

ANNUAL REPORT 2018

รายงานประจำปี 2561



Eastern Star Real Estate Public Company Limited



Eastern Star Real Estate Public Company Limited

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Message from the Chairman of the Board

To Shareholders

In 2018, the housing industry was expanded because of the overall economic expansion in Thailand including in export sector, tourism sector and the government's large-scale infrastructure constructions as well as BTS and MRT projects with more progress. In 2018, the company has a good overall achievement. We can allocate the dividend to our shareholders consecutively for another year. Main source of revenue comes from the ownership transfers for high-building condominiums in Bangkok. Since 2017, the company has been increasing project development in various locations and forms such as horizontal projects in Bangkok like twin houses and townhouses and condominium projects with up to 8-floor height in order to diversify our products and speed up the revenue recognition of the company because these types of building can be constructed and transferred faster. The projects during development period are the twin house and townhouse projects in Pattanakarn 20 area and the 8-floor condominium project in Sukhumvit 42 area. These projects are popular and have good sales leading to increasing sales of the company that's threefold higher than the last year sales. The units in these projects will be transferred to customers and recognized the revenue since the middle of 2019 till the beginning of 2020. In case of the projects in Ban Chang, Rayong which are detached houses, it's successful with increasing sales in 2018 that higher than the sales in 2017 about 2.5 times. The projects in Rayong are under the construction and progressively transfer to customers. Due to the fact that Rayong area is a part of Eastern Economic Corridor (EEC) and there're much more progressive infrastructure construction, that's why Rayong is considered as a potential area for developing in the future and the company has prepared for the growth in future.

In order to push forward the business growth, the company focuses on selecting skilled personnel to fulfill every scopes of work and conform to the expanding businesses of our company meanwhile we always improve capabilities of existing personnel for the best performance. Furthermore, the company also focuses on searching new technologies and innovations to enhance well-being that will make your home warm and safe and to ensure that every resident in every age will live together happily. Moreover, we encourage the after-sales services that must be good, fast and satisfied. The residences in our projects are our branding that lead to increasing well-know and accepted.

Making profit is not the only thing we're focusing on but the company also gives priority to the good governance by running the company effectively and clearly as well as respecting every interested person. This is the way we add sustainable value to our businesses. The company also took a part in declaration of intent of Thai private sector alliance to fight against the corruption. The company has submitted an assessment to Thai Institute of Directors (IOD) which is under consideration to issue a certificate.

The company also emphasizes the Corporate Social Responsibility (CSR). The company has participated in UNICEF Thailand's projects and Special Olympics Thailand's activities for years. In case of environmental development, the company emphasizes environmental protection especially the projects in Eastern Star Country Club & Resort golf course's area in Banchang, Rayong.

We innovate its scenery and transform it into a large park by planting more big trees in every year while create running paths and bicycle lanes for exercises which is surrounded by shady environment to be a leading pleasant communities in Rayong. Lastly, on behalf of the committee, I acknowledge the shareholders, partners and clients who always support and trust our company. Thank you the executives and all of our employees who dedicate to our company thoroughly leading to the good overall performance of the company in 2018.



(Mr. Anand Panyarachun)

Chairman of the Board

13 March 2019

Audit Committee Report

The Audit Committee is composed of three independent committee members according to the policy stipulated by the Stock Exchange of Thailand whose names are as follow:

- | | |
|---------------------------|-----------------------------|
| 1. Mr. Preecha Oonchitti | Chairman of Audit Committee |
| 2. Mr. Somrit Srithongdee | Audit Committee |
| 3. Mrs. Sunanta Tiasuwan | Audit Committee |

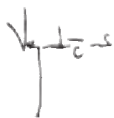
The Audit Committee has performed the duties and responsibilities according to regulations prescribed by the Stock Exchange of Thailand and as assigned by the Board of Directors of the Company. In 2018, the Audit Committee had convened 5 meetings with executive directors, accounting and finance director, accounting manager, certified public accountant and internal auditor. Attendance in the meeting of the Audit Committee is as follow:

- | | |
|---------------------------|---------------------|
| 1. Mr. Preecha Oonchitti | attended 5 meetings |
| 2. Mr. Somrit Srithongdee | attended 4 meetings |
| 3. Mrs. Sunanta Tiasuwan | attended 5 meetings |

Report of the Audit Committee can be summarized as follows:

1. The Audit Committee reviewed the company's reports, consolidated financial statements and separate financial statements together with financial disclosures offering to the shareholders, and in the committee's opinion the company is in compliance with Financial Reporting Standards.
2. The Audit Committee reviewed reports of connected transactions according to the principle for conflicts of interest preventing and to ensure complete disclosure.
3. The Audit Committee reviewed the internal auditor's reports and sufficiency assessment of the company internal control system according to guidelines provided by the Securities and Exchange Commission and the Stock Exchange of Thailand. The Audit Committee agreed that there is no essential error in the internal control system.

The Audit Committee suggested the Board of Directors of the company to nominate Mr. Chayapol Supasetthanon, a Certified Public Accountant No. 3972, or Mrs. Kingkarn Atsawarangsalit, a Certified Public Accountant No. 4496, or Ms. Pimjai Manitkajonkit, a Certified Public Accountant No. 4521, or Ms. Summana Panpongsanon, a Certified Public Accountant No. 5872 from EY Office Company Limited in the meeting as the company's auditor for the 2019 fiscal year with an audit fee up to 1,335,000 baht.



(Mr. Preecha Oonchitti)

Chairman of the Audit Committee

26 February 2019

BOARD OF DIRECTOR



From left, standing :

- | | | | |
|---|--|---|--|
| 1 Mr. Pongpinit Tejagupta
Director | 2 Mr. Paiboon Wongjongjaihan
Director | 3 Mr. Titiwut Soukpornchaikul
Executive Director | 4 Mr. Somrit Srithongdee
Independent Director, the Audit Committee
and Nomination and Remuneration Committee |
| 5 Mr. Tinnawat Mahatharadol
Executive Director | 6 Mr. Nuttawit Boonyawat
Executive Director | 7 Mr. Torsak Lertsrisakulrat
Managing Director | |

From left, sitting :

- | | | |
|---|--|--|
| 1 Mrs. Sunanta Tiasuwan
Independent Director, the Audit Committee
and Chairman of Nomination and Remuneration Committee | 2 Mr. Veraphan Teepsuwan
Vice Chairman | 3 Mr. Anand Panyarachun
Chairman and Independent Director |
| 4 Mr. Preecha Oonchitti
Independent Director, Chairman of Audit Committee
and Nomination and Remuneration Committee | 5 Mr. Chatchawin Charoen-Rajapark
Chairman of Executive Committee | |

Company Profiles

A. Name, Type of business, Location, Telephone Number, Fax, number and types of issued shares

Name	Eastern Star Real Estate Public Company Limited
Head Office	5 th Floor Ploenchit Tower, No.898 Ploenchit Road Lumpini Subdistrict, Pathumwan District, Bangkok 10330 Tel: 0 2263 1010-5 Fax: 0 2263 1009
Branch Office:	65/14-15 Mu 3, Sukhumvit Road Bann Chang, Rayong Province 21130 Tel: 0 3860 2500, 0 3860 2511 Fax: 0 3860 2754 Website: www.estarpcl.com E-mail: info@estarpcl.com
Business Type	Real Estate Development
Registered No	PCL. 0107536000307
Registered Capital	5,172,246,185 baht (Par Value at 1 baht per share)
Paid-in Capital	5,022,246,185 baht

B. Name, Type of Business, Location, Telephone Number, Fax, number and type of issued shares of juristic persons which Eastern Star holds over 10% of each business share.

Eastern Star Resort Company Limited

The company operates golf courses, clubhouses, sport club, and seminar / banquet rooms on behalf of Eastern Star Country Club and Resort located in Ban Chang District, Rayong Province.

Location	241/5 Mu 3, Pala Subdistrict, Bann Chang District, Rayong Province 21130 Tel: 0 3863 0410-3 Fax: 0 3863 0418 Website: www.easternstargolfcourse.com E-mail: esr_marketing@hotmail.com
Business Type	Golf course
Registered No	0105532086493
Paid-in Capital	500,000,000 Baht (Par Value at 10 Baht per share)
Proportion of Investment	81.30 %

Eastern Star Lai Sun New World Company Limited

The company operates real estate development.

Location	65 /14-15 Mu 3, Sukhumvit Rd. Ban Chang subdistrict,, Bann Chang district, Rayong Province 21130 Tel. : 0-3860-2500 Fax: 0-3860-2754
Business Type	Real Estate Development (Noncommercial operation)
Registered No	0105533137636
Paid-in Capital	160,000,000 Baht (Par Value at 10 Baht per share)
Proportion of Investment	60 %

C. Name, Head Office Address, Type of Business, Phone Number and Fax of the References

Registrar	Thailand Securities Depository Company Limited (TSD)
Location	Address no. 93, 14th floor, Ratchadapisek Rd., Dindang subdistrict, Dindang district, Bangkok 10400 Tel. : 0 2009 9000 Fax : 0 2009 9991 Website : http://www.set.or.th/tsd E-mail : www.set.or.th/contactcenter
Auditor	Mr. Chayapol Supasetthanon, Certified Public Accountant No. 3972
Address	EY Office Limited 33rd floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Silom, Klongtoey Subdistrict, Klongtoey District, Bangkok 10110 Tel. : 0 2264 9090 Fax : 0 2264 0789

Summary Financial Statement

Accounting period ended 31 December 2018

Unit : Million Baht

	2018	2017	2016
Total assets	6,082.48	5,966.54	5,791.07
Total liabilities	1,311.99	1,035.91	1,064.21
Total shareholders' equities	4,770.49	4,930.63	4,726.86
Incomes from real estate sales	1,620.41	2,516.03	1,829.04
Incomes from rental and services	85.29	80.58	80.22
Costs of real estate sales	(1,097.35)	(1,765.55)	(1,276.62)
Costs of rental and services	(65.37)	(57.54)	(56.14)
Other incomes	13.74	26.68	28.21
Selling and administrative expenses	(410.30)	(431.43)	(326.99)
Loss from impairment of assets	-	-	-
Reversal impairment loss of assets	2.15	0.65	30.16
Loss from asset retirement	-	-	(37.14)
Financial expenses	(3.85)	(1.71)	(8.56)
Income tax expenses	(31.80)	37.03	(62.01)
Gain(loss) for the year	112.92	404.74	200.17
Other total gain(loss):			
Items that not included in gain or loss afterward			
Gain or loss from evaluation according to Actuarial Science	-	(0.15)	-
Minus: Income tax impact	-	0.03	-
Items that not included in gain or loss afterward			
- Net from income tax	-	(0.12)	-
Total gain(loss) for the year	112.92	404.62	200.17
Dividend per share (baht/share)	0.020	0.055	0.040

Financial ratio

Liquidity ratio (time)	4.11	3.29	3.17
Quick liquidity ratio (time)	0.39	0.31	0.14
Cash flow liquidity ratio (time)	0.89	0.52	0.38
Account receivable current ratio (time)	281.53	456.94	242.47
Average collection period (day)	1	1	1
Gross profit (%)	31.83	29.79	30.20
Net profit (%)	6.77	15.59	10.48
Return on shareholders' equities (%)	2.38	8.38	4.27
Return on assets (%)	1.92	6.88	3.32
Debt to Equity ratio (time)	0.21	0.21	0.23
Debt service coverage ratio (time)	0.19	0.19	0.47

Policies and Overall Performance

Visions, Obligations and Goals

Visions

“We as a well-known, trusty and leading real estate developer aim for introducing an innovation of living by developing perfect, creative products and services to support well-being with the better living and communities.”

Obligations

1. Aiming to deeply understand the customer’s need to find the right innovation suited for their living and improve all products and services
2. Improving personnel, knowledge and process to create high-quality housing and mindful services
3. Developing livable housing with good environment while enhancing the environment of surrounded communities in accordance with the Good Governance Principles for business operation

Organization Values

1. Teamwork and being united
2. Service-minded and detail-oriented
3. Trust and clarity
4. Adjusting and creative
5. Aiming at the success

Goals and Strategies for Business Operation

To expand the core business by introducing more various products on potential lands and develop new business form while strengthen for-sale and rental real estate businesses including businesses of the subsidiaries such as the golf course and other businesses for the best performance.

Furthermore, we also focus on product and service development continuously as well as launching new innovation for well-being to build the highest customer’s trust and satisfaction while building Eastern Star to be a well-known and satisfied brand broadly together with reinforcing the company’s in-house foundation including personnel selection and improvement for a secured sustainable growth.

Assessment success according to the strategy

In order to meet the goals in accordance with the strategy, the company has set core overall operation indicators for organization level and pass on to subordinate level. The indicators are as follows:

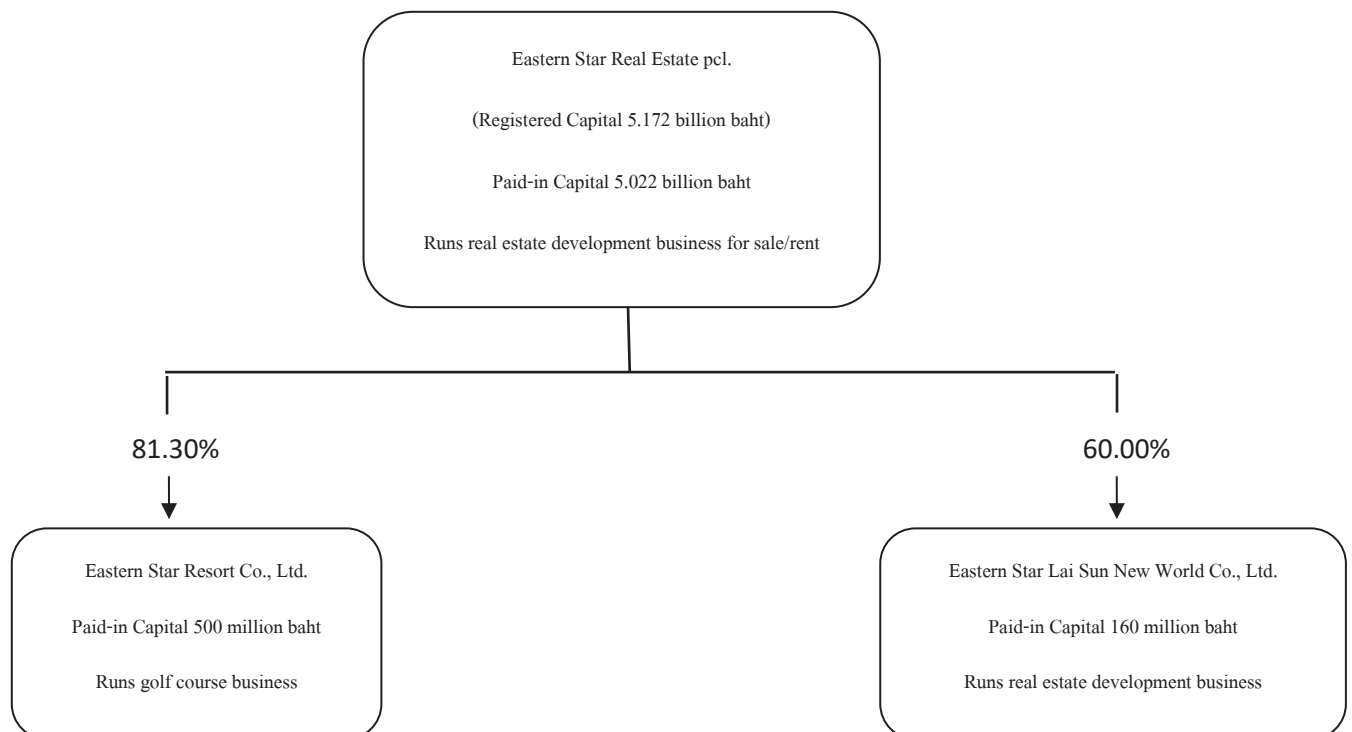
1. Financial indicators related to sales, revenues and profitability
2. Customer's product and service quality satisfaction indicators
3. Process indicators assessed by the efficiency of operation
4. Personnel improvement indicators

The Group of Companies' Shareholding Structure

Eastern Star Real Estate Public Company Limited and the subsidiaries run real estate development businesses for sale, develop properties for rent and golf course business which can be divided as follows:

1. Eastern Star Real Estate Public Company Limited operates real estate development business for sale and rent in Bangkok Metropolitan Region and Rayong.
2. Eastern Star Resort Company Limited operates golf course in Ban Chang district, Rayong province.

