

**Information Memorandum regarding the Acquisition of  
Assets of the Subsidiary Company (Schedule 2)**

**of**



**Dusit Thani Public Company Limited**

**(For Acknowledgement)**

**22 November 2017**

**(Unofficial Translation)**





# Dusit Thani

PUBLIC COMPANY LIMITED  
REG. NO. 0107536000617

- Translation -

CSO/EL018/2017

November 22<sup>nd</sup>, 2017

Subject Report on Assets Acquisition of the Subsidiary Company  
To Shareholders of Dusit Thani Public Company Limited  
Enclosure Information Memorandum regarding Acquisition of Assets of the Subsidiary Company (Schedule 2)

Dusit Thani Public Company Limited (“the Company” or “DTC”) would like to inform that in accordance with the conversion plan of DTCPF into DTCREIT in exchange for assets and liabilities of DTCPF, it causes the transfer of the following assets from DTCPF to DTCREIT (after the completion of conversion):-

- 1) Ownership in Dusit Thani Laguna Phuket
- 2) Leasehold rights of Dusit Thani Hua Hin
- 3) Ownership in dusitD2 Chiang Mai

Currently, Dusit Management Co., Ltd. (“DMCO”), the 99.9% owned subsidiary of DTC, is the lessee of land and hotel buildings from DTCPF. DMCO will be assigned the rights and obligations as per the Lease/Sub-Lease Agreement with DTCPF, the conditions of which are similar to the current Lease/Sub-Lease Agreement with DTCPF, except the rental calculation (as per details specified in the attached Information Memorandum Schedule 2)

When calculating the fixed annual rental of three hotels totaling Baht 205 million from the rental period and the remaining renewed agreement period<sup>1</sup>, which will be from 2018 to 2031 (total 14 years), that will represent the rental charge that DMCO to pay to DTCREIT in the amount of Baht 2,870 million. (The variable rental is not included in the calculation because it is forecast figures and uncertain). The present value of total fixed rental charge equals to Baht 1,993.59 million by using discount rate of 6.25% as per MLR.

The size of above transaction equals to 20.70% of total assets of the Company and its subsidiaries as of September 30<sup>th</sup>, 2017. After combining the size of such transaction with accumulated assets acquisition in the past six-month period, the total aggregate transaction size equals to 23.42% of total assets of the Company and its subsidiaries and is considered the acquisition and disposition of assets Class 2 under the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering into Material Transaction Deemed as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand in respect of the Disclosure of Information and Other Acts of the Listed Companies concerning the Acquisition and Disposition of Assets, 2004.

<sup>1</sup> The first agreement was executed on December 24<sup>th</sup>, 2010 and DMCO undertakes to renew the agreement for 6 times at every 3 years. DMCO had already renewed the lease agreement with DTCPF twice (The second renewed lease agreement was executed in 2017 and will end in 2019). The remaining 4 leasing terms will end in 2031.

The Company is required to disclose information regarding the asset acquisition to the Stock Exchange of Thailand (the “SET”) and send a written notice to shareholders within 21 days from the date of disclosure to SET.

In this regard, the Company had disclosed the Information Memorandum regarding Acquisition of Assets of the Subsidiary Company (Schedule 1) to the Stock Exchange of Thailand on November 10<sup>th</sup>, 2017 and the Information Memorandum regarding the Acquisition of Assets of the Subsidiary Company (Schedule 2) to shareholders of the Company is enclosed for acknowledgement.

Please be informed accordingly.

Sincerely yours,



Mr. Chanin Donavanik  
Director



Mrs. Suphajee Suthumpun  
Director

- Translation -

**Information Memorandum regarding the Acquisition of Assets of the Subsidiary  
Company of Dusit Thani Public Company Limited (Schedule 2)**

**1. Information Memorandum (Schedule 1) Notified to the Stock Exchange of Thailand on  
November 10<sup>th</sup>, 2017**

The Board of Directors Meeting of Dusit Thani Public Company Limited (the “Company”) No. 9/2017 held on November 9<sup>th</sup>, 2017 has passed the resolution regarding the acquisition of assets of the subsidiary company to lease and sub – lease assets from Dusit Thani Freehold and Leasehold Real Estate Investment Trust (“DTCREIT”) (to be executed after the completion of the conversion of Dusit Thani Freehold and Leasehold Property Fund (“DTCPF”) into DTCREIT).

In accordance with the conversion plan of DTCPF into DTCREIT in exchange for assets and liabilities of DTCPF, the following assets will be transferred from DTCPF to DTCREIT (after the completion of conversion):-

- 1) Ownership in Dusit Thani Laguna Phuket
- 2) Leasehold rights to Dusit Thani Hua Hin
- 3) Ownership in dusitD2 Chiang Mai

Currently, Dusit Management Co., Ltd. (“DMCO”), the 99.9% owned subsidiary of DTC, is the lessee of land and hotel buildings from DTCPF. DMCO will be assigned the rights and obligations as per the Lease/Sub-Lease Agreements with DTCPF, the conditions of which are similar to the current Lease/Sub-Lease Agreements with DTCPF, except the rental calculation (as per details specified in the Information Memorandum Schedule 2)

When calculating the fixed annual rental of three hotels totaling Baht 205 million from the rental period and the remaining renewed agreement period<sup>2</sup> which will be from 2018 to 2031 (total 14 years), that will represent the rental charge that DMCO to pay to DTCREIT in the amount of Baht 2,870 million (the variable rental is not included in the calculation because it is forecast figures and uncertain). The present value of total fixed rental charge equals to Baht 1,993.59 million by using discount rate of 6.25% as per MLR.

The size of transaction based on total value of consideration equals to 20.70% of total assets of the Company and its subsidiaries as of September 30<sup>th</sup>, 2017. After combining the size of such transaction with accumulated assets acquisition in the past six-month period, the total aggregate transaction size is 23.42% of total assets of the Company and its subsidiaries, which is higher than 15% but lower than 50% threshold. The transaction is considered the acquisition and disposition of assets Class 2 under the Notification of the Capital Market Supervisory Board No. TorJor 20/2551 RE: Rules on Entering into Material Transaction deemed as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of

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<sup>2</sup> The first agreement was executed on December 24<sup>th</sup>, 2010 and DMCO undertakes to renew the agreement for 6 times at every 3 years. DMCO had already renewed the lease agreement with DTCPF twice (The second renewed lease agreement was executed in 2017 and will end in 2019). The remaining 4 leasing terms will end in 2031.

Thailand regarding the Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004.

The Company, therefore, is required to disclose information regarding the asset acquisition to the Stock Exchange of Thailand (the “SET”) and send written notice to shareholders within 21 days from the date of disclosure of information to SET.

In this regard, the Company would like to notify the details of the transaction according to the Notification of the Capital Market Supervisory Board regarding the acquisition or disposition of assets as follows:

**1. Date of Transaction:**

Dusit Management Co., Ltd. (“DMCO”) will lease and sublease assets from DTCREIT after the conversion of DTCPF into DTCREIT is completed, which is expected to be within the end of 2017 after the Securities and Exchange Commission approved the application of issuing and offering investment trust units of DTCREIT.

**2. Parties Involved:**

Lessee:	DMCO
Lessor/ Sub lessor:	DTCREIT
Relationship with DTC:	DMCO is a 99.9% subsidiary of Dusit Thani Public Company Limited (“DTC”)

DTCREIT is a real estate investment trust that DTC holds the 30.02% sellable units during conversion from DTCPF. Dusit Thani Properties REIT Co., Ltd. (“DTPR”), which is a 99.9% subsidiary of DTC is fund manager of DTCREIT.

