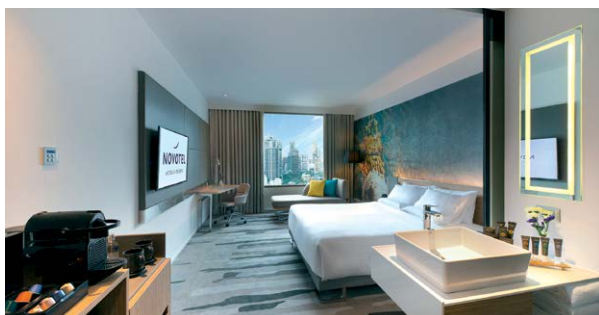
**Mercure Bangkok Siam**



[www.mercure.com](http://www.mercure.com)

Number of rooms: 189 rooms

Location: Siam, Rama 1 Road



**Novotel Bangkok Sukhumvit 4**



[www.novotel.com](http://www.novotel.com)

Number of rooms: 185 rooms

Location: Sukhumvit Soi 4



**Mercure Bangkok Sukhumvit 24**



[www.mercure.com](http://www.mercure.com)

Number of rooms: 201 rooms

Location: Sukhumvit Soi 24



**Holiday Inn Pattaya**



[www.holidayinn-pattaya.com](http://www.holidayinn-pattaya.com)

Number of rooms: 567 rooms

Location: Pattaya Sai 1 Road, Chon Buri



**Mercure Pattaya Ocean Resort**



[www.mercure.com](http://www.mercure.com)

Number of rooms: 210 rooms

Location: Pattaya Sai 1 Road, Chon Buri



## Hotel Business in Thailand • Economy



ibis Styles Bangkok Sukhumvit 4



[www.ibisthailand.com](http://www.ibisthailand.com)

Number of rooms: 133 rooms

Location: Sukhumvit Soi 4



ibis Bangkok Sathorn



[www.ibisthailand.com](http://www.ibisthailand.com)

Number of rooms: 213 rooms

Location: Soi Ngam Duphli, Rama IV Road



ibis Bangkok Sukhumvit 4



[www.ibisthailand.com](http://www.ibisthailand.com)

Number of rooms: 200 rooms

Location: Sukhumvit Soi 4



ibis Bangkok Riverside



[www.ibisthailand.com](http://www.ibisthailand.com)

Number of rooms: 266 rooms

Location: Charoennakorn Road Soi 17, Chaophraya River



ibis Bangkok Siam



[www.ibisthailand.com](http://www.ibisthailand.com)

Number of rooms: 189 rooms

Location: Siam, Rama 1 Road



ibis Bangkok Sukhumvit 24



[www.ibisthailand.com](http://www.ibisthailand.com)

Number of rooms: 300 rooms

Location: Sukhumvit Soi 24



ibis Styles Krabi Ao Nang



[www.ibisthailand.com](http://www.ibisthailand.com)

Number of rooms: 206 rooms

Location: Ao Nang, Krabi



ibis Pattaya



[www.ibisthailand.com](http://www.ibisthailand.com)

Number of rooms: 254 rooms

Location: Pattaya Sai 2 Road, Chon Buri



ibis Phuket Patong



[www.ibisthailand.com](http://www.ibisthailand.com)

Number of rooms: 258 rooms

Location: Patong Beach, Phuket



ibis Phuket Kata



[www.ibisthailand.com](http://www.ibisthailand.com)

Number of rooms: 258 rooms

Location: Kata Beach, Phuket



ibis Samui Bophut



[www.ibisthailand.com](http://www.ibisthailand.com)

Number of rooms: 209 rooms

Location: Bophut Beach, Koh Samui, Surat Thani



ibis Hua Hin



[www.ibisthailand.com](http://www.ibisthailand.com)

Number of rooms: 200 rooms

Location: Hua Hin, Prachuap Khiri Khan



## Hotel Business in Thailand • HOP INN



### HOP INN

[www.hopinhotel.com](http://www.hopinhotel.com)

Number of rooms: 3,383 rooms from 43 hotels

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

## Hotel Business in Philippines • HOP INN



[www.hopinhotel.com](http://www.hopinhotel.com)

### HOP INN Alabang Manila

Segment: Budget Hotel

Number of rooms: 168 rooms

Location: Alabang, Manila

### HOP INN Ermita Manila

Segment: Budget Hotel

Number of rooms: 168 rooms

Location: Ermita, Manila

### HOP INN Makati Avenue Manila

Segment: Budget Hotel

Number of rooms: 144 rooms

Location: Makati, Manila

### HOP INN Aseana City Manila

Segment: Budget Hotel

Number of rooms: 196 rooms

Location: Aseana City, Manila

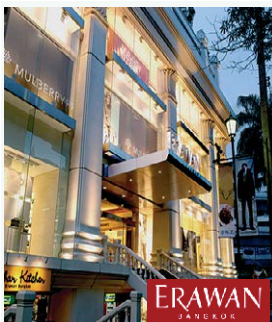
### HOP INN Tomas Morato Quezon City Manila

Segment: Budget Hotel

Number of rooms: 167 rooms

Location: Quezon City, Manila

## Rental Property



### Erawan Bangkok

[www.erawanbangkok.com](http://www.erawanbangkok.com)

Retail Shops (up-scale):

6,554 sq.m.

Location:

Ratchaprasong,  
Bangkok, CBD.

## Property Management



### Ploenchit Center

Owner: Prime Office Leasehold Property Fund

Managed:

Erawan Commercial Management Office

Building: 42,847 sq.m.

Location:

Sukhumvit Soi 2, Bangkok, CBD.

# Properties under Development

## Thailand

Expected to open in year 2020-2021



### Bangkok

HOP INN



Branch: Bangna, Onnut, Krung Thonburi

Segment: Budget Hotel



### Provincial

HOP INN



Branch: Phuket 2, Chiangmai 3, Phetchabun, Phitsanulok 2, Nan, Mahasarakham and Chaiyaphum

Segment: Budget Hotel

## Philippines

Expected to open in year 2021-2022



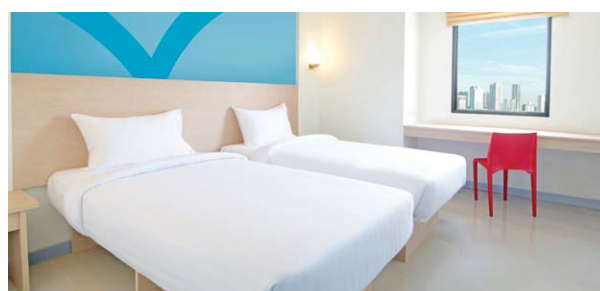
### Combo Hotel

Holiday Inn and HOP INN



Branch: Cebu

Segment: Midscale Hotel and Budget Hotel



HOP INN



Branch: Ortigas, Iloilo, Davao and North EDSA

Segment: Budget Hotel

# Tourism Industry Overview

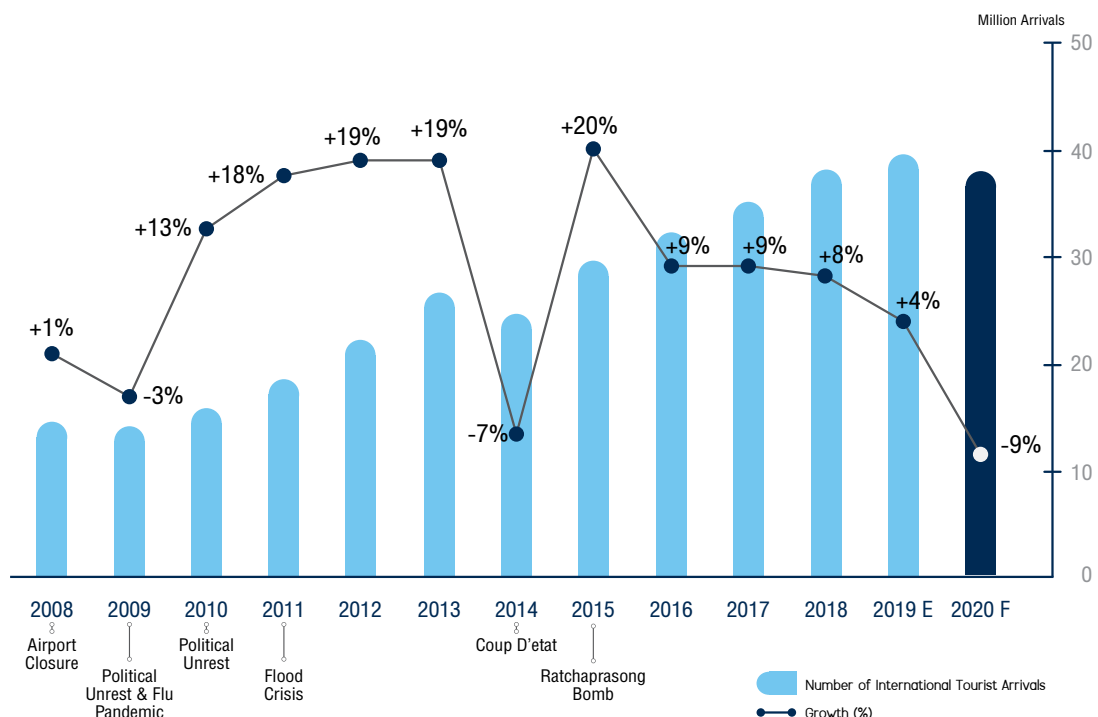
Global tourism industry has continued to play a significant role in driving global economy. In 2019, global international tourist arrivals grew by 4% YoY to reach over 1.5 billion arrivals from an increase of 54 million arrivals as compared to 2018, the percentage growth which is higher than global economic growth at 3% YoY. Looking ahead in 2020, the World Tourism Organization (UNWTO) forecasted a 3% to 4 % growth in international tourist arrivals, reflecting a cautious optimism view towards global tourism industry as uncertainties remain to weigh on growth namely; global economic slowdown, US-China trade tensions and rising geopolitical challenges, social unrest, prolonged uncertainty on Brexit and lower business confidence.

## Thailand

In 2019, Thailand's tourism industry continued to show a robust growth in both tourist arrivals and tourism receipts. International tourist arrivals showed a 4% growth YoY from 38 million arrivals in 2018 to 39.8 million arrivals in 2019 while 167 million domestic trips were made across the country. With China's arrival of 11 million visitors, it continued to be Thailand's top source market,

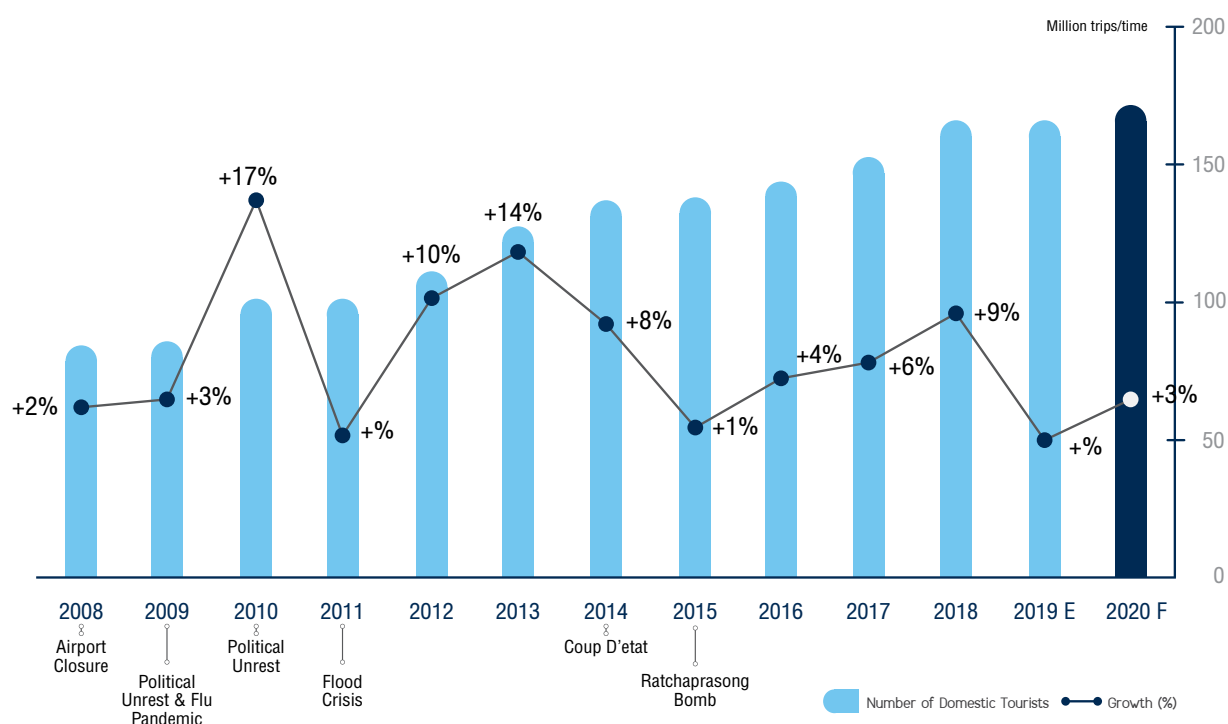
the source market accounted for 28% of overall international tourist arrivals. Followed by Malaysian, the second largest portion accounted for 4.2 million visitors. Indian tourist arrivals had the highest growth of more than 25% and represented 2 million visitors.

One of the main catalysts driving Thailand's international tourist arrivals was a support from government policy, especially a temporary Visa on Arrival (VoA) fee exemption for 21 countries around the world including Chinese and Indian travelers. India is considered a promising source market for Thailand's tourism as the market has had impressive progress in outbound tourism thanks to the rise of middle-class group with increasing disposable income. Apart from the government policy, private sectors stimulated tourism industry via marketing campaigns and opening of new attractions such as Icon Siam and Central village at Suvarnabhumi airport. With the support of government and private sectors combined, this has softened the impact of various negative factors presented in 2019 such as Thai baht appreciation and prolonged aftermath of Phuket's boat incident in 2018.



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





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

In term of domestic market, key drivers included extra public holiday announcement, tax-deduction scheme of up to THB 15,000 in travel expense for those who travel in secondary cities, as well as marketing communication through online channels as well as social media which encouraged people to make more trips. The government has also promoted secondary destinations through “Amazing Thailand Go Local” campaign which has driven tourism demand to secondary cities and advertised new experience in food and culture to match with the concept “Destination Branding”. Moreover, “Chim Shop Chai” campaign launched during the last quarter of 2019, successfully captured attention from domestic spenders aiming to stimulate the economy especially local business and tourism.

For the year 2020 ahead, the tourism industry is expected to slow down slightly from 2019. With the instability of global economy and risk factors toward tourism industry such as US-China trade war and US-Iran disputation over military force, this will remain to pressure the world economic outlook. Furthermore, the outbreak of Corona virus (COVID-19) has significantly affected both corporate and leisure travel activities on a global scale, and if

the outbreak still continues, the impact on business sentiment is going to weigh on growth. Due to the impact of the negative factors, TAT expects 36 million international tourist arrivals or a decrease of 9.5% YoY. Despite all the negative factors, Thailand will remain to largely dependent on tourism industry and assigned to be a significant force to impel Thailand's economy. TAT, therefore, has determined the economic targets to increase the total income from the tourism industry by adding VAT refund counters, changing the opening hours of Malaysia and Laos border gate to 24 hours during the weekend, extending the temporary Visa on Arrival (VoA) fee exemption to the end of 30 April 2020 which covers significant events such as Chinese New Year and Songkran and opening the new route from airline such as Hangzhou-Chiang Rai, Sendai-Bangkok, Munich-Phuket and Doha-Chiang Mai. Meanwhile, secondary destination such as Buriram, has been promoted to be the famous trending destination 2020 from the poll of Airbnb. UNESCO also designates Sukhothai as new creative cities. In term of public infrastructure, Eastern Economic Corridor projects such as renovation of U-Tapao airport and extension of transportation infrastructure are still in place.

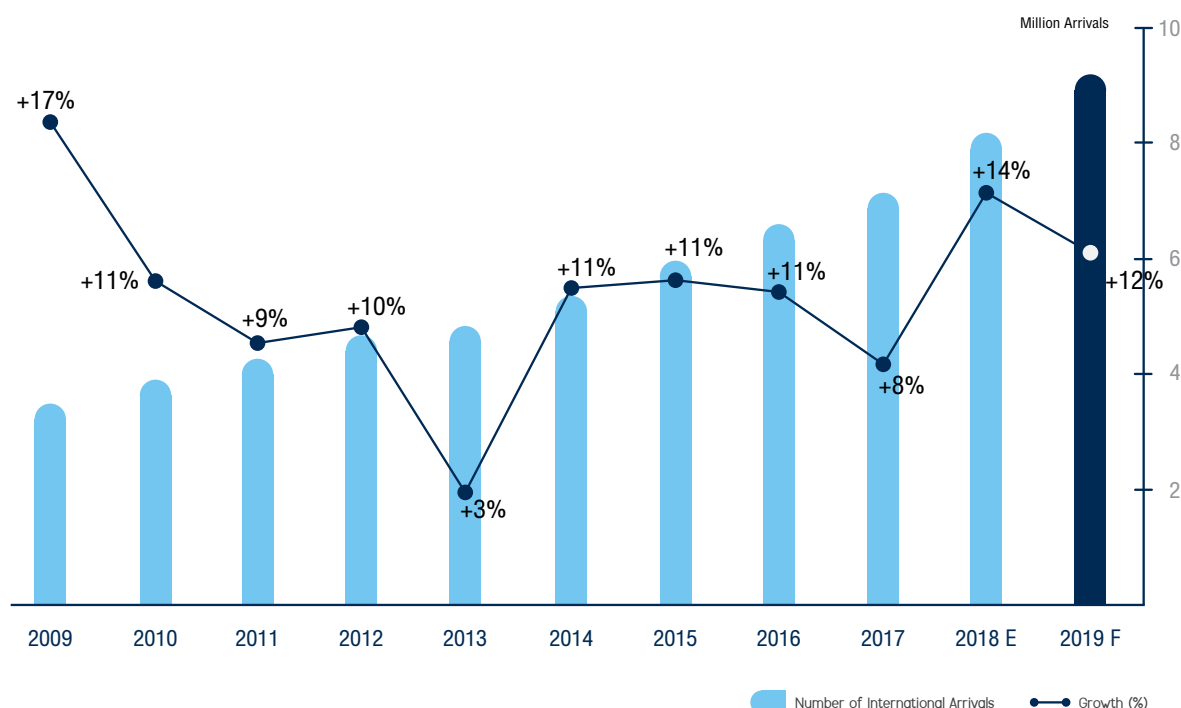
In terms of domestic travel stimulation, TAT has planned to expand and focus on various target markets by characterizing types of travelers such as Gen X, Gen Y, Millennials, Family, Silver age, Woman travelers, First jobber, Multi-gen and Corporate. The strategy aims to expand the new market differentiated by characteristic and decentralize tourism receipts to secondary destinations. TAT expects 172 million domestic trips in 2020 or 3% growth from the previous year.

### The Philippines

The Philippines is an archipelagic country composed of more than 7,000 islands. The country is known for having its rich biodiversity, historical and cultural heritage as its main tourist attractions distinctly differentiate itself from other countries in the region. Therefore, tourism industry plays an important role in driving the Philippines' economy. The Philippines tourism industry reached a new milestone as the country welcomed more than 6.8 million arrivals or 15.04% growth compared to 5.9 million arrivals in 2018 during the first ten months of the year. In terms of source markets, South Korea remained as the country's top source market followed by Chinese tourist arrivals with the number of 1.6 million arrivals

and 1.5 million arrivals respectively. The outstanding growth resulted from the development of air transport and strong relationship with other countries. Meanwhile, the Philippines revived and advertised marketing campaign "It's More Fun in the Philippines" and anchored itself on tourism sustainability. Through this campaign, US\$10 will be donated to the World Wildlife Fund for every photo or video shared through the hashtag #itsmorefuninthephilippines.