The Group of Companies' Shareholding Structure Chart as of 31 December 2018



Notice: *1. Eastern Star Lai Sun New World Co., Ltd. is non-commercial operation

Type of Business

Types of Products and Services

Eastern Star Real Estate Public Company Limited and subsidiaries run for-sale and rental real estate development businesses as well as golf course. The main source of revenue is for-sale real estate development. Before 2004, the company aimed at developing real estate business in Ban Chang, Rayong to support the Eastern Seaboard Development Program (ESB) because the company realized that Ban Chang, Rayong is a potential location as it takes only 10 kilometres to the east to Map Ta Phut Industrial Estate and 5 kilometres to the west to U-Tapao International Airport. Since 2004, the company has started to expand development projects in Bangkok Metropolitan Region. Meanwhile, the company has been developing projects in Ban Chang, Rayong continuously. Types of business the company has been operating are separated into 3 categories as follows:

1. For-sales real estate development

The company's core business structure divides for-sale real estate businesses according to locations which are Bangkok Metropolitan Region and Rayong. The details are as follows:

Projects in Bangkok Metropolitan Region

At the beginning of business expansion in Bangkok Metropolitan Region, the company has developed our projects in the name of The Star Estate. The projects include high rise condominium designed for high-class customers who demand a condominium unit with areas of 64 - 280 square metres like The Star Estate @ Narathiwat or The Star Estate @ Rama III which designed for customers who demand a condominium unit with areas of 35 - 100 square metres as well as premium detached house like The Star Estate @ Pattanakarn 69 with prices between 10 – 40 million baht.

Afterwards, the company has developed condominium projects in potential locations focusing on high rise condominium development projects such as The Breeze, Vantage, StarView, Nara 9 and Amber. Each project has unique design of building, space and public area with better facilities than other same-level competitors in the market.

Since 2018, the company has added more products apart from high rise condominium, we have created new brand named Quintara that keeps the unique design concept with the superior facilities and public area that better than our competitors. The brand still focuses on the middle-class and high-class customers which are the main target of the company. For the future, the company planned to develop all condominiums under the Quintara brand while the spaces and surrounded areas of the condominium projects will be upgraded for a better environment. In July 2018, the company has launched Quintara Tree Haus Sukhumvit 42, a low rise condominium on potential location in Sukhumvit with 304 units and spaces between 29 – 55 square metres. The project's value is about 1.6 billion baht. It received well acknowledgement from customers.

Projects in Rayong

At first, the company started with for-sale real estate development projects in Rayong focusing on areas in Ban Chang district because of its good environment suited for living nearby Map Ta Phut Industrial Estate and U-Tapao International Airport. The development for projects in Ban Chang focuses on detached houses for middle-class and high-class customers building in Eastern Star golf course area and areas on Sukhumvit rd.

The real estate development projects in Rayong were under the brands: StarTown Vintage Hamlet and Sintavee Garden. The company also sells lands in the name of Country Home. Until 2018, the company has developed and sold more than 10 projects in Ban Chang district.

To prepare for the opportunities and expansion of Rayong real estate market at present and the future in accordance with the progressive public utilities development in area of Eastern Economic Corridor (EEC), the company has researched the customer's need in Rayong. We adjusted our strategies in project form, house model and space collocation. We also changed the strategies for sale and marketing including services in order to increase sales and competitiveness.

In the beginning of 2018, the company has launched new phase of Sintavee Garden 2 in the name of Prompt @ Sintavee. The houses in this project were reformed to a new design. The spaces of detached houses are between 152 – 164 square metres, focusing on middle-class customers. We designed new space and exterior design to suit for customer's demand and life style today.

Furthermore, in the first quarter of 2018, the company has launched new projects in the name of Velana. We named the first project as Velana Golf House in Eastern Star golf course area, a large green space, with a shady and classy environment. The project has 98 modern contemporary house with spaces between 164 – 247 square metres. The value of this project is about 500 million baht and focusing on middle-class to high-class customers. After the launch, we received good feedback from customers continuously then the ownership transfer began in the forth quarter of 2018. The sales of projects in Rayong in 2018 was increased more than 160% which is the highest year sales comparing with the sales in 2017 resulting from an attempt that the company has been trying to develop and improve the products according to the customer's demand. This success has led the company to be a leading developer in detached house market in Rayong.

2. Rental real estate development

The company's rental real estates are separated in 2 categories which are rental house and apartment and rental department store. The details are as follows:

1) SeaStar is located in Eastern Star Country Club and Resort golf course area in Ban Chang, Rayong. It's services include monthly rental houses and apartments separating into 6 apartments with a total of 98 rooms, spaces between 208 - 260 square metres and 33 detached houses with spaces between 230 – 321 square metres as well as SeaStar hotel serving daily rental room with 2 buildings, a total of 16 rooms. Locating in the golf course is an advantage of SeaStar project with large shady green space, livable, large room and perfect facilities such as fitness center, clubhouse, swimming pool and tennis court.

2) Eastern Star Plaza building locates in Ban Chang, Rayong. The company has registered to lease out the building and parking place to Ek-Chai Distribution System Company Limited since August 2007 for 25 years 5 months with a total rental rate of 97.26 million baht in order to operate the building as Tesco Lotus department store, Ban Chang branch.

3. Golf Course Business

The company runs golf course business named Eastern Star Country Club and Resort located in Ban Chang, Rayong. The golf course is operated by Eastern Star Resort Company Limited, a subsidiary of the company. Eastern Star golf course is an international standard 18-hole golf course with club building and restaurant designed by Mr. Robert Trent Jones, Jr.

Assets for Business Operation

As of 31 December 2018, the company and subsidiaries own lands and lands with buildings for developing for-sale and rental real estate including golf course as follows:

	Types of Assets	Types of ownership	Location	Area (Rai-Ngan-Sq.m)	Values (Million Baht)	Obligation with Banks (Mortgage) (Million Baht)
1.	<u>Projects in Bangkok</u> Land	Owned by the Company	Prawet (Southern Klong Prawet), Prawet, BKK	32-3-32.00	499	None
2.	Land	Owned by the Company	Bangkok-Nonthaburi rd., Bangkhen, Mueang Nonthaburi, Nonthaburi	7-3-50.00	693	500
3.	Land	Owned by the Company	Rama 3, Yannawa, BKK	3-3-18.80	380	None
4.	StarView Condominium	Owned by the Company	Rama 3, Yannawa, BKK	7-0-25.00	-	None
5.	NARA 9 Condominium	Owned by the Company	Narathiwat Ratchanakarin rd., Sathorn, Bangrak, BKK	3-0-0.90	-	None
6.	Amber Condominium	Owned by the Company	Bangkok-Nonthaburi rd., Bangkhen, Mueang Nonthaburi, Nonthaburi	2-2-49.90	-	860
7.	Estara Pattanakarn 20 Housing Development	Owned by the Company	Soi Pattanakarn 20, Prawet, BKK	21-0-21	-	820
8.	Quintara Sukhumvit 42	Owned by the Company	Prakanong (Northern Prakanong), Klongtoey, BKK	2-2-18	-	765
9.	Quintara Sukhumvit 52	Owned by the Company	Soi Sukhumvit 52, Southern Prakanong, Prakanong, BKK	1-1-4	-	305
10.	<u>Projects in Rayong</u> 3-Story Department Store and 4 – Story Parking Building for Rent (18 years remaining on the lease)	Owned by the Company	Sukhumvit rd., km. 194, Pla, Banchang, Rayong	7-0-96.20	60	Non
11.	Land Mabkha	Owned by the Company	Mabkha, Meuang, Rayong	602-2-78-20	458	None
12.	Land Noenkrabok	Owned by the Company	Sukhumvit rd., km. 198, Pla, Banchang, Rayong	48-3-25.90	126	100
13.	Land StarTown	Owned by the Company	Sukhumvit rd., km. 194, Pla, Banchang, Rayong	6-3-45.60	77	None
14.	Land for Country Home Project	Owned by the Company	Banchang-Pla rd., Pla, Banchang, Rayong	161-0-55.90	293	None
15.	Land Marina	Owned by the Company	Km. 16-Pla rd., Pla, Banchang, Rayong	9-3-33.70	83	210

16.	Land B1	Owned by the Company	Banchang-Pla rd., Pla, Banchang, Rayong	42-2-29	143	None
17.	Land Zone 2	Owned by the Company	Banchang-Pla rd., Pla, Banchang, Rayong	29-3-52	90	None
18.	Vintage Home Village 3 Housing Development	Owned by the Company	Banchang-Pla rd., Pla, Banchang, Rayong	9-3-63.20	-	None
19.	Sintawee Garden 2 Housing Development	Owned by the Company	Sukhumvit rd., Pla, Banchang, Rayong	42-1-92.50	-	None
20.	Hamlet 3 Housing Development	Owned by the Company	Banchang-Pla rd., Pla, Banchang, Rayong	6-2-60	-	None
21.	Velana Golf House Housing Development	Owned by the Company	Banchang-Pla rd., Pla, Banchang, Rayong	24-3-23.3	-	None
22.	ChangThong Housing Development	Owned by the Company	Banchang-Pla rd., Pla, Banchang, Rayong	93-3-43.50	-	None
23.	Hukrajong Housing Development	Owned by the Company	Banchang-Pla rd., Pla, Banchang, Rayong	47-0-79	-	None
24.	Land with a Sport Club Building	Owned by the Company	Banchang-Pla rd., Pla, Banchang, Rayong	16-2-65	91.53	None
25.	SeaStar Rental Room and House	Owned by the Company	Banchang-Pla rd., Pla, Banchang, Rayong	43-2-67.50	330*	None
26.	Land	Owned by Eastern Star Lai Sun Co., Ltd.	Sukhumvit rd., Km. 192, Pla, Banchang, Rayong	105-2-30.70	253	None
27.	Eastern Star Country Club and Resort Golf Course, Club and other buildings	Owned by Eastern Star Resort Co., Ltd.	Banchang-Pla rd., Pla, Banchang, Rayong	392-2-28	509*	None

Note: 1. Land values evaluated by Thai Property Appraisal Lynn Phillips Co., Ltd. as of January 2018

2. * Land Values include buildings

Marketing and Competition

Core Product and Service Marketing

The company set policies and strategies to support sales as follows:

Location Strategy: The company places an importance on selecting location for our development projects because it's the most important factor. We choose the locations by surveying real demand of target customers in order to develop projects suited their needs such as transportation, public utilities system access, facilities around the project so the residents will feel more comfortable and have various transportation choices based on their old residences, work places and position. Furthermore, the company also studies the expansions of cities and population to set a plan for long-term business operation.

Target Group: The company's core target group is middle-class to high-class customers who admire the convenient travelling especially when they're going to work and looking for a residence nearby transportation systems including main roads, highways, BTS, MRT and public transportations or residence located nearby facilities such as department store, hospital, academies, offices or other important places.

Products and Design Strategies: The company sees design as important including images, utilities, safety and strength. We particularly study and improve this factor especially the public area in each project because it's an advantage of project which each project always has its unique style. We always think over the ventilation and using natural light to reduce to energy consumption that can save the electricity charges and reduce global warming. Moreover, we use innovation for convenience of living in accordance with modern consumer behavior. Because of various demands from customers in levels, we also place an importance on researching consumer behavior in each class both the customers who live in our projects and other customers looking for residence by collecting customer demands to improve the products and services to satisfy the consumers.

Marketing and Distribution: The company focuses on social media marketing more and more together with the original media. We use the information technologies to collect and analyze customer data and use more electronic communication to enhance the efficiency of communication while spending budget worthily. We use various online tools such as Google or social media like Facebook, Instagram, web banner or blogger's reviews which all of these methods will lead to the company subscription. All salespersons can reach customer data through their personal computers and company's network all the times. Furthermore, the company also has e-brochure system that sends information to the customers who have an e-mail address which can reduce costs for reaching customers. Meanwhile, there're policies and plans for sales personnel improvement to create a better skills for introducing products and satisfying customers. Our communication channels are mix with offline and online to cover all target groups while building broad recognition and understanding of contents for the best efficiency of communication budget use. We also expand our communication through public relations. In the last year, the company created activities to promote sales such as the campaign "3-2-1 Ready to Move-in Condominium" which means 3 potential locations, 2 bedrooms and one price to give customers an opportunity to find their perfect house fit for their needs. Moreover, we took part in events of

real estate organizations such as 39th House and Condo Expo at Queen Sirikit National Convention Center (QSNCC) and 38th Ultimate Property Fair at Emporium department store. We also do marketing for new target group such as foreigner since last year.

Pricing: The company sets the prices of products according to its categories and costs of production, purchasing power of the target group and competitiveness. The prices are changeable in accordance with locations of the projects and sales office in order to reflect the appropriate values. We have reviewed the proper of the pricing together with the promotions continuously to prepare for changes in the market.

Main Services: In the last year, the company has added more communication channels to communicate with customers such as call center for project information and service inquiries as well as giving customer an advice and help customers to resolve problems about their residences. Now we have created an application called Starcare to be a channel for repairing report for residence with warranty to increase more comfortable to customers. Next we will add more services together with Customer Relationship Management activities including customer data analysis for insights on customer's demand and products/services improvement to satisfy the customers. We'll also continuously hold activities to encourage the relationship with the customers in order to make our customers trust, affiliate and support the company for other new projects.

Product Quality: The company places an importance on the construction standards including house, condominium and public utilities in projects. The company has set clear policies that every unit transferred to customers must pass the QC PASS (Quality Control Passed) before transferring the ownership. We always improve the products and analyze the problems to find the best solution and launch new services to customers. This helps mirror our attention on delivering good product to customers to ensure that the customers own residence fit for their need, that's why we always gain trust and confidence from the customers with our warm services.

In addition to the construction standard, the company also focuses on the condition of all projects such as planning, selecting durable materials for utilities in projects, facilities according to customer's life styles and the most important thing is safety of residents. The company also plans for project management and utilities maintenance before transfer the responsibilities to the juristic persons for being livable communication.

The company's strategies for other businesses like golf course, hotel and rental apartment are as follows:

Hotel Business and Rental Apartment: We serve integrated services to our customers in Banchang, Rayong. The business takes only 2 kilometres to U-Tapao International Airport. We offer daily and monthly rental room services for travellers, executives who work nearby and customers who love playing golf. The customers can also relax in our hotel after playing golf with a shady environment in the same area. Last year, the company has renovated some part of hotel building into a smaller size, from 2 bedrooms to 1 bedroom, to support customer's need, expansion of city according to the Eastern Economic Corridor (EEC) and for various choices.

Golf Course Business: We design the golf course according to landscape, lake and surrounded big trees which are the important composition of the golf course. There is a training golf course in the same area to facilitate the golf players to warm up before playing. The golf course is available throughout the year. Last year, we renovated the club house and golf car runways to support the increasing number of customers while creating modern image.

The company has a set of policies for reinforcement in order to expand the businesses and serve the services that can satisfy customers the best. One of the policies is “Stay and Play” campaign, the SeaStar hotel’s guests can get a special price for playing golf in Eastern Star golf course or integrated services including hotel rooms, seminar room, catering room, restaurant and golf playing.

Competition

In 2018, the overall economy in Thailand was expand better than the economy in 2017 resulting from positive factors such as spending in private sector both for consumption and investment meanwhile the export and tourism sectors also expand especially in the first half of the year together with the stimulant from government’s investment. Although the Policy Rate was increased in the end of 2018 but it didn’t create much impact. However, there are a few factors to beware of which may affect to real estate sector such as an increasing Non-Performing Loan of housing loan and high-rate household debt without better sign.

The real estate sector in 2018 was expanding continuously for every category an especially condominium which is one of our core products. It’s found that there’re a lot of new condominiums launching in 2018 and this type of real estate has the most expanding rate comparing with other types of real estate especially a condominium with price up to 5 million baht. While the overall market shares were still owned by leading entrepreneurs. The popular locations for launching new projects were Thonglor, Sukhumvit and Ekamai. The company also launched new project “Quintara Tree Haus Sukhumvit 42” on one of these location too.

For real estate project development sector during past 2-3 years, it’s found that many developers club together alliances both in Thailand and overseas for their investment and exchanges for knowledges, innovations and technologies. It’s resulting from increasing land prices especially high potential areas that need a lot of capital. Furthermore, the project development in the future tend to be Mixed Use project with high values to increase the revenues from rental spaces and diversification which is not rely on only for-sale real estate.

In addition to the investments from giant foreign investors, since 2017, there’re more small foreign investors tend to buy real estate in Thailand especially investors from China, Hong Kong, Singapore and Japan leading to sharp increasing condominium purchasing power. In the last quarter of 2018, international trade war and barriers together with appreciation of Thai baht has caused investment from China investors decelerated which is a factor we should be aware of and follow up closely because the group of customers may not come back for ownership transfer after the project is finished in the future.

For real estate trend in 2019, there’re supporting factors such as economic growth resulting from expansion in export sector and government’s infrastructure investment especially Eastern Economic Corridor (EEC) with more clearness. But the factors that

need to be aware of still increasing resulting from the interests that tend to increasing continuously and will affect directly to the ability of amortization of customers while the factor about loan proportion which is a Non-Performing Loan of housing loans tend to increasing leading to strict loan approval of commercial banks. Furthermore, the Bank of Thailand (BOT) will launch this year a policy which force the customers to pay more down money to purchase their second house or condominium onward. This will affect to purchasing power of customers who purchase real estate as a family asset or purchase for investment or leasing. These factors may affect to real estate sector in 2019 which will lead to slowing down market expansion.