**3. General Characteristics of the Transaction:**

DMCO will be assigned rights and obligations under Lease/ Sublease Agreements from DTCPF. It will therefore lease and/or sublease land and hotel buildings from DTCREIT after the completion of conversion. Leased assets are as follows:

- 3.1 Dusit Thani Laguna Phuket (Lease)
- 3.2 Dusit Thani Hua Hin (Sub-Lease)
- 3.3 dusitD2 Chiang Mai (Lease)

**4. Details of Lease Agreement (after the conversion is completed, the lessor will be Dusit Thani Freehold and Leasehold Real Estate Investment Trust)**

**4.1 Dusit Thani Laguna Phuket Hotel**

**Summary of the Lease Agreement (Dusit Thani Laguna Phuket Hotel)**

<b>Lessor</b>	Dusit Thani Freehold and Leasehold Property Fund (“DTCPF”)
<b>Lessee</b>	Dusit Management Co., Ltd. (the “Lessee”)
<b>Leased Properties</b>	(1) Land, in whole or in part (as the case may be), under Title Deeds No. 5971, 5917, 11956, 42109, 45114, 45115, located at No. 390, Srisunthorn Road, Choeng Thale Subdistrict, Thalang District, Phuket Province, with the approximate area of 33-2-60.3 rai, as at the date of the agreement. (2) Buildings or structures constructed on the land, including the utilities, system works, and facilities which form the component parts of the

	buildings, including a 3-storey hotel building with 226 guest rooms. (3) Furniture and facilities and equipment relevant to the hotel business operation, e.g., beds, wardrobes, cupboards, sanitary wares, electrical appliances.
<b>Lease Term</b>	3 years from the execution date of the agreement which was December 24 <sup>th</sup> , 2010, unless DTCPF exercises its right to renew the agreement in accordance with the terms and conditions hereof.
<b>Rental</b>	The rental charge and method of calculation for the three hotels namely Dusit Thani Laguna Phuket, Dusit Thani Hua Hin and DusitD2 Chiang Mai is described in item 5 about “total consideration of the acquired assets”.
<b>Duties of the Lessee</b>	The duties of the Lessee under the Lease Agreement are summarized as follows: (1) The Lessee shall use the Leased Properties in accordance with the objectives of the lease specified in the agreement and shall not operate any business that is in violation of the law on the Leased Properties; (2) The Lessee shall procure that a hotel manager whose qualifications meet international hotel management standards is engaged in order to operate the hotel business in accordance with the terms and conditions that are deemed to be acceptable to DTCPF, during the entire lease term hereunder and any extended lease term (if any); (3) The Lessee shall exercise its best efforts in maintaining the Leased Properties in good condition during the term of the lease; (4) The Lessee shall not commit any act or allow any person to commit any act that is in violation of the law, or hazardous to a person’s health, or the nature of which is repulsive or causes distress or nuisance for others, on the Leased Properties; (5) The Lessee agrees that it shall operate a hotel business and other related businesses in accordance with the objectives under the agreement only. The Lessee agrees that it shall not create any debt or obligations, unless such creation of debts or obligations is in the ordinary course of a hotel business and other related businesses (e.g., hotel operational expenses) or is a result of compliance with this agreement or other relevant agreements. The Lessee agrees to maintain its Debt to Equity Ratio at 2.5 to 1, whereby the calculation of such ratio shall be inclusive of only the debt arising from borrowings from financial institutions, excluding borrowings from Dusit Thani Public Company Limited as provided under the Lease Agreement; (6) The Lessee shall strictly comply with the terms and conditions and provisions of the law which are material to the operation of a hotel business; (7) The Lessee shall comply with the material terms and conditions hereof and maintain the licenses that are important to the operation of a hotel business during the entire term of this agreement; and (8) The Lessee shall not create any encumbrance on the Leased Properties.

#### **4.2 Dusit Thani Hua Hin Hotel**

##### ***Summary of the Sublease Agreement, Dusit Thani Hua Hin Hotel***

<b>Sub lessor</b>	Dusit Thani Freehold and Leasehold Property Fund (“DTCPF”)
<b>Sub lessee</b>	Dusit Management Co., Ltd. (the “Sub lessee”)
<b>Leased Properties</b>	(1) Land, in whole or in part (as the case may be), where Dusit Thani Hua Hin Hotel is situated, under Title Deeds No. 6101, 6102, 24102, 24103, and 24104, located at No. 1349, Phet Kasem Road, Cha-am District, Phetchaburi Province, with the approximate area of 63-1-60 rai, including component parts of the leased land.

	<p>(2) Buildings as follows:</p> <ol style="list-style-type: none"> <li>1. Seven-storey building with 296 guest rooms</li> <li>2. The Pavilion Building</li> <li>3. The Royal Dusit Hall Building</li> <li>4. Krua Thai Building</li> <li>5. Krua Rim Ta-le Building</li> <li>6. Boat House Building</li> <li>7. Soom-Nam Song Thai Building</li> <li>8. Wastewater treatment Building</li> <li>9. Gas storage Building</li> <li>10. Engine Storage Building</li> <li>11. Four tennis courts</li> <li>12. Large lotus pond</li> <li>13. Two swimming pools</li> </ol> <p>(3) Furniture, facilities tools and equipment relevant to the hotel business operation, e.g., beds, wardrobes, cupboards, sanitary wares, electrical appliances.</p>
<b>Lease Term</b>	3 years from the execution date of the agreement which was December 24 <sup>th</sup> , 2010, unless DTCPF exercises its right to renew the agreement in accordance with the terms and conditions hereof.
<b>Right to Renew the Lease Agreement upon Expiry</b>	DTCPF shall have the right to demand that the Lessee continue leasing the Leased Properties following the termination of this agreement, subject to the conditions specified in the Sublease Agreement. However, each extended lease term shall not exceed 3 years.
<b>Rental</b>	The rental charge and method of calculation for the three hotels namely Dusit Thani Laguna Phuket, Dusit Thani Hua Hin and DusitD2 Chiang Mai is described in item 5 about “total consideration of the acquired assets”.
<b>Duties of the Sub lessee</b>	Same as those Duties of the Sub lessee of the Lease Agreement (Dusit Thani Laguna Phuket Hotel).

### ***4.3 dusitD2 Chiang Mai Hotel***

#### **Summary of the Lease Agreement, DusitD2 Chiang Mai Hotel**

<b>Lessor</b>	Dusit Thani Freehold and Leasehold Property Fund (“DTCPF”)
<b>Lessee</b>	Dusit Management Co., Ltd. (the “Lessee”)
<b>Leased Properties</b>	<ol style="list-style-type: none"> <li>(1) Land under Title Deeds No. 20166, 20167, 12435, 12434, 12433, 12432, and 2503, located at No. 100, Chang Klan Road, Chang Klan Sub district, Mueang Chiang Mai District, Chiang Mai Province, with the total area approximately 2-2-65 rai, including the component parts thereof.</li> <li>(2) Buildings or structures constructed on the land, including the utilities, system works, and facilities which form the component parts of the buildings, i.e., an 11-storey building (including basement) and two 3-storey office buildings.</li> <li>(3) Furniture and facilities and equipment relevant to the hotel business operation, e.g., beds, wardrobes, cupboards, sanitary wares, electrical appliances.</li> </ol>
<b>Lease Term</b>	3 years from the execution date of the agreement which was December 24 <sup>th</sup> , 2010, unless DTCPF exercises its right to renew the agreement in accordance with the terms and conditions hereof.
<b>Right to Renew the Lease Agreement upon Expiry</b>	Same as those Right to Renew the Lease Agreement upon Expiry of the Lease Agreement (Dusit Thani Laguna Phuket Hotel).



<b>Condition to Renew the Lease Agreement upon Expiry</b>	Same as those Condition to Renew the Lease Agreement upon Expiry of the Lease Agreement (Dusit Thani Laguna Phuket Hotel).
<b>Rental</b>	The rental charge and method of calculation for the three hotels namely Dusit Thani Laguna Phuket, Dusit Thani Hua Hin and dusitD2 Chiang Mai is described in item 5 about “total consideration of the acquired assets”.
<b>Duties of the Lessee</b>	Same as those Duties of the Lessee of the Lease Agreement (Dusit Thani Laguna Phuket Hotel).