The Philippines economy becomes one of the highest potential economies with GDP growth of 6% in 2019 moving along with the expansion of middle class and urban communities. Moreover, massive infrastructure projects are being developed under the Build! Build! Build! Project campaign, aiming to improve transportation network and facilitating future economic growth. Renovation of Ninoy Aquino airport and future plans to build another three airports around Metro Manila area demonstrate government's long-term plans to support increasing number of flights as the economy grows. These infrastructure projects will prove to be beneficial to the long-term economic growth of the country as well as contributing to the stimulation of international and domestic travel to the Philippines.



Source: The Philippine Department of Tourism (DOT)

# Risk Factors

---

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

## **1. Risk of Dependency on Third-Party Hotel Management Companies**

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

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

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

## **2. Risk from Declining Demand and Increasing Supply**

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

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

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

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

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

#### 4. Risk from International Investment

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

#### 5. Interest Rate Risk

Interest rate risk, which is a result of changes of market rates in the future, will affect our operating results and cash flow, for the purpose of interest rate risk mitigation the company has manage the most long- term loan to fixed interest rates for period of 3 years which is expired on 31 December 2019. In addition, the company constantly monitors interest rate trend and provides a hedge against interest rate fluctuation in order to balance financing costs and expense related to interest rate risks.

#### 6. Human Resources Risk

Loss of executive management or key personnel of the company is also considered a risk for the company. However, human resources development and management is one of the key priorities of the company. The company has implemented a 3-layer succession plan from President down to Vice President level which supervised by the Management Development and



Mercure Bangkok Sukhumvit 24



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

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.



#### 8. Data risk

Company's data and database is an essential part of our operations. Therefore, the company continuously updates and improves our data security system to reduce risks from data destruction, data theft, cyber-attack, unauthorized modification of data and data breach in order to ensure business continuity.

#### 9. Environmental Risk

Company's construction projects that are susceptible to local community and environmental impacts must go through and comply with Environmental Impact Assessment (EIA) process to ensure that the impacts are minimal and well controlled. The company conducts its business with the awareness of social, community, and environmental responsibility.



Mercure Pattaya Ocean Resort



# ESG Report



# CG Awards



## Year 2019

- “Very Good” CGR Report 2019, 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 2019, Thai Investors Association Project: AGM Assessments Program 2019, the Stock Exchange of Thailand.
- Outstanding “Investor Relations Awards 2019”, Project: SET Awards 2019
- “ESG100 Companies” Certified of Environmental Social Governance Company of the year 2019 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)
- “Thailand’s Top Corporate Brand Value” by Faculty of Commerce and Accountancy and the Stock Exchange of Thailand (SET)

## Recognitions 2005-2018

### Board of the Year Awards

- Board of the Year for Distinctive Practices 2006/2007

### Corporate Governance Report of Thai Listed Companies

- “2<sup>nd</sup> Quartile” Year 2005 (Top rating = 1<sup>st</sup> 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 2014-2019

## AGM Assessments Program

- “Good” AGM 2006
- “Very Good” AGM 2007
- “Excellent” AGM 2008 - 2009
- “Excellent recognized as Good Example” AGM 2010
- “Excellent” AGM 2011 - 2018

## SET Awards

- 1 in 3 Nomination to “BEST IR Awards” 2009
- Nomination to “Excellent CGR Awards” 2010
- “Outstanding IR Awards” 2010
- Nomination to “Excellent CGR Awards” 2011
- “Most Improved” CSRI Recognition 2013
- “Best Investor Relations Awards” 2013
- “Best Investor Relations Awards” 2014
- Nomination to “Outstanding IR Awards” 2015 - 2016
- “Outstanding IR Awards” 2015 - 2018

## The Collection Action Against Corruption (CAC)

- Declaration of Intent in Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC) on October 30, 2019
- 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)





01. SET Awards 2019
02. SET Awards 2009
03. The Best Of Asia 2012
04. Board of the Year Awards 2006/07
05. Brand Value 2019

#### ESG Awards

- “ESG100 Companies” Certified of Environmental Social Governance Company of the year 2015, 2017-2018 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)

#### Asia Recognition Awards

- “The Best of Asia” of the Corporate Governance Asia Annual Recognition Awards 2012.
- “Asia’s Outstanding Company on Corporate Governance, the 9th Corporate Governance Asia Annual Recognition Awards 2013.
- “The Corporate Director Recognition Awards”, the 4th Asian Corporate Director Recognition Awards 2013 by Corporate Governance Asia, the leading Asian journal in Corporate Governance

#### 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 million Baht/year)



Holiday Inn Pattaya

# 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



Holiday Inn Pattaya

# Anti-Corruption Policy

---

The Erawan Group Public Company Limited “ERAWAN” conducts our business based on the Corporate Governance Principle. We have formulated an anti-corruption policy against all forms of corruption likely to emerge from our operations 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 bribery, using of title, responsibility and/or information derived from work performed for the company to render the benefit to one's self, his/her alliance and/or other parties in order to directly and indirectly acquire an improper assets or benefits in business transaction or any illegitimate interest for oneself including any action found conflicting with the Company's Code of Conduct. Exception shall be applied in case of laws, regulation, statement, custom, or business traditions enable to do so.

## Corruption is possibly expressed through the following 4 course of actions

1. **Political Contribution** – a contribution made in form of money or items for the political purpose or an encouragement of the company to have its staff participating in any political activities under the name of the company, in order to seek an business advantages. This, however, excludes the case where the staff is willing to participate in such political campaigns or activities on the basis of democratic right.

Erawan has adopted a policy of political neutrality in conducting the business. We will neither align or attach to the politics or professional politician of any party nor 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** – a financial contribution made for religious, educational and public interest purposes and etc. that may lead to the risk of corruption since the activity relates to a payment without any tangible returns. Such the activity can become an excuse or a means of corruption. To avoid the hidden purpose on any charitable contribution, Erawan has established a policy, criteria, review process and control details on a charitable contribution as follows.

- 2.1 Must be proven that the project actually exists and the action has been taken to support the achievement of the project's objectives and bring about genuine social benefits.

- 2.2 Must be proven that the contribution is irrelevant to reciprocal return with anyone or any organization, however, such return will not include an action of honor announcement as normal business practice such as displaying the logo, mentioning the name at the event or on PR media etc.

3. **Sponsorships** – a financial contribution made for the promotional purposes on company business, logo or reputation that may lead to the risk of bribery since such money is paid for service or benefits which are difficult to measure and monitor. The sponsorships could be related to the bribery, hence, Erawan has established a policy, review process, control details and assessment methods on sponsorships as follows.

- 3.1 Must be proven that the requestor for sponsorship has actually run the project and the actions have been taken to support the achievement of the project's objectives and bring about genuine social benefits.

- 3.2 Must be proven that the sponsorship or any form of benefits which have monetary value, such as the offering of accommodation and food, are irrelevant to reciprocal return with anyone or any organization, however, such return will not include an action of honor announcement as normal business practice.

4. **Gift, Hospitality and Expense** – the expense that occurred and related to the special occasion, tradition or business manners which may lead to the risk of fraud or corruption, hence, Erawan has established a policy and criteria on giving or accepting gifts to ensure that the company strictly complied with the tradition and normal business manners.

## 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;



Novotel Bangkok Sukhumvit Soi 4



Novotel Bangkok Sukhumvit Soi 4

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

4. **Disciplinary action and reporting :**

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

# Anti-Money Laundering and Countering the Financing of Terrorism Policy

---

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 Public Company Limited has conducted the business based on the Corporate Governance Principle by focusing on a law-abiding operation and adhering to morality and business code of conduct where the information is disclosed in a transparent and straightforward manner. We also established the internal control system and auditing mechanisms to ensure that our operations are effective and efficient. We operate the business by taking into account our responsibility in every aspect to shareholders and stakeholders. The Company Board of Directors' structure, that stipulated 36.36% of total number must be independent directors, was consist of 4 sub-committees in order to supervise the management in details.

With regard to the corporate governance, The Erawan Group has set up the Nominating and Corporate Governance Committee (NCG) to establish, review and update the corporate governance policies and practices to ensure that the company have the management standard and guidelines which can be actually and appropriately implemented under the President's supervision. The established corporate governance practices was divided into 8 areas and, for more effective, it was used as one of the factor of the staff's annual performance appraisal.

The Erawan Group has emphasized the staffs' understanding on the concept of Corporate Social Responsibility where business is run by properly taking into consideration the interest of all stakeholders whether they are employees and family, customers, suppliers/creditors, competitors, public sector, society and environment and has appointed the responsible unit to monitor and conduct an opinion survey of stakeholders regularly. In 2015 and 2017-2019 the Erawan Group was certified as an ESG100 Company are recognized for its outstanding sustainability performance in the tourist & leisure sector in Thailand by ThaiPat Institute and the Securities and Exchange Commission, Thailand (SEC)

**Corporate Governance Practices 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](http://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 of Directors consists of 11 members - the Chairman of the Board who is a different person from the President where their roles, authority and responsibilities are clearly separated to maintain balance between managing and supervising function, 4 Independent Directors, 6 Non-executive directors and 1 executive directors.

The Board has appointed 4 different committees to clearly define duties and responsibilities and also has a rotation policy among directors to sit at different committees for appropriate timeframe and on appropriate occasions. Chairman of the committee is responsible for submitting

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 was applied in action and record minutes of meeting in writing.

**The Committees are as follow:**

**The Audit Committee (AC):** The Audit Committee consists of 3 independent directors who must have sufficient knowledge on accounting, finance and nature of company business in order to be responsible for reviewing the company's financial statements and its internal control system and monitoring the company's risk management practices on a regular basis. The Audit Committee's responsibilities are also to review the independence of the company's Internal Audit Unit, to approve the appointment, transfer or termination of head of unit who works as its secretary, to review the legal compliance, to select, appoint, remove and propose an auditor and auditor's fees and to review and disclose information about connected transactions to meet the criteria in an accurate and transparent manner.

**The Strategic and Investment Committee (SIC):** The Committee consists of 7 members and is responsible for considering and formulating the business plan and long term strategy of the Company, supervising and approving the investment projects and divestment transactions as set out in the Company's master plan. The Committee's responsibilities shall include a preliminary approvals of project feasibility, financial returns, and review of risks associated with the project, financial structure and source of financing and giving the recommendation to management in relation to business opportunity.

**The Nominating and Corporate Governance Committee (NCG):** The Committee consists of 3 members and 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 oversee that directors, executive officers and staff of all levels will comply with the Good Corporate Governance practices and Code of Conduct.

**The Management Development and Compensation Committee (MDC):** The Committee consisting of 3 members

and is responsible for proposing development policies, assessing knowledge and skills of and compensations to the Executive management, writing the executive management's 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 ensure 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 in order to be sufficient for appointing as a member of the Audit Committee.
3. Executive directors

**General Qualifications:**

1. Not over 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 sufficient time to effectively perform one's duty
5. Able to conduct a self-assessment and notify the Board upon change or incident that may compromise one's effective performance.



## Term of Office and Retirement

1. Directors and executive director 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, the members of the 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.
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 of the Annual General Meeting (AGM) is held but will leave the office as soon as the meeting is completed.

## Specific Qualifications:

### Chairman of the Board of Directors

Aside from roles and responsibilities described in the principles and set for other directors, Chairman shall have the following duties: (1) presiding over the meeting of the Board of Directors; (2) making a casting vote at the Board's meeting when votes are tied; (3) calling the meeting of the Board of Directors; and (4) presiding over the Shareholders' Meeting. Chairman shall not be involved in the management or shall not being an employee, staff or advisory who is on the payroll, external auditor or professional service provider in the associated companies and audit firms.

## 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 an employee, staff, advisor enjoying monthly income or person with controlling power of the company, its affiliated company, associated company and auditing company; nor shall he be a person with conflict of interest without having to have any interest or stake in such manner for no less than two years.
3. 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.
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); Director Accreditation Program (DAP); 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 person to approve transactions or signing to bind the Company, except the signing under the approval of the Board of Director or in the form of the collective decision.
2. Attending a meeting or voting in a matter that 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 the meeting of Independent Directors, and the meeting between the directors and senior executives without the top management's presence.

#### **5. Board of Directors' Meeting**

The Erawan Group set a number of both the Board of Directors' meetings and those of other committees. The meeting dates of the entire year should be communicated to the directors and related persons in advance. In addition, an agenda should be set to allow the independent directors freely exchange ideas at the Board of Directors' Meeting without the presence of President or the top management.

In 2019, The Erawan Group organized 6 the Board of Directors' meetings, 4 the Audit Committee's meetings, 10 the Strategic and Investment Committee's meetings, 2 the Nominating and Corporate Governance Committee's meetings and 2 the Management Development and Compensation Committee's meetings. Minutes of each meetings were recorded in writing and kept at the Office of the Company Secretary and on a data server so that officers can conveniently access the database. Times of Directors' Attendance to the Meeting in 2019 is as the following details:

## Times of Attendance 2019

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 Director	27 Apr 2019-Present Apr. 2019-2022	6/6				
2. Dr. Kulpatra Sirodom	Independent Director	Apr. 2017-2020*	6/6	4/4			
3. Mr. Ekasith Jotikasthira	Independent Director	Apr. 2017-2020*	6/6	2/4		2/2	
4. Assoc. Prof. Somprawin Manprasert	Independent Director	Apr. 2018-2021	6/6	4/4			
5. Mr. Banyong Pongpanich	Independent Director	Apr. 2019-2022	3/6				2/2
6. Mr. Supol Wattanavekin	Director	Apr. 2018-2021	5/6			2/2	
7. Mrs. Panida Thepkanjana	Director	Apr. 2017-2020*	6/6				2/2
8. Mrs. Arada Vongkusolkit	Director	Apr. 2017-2020*	6/6		10/10		2/2
9. Mr. Gavin Vongkusolkit	Director	Apr. 2019-2022	6/6		7/10	2/2	
10. Mr. Kasama Punyagupta	Director	Apr. 2018-2021	6/6		10/10		
11. Mr. Petch Krainukul	Director President	Apr. 2018-2021 1 Jan 2018-Present	6/6		10/10		
12. Mrs. Vansamom Wannamethee	Member of Sub-Committee	Jun. 2018-2021			9/10		
13. Mr. Nattapong Vongkusolkit	Member of Sub-Committee	Jun. 2018-2021			10/10		
14. Mr. Supatchara Wattanavekin	Member of Sub-Committee	Jan 2018-2021			10/10		
Percent of Directors' and attended			94%	83%	94%	100%	100%

Note: \*the reappointment of all four directors to act as the directors for another term. The term of office will be three-year term starting from April 24, 2020

## 6. Evaluation of the Board's Performances

Our Board of Directors is subject to an annual performance evaluation. To comply with the principle of good corporate governance for 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 2019

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

- 1 = Strongly disagree and need urgent improvement. Please provide recommendations.
- 2 = Disagree and need somewhat improvement. Please provide recommendations.
- 3 = Neutral
- 4 = Agree
- 5 = Strongly Agree

As for the Board of Directors' evaluation performance in 2019, 93% 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. 90% 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. 96% 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. 93% felt that all members performed their duties with responsibilities to maximize the interest of shareholders. 96% deemed that board members did have a good relationship with the management and could frankly communicate with executives. 91% 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 the selection of 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 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 executive management, to ensure continued performances and to avoid business disruption.



# Corporate Social Responsibility “CSR”

## 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.

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.

CSR - in process  
which takes into consideration all groups of Stakeholder



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 2019, no voided ballot.

At every shareholders' meeting, Chairman of the Board, Chairman of the Committees, Directors 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 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](http://www.TheErawan.com). Inquiries can also be made through [IR@TheErawan.com](mailto:IR@TheErawan.com).

We conduct an Investor Relations Survey (IR Survey) to gauge satisfaction in relation to our information disclosure at least once a year. In 2019, we conducted the survey by distributing online questionnaires to analysts at the Quarterly Meeting held in November 2019, and also the last meeting of the year. All respondents were within a target group. The respondents had monitored our information since 0-10 years. 97.96 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, 6<sup>th</sup> Floor, Sukhumvit Road, Klongtoey District, Bangkok; or at the Office of Corporate Governance, email: [GCG@TheErawan.com](mailto: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. To award and punish on the basis of righteousness and 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 fair and appropriate pricing policy.
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.



JW Marriott Bangkok

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. To refrain from demanding, receiving or offering any benefit that is dishonest or over the standard of business conduct and ethics that may motivate an unrighteous decision making.

### 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. To avoid accepting or giving of items, gifts or other benefits including service, facilitation or entertainment with creditors/ partners which exceeded the general business practices that may influence or motivate an unfair decision making and treatment.
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. To act within the framework of decent competitions
2. To avoid dishonest seeking of competitor's confidential information or doing in inappropriately manner
3. To refrain from trying to ruin competitors' reputation by accusing them under the false information.
4. To cooperate and reinforce business potentials for a sustainable growth, collaborate to ensure safety and public order of public areas in the neighborhood and join in the problem's solving action in order to lessen an impact on business.

#### **Responsibilities to the Public Sector**

1. To abide by the government's policies, relevant laws and regulations.
2. To promote the constitutional democracy with the King as Head of state.
3. To conduct the business with an accountability, support the activities held by public sector and other organizations for social and community benefits.
4. To refrain from doing anything that may damage the community, the society and the country.

#### **Responsibilities to the Communities, the Society and the Environment**

1. To refrain from doing anything that will damage natural resources and the environment.
2. To support activities initiated by both private and public sectors that will render social benefits regularly.
3. To create and promote the awareness among staff of all levels in our responsibilities to the communities, society and environment.
4. To approve the budget of not more than 0.5 percent of net profit to pursue to Project; "The Erawan for the Society and the Environment" and "Happy Home Happy Stay"

#### **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 2019, 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 24, 2020 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 Ethical 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 the 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 the 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)	
		2019	2018
1. Chai Talay Hotel Co., Ltd. - Hyatt Regency Hua Hin Hotel			
Type of business: Hotels and resort hotels	Agreement to lease office space and the service agreement with Erawan Hotel Public Company Limited		
Nature of relationship:			
• Mrs. Panida Thepkanjana and Mr. Supol Wattanavekin are closed relative to Mrs. Vansamorn Wannamethee, Authorized Director of Chai Talay Hotel Co., Ltd.	• Rental and services income	1,002,315.54	959,193.22
	• Receivables at end of period	-	-
• Wattanavekin Group holds 28.22 percent of the Company's shares.	• Deposit from Lessee	321,496.48	316,186.06
2. SUSHI ICHI (THAILAND) Co., Ltd.			
Type of business: Restaurants activities	Agreement to lease office space and the service agreement with The Erawan Group Public Company Limited		
Nature of relationship:			
• Mr. Gavin Vongkusolkrit, Director and Authorized Director of Sushi Ichi (Thailand) Co.,Ltd.	• Rental and services income	2,280,200.71	2,102,445.21
	• Receivables at end of period	24,331.86	23,714.11
• Vongkusolkrit Group holds 28.30 percent of the Company's shares.	• Deposit from Lessee	646,207.76	586,131.56
3. Kuppadeli Co., Ltd.			
Type of business: Restaurants activities	Agreement to lease office space and the service agreement with The Erawan Group Public Company Limited		
Nature of relationship:			
• Mr. Gavin Vongkusolkrit, Director and Authorized Director of Kuppadeli Co., Ltd.	• Rental and services income	2,674,414.08	2,785,670.97
	• Receivables at end of period	53,572.23	280,504.22
• Vongkusolkrit Group holds 28.30 percent of the Company's shares.	• Deposit from Lessee	719,938.00	719,938.00
4. Kiatnakin Bank Plc.			
Type of business: Commercial Bank	The Short - term loan agreement of 500 million bath with an interest rate at MMR (Money Market Rate), for using as the working capital to support the business. As at 31 <sup>st</sup> December 2019, there is no draw down of loan.		
• Wattanavekin Group holds 28.22 percent of the Company's shares.			

