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No.ERW.007/Kor Mor Sor.007/2011

25<sup>th</sup> March 2011

Subject: Invitation to the Annual General Meeting of Shareholders for the year 2011

To: Shareholders

The Board of Directors' Meeting of The Erawan Group Public Company Limited, which was held on Tuesday 22<sup>nd</sup> February 2011 has resolved to call for the Annual General Meeting of Shareholders for the year 2011 on Tuesday 26<sup>th</sup> April 2011 at 14.00 hours at Salon A,B room, JW Marriott Hotel Bangkok, No. 4 Sukhumvit Road, Klongtoey, Bangkok 10110 to consider the agendas together with the Board's opinions as follows:

**Agenda 1 To Acknowledge the Minutes of the Annual General Meeting of Shareholders for the year 2010.**

The Minutes of the 2010 Annual General Meeting of Shareholders held on Tuesday 27<sup>th</sup> April 2010 prepared by the Company's Secretary was submitted to the Stock Exchange of Thailand and the Ministry of Commerce within 14 days according to the required laws and posted on the Company's website: www.TheErawan.com on Monday 10<sup>th</sup> May 2010. The Board of Directors considered and had the opinion that it was correctly stated and reflected the resolutions passed by the said Shareholders' Meeting. Therefore, the Board proposes this Shareholders' Meeting to acknowledge the Minutes of the 2010 Annual General Meeting of Shareholders held on Tuesday 27<sup>th</sup> April 2010. The copy of the said Minutes is attached to the notice of this meeting as per the Enclosure No.1

**Board of Directors' opinion:** the shareholders should acknowledge the Minutes of the 2010 Annual General Meeting of Shareholders held on Tuesday 27<sup>th</sup> April 2010.

**Agenda 2 To Acknowledge the Company's Operating Results of 2010.**

The Company prepared the Board of Directors' report on the performance of the Company for the year ended 31<sup>st</sup> December 2010. The report shows the Company's performance during the fiscal year 2010, which the Board has considered correct and adequate. Therefore, the Board proposes the said report to this Shareholders' Meeting to acknowledge the performance of the Company for the year 2010 and adopt the Board of Directors' report on the performance of the Company for the year ended on 31<sup>st</sup> December 2010. The said report appears in "Financial Statements" of the Annual Report, which has been sent to the shareholders together with the notice of this meeting as per the Enclosure No.2

**Board of Directors' Opinion:** the shareholders should acknowledge the performance of the Company for the Year 2010 and adopt the Board of Directors' report on the performance of the Company for the year ended on 31<sup>st</sup> December 2010.

(Note: Please kindly bring Registration Form in Enclosure no.10 for registration to attend the Meeting.)

**Agenda 3 To Approve the company's balance sheets, profit and loss statements, cash flow statements and consolidated financial statements for the year ended 31<sup>st</sup> December 2010.**

The Company prepared a balance sheet as well as statement of income at the end of the fiscal year 2010 which were audited and certified by the auditor of the Company and reviewed correctly by the Audit Committee. The details of financial statements are shown in the 2010 Annual Report and can be summarized as follows:

(Unit: million Baht)

Items	Company only	Consolidated
Total Assets	11,091	12,950
Total Liabilities	6,691	9,677
Total Equity (company's shareholders )	4,400	3,273
Total Revenues	2,018	3,358
Net Income	15	(275)
Earnings per Share	Baht 0.01	Baht (0.12)
Retained earning (un appropriate)	1,730	449

The Board and the Audit Committee considered it was correct, complete and adequate in accordance with the general accounting principles, and therefore propose it to this Shareholders' Meeting for approval. The details appear in the Sections "Financial Statement" "Report of the Audit Committee to Shareholder" and "Report of the Board's Responsibility in the Financial Statements" of the Annual Report, which has been sent to the shareholders together with the notice of this meeting as per the Enclosure No.2.

**Board of Directors' Opinion:** the shareholders should approve the Audited Balance Sheets, Profit and Loss Statements, Cash Flow Statements and Consolidated Financial Statements for the year ended 31<sup>st</sup> December 2010.