Overall Revenue Structure of Company and Subsidiaries (2016-2018)

Product Lines	Managed by	Percentage of shareholding	2018		2017		2016	
			Revenue (Million baht)	%	Revenue (Million baht)	%	Revenue (Million baht)	%
Revenue from for-sale real estate development business	ESTAR		1,620.41	94.24	2,516.03	95.91	1,829.04	94.40
Revenue from rental business	ESTAR		34.09	1.98	29.26	1.11	2.26	0.11
	SEASTAR	99.13	-	-	2.82	0.11	29.00	1.50
Revenue from golf course	ESR	81.30	51.21	2.98	48.50	1.85	48.96	2.53
Other revenues	ESTAR ESR		13.74	0.80	26.68	1.02	28.21	1.46
	SEASTAR							
Total			1,719.45	100.00	2,623.29	100.00	1,937.47	100.00

ESTAR = Eastern Star Real Estate Public Company Limited

ESR = Eastern Star Resort Company Limited

SEASTAR = Seastar Properties Company Limited

Note:

- The revenues in 2018 include the revenue separated according to the Financial Reporting Standards 15 in order to compare with the revenues in 2017 and 2016.
- Seastar Properties Company Limited has transferred its whole businesses to Eastern Star Real Estate Public Company Limited since 1 February 2017.

Risk Factors

Risks of the Company and Subsidiaries' Businesses Operations

Before 2003, the company runs only a real estate development business in Ban Chang district, Rayong then since 2003 the company has got new potential shareholders so the company started the real estate development businesses in more potential areas in Bangkok. However, the company keeps developing real estate projects in Ban Chang, Rayong continuously because of its potential locations and the government announced that the areas are a part of Eastern Economic Corridor (EEC) which have progressively developed infrastructure at this time. Now the company has collected lands waiting for development in proper time. The company also set policies to carefully expand the business in Bangkok by creating projects in downtown nearby public transportation systems and focus on middle-class and high-class customers who have purchasing power and real demand.

In 2018, the real estate sector has expanded more and more both in demand and supply resulted from the overall economic expansion of Thailand in export sector, tourism sector and the investments in government's large infrastructure projects including BTS, MRT, high speed trains. Moreover, the credit approval control policy or Loan-to-Value (LTV) of Bank of Thailand (BOT) that will become effective from 1 April 2019 has speed up residence ownership transfer activities before the policy become effective.

In 2019, It's expected that habitation sector will be stable or slow down a little because of negative factors such as interest rates that tend to be higher, Loan-to-Value (LTV) policy of Bank of Thailand (BOT), new land and building tax that will become effective soon as well as effects from economic situations in abroad that resulted from trade war between USA and China and political factors in Thailand that entered into election process which the clarity of the new government is needed. However, it's expected that the habitations located nearby BTS or MRT lines in Bangkok are still popular especially in business center areas and eastern areas where the government's infrastructure construction projects have more progressive. The Loan-to-Value (LTV) policy of Bank of Thailand (BOT) that force buyer to pay more down payment affect low-class real estate market the most because this market is not recover from economic problems yet while the middle-class and high-class real estate market won't face serious effect because this group have high purchasing power customers so the higher rate of down payment won't be a problem for this group. Although the target groups of the company are middle-class and high-class customers with their purchasing power, but the factors mentioned above may cause customers to slow down their decision so the company plans to develop new projects that suitable for our target groups with real demand. The company will wait for proper time to launch new projects.

Risks from building houses before selling and condominium selling after approved by National Environment Board

The company keeps policy on building houses before selling to build trust with our customers instead of building after customer make a subscription though the company has to use our own capital in higher rate for the construction because the company doesn't get the money from customer that should be used as revolving fund during the construction so the company has a risk from building house before selling because it might not be bought immediately, the slower the house's bought the riskier the company takes in profitability. However, the company will survey the customer's need from customers who visit the projects to avoid losing sale opportunities and reduce the number of finished houses while study the overall market to use as an information for analyzing customer's need to build houses that meet the customer's demand and sell house or transfer the ownership to the customer on time.

In case of condominium construction, the company will start selling after the project's environment report is approved by the National Environment Board to ensure that there's no problem with condominium construction permission and reduce the risk on paying compensation to customer if the environment report is rejected or delayed.

Risks from increasing construction costs

There's a problem that workers for construction are needed more and more at present and in the future which resulting from many large-scale infrastructure projects of the government and expanding projects in private sectors that leads to competition in labor market in the future. Moreover, the labor costs are increased resulting to higher cost in construction. However, the government's infrastructure construction projects will start to complete in 2019-2020 while the private sector will slow down their project launch so the worker problems will become better. In order to reduce the risks in many projects, the company has signed contracts with contractors that include material and labor costs. The contracts fix the costs of construction so the company can control the costs to a certain extent. Moreover, the company set a policy to partner with potential contractors that can cope with the company's projects and have the ability to complete projects on time. The policy help reducing the risk from fines when the transference process for house and condominium is took so long and delay. The company has a clear policy on management and controls the construction costs on target and select potential constructors who can take the responsibilities until the projects are completed.

Shareholders and Management Structures

The Company's Securities

Ordinary Share

As of 31 December 2018, the company has a registered capital of 5,172,246,185.00 baht, divided into 5,172,246,185 ordinary shares with par value of 1.00 baht per share. The paid-in capital of 5,022,246,185.00 baht, divided into 5,022,246,185 ordinary shares with par value of 1.00 baht per share.

Major Shareholders

The names of the top ten shareholders as of 9 May 2018 are listed as follows:

<u>Ordinal</u>	<u>Shareholders</u>	<u>Shareholding</u>	<u>Percentage of Total Shares</u>
1.	Bangkok Broadcasting & Television Co., Ltd.*	2,192,260,984	43.65
2.	BBTV Equity Co., Ltd.*	513,000,000	10.21
3.	Sunrise Equity Co., Ltd.*	279,212,609	5.56
4.	Mr.Krit Ratanarak*	131,058,500	2.61
5.	Mr.Thavee Harnkraivilai	100,700,000	2.00
6.	Thai NVDR Co., Ltd	48,697,092	0.97
7.	Cyber Venture Co., Ltd.	42,923,612	0.85
8.	Star Block Group pcl.	42,000,000	0.83
9.	Mr. Suchart Wangsawangkul	37,516,800	0.74
10.	Mr. Manas Saisuk	31,554,200	0.62
	Total	<u>3,418,923,797</u>	<u>68.07</u>

Note:* Sunrise Group consists of

- Bangkok Broadcasting & Television Co. Ltd. (entertainment business)	holds	2,192,260,984 shares or 43.65%
- BBTV Equity Company Limited	holds	513,000,000 shares or 10.21%
- Sunrise Equity Co., Ltd.	holds	279,212,609 shares or 5.56%
- GL Assets Co.,Ltd.	holds	5,746,876 shares or 0.11%
- Mr.Krit Ratanarak	holds	131,058,500 shares or 2.61%
		A total of 3,121,278,969 shares or 62.14%

Dividend Payout Policies of the Company and Subsidiaries

The company and subsidiaries will not pay the dividend if the financial statements of companies still have deficits or in case of the dividend payments caused retained earnings turn into deficits. If the company and subsidiaries want to pay the dividend, first, the companies have to allocate a part of net profits to be a capital reserve with an amount not less than 5% of the annual net profit minus the deficit brought forward (if any) till this reserve is not less than 10% of registered capital.

According to the company policies, the dividend will be paid not less than 50% of separate financial statement's net profits after minus the capital reserve in accordance with the law. The dividend payment must be considered by many factors such as financial statement, liquidity, business expansion and other factors related to the company's management.

Management Structure

Boards of Directors

As of 31 December 2018, Eastern Star Real Estate pcl.'s management structure consists of 3 boards of directors and sub-committees which are appointed by committees. The 3 committees are Audit Committee, Executive Committee and Nomination and Remuneration Committee.

The board of directors, as of 31 December 2018, consists of 12 persons as follows:

Ordinal	Name	Position
1.	Mr. Anand Panyarachun	Chairman and Independent Director
2.	Mr. Veraphan Teepsuwan	Vice Chairman
3.	Mr. Preecha Oonchitti	Independent Director, Chairman of Audit Committee and Nomination and Remuneration Committee
4.	Mr. Somrit Srithongdee	Independent Director, Audit Committee and Nomination and Remuneration Committee
5.	Mrs. Sunanta Tiasuwan	Independent Director, Audit Committee and Chairman of Nomination and Remuneration Committee
6.	Mr. Chatchawin Charoen-Rajaparkl	Chairman of the Executive Committee
7.	Mr. Titiwut Soukpornchaikul1	Executive Director
8.	Mr. Tinnawat Mahatharadol1	Executive Director
9.	Mr. Nuttawit Boonyawat	Executive Director
10.	Mr. Pongpinit Tejagupta	Director
11.	Mr. Paiboon Wongjongjaiharn	Director
12.	Mr. Torsak Lertsrisakulrat1	Managing Director

Note 1 Authorized directors who can sign on behalf of the company

Scope of Duties of the Board

1. To manage the company in accordance with the law, the company's objectives and regulations as well as resolution of the meetings
2. To set the company's direction and policies, and monitor the company performance via the appointed Management Committee
3. To inform the company immediately if there is any conflict of interest in any agreements made with the company, or acquiring more or less shares or debentures of the company and subsidiaries

4. To set up the Board of Directors Meeting at least once every three months and call the meeting by the Chairman. If the Chairman can't perform this duty then the Vice Chairman will take responsibility for this duty. If necessary, two or more directors may ask the Chairman or authorized person nominated by the Chairman set up the meeting within 14 days from the date that the directors proposed the requirement.

5. The committees have the right to receive remuneration from the company as the form of gratuity, attendance fee, pension bonus or other benefits as stipulated in the regulation or according to the consideration of the meeting. The amount of remuneration may be fixed and criterion may be set periodically as to be effective until there's any change. Moreover, the committees may receive allowance and welfare according to the company regulations as well.

The above statement does not affect the rights of the company staff or employee who is appointed as a director to receive the remuneration and benefit as a staff or employee of the company.

6. The Board of Directors holds the authority to organize the Executive Committee and to delegate the authority to the Executive Committee and the Managing Director in order to operate the businesses in compliance with the company's policies and objectives.

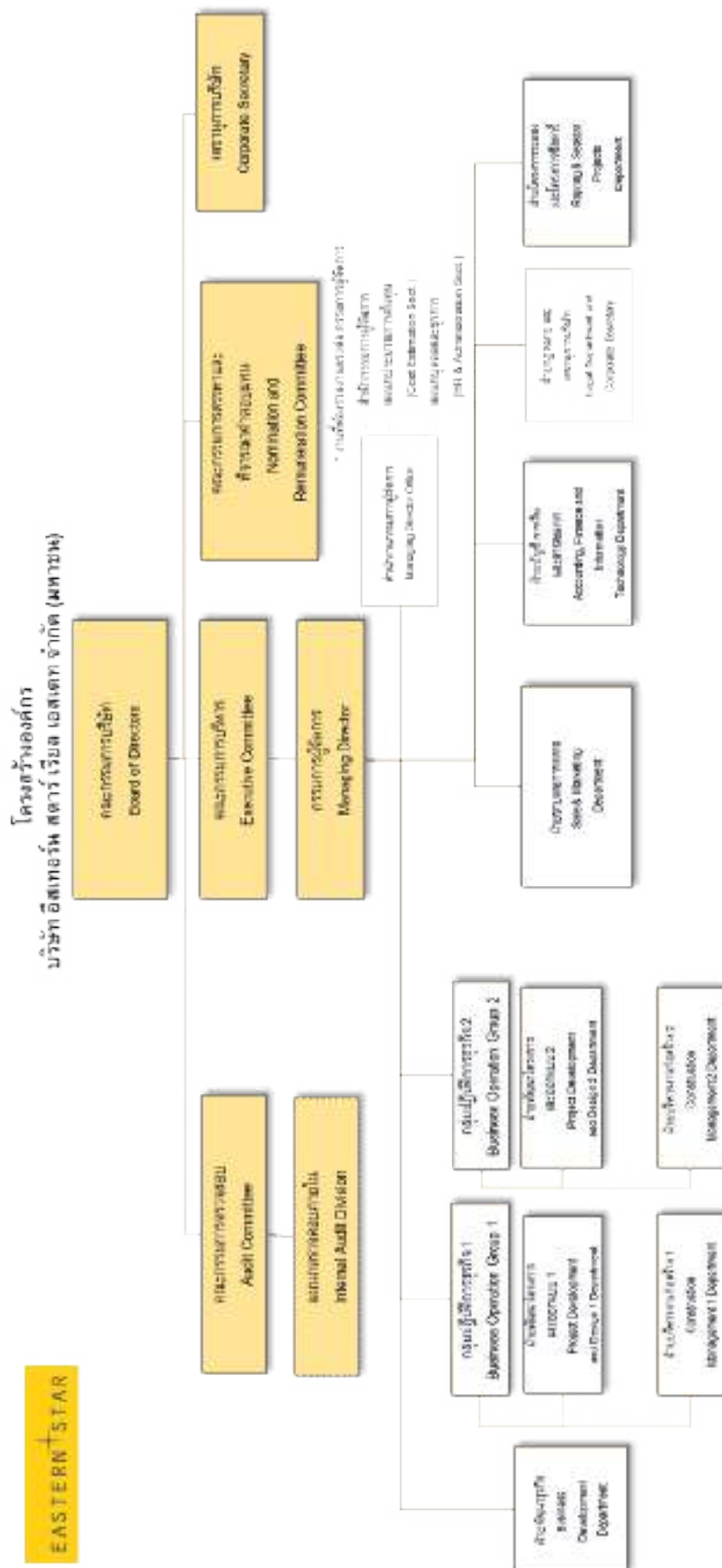
The Meeting Attendance of Each Committee and the number of the meeting in 2018

Name	Attendances/ Meetings			
	Director	Audit Committee	Executive Board	Nomination and Remuneration Committee
1. Mr. Anand Panyarachun	5/5	-	-	-
2. Mr. Veraphan Teepsuwan	5/5	-	-	-
3. Mr. Preecha Oonchitti	5/5	5/5	-	5/5
4. Mr. Somrit Srithongdee	5/5	4/5	-	5/5
5. Mrs. Sunanta Tiasuwan	4/5	5/5	-	5/5
6. Mr. Chatchawin Charoen-Rajapark	4/5	-	15/15	-
7. Mr. Titiwut Soukpornchaikul	5/5	-	14/15	-
8. Mr. Tinnawat Mahatharadol	5/5	-	15/15	-
9. Mr. Nuttawit Boonyawat	5/5	-	15/15	-
10. Mr. Pongpinit Tejagupta	4/5	-	-	-
11. Mr. Paiboon Wongjongjaiharn	5/5	-	-	-
12. Mr. Torsak Lertsrisakulrat	5/5	-	15/15	-

Executives

The executives of the company, as of 31 December 2018, consist of 14 persons as follows:

Ordinal	Name	Position
1.	Mr. Torsak Lertsrisakulrat	Managing Director
2.	Mrs. Orawan Samansothiwong	Assistant Managing Director / Project Development and Design Director
3.	Mr. Pongsak Maison	Assistant Managing Director / Law and Secretary Director
4.	Mr. Supapong Aumrarong	Accounting, Financial and Information Director
5.	Mr. Songchai Borisut	Specialist at Managing Director Office
6.	Ms. Chalinee Prachyasanti	Director at Managing Director Office
7.	Mr. Pichai Pichayentarayotin	Rayong Project Director
8.	Mr. Kitipong Padungsuth	Construction Management Director
9.	Mrs. Pitchapas Powattanakul	Accounting, Financial and Information Assistant Director
10.	Mrs. Pantipa Suktipayaroj	Customer Service Assistant Director
11.	Mr. Nuttawut Saeheng	Business Development Assistant Director
12.	Mr. Rittichai Bunleulab	Sales and Marketing Assistant Director
13.	Mr. Disawa Sareewattana	Second Construction Management Assistant Director
14.	Mr. Suwit Hemnoi	Second Construction Management Assistant Director



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Details of Directors, Executives and Secretary of the company (As of 31 December 2018)

No.	Name-Surname Position	Age (year)	Educational Background	Proportion of shareholding in the company (percentage) ¹	Family Relationship with executives	Related-specialized experiences rolled back for 5 years		
						Period	Position	Company
1.	Mr. Anand Panyarachun Chairman of the board and Independent director	87	Bachelor of Laws (honor) University of Cambridge	0.08	None	1992- Present	Chairman of the board	Eastern Star Real Estate Pcl.
2.	Mr. Veraphan Teepsuwan Vice Chairman Participated in -Role of the Chairman Program (RCP)	77	Master of business administration Northeastern University, U.S.A. Bachelor of Economics Boston University, U.S.A.	0.02	None	2003 - Present 1999- Present 2007- Present 2017- Present	Vice Chairman Chairman of the board Chairman of the board Chairman of the board	Eastern Star Real Estate Pcl. Sri Ayudhya Insurance Pcl. Bank of Ayudhya Public Company Limited Pattaya Grand Village Ltd.
3.	Mr. Preecha Oonchitti Independent Director and Chairman of Audit Committee Participated in -Director Certification Program (DCP) -Director Accreditation Program (DAP)	73	Bachelor of Economics Thammasat University	-	None	2003 - Present 2003 - Present	Independent Director and Chairman of the Audit Committee Chairman of the board	Eastern Star Real Estate Pcl. Eastern Star Resort Ltd.
4.	Mr. Somrit Srithongdee Independent director and Audit committee Participated in - Director Certification Program (DCP) No. 101/2008 -Financial Statements for Directors (FSD) No. 1/2008 -Role of the Compensation Committee (RCC) No. 1/2007 -Executive Development Program (EDP) No. 1/1990	69	Master of Public Administration Chulalongkorn University Mini MBA Thammasat University Bachelor of Sociology and Anthropology Chiang Mai University	-	None	2010-2014 2014-2016 2016- Present 2015- Present 2009- Present	Chief Executive Staff and Managing director Chairman of the board Chairman of the board Chairman of the board and Managing director Independent Director and Audit committee	HR Professional Consulting & Services Co.,Ltd. HR Professional Consulting & Services Co.,Ltd. HR Pro Security and Service Co.,Ltd. HR Pro Security and Service Co.,Ltd. Eastern Star Real Estate Pcl.