### Pricing policy and the Audit Committee's opinions

The Agreed Price 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	2019	2018
<b>1. Mitr Phol Sugar Group of Companies</b>		
• Revenue from Hotel Operation	8,062,321.48	9,055,309.69
• Receivables at end of period	1,706,676.71	1,346,315.78
<b>2. Banpu Public Company Limited</b>		
• Revenue from Hotel Operation	1,132,223.40	1,461,412.52
• Receivables at end of period	109,582.40	142,887.80
<b>3. Kiatnakin Bank Public Company Limited</b>		
• Revenue from Hotel Operation	1,322,819.72	1,581,562.23
• Receivables at end of period	-	-
<b>4. Chai Talay Hotel Co., Ltd.</b>		
• Revenue from Hotel Operation	1,395,552.03	1,909,580.22
• Receivables at end of period	200,108.83	294,718.12

# Corporate Contribution Activities 2019

## Principles for conducting 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 prioritizing with the communities in the area where the company does business. The company's expertise is also integrated to activities and continuously carry out activities.

In addition, the company has collaborated with different expertise parties to participate in activities to expand skill in various dimensions. To date the corporate contribution activities cover in 3 main areas: 1. Activities to promote the tourism industry 2. Activities for community development 3. Activities to promote environmental conservation.

## 1 Activities to promote the tourism industry

### 1.1 Happy Home Happy Stay Project

The objective of the project is to support Community Based Tourism for sustainable growth by using the company's expertise in hotel management to develop and standardize service of local homestays. In 2019 the company collaborated

with AirAsia on Journey D Project, which the objective to promote and develop sustainable tourism. AirAsia concentrated on developing activities for tourist, community products and marketing, while The Erawan focused on developing service standards and management of homestay such as housekeeping, hospitality and registration. We firmly believes that to facilitate accommodation for tourists, but maintaining the identity of the community will help attracting tourists and generate more income to community. The core method to sustainable growth is to support community to learn and develop by the members in community. There are 4 communities participated in the project, which are Pha Mee community, Chiang Rai Province, Khok Mueang Community, Buri Ram Province, Ban Koh Klang Community, Krabi Province and Promlok Community, Nakhon Si Thammarat Province.





## 1.2 Welcome Guide To Thailand



The Welcome Guide to Thailand is a free English and Chinese classes given to taxi drivers and other related in tourism persons. The objectives are; to enhance foreign language communication skills and to nurture an attitude of being a good host and reiterate the importance of tourism to the country to taxi drivers. The company has continuously operated the activities for 12 years. In 2019, 2 Chinese language classes and the knowledge on a modern tourism by speakers from the Tourism Authority of Thailand, were organized in October and November.

## 2. Community Development Activities

### Creative Cabinet Project



The company has continued this project for 7 years, there are totally 215 schools participated in the project. In 2019, there are 35 participating schools located in Khon Kaen, Rayong, Nonthaburi (Chaeng Watthana), Pathum Thani (Rangsit), Songkhla (Hat Yai), Chiang Rai and Nakhon Pathom where HOP INN Hotels are operated. The project aims to support reading and learning from playing and to broaden the world and imagination for youth.

## 3. Activities to promote environmental conservation

### 3.1 Reforestation under the sea



The project has been carried out since 2012. The objectives are; to promote local fishery and strives the abundance of marine resources by installing artificial coral under the water to be as a food resource and refuge for marine animals. The activity not only be an attempt to preserve sustainable marine ecological balance, it is also fostered relationship among affiliated employees and strengthen relationships with the community in the area where the company operates the business; Naklua local fishing group, The Marine and Coastal Resources Conservation Center 1(Rayong Province), and Pattaya City. In May, 2019 we organized "the 6th Underwater Reforestation" activity at the Lan Po Park in Naklua-Pattaya, Chonburi Province.

### 3.2 The Erawan Preserve Elephants

The company organizes activities to encourage employee and







family including other stakeholders to volunteer to protect elephants because it is Thai symbol as well as the company's logo. We organized activities to support preserving elephants since 2010, in May 2019, reforestation for elephant food source was organized at Sub Langka sanctuary, Lopburi Province.

### 3.3 Waste for Egg Activity

It is an activity to protect the environment by exchanging wastes with eggs.

The company has regularly organized Waste for Egg activity on the 1st Thursday of the month since 2008. The main objectives of the project are; to reduce waste and to promote maximum use of resources by efficiently separate waste. Each year, there is an average 36 tons of waste that exchanged for eggs in the project.

## Social Activities of Affiliate Hotels in 2019

Hotel	Social	Environment
Grand Hyatt Erawan Bangkok	<ul style="list-style-type: none"> <li>CAREER DEVELOPMENT: TRAINING FOR UNDERPRIVILEGED STUDENTS. Partnered with Youth Career Initiative (YCI), a non-profit organization to provide practicum training to six students so they can have a better job opportunity in life.</li> <li>HYATT THAILAND CHARITY RUN #1-2 Hyatt Thailand Run #1 to supported Prathom Nonsee School with their Self Sufficient Economy Project. Hyatt Thailand Run#2 to raise fund to support Wat PhraBat Nam Phu.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce Plastic Use: Hotel replaced plastic items with eco- friendly products at the total number of 639,499 pcs: 353,568 plastic bottles, 270,000 plastic straws and others 15,931 pcs.</li> </ul>
		 <p>Reduce Plastic 639,499 pcs.</p>
JW Marriott Bangkok	<ul style="list-style-type: none"> <li>Blood donation JW Marriott Bangkok in collaboration with The Erawan Group and Mitrphol Group organized Blood Donation on 30 April and 19 August 2019 to support Thai Red Cross Organization. The total blood donation 2019 we received was 34,600 CC.</li> </ul>	<ul style="list-style-type: none"> <li>Food Waste Management program: Food waste is a globe issue JW Marriott Bangkok join Serve 360: Doing Good in Every Direction which aims to manage food waste. Staff were trained on food waste prevention and with the ongoing monitoring system, in 2019 the hotel achievements are; Reduction 84 Tons of food serve. Meals Rescued: 169,940 dishes. CO2 reduction : 212 Tons Today, hotel can reduce 33.90% of food waste per cover. The goal is to reduce food waste by 50% by 2025.</li> </ul>
		






Hotel	Social	Environment
<p>The Naka Island, A Luxury Collection Resort &amp; Spa, Phuket</p>	<ul style="list-style-type: none"> <li>• Celebrated Children's Day with students from Baan Koh Naka School</li> </ul> <p>The hotel's representatives brought toys and stationery for the students and entertained them with fun activities.</p> <ul style="list-style-type: none"> <li>• Helmet Hero</li> </ul> <p>Helmet Hero has been arranged at Ban KhokWat Mai School, Talang, Phuket.</p> <p>To increase helmet wearing of the students in order to prevent the risk from bike accident.</p>	<ul style="list-style-type: none"> <li>• Cleaning Day at The Naka Village</li> </ul> <p>Gathering F&amp;B team from all Marriott Hotels in Phuket to clean the beach at the village of Naka Island together with students and teachers at Naka Village School.</p>
<p>Courtyard by Marriott Bangkok</p>	<ul style="list-style-type: none"> <li>• Supporting the concept of sustainable social development by purchasing craft products from Community as a souvenir for guests to distribute income to villagers and communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce Plastic Use : Continuously reduce the use of plastic by using glass bottles instead of plastic bottles, which can reduce the use of 230,128 plastic bottles and 40,000 plastic straws</li> </ul> <p>Also minimizing usage of plastic take-away packaging by using bio-degradable paper packaging.</p>
<p>Renaissance Koh Samui Resort &amp; Spa</p>	<ul style="list-style-type: none"> <li>• Organized Blood Donation to support Koh Samui Hospital. the total blood donation was 12,150 cc.</li> <li>• Run to Give The Mad Hatter 2019 to raised fund 491,500 THB. to supported Koh Samui Hospital</li> </ul>	<ul style="list-style-type: none"> <li>• Associated with Trash Heroes volunteer to cleaning Koh Tan Island</li> </ul>



Reduce Plastic 270,128 pcs.

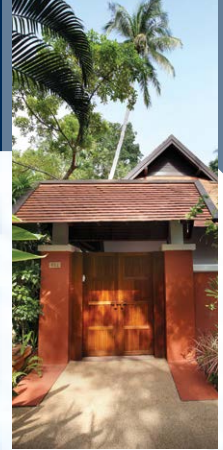




Hotel	Social	Environment
<p>Holiday Inn Pattaya</p>	<ul style="list-style-type: none"> <li>Serving Lunch at Local Orphanage and organized volunteer activities to clean the temple and blood donation.</li> </ul> 	<ul style="list-style-type: none"> <li>Reduce Plastic Use: in 2019 the hotel was able to reduce the use of single-use plastic in the amount of 348,399 Pcs. Organizes Giving For Good to Sea Turtles Activity. Organize sea turtle conservation activities By cleaning the nursery ponds for sea turtles and beach garbage collection.</li> </ul> 
<p>Novotel, Mercure, ibis</p>	<ul style="list-style-type: none"> <li>Donate blood for The Thai Red Cross Society and help other people who need blood.</li> <li>Provide food for children who have disability at Disability Services Center Klongtoey</li> <li>Donate clothes, dry foods and things need at Phuket Shelter for Children and Family</li> </ul> 	<ul style="list-style-type: none"> <li>Reduce Plastic Use: Say No to plastic straws and replace with environmental friendly straws. We encourage staff to use cloth bags instead of plastic bags by giving bag as a birthday gift to everyone.</li> <li>Energy Saving by installing timer switch to turn off air conditioners, fans, lights and use stairs instead of lift.</li> <li>Plant mangrove; organized activities to plant mangrove and release aquatic animals to help sustain local fishing community.</li> </ul> 
<p>HOP INN Hotel</p>	<ul style="list-style-type: none"> <li>Happy Home Happy Stay: HOP INN Hotel in collaboration with The Erawan Group and AirAsia to support community base tourism by providing training on housekeeping and management knowledge to homestay owners to upscale local service.</li> </ul> 	



# 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 2019 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 31<sup>st</sup> December)

THB Millions	2018*	2019	% Ch.
Hotels' Operating Income	6,042	6,146	+2%
Rental and Service Income	234	233	-1%
<b>Total Operating Income</b>	<b>6,276</b>	<b>6,379</b>	<b>+2%</b>
Other Income	51	60	+17%
<b>Total Income</b>	<b>6,327</b>	<b>6,439</b>	<b>+2%</b>
Operating Expenses	(4,430)	(4,533)	+2%
<b>EBITDA</b>	<b>1,897</b>	<b>1,906</b>	<b>+0%</b>
Depreciation & Amortization	(776)	(830)	+7%
<b>Operating Profit/ (Loss)</b>	<b>1,121</b>	<b>1,076</b>	<b>-4%</b>
Finance Costs	(360)	(401)	+11%
<b>Pre-tax Profit / (Loss)</b>	<b>761</b>	<b>675</b>	<b>-11%</b>
Taxes	(164)	(154)	-6%
Minority Interest	(57)	(57)	+1%
<b>Normalized Net Profit / (Loss)</b>	<b>540</b>	<b>464</b>	<b>-14%</b>
<b>Extraordinary Items</b>			
Share of Profit/ (Loss) from ERWPF	(4)	0	N.M.
Provision for employee benefits	-	(18)	N.M.
<b>Net Profit / (Loss)</b>	<b>536</b>	<b>446</b>	<b>-17%</b>
E.P.S. (Baht)	0.2141	0.1773	-17%

\*Remark: Profit & Loss Statement for 2018 were reclassified to be consistent with the financial statement in year 2019 (see note 37 in Financial Statements)

## Group Performance

Thailand's tourism industry continued growing in 2019 with the number of tourists visiting Thailand was reported at 39.8 million, a 4 percent increase from 2018. This was lower growth rate from previous year driven from the global economic slowdown, Thai Baht appreciation and strong competition in tourism industry are key factors that impacted the recovery of Thai tourism industry. However key source markets remain growing with Indian, Japanese and South Korean's were the top 3 key source markets that posted the strongest growth in 2019. In addition, the number of domestic trips recorded at 167 million in 2019, in line with same period last year.

For 2019, we recorded total operating income at THB 6,379 million, a 2 percent increase from 2018. Revenue from hotel operations grew 2 percent while rental and service income dropped 1 percent from 2018. We generated EBITDA at THB 1,906 million, in line with 2018 and posted EBITDA margin at 29.6 percent compared to 30.0 percent in 2018. For 2019, we generated normalized net profit at THB 464 million and net profit at THB 446 million, a 14 percent and 17 percent decrease from the same period last year respectively.



## Performance by Business Unit

### 1. Hotel

We continued our hotel development as set forth in our strategy. In 2019, we opened midscale and economy hotels in Bangkok; Mercure and ibis Sukhumvit 24, the 3rd combo hotel that combine 2 brands in 1 building in our portfolio with the highest number of room inventory (500 rooms) for our hotel in Bangkok. We also added 7 new HOP INN hotels in Thailand. As a result, at the end of 2019 we have 70 hotels with 9,569 rooms in our portfolio.

We also focus on asset improvement to enhance our competitive advantages. JW Marriott Bangkok completed room and F&B renovation program, which conducted during 2017 to 2019 as planned. The last phase of room renovation (133 rooms or 30 percent of total room inventory) conducted during 2Q19 to 3Q19. We also conducted soft renovation for 3 ibis hotels namely ibis Sathorn (103 rooms), ibis Patong (130 rooms) and ibis Samui (88 rooms) and resume operation in 4Q19.

In 2019, our hotel (excluding HOP INN hotels) recorded occupancy at 78 percent, a 3 percent decline from 2018 and posted a 7 percent RevPAR drop. This mainly driven from non-Bangkok hotels especially Samui and Phuket, the most impacted destination from the slow growth of Thailand tourism, witnessed the lowest RevPAR drop in 2019. Meanwhile our HOP INN hotels both in Thailand and Philippines which focus in domestic market and not affected from the slowdown of international tourist arrivals still generated RevPAR growth in 2019.

We generated income from hotel operations at THB 6,146 million in 2019, a 2 percent increase from 2018. Room revenue recorded at 3 percent increase from 2018 while F&B revenue dropped 4 percent from the same period last year, mainly from the decline of F&B revenue from Luxury Bangkok hotels from both banquet and outlet.

Statistics for hotel room operations for the 2019 periods are as follows:

12-month period (Jan-Dec)	No. of rooms		Occupancy			ARR (THB/Night)			RevPAR (THB/Night)		
	2018	2019	2018	2019	+/-	2018	2019	+/-	2018	2019	+/-
<b>Thailand</b>											
Luxury Hotels	979	989	74%	76%	2%▲	5,836	5,524	5%▼	4,290	4,178	3%▼
Midscale Hotels	1,467	1,668	85%	85%	-	2,907	2,736	6%▼	2,483	2,319	7%▼
Economy Hotels	2,386	2,686	81%	75%	6%▼	1,302	1,247	4%▼	1,056	937	11%▼
<b>Total Group (ex. HOP INN)</b>	4,832	5,343	81%	78%	3%▼	2,672	2,570	4%▼	2,158	2,009	7%▼
HOP INN Hotels	2,810	3,383	75%	73%	3%▼	580	609	5%▲	438	444	1%▲
<b>Philippines</b>											
HOP INN Hotels	843	843	76%	82%	6%▲	980	956	2%▼	743	781	5%▲



#### Details of each segment are as follows:

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

#### Thailand

##### 1. Luxury Hotels

- The Luxury segment comprised of 2 hotels in Bangkok; Grand Hyatt Erawan Bangkok and JW Marriott Bangkok, and 2 hotels in Samui and Phuket; Renaissance Koh Samui Resort and Spa and The Naka Island, a Luxury Collection Resort and Spa, Phuket.
- In 2019, RevPAR of hotels in this segment dropped 3 percent from 2018. Luxury Bangkok hotels recorded RevPAR growth at 2 percent from 2018, mainly from the rise of occupancy while Luxury resort still witnessed RevPAR drop due to the declined in Chinese and European tourists. For 2019, the Luxury segment generated operating income at THB 2,790 million and EBITDA at THB 738 million, a 3 percent and an 8 percent decrease from the same period last year respectively.

##### 2. Midscale Hotels

- In 2019, we opened 1 midscale hotel in Bangkok, Mercure Sukhumvit 24. At the end of 2019, midscale segment comprised of 4 hotels in Bangkok and 2 hotels in Pattaya.
- RevPAR of midscale segment in 2019 decreased 7 percent from same period last year, mainly from the decreasing of ARR. For 2019, the Midscale segment generated operating income at THB 1,604 million, a 5 percent increase from same period last year. This mainly driven from the additional income from Novotel Sukhumvit 4 which opened in 4Q18 and entered first full year operation in 2019 and newly opened Mercure Sukhumvit 24 in 4Q19. EBITDA was recorded at THB 597 million, in line with 2018.

##### 3. Economy Hotels

- In 2019 we opened 1 new economy hotel in Bangkok; ibis Sukhumvit 24. At the end of 2019, the Economy segment comprised of 12 ibis hotels in 6 major tourist destinations in Thailand (Bangkok, Pattaya, Phuket, Samui, Hua Hin and Krabi).
- In 2019 RevPAR in this segment dropped 11 percent from last year from both Bangkok and non-Bangkok hotels. Especially non-Bangkok hotels as Chinese and Russian market still decreased from last year. For 2019, the Economy segment generated operating income at THB 1,035 million, a 4 percent decrease from same period last year. EBITDA was recorded at THB 350 million, a 5 percent drop from same period last year.

##### 4. HOP INN Hotels

- In 2019 we opened additional 7 hotels under our own brand "HOP INN" in Thailand. As such, we now have 43 hotels in this segment which cover major Thailand's tourist and business destinations.
- In 2019, occupancy in this segment recorded at 73 percent, a 3 percent drop from 2018, mainly from new hotels opening in 2H19. ARR recorded a 5 percent growth from last year as a result of our pricing strategy which executed since beginning of this year. For 2019, HOP INN recorded operating income at THB 479 million, a 14 percent increase from same period last year. EBITDA recorded at THB 220 million, an 8 percent increase from same period last year.

#### Philippines

##### HOP INN Hotels

- In 2019, we have 5 hotels in Manila City, Philippines; Ermita, Makati, Aseana, Alabang and Quezon.
- RevPAR of hotels in this segment increased 5 percent from 2018, mainly driven from growing occupancy from all hotels, especially 3 hotels that opened in 2018. For 2019, HOP INN recorded operating income at THB 239 million and EBITDA at THB 101 million.

##### 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 2019, income from rental and service dropped 1 percent from 2018 to record at THB 233 million.