**Agenda 4 To Approve the allocation of net profit of 2010 for legal reserves and the dividend omission**

In accordance with Public Limited Company ACT B.E.2535 Section 116 "The company must allocate part of the annual net profit as reserve fund in an amount not less than five percent of the annual net profit less the sum of accumulated loss brought forward (if any) until the reserve fund amounts to not less than ten percent of the registered capital, unless the articles of association of the company or other law provides for a greater amount of the reserve fund." and Clause No. 54 of the Company's Articles of Association, "the Company shall allocate not less than five (5) percent of its annual net profit less accumulated losses brought forward (if any) to a reserve fund until the reserve fund attains an amount not less than ten (10) percent of the registered capital." Base on the Company Only basis, the Company recorded net profit of Baht 15 million. Therefore it is proposed that the Company set aside 5 percent of net income amounted to Baht 767,119 as legal reserve.

The Company has a policy to distribute dividend in the rate of 35% of net profit on Consolidated Financial Statement. The amount of the dividend (if any) would also be subject to the Company's cash flow and investment requirement. In 2010, the Company registered net loss of Baht 275 million on Consolidated Financial Statement. The Board of Directors therefore proposed to this Shareholders' Meeting to consider the omission of dividend payment for the year 2010.

**Board of Directors' Opinion:** the shareholders should approve the legal reserve of net income amounted to Baht 767,119 and approve the omission of dividend payment for the year 2010.

**Agenda 5 To Acknowledge the Audit Committee's Report for the year 2010.**

The Audit Committee's report is shown in "Report of the Audit Committee to Shareholder" of the Annual Report, which has been sent to the shareholders together with the notice of this meeting as per the Enclosure No.2.

**Board of Directors' Opinion:** the shareholder should acknowledge the Audit Committee's 2010 report.

**Agenda 6 To Appoint the auditors and approve the auditing fee for the year 2011**

The Board and the Audit Committee considered selecting KPMG Phoomchai Audit Limited ("KPMG") to be the Company's Auditor. KPMG has been well recognized internationally with expertise in auditing and has been well-performed for the past year as the Company's auditor in 2010. In addition, KPMG has proper audit fee, comparing with quantities of works and fee rate of other auditing firms at the same level. The Board and the Audit Committee proposes this Shareholders' Meeting to appoint the auditors from KPMG namely:

1. Miss Vannaporn Jongperadechanon, C.P.A. No. 4098, who has initialed the Company's Financial Statement for 1 year starting from the year 2009 and been well-performed and/or;
2. Mr. Charoen Phosamritlert, C.P.A. No. 4068, to be the auditor of the Company for the year 2010 and/or;
3. Mr. Vichien Thamtrakul, CPA No. 3183, to be the auditor of the Company for the year 2010

and fix the audit fee for the accounting year ended 2011 at Baht 2,300,000 (Company only), which is equaled to the previous year.

KPMG has no non-audit transaction with the Company and the auditors named above do not have relation with nor interest in the Company, its subsidiaries, management, major Shareholders of other related persons. Therefore, all proposed auditors are independent to audit and express their opinions for the Financial Statement of the Company. The Board, therefore, proposes this Shareholders' Meeting for consideration and approval.

KPMG has also been considered as the auditor of the Company's subsidiaries for the year 2011 with the audit fee in total of Baht 1,505,000.

**Board of Directors' Opinion:** the shareholders shall approve to appoint auditors named above from KPMG Phoomchai Audit Limited as the Company's auditor and the audit fee in total of Baht 2,300,000 for the year 2011.

**Agenda 7 To Appoint directors to succeed those completing their terms.**

In compliance with the Public Limited Companies Act and Clause No. 19 of the Company's Articles of Association, one-third of the Directors must retire from the office by rotation at the Annual General Meeting of Shareholders. This year, four (4) directors who shall retire by rotation in this Shareholders' Meeting are as follows;

1. Mr. Vitoon Vongkusolkrit                      Director  
   Chairman of the Financial and Risk Management Committee  
   Member of the Management Development and Compensation Committee
2. Mrs. Panida Thepkanjana                      Director  
   Member of the Financial and Risk Management Committee  
   Member of the Nominating and Corporate Governance Committee
3. Mr. Ekasith Jotikasthira                      Independent Director
4. Mr. Kasama Punyagupta                      Director  
   President & Chief Executive Officer  
   Member of the Financial and Risk Management Committee

The Board of Directors complied with nominating guideline recommended by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee excluding Ms. Panida Thepkanjana who has special interest since he is due to retire has considered the soundness and for maximum benefit of the Company resulted from a performance evaluation of directors during the past year and specific qualifications of directors whose terms had been due, and resolved to propose the Board to reelect the four retiring directors as directors of the Company for another term. These four directors are professionally experts; they possess knowledge and expertise that suit our businesses; they have also contributed in their performances as our directors and sub-committee and they are fully qualified based on the criteria, appear in the Section "Management Structure" of the annual report, which has been sent to the shareholders together with the notice of this meeting as per the Enclosure No.2. The four (4) directors have never been punished, dismissed or removed on the ground of dishonest performance, nor been imprisoned for and offense related to property committed with dishonest intent, nor engaged in the business which has the same nature as, and is in competition with, the business of the Company.

