**Independent Auditor's Report**

**To the Shareholders and the Board of Directors of Asia Hotel Public Company Limited and its Subsidiaries**

**Opinion**

I have audited the consolidated and separate financial statements of Asia Hotel Public Company Limited and its subsidiaries, and of Asia Hotel Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2017, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders’ equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

**Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the 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.

**Emphasis of Matter**

Without qualifying my opinion, I draw attention to Note 14 to financial statements regarding the Company and a subsidiary, Asia Pattaya Hotel Co., Ltd. have restated and reclassified its financial statements regarding the account of property, plant and equipment and revaluation surplus of assets on the financial statements for the year ended December 31, 2016.

**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 year. 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.

***Revaluation of lands and buildings***

*Risk*

According to Note to Financial Statement No. 14, the Group has a policy to revalue its land and buildings by an independent appraiser. According to Thai Financial Reporting Standard No. 16, this revaluation must be done every three to five years. This year marks five years since the last revaluation for subsidiaries, Zeer Property Plc. and ZEER OVERSEA LLC. As such, the Group revaluated the assets by an independent appraiser in the current year. Verifying the revaluation is significant to my audit because the valuation process is complex, requires significant judgment, and depends on the assumptions that have been affected by the nature of the assets and the economy.

*Auditor’s Response*

I assessed the appropriateness of the revaluation of the land and buildings appraised by the independent appraiser by evaluating the qualifications and the competence of the appraiser, verifying the appropriateness of key assumptions used for calculations, and testing the calculations of the revaluation. I further considered the appropriateness of the amounts reflected in the financial statements and the disclosures in order to comply with Financial Reporting Standards.

***Deferred tax assets***

*Risk*

According to Note to Financial Statement No.16, the Group has deferred tax assets from tax losses carried forward in the amount of Baht 8.76 million. The Group has tax losses carried forward of Baht 115.69 million which have not yet been recognized as deferred tax assets. The utilization of deferred tax assets is based on the future results of operations and its tax planning. This requires significant judgment by Management.

*Auditor’s Response*

I verified net realizable value of the deferred tax assets by assessing the appropriateness of the forecasted pre-tax profit used for the planned utilization of deferred tax assets by a review of the assumptions used by Management for its forecast of its pre-tax profit. I compared the forecasted revenue growth rate and the change in forecasted expenses with the current and historical data. Then, I tested the computation of the deferred tax assets.

**Other Information**

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information 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 for correction of the misstatement.

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

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

In preparing the financial statements, management is responsible for assessing the Group’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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

**Auditor’s Responsibilities for the Audit of the 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 financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment 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 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 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 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 to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the 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.

Atipong AtipongSakul

Certified Public Accountant

Registration Number 3500

ANS Audit Co., Ltd.

Bangkok, February 27, 2018

FINANCIAL STATEMENTS AND AUDITOR’S REPORT

## ASIA HOTEL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2017