## 5. Total Value of Consideration of the Acquired Assets

The rental charge consists of fixed annual rental and variable rental. Lease term is calculated from the remaining leasing period after DTCREIT accepts the transfer of ownership and lease right of assets from DTCPF with the remaining leasing period from 2018 to 2031 (total 14 years). The details of which are as follows:

### 5.1 Total Rental Charge

Total rental charge equals to the last fixed rental charge plus variable rental which is equivalent to EBITDA subtracted by the share of lessee<sup>(i)</sup> or plus compensation of lessee.<sup>(ii)</sup>

Whereas

EBITDA means Earning Before Interest, Tax, Depreciation and Amortization of asset that DTCREIT invested based on the formula under no. 5.5 calculation method.

(i) Means in the event that EBITDA is more than or equal to the initial fixed rental

(ii) Means in the event that EBITDA is less than the initial fixed rental

### 5.2 Fixed Rental

Fixed annual rental means the initial fixed annual rental charge or the last fixed annual rental. (subject to the case)

Whereas

#### 5.2.1 Initial fixed rental

(a) In case of the renewal year of lease agreement

It will amount to Baht 205 million per annum or two thirds of total average rental for the past three years, subject to either of higher amount.

(b) In case of during three years which are not the renewal year of agreement

It will amount to Baht 205 million per annum or the last fixed rental for the previous year, subject to either of higher amount.

5.2.2 Last fixed rental equaling to the initial fixed rental or at the rate of two thirds of total rental charge of that year, subject to either of higher amount

In this regard, for any accounting year period, in the case where the accumulation of all initial fixed rental that DMCO pays to DTCREIT is lower than the last fixed rental pursuant to the result from the calculation based on the abovementioned formula, by using the financial information of DMCO set out in the financial statements for the year which is audited by the auditor of DMCO who is approved by the SEC Office. DMCO agrees to pay / compensate the difference thereof with the rental that DTCREIT is entitled to receive within the next period after the rental charge is calculated.

**5.3 Variable Rental**

The variable rental equals to EBITDA which is subtracted by the last fixed rental, subtracted by the share of lessee<sup>(i)</sup> or plus the compensation of lessee<sup>(ii)</sup>, based on the calculation by quarterly or yearly. (subject to the case)

Whereas

EBITDA means Earnings Before Interest, Tax, Depreciation and Amortization of asset that DTCREIT invested based on the formula under no. 5.5 calculation method.

- (i) Means in the event that EBITDA is more than or equal to the initial fixed rental
- (ii) Mean in the event that EBITDA is less than the initial fixed rental

In this regard, for any accounting year period, in the case where the initial fixed rental that DMCO pays to DTCREIT is different from the variable rental pursuant to the result from the calculation based on the abovementioned formula, by using the financial information of DMCO in the financial statements for the year which is audited by the auditor of DMCO who is approved by the SEC Office. DMCO agrees to set off the difference thereof with the rental that DTCREIT is entitled to receive or DTCREIT agrees to offset the surplus variable rental together with the rental that DTCREIT is entitled to receive by the next accounting period after the result of calculation.

**5.4 Share of Lessee or Compensation from Lessee**

5.4.1 In this regard, the Share of Lessee shall mean only in case of EBITDA is more than or equal to the initial fixed rental.

Whereas, Share of Lessee shall be equal to the lower amount of the followings:

- EBITDA – initial fixed rental; or
- (EBITDA – 205,000,000) X (1-A)

A = at the rate of 85% from the date of January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2022, and at the rate of 80% from January 1<sup>st</sup>, 2023 onwards.

5.4.2 The Compensation from Lessee shall mean only in the case that EBITDA is less than the initial fixed rental.

Whereas, Compensation from Lessee = Initial Fixed Rental - EBITDA

At year end, the initial fixed rental shall be equal to the last fixed rental

**5.5 Earnings Before Interest, Tax, Depreciation and Amortization of asset that DTCREIT invested (EBITDA)**

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) of assets that DTCREIT invested	$EBITDA = (B - C - D - E)$ <p>B = Total revenues from the hotel business operation (revenues with respect to the guest rooms, food and beverages, and other operations) during the quarter or in that year (as the case may be)</p> <p>C = Total costs from the hotel business operation (costs with respect to the guest rooms, food and beverages, and other operations) during the quarter or in that year (as the case may be)</p> <p>D = Total expenses incurred due to the sales and services from the hotel business operation during the quarter or in that year (as the case may be)</p> <p>E = Total expenses incurred due to the other operations from the hotel business operation (property tax, hotel management fee, business interruption insurance premiums, and public liabilities insurance premium, etc.) during the quarter or in that year (as the case may be)</p>
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When calculating the fixed annual rental of three hotels totaling Baht 205 million from the leasing period and the remaining renewed agreement period<sup>3</sup> which will be from 2018 to 2031 (total 14 years), that will represent the rental charge that DMCO must pay to DTCREIT in the amount of Baht 2,870 million. The present value of total fixed rental charge equals to Baht 1,993.59 million by using discounted rate of 6.25% as per MLR, representing the transaction size of 20.70% based on the Company's consolidated financial statements as of September 30<sup>th</sup>, 2017. This transaction is considered as the transaction of acquisition and disposition of assets Class 2 under the Notification of Capital Market Supervisory Board No. TorJor 20/2551, therefore, the Company is required to disclose the information regarding the Company's transaction to the Stock Exchange of Thailand (the "SET") and sending a written notice to shareholders within 21 days from the date of information disclosure to SET.

#### **6. Basis Used to Determine the Value of Consideration**

The value of assets rental for the business operation of Dusit Thani Laguna Phuket, dunitD2 Chiang Mai and sublease of assets for the business operation of Dusit Thani Hua Hin derived from the comparative rental rate of hotels by other property funds. The calculation method of rental rate is based on mutual agreement by counter parties which is based on the current rental rate paid to DTCPF. However, the variable rental has been adjusted to be in accordance with the criteria of generating benefits from the key assets under the Notification No. TorJor 49/2012.

#### **7. Expected Benefit from the Transaction**

The lease and sublease of the three hotels will generate revenues to DTC from the hotel management fee because DMCO will continuously engage DTC to manage the hotels (currently, DTC is engaged to manage the hotels from DMCO). In the event that all three hotels gain total EBITDA more than the fixed rental paid to DTCREIT, DMCO may gain the share as the lessee.

#### **8. Source of fund**

From DMCO's working capital (which is the performance of all three hotels) and partial loan from DTC.

#### **9. Opinion of the Board of Directors on the transaction**

The Board of Directors and the Audit Committee have considered that the transaction of leasing/sub-lease of three hotels by DMCO from DTCREIT will generate the recurring revenues from being the hotel management.

#### **10. Opinion of the Audit Committee and/ or the directors which are different from the Board of Directors' opinion**

- None -

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<sup>3</sup> The first agreement was executed on December 24<sup>th</sup>, 2010 and DMCO undertakes to renew the agreement for 6 times at every 3 years. DMCO had already renewed the lease agreement with DTCPF twice (the second renewed lease agreement was executed in 2017 and will end in 2019). The remaining 4 leasing terms will end in 2031.

## General Characteristics of the Transaction

The abovementioned transaction is the acquisition of assets as per the following category and size:

### 1. Category of the transaction:

The aforementioned transaction is considered as the acquisition of assets in Class 2 transaction under the Notification of the Capital Market Supervisory Board No. Tor Chor. 20/2551 Re: Rules on Entering into Material Transaction Deemed as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004 by total value of consideration basis and when compared with the Company's consolidated financial statements as of September 30<sup>th</sup>, 2017, it equals to 20.70%. When including the accumulated assets acquisition in the past 6 months, it equals to 23.42% which is higher than 15% but lower than 50%.

### 2. The transaction size:

#### The acquisition of assets

According to the Company's consolidated financial statements as of September 30<sup>th</sup>, 2017

The present value of total rental charge	=	Baht 1,993.59 million
The Company's total assets	=	Baht 9,631.82 million
The total value of consideration	=	$\frac{\text{The value of acquisition of assets}}{\text{The Company's total assets}}$
	=	$\frac{1,993.59 \times 100}{9,631.82}$
	=	20.70%

Details of the calculation of the size of rental transaction that DMCO must pay to DTCREIT.