No.	Name-Surname	Age (year)	Educational Background	Proportion of shareholding in the company ¹ (percentage)	Family Relationship with executives	Related-specialized experiences rolled back for 5 years		
						Period	Position	Company
	-Finance Executive Program – Finex No. -/1997							
5.	Mrs. Sunantha Tesuwan Independent director and Audit committee Participated in - Director Certification Program (DCP) No. 22/2002 - Capital Market Academy training No. 11	68	Ordinary National Diploma in Business Studies and Administration University of Westminster (U.K.).	0.03	None	2005- Present 2015- Present 1993- Present 1991- Present 2008- Present	Independent Director and Audit committee Chairman of Nomination and Remuneration Committee Director Director Associate Chief Judges	Eastern Star Real Estate Pl. Prima Gold International Co., Ltd. Forward Freeland Co., Ltd. Central Juvenile and Family Court, Samutprakan
6.	Mr. Paiboon Wongjongsilham Director Participated in -Director Accreditation Program (DAP) No. 66/2007 - Building Energy Conservation (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy) Class 18/1996 -Building Electrical Design and Installation Standard Code For Energy Conservation (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy) Class 1/1997 -Person Responsible for Energy in Building (The Department of Alternative Energy Development and	54	Bachelor of (Honor) Engineering-Electrical Engineering Technology King Mongkut's University of Technology North Bangkok Electrical Engineering The Engineering Institute of Thailand Under H.M. The King's Patronage Ordinary Electrical Engineer (Power) Council of Engineers Associate Electrical Engineer (Telecommunication/ Electronic) Council of Engineers	-	None	2007-2016 2015-2016 2017- Present 2007- Present 2003 - Present 1994- Present	Executive director Acting Managing director Director Director Executive director Manager of Engineering Department Senior Building Manager	Eastern Star Real Estate Pl. Eastern Star Real Estate Pl. Eastern Star Real Estate Pl. Eastern Star Lai Sun New World Co., Ltd. Eastern Star Resort Co., Ltd. BBTV Equity Co., Ltd

No.	Name-Surname Position	Age (year)	Educational Background	Proportion of shareholding in the company (percentage) ¹	Family Relationship with executives	Related-specialized experiences rolled back for 5 years		
						Period	Position	Company
	Efficiency under The Ministry of Energy) Class 1/2003							
7.	Mr. Chatchawin Charoen-Rajapark Chief Executive director Participated in -Director Accreditation Program (DAP) No. 52/2006 - Director Certification Program (DCP) No. 88/2007 - Audit Committee Program (ACP) No. 19/2007 - Role of the Compensation Committee (RCC) No. 7/2008	58	Ph.D. in Management Massachusetts Institute of Technology M.S. in Management Massachusetts Institute of Technology B.S. in Electrical Engineering Massachusetts Institute of Technology	-	None	2014 - Present 2005 - 2014 2009 - 2018 2006 - Present 1998 - Present 2014 - Present 2018- Present 2018- Present	Chief Executive director Executive director Independent Director Chairman of Audit committee Nomination and remuneration committee Policy and Strategy Director Independent Director Chairman of Nomination and remuneration committee Audit committee Managing director Chairman of the board Chairman of the board Chairman of the board	Eastern Star Real Estate Pcl. Thai Insurance Pcl. Ocean Glass Public Company Limited President Hotel and Tower Co., Ltd. Rajapark Development Co., Ltd Terra West Co., Ltd. Terra Venture Co., Ltd.

No.	Name-Surname Position	Age (year)	Educational Background	Proportion of shareholding in the company (percentage) ¹	Family Relationship with executives	Related-specialized experiences rolled back for 5 years		
						Period	Position	Company
8.	Mr. Tiwut Soukpornchaikul Executive director Participated in -Company Secretary Program (CSP) -Executive Development Program (EDP) No. 6 - Advanced Audit Committee Program (AACP) No. 23 and was appointed by Securities and Exchange Commission (SEC) to be a Supervisor according to the SEC Announcement on Agreement on financial Advisor and Work Scope – A.D. 2009	56	Master of Master of Business Administration Chulalongkorn University Bachelor of Economics Thammasat University Bachelor of Bachelor of Accountancy Sukhothai Thammathirat Open University	-	None	2007– Present 2006 – Present 2006 - Present 2006 – Present 2005–2016 2003 - Present 2003 – Present 2005–2016	Director Executive director Executive director Director Executive director Accounting-Finance Manager Executive director Executive director	Eastern Star Lai Sun New World Co., Ltd. Eastern Star Real Estate Pcl. Eastern Star Resort Ltd. Supper Assets Co., Ltd. Khao Kheow Country Club Co., Ltd. BBTV Equity Co., Ltd. Seastar Properties Co., Ltd. Siam Puri Mongkol Co., Ltd.
9.	Mr. Torsak Lertsrisakulrat Managing director Participated in -Director Accreditation Program (DAP) A.D. 2018	43	Doctor of Engineering Tokyo Institute of Technology (TIT) Master of Engineering Asian Institute of Technology (AIT) Bachelor of (Honor) Engineering Chulalongkorn University	-	None	2016– Present 2017– Present 2013–2016	Managing director Executive director Executive Vice President-Strategy And New Business Development	Eastern Star Real Estate Pcl. Eastern Star Resort Ltd. Pruksa Real Estate Pcl.

No.	Name-Surname Position	Age (year)	Educational Background	Proportion of shareholding in the company (percentage) ¹	Family Relationship with executives	Related-specialized experiences rolled back for 5 years		
						Period	Position	Company
10.	Mr.Pongpint Tejagupta Director Participated in - Anti – Corruption for Executive Program (ACEP) No. 7/2013 - How to Develop a Risk Management Plan (HRP) No. 4/2013 - Chartered Director Class (CDC) No. 7/2013 - Role of the Compensation Committee (RCC) No. 14/2012 -Role of The Nomination and Governance Committee (RNG) No. 2/2012 - The Board's Roles in Merger & Acquisitions (M & A) No. 1/2011 - Monitoring Fraud Risk Management (MFM) No. 2/2010 - Monitoring of The Quality of Financial Reporting (MFR) No. 10/2010 - Monitoring The Internal Audit Function (MIA) No. 7/2010 - Monitoring The System of Internal Control and Risk Management (MIR) No. 9/2010 - Financial Institutions Governance Program (FGP) No. 1/2010	64	Master of Business Administration, University of Detroit, Michigan USA Bachelor of Accountancy, Chulalongkorn University	-	None	2014–2018 2018– Present 2014–Present 2011–2014 2010–2014 2014–2016 2015– Present 2016– Present 2015– 2018 2018– Present 2014– 2017 2014 – 2014 2003 - 2018 2018 -Present	Chairman of Risk and Corporate Governance Committee Chairman of Good Governance and Risk Director Chairman of Audit committee Independent Director Committee consultant Committee Director Director Director Director Consultant Director Independent director and Audit committee	Siam City Cement Pcl. Bank of Ayudhya Pcl. Eastern Star Real Estate Pcl. Siam City Cement (Lanka) Limited (Subsidiary) (Listed in Sri Lanka) Media Studio Co., Ltd. Bangkok Broadcasting & TV Co., Ltd. Allianz Ayudhya Assurance Pcl.

No.	Name-Surname Position	Age (year)	Educational Background	Proportion of shareholding in the company (percentage) ¹	Family Relationship with executives	Related-specialized experiences rolled back for 5 years		
						Period	Position	Company
	- Successful Formulation & Execution of Strategy (SFE) No. 7/2010 - Advanced Audit Committee Program (ACP) No. 30/2010 - Director Certification Program (DCP) No. 126/2009 - Directors Accreditation Program (DAP) No. 71/2008							
11.	Mr. Nuttavit Boonyawat Executive director Senior Executive Program (Sep. 9) Sasin	57	Master of Science Abilene Christian University Texas, USA. Bachelor of Economics, UTCC	-	None	2015- Present 2013- Present 2010- Present 2014- Present 2015- Present 2017- Present	Director Director Director Executive director Executive director Executive director	Home Sukhumvit Co., Ltd. TV Digital HR Co., Ltd Grand Lam Luang Co., Ltd Matching Maximize Solution Plc. Eastern Star Real Estate Pel. Eastern Star Real Estate Pel.
12.	Mr. Tinnawat Mahatharadol Executive director Participated in - Director Certification Program (DCP) No. 205/2015 - Risk Management Program (RMP) No. 6/2015	60	Master of Business Administration Ball State University Bachelor of Law Thammasat University	-	None	2009 - Present 2014- Present 2015- Present 2015- Present 2015- Present 2017 - Present 2017- Present	Managing director Director Director Director Director Director Director	Mahatharadol Co. Ltd. Srivichai Vejvivat Pel. BBTV Equity Co., Ltd Sunrise Equity Co., Ltd. Eastern Star Real Estate Pel. Ratanarak Co., Ltd. Siam City Cement (Vietnam) Co., Ltd.
13	Mrs. Aurawan Samansothiwong Managing director assistant / Director of Project Development and Design	62	Mini MBA 29 Thammasat University Bachelor of Architecture Sipakorn University	-	None	2004 - Present	Managing director assistant of Project Development and Design	Eastern Star Real Estate Pel.

No.	Name-Surname	Age (year)	Educational Background	Proportion of shareholding in the company (percentage) ¹	Family Relationship with executives	Related-specialized experiences rolled back for 5 years		
						Period	Position	Company
14	Mr. Pongsak Maison Managing director assistant – Law department and Secretary Participated in - Company Secretary Program (CSP) - Anti-Corruption: The Practical Guide (ACPG)	60	Bachelor of Law Thammasat University	-	None	2014- Present 2014- Present 2014- Present	Managing director assistant of Laws Department and Secretary of the Company Executive director Executive director	Eastern Star Real Estate Pcl. Seastar Properties Ltd. Eastern Star Resort Ltd.
15	Mr. Supapong Amarang Director of Accounting, Finance and Information Department	51	MBA Kasetsart University Bachelor of Accounting Thammasat University	-	None	2006 – Present	Director of Accounting, Finance and Information Department	Eastern Star Real Estate Pcl.
16	Mr. Songchai Borisut Specialist Managing director office	51	Master of Economics Kasetsart University Bachelor of Agricultural Economics Kasetsart University	-	None	2017– Present 2014-2017	Specialist Managing director office Director of Sales and Customer Services Department	Eastern Star Real Estate Pcl.
17	Ms. Chalinee Prachyasanti Director of Managing director office Participated in -Mini MRE Thammasat University A.D. 2011	41	Master of Business Administration Chulalongkorn University Bachelor of Business Administration (Honor) Assumption University	-	None	2016- Present 2006 –2016	Director of Managing director office Senior manager of Business Strategy and Operation Strategy	Eastern Star Real Estate Pcl. Pruksa Real Estate Pcl.
18	Mr. Kasensak Suniarotok Director of Marketing Department and Acting Director of Sales and Customer Services Department	48	Master of Integrated Marketing Communication Roosevelt University Chicago, USA Bachelor of Arts and Designs Columbia College Chicago, USA	-	None	2017- 2018 2013 – 2016	Director of Marketing and Acting Director of Sales and Customer Services Department Director of Sales and Marketing Department	Eastern Star Real Estate Pcl. Sammakorn Pcl.

No.	Name-Surname Position	Age (year)	Educational Background	Proportion of shareholding in the company (percentage) ¹	Family Relationship with executives	Related-specialized experiences rolled back for 5 years		
						Period	Position	Company
19	Mr. Pichai Pichayentayayothin Director of Rayong Project Department	51	Master of Real Estate and Construction Management University of Denver Bachelor of Electrical Engineering King Mongkut's Institute of Technology Ladkrabang	-	None	2017- Present 2002-2015	Director of Rayong Project Department Managing director	Eastern Star Real Estate Pcl. Seri Premier Co.,Ltd.
20	Mr. Ekachai Paiboonpan Director of Project Development and Construction 1	46	Bachelor of Engineering Rajamangala University of Technology Phra Nakhon	-	None	2013- Feb. 2018	Director of Project and Construction Development 1	Eastern Star Real Estate Pcl.
21	Mr. Pisit Tangkawanish Director of Law Department and Secretary of the company	57	Master of Laws Ramkhamhaeng University Bachelor of Laws Thammasat University	-	None	Feb. 2018-31 Oct.61 2009-Jan. 2018	Director of Laws Department and Secretary of the Company Director of Personnel Department and Government Coordination	Eastern Star Real Estate Pcl.
22	Mr. Suchok Janthong Director of Project Development and Design-Business Operation Group 2	48	Bachelor of Engineering (Civil Engineering) Chulalongkorn University	-	None	2017-Oct.2018 2009-2017	Director of Project Development and Design-Business Operation Group 2 Managing director	Eastern Star Real Estate Pcl. T.E.R. Plus Development Co., Ltd.
23	Mr. Kittipong PadungSut Director of Construction Management- Business Operation Group	46	Master of Construction Management Rangsit University Bachelor of Engineering (Civil Engineering) Rangsit University	-	None	Oct. 2018- Present 2017 - 2018 2013 - 2017	Director of Construction Management- Business Operation Group Senior Director Assistant Project Director	Eastern Star Real Estate Pcl. JSP Property Pcl. Quality House Pcl.
24	Mrs. Pichpaisom Powatanakul Director assistant of Accounting, Finance and Information Department	54	Bachelor of Finance and Banking Ramkhamhaeng University	-	None	2006 - Present	Director Assistant of Accounting, Finance and Information Department	Eastern Star Real Estate Pcl.

No.	Name-Surname	Age (year)	Educational Background	Proportion of shareholding in the company (percentage) ¹	Family Relationship with executives	Related-specialized experiences rolled back for 5 years		
						Period	Position	Company
25	Mrs. Panipa Suktipayaroj Director assistant of Customer Services Department	55	Bachelor of General Management Bansomdejchaopraya Rajabhat University	-	None	2018- Present 2013-2018	Director Assistant of Customer Services Department Director Assistant of Sales and Customer Services Department	Eastern Star Real Estate Pcl.
26	Mr. Nattawut Sacheng Director assistant of Business Development Department Participated in -The Next Tycoon No. 3 A.D. 2017	31	Master of Business Administration Assumption University Bachelor of Business Administration Assumption University	-	None	2016- Present 2010-2016	Director Assistant of Business Development Senior Manager of Business Development	Eastern Star Real Estate Pcl. Magnolia Quality Development Corporation Limited
27	Mr. Rittichai Bunleulap Director assistant of Sales and Marketing Department Participated in -Mini MRE Thammasat University A.D. 2015	35	Master of Business Administration Assumption University Bachelor of Engineering (Honor) Assumption University	-	None	Mar. 2018- Present 2016-2018 2014-2016	Director Assistant of Sales and Marketing Department Acting Director of Real Estate Business Department Manager of Business Strategy and Operation Strategy Department	Eastern Star Real Estate Pcl. Ocean Property Co., Ltd. Prukksa Real Estate Pcl.
28	Mr. Disawa Seriwatana Director Assistant of Construction Development Department (Business Operation Group2)	50	Bachelor of Civil Engineering Chiang Mai University Bachelor of Economics Sukhothai Thammathirat Open University	-	None	Aug. 2018- Present 2011 - 2018	Director Assistant of Construction Management Department (Business Operation Group2) Project manager	Eastern Star Real Estate Pcl. Stonehenge Inter Public Company Limited
29	Mr. Suwit Hemnoi Director Assistant of Construction Development Department (Business Operation Group2)	39	Bachelor of Civil Engineering Kasem Bundit University	-	None	Nov. 2018- Present 2016 - 2018 2012 - 2016	Director Assistant of Construction Department (Business Operation Group2) Director assistant - Construction department Director assistant - Construction department	Eastern Star Real Estate Pcl. JSP Property Pcl. Quality House Pcl.