##### Other Items in P&L

- **Depreciation & Amortization:** In 2019, this item recorded at THB 830 million in 2019, a THB 54 million increase from 2018, this mainly came from additional depreciation of new hotels opened.
- **Finance Costs:** We recorded at THB 401 million in 2019, increased THB 41 million from 2018. This mainly came from the recognition of interest expense of new hotels opened
- **Extraordinary Items:**
  - **Investment in ERWPF:** We recorded share of profit from 20 percent investment in ERWPF at THB 0.3 million in 2019 while we recorded share of loss at THB 4 million in 2018 due to asset revaluation.
  - **Provision for employee benefits:** In 2019, we recorded provision for employee benefits at THB 18 million for the provision for retirement benefits due to amending the Labor Protection Act.

## Financial Status

Financial Ratio (times)	FY 2018	FY 2019
Interest Coverage Ratio	5.0	4.6
Interest Bearing Debt to Equity	1.7	1.7

We generated THB 1,908 million of operating cash flow before change in operating asset and liabilities, in line with 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 969 million at the end of this year. Interest coverage ratio recorded at 4.6 times, lower than the end of 2018 due to the decreasing of operating cash flow.

At the end of 2019, we recorded total assets at THB 17,834 million compared to THB 16,949 million at the end of 2018 due to the increase in property, plant and equipment from the new hotels development. Our total liabilities recorded at THB 11,893 million increased from THB 11,240 million at the end of 2018 due to the increasing of long-term loan to support expansion plan. Shareholder's equity recorded at THB 5,941 million at the end of 2019 increased from THB 5,708 million at the end of 2018. Our interest bearing debt-to-equity ratio recorded at 1.7 times at the end of 2019 in line with last year.

# 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 2019, 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 2019 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(c), 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

24 February 2020

# Audit fee

In 2019, the remuneration paid to the external auditor of KMPG Phomchai Audit Limited as follow:

- 1) The total audit fee is Baht 8,367,000 consisting of:
  - a. The audit fee of The Erawan Group Plc. Baht 3,247,000 (excluding transportation out of Bangkok and relevant miscellaneous expenses) is higher than the previous year (Baht 2,947,000) by Baht 300,000 or 10.18 percent.
  - b. The audit fee of The Company's subsidiaries in Thailand is totaling Baht 2,870,000
  - c. The audit fee of The Company's subsidiaries in overseas is totaling Baht 2,250,000
- 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.



The Naka Island, a luxury Collection Resort and Spa, phuket

## 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	
		2019	2018	2019	2018

(in Baht)

<b>Current assets</b>					
Cash and cash equivalents	5	968,888,852	1,051,289,657	228,015,911	199,697,964
Trade accounts receivable	4, 6	184,569,665	205,311,187	86,423,948	100,919,563
Inventories	7	52,368,060	55,434,252	8,370,932	11,527,582
Value added tax refundable		148,761,180	146,799,452	-	-
Other current assets	4, 8	101,738,165	101,106,833	34,892,176	42,925,418
<b>Total current assets</b>		<b>1,456,325,922</b>	<b>1,559,941,381</b>	<b>357,702,967</b>	<b>355,070,527</b>
<b>Non-current assets</b>					
Investments in associates	9	79,462,813	92,336,571	295,523,281	308,706,127
Investments in subsidiaries	10	-	-	5,452,859,686	4,159,459,686
Other long-term investments	11	871,465	746,519	704,067	610,561
Long-term loans to related parties	4	-	-	629,968,417	1,304,214,688
Property, plant and equipment	13	14,442,186,592	13,505,201,492	7,954,708,190	7,414,121,962
Land held for development	14	104,236,832	104,236,832	-	-
Leasehold rights for land and buildings	15	1,380,746,432	1,365,629,084	639,924,370	683,239,144
Intangible assets	16	42,078,928	39,385,892	20,863,506	16,422,606
Deposits for lease of land, building and equipment		162,052,035	148,129,904	101,655,173	101,773,430
Deferred tax assets	30	18,437,449	12,849,094	14,285,982	9,809,109
Other non-current assets	17	147,863,452	120,235,675	17,726,573	47,858,623
<b>Total non-current assets</b>		<b>16,377,935,998</b>	<b>15,388,751,063</b>	<b>15,128,219,245</b>	<b>14,046,215,936</b>
<b>Total assets</b>		<b>17,834,261,920</b>	<b>16,948,692,444</b>	<b>15,485,922,212</b>	<b>14,401,286,463</b>

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	
		2019	2018	2019	2018

(in Baht)

<b>Current liabilities</b>					
Short-term borrowings from					
financial institutions	18	860,000,000	749,000,000	860,000,000	749,000,000
Trade accounts payable	4, 19	234,304,224	224,887,424	116,517,593	102,813,583
Current portion of long-term borrowings					
from financial institutions	18	1,176,704,456	1,524,545,735	632,243,020	842,835,895
Current portion of finance lease					
liabilities	18	891,968	906,727	891,968	906,727
Income tax payable		70,058,419	65,512,211	24,731,748	22,744,967
Other current liabilities	4, 20	1,018,347,203	974,975,575	537,136,824	510,717,767
<b>Total current liabilities</b>		<b>3,360,306,270</b>	<b>3,539,827,672</b>	<b>2,171,521,153</b>	<b>2,229,018,939</b>
<b>Non-current liabilities</b>					
Long-term loans from					
related parties	4, 18	-	-	231,251,884	176,344,562
Long-term borrowings from financial					
institutions	18	8,125,247,301	7,329,100,774	5,681,513,962	4,784,556,982
Finance lease liabilities	18	802,263	1,694,231	802,263	1,694,231
Accounts payable for land					
leasehold rights		180,000,000	180,000,000	180,000,000	180,000,000
Deposits from lessees		43,713,389	45,889,791	40,132,488	43,404,321
Deferred income	21	8,265,060	10,289,157	8,265,060	10,289,157
Deferred tax liabilities	30	50,614,914	50,798,571	-	-
Non-current provisions					
for employee benefits	22	124,018,309	82,665,932	66,766,526	44,772,086
<b>Total non-current liabilities</b>		<b>8,532,661,236</b>	<b>7,700,438,456</b>	<b>6,208,732,183</b>	<b>5,241,061,339</b>
<b>Total liabilities</b>		<b>11,892,967,506</b>	<b>11,240,266,128</b>	<b>8,380,253,336</b>	<b>7,470,080,278</b>

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	
		2019	2018	2019	2018

(in Baht)

<i>Equity</i>					
Share capital	23				
Authorised share capital		2,788,664,866	2,537,893,275	2,788,664,866	2,537,893,275
Issued and paid-up share capital		2,517,533,185	2,507,715,910	2,517,533,185	2,507,715,910
Shares premium on ordinary shares	23	909,993,447	871,840,883	909,993,447	871,840,883
Employee stock options	23	11,505,895	15,232,789	11,505,895	15,232,789
Retained earnings					
Appropriated					
Legal reserve	24	271,330,000	253,273,000	271,330,000	253,273,000
Unappropriated		2,227,756,256	2,034,593,417	3,394,997,206	3,283,002,204
Other components of shareholders' equity		(175,963,580)	(139,541,361)	309,143	141,399
Equity attributable to owners of the parent		5,762,155,203	5,543,114,638	7,105,668,876	6,931,206,185
Non-controlling interests	12	179,139,211	165,311,678	-	-
Total equity		5,941,294,414	5,708,426,316	7,105,668,876	6,931,206,185
Total liabilities and equity		17,834,261,920	16,948,692,444	15,485,922,212	14,401,286,463

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

## Statement of comprehensive income

The Erawan Group Public Company Limited and its Subsidiaries

		Consolidated financial statements 31 December		Separate financial statements 31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
<i>Revenues</i>					
Revenues from hotel operations	4, 37	6,146,361,338	6,041,812,884	2,988,174,066	2,856,782,122
Rental of units in buildings and service income	4	232,713,251	234,268,494	153,932,671	163,430,476
Revenues from sale of property		-	3,800,000	-	-
Dividend income	4	-	-	117,401,589	163,668,225
Interest income	4	17,824,402	7,761,729	63,670,124	66,378,190
Other income	4, 26	42,173,693	39,743,371	42,496,793	43,351,960
<b>Total revenues</b>		<b>6,439,072,684</b>	<b>6,327,386,478</b>	<b>3,365,675,243</b>	<b>3,293,610,973</b>
<i>Expenses</i>					
Cost of hotel operations	4, 37	2,816,313,177	2,748,594,387	1,331,005,349	1,256,296,828
Cost of rental of units in buildings and services	4	83,503,738	83,950,586	45,257,111	44,587,764
Cost of sale of property		-	2,323,931	-	-
Depreciation and amortisation		829,512,188	775,935,926	410,899,273	370,683,630
Selling expenses		366,249,316	357,310,178	186,731,308	180,847,482
Administrative expenses	4	1,284,810,997	1,238,049,762	686,111,701	656,353,933
Loss on impairment of investments	10	-	-	18,300,000	118,500,000
Finance costs	4, 29	401,639,622	360,336,075	265,197,402	237,375,383
<b>Total expenses</b>		<b>5,782,029,038</b>	<b>5,566,500,845</b>	<b>2,943,502,144</b>	<b>2,864,645,020</b>
Share of profit (loss) of investment in associates	9	309,088	(3,677,438)	-	-
<b>Profit before income tax expense</b>		<b>657,352,734</b>	<b>757,208,195</b>	<b>422,173,099</b>	<b>428,965,953</b>
Income tax expense	30	(154,602,504)	(164,021,822)	(61,043,274)	(74,695,061)
<b>Profit for the year</b>		<b>502,750,230</b>	<b>593,186,373</b>	<b>361,129,825</b>	<b>354,270,892</b>

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 31 December		Separate financial statements 31 December	
	2019	2018	2019	2018

(in Baht)

Other comprehensive income				
<i>Items that will be reclassified</i>				
<i>subsequently to profit or loss</i>				
Exchange differences on translating				
foreign operations	(36,646,083)	(51,323,661)	-	-
Gain (loss) on remeasurement investments				
held as available-for-sale	223,864	(214,724)	167,744	(160,487)
<b>Total items that will be reclassified</b>				
subsequently to profit or loss	<b>(36,422,219)</b>	<b>(51,538,385)</b>	<b>167,744</b>	<b>(160,487)</b>
<i>Items that will not be reclassified to profit or loss</i>				
Gain (loss) on remeasurements				
of defined benefit plans	22 (11,229,562)	15,504,320	(6,235,867)	4,464,200
Income tax on other comprehensive income	30 2,245,912	(3,100,864)	1,247,173	(892,840)
<b>Total items that will not be</b>				
reclassified to profit or loss	<b>(8,983,650)</b>	<b>12,403,456</b>	<b>(4,988,694)</b>	<b>3,571,360</b>
<b>Other comprehensive income (loss) for the year,</b>				
net of income tax	<b>(45,405,869)</b>	<b>(39,134,929)</b>	<b>(4,820,950)</b>	<b>3,410,873</b>
<b>Total comprehensive income for the year</b>	<b>457,344,361</b>	<b>554,051,444</b>	<b>356,308,875</b>	<b>357,681,765</b>
<b>Profit attributable to:</b>				
Owners of Company	445,568,598	536,305,644	361,129,825	354,270,892
Non-controlling interests	12 57,181,632	56,880,729	-	-
<b>Profit for the year</b>	<b>502,750,230</b>	<b>593,186,373</b>	<b>361,129,825</b>	<b>354,270,892</b>
<b>Total comprehensive income attributable to:</b>				
Owners of Company	400,886,749	496,321,646	356,308,875	357,681,765
Non-controlling interests	12 56,457,612	57,729,798	-	-
<b>Total comprehensive income for the year</b>	<b>457,344,361</b>	<b>554,051,444</b>	<b>356,308,875</b>	<b>357,681,765</b>
<b>Earnings per share (in Baht)</b>	<b>31</b>			
Basic earnings per share	0.1773	0.2141	0.1437	0.1414
Diluted earnings per share	0.1766	0.2127	0.1431	0.1405

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										
	Issued and paid-up share capital	Share premium on ordinary shares	Employee stock options	Retained earnings		Other components of equity		Equity attributable to owners of the parent	Non-controlling interests	Total equity	
				Legal reserve	Unappropriated	Translating foreign operations	Available-for-sale investments	Total other components of equity			
Note											
	(in Baht)										
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	6,822,635	25,575,679	3,822,430	-	-	-	-	-	36,220,744	-	36,220,744
Dividends to owners of the Company	-	-	-	-	(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	-	-	-	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
Year ended 31 December 2019											
Balance at 1 January 2019	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
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners of the parent											
Employee stock options	9,817,275	38,152,564	(3,726,894)	-	-	-	-	-	44,242,945	-	44,242,945
Dividends to owners of the Company	-	-	-	-	(226,089,129)	-	-	-	(226,089,129)	(42,630,079)	(268,719,208)
Total contribution by and distributions to owners of the parent	9,817,275	38,152,564	(3,726,894)	-	(226,089,129)	-	-	-	(181,846,184)	(42,630,079)	(224,476,263)
Comprehensive income (loss) for the year											
Profit	-	-	-	-	445,568,598	-	-	-	445,568,598	57,181,632	502,750,230
Other comprehensive income (loss)	-	-	-	-	(8,259,630)	(36,646,083)	223,864	(36,422,219)	(44,681,849)	(724,020)	(45,405,869)
Total comprehensive income (loss) for the year	-	-	-	-	437,308,968	(36,646,083)	223,864	(36,422,219)	400,886,749	56,457,612	457,344,361
Transfer to legal reserve	-	-	-	18,057,000	(18,057,000)	-	-	-	-	-	-
Balance at 31 December 2019	2,517,533,185	909,993,447	11,505,895	271,330,000	2,227,756,256	(176,447,759)	484,179	(175,963,580)	5,762,155,203	179,139,211	5,941,294,414

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 equity
	Issued and paid-up share capital	Share premium on ordinary shares	Employee stock options	Retained earnings		Other component of equity	
				Legal reserve	Unappropriated		
	(in Baht)						
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
Year ended 31 December 2019							
Balance at 1 January 2019	2,507,715,910	871,840,883	15,232,789	253,273,000	3,283,002,204	141,399	6,931,206,185
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners of the parent							
Employee stock options	9,817,275	38,152,564	(3,726,894)	-	-	-	44,242,945
Dividends to owners of the Company	-	-	-	-	(226,089,129)	-	(226,089,129)
Total contribution by and distributions to owners of the parent	9,817,275	38,152,564	(3,726,894)	-	(226,089,129)	-	(181,846,184)
Comprehensive income (loss) for the year							
Profit	-	-	-	-	361,129,825	-	361,129,825
Other comprehensive income (loss)	-	-	-	-	(4,988,694)	167,744	(4,820,950)
Total comprehensive income for the year	-	-	-	-	356,141,131	167,744	356,308,875
Transfer to legal reserve	-	-	-	18,057,000	(18,057,000)	-	-
Balance at 31 December 2019	2,517,533,185	909,993,447	11,505,895	271,330,000	3,394,997,206	309,143	7,105,668,876

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 31 December		Separate financial statements 31 December	
	2019	2018	2019	2018
	(in Baht)			
<i>Cash flows from operating activities</i>				
Profit for the year	502,750,230	593,186,373	361,129,825	354,270,892
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Income tax expense	154,602,504	164,021,822	61,043,274	74,695,061
Finance costs	401,639,622	360,336,075	265,197,402	237,375,383
Depreciation and amortisation	829,512,188	775,935,926	410,899,273	370,683,630
Provisions for employee benefits	33,212,082	14,266,845	17,015,061	7,784,881
Share-based payment	7,059,736	11,095,095	7,059,736	11,095,095
Share of (profit) loss of investment in associates	(309,088)	3,677,438	-	-
Loss on impairment of investments	-	-	18,300,000	118,500,000
(Reversal of) doubtful debts expenses	(449,684)	(825,787)	37,514	(636,230)
(Reversal of) loss on declining in value of inventories	-	(2,250,300)	-	-
(Gain) loss on disposal of building and equipment	(13,960)	(2,071,131)	43,558	(1,696,697)
Loss on non-refundable withholding tax deducted at source	129,477	377,817	-	-
Recognised rental deposits and deferred income to income	(2,636,317)	(2,769,856)	(2,587,122)	(2,700,146)
Dividend income	-	-	(117,401,589)	(163,668,225)
Interest income	(17,824,402)	(7,761,729)	(63,670,124)	(66,378,190)
	<b>1,907,672,388</b>	<b>1,907,218,588</b>	<b>957,066,808</b>	<b>939,325,454</b>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	20,893,270	12,983,821	14,458,101	(1,017,312)
Inventories	3,062,304	3,640,611	3,156,650	74,919
Value added tax refundable	(5,796,312)	(22,249,226)	-	-
Other current assets	(1,485,154)	(9,071,067)	8,033,242	423,958
Deposits for lease of land, building and equipment	(15,771,235)	(10,063,530)	118,257	(1,746,355)
Other non current assets	(30,357,281)	(24,106,435)	30,132,050	(12,673,612)
Trade accounts payable	9,144,963	(54,666,886)	13,704,010	(34,388,898)
Employee benefits paid	(3,091,755)	(2,696,454)	(1,256,488)	(979,872)
Other current liabilities	51,661,864	112,900,680	24,081,332	92,717,119
Deposits from lessees	(1,602,348)	3,965,775	(2,708,808)	3,002,557
Net cash generated from operating	<b>1,934,330,704</b>	<b>1,917,855,877</b>	<b>1,046,785,154</b>	<b>984,737,958</b>
Income tax paid	(154,389,059)	(174,038,686)	(62,286,193)	(92,777,015)
<b>Net cash from operating activities</b>	<b>1,779,941,645</b>	<b>1,743,817,191</b>	<b>984,498,961</b>	<b>891,960,943</b>

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 31 December		Separate financial statements 31 December	
	2019	2018	2019	2018
	(in Baht)			
<b><i>Cash flows from investing activities</i></b>				
Investments in associates	13,182,846	13,461,084	13,182,846	13,461,084
Investments in subsidiaries	-	-	(1,311,700,000)	(670,000,000)
Other long-term investments	98,918	97,315	74,238	73,034
Long-term loans to related parties	-	-	(847,604,351)	(528,121,050)
Proceeds from repayment of long-term loans to related parties	-	-	1,522,163,343	988,990,115
Acquisition of property, plant and equipment	(1,713,802,809)	(1,634,756,024)	(885,526,927)	(1,014,425,449)
Acquisition of leasehold rights for land and buildings	(82,893,746)	(35,616,548)	-	-
Acquisition of intangible assets	(14,432,076)	(17,167,885)	(9,596,597)	(6,884,877)
Proceeds from sales of building and equipment	2,354,051	5,814,876	1,272,347	4,835,053
Dividends received	-	-	117,401,589	163,668,225
Interest received	17,636,233	7,290,064	63,357,403	66,686,771
<b>Net cash used in investing activities</b>	<b>(1,777,856,583)</b>	<b>(1,660,877,118)</b>	<b>(1,336,976,109)</b>	<b>(981,717,094)</b>
<b><i>Cash flows from financing activities</i></b>				
Proceeds from short-term borrowings from financial institutions	2,456,000,000	2,121,000,000	2,456,000,000	2,121,000,000
Repayment of short-term borrowings from financial institutions	(2,345,000,000)	(2,467,000,000)	(2,345,000,000)	(2,467,000,000)
Proceeds from short-term loans from a related party	-	-	355,970,504	1,391,578,747
Repayment of short-term loans from a related party	-	-	(355,970,504)	(1,391,578,747)
Proceeds from long-term loans from related parties	-	-	167,617,834	118,255,143
Repayment of long-term loans from related parties	-	-	(112,879,178)	(82,563,552)
Proceeds from long-term borrowings from financial institutions	2,031,719,681	1,829,282,079	1,532,000,000	1,371,000,000
Repayment of long-term borrowings from financial institutions	(1,561,820,055)	(929,350,213)	(844,311,125)	(565,879,500)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(906,727)	(3,340,584)	(906,727)	(3,340,584)
Proceeds from exercises of share options	37,183,209	25,125,649	37,183,209	25,125,649
Dividends paid to owners of the Company	(226,089,129)	(225,447,919)	(226,089,129)	(225,447,919)
Dividends paid to non-controlling interests	(42,630,079)	(59,430,110)	-	-
Finance costs	(421,371,715)	(383,725,072)	(282,819,789)	(255,141,010)
<b>Net cash from (used in) financing activities</b>	<b>(72,914,815)</b>	<b>(92,886,170)</b>	<b>380,795,095</b>	<b>36,008,227</b>

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 31 December		Separate financial statements 31 December	
	2019	2018	2019	2018
	<i>(in Baht)</i>			
Net increase (decrease) in cash and cash equivalents before effect of exchange rates	(70,829,753)	(9,946,097)	28,317,947	(53,747,924)
Effect of exchange rate changes on cash and cash equivalents	(11,571,052)	(15,740,133)	-	-
Net increase (decrease) in cash and cash equivalent	(82,400,805)	(25,686,230)	28,317,947	(53,747,924)
Cash and cash equivalents at 1 January	1,051,289,657	1,076,975,887	199,697,964	253,445,888
Cash and cash equivalents at 31 December	968,888,852	1,051,289,657	228,015,911	199,697,964
<i>Non-cash transactions</i>				
Vehicles purchased under finance lease liabilities	-	3,109,000	-	3,109,000
Acquisition of building and equipment and intangible assets for which payment had not yet been made	124,522,459	126,906,475	86,110,816	83,433,794

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



# Notes to the 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 24 February 2020.

### 1 General information

The Erawan Group Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in June 1994. The Company’s registered office at 2 Sukhumvit Road, Klong Toey Subdistrict, Klong Toey District, Bangkok. The Company has 15 branches in Bangkok, Chonburi, Phuket, Suratthani, Prachuap Khiri Khan and Krabi.