Basis of calculation	Transaction size
1. Net tangible assets (NTA) basis	Cannot be calculated
2. Net profit basis	Cannot be calculated
3. Value of consideration basis	20.70%
4. Value of securities issued as consideration for the acquired assets	Cannot be calculated

Value of acquisition of assets for the past 6 months on a value of consideration basis (June-November 2017)	Amount of Investment	Size of transaction
Establishment of a new subsidiary company - Dusit Thani Properties REIT Co., Ltd.	Baht 10.00 million	0.11%
Purchase of land on Sathorn road to accommodate the future business expansion	Baht 179.34 million	1.84%
Establishment of a new subsidiary company (on process of establishment)	Baht 75.00 million	0.77%
Total amount of transaction in the past 6 months prior to the rental transaction of DMCO /DTCREIT	Baht 264.34 million	2.72%

### **Conditions of entering into the transaction**

The transaction mentioned above is considered as the acquisition of assets Class 2 transaction according to the Notification of the Capital Market Supervisory Board No. Tor Chor. 20/2551 Re: Rules on Entering into Material Transaction Deemed as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004. Thus, the Company is obligated to disclose information pertaining to the entering into such transaction to the Stock Exchange of Thailand and to deliver the written notice to shareholders within 21 days from the date of Information Memorandum disclosure to The Stock Exchange of Thailand.

### **Opinions of the Board of Directors concerning a decision to enter into a transaction**

The Board of Directors and the Audit Committee have considered that the transaction of leasing/sub-lease of three hotels by DMCO from DTCREIT will generate the recurring revenues from being the hotel management to DTC.

### **Opinions of the Company's Audit Committee and/or directors which are different from the opinions of the Board of Directors**

-None-

## **2. The responsibilities of the Board of Directors of the Company regarding the Information Memorandum sent to shareholders**

The Board of Directors of the Company have carefully reviewed the content of the information memorandum and have verified that the information contained herein is correct, accurate, and will not cause misunderstanding to any persons or is not lack of substantial information which should have been informed.

## **3. Liabilities**

### **3.1 Total balance of term loans**

As of September 30<sup>th</sup>, 2017, the Company and subsidiaries have term loans from financial institutions in the amount of Baht 1,147 million. The Company has guaranteed such loan of a subsidiary in overseas in the amount not exceeding USD 27 million (or approximately Baht 900 million) and a subsidiary in Thailand in the amount of Baht 116 million.

### **3.2 Total balance of other liabilities**

As of September 30<sup>th</sup>, 2017, the Company and subsidiaries have bank overdrafts and short-term loans from financial institutions in the amount of Baht 617 million.

### **3.3 Contingent liabilities**

As of September 30<sup>th</sup>, 2017, the Company and subsidiaries have capital commitments – hotel renovation totaling Baht 58 million.

## **4. Summary of the Company information**

### **4.1 Nature and Trend of Business**

The Company's businesses comprise hospitality services, hotel management services, "Dusit Thani" trademark licensing, education business and other related businesses. Details are as follows:-

Company	Nature of Business
<b>Hotel and Hotel Management Business</b>	
Dusit Thani Public Company Limited	<ul style="list-style-type: none"> <li>- Owns “Dusit Thani”, “Dusit Princess”, “dusitD2”, “Dusit Devarana” and “Dusit Residence” trademark.</li> <li>- Owns and operates 2 hotels namely Dusit Thani Bangkok and Dusit Thani Pattaya</li> <li>- Provides management services to local hotels</li> <li>- Owns and operates the office building for rent named Dusit Thani Building</li> </ul>
Philippine Hoteliers, Inc.	<ul style="list-style-type: none"> <li>- Owns hotel in the Philipinnes named Dusit Thani Manila</li> </ul>
Dusit Thai Properties Public Company Limited	<ul style="list-style-type: none"> <li>- Owns “Royal Princess” trademark</li> <li>- Own land and hotel building of Dusit Thani Hua Hin</li> <li>- Owns hotels namely Dusit Princess Chiang Mai, Dusit Princess Srinakarin and Dusit Princess Korat</li> </ul>
Dusit Overseas Co., Ltd.	<ul style="list-style-type: none"> <li>- Provide management services to hotels and serviced apartment in overseas</li> </ul>
Dusit Management Co., Ltd.	<ul style="list-style-type: none"> <li>- An established juristic person for hotel operation of Dusit Thani Laguna Phuket, dusitD2 Chiang Mai and Dusit Thani Hua Hin to support the property management of Dusit Thani Freehold and Leasehold Property Fund</li> </ul>
Dusit Thani Freehold and Leasehold Property Fund	<ul style="list-style-type: none"> <li>- Owns 2 hotels namely Dusit Thani Laguna Phuket and dusitD2 Chiang Mai</li> <li>- Owns leasehold rights of Dusit Thani Hua Hin</li> </ul>
DMS Property Investment Private Limited	<ul style="list-style-type: none"> <li>- Owns Dusit Thani Maldives</li> </ul>
Dusit USA Management Inc.	<ul style="list-style-type: none"> <li>- Provide hotel management services in USA</li> </ul>
Dusit Fudu Hotel Management (Shanghai) Co., Ltd.	<ul style="list-style-type: none"> <li>- Provide hotel management services in China</li> </ul>
Dusit Saudi LLC	<ul style="list-style-type: none"> <li>- Joint venture between Dusit Overseas Co., Ltd. and Dyar Hotels and Resorts Limited</li> <li>- Provides hotel management services in Saudi Arabia, Middle East and North Africa</li> </ul>
Dusit Worldwide Co., Ltd.	<ul style="list-style-type: none"> <li>- Provides marketing services for hotels in Thailand and overseas to affiliated companies</li> </ul>
Dusit China Capital Co., Ltd.	<ul style="list-style-type: none"> <li>- Holds shares in Dusit Fudu Hotel Management (Shanghai) Co., Ltd.</li> </ul>
Dusit Thani Properties Co., Ltd.	<ul style="list-style-type: none"> <li>- Invests in other companies</li> </ul>