The Company's Secretary

The company's secretary was Mr. Pongsak Maision who took responsibilities for giving counsel regarding law and regulations as well as code of conduct to manage the committee's activities in accordance with the law while managing the board of directors' meeting, executive directors' meeting and shareholders' meeting and coordinate with internal departments to perform any activities according to resolutions of the executive board, board of directors and shareholder meeting. The secretary has to coordinate with other offices such as Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) while taking responsibility for disclosing information correctly to SEC, SET and public according to the law and other duties assigned by the committee.

Remunerations for Committees and Executives

The nomination and remuneration committee considers to pay remunerations to the board of directors and other committees according to the appropriateness, duties and responsibilities as well as other factors such as the businesses and performance of the company, market and real estate sector standards, economy, etc. Then the specified remunerations will be presented to the Board of the company and shareholders meeting for approval.

The remuneration payment will be done with honesty in accordance with the principles approved by the shareholder meeting. The shareholders approved the 2018 remuneration agenda for Board of Directors in the shareholder meeting 1/2018 on 27 April 2018. The amount of remuneration approved by the meeting is up to 9.5 million baht which is equal to the amount in 2017. The board of the company will take the responsibility to allocate the remuneration to each committee appropriately.

Monthly remuneration

The board of the company will receive monthly remuneration in an amount of up to 9.5 million baht a year. The remuneration will be allocated by the board.

The details of monthly remuneration are as follows:

7. **Remuneration for committee** The committee chairman received monthly remuneration an amount of 120,000 baht a month and the committees received 50,000 baht per month.

8. **Remuneration for committees** The committees who are appointed as a subcommittee received the monthly remuneration according to their duties as follows:

1.1 **Management committee** The chairman of management committee received monthly remuneration of 20,000 baht a month and the management committee received monthly remuneration of 10,000 baht.

1.2 **Audit Committee** The chairman of audit committee received monthly remuneration of 20,000 baht a month and the audit committee received 10,000 baht monthly.

1.3 **The nomination and remuneration committee** The chairman of nomination and remuneration committee received monthly remuneration of 20,000 baht a month and the nomination and remuneration committee received 10,000 baht per month.

Details of 2018 Remuneration for the Company Committees

Name	Board of Directors	Audit Committees	Management Committees	Nomination and Remuneration Committees	Total Remuneration (Baht)
1. Mr. Anand Panyarachun	1,440,000	-	-	-	1,440,000
2. Mr. Veraphan Teepsuwan	600,000	-	-	-	600,000
3. Mr. Preecha Oonchitti	600,000	240,000	-	120,000	960,000
4. Mr. Somrit Srithongdee	600,000	120,000	-	120,000	840,000
5. Mrs. Sunanta Tiasuwan	600,000	120,000	-	240,000	960,000
6. Mr. Chatchawin Charoen-Rajapark	600,000	-	240,000	-	840,000
7. Mr. Titiwut Soukpornchaikul	600,000	-	120,000	-	720,000
8. Mr. Tinnawat Mahatharadol	600,000	-	120,000	-	720,000
9. Mr. Nuttawit Boonyawat	600,000	-	120,000	-	720,000
10. Mr. Pongpinit Tejagupta	600,000	-	-	-	600,000
11. Mr. Paiboon Wongjongjaihan	600,000	-	-	-	600,000
12. Mr. Torsak Lertsrisakulrat	-	-	-	-	-
Total					9,000,000

Other remuneration for committees: None

The remuneration for 18 executives of the company comes up to 39,552,004 baht including their salaries and bonuses for 2018.

Other remuneration for executives of the company: Contributions for Provident Fund with an amount of 946,442 baht

Personnel

As of 31 December 2018, the company has 206 employees and workers divided into 32 executive-level personnel, 108 employees 66 workers. The total of remunerations for personnel in last year is 129 million baht including salaries, bonuses, OT, contributions for Provident Fund, contributions for Social Security Fund, Workmen's Compensation Fund, housing rents, telephone bills and travelling expenses, costs of living, group health insurance, group accident insurance and yearly health-check-up-program. In past 3 years (2016-2018), the company has no conflict on labor.

Policies on Personnel Development

In 2018, the company has been focusing on personnel training and development by encourage the personnel to participate in seminars and training related to their responsibilities to improve their knowledge and skills for work. We also encourage supervisors to train their subordinates during the working period too.

In addition to those plans, we also set a successor structure and high-performance personnel management to capitalize on "human" for the best benefits of the organization and in order to improve their abilities to work as a professional to fulfill the organization's vision in the future.

Corporate Governance

1. Policy on Corporate Governance

Adherence of Corporate Governance Code and Policies on Corporate Governance

The board of directors realizes the importance of Corporate Governance Code which is a core factor in improving the company performance, the basis of sustainable success and growth of the company so the board set policies related to corporate governance as follows:

- For equal and trustworthy practices to the interested persons, the board of the directors focuses on their responsibilities perfectly for the best benefits of the company. They show their leadership and ability to control the performance in managing department efficiently as well as avoiding the conflict of interest.
- The company set ethics for the committees and personnel to follow.
- To operate the businesses transparently and verifiable by setting an internal auditing and control system to deal with the risks.

There is an internal audit department to keep the management department performing their duties efficiently according to the policies.

The company adheres to the interests of related parties such as shareholders, creditors, employees, customers, partners, government's agencies, competitors and public communities not only the profits of the company. The company wrote the corporate governance policy and announced it to be a core policy for the board of directors, management department and all level personnel to adhere to since 13 January 2003. Every related person can learn and check the policy on the company's website.

2. Subcommittees

The management structure of the company consists of 3 subcommittees: management committee, audit committee and nomination and remuneration committee as follows

a) The management committee

As of 31 December 2018, the management committee of the company consists of:

No.	Name	Position
1.	Mr. Chatchawin Charoenrajapark	Chairman of management committee
2.	Mr. Torsak Lertsrisakulrat	Executive director and Managing director
3.	Mr. Titiwut Soukpornchaikul	Executive director
4.	Mr. Nuttawit Boonyawat	Executive director
5.	Mr. Tinnawat Mahatharadol	Executive director

Scope of Duties of the Management Committee

1. To screen the issues to be proposed to the board of directors and review the committee meeting Report prior to presenting it for approval.
2. To manage the company in accordance with the plan, budget, and policies that the board of directors has approved; as well as following up on issues that have been approved by the board
3. To consider the approval of various issues within their scope of responsibilities

Authorities of the Management Committee:

1. To set up the company's principles, conditions, rules and regulations in various aspects as well as to assign work and authorities to the employee.
2. To give approval or make a decision on the issues which require no approval from the board of directors.
3. To give approval or make a decision on urgent issues which cannot be postponed for the board of directors meeting approval. In this case, the discussion with the chairman of the board or the chairman of the audit committee is required for screening. After the action has been carried out it is necessary to be proposed to the board of directors for ratification.
4. The management committee has the authority to appoint executive, not more than two persons, who is not a management committee to be an associated executive committee member

Scope of issues that need the approval of the Board of Directors:

1. The company's direction and policies on planning and the annual budget. The annual budget must consist of profit and loss projections, cash budget, capital budgets, documentation of the number of employees, and the employment plan.
2. The company's property development projects.
3. Management policy, organizational structure, employee welfare, bonus, and annual salary increase plans.
4. The purchasing of land or buildings not included in the approved property development project as mentioned in clause 2.
5. The selling of land or buildings not included in the general business transaction of the company or the company's asset development project.
6. The rental or leasing of land or buildings which exceeds a time period of over three years, or a value of 10 million Baht.
7. The establishment of a loan with any financial institutions, shareholders, or related parties.
8. The increase and decrease of the capital of the subsidiaries or associated companies, as well as the cancellation or merger with these companies. The selling of investment capital of the subsidiaries and associated companies including entering into a joint venture with any company.
9. Litigation or contention with value exceeding 5 million Baht.
10. The matter defined by the law that is must be approved by the Board of Directors.
11. Other matter that the Board of Directors must approve independently

b) Audit Committee

As of 31 December 2018, the audit committee of the company consists of

No.	Name	Position
1.	Mr. Preecha Oonchitti	Chairman of the Audit Committee
2.	Mr. Somrit Srithongdee	Audit Committee
3.	Mrs. Sununta Tiasuwan	Audit Committee

The audit committee who has knowledge and experience in financial statement audit is Mrs. Sununta Tiasuwan.

Scope of authorities of the Audit Committee:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate and also to review the unusual items, the important accounting policy and the auditor's adjustment transactions.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient.
3. To review the Company's compliance with laws on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
4. To consider, select, and nominate the Company's auditor, and to propose the auditing fee by considering the auditors' independence e.g. reviewing the other services provided to the Company by the audit firm, the rotation of the auditors, etc.
5. To review with the auditor the material matters which may affect the reliability of the financial statement e.g. issues or conflicts the auditor may face in performing his duty, differences of opinion between the auditor and the management, the efficiency of internal control systems, and some weak point which occurred during this period and may continue in the next period, etc.
6. To attend a non-management meeting with an auditor at least once a year and to attend a non - management meeting with the head of compliance and internal audit department at least once a year.
7. To review the risk level and risk assessment method of the internal auditor and to assess the awareness of the Board of Directors and the management with regard to significant risk and operational risk.
8. To consider and ensure the accuracy and completeness of the disclosure of information of the Company in the case of the Connected Transactions, or the transactions that may lead to conflicts of interests and to provide an opinion to the Board of Directors regarding the connected transaction or the transaction that may entail a potential conflict of interest before entering into such a transaction, according to the rules and regulations of the SET and SEC.
9. To review and acknowledge the Company's compliance with the business code of conduct, ethics and corporate governance.
10. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - 10.1 An opinion on the accuracy, completeness and creditability of the Company's financial report.
 - 10.2 An opinion on the adequacy of the Company's internal control system.

10.3 An opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business.

10.4 An opinion on the suitability of an auditor.

10.5 An opinion on the transactions that may lead to conflicts of interests.

10.6 The number of the audit committee meetings, and the attendance of such meetings by each committee member.

10.7 An opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and

10.8 Other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.

11. To review and approve the Charter of the internal audit it at least once a year

12. To consider and approve the annual internal audit plan and prioritize it according to risk level. To review the internal audit report and consider with the management the Company's weak points or failings and get responses from management.

13. To approve the appointment, transfer and dismissal of the head of compliance and internal audit department, as well as to determine the independence of such function.

14. The Audit Committee has the right to hire the outsources of professionals to help audit when necessary.

15. If the Board of Directors or the management unreasonably ignores the recommendations made in the Audit Committee's report or the committee is suspicious of a transaction that might have a material impact on the financial condition or operational results of the company, the Audit Committee will report such finding to the Office of Securities and Exchange Commission or the SET.

16. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

c) Nomination and Remuneration Committee

As of 31 December 2018, the nomination and remuneration committee of the company consists of

No.	Name	Position
1.	Mrs. Sunanta Tiasuwan	Chairman of Nomination and Remuneration Committee
2.	Mr. Preecha Ounjitti	Nomination and Remuneration Committee
3.	Mr. Somrit Srithongdee	Nomination and Remuneration Committee

The responsibility of nomination and remuneration committee

1. To consider policies, rules and practices to present to the board of directors

1.1 The policies, rules and practices for nominate the company's directors, subcommittees and chief executives such as chief executive officer and/or managing director, deputy managing director and assistant managing director

1.2 The policies, rules and practices for recruiting, selection and screening the right person to be appointed for committee, managing director or equivalent person of companies or businesses that the company owns shares at least 50%

1.3 The remuneration policy and other benefits including amount of payment and benefits for director, members of subcommittee and chief executive of the company comprising committees, managing director or equivalent person of companies or businesses that the company owns shares at least 50%

2. Personal Recruit, Selection and Screening

The recruit, selection and screening processes to offer the company the right persons for positions as follows:

2.1 Director

2.2 Committees of subcommittees subject to the board of directors

2.3 Chief executives of the company are Chief executive officer and/or managing director, deputy managing director and assistant managing director

2.4 The committee, managing director or equivalent person of companies or businesses that the company owns shares at least 50%

3. Remuneration

To remuneration and present to board of directors then they can consider the appropriate payment for directors, committees of subcommittees, chief executive such as chief executive officer and/or managing director, deputy managing director, assistant managing director including committees, managing director and or equivalent person of companies or businesses that the company owns shares at least 50% according to the policies and rules of the company, subsidiaries or businesses that the company owns shares at least 50%. However it depends on circumstances. The company will compare the rates of payment with the rates of other company in the same industry or similar. The directors of the company who are charged with more duties should be paid as the proper rates as their duties.

4. Other Duties and Responsibilities

4.1 To consider and present essential details to board of directors then they can adjust the proper size and composition of board of directors that suit to the organization and changing environment. Board of directors must consist of persons who have rich knowledge and experiences in many fields that will be benefit management and operation of the company.

4.2 To consider and present the board of directors any paths to analysis the directors and other chief executives such as chief executive officer and/or managing director, deputy managing director and assistant managing director. Then the board can consider the proper annual bonus for them according to their responsibilities, related risks and long-term value added of shareholders' equity.

4.3 To assess the performances of directors and chief executive officer and/or managing director to present their performance report to the board.

4.4 To consider and present the board of directors a succession plan for positions such as chief executive officer and/or managing director, deputy managing director and assistant managing.

4.5 To reveal the policies and reports that summarizes the overall operation of nomination and remuneration committee. Then put them together with the annual report of the company.

4.6 To seek for comments from independent consultant specialist in case of necessities including salary research and director or top executive nomination. The company will pay for the specialist.

d) Independent Committee

As of 31 December 2018, the independent committee of the company consists of

No.	Name	Position
1.	Mr. Anand Panyarachun	Chairman of the Committee
2.	Mr. Preecha Oonchitti	Chairman of the Audit Committee and Nomination and Remuneration Committee
3.	Mr. Somrit Srithongdee	Audit Committee and Nomination and Remuneration Committee
4.	Mrs. Sununta Tiasuwan	Audit Committee and Chairman of Nomination and Remuneration Committee

3. Committee and Senior Executive Nomination and Appointment

(1) Independent Committee

The company set rules for nominating and appointing independent committee according to the Qualification of “Independent Director” of Notification of Capital Market Supervisory Board as follows

- a) Holds shares not excess 1 percent of issued shares with voting rights of the applicant, parent company, subsidiary company, associated company, major shareholder, or person with control power over the applicant. For this purpose, shares held by related person of such independent director shall also be included.
- b) The independent director must not be or does not use to be a director who takes part in management, an employee, an officer, an advisor who receives regular monthly salary, or a person who has control power over the applicant, parent company, subsidiary company, associated company, subsidiary company on the same level, major shareholder, or person with control power over the applicant; except for the case that such director has already passed from the aforementioned position at not less than 2 years before the date of petition submission to The Securities and Exchange Commission (SEC). However, such prohibited characters shall not include in case that an independent director used to be a government officer or an advisor of government agency who is a major shareholder or has control power over the applicant.
- c) The independent director must not be a person who has relationship by cognate or by legally registration in form of parents, spouse, relatives, and child including child’s spouse of director, major shareholder, person who has control power, or person who would be nominated as management or person with control power over the applicant or subsidiary company.
- d) Does not have or use to have business relationship with the applicant, parent company, subsidiary company, associated company, major shareholder, or person with control power over the applicant in the manner that would obstruct the exercise of his independent consideration; and is not or does not use to be shareholder with significant shareholding, person with control power over person who has business relationship with the applicant, parent company, subsidiary company, associated company,

major shareholder, or person with control power over the applicant; except for the case that such director has already passed from the aforementioned position at not less than 2 years before the date of petition submission to The Securities and Exchange Commission (SEC).

The relationship mentioned above shall include regular business transactions for rent to rent out real estates, any transactions related to assets, services, provision or receipt of financial supports in form of taking or granting loan, guarantee, pledging of assets as liability collaterals, including other similar forms or actions that make the applicant or counterparty have liability obligation to make settlement to the other party at the amount of 3 percent of net tangible assets of the applicant or 20 Million Baht or over, depends on which amount is lower. For this purpose, the calculation of the aforementioned liability obligation shall be in accordance with the method used for the calculation of related transactions according to the Notification of Capital Market Supervisory Board Re: Regulations on the Undertaking or Related Transactions by adaptation. However, in considering such liability obligation, liability obligation incurred during the past one year before the date that business relationship with the same person arises shall also be included.

e) The independent director must not be or does not use to be an external auditor of the applicant, parent company, subsidiary company, associated company, major shareholder, or person with control power over the applicant; and is not or a shareholder with significant shareholding, a person with control power, or a partner of audit firm of external auditor of the applicant and of parent company, subsidiary company, associated company, major shareholder, or person with control power where the applicant is a member; except for the case that such director has already passed from the aforementioned position at not less than 2 years before the date of petition submission to the board.

f) The independent director must not be or does not use to be any professional service provider including services on legal consultant or financial consultant who receives service fee more than 2,000,000 Baht per annum from the applicant, parent company, subsidiary company, associated company, major shareholder, person who has control power over the applicant; and is not a shareholder with significant shareholding, a person who has control power, or a partner of such professional service provider; except for the case that such director has already passed from the aforementioned position at not less than 2 years before the date of petition submission to The Securities and Exchange Commission (SEC).

g) The independent director must not be a director who is appointed to be representative of the director of applicant, major shareholder, or shareholder who is a related person to such major shareholder.

h) Do not undertake business with similar nature or business that has significant competition with the applicant or subsidiary company, or is not a significant partner in partnership or a director who takes part in management, an employee, an officer, an advisor who receives regular monthly salary, or a person who holds shares more than 1 percent of issued shares with voting rights of other companies that undertake business with similar nature and with significant competition with business of the applicant or subsidiary company.

i) Does not have any other characteristics that make such director unable to independently express opinion about business operation of the applicant after getting the appointment to be an independent director with the qualifications as prescribed in Clause (a) to (i). The independent director may be assigned from the Board of Directors to make decision in business operation

of the applicant, parent company, subsidiary company, associated company, subsidiary company on the same level, major shareholder, or person with control power over the applicant in form of collective decision.