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 associates and subsidiaries as at 31 December 2019 and 2018 are given in note 9 and 10.

### 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 and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 Revenue from Contracts with Customers which replaces TAS 18 Revenue, TAS 11 Construction Contracts and related interpretations. The details of accounting policies are disclosed in note 3(p).

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 36.

#### (b) *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.

(c) *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 the Group's accounting policies. 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:

9	Classification of investments in associates
---	---

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

9, 10 and 13	Impairment test: key assumptions underlying recoverable amounts;
22	Measurement of defined benefit obligations: key actuarial assumptions; and
23	Measurement of share-based payments; and
3 (v) and 30	Recognition deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.

**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 the dates of transaction.

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 and contract assets*

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses.

#### *(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
-------------------	--------	-------

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) *Measurement of fair values*

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, such as broker quotes or pricing services, 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.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(p) *Revenue*

*Accounting policies for revenue recognition in 2019*

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts.

Revenue for rendering of services is recognised over time as the services are provided. The related costs are recognised in profit or loss when they are incurred.

#### *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.

#### *Customer loyalty programme*

The consideration received are allocated based on the relative stand-alone selling price of the products and the loyalty points. The amount allocated to the loyalty points is recognised as contract liabilities and revenue is recognised when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The stand-alone selling prices of the points is estimated based on discount provided to customers and the likelihood that the customers will redeem the points, and the estimate shall be reviewed at the end of the reporting period.

#### *Accounting policies for revenue recognition in 2018*

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.

#### *Customer loyalty programme*

The Group has a customer loyalty programme whereby customers are awarded credits (Points) entitling customers to the right to purchase products from the Group at a discount or qualify for a free gift. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the Points and the other components of the sale. The amount allocated to the Points is estimated by reference to the fair value of the right to purchase products at a discount or fair value of the free gift. The fair value is estimated based on the amount of the discount adjusted to take into account the expected forfeiture rate. Such amount is deferred and revenue is recognised only when the Points are redeemed and the Group has fulfilled its obligations to supply the products. The amount of revenue recognised in those circumstances is based on the number of Points that have been redeemed in exchange for discounted products, relative to the total number of Points that is expected to be redeemed. Deferred revenue is also released to profit or loss when it is no longer considered probable that the Points will be redeemed.

#### *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.

#### *(q) Rental income*

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

#### *(r) Investment income*

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

#### *(s) Deferred income*

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

#### *(t) 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.

(u) *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.

*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.

(v) *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.

*(w) Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic earnings 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 period. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of share options granted to employees.

*(x) Related parties*

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

*(y) Segment reporting*

Segment results that are reported to the Group's 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 expenses, and tax assets and liabilities.

**4 Related parties**

Relationships with associates and subsidiaries are described in notes 9 and 10. Other related parties that the Group had significant transactions with during the year were as follows:



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

Name of entities	Country of incorporation/ nationality	Nature of relationships
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
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
<b>Subsidiaries</b>	
Dividend income	At the rate of declaration
Interest income and interest expenses	At the rate of 4.09 - 4.45 % per annum (2018: at the rate of 4.02% - 4.45% per annum)
Utility income	Contractually agreed prices
Other service income	Contractually agreed prices
Space rental and service expenses	Contractually agreed prices
<b>Associates</b>	
Land and building rental expenses	Contractually agreed prices
Management fee	At cost - allocated in proportion to shareholding
<b>Other related parties</b>	
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	
	2019	2018	2019	2018
(in thousand Baht)				
<b>Subsidiaries</b>				
Dividend income	-	-	117,402	163,668
Interest income	-	-	63,116	65,783
Utility income	-	-	2,939	3,072
Other service income	-	-	18,709	19,350
Space rental and service expenses	-	-	16,377	16,441
Interest expenses	-	-	11,057	17,997
<b>Associates</b>				
Land and building rental expenses	72,500	72,500	-	-
Management fee	739	743	739	743
<b>Other related parties</b>				
Revenue from hotel operations	12,862	27,770	6,291	12,771
Rental of units in buildings and services income	5,108	5,019	4,099	4,060
Utility income	1,602	1,532	1,602	1,532
Land rental expense	14,120	14,120	-	-
Dividends	42,630	59,430	-	-
<b>Key management personnel compensation</b>				
Short-term employee benefits	65,661	50,824	55,291	41,664
Post-employment benefits	2,934	1,003	2,934	1,003
<b>Total key management personnel compensation</b>	<b>68,595</b>	<b>51,827</b>	<b>58,225</b>	<b>42,667</b>

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
<i>Trade accounts receivable</i>				
Subsidiaries	-	-	169	340
Other related parties	2,094	2,088	1,654	1,593
<b>Total</b>	<b>2,094</b>	<b>2,088</b>	<b>1,823</b>	<b>1,933</b>
<i>Other receivables</i>				
Subsidiaries	-	-	8,467	8,288
<i>Prepaid expenses</i>				
Other related party	7,060	7,060	-	-

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

Movement of loans to	Interest rate At 31 December	Separate financial statements			
		At 1 January	Increase	Decrease	At 31 December
	(% per annum)	(in thousand Baht)			
<b>2019</b>					
Subsidiaries	4.09	1,304,215	847,917	(1,522,164)	629,968
<b>2018</b>					
Subsidiaries	4.24	1,765,392	528,121	(989,298)	1,304,215

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>Trade accounts payables</i>				
Subsidiaries	-	-	191	339
<i>Other payables</i>				
Subsidiaries	-	-	332	892
<i>Accrued expenses</i>				
Associate	8,144	7,484	-	-

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

Movement of loans from	Interest rate At 31 December	Separate financial statements			
		At 1 January	Increase	Decrease	At 31 December
	(% per annum)		(in thousand Baht)		
<b>2019</b>					
<i>Short-term loans</i>					
Subsidiaries	-	-	355,971	(355,971)	-
<i>Long-term loans</i>					
Subsidiaries	4.09, 4.45	176,345	167,787	(112,880)	231,252
<b>2018</b>					
<i>Short-term loans</i>					
Subsidiaries	-	-	1,391,579	(1,391,579)	-
<i>Long-term loans</i>					
Subsidiaries	4.24, 4.45	140,590	118,319	(82,564)	176,345

## 5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Cash on hand	12,197	11,875	4,033	4,250
Cash at banks	722,778	795,914	223,983	195,448
Highly liquid short-term investments	233,914	243,501	-	-
<b>Total</b>	<b>968,889</b>	<b>1,051,290</b>	<b>228,016</b>	<b>199,698</b>

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Thai Baht (THB)	668,172	751,322	228,016	199,698
United States Dollars (USD)	1,640	1,596	-	-
Philippines Peso (PHP)	230,737	230,967	-	-
Indonesian Rupiah (IDR)	68,340	67,405	-	-
<b>Total</b>	<b>968,889</b>	<b>1,051,290</b>	<b>228,016</b>	<b>199,698</b>



6 Trade accounts receivable

Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
<b>Related parties</b>				
Outstanding:				
Less than 3 months	1,886	2,087	1,625	1,932
3 - 6 months	16	-	6	-
6 - 12 months	192	1	192	1
<b>Total</b>	<b>2,094</b>	<b>2,088</b>	<b>1,823</b>	<b>1,933</b>
<b>Other parties</b>				
Outstanding:				
Less than 3 months	180,980	202,809	84,678	98,773
3 - 6 months	2,357	1,829	424	556
6 - 12 months	539	478	145	287
More than 12 months	241	198	21	-
<b>Total</b>	<b>184,117</b>	<b>205,314</b>	<b>85,268</b>	<b>99,616</b>
Less allowance for doubtful accounts	(1,641)	(2,091)	(667)	(629)
<b>Net</b>	<b>182,476</b>	<b>203,223</b>	<b>84,601</b>	<b>98,987</b>
<b>Total</b>	<b>184,570</b>	<b>205,311</b>	<b>86,424</b>	<b>100,920</b>

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
Thai Baht (THB)	176,713	198,404	86,424	100,920
Philippines Peso (PHP)	7,857	6,907	-	-
<b>Total</b>	<b>184,570</b>	<b>205,311</b>	<b>86,424</b>	<b>100,920</b>

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	
	2019	2018	2019	2018
	(in thousand Baht)			
Food and beverage	38,673	41,889	7,602	9,128
Operating supplies	8,974	8,497	94	1,331
Others	4,721	5,048	675	1,069
<b>Total</b>	<b>52,368</b>	<b>55,434</b>	<b>8,371</b>	<b>11,528</b>

## 8 Other current assets

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Prepaid expenses	57,343	54,787	12,627	13,466
Other receivables	17,841	13,913	8,470	8,288
Others	26,554	32,407	13,795	21,171
<b>Total</b>	<b>101,738</b>	<b>101,107</b>	<b>34,892</b>	<b>42,925</b>

Investments in associates as at 31 December 2019 and 2018, and dividend income from those investments for the years then ended, were as follows:

Consolidated financial statements													
Type of business	Country of operation	Ownership interest		Paid-up capital		Cost		Equity		Fair value of listed security		Dividend Income for the year	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
(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 Property Fund	Thailand	20.00	20.00	1,614.93	1,680.84	322,985	336,168	79,125	91,999	181,383	186,666	-	-
Total						323,323	336,506	79,463	92,337			-	-

Separate financial statements														
Country of operation	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Fair value of listed security		Dividend Income for the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(%)		(in million Baht)								(in thousand Baht)			

All associates were incorporated and mainly operate in Thailand.

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.

During the year ended 31 December 2019 there was no acquisitions and disposal of investments in associates.

On 30 January 2019, the associate declared the capital reduction and paid back for such capital reduction to the Company amounting to Baht 4.12 million on 1 March 2019.

On 7 May 2019, the associate declared the capital reduction and paid back for such capital reduction to the Company amounting to Baht 6.16 million on 4 June 2019.

On 5 November 2019, the associate declared the capital reduction and paid back for such capital reduction to the Company amounting to Baht 2.90 million on 4 December 2019.

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.

#### *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 is not less than the carrying amount. Therefore, no impairment loss on investment in associates has been recognised in the financial statements for the year ended 31 December 2019 and 2018.

#### *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		
	2019	2018
	(in thousand Baht)	
Income	72,569	72,551
Expenses	(6,255)	(6,228)
Net investments income	66,314	66,323
Net loss from investments	(64,768)	(84,710)
<b>Increase (decrease) in net assets from operations</b>	<b>1,546</b>	<b>(18,387)</b>
Attributable to Group	309	(3,677)
Assets	1,476,273	1,541,517
Liabilities	(544)	(1,419)
<b>Net assets</b>	<b>1,475,729</b>	<b>1,540,098</b>
Group's interest in net assets of investee at 1 January before adjustments	308,020	325,158
Elimination	(216,021)	(216,021)
Group's interest in net assets of investee at 1 January after adjustments	91,999	109,137
Increase (decrease) in net assets from operations		
Attribute to the Group	309	(3,677)
Capital reduction	(13,183)	(13,461)
<b>Carrying amount of interest in investee at 31 December</b>	<b>79,125</b>	<b>91,999</b>



Investments in subsidiaries as at 31 December 2019 and 2018, 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 for the year			
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
<i>Direct Subsidiaries</i>															
Erawan Hotel Public Company Limited	Hotel	(%)		73.64	73.64	119.50	119.50	819,710	819,710	-	-	819,710	819,710	117,402	163,668
Erawan Chaophraya Company Limited	Hotel	99.99	99.99	71.00	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	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	99.99	2,250.00	2,250.00	2,282,001	2,282,001	(1,236,800)	(1,236,800)	1,045,201	1,045,201	-	-
Erawan Samui Company Limited	Hotel	99.99	99.99	330.00	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	99.99	26.50	26.50	19,300	19,300	-	-	19,300	19,300	-	-
The Reserve Company Limited	Property development	99.99	99.99	189.30	99.99	185.00	185.00	189,300	185,000	-	-	189,300	185,000	-	-
Erawan Commercial Management Company Limited	Management service	99.99	99.99	2.00	99.99	2.00	2.00	2,000	2,000	-	-	2,000	2,000	-	-
Erawan Hop Inn Company Limited	Hotel	99.99	99.99	2,433.00	99.99	1,125.60	1,125.60	2,433,000	1,125,600	-	-	2,433,000	1,125,600	-	-
Erawan Growth Management Company Limited	Hotel	99.99	99.99	185.00	99.99	185.00	185.00	185,000	185,000	(136,800)	(118,500)	48,200	66,500	-	-
<b>Total</b>						<b>6,826,460</b>	<b>5,514,760</b>	<b>(1,373,600)</b>	<b>(1,355,300)</b>	<b>5,452,860</b>	<b>4,159,460</b>	<b>117,402</b>	<b>163,668</b>		

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

Subsidiaries	Type of business	Separate financial statements												
		Country of operation	Ownership Interest		Paid-up capital		Cost		Impairment		At cost – net		Dividend income for the year	
			2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<i>Indirect subsidiaries</i>														
			(%)	<i>(in million Baht)</i>				<i>(in thousand Baht)</i>						
Taveesapanan Company Limited	Hotel	Thailand	99.99	99.99	60.00	60.00	-	-	-	-	-	-	-	
Erawan Mauritius Limited	Holding company	Mauritius	100.00	100.00	1,213.79	920.88	-	-	-	-	-	-	-	
Erawan Singapore Pte. Ltd.	Holding company	Singapore	100.00	100.00	1,204.01	911.28	-	-	-	-	-	-	-	
Erawan Philippines, INC.	Holding company	Philippines	99.99	99.99	1,116.22	831.04	-	-	-	-	-	-	-	
Erawan Philippines (Ermita), INC.	Hotel	Philippines	99.99	99.99	99.99	99.99	-	-	-	-	-	-	-	
Erawan Philippines (Makati), INC.	Hotel	Philippines	99.99	99.99	78.06	78.06	-	-	-	-	-	-	-	
Erawan Philippines (Aseana), INC.	Hotel	Philippines	99.99	99.99	110.37	110.37	-	-	-	-	-	-	-	
Erawan Philippines (Alabang), INC.	Hotel	Philippines	99.99	99.99	81.28	81.28	-	-	-	-	-	-	-	
Erawan Philippines (Quezon City), INC.	Hotel	Philippines	99.99	99.99	169.82	66.22	-	-	-	-	-	-	-	
Erawan Philippines (Ortigas), INC.	Hotel	Philippines	99.99	99.99	115.24	52.61	-	-	-	-	-	-	-	
Erawan Philippines (Cebu), INC.	Hotel	Philippines	99.99	99.99	371.09	240.34	-	-	-	-	-	-	-	
PT. Erawan Indonesia Jakarta	Hotel	Indonesia	99.96	99.96	74.03	74.03	-	-	-	-	-	-	-	

## *Direct Subsidiaries*

### *Erawan Hop Inn Company Limited*

As at 31 December 2019, Erawan Hop Inn Company Limited, a direct subsidiary, has authorised share capital of 243,300,000 ordinary shares at a par value of Baht 10, totaling Baht 2,433,000,000 which is 99.99% holding and paid by the Company of Baht 2,432,999,970. During 2019, there were changes in investment in Erawan Hop Inn Company Limited as follows:

On 27 November 2019, the Company additional paid-up for the share capital of Erawan Hop Inn Company Limited totaling Baht 107,400,000. On 29 November 2019, Erawan Hop Inn Company Limited registered the increase of the authorised share capital by issuing 120,000,000 ordinary shares at a par value of Baht 10, totaling Baht 1,200,000,000, which have been wholly acquired and fully paid by the Company on 29 November 2019.

### *The Reserve Company Limited*

As at 31 December 2019, The Reserve Company Limited, a direct subsidiary, has authorised share capital of 18,930,000 ordinary shares at a par value of Baht 10, totaling Baht 189,300,000 which is 99.99% holding and paid by the Company of Baht 189,299,970. During 2019, there were changes in investment in The Reserve Company Limited as follows:

On 29 November 2019, The Reserve Company Limited, registered the increase of the authorised share capital by issuing 430,000 ordinary shares at a par value of Baht 10, totaling Baht 4,300,000, which have been wholly acquired and fully paid by the Company on 29 November 2019.

### *Erawan Growth Management Company Limited*

As at 31 December 2019, Erawan Growth Management Company Limited, a direct subsidiary, has authorised share capital of 18,500,000 ordinary shares at a par value of Baht 10, totaling Baht 185,000,000 which is 99.99% holding and paid by the Company of Baht 184,999,970. During 2018, there were changes in investment in Erawan Growth Management Company Limited as follows:

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.

### *Erawan Phuket Company Limited*

As at 31 December 2019, Erawan Phuket Company Limited, a direct subsidiary, has authorised share capital of 2,250,000 ordinary shares at a par value of Baht 1,000, totaling Baht 2,250,000,000 which is 99.99% holding and paid by the Company of Baht 2,249,996,000. During 2018, there were changes in investment in Erawan Phuket Company Limited as follows:

On 2 August 2018, Erawan Phuket Company Limited, 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.

#### *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 18.3 million in the separate financial statements for the year ended 31 December 2019. (31 December 2018: Baht 118.5 million)

#### ***Indirect subsidiaries***

##### ***Erawan Mauritius Limited***

As at 31 December 2019, Erawan Mauritius Limited, an indirect subsidiary, has authorised share capital of 36,452,000 ordinary shares at a par value of USD 1, totaling USD 36,452,000 which have been wholly acquired and fully paid of USD 36,452,000 by Erawan Hop Inn Company Limited. During 2018 to 2019, there were changes in investment in Erawan Mauritius Limited as follows:

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.