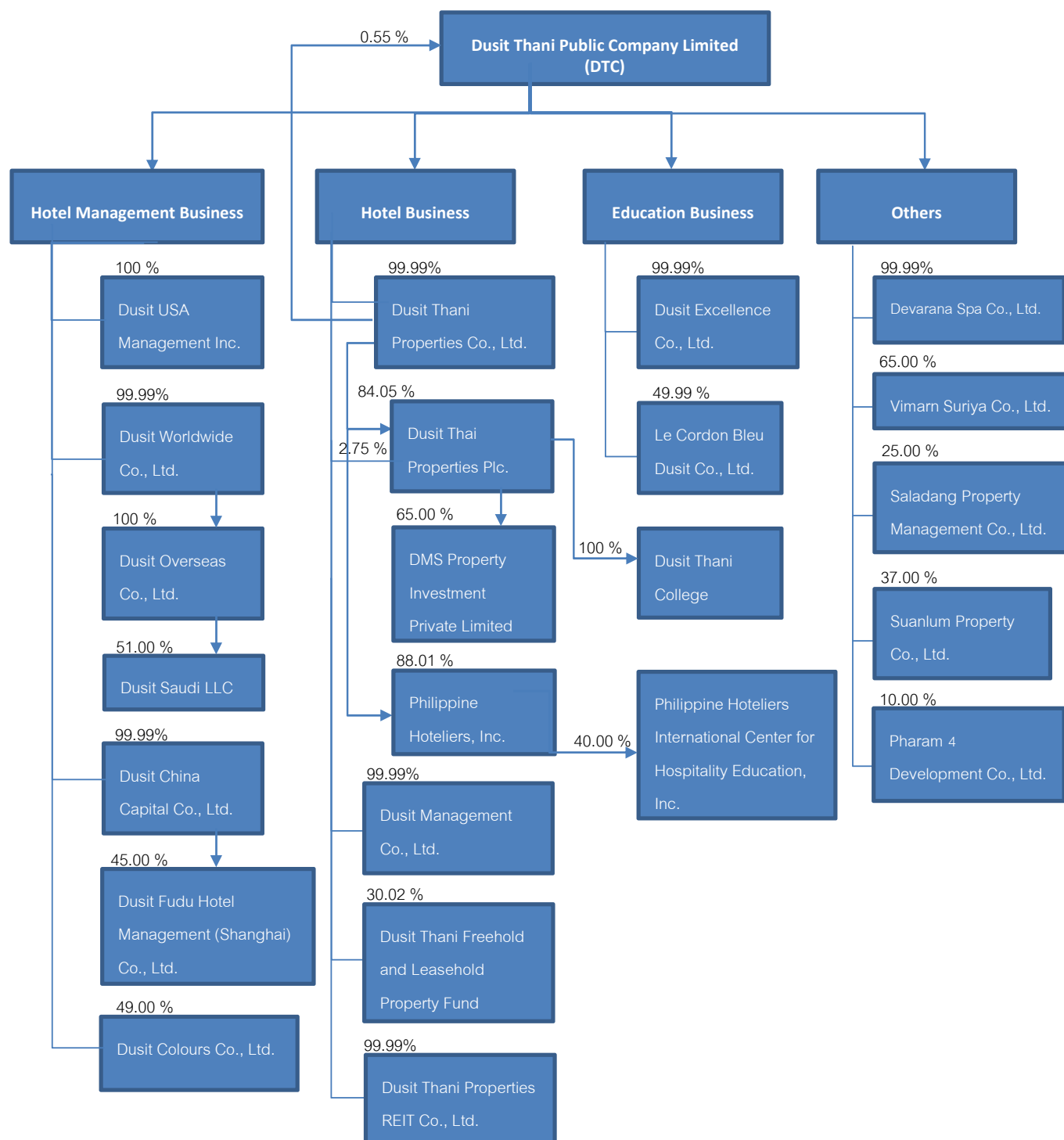
<b>Company</b>	<b>Nature of Business</b>
Dusit Colors Co., Ltd.	- Provides technical management and consulting services related to hotel, serviced apartment, real estate, restaurant, spa and others in the form of rent, franchise and/or ownership in Japan
Dusit Thani Properties REIT Co., Ltd.	- REIT Manager
<b>Education Business</b>	
Dusit Thani College	- Educational institute offering hotel management and administration courses
Le Cordon Bleu Dusit Co., Ltd.	- French style culinary school
Philippine Hotelier International Center for Hospitality Education Inc.	- Operates education business in the Philippines
Dusit Excellence Co., Ltd. (Formerly Dusit Thani Hotel Studies Co., Ltd.)	- Operates the school building for rent
<b>Other Related Businesses</b>	
Devarana Spa Co., Ltd.	- Operates spa business
Vimarn Suriya Co., Ltd.	- Developer of hotel, residential building and shopping complex
Suanlum Property Co., Ltd.	- Developer of shopping complex
Pharam 4 Development Co., Ltd.	- Developer of office building
Saladang Property Management Co., Ltd.	- Operate office building for rent

Remark: Details as of October 31<sup>st</sup>, 2017.

## 4.2 Shareholding Structure of the Company

Shareholding structure of the group of Dusit Thani Public Company Limited as of October 31<sup>st</sup>, 2017.

Dusit Thani Public Company Limited  
Shareholding Structure as of October 31<sup>st</sup>, 2017



Remarks: Dusit Excellence Co., Ltd. is changed from Dusit Thani Hotel Studies Co., Ltd.



## 4.3 Financial information and performance

### 4.3.1 Summary of financial information

	Year 2014	Year 2015	Year 2016	9-Month 2016	9-Month 2017
<b>Financial position</b> (in Thousand Baht)					
Total assets	9,012,391	9,388,476	9,032,977	8,777,687	9,631,826
Total liabilities	3,800,281	3,984,011	3,678,888	3,539,193	4,079,368
Equity attributable to owners the Company	4,443,286	4,593,203	4,588,981	4,494,798	4,525,781
<b>Performance</b> (in Thousand Baht)					
Total revenues	5,174,699	5,369,590	5,425,132	4,009,362	3,776,872
Revenue from sales and services	4,675,480	4,895,150	4,974,352	3,697,111	3,416,506
Cost of sales and services	2,902,863	2,901,951	2,915,209	2,170,423	2,047,274
Depreciation and amortization	618,382	643,922	661,689	539,141	449,151
Total expenses	1,618,021	1,531,209	1,706,870	1,227,951	1,273,074
Net profit	13,250	253,101	152,915	72,008	598
Net profit (loss) - the Company	(20,645)	199,189	114,121	39,353	(23,158)
<b>Ratios per share</b> (Baht)					
Net profit (loss) - the Company	(0.024)	0.236	0.135	0.047	(0.027)
Dividend	1.00	1.20	0.10	-	-
Book value	5.26	5.43	5.43	5.31	5.35
Number of shares (million shares)	850.00	850.00	850.00	850.00	850.00
<b>Financial ratios</b> (%)					
Net profit (loss) / Total revenues	0.26	4.71	2.82	0.98	(0.61)
Return on equity	(0.46)	4.41	2.49	3.27	1.14
Return on assets	1.00	3.58	2.19	3.13	1.49

### 4.3.2 Performance

The performance for the 9-month 2017 compared to the same period of 2016 is as following:

*The Company has net loss of Baht 23 million. The main drivers were attributable to a decrease in room revenue due to 3-hotel renovations and an increase in administrative expenses to support business expansion.*

For the first nine months, the Company has total revenue of Baht 3,777 million, decreased by 5.8% from the same period of last year, mainly resulted from the followings:

#### Hotel business

Revenues from hotel business declined by 10.0% from the same period of last year to Baht 3,091 million due mainly to

- Revenues from hotels in Thailand including hotels under Property Fund dropped by 7.5% from the same period of last year, driven mainly by declining numbers of guests of Dusit Thani Hua Hin, room renovations of Dusit Thani Laguna Phuket and Dusit Thani Pattaya, as well as lower F&B revenues particularly the catering service of Dusit Thani Bangkok.

- The impact from foreign currency translation of the financial statements and room renovations of Dusit Thani Manila caused the overseas hotel revenue decreased by 2.0% from the same period of last year. However, the revenue from Dusit Thani Maldives increased as its occupancy increased.

### **Education business**

Revenue from education business was Baht 271 million, decreased by 7.2% from the same period of last year, resulted from the repositioning of education business by closing Dusit Thani Hotel School (DTHS) in the 3<sup>rd</sup> quarter 2017 to utilize DTHS's building and facilities for Dusit Thani Excellence Center (DTEC) under Dusit Thani College.

### **Hotel management business**

Revenue from hotel management increased by 2.7% from the same period of last year to Baht 105 million thanks to higher revenue from Dusit Thani Lakeview Cairo and Dusit Thani Guam.

### **Other business**

Other business revenue totaling Baht 310 million, increased by 73.2% from the same period of last year, mainly driven by the recognition of Baht 90 million lease right assignment fee.

### **Selling and administrative expenses**

Selling and administrative expenses for the 9-month period rose by 5.5% to Baht 1,201 million. This resulted from higher administrative expenses from legal and financial advisory fees of the Mixed-use project, corporate restructuring project and other projects. In addition, personnel expenses increased from hotel and education business to support businesses expansion. However, selling expenses decreased due to lower revenue from sales and services.

### **Finance cost**

The finance cost dropped by 22.5% from the same period of last year to Baht 44 million due to repayment of long-term loan and the impact of the Baht appreciation to foreign currency translation of financial statements despite higher interest rates.

### **Net profit**

The Company has net profit of Baht 0.6 million, compared to net profit of Baht 72 million for the 9-month period of last year. The net profit attributable to the owners of the Company (as loss) for this period was Baht 23 million, compared to net profit attributable to the owners of the Company Baht 39 million for the 9-month period of last year.

### **Financial position**

#### **Assets**

As of September 30<sup>th</sup>, 2017, the Company has total assets of Baht 9,632 million, increased by Baht 599 million, or 6.6% from December 31<sup>st</sup>, 2016.