For a person whose the applicant appoints to be independent director is a person that has or used to have business relationship or professional service provisions exceed the amount prescribed in Clause (d) or (f), the applicant shall receive relaxation for the prohibition on having or using to have business relationship or professional service provisions exceed the aforementioned amount only in the case that the applicant manages to have the opinion of the Board of Directors, considering under Section 89/7, that the appointment of such person would not have any effect on taking duty or on expressing independent opinion and that the applicant manages to disclose the following information in letter of appointment for shareholder's meeting that has agenda on the consideration of the appointment of independent director.

(a) Business relationship or professional service provision that makes such person unqualified according to the regulations prescribed.

(b) Reason and necessity for the appointment of such person as independent director.

(c) Opinion of the Board of Directors of the applicant in proposing to appoint such person as independent director.

In the purpose under Clause (e) and (f), "partner" means a person who is assigned from an audit firm or a professional service provider to be a signatory in audit report or professional service providing report (as the case may be) on behalf of such juristic person.

(2) Committee and Senior Executive Nomination

The board of directors of the company consists of up to 12 directors. The board of directors appointed the nomination and remuneration committee to take the responsibilities on selecting and screening someone to be a committee. The company doesn't use a process of "Cumulative Voting" to vote the committee but we listen to a majority vote of all votes of shareholders who joined the meeting and have the right to vote. A committee or more can be nominated at once. The nomination could be conducted by other process according to the shareholder meeting's agreement. For each voting, the shareholders must vote as 1 vote equal to 1 share, they cannot share their right of voting to other person. Furthermore, the nomination and remuneration committee is responsible for searching, selecting or considering executive to be appointed to a high-level position of the company such as managing director and assistant managing director.

4. Corporate Governance of Subsidiaries

The company manages and controls the management and takes responsibility for the operation of subsidiaries by sending the representatives of the company who have proper qualification and experience to act as subcommittee in each subsidiary. The representative who is appointed to be a subcommittee will take responsibilities for the best benefits of the subsidiary.

Furthermore, the company has set rules for the representative to look over the subsidiaries. The subsidiaries must completely accurately report the connected transaction, acquisition or distribution of assets as well as other important report. The subsidiaries must follow the rules according to the disclosure of information and above reports as the same rules of the company. The representative has to look over the data collection and accounting record of the subsidiaries to be verifiable and the data should be compiled for creating financial statement in time.

5. Internal Data Controls

The company set a policy to prohibit directors, executives and employees/workers of the company who have duties related to internal data or who can access the internal data including their spouse and underage children from buy or sell the company's securities in 15 days before the date that the company schedules to reveal the financial statement and essential financial information of the company and in 1 day after the date.

Shareholding of directors including their spouse and underage children report

1 Baht per Share

No.	Name	Ordinary Share (Share)		Share increases (decrease)
		As of 1 January 2018	As of 31 December 2018	During the year (Share)
1	Mr. Anand Panyarachun	4,000,000	4,000,000	-
2	Mr. Veraphan Teepsuwan	1,134,264	1,134,264	-
3	Mr. Preecha Oonchitti	-	-	-
4	Mr. Somrit Srithongdee	-	-	-
5	Mrs. Sunanta Tiasuwan	-	-	-
6	Mr. Preeda Tiasuwan (Spouse: Mrs. Sunanta Tiasuwan)	1,400,000	1,400,000	-
7	Mr. Paiboon Wongjongjaiharn	-	-	-
8	Dr. Chatchawin Charoen-Rajapark	-	-	-
9	Dr. Torsak Lertsrisakulrat	-	-	-
10	Mr. Titiwut Soukpornchaikul	-	-	-
11	Mr. Nuttawit Boonyawat	-	-	-
12	Mr. Tinnawat Mahatharadol	-	-	-
13	Mr. Pongpinit Tejagupta	-	-	-

6. The remuneration for the audits

The company and subsidiaries paid the remunerations for auditing and other services for the fiscal year 2018 to EY Office Limited as follows:

Company	Auditing Fee	Other fees
Eastern Star Real Estate Public Co., Ltd.	1,285,000 baht	29,848 baht
Eastern Star Resort Co., Ltd.	200,000 baht	15,944 baht
Eastern Star Lai Sun New World Co., Ltd.	40,000 baht	-
Total	1,525,000 baht	45,792 baht

9. The understanding and implementation of Corporate Governance Code

As the board of the company realizes the importance of the Corporate Governance Code, therefore the company set the policies on essential information disclosure related to financial and non-financial information according to the condition of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (Set) that should be done accurately, completely, honestly and in time. Meanwhile, the company also continuously implements the corporate governance in accordance with the standard of corporate governance survey project for listed company except some policies that the company has a different way to proceed which reviewed by the board of directors in accordance with the reasonability and environment under the business operation to reach the goals and purposes of the company while focusing on the best benefits of the shareholders. There are some matters that the company did not proceed yet according to the Corporate Governance Code in 2018 and the reasons are as follows:

Subject	Reason
The company did not apply “Cumulative Voting” as a method of voting for committee	Because the company has a specified method of voting “One Share One Vote” while the “Cumulative Voting” may results to an inappropriate representative according to the nomination policy to be in line with our strategies. Moreover, the “Cumulative Voting” may lead to conflicts on management method of the board that focus on only the profits of shareholders
The company has independent committee in the board who has been taking the position more than 9 years	Due to the board of directors and the nomination and remuneration committee place an importance on knowledge, skills and experiences of the independent committee as well as the ability to handle duties as an independent committee and freedom of opinion so we agreed to let the independent committee can takes the position more than 9 years which each independent committee has proved that they have been take the responsibilities independently and there’s no conflict on interest and/or any gain and loss in the company operation.

Subject	Reason
The board should consider to appoint CG Committee (committee level)	The company assigned the audit committee to review the adherence of executive ethics and the corporate governance. It's defined on The Responsibilities of the Audit Committee.
The board should fix the number of listed company each committee takes a position in which each committee can take a position in listed companies, not more than 5 companies without exception.	At present, there's no member of the board of company who takes position in more than 5 listed companies.

However, the board of the company will review the matters that the company didn't proceed yet according to the Corporate Governance Code. The company also set policies and principles on related matters in the corporate governance and ethics guide clearly. The guide can be downloaded via www.estarpcl.com and the company has a strict conduct. The details were summarized into 5 categories as follows:

Category 1 : Shareholders' rights

As an investor and the owner, the company realized the importance of the basic rights of shareholders such as a right to receive accurate and complete the company's information, a right to gain dividend from the company's profits, a right to participate the meeting to vote for appointing or removing committee or appointing auditor, etc.

Annual General Meeting of Shareholders has scheduled to hold in 4 months since the end of accounting period of the company in order to give shareholders an opportunity to receive the information of the company's overall performance, share their opinion and take a part in making decision on essential subjects. The company has prepared for the meeting as follows:

Date	Details
23 February 2018	The board of the company agreed to hold the 1/2018 Annual General Meeting of Shareholders on 27 April 2018.
5 April 2018	Specify the name lists of shareholders who have the right to participate the meeting
18 April 2018	Spread the complete edition of meeting invitation, agendas of meeting and other documents both in Thai and English via www.estarpcl.com in advance, at least 7 days before the meeting
12 April 2018	Send the invitation letter to the attendees via the post at least 7 days before the meeting. This process was carried out by Thailand Securities Depository Co., Ltd. (TSD)
3-5 April 2018	Announce the meeting invitation on newspaper (Thai) for 3 days in a row before the meeting.
27 April 2018	The meeting was held on 2 pm. at InterContinental Bangkok Hotel – Platinum Room No. 1 Lobby floor, address no. 973 Ploenchit rd. Lumpini subdistrict Pathumwan district Bangkok.

The company issued the complete edition of the meeting invitation for 2018 as well as the agendas of the meeting and other documents both in Thai and English in order to facilitate our shareholders both Thai and foreigners while focusing on the completeness and sufficiency of the information. Each agenda presented in the meeting refer to the facts and reasons as well as the committees' opinions and the important agendas that the shareholders had to make a decision which the company noted in the invitation paper such as Agenda of Committee Appointment and Agenda of Auditor Appointment with the nominated names that could help shareholders review the nominees' abilities, appropriateness and other essential information as follows:

- Copy of last Annual General Meeting of Shareholders report presented to shareholders for approval
- The Annual Report of the company including important information related to the company and overall performance in last year
- Supporting documents for consideration in agendas such as agenda of vote for committee to appear for the committee who has to retire by rotation so the shareholders will receive resume of the committee which includes age, education, positions in the past and present, the number of the company's shares owned by the committee, period of taking position in the company, position in other listed company or businesses that may cause a conflict of interest to the company and legislative dispute.
- Explanation for authorization, registration and applying document to participate the meeting and voting
- Information of independent committees with full biographies who can be authorized by shareholders to be shareholder's proxy
- The procedure of meeting participation
- Regulation of the company related to the shareholder meeting
- Meeting location map
- 3 types of power of attorney according to the condition of Department of Business Development, Ministry of Commerce which are A type – a common power of attorney which, easy and simple, B type – a power of attorney with thorough details and C type – a special power of attorney used only in case of the shareholder is a foreign investor and appointed custodian in Thailand to taking care of his/her shares
- Business letter for sending power of attorney to the company (In case that the shareholder authorized the independent committee)
- The company set rules to give shareholders an opportunity to propose their opinion on meeting agendas and nomination of committee. The shareholder can submit their purpose via news system of the Stock Exchange of Thailand (Set) 3 months in advance of the end of accounting period since October to December. For the annual shareholder meeting in 2019, the shareholders can submit their purposes between October-December 2018. The company has announced the rules and method clearly on www.estarpcl.com. The secretary of the company will review the purpose firstly before forward it to the committees to consider that whether the purpose is necessary and appropriated or not for adding to the meeting agenda. The resolution of the committees is considered to be the end. The purpose agreed by the committees will be added to the meeting agenda mentioned on the invitation paper together with the opinion of the board of the company.

Annual General Meeting of Shareholders Date

In 2018, there's a shareholder meeting which is the 1/2018 Annual General Meeting of Shareholders held on 27 April 2018 at 2 pm. at InterContinental Bangkok Hotel – Platinum Room No. 1 Lobby floor, address no. 973 Ploenchit rd. Lumpini subdistrict Pathumwan district Bangkok. There were facilities for attendees as follows:

- Serving light meal to the shareholders appropriately in the meeting room with other facilities for the meeting and stop giving souvenir to shareholders
- Registering by using barcode system and the registration is available in 2 hours before the meeting started although the time's up, the shareholders still can register for participating without losing their rights until the meeting is finished

The proceeds are as follows:

1. Before the meeting was started, the chairman of the meeting or assigned person introduced the committees, chairman of subcommittees, executives, auditors to the attendees and the board of company explained the proceeds of the meeting and voting as well as gave shareholders an opportunities to ask about the method of casting their vote
2. The meeting was started consecutively according to the agendas informed on the invitation paper. The representatives from Thai Investors Association were acted as observers
3. The company managed the time appropriately without adding more agenda that's not informed to the shareholder before and no breaking by document distribution
4. Counting vote by ballot for an agenda that needs an approval and the votes were counted by person for the committee election
5. The shareholders who participated the meeting after the meeting was started have the right to vote in agendas that was during the consideration or not concluded yet.
6. Completely recorded the meeting report and voting in each agendas

The 1/2018 Annual General Meeting of Shareholders, held on 27 April 2018, was attended by 215 shareholders including those who're authorized which accounting for 3,354,313,983 shares of the total 5,022,246,185 shares or 66.79% of the total shares which was a complete quorum according to the company's principle.

All 12 members of the board of company attended to the Annual General Meeting of Shareholders 1/2018 equals to 100% of the board and the auditors attended the meeting.

After the shareholder meeting, the company operated as follows:

1. Announced the resolutions of the 1/2018 shareholder meetings, notified the results of voting for each agenda including the vote for "agree", "disagree", "abstain" and "voided ballot" while showed the cake of voting to the Stock Exchange of Thailand (Set) via online electronic system "Set Community Portal" and the information mentioned above is also shown on the company's website both in Thai and English

2. The secretary of the company created the report of 1/2018 Annual General Meeting of Shareholders, recorded the essential details presented to the meeting, summed up the point of shareholder's questions and the explanation from the board of the company as well as the additional suggestion and opinion in the meeting together with the resolutions, votes, proportion of each agenda then the chairman of the meeting signed his name for approval
3. Sent the meeting report to the Stock Exchange of Thailand (Set) and the Securities and Exchange Commission (SEC) in 14 days after the meeting and to the Department of Business Development (DBD) in 30 days after the meeting according to the rules of the Stock Exchange of Thailand (Set) in order to be a document for verifying and referring then the information mentioned above was published on www.estarpcl.com since 15 May 2018

Category 2 : Equal practice to shareholders

The company has been adhering to the equal practice by treating shareholders equally according to the regulation of the Securities and Exchange Commission (SEC). The company places an importance on protecting shareholder's basic rights as follows:

1. In order to showing respect to shareholder's rights, the company published the complete edition of shareholder meeting invitation on the website of the company as well as sent the invitation letters in advance to shareholders via post both in Thai and English not less than 7 days before the meeting according to the rules of the Department of Business Development. The invitation also mentioned about the letter of power of attorney, in case that the shareholder can't attend the meeting. We also explained the process of voting to a person or independent committee as well as custodian in case of the shareholder is a foreigner.
2. To be honest and reliable, the company did not add agenda or change any essential information without informing to the shareholders in advance. The company used ballot for shareholder to cast their vote in every agenda including the voting for each committee in the meeting.
3. The business structure of the company is not a business group structure so there's no connected transaction that may cause a conflict of interest.
4. The company created a corporate governance guideline (Issued 1/2003) since 13 January 2003 which specified the company's policies, regulations and good practices then the guideline was published to the board, executive and our personnel.

Category 3 : Attention on interested person's roles

The company respects the rights of all interested persons including insiders such as employees, executives of the company and subsidiaries as well as outsiders such as shareholders, clients, partners, creditors, competitors, public and socials. We have policies that support their right perfectly mentioned in the corporate governance guideline (Issued 1/2003) since 13 January 2003. The guideline can be found and downloaded on www.estarpcl.com. In 2018, the company practiced with the interested persons as follows:

1. Shareholders

The company aims at operating business in accordance with ethics and being a good representative for the shareholders for the best benefits and verifiable while increase the long-term values for shareholders. For the sustainable growth and stability as well as good and sustainable return, the company has set policies and practice guideline to apply with the shareholders honestly without any action causing conflict of interest or lessen the rights of shareholders or disclose internal information of our personnel which shouldn't be disclosed. The company has been encouraged the good relationship and communication with the shareholders and investors. The company reveals the information honestly via activities and channels such as publishing the information to the Stock Exchange of Thailand (Set) and Securities and Exchange Commission (SEC) as a form of online information as well as spreading news to mass media. The company does not seek to benefits for oneself or others during working.

2. Clients

The company set policies to practice with every client fairly and clearly specifies the responsibilities for customers in the corporate governance guideline.

3. Partners and Creditors

The company set clearly policies on practicing with partners and creditors. There's a concrete process for selecting the partners. The company has created a guideline to against the corruption to be a guideline for practicing with the partners honestly and equally. The company set the qualification of the partners which will be considered by their stability and reliability with at least 3 references. The partner must has company's essential certification, stabile financial statement, records proved that the partner always efficiently deliver works or products on time with a good quality and standard as well as proper prices. Then the company will review the information of at least 3 partners for comparing. The company won't call for any benefit that may lead to injustice meanwhile the company will strictly follow the conditions according to the contract making with the partner. Furthermore, the company will practice with the partners and creditors fairly and pay back debt on time according to the conditions of the contract and financial obligation. In case that the condition must be changed or there's a reasonable ground that could significantly affect the financial statement or liabilities, the company will inform the creditors to help finding solution together and to avoid damage. The company will use loans from the financial institutions according to the purpose of the company as the company showed intention to the creditors or financial institutions.

4. Competitors

The company operates businesses with policies on practicing with the competitors fairly under the rules of honest trade competition according to the law and business ethics related to the practice of trade competition. The company won't perform any action or break any rule that may lead to seek to secret information of the competitors by fraudulent way. Furthermore, the company won't violate the intellectual property of the competitor. The company won't accuse or defame the competitor without the truth as well as won't monopolize the income allocation and market share.