On 21 March 2019, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 9,249,000 ordinary shares at a par value of USD 1, totaling USD 9,249,000 which have been wholly acquired and fully paid by Erawan Hop Inn Company Limited on 21 March 2019.

##### ***Erawan Singapore Pte. Ltd.***

As at 31 December 2019, Erawan Singapore Pte. Ltd., an indirect subsidiary, has authorised share capital of 36,332,000 ordinary shares at a par value of USD 1, totaling USD 36,332,000 which have been wholly acquired and fully paid of USD 36,332,000 by Erawan Mauritius Limited. During 2018 to 2019, there were changes in investment in Erawan Singapore Pte. Ltd. as follows:

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.

On 28 March 2019, Erawan Singapore Pte. Ltd., registered the increase of the authorised share capital by issuing 9,229,000 ordinary shares at a par value of USD 1, totaling USD 9,229,000 which have been wholly acquired and fully paid by Erawan Mauritius Limited on 28 March 2019.

#### ***Erawan Philippines, INC.***

As at 31 December 2019, Erawan Philippines, INC., an indirect subsidiary, has authorised share capital of 1,900,000,000 ordinary shares at a par value of PHP 1, totaling PHP 1,900,000,000 and paid-up share capital of PHP 1,693,466,773 which is 99.99% holding and paid by Erawan Singapore Pte. Ltd. of PHP 1,693,466,767. During 2018 to 2019, there were changes in investment in Erawan Philippines, INC. as follows:

On 8 January 2018, Erawan Singapore Pte. Ltd. additionally paid-up of Erawan Philippines, INC., totaling PHP 960,395.

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.

On 27 March 2019, Erawan Singapore Pte. Ltd. paid for the share capital of Erawan Philippines, INC., totaling 188,923,255.

On 14 August 2019, Erawan Philippines, INC., registered the increase of the authorised share capital by issuing 500,000,000 ordinary shares at a par value of PHP 1, totaling PHP 500,000,000 which have been wholly acquired and partially paid by Erawan Singapore Pte. Ltd. of PHP 293,466,773 on 14 August 2019.

#### ***Erawan Philippines (Ermita), INC.***

As at 31 December 2019, 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.

#### ***Erawan Philippines (Makati), INC.***

As at 31 December 2019, 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 2019, 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 2018, there were changes in investment in Erawan Philippines (Aseana), INC. as follows:



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 2019, 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 2018, there were changes in investment in Erawan Philippines (Alabang), INC. as follows:

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 2019, Erawan Philippines (Quezon City), INC., an indirect subsidiary, has authorised share capital of 332,000,000 ordinary shares at a par value of PHP 1, totaling PHP 332,000,000 and paid-up share capital of PHP 277,500,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 277,499,994. During 2019, there were changes in investment in Erawan Philippines (Quezon City), INC. as follows:

On 28 January 2019, Erawan Philippines (Quezon City), INC., 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 13 August 2019, Erawan Philippines (Quezon City), INC., registered the increase of the authorised share capital by issuing 157,000,000 shares at a par value of PHP 1, totaling PHP 157,000,000 which have been wholly acquired and partially paid by Erawan Philippines, INC. of PHP 102,500,000 on 13 August 2019.

***Erawan Philippines (Ortigas), INC.***

As at 31 December 2019, 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 180,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 179,999,994. During 2019, there was change in investment in Erawan Philippines (Ortigas), INC. as follows:

On 23 April 2019, Erawan Philippines, INC., paid for the share capital of Erawan Philippines (Ortigas), INC., totaling PHP 100,000,000.

### *Erawan Philippines (Cebu), INC.*

As at 31 December 2019, 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 600,000,000 which is 99.99% holding and paid by Erawan Philippines, INC. of PHP 599,999,994. During 2018 to 2019, there were changes in investment in Erawan Philippines (Cebu), INC. as follows:

On 6 June 2018, Erawan Philippines, INC., additionally paid for the share capital of Erawan Philippines (Cebu), INC., totaling 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.

On 23 April 2019, Erawan Philippines, INC. additionally paid for the share capital of Erawan Philippines (Cebu), INC., totaling PHP 153,500,000 and totaling PHP 60,000,000 on 8 October 2019, respectively.

### *PT. Erawan Indonesia Jakarta*

As at 31 December 2019, 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 2019, 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 2018, there were changes in investment in Taveesapanan Company Limited as follows:

On 23 January 2018, Erawan Hop Inn Company Limited, additionally paid-up of Taveesapanan Company Limited totaling Baht 5,999,997.

## 11 Other long-term investments

	Equity interest		Consolidated financial statements	
	2019	2018	2019	2018
	(%)		(in thousand Baht)	
<b>Related companies</b>				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.17	0.17	665	541
<b>Total</b>			<b>871</b>	<b>747</b>

	Equity interest		Seperate financial statements	
	2019	2018	2019	2018
	(%)		(in thousand Baht)	
<b>Related companies</b>				
Rajprasong Square Co., Ltd.	23.29	23.29	206	206
The Asia Recovery 2 Fund	0.13	0.13	498	405
<b>Total</b>			<b>704</b>	<b>611</b>

## 12 Non-controlling interests

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

	Erawan Hotel Public Company Limited 31 December	
	2019	2018
	(in thousand Baht)	
Non-controlling interest percentage	26.36%	26.36%
Current assets	399,679	524,503
Non-current assets	983,789	1,102,584
Current liabilities	(431,121)	(523,726)
Non-current liabilities	(272,764)	(476,234)
<b>Net assets</b>	<b>679,583</b>	<b>627,127</b>
Carrying amount of non-controlling interest	179,139	165,311
Revenue	1,386,322	1,422,797
Profit	216,926	215,784
Other comprehensive income	(2,747)	3,221
<b>Total comprehensive income</b>	<b>214,179</b>	<b>219,005</b>
Profit allocated to non-controlling interest	57,182	56,881
Other comprehensive income (loss) allocated to non-controlling interest	(724)	849
Cash flows from operating activities	378,545	406,092
Cash flows from investing activities	(22,840)	(16,333)
Cash flows from financing activities		
(dividends to non-controlling interest: Baht 42.6 million (31 December 2018: Baht 59.4 million))	(476,768)	(377,708)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(121,063)</b>	<b>12,051</b>

ANNUAL REPORT 2019

Consolidated financial statements							
	Land	Building and improvements	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction	Total
(in thousand Baht)							
<i>Depreciation</i>							
At 1 January 2018	-	4,559,732	1,902,884	42,261	-	-	6,504,877
Depreciation charge for the year	-	481,473	206,664	3,942	-	-	692,079
Disposals	-	(114,832)	(254,462)	(4,137)	-	-	(373,431)
Exchange differences on translating financial statements	-	(867)	(134)	-	-	-	(1,001)
At 31 December 2018 and 1 January 2019	-	4,925,506	1,854,952	42,066	-	-	6,822,524
Depreciation charge for the year	-	522,514	217,593	2,831	-	-	742,938
Disposals	-	(54,902)	(117,367)	(2,716)	-	-	(174,985)
Exchange differences on translating financial statements	-	(1,538)	(834)	-	-	-	(2,372)
At 31 December 2019	-	5,391,580	1,954,344	42,181	-	-	7,388,105



(in thousand Baht)

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2019 amounted to Baht 1,983.8 million (2018: Baht 1,598.5 million).

Capitalised borrowing costs relating to the hotel under construction for the Group are amount to Baht 18.4 million (2018: Baht 25.9 million) with a capitalisation rate of MLR-2.15% per annum, MLR-3.20% per annum and BVAL+0.45% per annum, respectively (2018: MLR-2.00% per annum, MLR-3.20% per annum and RRP+2.25% per annum).



	Separate financial statements					
	Land	Building and improvement	Furniture, fixtures and equipment	Vehicles	Hotel operating equipment	Assets under construction
<b>Net book value</b>						
<b>At 31 December 2018</b>						
Owned assets	1,006,544	5,441,554	299,962	3,092	168,672	490,395
Assets under finance leases	-	-	-	3,903	-	-
	<b>1,006,544</b>	<b>5,441,554</b>	<b>299,962</b>	<b>6,995</b>	<b>168,672</b>	<b>490,395</b>
<b>At 31 December 2019</b>						
Owned assets	1,006,544	6,339,074	421,802	4,204	174,386	6,094
Assets under finance leases	-	-	-	2,604	-	-
	<b>1,006,544</b>	<b>6,339,074</b>	<b>421,802</b>	<b>6,808</b>	<b>174,386</b>	<b>6,094</b>
						<b>7,954,708</b>

(in thousand Baht)

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2019 amounted to Baht 1,200.3 million (2018: Baht 914.0 million).

Capitalised borrowing costs relating to the acquisition of the hotel under construction for the Group are amount to Baht 16.1 million (2018: Baht 18.5 million) with a capitalisation rate of MLR-3.20% per annum (2018: MLR-2.00% per annum and MLR-3.20% per annum).

The Group and the Company have mortgaged their property, building and improvements, with net book values as at 31 December 2019 of Baht 10,448.2 million and Baht 6,410.4 million, respectively (31 December 2018: the Group and the Company of Baht 9,643.6 million and Baht 5,643.5 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 18 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	
	2019	2018	2019	2018
	(in thousand Baht)			
Land cost	95,382	95,382	-	-
Development expenses	8,855	8,855	-	-
<b>Total</b>	<b>104,237</b>	<b>104,237</b>	<b>-</b>	<b>-</b>

15 Leasehold rights for land and buildings

	Consolidated financial statements		
	Leasehold rights for land	Leasehold rights for buildings	Total
	(in thousand Baht)		
<b>Cost</b>			
At 1 January 2018	1,202,353	1,220,267	2,422,620
Additions	30,820	4,797	35,617
Transfers	-	897	897
<b>At 31 December 2018 and 1 January 2019</b>	<b>1,233,173</b>	<b>1,225,961</b>	<b>2,459,134</b>
Additions	93,184	1,540	94,724
<b>At 31 December 2019</b>	<b>1,326,357</b>	<b>1,227,501</b>	<b>2,553,858</b>
<b>Amortisation</b>			
At 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
<b>At 31 December 2018 and 1 January 2019</b>	<b>451,183</b>	<b>642,322</b>	<b>1,093,505</b>
Amortisation for the year	26,254	47,845	74,099
Transfers to assets under construction	5,508	-	5,508
<b>At 31 December 2019</b>	<b>482,945</b>	<b>690,167</b>	<b>1,173,112</b>
<b>Net book value</b>			
At 31 December 2018	781,990	583,639	1,365,629
At 31 December 2019	843,412	537,334	1,380,746

	Separate financial statements		
	Leasehold rights for land	Leasehold rights for buildings	Total
	(in thousand Baht)		
<b>Cost</b>			
At 1 January 2018	960,164	278,481	1,238,645
<b>At 31 December 2018 and 1 January 2019</b>	<b>960,164</b>	<b>278,481</b>	<b>1,238,645</b>
<b>31 December 2019</b>	<b>960,164</b>	<b>278,481</b>	<b>1,238,645</b>
<b>Amortisation</b>			
At 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
<b>At 31 December 2018 and 1 January 2019</b>	<b>315,848</b>	<b>239,558</b>	<b>555,406</b>
Amortisation for the year	20,273	20,354	40,627
Transfers to assets under construction	2,688	-	2,688
<b>31 December 2019</b>	<b>338,809</b>	<b>259,912</b>	<b>598,721</b>
<b>Net book value</b>			
At 31 December 2018	644,316	38,923	683,239
At 31 December 2019	621,355	18,569	639,924

The Group and the Company have mortgaged their leasehold rights for land, with net book values as at 31 December 2019 of Baht 728.4 million and Baht 618.4 million, respectively (31 December 2018: the Group and the Company of Baht 680.1 million and Baht 605.5 million, respectively), as collateral against credit facilities received from financial institutions (see note 18 to the financial statements).



16 Intangible assets

Software licenses	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
<b>Cost</b>				
At 1 January	199,109	196,321	128,636	135,803
Additions	15,621	17,057	10,657	6,800
Disposals	(2,756)	(13,967)	(375)	(13,967)
Exchange differences on translating financial statements	(324)	(302)	-	-
<b>At 31 December</b>	<b>211,650</b>	<b>199,109</b>	<b>138,918</b>	<b>128,636</b>
<b>Amortisation</b>				
At 1 January	159,723	162,042	112,213	120,670
Amortisation charge for the year	12,475	11,663	6,216	5,500
Disposals	(2,569)	(13,957)	(375)	(13,957)
Exchange differences on translating financial statements	(58)	(25)	-	-
<b>At 31 December</b>	<b>169,571</b>	<b>159,723</b>	<b>118,054</b>	<b>112,213</b>
<b>Net book value</b>				
At 1 January	39,386	34,279	16,423	15,133
At 31 December	42,079	39,386	20,864	16,423

17 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
Withholding tax deducted at source	3,385	2,708	-	-
Prepaid expenses	40,865	30,525	17,487	18,104
Advances	103,613	87,003	240	29,755
<b>Total</b>	<b>147,863</b>	<b>120,236</b>	<b>17,727</b>	<b>47,859</b>

## 18 Interest-bearing liabilities

Consolidated financial statements						
2019			2018			
Secured	Unsecured	Total	Secured	Unsecured	Total	
(in thousand Baht)						
Short-term loans from financial institutions	610,000	250,000	860,000	449,000	300,000	749,000
Current portion of long-term loans from financial institutions	946,075	230,629	1,176,704	1,025,317	499,229	1,524,546
Long-term loans from financial institutions	5,273,563	2,851,684	8,125,247	5,443,988	1,885,113	7,329,101
Finance lease liabilities	-	1,694	1,694	-	2,601	2,601
<b>Total interest-bearing liabilities</b>	<b>6,829,638</b>	<b>3,334,007</b>	<b>10,163,645</b>	<b>6,918,305</b>	<b>2,686,943</b>	<b>9,605,248</b>

Separate financial statements						
2019			2018			
Secured	Unsecured	Total	Secured	Unsecured	Total	
(in thousand Baht)						
Short-term loans from financial institutions	610,000	250,000	860,000	449,000	300,000	749,000
Current portion of long-term loans from financial institutions	401,614	230,629	632,243	343,607	499,229	842,836
Long-term loans from financial institutions	2,829,830	2,851,684	5,681,514	2,899,444	1,885,113	4,784,557
Long-term loans from related parties	-	231,252	231,252	-	176,345	176,345
Finance lease liabilities	-	1,694	1,694	-	2,601	2,601
<b>Total interest-bearing liabilities</b>	<b>3,841,444</b>	<b>3,565,259</b>	<b>7,406,703</b>	<b>3,692,051</b>	<b>2,863,288</b>	<b>6,555,339</b>

As at 31 December 2019, 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	Secured	Long-term Baht 2,277.55 million	Fixed rate p.a.	Every 3 months commencing from March 2017
3	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
4	Unsecured	Long-term Baht 2,500 million	MLR - fixed rate p.a.	As stated in the agreement
5	Secured	Short-term Baht 1,500 million	MMR	As stated in promissory notes
6	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
7	Secured	Long-term Baht 950 million	MLR - fixed rate p.a.	Commencing on March 2022
8	Unsecured	Short-term Baht 300 million	MMR	As stated in promissory notes
9	Unsecured	Short-term Baht 300 million	MMR	As stated in promissory notes
10	Unsecured	Short-term Baht 200 million	MMR	As stated in promissory notes
11	Unsecured	Short-term Baht 300 million	MMR	As stated in promissory notes
12	Unsecured	Short-term Baht 300 million	MMR	As stated in promissory notes
13	Unsecured	Short-term Baht 500 million	MMR	As stated in promissory notes
14	Secured	Short-term Baht 500 million	MMR	As stated in promissory notes
15	Secured	Long-term Baht 600 million	Fixed rate p.a.	Every 6 months commencing from June 2015
16	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
17	Secured	Long-term Baht 630 million	Fixed rate p.a.	Every 3 months commencing from March 2017
18	Secured	Long-term Baht 36.22 million	Fixed rate p.a.	Every 3 months commencing from March 2016
19	Secured	Long-term Baht 32.67 million	Fixed rate p.a.	Every 3 months commencing from March 2016
20	Secured	Long-term Baht 34.56 million	Fixed rate p.a.	Every 3 months commencing from March 2016
21	Secured	Long-term Baht 39 million	Fixed rate p.a.	Every 3 months commencing from March 2016
22	Secured	Long-term Baht 39 million	Fixed rate p.a.	Every 3 months commencing from March 2016
23	Secured	Long-term Baht 34.06 million	Fixed rate p.a.	Every 3 months commencing from May 2016
24	Secured	Long-term Baht 38.50 million	Fixed rate p.a.	Every 3 months commencing from May 2016
25	Secured	Long-term Baht 29.18 million	Fixed rate p.a.	Every 3 months commencing from May 2016
26	Secured	Long-term Baht 39 million	Fixed rate p.a.	Every 3 months commencing from October 2016
27	Secured	Long-term Baht 37.02 million	Fixed rate p.a.	Every 3 months commencing from December 2016
28	Secured	Long-term Baht 37.70 million	Fixed rate p.a.	Every 3 months commencing from June 2017
29	Secured	Long-term Baht 37.17 million	Fixed rate p.a.	Every 3 months commencing from August 2017
30	Secured	Long-term Baht 33.02 million	Fixed rate p.a.	Every 3 months commencing from August 2017
31	Secured	Long-term Baht 37.50 million	Fixed rate p.a.	Every 3 months commencing from August 2017

Loan agreement	Type of secured loan	Approved credit facilities	Interest rate (% p.a.)	Term of payment
32	Secured	Long-term Baht 35.59 million	Fixed rate p.a.	Every 3 months commencing from August 2017
33	Secured	Long-term Baht 38.53 million	Fixed rate p.a.	Every 3 months commencing from September 2017
34	Secured	Long-term Baht 36.62 million	Fixed rate p.a.	Every 3 months commencing from December 2017
35	Secured	Long-term Baht 33.89 million	Fixed rate p.a.	Every 3 months commencing from December 2017
36	Secured	Long-term Baht 31.52 million	Fixed rate p.a.	Every 3 months commencing from April 2018
37	Secured	Long-term Baht 1,000 million	MLR - fixed rate p.a.	Every 3 months commencing from May 2019
38	Secured	Long-term PHP 181 million	RRP + fixed rate p.a.	Every months commencing from August 2017
39	Secured	Long-term PHP 178 million	RRP + fixed rate p.a.	Every months commencing from September 2018
40	Secured	Long-term PHP 224.6 million	RRP + fixed rate p.a.	Every months commencing from April 2019
41	Secured	Long-term PHP 218 million	RRP + fixed rate p.a.	Every months commencing from August 2019
42	Secured	Long-term PHP 182 million	RRP + fixed rate p.a.	Every months commencing from November 2019
43	Secured	Long-term PHP 351.4 million	BVAL + fixed rate p.a.	As stated in the agreement
44	Secured	Long-term PHP 800 million	BVAL + fixed rate p.a.	Every 3 months commencing from December 2022

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 2019, the Group received the waiver letters to revoke the restriction of maintenance of certain financial ratios for the year 2019 from certain financial institutions.

Assets pledged as security for liabilities as at 31 December	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
Property, plant and improvements - net book values	10,448,195	9,643,556	6,410,392	5,643,485
Leasehold rights for land - net book values	728,414	680,074	618,424	605,532
<b>Total</b>	<b>11,176,609</b>	<b>10,323,630</b>	<b>7,028,816</b>	<b>6,249,017</b>

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 2019, the Group had unutilised credit facilities of totaling Baht 3,097.6 million and PHP 1,150.9 million (2018: Baht 4,324.7 million and PHP 64.3 million) and the Company had unutilised credit facilities of totaling Baht 2,473.0 million (2018: Baht 3,240.0 million).