- Current assets decreased by Baht 263 million due mainly to a decrease in cash and cash equivalents (Baht 355 million) and an increase of short-term investments from fixed deposit of subsidiaries (Baht 88 million).
- Non-current assets increased by Baht 861 million due to an increase in prepaid rental of land and building of Mixed-use project to The Crown Property Bureau (Baht 834 million), an increase in available-for-sale investments due to the changes in fair value of investments (Baht 98 million), a decrease in property, plant and equipment - net from depreciation despite additional investment in property, plant and equipment (Baht 316 million).

## Liabilities

As of September 30<sup>th</sup>, 2017, the Company has total liabilities of Baht 4,079 million, increased by Baht 400 million, or 10.9% from December 31<sup>st</sup>, 2016.

- Current liabilities increased by Baht 10 million due to an increase in bank overdraft and short-term loan from financial institutions of Baht 156 million and a decrease in trade and other payables of Baht 163 million.
- Non-current liabilities increased by Baht 391 million mainly as a result of the rental deposit for the Mixed-use project of Baht 492 million.

## Equity attributable to owners of the Company

As of September 30<sup>th</sup>, 2017, Equity attributable to owners of the Company is Baht 4,526 million, decreased Baht 63 million, resulted from the loss performance for the 9-month period 2017 Baht 23 million, unrealized gain on investments held as available for sales (fair value) Baht 110 million and the impacts of exchange differences (loss) on translating financial statements Baht 65 million and dividend paid Baht 85 million.

### 4.4 Risk factors

Risk factors which could be affected to the operations of the Company are such as

#### ➤ Internal Risk Factors

- **Risk from Revenue Reliance on Hotel Business**

The company's revenues are mainly contributed from hotel business; while others business generate additional revenue at a lesser amount. As for 2016, the company's total revenue from hotel business accounts for 85.18 % of the total revenues; whereas those of education and other business account for 8.15% and 6.67% respectively. Therefore, the company's ability to generate revenues and profits may vary according to economic, political and social uncertainties.

To cope with the risk of overreliance on hotel business, the company has attempted to diversify its revenue stream by increasing the revenues from education and other business. The Company has geared up its education business, in addition to the expansion of its distinguished Dusit Thani College, by opening Dusit Thani Excellence Centre (DTEC) with the aim to be the research and development center. Furthermore, New Business Development Department was formed in 2016 to aggressively strengthen the company's portfolio to other potential businesses.

As for hotel business, the company has still embarked on increasing its hotel management services overseas especially in those promising regions, Middle East –United Arab Emirates, Eastern Asia –China, South Asia –India, including Europe and Africa, all of which are deemed major emerging markets with high purchasing power and potential growth. This will also help ensure a proper balance of revenue streams which are currently dominated by domestic hotels.

- **Risk From Hotel Management Service**

The Company has continuously expended its hotel management service in both domestic and overseas locations under the management agreement terms of 2-15 years. Therefore, the company and its subsidiaries are inclined to encounter with the risks caused by the premature cancellation of the agreement, the denial to renew the management contract or changes in related rules and regulations, which will impact the company's gross revenues.

In 2016, the company and its subsidiaries earned 2.72% of the total revenue from hotel management service. However, in response to this risk, the company has leverage its

management standards—ranging from sales & marketing, operations, human resources, finance and information technology—to ensure its work efficiency, to enhance competitiveness and to strengthen the brand recognition worldwide. In addition, the company and its subsidiaries have carefully considered the terms and conditions of the management agreement in order to reduce the impact from such risks

- **Risk from New Investment Projects**

In addition to the expansion of its hotel management service, the company and its subsidiaries have also considered investing in potentially high return projects as part of its business expansion plan. In the past years, the company has conducted in-depth studies for several investment projects both in domestic and overseas locations. Nevertheless, associated risk factors, together with the return of investment, were taken into consideration for maximizing the benefit of the company. Despite the fact that a considerable number of studies have been conducted cautiously, the company still certainly has potential risks from this business movement such as market acceptance, revenues fluctuation, changes in construction cost and related rules and regulations.

To mitigate the possible materialization of such risks, companies well-known for their expertise in feasibility studies are hired. The obtained information from such analysts shall be considered by experienced executive committees prior to any future investment decision to ensure the worthwhile returns of each project and the enhancement of the company's value.

- **Credit and Financial Security Risk**

As of October 31<sup>st</sup>, 2017, the Company and its subsidiaries have long-term loan with financial institutions worth in total of Baht 1,137 million of which Peso 991.68 million (Peso 580.5 million outstanding loan) for hotel renovation. Besides, a subsidiary of the Company also has a long-term loan caused by the investment in Dusit Thani Maldives, worth in total of USD 41.50 million (USD 15.55 million outstanding loan). And the long-term loan from Dusit Thani Hotel School, worth in total of Baht 116.2 million.

For both long-term loans which are made under Peso and US Dollar, the Company has made an agreement with the creditors that throughout the loan period, the company shall maintain its debt-to-equity ratio not more than 2:1 and 1.75:1 respectively. If the company fails to abide with such obligation, it shall be deemed the company in breach of loan agreement and the creditors may declare the loans to be canceled and any outstanding amounts under the agreement are immediately due and payable. If so, the company and its subsidiaries cash flow and, ultimately, operation can be affected.

However, as of October 31<sup>st</sup>, 2017, the Company has settled the aforementioned principals including interests thereof in a timely manner. In addition, the company has successfully maintained its debt-to-equity ratio at 0.92:1 in accordance with the terms of loan agreement and the Company's debt-to-equity policy not to exceed 1:1.

➤ **External Risk Factors**

- **Risk from Natural and Manmade Disasters**

Natural and manmade disasters have, nowadays, been occurring more frequently and unprecedentedly around the world; and their impacts are increasingly detrimental. 2016 has witnessed a series of earthquakes in Japan, Italy, Myanmar, India and Ecuador as well as terrorist attacks which are no longer just a regional threat, but international perils in Middle East, Europe and Asia as can be seen in a suicide bombing in Brussels, Belgium, a truck rampage in Nice, France, and Christmas market attack in Berlin, Germany.

As for Thailand, the country has seen not only the ongoing South Thailand insurgency, but also a bombing attack in Hua Hin during August 11<sup>th</sup> to 12<sup>th</sup>, 2016 which creates a significant impact toward Thailand's tourism and hospitality industry as well as tourist confidence. Therefore, the company is exposed to the risk of revenue shortfall, property damage and loss of lives induced by such factors.

In light of this, the Company has been insured under several insurance policies such as Industrial All Risks, Political Violence, Business Interruption and Public and Product Liability Insurance, all of which are to ensure that the company and its assets will sufficiently be compensated when natural and manmade disasters strike. The Company has also instituted a crisis management plan and implemented evacuation drills to be stringently followed by all hotel properties.

- **Risk from Economic and Social Factors**

The global economy has still been in a prolong recession and its repercussions have direct impacts towards tourism and hospitality industry as the confidence and purchasing power of tourists drop. Therefore, the company and its subsidiaries cannot escape from the impacts of economic factors. As for 2016, the world's economic outlook remains susceptible; whereas a considerable number of social factors have made it more uncertain—the future of the global economic after the UK's vote to leave the European Union (Brexit) as well as an unpredictable economic direction by the newly-elected US President, Donald Trump.

In addition to that, Thailand's economic and political situations which are still unstable and unpredictable have also adversely affected the country's tourism and hospitality industry business. For example, the government's recent policy to suppress "Zero-Dollar" tour from China affected the number of Chinese tourists coming to Thailand due to the decrease of direct chartered flights to Thailand.

To cope with such uncontrollable risks, the company and its subsidiaries has attempted to diversify its revenue streams by diminishing the reliance on one particular market segments and securing the replacement markets, both domestically and internationally.

- **Risk from High Competition**

High competition is no stranger to hospitality industry as a continuous increase of competitors in prime locations has dramatically intensified the competition landscape. Not surprisingly, therefore, the company has been competing with a wide range of competitors, ranging from local, domestic and international hoteliers—some of which are globally-known international hotel chains. Besides these mentioned direct competitors, the rise of indirect competitors—service apartment, homestay, timeshare rental, Airbnb, for example—also results in the oversupplies which are far exceeding the existing demands, hence price war which is economically non-sustainable for sound hotel operations.