The Board excluding the directors having special interest considered the qualifications of nominees and agreed with the proposal of the Nominating and Corporate Governance Committee to propose to this Shareholders' Meeting to reelect all 4 retiring directors including namely Mr. Vitoon Vongkusolkrit, Mrs. Panida Thepkanjana, Mr. Ekasith Jotikasthira and Mr. Kasama Punyagupta to retain office for another term. The qualifications set for our directors and a definition of our independent director are above the SEC's minimum requirements. The credentials and backgrounds of the proposed persons, including the definition of independent director has been sent to the shareholders together with the notice to this meeting as per the Enclosure No.3 and 5.

**Board of Directors' Opinion:** the shareholders should approve the appointment of 4 directors retiring by rotation, to be the directors for another term.

**Agenda 8 To Appoint new director.**

The Nomination and Corporate Governance Committee agreed with the proposal of the Management Development and Compensation Committee to propose to this Shareholders' Meeting to appoint the new director namely Mrs.Kamonwan Wipulakorn, Executive Vice President & CFO as a new director of the Company. The credential and background has been sent to the shareholders together with the notice to this meeting as per the Enclosure No.4.

Mrs.Kamonwan Wipulakorn never been punished, dismissed or removed on the ground of dishonest performance, nor been imprisoned for and offense related to property committed with dishonest intent, nor engaged in the business which has the same nature as, and is in competition with, the business of the Company.

**Board of Directors' Opinion:** the shareholders should approve the appointment of Mrs.Kamonwan Wipulakorn as a new director of the Company.

**Agenda 9 To Approve the directors' remuneration for the year 2011.**

The Nominating and Corporate Governance Committee reviewed the remunerations of the Company's directors and members of the committees on the basis of their responsibilities and statistical data of remunerations paid by the service sector as well as average payments by listed companies enjoying the same level of incomes. As such, the Nominating and Corporate Governance Committee proposed to the Board that director's remunerations for 2010 shall remain on the same basis as previous year which consist of (i) a retainer fee to be paid to directors on a monthly basis; (ii) an attendance fee to be paid on the basis of a number of director's attendance to the meeting and (iii) a remuneration fee to be paid on an annual basis subject to the Company's performance. Proposed remunerations for 2011 compared with those for 2010 are as follows;

**Remunerations of The Board of Directors and all committees**

<b><u>Board of Directors' Retainer Fees</u></b>	<b>2011</b>	<b>2010</b>
1) Retainer Fee: Baht 3,180,000 in total per year		
- Chairman	Baht 25,000/month	Baht 25,000/month
- 12 Directors each	Baht 20,000/month	Baht 20,000/month

**The Committees' Retainer or Attendance Fees**

1) Audit Committee: Not exceeding Baht325,000 in total per year		
- Chairman	Baht 25,000/Attening	Baht 25,000/Attening
- 2 Members each	Baht 20,000/Attening	Baht 20,000/Attening
2) Financial and Risk Management Committee (Retainer fee):Baht 960,000 in total per year		
- Chairman	Baht 20,000/month	Baht 20,000/month
- 4 Members each	Baht 15,000/month	Baht 15,000/month
- 1 Executive Director Member	-0 -	-0-

	2011	2010
3) The Nominating and Corporate Governance Committee and the Management Development and Compensation Committee: Not Exceeding Baht 150,000 in total a committee per year		
- Chairman of the Committee each	Baht 15,000/Attening	Baht 15,000/Attening
- 2 Members of the Committee each	Baht 11,250/Attening	Baht 11,250/Attening

The Board agrees in accordance with the recommendation of the Nominating and Corporate Governance Committee on the Board's remuneration for the year 2011 which is the same level as 2010.