19 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
(in thousand Baht)					
Related parties	4	-	-	191	339
Other parties		234,304	224,887	116,327	102,475
<b>Total</b>		<b>234,304</b>	<b>224,887</b>	<b>116,518</b>	<b>102,814</b>

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
Thai Baht (THB)	224,748	217,353	116,518	102,814
Philippines Peso (PHP)	9,556	7,534	-	-
<b>Total</b>	<b>234,304</b>	<b>224,887</b>	<b>116,518</b>	<b>102,814</b>

20 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
Accrued expenses	411,677	394,116	205,669	202,097
Advances from customers and deposit received	219,829	203,442	109,684	93,704
Accounts payable - construction	133,239	135,790	92,139	89,274
Accrued management, royalty, marketing and other fees	37,580	35,627	19,983	15,933
Retention	99,200	96,450	55,173	54,798
Value added tax payable	27,734	24,721	15,954	12,067
Others	89,088	84,830	38,535	42,845
<b>Total</b>	<b>1,018,347</b>	<b>974,976</b>	<b>537,137</b>	<b>510,718</b>

21 Deferred income

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Leasehold rights - building, service and equipment	28,000	28,000	28,000	28,000
Less accumulated amortisation	(17,710)	(15,686)	(17,710)	(15,686)
<b>Net book value</b>	<b>10,290</b>	<b>12,314</b>	<b>10,290</b>	<b>12,314</b>
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	8,266	10,290	8,266	10,290
<b>Total</b>	<b>10,290</b>	<b>12,314</b>	<b>10,290</b>	<b>12,314</b>

22 Non-current provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Post-employment benefits	124,018	82,666	66,767	44,772
<b>Total</b>	<b>124,018</b>	<b>82,666</b>	<b>66,767</b>	<b>44,772</b>



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, currency risk, interest rate risk and market (investment) risk.

Present value of the defined benefit obligations	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		(in thousand Baht)			
Defined benefit obligations at 1 January		82,666	86,600	44,772	42,431
Include in profit or loss:	27				
Current service cost		13,165	11,717	7,729	6,558
Past service cost		17,560	-	7,959	-
Interest on obligation		2,487	2,550	1,327	1,227
		33,212	14,267	17,015	7,785
Include in other comprehensive income:					
Actuarial (gain) loss					
- Demographic assumptions		-	(9,163)	-	(3,648)
- Financial assumptions		11,230	1,303	6,236	838
- Experience adjustment		-	(7,644)	-	(1,654)
Exchange differences on translating financial statement		2	-	-	-
		11,232	(15,504)	6,236	(4,464)
Benefit paid		(3,092)	(2,697)	(1,256)	(980)
		(3,092)	(2,697)	(1,256)	(980)
Defined benefit obligations at 31 December		124,018	82,666	66,767	44,772

On 5 April 2019, the Labor Protection Act was amended 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 has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

Principal actuarial assumptions	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(%)			
Discount rate	1.7, 5.2	2.8	1.7	2.8
Future salary growth	3.0 - 7.0	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0
Employee turnover	5.0 - 35.0	5.0 - 35.0	5.0 - 35.0	5.0 - 35.0

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

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 11.2 - 20.0 years (2018:11.8 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.

Effect to the defined benefit obligation At 31 December	Consolidated financial statements			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
	(in million Baht)			
Discount rate	(9,758)	(6,359)	11,156	7,223
Future salary growth	11,922	6,955	(10,621)	(6,258)
Future pension growth	286	165	(313)	(179)

	20% increase in assumption		20% decrease in assumption	
	2019	2018	2019	2018
	(in million Baht)			
Employee turnover	(16,920)	(9,692)	22,502	12,466

Effect to the defined benefit obligation At 31 December	Separate financial statements			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
	(in million Baht)			
Discount rate	(5,396)	(3,559)	6,149	4,037
Future salary growth	6,501	3,858	(5,812)	(3,479)
Future pension growth	155	91	(169)	(98)

	20% increase in assumption		20% decrease in assumption	
	2019	2018	2019	2018
	(in million Baht)			
Employee turnover	(9,862)	(5,717)	13,288	7,431

23 Share capital

Par value per share (in Baht)	2019		2018	
	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
Reduction of shares	1	(25,790)	(25,790)	-
Increase of new shares	1	276,562	276,562	-
<b>At 31 December ordinary shares</b>	<b>1</b>	<b>2,788,665</b>	<b>2,788,665</b>	<b>2,537,893</b>

**Issued and paid-up**

At 1 January				
Ordinary shares	1	2,507,716	2,507,716	2,500,893
Issue under ESOP	1	9,817	9,817	6,823
<b>At 31 December ordinary shares</b>	<b>1</b>	<b>2,517,533</b>	<b>2,517,533</b>	<b>2,507,716</b>

**Reduction of authorised share capital**

At the annual general meeting of the shareholders of the Company held on 26 April 2019, the shareholders approved the reduction of the Company's registered share capital from Baht 2,537.9 million to Baht 2,512.1 million by canceling its non-issued share capital. The Company registered the reduction of share capital amounting to Baht 25.8 million with the Ministry of Commerce on 14 May 2019.

**Increase of authorised share capital**

At the annual general meeting of the shareholders of the Company held on 26 April 2019, the shareholders approved the increase of the Company's registered share capital from Baht 2,512.1 million to Baht 2,788.7 million to reserve for the exercise of stock options under ESOP for employees of the Group and the new shares from capital increase through general mandate for private placement. The Company registered the increase of share capital amounting to Baht 276.6 million with the Ministry of Commerce on 15 May 2019.

### *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 7.1 million for the years ended 31 December 2019 (31 December 2018: Baht 11.1 million).

Movements in the number of ESOP during the year ended 31 December 2019 and 2018 were as follows:

	2019	2018
	(thousand units)	
At 1 January	30,177	37,000
Exercised	(9,817)	(6,823)
<b>At 31 December</b>	<b>20,360</b>	<b>30,177</b>

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.

## 24 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.

## 25 Segment information and disaggregation of revenue

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 2019 or 2018.

Each segment's performance is measured based on segment profit before 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. Inter-segment pricing is determined on an arm's length basis.

Year ended 31 December	Hotel business		Rental and building management business		Eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
<i>Information about reportable segments</i>								
External revenues	6,146	6,042	233	234	-	-	6,379	6,276
Inter - segment revenue	-	-	22	22	(22)	(22)	-	-
<b>Total revenue</b>	<b>6,146</b>	<b>6,042</b>	<b>255</b>	<b>256</b>	<b>(22)</b>	<b>(22)</b>	<b>6,379</b>	<b>6,276</b>
<b>Segment profit (loss)</b>	<b>588</b>	<b>685</b>	<b>85</b>	<b>92</b>	<b>(16)</b>	<b>(16)</b>	<b>657</b>	<b>761</b>
Share of profit of investments in associates							-	(4)
Income tax expense							(154)	(164)
<b>Profit for the year</b>							<b>503</b>	<b>593</b>
<i>Disaggregation of revenue</i>								
<i>Primary geographical markets</i>								
Thailand	5,908	5,890	251	254	(22)	(22)	6,137	6,122
Philippines	238	152	4	2	-	-	242	154
<b>Total revenue</b>	<b>6,146</b>	<b>6,042</b>	<b>255</b>	<b>256</b>	<b>(22)</b>	<b>(22)</b>	<b>6,379</b>	<b>6,276</b>
Segment assets	17,123	16,316	738	657	(27)	(24)	17,834	16,949
Segment liabilities	11,864	11,208	56	56	(27)	(24)	11,893	11,240

(in million Baht)



*Reconciliations of other material items*

Other material items	Consolidated financial statements					
	2019			2018		
	Reportable segment totals	Adjustments	Total	Reportable segment totals	Adjustments	Total
(in thousand Baht)						
Capital expenditure	15,791	178	15,969	14,830	184	15,014
Depreciation and amortisation	(823)	(7)	(830)	(769)	(7)	(776)

26 Other income

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
Net foreign exchange gain	3,362	2,793	1,895	1,770
Income from property tax	2,121	2,225	1,964	2,032
Gain on disposal of building and equipment	14	2,071	-	1,697
Other service income	-	-	18,709	19,321
Others	36,677	32,654	19,929	18,532
<b>Total</b>	<b>42,174</b>	<b>39,743</b>	<b>42,497</b>	<b>43,352</b>

27 Employee benefit expenses

Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
Salaries and other benefits	1,569,276	1,479,760	829,364	794,485
Post-employment benefits	33,212	14,267	17,015	7,785
<b>Total</b>	<b>1,602,488</b>	<b>1,494,027</b>	<b>846,379</b>	<b>802,270</b>

*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.

## 28 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Employee benefit expenses	1,602,488	1,494,027	846,379	802,270
Costs of food and beverage	676,339	698,314	338,179	333,227
Administrative and other fees	314,042	338,183	157,268	168,353
Marketing expenses	236,077	237,399	132,277	118,563
Rental expenses	214,577	178,661	57,868	44,935
Repair and maintenance expenses	178,616	157,124	65,841	56,912

## 29 Finance costs

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
<i>Interest expense:</i>					
Related parties	4	-	-	11,057	17,997
Financial institutions		415,252	381,553	266,898	235,993
<b>Total interest expense</b>		<b>415,252</b>	<b>381,553</b>	<b>277,955</b>	<b>253,990</b>
Amortisation of transaction costs capitalised		2,682	2,382	1,675	1,375
Other finance costs		2,077	2,309	1,694	515
		420,011	386,244	281,324	255,880
Less: amounts included in the cost of qualifying assets:					
- Capitalised as cost of assets under construction	13	(18,371)	(25,908)	(16,127)	(18,505)
<b>Net</b>		<b>401,640</b>	<b>360,336</b>	<b>265,197</b>	<b>237,375</b>

Income tax recognised in profit or loss	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
<b>Current tax expense</b>				
Current year	158,131	163,014	64,273	76,013
<b>Deferred tax expense</b>				
Movements in temporary differences	(3,528)	1,008	(3,230)	(1,318)
<b>Total income tax expense</b>	<b>154,603</b>	<b>164,022</b>	<b>61,043</b>	<b>74,695</b>

Recognised in other comprehensive income	Consolidated financial statements					
	2019			2018		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
(in thousand Baht)						
Defined benefit plan actuarial gains (loss)	(11,230)	2,246	(8,984)	15,504	(3,101)	12,403
<b>Total</b>	<b>(11,230)</b>	<b>2,246</b>	<b>(8,984)</b>	<b>15,504</b>	<b>(3,101)</b>	<b>12,403</b>

Recognised in other comprehensive income	Separate financial statements					
	2019			2018		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
(in thousand Baht)						
Defined benefit plan actuarial gains (loss)	(6,236)	1,247	(4,989)	4,464	(893)	3,571
<b>Total</b>	<b>(6,236)</b>	<b>1,247</b>	<b>(4,989)</b>	<b>4,464</b>	<b>(893)</b>	<b>3,571</b>

Reconciliation of effective tax rate	Consolidated financial statements				Separate financial statements			
	2019		2018		2019		2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		657,353		757,208		422,173		428,966
Income tax using the								
Thai corporation tax rate	20.0	131,471	20.0	151,442	20.0	84,435	20.0	85,793
Effect of different tax rates in foreign jurisdictions		1,646		(759)		-		-
Tax difference on expense (revenue)		(3,178)		7,314		(23,392)		(11,098)
Recognition of previously unrecognised tax losses		(1,133)		(9,377)		-		-
Current year losses for which no deferred tax asset was recognised		25,797		15,402		-		-
<b>Total</b>	<b>23.5</b>	<b>154,603</b>	<b>21.7</b>	<b>164,022</b>	<b>14.5</b>	<b>61,043</b>	<b>17.4</b>	<b>74,695</b>

Deferred tax At 31 December	Consolidated financial statements				Separate financial statements			
	Assets		Liabilities		Assets		Liabilities	
	2019	2018	2019	2018	2019	2018	2019	2018
	(in thousand Baht)				(in thousand Baht)			
Total	26,380	18,040	(58,558)	(55,990)	14,286	9,809	-	-
Set off tax	(7,943)	(5,191)	7,943	5,191	-	-	-	-
<b>Net deferred tax assets (liabilities)</b>	<b>18,437</b>	<b>12,849</b>	<b>(50,615)</b>	<b>(50,799)</b>	<b>14,286</b>	<b>9,809</b>	<b>-</b>	<b>-</b>

Certain subsidiaries have not recognised deferred tax assets arising from the tax loss carry forward of Baht 655.8 million (2018: Baht 671.0 million) which will be expired in 2020 -2024 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.

Deferred tax	Consolidated financial statements				
	At 1 January	(Charged) / Credited to		Exchange differences	At 31 December
		Profit or loss	Other comprehensive income		
(in thousand Baht)					
2019					
Deferred tax assets					
Accounts receivable (doubtful accounts)	354	(26)	-	-	328
Provision for employee benefits	16,533	6,051	2,246	(2)	24,828
Other current assets	425	-	-	-	425
Other current liabilities	728	71	-	-	799
Total	18,040	6,096	2,246	(2)	26,380
Deferred tax liabilities					
Property, plant and equipment (Depreciation)	(55,990)	(2,568)	-	-	(58,558)
Total	(55,990)	(2,568)	-	-	(58,558)
Net	(37,950)	3,528	2,246	(2)	(32,178)
2018					
Deferred tax assets					
Accounts receivable (doubtful accounts)	583	(229)	-	-	354
Provision for employee benefits	17,320	2,314	(3,101)	-	16,533
Other current assets	425	-	-	-	425
Other current liabilities	645	83	-	-	728
Total	18,973	2,168	(3,101)	-	18,040
Deferred tax liabilities					
Property, plant and equipment (Depreciation)	(52,814)	(3,176)	-	-	(55,990)
Total	(52,814)	(3,176)	-	-	(55,990)
Net	(33,841)	(1,008)	(3,101)	-	(37,950)

Deferred tax	Separate financial statements			
	At 1 January	(Charged) / Credited to		At 31 December
		Profit or loss	Other comprehensive income	
(in thousand Baht)				
2019				
Deferred tax assets				
Accounts receivable (doubtful accounts)	126	8	-	134
Provision for employee benefits	8,955	3,151	1,247	13,353
Other current liabilities	728	71	-	799
Total	9,809	3,230	1,247	14,286
2018				
Deferred tax assets				
Accounts receivable (doubtful accounts)	253	(127)	-	126
Provision for employee benefits	8,486	1,362	(893)	8,955
Other current liabilities	645	83	-	728
Total	9,384	1,318	(893)	9,809



31 Earnings per share

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Profit attributable to ordinary shareholders for the year ended 31 December				
Profit for the year attributable to ordinary shareholders of the Company	445,569	536,306	361,130	354,271
Profit attributable to ordinary shareholders of the Company (basic)	445,569	536,306	361,130	354,271
Profit attributable to ordinary shareholders of the Company (diluted)	445,569	536,306	361,130	354,271
<i>Ordinary shares outstanding</i>				
Number of ordinary shares outstanding at 1 January	2,507,716	2,500,893	2,507,716	2,500,893
Effect of shares options exercised	5,225	4,308	5,225	4,308
Weighted average number of ordinary shares outstanding (basic) at 31 December	2,512,941	2,505,201	2,512,941	2,505,201
Effect of exercise of share options	9,890	16,339	9,890	16,339
Weighted average number of ordinary shares outstanding (diluted) at 31 December	2,522,831	2,521,540	2,522,831	2,521,540
Earnings per share (basic) (in Baht)	0.1773	0.2141	0.1437	0.1414
Earnings per share (dilute) (in Baht)	0.1766	0.2127	0.1431	0.1405

## 32 Dividends

The shareholders of the Company and a subsidiary have approved dividends as follows:

	Approved date	Payment schedule	Dividend rate per share (in Baht)	Amount (in thousand Baht)
<b>2019</b>				
Annual dividend of the Company paid from the profit of 2018	26 April 2019	24 May 2019	0.09	226,089
Annual dividend of A subsidiary paid from the profit of 2018	24 April 2019	17 May 2019	2.03	161,723
<b>2018</b>				
Annual dividend of the Company paid from the retained earnings	27 April 2018	25 May 2018	0.09	225,448
Annual dividend of A subsidiary paid from the profit of 2017	19 April 2018	18 May 2018	2.83	225,457

## 33 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 18). The Group mitigates this risk by ensuring that the majority of its borrowings are close to the market rate.

At 31 December	Effective interest rate	Consolidated financial statements			
		Maturity period			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
(% per annum)		(in thousand Baht)			
2019					
Financial Liabilities					
Loans payable -					
financial institutions	4.20, 4.275, MLR - 2.00, MLR - 2.15, MLR - 2.40, MLR - 3.20, RRP + 2.25, BVAL + 0.45	2,036,704	7,454,687	670,560	10,161,951
Total		2,036,704	7,454,687	670,560	10,161,951
2018					
Financial Liabilities					
Loans payable -					
financial institutions	4.20, 4.275, MMR, MLR - 2.00, MLR - 2.15, MLR - 2.40, MLR - 3.20, RRP + 2.25	2,273,546	5,908,975	1,420,126	9,602,647
Total		2,273,546	5,908,975	1,420,126	9,602,647

At 31 December	Effective interest rate	Separate financial statements			
		Maturity period			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)		(in thousand Baht)		
<b>2019</b>					
<i>Financial Assets</i>					
Loans receivable					
- related parties	4.09	-	629,968	-	629,968
<b>Total</b>		<b>-</b>	<b>629,968</b>	<b>-</b>	<b>629,968</b>
<i>Financial Liabilities</i>					
Loans payable -					
related parties	4.09, 4.45	-	231,252	-	231,252
Loans payable -	4.20, 4.275,				
financial institutions	MMR,				
	MLR - 2.00,				
	MLR - 2.40,				
	MLR - 3.20	1,492,243	5,584,777	96,737	7,173,757
<b>Total</b>		<b>1,492,243</b>	<b>5,816,029</b>	<b>96,737</b>	<b>7,405,009</b>
<b>2018</b>					
<i>Financial Assets</i>					
Loans receivable					
- related parties	4.24	-	1,304,215	-	1,304,215
<b>Total</b>		<b>-</b>	<b>1,304,215</b>	<b>-</b>	<b>1,304,215</b>
<i>Financial Liabilities</i>					
Loans payable -					
related parties	4.24, 4.45	-	176,345	-	176,345
Loans payable -	4.20, 4.275,				
financial institutions	MMR,				
	MLR - 2.00,				
	MLR - 2.40,				
	MLR - 3.20	1,591,836	3,907,735	876,822	6,376,393
<b>Total</b>		<b>1,591,836</b>	<b>4,084,080</b>	<b>876,822</b>	<b>6,552,738</b>

### *Foreign currency risk*

The Group operates mainly in Baht currency. Accordingly, the Group 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*

Most of financial assets and liabilities of the Group were short-term. The fair value of financial assets and liabilities is taken to approximate the carrying value as determined in the statement of financial position.

The fair value of long-term loans is taken to approximate the carrying amount stated in the accounts because of interest on loans approximates to market rates.