Furthermore, the complete merging and acquisition between Marriott and Starwood in September 2016, not to mention that of Accor Hotels and FRHI Group in December 2015, have made them the world's largest hotel group, resulting in its leveraged competitiveness in all market segments. In addition to that, the fast growing popularity of online travel intermediaries, especially those giant online travel agencies such as Agoda, Booking.com and Expedia, has affected the company's profits due to commission payment.

To mitigate the risk of high competition, the company and its subsidiaries have committed in delivering high quality service to the customers. Continuous efforts have been exerted on employee training and development, which are deemed vital to the success of the business. Furthermore, the company has fine-tuned its marketing strategies, leveraging distribution channels, accentuating the unique selling points of each hotel property as well as improving the competitive advantages of the company to maintain its market share. Additional efforts have

been put in customer relationship management via an effective management of customer database to make the service more personalized. In addition, an effective control of operating costs was imposed throughout the company to enhance its competitiveness.

- **Risk from Customer Trend and Behavior**

Customer behaviors—lifestyle, interest, purchasing behavior, and information access, for example—have always been changing; and such factors can significantly affect their decision making in selecting and purchasing products and services. Besides the abovementioned factors that influence customer behavior, the company is fully aware that internet is one of the most influential factors that can shape customers perception and behavior. It also allow customers an easy access to information that will be used for making decision. Therefore, the company is exposed to the risk of changing customer behaviors which can affect the demands of the company's products and services, hence the company's revenues and profits.

To mitigate such risks, the company has been engaging in managing customer information—behavior, demands and needs, in particular—in order to adjust its business strategies. For example, existing customer information is collected and analyzed in order to develop products and services that can accommodate their needs. In addition, Customer Relationship Management (CRM) system has been developed as an analytical tool for customer behavior analysis as well as a tool to create a positive relationship with customers. Furthermore, the company also focuses on developing managing reputation through online channels, improving the company's website and smartphone applications that will facilitate customers effectively.

#### **Financial risks**

- **Interest Rate Risk**

As of October 31<sup>st</sup>, 2017, the Company and its subsidiaries has current liabilities with financial institutions, worth of Baht 1,889.36 million, and are inclined to make additional loans for further renovation and new investment projects. Therefore, the company is exposed to risks caused by the fluctuation of interest rate in the future. If so, it will subsequently have a direct impact upon the company's performance and cash flow.

However, the company has controlled and also been mitigating the fluctuation of this risk for the utmost efficient financial management.

#### **Investment Risks for Shareholders**

- **Risk Arising from the Company Being a Major Shareholder (more than 25%)**

As of the latest booking closing date, March 16<sup>th</sup>, 2017, the group of Thanpuying Chanut Piyaoui and related persons hold 424,475,680 shares, accounting for 49.94% of the company's total paid-up shares. Therefore, it is possible that a resolution made by the major shareholder may dominantly impact shareholder meeting resolutions, except those resolutions pertinent to laws and regulations that requires three-fourths of the shareholder's votes. Nevertheless, the Board of Directors and high-level executives of the company shall stringently adhere to the principles for Good Governance to ensure the highest management transparency.

#### 4.5 Major Shareholders

Details of 10 major shareholders and other minor shareholders as of March 16<sup>th</sup>, 2017 are as follows:

Shareholders	No. of Shares	Percentage
1. Group of Thanpuyinh Chanut Piyaoui and Children and related persons <sup>1</sup>	424,475,680	49.94
2. MBK Hotels and Resorts Company Limited	99,186,000	11.67
3. UOB KAY HIAN (HONG KONG) LIMITED – Client Account <sup>2</sup> (PIONEER INETWORK LIMITED)	86,917,720	10.23
4. Group of Mr. Chatri Sophonpanich and related person	42,540,330	5.01
5. Mr. Vichit Chinwongvorakul	31,588,000	3.72
6. Thai NVDR Company Limited	25,112,940	2.95
7. Thai Life Insurance Public Company Limited	21,882,430	2.57
8. Mrs. Jaranee Chinwongvorakul	20,431,000	2.40
9. CITIBANK NOMINEE SINGAPORE PTE LTD-PBG CLIENTS H.K.	11,931,000	1.40
10. Mr. Sahanun Chentrakul	8,910,000	1.05
<b>Total</b>	<b>772,975,100</b>	<b>90.94</b>
Minor shareholders	77,024,900	9.06
Registered and paid-up capital of Baht 850,000,000 comprising 850 million ordinary shares with a par value of Baht 1		

Remarks: <sup>1</sup> Group of Thanpuying Chanut Piyaoui and related persons consists of Chanut and Children Co., Ltd., group of Mr. Chanin Donavanik, group of Mrs. Sinee Thienprasiddhi and group of Mrs. Sunong Salirathavibhaga.

<sup>2</sup> PIONEER INETWORK LIMITED is Investment Holding, major shareholders are as follows:

- (1) Pioneer Industries (Holdings) Limited, shareholding 50% of the total shares. In addition, Pioneer Global Group Limited, a listed company on the Hong Kong Stock Exchange holds 100% of the total shares of Pioneer Industries (Holdings) Limited
- (2) Add Return Company Limited, shareholding 50% of the total shares. In addition, Mrs. Rossana Wang Gaw holds 100% of the total shares of Add Return Company Limited.

<sup>3</sup> Mr. Chatri Sophonpanich and related person consist of Mrs. Savitri Ramyarupa

#### 4.6 Board of Directors

As of October 31<sup>st</sup>, 2017, the Company had General Prem Tinsulanonda as Chairman Advisor, Professor Sansern Kraichitti and Mr. Sakdi Kiewkarnkha as Advisor to the Board of Directors. Thanpuying Chanut Piyaoui as Founder and Advisor to the Board of Directors and Mr. Chatri Sophonpanich as Honorary Chairman. The Board of Directors consists of 12 directors as follows:-

No.	Director	Position
1.	Mr. Arsa Sarasin	Chairman / Independent Director
2.	Mr. Chanin Donavanik	Vice Chairman / Chairman of the Executive Committee

No.	Director	Position
3.	Professor Hiran Radeesri	Independent Director / Chairman of the Audit Committee / Chairman of the Remuneration Committee / Chairman of the Corporate Governance and Nomination Committee
4.	Mrs. Pranee Phasipol	Independent Director / Member of the Audit Committee / Member of the Remuneration Committee / Member of the Corporate Governance and Nomination Committee
5.	Dr. Kittipong Kittayarak	Independent Director / Member of the Audit Committee
6.	Professor Emeritus Dr. Khunying Suchada Kiranandana	Independent Director
7.	Mr. Pakhawat Kovithvathanaphong	Independent Director
8.	Mr. Somprasong Boonyachai	Independent Director
9.	Mrs. Varang Chaiyawan	Director / Member of the Remuneration Committee / Member of the Corporate Governance and Nomination Committee
10.	Mr. Kenneth Korsirisophon	Director
11.	Mrs. Sinee Thienprasiddhi	Director / Member of the Executive Committee
12.	Mrs. Suphajeer Suthumpun	Director / Member of the Executive Committee / Group Chief Executive Officer

**5. Litigation or Claims under Process which Having Significant Effects to the Company**  
-None-

**6. Related transaction with directors, managements and shareholders**

The Company and subsidiaries have related transaction with the persons who may have the conflicts of interest during 2015, 2016 and September 30<sup>th</sup>, 2017 as follows:

Transaction with the Company/Subsidiaries	Types of transactions	Balances/Value of transactions (Million Baht)			Details, conditions and their necessary
		2015	2016	30 Sep 2017	
Dusit Thani PLC. and subsidiaries with Acme Printing Co., Ltd. by Mrs. Sinee Thienprasiddhi is the major shareholder.	Printed the calendar and annual report of the Company	1.36/ 1.63	1.23/ 1.16	- / -	The Company engaged Acme Printing Co., Ltd. by bidding process with other companies and comparing the offering price and conditions. The Company has selected the best company, in order to meet the highest benefit to the Company and without decision making by connected person.
Dusit Thani PLC. and subsidiaries with MBK PCL. by Mr. Chanin Donavanik and Mrs. Sinee Thienprasiddhi are the shareholders.	Management fee and other incomes	0.88/ 4.82	2.36/ 9.68	2.83 / 8.50	The conditions of pricing and services in sales and marketing are similar to those charged to other hotels in the group.
	Dividend income	- / 13.41	- / 14.75	- / 7.38	Per dividend declaration