**Board's Opinion:** the shareholders should approve the Nomination and Corporate Governance Committee as proposed. Total remuneration shall not exceed Baht 4,765,000 a year.

**Agenda 10 To Approve the issuance of Warrants No.2 (ERW-W2) to be given without cost to the existing shareholders.**

To approve the issuance of Warrants No. 2 (ERW-W2) to be given without cost to the existing shareholders in the amount not exceeding to 224,477,900 shares as per the Enclosure No.7.

In additional, for the purpose to comply with the securities trading system of the Stock Exchange of Thailand, the Board of Directors Meeting approved to change the Company's symbol on the Stock Exchange of Thailand to be in accordance with the symbol of the warrants (ERW-W2) issued as mentioned before ( the full name of the Company is not changed). The change as listed below will be effective upon the shareholders' approval of the aforementioned warrant issuance:

<u>Current symbol</u>	<u>New symbol</u>
ERAWAN	ERW

**Board of Directors' Opinion:** the shareholders should approve the issuance of Warrants No.2 (ERW-W2) to be given without cost to the existing shareholders.

**Agenda 11 To Approve the issuance of common stock offered to employees of the company and it subsidiaries No.3 (ESOP#3)**

To motivate the employees of the Company and its Subsidiaries and to encourage them to dedicate themselves to bring about the best interest for the Company and its Subsidiaries, and to drive their performance towards the success of the Company's strategic objectives, it is proposed that the company issue and offer its ordinary shares to the employees of the Company and its Subsidiaries in the amount of 35,743,099 shares representing 1.59% of the existing paid-up shares of the Company.

Of the total shares offered under this program, there are employees who will receive the allocation of the ordinary shares which exceeds 5% of the total allocated ordinary shares of the Plan with the aggregate total number of the

ordinary shares of 19,250,000 shares which are equivalent to 53.8% of the total number of the allocated ordinary share under this Plan.

The listed of employees who will receive the allocation of the ordinary shares exceeding 5 percent of the ordinary shares under this Plan are as follows;

<u>Name of Employee</u>	<u># of Allocated Ordinary Shares</u>	<u>% of Total ESOP Shares</u>
1. Mr. Kasama Punyagupta Position: President and CEO	5,000,000 Shares	13.99 %
2. Mrs. Kamonwan Wipulakorn Position: Executive Vice President and CFO	4,800,000 Shares	13.43 %
3. Mr. Petch Krainukul Position: Executive Vice President	2,750,000 Shares	7.69 %
4. Mrs. Varisara Gerjarusak Position: Executive Vice President	2,500,000 Shares	6.99 %
5. Mr. Apichan Mapaisansin Position: Assistant Executive Vice President	2,200,000 Shares	6.16 %
6. Ms. Thippaporn Limsuksrikul Position: Senior Vice President	2,000,000 Shares	5.60 %

As the exercise price is determined above the market price and without discount therefore each employee who will receive the allocation of the ordinary shares above will not receive any money benefit from calculating the difference of the offering price and market prices. Each employee above who will receive the allocation of the ordinary shares exceeding 5 percent of the ordinary shares under this Plan has already been approved by The Management Development and Compensation Committee as authorized by the Board of Director as per the Enclosure No.8.

**Board of Directors' Opinion:** the shareholders should approve the issuance of common stock offered to employees of the company and it subsidiaries No.3 (ESOP#3) and the allocation of amount exceeding 5 percent of the ordinary shares under this Plan to each employee stated herein.

**Agenda 12 To Approve the increase of the company's registered capital to reserve for the conversion of Warrants (ERW-W2) and for the right to purchase ordinary shares under ESOP#3**

To approve the increase of the Company's registered capital from Baht 2,244,779,001 to Baht 2,505,000,000 by issuing ordinary shares in the amount not exceeding 260,220,999 shares at the par value of Baht 1 per share to reserve for the conversion of warrants (ERW-W2) and for the right to purchase ordinary shares under ESOP#3 as per the Enclosure No.9

**Board of Directors' Opinion:** the shareholders should approve the company's registered capital to reserve for the conversion of Warrants (ERW-W2) and for the right to purchase ordinary shares under ESOP#3

**Agenda 13 To Approve the amendment to Clause 4 of the Memorandum of Association regarding the increase of the company's registered capital.**

To approve the amendment to Clause No.4 of the Memorandum of Association regarding the increase of the company's registered capital as follow;

“Clause 4 Registered capital is: 2,505,000,000 Baht (Two Billion Five Hundred and Five Million Baht)

Divided into: 2,505,000,000 shares (Two Billion Five Hundred and Five Million shares)

Par value: 1 Baht (One Baht) each

Separated into:

Ordinary shares: 2,505,000,000 shares (Two Billion Five Hundred and Five Million shares)

Preferred shares: - shares ( - )”

**Board of Directors' Opinion:** the shareholders should approve the amendment to Clause 4 of the Memorandum of Association regarding the increase of the company's registered capital.