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in million Baht)				
<i>Capital commitments</i>				
Contracted but not provided	513.4	832.7	24.9	458.3
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	186.9	136.4	53.6	43.4
After one year but within five years	596.3	440.9	222.9	219.5
After five years	5,534.2	4,703.2	2,580.1	2,637.1
<b>Total</b>	<b>6,317.4</b>	<b>5,280.5</b>	<b>2,856.6</b>	<b>2,900.0</b>
<i>Commitments under service agreements</i>				
Within one year	59.5	62.4	22.6	32.1
After one year but within five years	13.4	40.1	7.7	23.8
After five years	0.9	1.5	0.9	1.5
<b>Total</b>	<b>73.8</b>	<b>104.0</b>	<b>31.2</b>	<b>57.4</b>
<i>Other commitments</i>				
Guarantee for bank credit facilities	2,805.3	2,547.4	2,805.3	2,547.4
Bank guarantees	158.5	36.4	17.5	16.6
<b>Total</b>	<b>2,963.8</b>	<b>2,583.8</b>	<b>2,822.8</b>	<b>2,564.0</b>

*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 up to the year 2037. 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 fourth 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 third extension and can be extended not more than four months for the fourth time with a fixed rental fee and variable rental fee in accordance with the conditions stipulated in the agreement. After the counter party exercise its option to renew the agreement for three times, the counter party has a right to negotiate for extending the right to renew the agreement additional to the aforesaid terms within 31 March 2027 subject to the condition stipulated in the agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 7 October 2016, Erawan Hop Inn Company Limited, a subsidiary, entered into land lease agreement with local company for a period of 30 years up to the year 2047, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 4.2 million. The subsidiary has already paid this remuneration. In addition, the subsidiary shall pay a land rental per annum as mentioned in the agreement. Upon the termination of the agreement, the 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 subsidiary shall pay lease remuneration of Baht 16.0 million. The Company 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 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 subsidiary shall pay lease remuneration of Baht 3.0 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 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 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 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 subsidiary shall pay lease remuneration of Baht 10.0 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 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 subsidiary shall pay lease remuneration of Baht 1.0 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 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 subsidiary shall pay lease remuneration of Baht 1.8 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 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 subsidiary shall pay lease remuneration of Baht 6.0 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 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 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 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.

On 1 March 2019, 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 2051, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 47.7 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 subsidiary shall demolish the building or deliver all buildings and structures, furniture, fixtures and equipment on such land to the lessor, depending upon the purpose of the lessor.



On 6 March 2019, 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 2051, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 13.4 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 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 19 April 2019, 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 2051, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 28.8 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 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 3 May 2019, 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 2050, to be extended for further period, subject to certain conditions in the agreement. The subsidiary shall pay lease remuneration of Baht 3.3 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 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 November 2019, Erawan Philippines (Cebu), INC., an indirect subsidiary, entered into lease agreement to lease land in Philippines for hotel construction. The rental period is 35 years ending in 2053. 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 8 November 2019, Erawan Philippines (Cebu), INC., an indirect subsidiary, entered into sub-lease agreement to lease land in Philippines for hotel construction. The rental period is 25 years ending in 2044. 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 sub-lessor, depending upon the purpose of the sub-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.

## 35 Events after the reporting period

On 15 January 2020, Erawan Mauritius Limited registered the increase of the authorised share capital by issuing 9,775,000 ordinary shares at a par value of USD 1, totaling USD 9,775,000 which have been wholly acquired and fully paid by Erawan Hop Inn Company Limited on 16 January 2020.

On 30 January 2020, Erawan Singapore Pte. Ltd., registered the increase of the authorised share capital by issuing 9,750,000 ordinary shares at a par value of USD 1, totaling USD 9,750,000 which have been wholly acquired and fully paid by Erawan Mauritius Limited on 30 January 2020.

On 30 January 2020, the associate declared the capital reduction amounting to Baht 4.6 million, which will be paid back for such capital reduction to the Company on 3 March 2020.

On 17 February 2020, Erawan Singapore Pte. Ltd. paid for the share capital of Erawan Philippines, INC., totaling PHP 206,533,227.

At the Company's board of directors' meeting held on 24 February 2020, the board of directors passed a resolution to propose to the 2020 annual general meeting of the shareholders of the Company for the following matters;

- (1) The payment of a dividend of Baht 0.07 per share, totaling Baht 176.2 million. The right to receive the aforesaid dividend is subject to the approval of annual general meeting of the shareholders.
- (2) To approve the extension of the allotment period of the newly issued ordinary shares under the General Mandate in the amount of 250,771,591 shares with the value of 1 Baht per share for Private Placement. The allotment conditions shall be in compliance with the resolution of the 2019 annual general meeting of shareholders.

## 36 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

\* TFRS - Financial instruments standards

(a) **TFRS - Financial instruments standards**

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) **TFRS 16 Leases**

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's and Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 6,317.4 million and Baht 2,856.6 million, respectively, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

37 **Reclassification of accounts**

Certain accounts in the statement of financial position as at 31 December 2018, which are included in the year ended 31 December 2019 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2019 financial statements. The reclassifications were as follows:

2018						
Consolidated financial statements			Separate financial statements			
Before reclass	Reclass	After reclass	Before reclass	Reclass	After reclass	
(in thousand Baht)						
<b>Statement of comprehensive income</b>						
Revenues from						
hotel operations	(6,022)	(20)	(6,042)	(2,852)	(5)	(2,857)
Cost of hotel operations	2,729	20	2,749	1,251	5	1,256
	-			-		

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

# Corporate Information

**The Erawan Group Public Company Limited**

**Registration No : 0107537001943**

## Head Office

### Ploenchit Center

6th Floor 2 Sukhumvit Road, Kwang Klongtoey, Khet Klongtoey, Bangkok 10110 Thailand  
Telephone : 66 (0) 2257 4588  
Fax : 66 (0) 2257 4577

## Branch 1

### Erawan Bangkok

494 Ploenchit Road, Kwang Lumpini, Khet Pathumwan, Bangkok 10330 Thailand  
Telephone : 66 (0) 2250 7777  
Fax : 66 (0) 2250 7788

## Branch 2

### JW Marriott Bangkok

4 Sukhumvit Road, Kwang Klongtoey, Khet Klongtoey, Bangkok 10110 Thailand  
Telephone : 66 (0) 2656 7700  
Fax : 66 (0) 2656 9831

## Branch 3

### ibis Patong Phuket

10 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 Moobaan Nongkae, Nongkae, Hua-Hin, Prachuapkhirikhan 77110 Thailand  
Telephone : 66 (0) 3261 0388  
Fax : 66 (0) 3261 0389

## Branch 11

### Mercure ibis Bangkok Siam

927 Rama 1 Road, Kwang Wangmai, Khet Pathumwan, Bangkok 10330 Thailand  
Telephone : 66 (0) 2874 7222  
Fax : 66 (0) 2874 7229

## Branch 12

### ibis Styles Krabi Ao Nang

725 Moo 2, Ao Nang, Mueang Krabi, Krabi 81000 Thailand  
Telephone : 66 (0) 7562-6388  
Fax : 66 (0) 7562 6389

## Branch 13

### Mercure Pattaya Ocean Resort

463/100 Moo 9, Nongprue, Bang Lamung, Chonburi 20150 Thailand  
Telephone : 66 (0) 3876 9688  
Fax : 66 (0) 3876 9689

## 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) 2280 5388  
Fax : 66 (0) 2080 5389

## Branch 15

### Mercure ibis Bangkok Sukhumvit 24

5/1 Soi Sukhumvit 24, Sukhumvit Road, Kwang Klong Tan, Khet KlongToey, Bangkok 10110 Thailand  
Telephone : 66 (0) 2280 5388  
Fax : 66 (0) 2080 5389



## Home page

[www.TheErawan.com](http://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 2019

Registered Capital 2,537,893,275 Baht : 2,537,893,275 ordinary shares at par value 1 Baht/share.

Paid-Up Capital 2,517,533,185 Baht : 2,517,533,185 ordinary shares at par value 1 Baht/share.

## Other References

Registrar of Ordinary Shares Thailand Securities Depository Co., Ltd.

No. 93 Rachadapisek Road, Dindaeng, Bangkok 10400 Thailand

Telephone :66 (0) 2009 9000

Fax :66 (0) 2009 9991

## Auditor

Ms. Vilaivan Pholprasert Certified Public Accountant (Thailand) No.8420

Ms. Vipavan Pattavanvivek Certified Public Accountant (Thailand) No.4795

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](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://www.mercure.com)

**Novotel Bangkok Sukhumvit 4**

27 Sukhumvit Soi 4, Sukhumvit Road, Klongtoey,  
Bangkok 10110 Thailand  
Telephone : 66 (0) 2280 5388  
Fax : 66 (0) 2080 5389  
[www.novotel.com](http://www.novotel.com)

**Mercure ibis Bangkok Sukhumvit 24**

5/1 Soi Sukhumvit 24, Sukhumvit Road, Kwang Klong Tan,  
Khet KlongToey, Bangkok 10110 Thailand  
Telephone : 66 (0) 2080 6588  
Fax : 66 (0) 2080 6589  
[www.ibisthailand.com](http://www.ibisthailand.com)

**ibis Phuket Patong**

10 Chalemphrakiat Road, Patong, Kathu,  
Phuket 83150 Thailand  
Telephone : 66 (0) 7630 3888  
Fax : 66 (0) 7630 3889  
[www.ibisthailand.com](http://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](http://www.ibisthailand.com)

**ibis Samui**

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

**ibis Bangkok Sathorn**

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

**ibis Kata**

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

**ibis Bangkok Riverside**

27, Soi Charoennakorn 17, Charoennakorn Road,  
Klongsan, Bangkok 10600 Thailand  
Telephone : 66 (0) 2805 9888  
Fax : 66 (0) 2805 9889  
[www.ibisthailand.com](http://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](http://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](http://www.ibisthailand.com)

**ibis Styles Bangkok Sukhumvit 4**

27 Sukhumvit Soi 4, Sukhumvit Road, Klongtoey,  
Bangkok 10110 Thailand  
Telephone : 66 (0) 2280 5388  
Fax : 66 (0) 2080 5389  
[www.ibisthailand.com](http://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**

360/39 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 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  
Ubon Ratchathani 34000 Thailand  
Telephone : 66 (0) 4535 5199  
Fax : 66 (0) 4531 1533  
<http://www.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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.hopinnhotel.com](http://www.hopinnhotel.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.hopinnhotel.com](http://www.hopinnhotel.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.hopinnhotel.com/>

**HOP INN Chantaburi**

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

**HOP INN Sakonnakorn**

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.hopinnhotel.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.hopinnhotel.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, Thepkasattri 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, Sotbui Sub District, Mueang Lampang District,  
Lampang 52100 Thailand  
Telephone : 66 (0) 05422 6299  
Fax: 66 (0) 05422 6233  
<http://www.hopinhotel.com/>

**HOP INN Chiang Rai**

934/28 Phaholyothin 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 Chiangmai Super Highway**

386 Chiang Mai - Lampang Rd., Fa Ham District, Mueng Chiang Mai District,  
Chiang Mai 50000 Thailand  
Telephone : 66 (0) 5512 5848  
Fax: 66 (0) 2280 5389  
<http://www.hopinhotel.com/>

**HOP INN Chaengwattana**

1/79 Mhoo 4 Klongkluea Sub-District, Pak kret District,  
Nonthaburi 11120 Thailand  
Telephone : 66 (0) 2147 2939  
Fax: 66 (0) 2147 2933  
<http://www.hopinhotel.com/>

**HOP INN Khon Kaen Mittraphap Road**

470 Mhoo 8 Mueang Kao Sub-District, Mueang khonkaen District,  
Khonkaen 40000 Thailand  
Telephone : 66 (0) 4342 4880  
Fax: 66 (0) 4342 4884  
<http://www.hopinhotel.com/>

**HOP INN Rayong Sukhumvit Road**

359/17 Sukhumvit road, Noen Phra Subdistrict, Mueang Rayong District,  
Rayong 21000 Thailand  
Telephone : 66 (0) 3861 0099  
Fax: 66 (0) 3861 0033  
<http://www.hopinhotel.com/>

**HOP INN Chiang Rai Clock Tower**

413/1 Airport Road Wiang Subdistrict, Mueang Chiang Rai  
District, Chiang Rai 57000 Thailand  
Telephone : 66 (0) 5360 0699  
Fax: 66 (0) 5360 0633  
<http://www.hopinhotel.com/>

**HOP INN Rangsit**

92/2 Phahonyothin Road, Prachathipat, Thanyaburi,  
Pathum Thani 12130 Thailand  
Telephone : 66 (0) 2147 2099  
Fax: 66 (0) 2147 2433  
<http://www.hopinhotel.com/>

#### HOP INN Hat Yai Downtown

264 Supasamransan Rd, Tambon Hat Yai, Amphoe Hat Yai,  
Songkhla 90110 Thailand  
Telephone : 66 (0) 7455 1199  
Fax: 66 (0) 7455 1133  
<http://www.hopinnhotel.com/>

#### HOP INN Nakhon Pathom

554 Rachamanka Road, Sanam Chan, Mueang Nakhon Pathom,  
Nakhon Pathom 73000 Thailand  
Telephone : 66 (0) 3490 0399  
Fax: 66 (0) 3496 6733  
<http://www.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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.hopinnhotel.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](http://www.erawanbangkok.com)



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

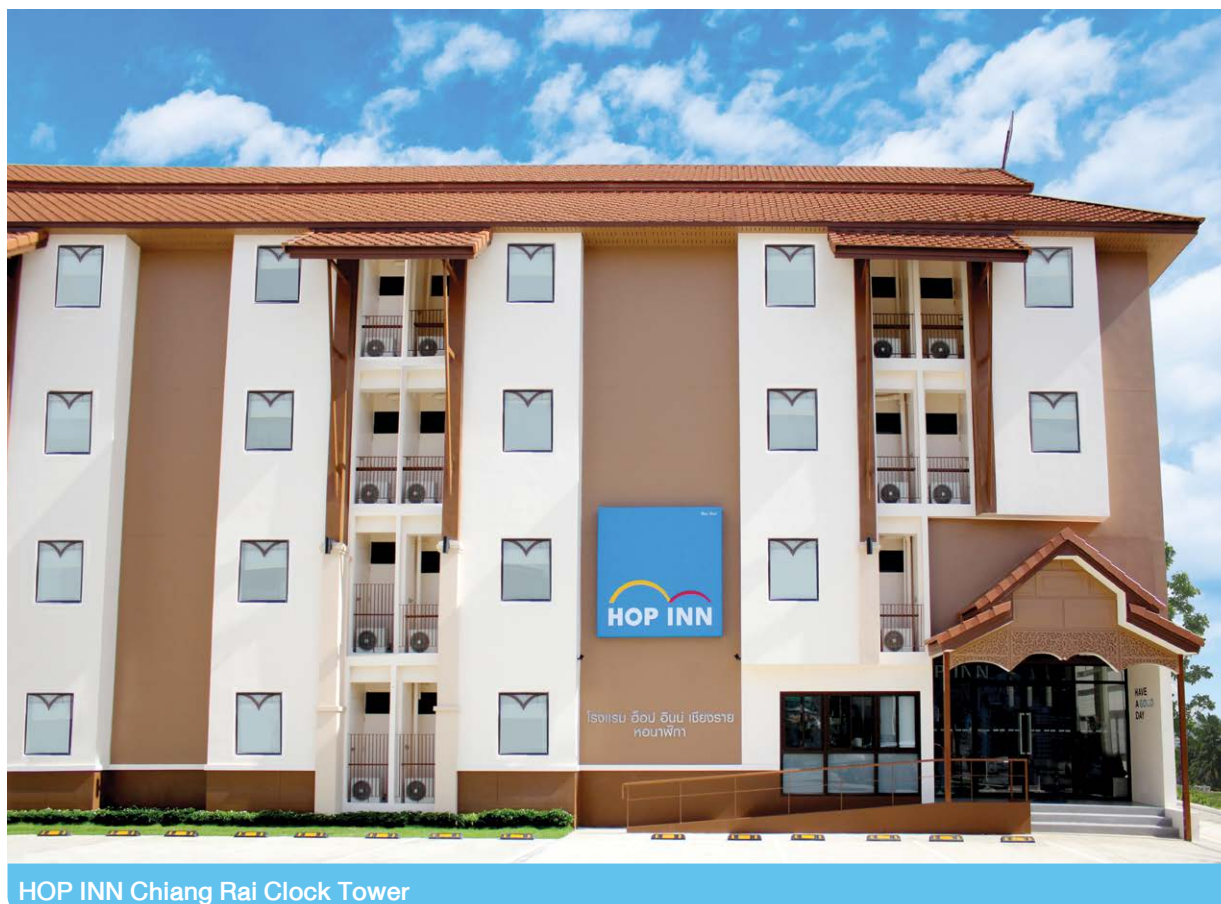
# CG Statement

Principle/Recommendation	Reference
Vision Mission and Core Values	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com Code of Conduct
Corporate Culture	Annual Report (56-2) www.TheErawan.com Code of Conduct
Our Business Strategy	Annual Report (56-2)
Operation Structure	Annual Information form (56-1)
<b>Shareholder and Management Structure</b>	
<ul style="list-style-type: none"> <li>Major Shareholders</li> <li>Directors' Name/Position/Education</li> <li>Roles and Responsibilities of the Board of Directors, the Committees and Management</li> <li>Independent Directors</li> <li>The Company's Executives</li> </ul>	Annual Report (56-2) Annual Information form (56-1) www.TheErawan.com
<ul style="list-style-type: none"> <li>Duties and Authorities of President</li> <li>Duties and Responsibilities of Company Secretary</li> </ul>	Annual Report (56-2) Annual Information form (56-1)
<ul style="list-style-type: none"> <li>Shareholding of the Board of Directors and Management</li> </ul>	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) Annual Information form (56-1) www.TheErawan.com



Principle/Recommendation	Reference
Code of Conduct	Annual Report (56-2) Annual Information form (56-1) <a href="http://www.TheErawan.com">www.TheErawan.com</a> Code of Conduct
<b>Qualification of Directors</b>	
<ul style="list-style-type: none"> <li>• Qualification of the Chairman of the Board</li> <li>• Qualification of Independent Director</li> <li>• Roles and Responsibility of The Board of Directors and the Management</li> </ul>	Annual Report (56-2) Annual Information form (56-1) <a href="http://www.TheErawan.com">www.TheErawan.com</a>
<ul style="list-style-type: none"> <li>• Board of Directors' Meeting</li> <li>• Evaluation of the Board's Performances</li> <li>• Nomination of Directors and Executives</li> <li>• Remunerations of the Board of Directors and Management</li> <li>• Responsibilities to the Stakeholders</li> <li>• Internal Control</li> <li>• Connected Transactions</li> </ul>	Annual Report (56-2) Annual Information form (56-1)
<b>Shareholder's meeting</b>	
<ul style="list-style-type: none"> <li>• Meeting Agendas – Submitted in advance</li> <li>• Announcement of the AGM Notice</li> <li>• Meeting's place</li> <li>• Announcement of the Meeting's date and agendas</li> <li>• Notification of the AGM's resolutions</li> <li>• Minutes of the AGM</li> </ul>	SET Notice <a href="http://www.TheErawan.com">www.TheErawan.com</a>
<b>Financial Information</b>	
<ul style="list-style-type: none"> <li>• 45 days for Quarterly Financial Statement Report and 60 days for Financial Statement for the year ended</li> <li>• Quarterly Management Discussion and Analysis / Full Year Management discussion and analysis</li> </ul>	SET Notice <a href="http://www.TheErawan.com">www.TheErawan.com</a>
<ul style="list-style-type: none"> <li>• 2 days after the meeting to announce a Quarterly Meeting Presentation</li> <li>• Quarterly Investor Factsheet</li> </ul>	IR quarterly meeting <a href="http://www.TheErawan.com">www.TheErawan.com</a>

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



HOP INN Chiang Rai Clock Tower

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)

อาคารเพลันจิต 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](http://www.theerawangroup.com)