5. Employees

The company realizes the values of our personnel and believes that the personnel are the most important factor in business operation so the company has been supporting and improving our personnel continuously. Therefore the policies on human resource management and ethics of employees related to remuneration and welfare were set. According to the policies on human resource management and ethics of employees mentioned in the corporate governance guideline, the company adheres to equal and fair practice with personnel without any exception on native land, race, religious, gender, marital status, language or position. The company does not support child labor hiring, human trafficking and any form of corruption. The company paid the dividend to personnel appropriately. The short-term remunerations are minimum wage for employee without skill or work experience according to the law but the wage can be increased by the overall performance of the employee, OT, bonus, allowance for onsite working, travelling expense, annual health check-up for employees, New Year party, etc. The wage base and welfare for each person are different according to the position. Besides the benefits mentioned above, now we also offer long-term benefits to employees such as the Provident Fund.

6. Public Social

The company operates the businesses with a focus on communities, social and environment. We continuously indoctrinate the responsibilities for social and environment to all level employees. It's considered as a duty for social and was set as a policy on health, safety and environment and a policy on public activity support. The executives support useful activities which benefit to communities and social as well as activities helping good sense indoctrination in the company such as participating in donations for Phramongkutklao Hospital Foundation and UNICEF as well as giving scholarship to students and holding Loy Kratong event with nearby communities, etc.

7. Safety, Occupational Health and Working Environment

The company realizes the importance of safety, occupational health and working environment therefore the company set a policy on safety, occupational health and working environment mentioned in the corporate governance guideline to encourage and keep safety of the employees and assets in places the company is responsible for. The company adheres to the practices on safety of oneself and colleagues as well as the assets of the company. Meanwhile the company also places an importance on accident prevention measures as we holds an annual fire evacuation drills.

In 2018, the company didn't break any law related to the labor, employment, consumer, trade competition and environment. Meanwhile we didn't receive any complaint from the interested person.

Category 4 : Information Disclosure and Transparency

The company places an importance on the accurate disclosure of data and essential information of the company. The information must be completed, updated and transparent in accordance with the regulations of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (Set) in order to inform the shareholders and interested person. The company manages the disclosure of information as follows:

The company reveals information via electronic system both in Thai and English such as financial statement, annual information report form (type 56-1), annual report form (56-2) as well as other information according to the events, etc. Moreover, the company has published the updated information on the website of the company both in Thai and English as well such as “Investor Relations” and other essential information such as meeting invitation and Annual General Meeting of Shareholders report. For more information, please go to www.estarpcl.com.

In additional to the information disclosure via important institutes and the company website, the company informs the overall performance and other activities via other channels. We communicate information and activities according to the communication planning related to the company’s purpose, strategies and business direction. We place an importance on the information disclosure via important agencies as follows:

Sales department and Marketing department are responsible for public relations and information disclosure related to other movements and activities of the company as well as publishing photos and content via media.

Secretary department of the company is responsible for accurately completely and transparently publishing information in accordance with the regulations of the Securities Exchange of Thailand (Set) and Securities and Exchange Commission (SEC). The publishing must be reviewed following the procedures for the useful information for the investors. We give the interested person an opportunity for sending questions via channels such as e-mail, etc.

The company reveals the information to the shareholders, investors, security analysts and journalists. The managing director and high-level executives will be responsible for announcing the overall performance, giving additional information and answering questions in shareholder meeting as well as meeting interested persons and publishing information on the company’s website. The activities related to the disclosure of information we have done in 2018 are as follows:

Activities	Times
Press conference	3
Observational study	1
Publishing information via newspapers	195
Inform information to the Securities Exchange of Thailand (Set)	27
Overall performance news	3

In 2018, the company didn’t break any regulation related to the disclosure of information.

Financial Reporting

The board of the company is responsible for financial reporting with accuracy and transparency in order to avoid the loss of assets or using information by a person without authority and function. The board also takes responsibilities on preventing the corruption and abnormal operation according to the Thailand accounting standards as well as act accordingly to the law in order to gain confidence of interested persons. The board of the company assigned the audit committees to review the financial report and policies on accounting in accordance with the law. The audit committees also take responsibility on reviewing accuracy and sufficiency of the financial report. The audit committees decided to hold meeting with auditors at least 4 times a year without representative from management department in order to inquire opinion from the auditors. The company appointed auditors from EY Office Limited as auditors with proficiency without conflict of interest that may lead to lacking of Independence and impartiality in order to gaining confidence from committees and shareholders and to prove that the company's financial statement reflects the accurate financial statement and overall performance of the company.

In 2018, the company disclosed the annual and quarter financial statements to shareholders and investors in time and didn't receive any order from Securities and Exchange Commission (SEC) to revise the financial statement.

Disclosure of Committee and Executive Remuneration

The company sets performance indicator for each year according to the rules and policies defined by the board of the company. The company pays the remuneration as a form of salary. The valuation of remuneration for the board of the company, executive directors and senior executives will be operated with transparency and appropriateness and must be reviewed by the nomination and remuneration committee. Furthermore, the disclosure of the remuneration for each member of the board of the company and executives was mentioned in the annual report according to the regulation of Securities and Exchange Commission (SEC). The remuneration for directors who didn't participate in management of the company will be disclose one by one while the remuneration for executives will be disclose as a total amount. The remuneration for committees and executives in 2018 was mentioned in "Management Structure".

Disclosure of Committee and Senior Executive's Shareholding Changes

The company sets policy on the company's secrets, reliability keeping and readiness of information as well as securities trading. The committees must disclose and report their securities possession as follows:

The committees and executives have to report in case there's any change related to the securities possession. The securities possession report must be sent to the secretary department of the company in order to forward it to Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (Set) in time according to the related law and regulations. The secretary of the company has to report any change of securities possession of the committees and senior executives.

Committee's Interest report

The company sets policy on committee's interest report. The committees and executives must report their interest or related person's interest to the company according to the Securities and Exchange Act article 89/1 by sending the report to secretary of the company then the secretary will send a copy of the report according to the article 89/14 of the Securities and Exchange Act to the chairman of committee and the chairman of audit committee for verifying in 7 days since the company received the report.

Category 5 : Responsibilities of the Board

The board of the company, as a representative of shareholders, takes responsibilities related to the business operation and setting policies and business direction of the company as well as managing businesses according to the purpose of the company for the benefits of shareholders in accordance with the regulations and business ethics while focusing on the benefits of interested persons. The board of the company places an importance on corporate governance policies for sustainable growth of the company by adhering to the 6 rules as follows:

1. Responsibility
2. Responsibility Awareness
3. Justice and Honest
4. Transparent Operation
5. Creating long-term Values to Interested Persons
6. Good Operation Encouragement

1. Structure of Committees

The board of the company reviews the appropriateness of the committee's structure in accordance with the regulations of the company. The appropriateness includes composition, qualification and responsibilities of the committees which mentioned in "Management Structure".

The board of the company will consist of up to 12 members according to the regulation of the company.

As of 31 December 2018, the board of company consists of 12 members including 7 members who aren't executive and 5 executive members. The structure is as follows:

- | | |
|--|-----------|
| - Committees who are not executive and independent committee | 3 persons |
| - Executive committees | 5 persons |
| - Independent committees | 4 persons |

The board of company is the best example of adhering to the corporate governance principles

- 1) Every member of the board must have leadership and be able to control the operation efficiently to reach the goals of business while create and increase value of investment of the shareholders and other interested persons. The board will cooperate with the department of vision, obligation and value management of the company for the duties. The board of the company must be responsible exceedingly according to the ethics and law. The board must operate the business with carefulness professional and honest as well as showing their opinion independently.
- 2) The board of the company must use his/her independent discretion in the business operation for the confidence of the shareholders.
- 3) The board of the company must nominating proper person to be electing as the new committee appeared for the vacancy with transparency and prudence. The subcommittee for nomination can be set up.
- 4) The board of the company must extremely devote time and effort to the company and be ready for participating meetings. In case a member of the board can't attend the meeting, there'll be a reason to explain.
- 5) The board of the company must follow the good practices of the board of listed company.
- 6) The board of the company must perform their duties according to the laws, purposes and regulations of the company as well as the resolution of the shareholder meeting.
- 7) The board of the company must not operate business, be a partner or be a shareholder of other juristic person running the same business as the company or being a competitor of the company except she/he has inform the shareholder meeting before the appointment is resolved.
- 8) The board of the company must inform the company immediately if she/he has any interest in the contract made with the company or holds more/less shares or securities in the company or subsidiaries as well as perform any action that may lead to the conflict of interest.
- 9) The board of the company must manage the businesses while avoiding any conflict of oneself interest to organization interest for the efficient performance and the benefits mentions above including
 - (1) Do not seek for yourself interest by being a member of the board
 - (2) Do not use the organization's secrets in wrong purpose
 - (3) Do not take a position of director in rival company
 - (4) Do not gain any interest in making contracts of the company
- 10) The board of the company must manage the business with carefulness and do not create any obligation opposed to his/her duties later
- 11) The board of the company must not seek for unlawful benefits from work both in direct and indirect ways such as
 - (1) Must not use money or information that's a secret of the company for oneself
 - (2) Must not place an importance on oneself interest better than the company's
- 12) The board of the company must fully perform their duties for the best benefit of the company

Election and Period of Occupation

One-third of members of the board were relieved from the position once a year in the Annual General Meeting of Shareholders. In case that the number of depositional members can't be counted as one-third, it could be any number closest to one-third. The directors who were relieved can be reelected to take the position again. The directors had to resign from the position in the first year. Then in the second year, the directors could draw lots to find who'll be relieved from the position after the company listed into a public company limited. For the next years, the director who has been taking the position longest will be relieved from the position.

Being Director of Other Businesses

The directors of the company should not take positions in other businesses more than 5 companies, so the directors can fully devote their time and effort to the company although the company didn't specify that the directors can take position in other businesses more than 5 companies. The details will be mentioned in the annual report.

Managing directors must fully devote their time and effort to the company therefore; they cannot take position of director in other company or take responsibility in other listed company except they take position in the company's subsidiaries for operating as a parent company.

2. Responsibilities of the Directors

- 1) The board of directors takes responsibilities for setting and approving any essential subjects related to the performance of the company such as visions, obligations, strategies, policies, business plan, budgets, making financial responsibility report as well as managing and following the company's performance in accordance with the strategies. The board assigned the managing department to perform their duties efficiently, accurately and transparently while following the progress of performance of the company and compare with our goals. The details are mentioned in "Management Structure".
- 2) The board has a power to approve matters of the company as defined 6 rules according to regulations of the company and shareholder meeting resolutions. The additional details are mentioned in "Management Structure".
- 3) The board appointed 3 subcommittees which consist of management committee, audit committee and nomination and remuneration committee. The members of the committees have knowledge and proficiency for reviewing matters accurately, clearly and completely before propose the matters to the board of directors for approval case by case. The 3 committees are responsible for supporting the board to perform their duties efficiently. The responsibilities of 3 subcommittees are mentioned in "Subcommittees".
- 4) The board creates written "Corporate Governance Principles" of the company since 2003.
- 5) The board set policies related to the conflict of interest in the Corporate Governance Principles which has clearly details. Meanwhile, the board has set a proceed to manage subjects that may lead to the conflicts of interest and practices as well as the connected transactions according to the regulations of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (Set). If there is any matter needs to be approved by the board and/or the shareholder meeting, the matter will be

reviewed by the audit committee first. Then the audit committee will give an opinion on the matter. In case that the company's opinion is different from the audit committee's, the company will reveal the different opinion too. If there are any members of committee or board having an interest in any agenda, they won't have the right to vote on the agenda.

6) The company revealed the connected transactions that may cause a conflict in 2018. The board agreed that all transactions were reasonable and useful for the business operation of the company according to the regulations of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (Set). The details are mentioned in "Connected Transactions".

7) The company has proper internal controls and enough personnel to deal with it. The financial report of the company is accurate and reliable in accordance with the accounting standards. Our performance is in line with the good corporate governance principles according to the laws and other obligations related to the business operation which can be found in "Internal Control Policies".

8) The board set policies on risk management with a focus on operating business in accordance with the risk management process to encourage the company to reach the goals according to the company's strategies. The risk management team has reviewed and summarized the performance according to the risk management process then verified by the audit committee before reported to the board of the company quarterly as the details mentioned in "Internal Controls and Risk Management".

3. Meeting of the Board of Directors

1) In the meeting of the board of directors, there must be directors attend to the meeting not less than a half of the board for a constituted quorum. In case that chairman of the board do not or cannot attend to the meeting, the only vice chairman will be the chairman but if there are vice chairman in the meeting so the directors who attend the meeting will choose one of those vice chairman to act as the chairman. If there's no vice chairman attended the meeting then the directors can choose any director to act as the chairman.

2) The majority in meeting is arbitration

3) A director has only one vote except a director gaining interest in an agenda won't has the right to vote in the agenda. If the votes are equal then the chairman in the meeting can cast another vote for arbitration.

4) The chairman of the board can call for a board meeting. In case the chairman cannot perform the duty, the vice chairman can call the meeting. The chairman or an authorized person must send an meeting invitation to the members of the board not less than 7 days before the meeting except in case of emergency to protect the right of benefits of the company, the invitation could be carried out by other process and the schedule of the meeting can be fasten. The directors, at least 2 persons, may ask the chairman for calling the meeting. In case that there are more than 2 directors asking for calling the meeting, the chairman or an authorized person can fix the date of meeting in 14 days after received the request.

5) The chairman of the board or an authorized director can fix the date of meeting as well as time and location which can be other places besides the head office or nearby provinces.

6) In case that there're more vacancies on director position less than to be a constituted quorum, the remaining directors can act for the vacancies only for calling the meeting and voting for new directors. The process must be done in 1 month since

the vacancies on director position less than to be a constituted quorum. The person who take the position instead of the old director can take the position in the remaining period of the old director has left.

7) The board has a power to manage the company according to the laws, purposes and regulations of the company as well as the resolutions of the shareholder meeting.

8) The board must hold the meeting at least once in 3 months.

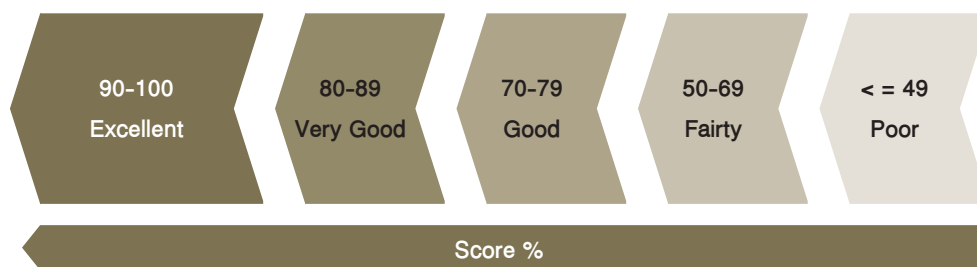
9) The meeting record summary and opinion of the board will be clearly for reference.

During 2018, the board of the company has held 5 meetings and set policy to hold a meeting of committees who are not executive to give a chance for discussion on problems related to the management and inform the resolution of the meeting to the managing director according to the company's policy.

4. Self-evaluation of the board of company

The board carries out the self-evaluation once a year as a form of all members evaluation

The regulations for evaluation are as follows:



The processes of evaluation are as follows:

- 1) The company holds an evaluation for the board of directors. The secretary team of the company is responsible for creating performance assessment in accordance with the regulations of the Stock Exchange of Thailand (Set) and suit for the company.
 - 2) The secretary of the company sends the assessment to each director for evaluating themselves then sends it back to the secretary to conclude the assessment and present to the nomination and remuneration committee
 - 3) The nomination and remuneration committee evaluates and collects the opinion then presents it to the board of directors.
- The results of the evaluation related to the performance and problems were reviewed while the board management assessments were reviewed as well. The results of the evaluation are also useful for supporting and improving the performance of management team.

The evaluation of the board of directors in 2018 can be summed up as follows:

Consisting of 9 points with an average score is in ‘Very Good’ level or 85.34%. The details are as follows:

Subjects	Score (%)
1. Structure and qualification of the board	77.78
2. The meeting of the board	80.37
3. The preparedness of the board	92.22
4. Roles, duties and responsibilities of the board	83.89
5. Strategy setting and business planning	94.28
6. Risk management and internal controls	85.33
7. Avoiding conflict of interest	90.00
8. Financial report and overall performance follow-up	76.67
9. Others (Director and managing directors recruitment)	87.50

Process of managing director evaluation

- 1) The board assigned the nomination and remuneration committee to set regulations on the managing director’s performance evaluation for the long-term benefits of the company. The regulations must be informed to managing directors in advance.
- 2) The nomination and remuneration committee evaluates the overall performance of the managing directors annually and discussion the results for improvement then inform the results the managing directors.
- 3) The results of evaluation will be reviewed for considering the remuneration for the managing directors. The nomination and remuneration committee will present the results of evaluation to the board meeting for approval.

5. Development of Directors and Executives

The board supports all members to improve their skill and knowledge continuously by holding training and educating in subjects related to the corporate governance system.