**Agenda 14 To Approve the allotment of the increased ordinary shares to reserve for the conversion of the aforesaid Warrant (ERW-W2) and the exercise of the right to purchase ordinary shares under ESOP#3**

To approve the allotment of the increased ordinary shares in the amount not exceeding 260,220,999 shares at a par value of Baht 1.0 (One Baht) as follows;

- Allotting the increased ordinary shares in the amount not exceeding 224,477,900 shares to reserve for the conversion of the aforesaid warrants (ERW-W2).
- Allotting the increased ordinary shares in the amount not exceeding 35,743,099 shares to reserve for the right to purchase ordinary shares by ESOP#3.

**Board of Directors' Opinion:** the shareholders should approve the allotment of the increased ordinary shares to reserve for the conversion of the aforesaid Warrant (ERW-W2) and the exercise of the right to purchase ordinary shares under ESOP#3

**Agenda 15 Others (If any)**

This agenda is provided for shareholders to ask questions and/or for directors to clarify any queries (if any). No matters will be proposed for consideration and approval: therefore, no voting will be made.

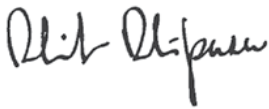
**Board's Opinion:** Shareholders can raise questions or make comments on the issues which are not discussed in the aforementioned agendas.



In addition, the Company has fixed the Record Date on which shareholders have the right to attend the Annual General Meeting of Shareholders for the year 2011 as 9<sup>th</sup> March 2011 and fixed the share registration book closing date as 10<sup>th</sup> March 2011 and the Company has fixed the record date to determine the right of shareholders who will be entitled to receive the warrants (ERW-W2) on 9<sup>th</sup> May, 2011 and fixed the share registration book closing date on 10<sup>th</sup> May, 2011, for gathering shareholders' names under the Section 225 of the Securities and Exchange Act B.E. 2535 (Amended B.E.2551).

The Company is pleased to invite the shareholders to attend the meeting at the above-mentioned time and venue. Should you be unavailable to participate in the meeting yourself, please appoint your proxy to do so. You may use any one of the proxy forms as appear in the Enclosure No.12 (Please also see the Remark below.) For your convenience, however, the Company would recommend the Proxy Form B., which provides more definite details of the authorization, and by which you may appoint any person of any one of those persons to attend the meeting and vote on your behalf. The credentials and backgrounds of those persons appear in the Enclosure No.13 "information of the Company's Directors who represent to be a proxy in the AGM 2011" and submit same to a person authorized by Chairman of Directors before the commencement of the meeting.

Respectfully yours,



(Mr. Prakrit Pradipasen)

Chairman of the Board of Directors

**Enclosures:**

1. Minutes of the Annual General Meeting of Shareholders for the year 2010, which was held on April 27, 2010.
2. Annual Report 2010
3. Information to consider for the director and independent director election
4. Information to consider for the new director
5. Definition of the Independent Director
6. Scope of Duties and Authorize of each Board and Sub-Committee
7. Information for the issuance of Warrants No.2 (ERW-W2) to exercise the Company's ordinary shares.
8. Information for the employee stock option plan for employees of the company and its subsidiaries No.3 (ESOP#3)
9. Capital Increase Report Form
10. Information for the Meeting
  - Articles of Association relating to the shareholders' Meeting
  - Document verifying eligibility to attend the meeting
  - Registration for attending the Meeting
  - Voting
11. Map of the Meeting's place
12. Proxy Forms
  - Proxy Form A
  - Proxy Form B
  - Proxy Form C
13. Information of the Company's Directors who represent to be a proxy in the AGM 2011
14. Registration Form

**Remark:** Proxy Form (C) which is designed for foreign shareholders who have appointed a Custodian to act as their Depository and Trustee in Thailand, can be downloaded at [www.TheErawan.com](http://www.TheErawan.com)