Transaction with the Company/Subsidiaries	Types of transactions	Balances/Value of transactions (Million Baht)			Details, conditions and their necessary
		2015	2016	30 Sep 2017	
Dusit Thani PLC. and subsidiaries with Piyasiri Co., Ltd.by Thanpuying Chanut Piyaoui's Group held majority of its ownership.	Medical expenses	- / 0.02	- / 0.01	- / -	Prices and terms are in the normal business transaction.
Dusit Thani PLC. and subsidiaries with JTB (Thailand) Co., Ltd.by Mr. Chanin Donavanik is the shareholder.	Revenue from sales and services and other income	5.35/ 62.38	3.80/ 38.16	6.41/ 30.67	The Company had travel-agent agreement with JTB (Thailand) Co., Ltd. to perform the guestroom sales, which generally support hotel business. Prices and terms are in the normal business transaction.
Dusit Thani PLC. and subsidiaries with New Atlantic Co., Ltd.by Thanpuying Chanut Piyaoui's Group held majority of its ownership.	Revenue from sales and services	- / 0.07	- / 0.01	- / -	Prices and terms are in the normal business transaction.
Dusit Thani PLC. and subsidiaries with The Navakij Insurance PCL.by Professor Hiran Radeesri is the director	Insurance expenses	0.01 / 1.42	- / 0.56	- / 0.56	Prices and terms are in the normal business transaction.
Dusit Thani PLC. and subsidiaries with Siam Makro Public Company Limited.by Mr.Arsa Sarasin is the director	Selling expense and administrative expense	- / -	- / -	0.21/ 1.15	Prices and terms are in the normal business transaction.
Dusit Thani PLC. and subsidiaries with Kasikornbank Public Company Limited. by Khunying Suchada Kiranandana, Mr. Chanin Donavanik and Mrs. Suphajee Suthumpun is the director	Selling expense and administrative expense	- / -	- / -	- / 0.03	Prices and terms are in the normal business transaction.

According to the Audit Committee meeting No. 3/2017, the Audit Committee had considered that the related transaction with the persons who may have the conflicts of interest during 2015 and 2016 were reasonable in pricing and conditions at the normal course of business.

### Related transaction between the Company and subsidiaries in financial supporting

Besides the normal transaction in doing business which already disclosed in the notes to the financial statements, the Company has policies for related transaction with subsidiaries to acquire and dispose of assets and financial supporting transaction according to the Stock Exchange of Thailand's regulations. Even though the Company has related transaction with subsidiaries, such transaction must be approved by the Audit Committee and Board of Directors.

In 2015, 2016 and September 30<sup>th</sup>, 2017, the Company had transaction related to assets or services and financial supporting to subsidiaries which was in the normal course of business. The summary of conditions and compensations of market and fair values from financial supporting transaction to subsidiaries by changing in balances and outstanding of loans were as follows:

Subsidiaries	Changing balances (Million Baht)			Balances (Million Baht)			Detail of transactions
	2015	2016	30 Sep 2017	2015	2016	30 Sep 2017	
1.Dusit China Capital Co., Ltd.	36.70	37.50	13.40	38.50	76.00	89.40	The Company provided long-term loans.
	0.83	0.92	1.79	0.83	1.75	3.54	The Company's interest income.
2.Vimarn Suriya Co.,Ltd	-	47.11	46.01	-	47.11	93.12	The Company provided long-term loans.
	-	0.04	1.22	-	0.04	1.26	The Company's interest income.
3.Dusit Thani Properties Co.,Ltd	-	250.00	-	-	250.00	250.00	The Company provided short-term loans.
	-	1.10	2.18	-	0.17	2.35	The Company's interest income.
4.Dusit Thani Hotel School Co.,Ltd	-	-	26.56	-	-	26.56	The Company provided short-term loans.
	-	-	0.05	-	-	0.05	The Company's interest income.

## 7. Summary of Material Matters of Important Agreements in the Past 2 Years

Important agreements of the Company and subsidiaries in the past 2 years

Year/No.	Type of Agreement	Signatory to the agreement		Details of transactions
		The Company or subsidiaries	Parties to the agreement	
<u>2016</u> 1.	Lease Agreement	Dusit Thani Public Company Limited	The Crown Property Bureau	Dusit Thani Public Company Limited lease the land for the area of 23-2-2.72 Rai for a period of 30+30 years, commencing on July 1 <sup>st</sup> , 2024 from the Crown Property Bureau for the total amount of Baht 7,334,121,600.
2.	Share Sale Agreement	Dusit Thani Public Company Limited	Dusit Thani Properties Company Limited	Dusit Thani Public Company Limited sold 14,270,000 shares of MBK Public Company Limited in the amount of Baht 208,342,000 to Dusit Thani Properties Company Limited.
3.	Shareholders Agreement for Vimarn Suriya Company Limited	Dusit Thani Public Company Limited	1. Central Pattana Public Company Limited 2. Vimarn Suriya Company Limited	Dusit Thani Public Company entered into the shareholders agreement with Central Pattana Public Company Limited to incorporate Vimarn Suriya Company Limited with the registered capital of Baht 1,100,000,000, providing that Dusit Thani Public Company Limited holds 60% of shares.
4.	Shareholders Agreement for Suanlum Property Company Limited	Dusit Thani Public Company Limited	1. Central Pattana Public Company Limited 2. Suanlum Property Company Limited	Dusit Thani Public Company entered into the shareholders agreement with Central Pattana Public Company Limited to incorporate Suanlum Property Company Limited with the registered capital of Baht 172,000,000, providing that Dusit Thani Public Company Limited will finally hold 15% of shares.

Year/No.	Type of Agreement	Signatory to the agreement		Details of transactions
		The Company or subsidiaries	Parties to the agreement	
<u>2017</u> 1.	Land Purchase Agreement	Dusit Thani Public Company Limited	Kingchatchaval Company Limited	Dusit Thani Public Company Limited purchases 2 land title deeds having the area of 2 Ngan 01 sq.m., and 2.8/10 sq.m. from Kingchatchaval Company Limited, totaling Baht 179,344,000.
2.	Sublease Agreement	Dusit Thani Public Company Limited	Vimarn Suriya Company Limited	Dusit Thani Public Company Limited sub-leases Vimarn Suriya Company Limited the land approximately 21 Rai, located at No. 1, Saladaeng, intersection of Silom Road, Silom, Bangkok to develop and operate a Mixed-use project consisting of hotel, residence and retail shopping center.
3.	Lease Right Assignment Agreement	Dusit Thani Public Company Limited	Pharam 4 Development Company Limited	Dusit Thani Public Company Limited has assigned the right to lease the land from the Crown Property Bureau approximately 2 Rai to Pharam 4 Development Company Limited. This aims to hold the land lease right for the Office Project. Dusit Thani Public Company Limited will hold 10% stake of the registered capital of Pharam 4 Development Company Limited.

Year/No.	Type of Agreement	Signatory to the agreement		Details of transactions
		The Company or subsidiaries	Parties to the agreement	
4.	Shareholders' Agreement relating to OJV between DTC and CPN	Dusit Thani Public Company Limited ("DTC")	<ol style="list-style-type: none"> <li>1. Central Pattana Public Company Limited ("CPN")</li> <li>2. Pharam 4 Development Company Limited</li> <li>3. Saladang Property Management Co., Ltd.</li> </ol>	Dusit Thani Public Company Limited entered into the shareholders agreement with Central Pattana Public Company Limited to incorporate Pharam 4 Development Company Limited. This will operate the office building business with a shareholding portion of DTC: CPN which is 10:90.





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