In 2018, Mr. Torsak Lertsrisakulrat, managing director, participated in Director Certification Program (DCP) which is a program related to the roles and responsibilities of the directors.

Training for the board of directors

Names of Directors	No./ Year (IOD)	Courses of Thai Institute of Directors (IOD)	Course of other institutes
1. Mr. Anand Panyarachun	-	-	-
2. Mr. Veraphan Teepsuwan	-	RCP	-
3. Mr. Preecha Oonchitti	-	DCP	-
	-	DAP	-
4. Mr. Somrit Srithongdee	No. 101/2008	DCP	-
	No. 1/2008	FSD	-
	No. 1/2007	RCC	-
	No. 1/1990	EDP	-
	-	-	Financial Executive Program of Thai Institute of Banking and Finance Association, year 1997
5. Mrs. Sununta Tiasuwan	No.22/2002	DCP	-
			Senior executive course of Capital Market Academy No. 11 (๖๓๓.11)
6. Mr. Paiboon Wongjongjaihar	No. 66/2007	DAP	-
	-	-	Building Energy Conservation (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy) Class 18/1996
	-	-	Building Electrical Design and Installation Standard Code for Energy Conservation (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy) Class 1/1997
	-	-	Person Responsible for Energy in Building (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy) Class 1/2003

Names of Directors	No./ Year (IOD)	Courses of Thai Institute of Directors (IOD)	Course of other institutes
7. Mr. Chatchawin Charoen-Rajapark	No. 52/2006	DAP	-
	No. 88/2007	DCP	-
	No. 19/2007	ACP	-
	No. 7/2007	RCC	-
8. Mr. Titiwut Soukpornchaikul	-	CSP	-
	No. 6	EDP	-
	No. 23	AACP	-
9. Mr. Torsak Lertsrisakulrat	year 2018	DCP	-
10. Mr.Pongpinit Tejagupta	No. 7/2013	ACEP	-
	No. 4/2013	HRP	-
	No. 7/2013	CDC	-
	No. 14/2012	RCC	-
	No. 2/2012	RNG	-
	No. 1/2011	M&A	-
	No. 2/2010	MFM	-
	No. 10/2010	MFR	-
	No. 7/2010	MIA	-
	No. 9/2010	MIR	-
	No. 1/2010	FGP	-
	No. 7/2010	SFE	-
	No. 30/2010	ACP	-
	No. 126/2009	DCP	-
	No. 71/2008	DAP	-
11. Mr.Nuttawit Boonyawat	-	-	Senior Executive Program (SEP 9) Sasin
12. Mr.Tinnawat Mahatharadol	No. 205/2015	DCP	-

Note:

AACP : Advanced Audit Committee Program

ACP : Audit Committee and Continuing Development Program

ACEP : Anti – Corruption for Executive Program

ACPG : Anti-Corruption: The Practical Guide

CDC : Chartered Director Class

CSP : Company Secretary Program

RCP : Role of the Chairman Program

DAP : Director Accreditation Program

DCP : Director Certification Program

EDP : Executive Development Program

FGP : Financial Institutions Governance Program

FSD : Financial Statements for Directors

HRP : How to Develop a Risk Management Plan

M&A : The Board's Roles in Merger & Acquisitions

MFM : Monitoring Fraud Risk Management

MFR : Monitoring of The Quality of Financial Reporting

MIA : Monitoring the Internal Audit Function

MIR : Monitoring the System of Internal Control and Risk Management

RCC : Role of the Compensation Committee

SFE : Successful Formulation & Execution of Strategy

6. New Directors Orientation

Person who was appointed to be a new director of the company will has an opportunity to join the training and/or education related to the company's businesses as well as the responsibilities of the director. The information used in the orientation are practices according to the laws, memorandum of association, regulations of the company, power and responsibilities of the director, subcommittees, the board meeting report rolled back for 1 year, guidelines for listed company's directors, good corporate governance principles created by the Stock Exchange of Thailand (Set), corporate governance policies, laws related to the company's businesses, essential regulations of the company and information related to our business operation. The nomination and remuneration committee and/or the secretary of the company will inform the information mentioned above to the new directors.

7. Plan for Succession of Senior Executives

The board assigned the nomination and remuneration committee to create a plan for succession of senior managers and executives in order to prepare for the retirement of senior managers and executives or in case that they cannot perform their duties continuously and in order to keeping trust of shareholders, clients and employees of the company as well as ensuring the sustainable growth in accordance with the business ethics. The results of succession should be inform to the board at least once a year.

8. Anti-corruption

The company realizes the importance on operating business transparently adhering to the good corporate governance for the efficiency, fairness and social responsibility while preventing any corruption that may occur in the organization. Therefore the company set a principles related to anti-corruption to gain reliability. Everyone in the company such as the board, executives and employee must perform their duties while follow the anti-corruption policy strictly.

Regulation

The company assigned the board, executives and employees as well as subsidiaries must follow the anti-corruption policy and perform the following rules carefully.

8.1 Policy on donation and giving subsidy

The company will control the donations and giving subsidy to be transparent and accurate according to the laws. The rules are as follows:

- a) The donations and giving subsidy will be in line with the approval of the company
- b) The donations and giving subsidy must have a clearly and reliable evidence and will be done according to the company's regulations. The donations and giving subsidy must be reviewed to ensure that it's for the charity, not an excuse for corruption

Regulation

1. The purpose of the donations and giving subsidy is to benefit with the communities and social. The organization who receives the donation must be reliable. The donation will be done with the transparency and in line with the laws.
2. The purpose of giving subsidy to any organization or activity is to support the business and/or image of the company. There must be manes and/or logo of the company clearly according to the laws and approval of the company.
3. The company specifies a power to make a donation and giving subsidy with an obvious amount of money and should be review respectively. The evidence for donation approval must be collected and recorded by accounting and financial department as well as verified by the internal audit department and the independent audits.

The process and control for donation or subsidy approval

- (1) The donation and subsidy will be related to activities in accordance with the plan, policy and purpose of the company.
- (2) The company set clearly purposes to allocate the donation and subsidy. The activities must be verifiable and practicable which could be followed up and evaluated. A donation and subsidy can be used for more one purpose such as a main purpose and supported purpose. The purpose must be practicable, not unreasonable.
- (3) The company specifies the start-end dates of the activities.
- (4) The company specifies the location for giving donation or subsidy clearly.
- (5) The company has a specific person or organization to ensure that the donation or subsidy will be used for purposes. The company should specify the person or organization that is responsible for the donation or subsidy clearly and seriously.
- (6) The donation or subsidy that the company use for benefits must be clarified and make it easy to be verified and operated for the best benefits. The evidence and receipt of the donation or subsidy must be collected.
- (7) The benefits the company will receive from the donation or subsidy must be informed both in direct way and indirect way. There must be a notification that who will get the benefits from the project and how they get the benefits both in quantitative and qualitative.
- (8) The approval power is in accordance with the company's regulations using the subject "Regulation on Company' Operating Power" for consideration.

8.2 Policy on giving or receiving services, accommodation and party

Giving or receiving gifts, services, accommodation and party must be done with a purpose of welcoming or congratulations without other purpose.

Regulations

1. The board, executives and employees of the company must not ask for gifts, money, benefits or any interest or something dishonest, improper or overabundant
2. The board, executives and employees of the company for gifts, money or other benefits from person or juristic person who is a partner no matter for oneself or others that seem to be illegal.
3. In case the juristic person or outsiders with a business relationship give gifts or benefits to the executives and/or employees as a reward, the executives and/or employees must consider the appropriateness and/or accuracy. If the executives and/or employees do not receive the gifts, then the giver will be discouraged and affect to the business relationship so the executives and/or employees should receive the gifts.
4. Receiving gifts or assets should be done in accordance with the ethics, may normally receive from related person or acquaintance. The value of the gift should be moderate which not an illegal assets.

5. The board, executives and employees of the company as well as their families do not ask for or receive gifts, assets or other benefits from the contractors, customers, partners or person who related to the businesses of the company with no exception. Receiving anything from them could lead to a performance with unfairness, discomfort or conflict of interest.
6. The board, executives and employees of the company must not give any bribe or reward to the personnel of the company or outsiders especially the public officers. Giving gifts, assets or other benefits to the public officers both in Thailand and abroad, the giver must be sure that it's not go against the laws and local tradition.
7. Do not receive or give the gifts with a higher value than usual
8. The board, executives and employees of the company as well as their families must avoid giving or receiving thing or benefits from partners or person related to the company's businesses except giving or receiving for the benefits of business operation as normal or in traditional events.
9. The business coordinating with other agencies such as government's offices, public enterprise and private sector both in Thailand and overseas must be performed with the transparency, fairness and in line with the laws.
10. The department contacting with customers, partner, investors and person related to the company's businesses must inform the related persons of the ethics.
11. If the board, executives and employees of the company intend or ignore these regulations, the person will be considered as she/he breaks the regulations of the company. The breaker will be disciplinary inquired and punished according to the regulations.
12. The board, executives and employees of the company can give or receive gifts to/from business alliances as follows:
 - 12.1 In case that the superior considers that the gift or asset should not be received, the gift or asset must be sent back immediately. If you cannot send it back then send it to your superior to forward it to the personal department for collecting and report to the board then the gift will be allocated for public benefits.
 - 12.2 Gifts that other person gave to the company with a value for commemoration on the important events of the company such as gifts from the contract signing events, activities for communities, awards, etc. The personnel of the company can act as a representative to receive it then send it the the personal department to be report to the board.
 - 12.3 The board, executives and employees of the company should not give gifts to the superior. The superior must not allow or connive with their relatives to receive the gift from the subordinate except in case of traditional events.

8.3 Policy on political neutrality

The company will operate the businesses neutrally with non-alignment therefore, the company won't support any political activities both money and other helps such as giving things or services to any party, politician or candidate both direct way and indirect way.

Regulations

1. The company support activities related to democracy system and prohibit every employees claim the right of company's employee or public asset or the resources of the company to support any political activities both direct way and indirect way.
2. The company support employees to cast their vote as a good citizen according to the laws without using the position in the company, the name of company or any logo of the company to persuade others to support the political parties. The company prohibits employees to participate in any activities that may cause a misunderstanding that the company participates or supports a political party.
3. The superior and all level of employees must not order or persuade the underlings to take a part in every political activity.
4. The board, executives and employees of the company should avoid showing their opinion related to the political in work places or in work hours which may lead to conflicts.

8.4 Policy on making a complaint and notify the clues

The board of the company places an importance on receipt of complaints and clues therefore, the company set policy to give employees and interested person a chance to make a complaint, show the opinion and notify the clues related to any illegal, dishonest, fraudulent and unfair actions. And the company will receive the complaint related to the corporate governance, business ethics and any action seem to be dishonest.

Regulations

1. Measures for making a complaint and notifying the clues

The company set channels to receipt the complaints and clues which covered from receive the complaints, verify the truth and resolution as well as the protection for the informers and related person in order to receive the complaints, opinions or suggestions from the interested person who is affected or in risk and may affected by the company operation or the performance of directors, executives and employees related to the illegal actions.

2. Limits of making complaints and notifying the clue

2.1 Any actions against or break the laws, corporate governance policy, business ethics and regulations of the company as well as the unfair practice in work places

2.2 Any actions seem to be a corruption which performs to seek for illegal interests for oneself or others such as defalcation, corruption, Fraud, etc.

3. Person who can make a complaint

Employees of the company in every levels or outsiders who found the clue as well as person who is affected by the performance of the company, the board, executives and employees who has break the regulations, corporate governance policy, business ethics and the rules of the company as well as other actions leading to the corruption.

4. Processes for making a complaint and notifying the clues

When the violation is found, the witness can make a complaint via a channel for complaints. In case that the employee found the violation, the employee should discuss with the superior first but if the employee is not sure or worried to do that then the employee can send the complaint via the channel. When the complaint is received, reviewed and operated according to the appropriateness or the complaint is sent to related person to review and verify the truth.

(1) If the complaints are related to actions breaking the company regulation and policies, the violator will be sent to personal department

(2) If the complaints are actions breaking the laws, corporate governance policy, business ethics and the regulations of the company, the complaint will be sent to the secretary of the company.

(3) If the complaints are actions related to the corruption which means any action to seek for oneself benefits or other's such as defalcation, corruption, fraud, the complaint will be sent to the audit committee.

(4) In case the complaints in clauses (1) (2) and (3) are complicated or related to many agencies, the complaints will be sent to the chief executive officer (CEO) and managing directors to appoint a commission to verify the truth.

(5) After that complaint approval will be sent to the secretary of the company to register for a complaint then the complaint will be recorded to follow up the progress. However, In case that the company found the actions related to breaking the laws, regulations of the company or corruption, the violator will be punished according to the regulation of the company and/or according to the laws.

5. Reporting false information

In case that the information report is proved that it's false information by intention or being a calumny, the reporter is guilty on ethics and will be punished according to the company's regulations.

6. Protection for complaint and clue informers and other related person

The informers will be protected appropriately by the company such as no position change or degradation, no work place or responsibility change s, no suspension or intimidation or any disturbance in work place or being disemployed or any unfair action to the informers. The company will keep the complaints and clues as secrets, do not disclose with person who's not related to except there's a necessity according to the laws. The person related to the complaint must keep the information secretly. If someone break the rule and disclose the information to the public, he/she will be punished according to the company's regulations or the laws.

7. Channels for sending complaints and clues

The complaints related to corruption will be sent to 3 channels as follows:

- 1) www.estarpcl.com
- 2) e-mail: anti-corruption@estarpcl.com
- 3) Post or contact directly

The commission for reviewing corruption complaints and others

Eastern Star Real Estate Public Company Limited

Address no. 898 5th floor Ploenchit Tower Ploenchit rd.

Lumpini Pathumwan Bangkok 10330

The secretary of the company will collect the documents via channels mentioned above to summarize the information and suggestions before present the documents to the audit committee quarterly according to the processes except the letters sending directly to the audit committee. In case of emergency, the complaints should be sent directly to the managing director via e-mail. After that the company will verify the document according to the processes and record the inquiries as written documents without disclosing the names of related persons while keeping the information as secret to protect the informers.

8.5 Introduction of anti-corruption policy

In order to introduce the anti-corruption policy to the personnel of the company, subsidiaries and other companies under the control of ESRE, the company proceeds as follows:

- 1) The company announced the policy to every personnel via e-mail.
- 2) The company holds training for new employees, outsiders or who's interested to educate in the business operation and anti-corruption policy as follows:
 - 2.1) Announcements on the company website
 - 2.2) annual Information disclosure report (type 56-1) and annual report
 - 2.3) Informing subsidiaries, joint venture and other companies under the control of ESRE of the policy

Regulation

1. Processes for informing the information
 - 1.1 Public relations via internal and external networks of the group of companies such as e-mail, website, etc.
 - 1.2 Creating media or thing or any symbol to reflect the anti-corruption policy
 - 1.3 Holding activities or campaign under the cooperation with executives and employees of the company, subsidiaries, joint venture and other companies under the control of ESRE, clients, partners, competitors, creditors, interested persons or any people with the purpose of anti-corruption supporting
2. Letter of business ethics intention announcement sending to partners to be an ally for anti-corruption
3. Communication to inform the employees
 - 3.1 Announcing the company's policies, anti-corruption guideline and related document via internal communication tools for a same accurate practice
 - 3.2 Post a notice related anti-corruption news and policy on public relation board to inform the employees of the information
 - 3.3 Holding meeting between executives and employees annually and giving an opportunity for communicate the understanding for anti-corruption policy and practices as well as Q&A related to the practices, problems and solutions

3.4 For recruiting new employees, the new employees must be informed of anti-corruption policy of the company by participate the training for new employees

8.6 Policy on conflict of interest

The company aims at running businesses with honest, transparency and verifiability. It's a responsibility of directors, executives and employees of the company as well as their families to avoid participating in any action relate to the conflict of interest which affect to the company or lessen the efficiency of the operation. However, the company can't predict the conflict that may happen during the holding a position of directors, executives and employees of the company. In case that it's necessary to participate in or can't avoid any actions that may lead to conflict, the company will take the action transparently and fairly as the same as doing the action with outsiders while aiming at the best benefits of the company and fair for related persons. Any action of the company will be aimed at the benefits of the company and will never be related to any activities leading to any conflict of interest no matter as kinds of being a partner, taking position related to financial interest or attaching to outsides. The directors, executive and employees of the company should adhere to the regulations of the company and making report of conflict of interest annually or every times the conflict occurs.

Regulations

1. The directors, executive and employees of the company must consider subjects related to the business operation for the best benefits of the company.
2. The directors, executive and employees of the company as well as their families or relate persons must not use their power or influence to do any transaction between the company and 10./*subsidiaries, joint venture or other companies under the control of ESRE except the interest was disclosed and get approval for a particular case.
3. The directors, executive and employees of the company will make any transaction with a trade deal without personal or related person's demand. The trade deal must be a normal trade deal that partner should be done with the company, subsidiaries, joint venture or other companies under the control of ESRE while using a fair and proper pricing as same as doing with outsiders. If there's a transaction that may lead to a conflict of interest needs to be approved or considered, the transaction must be reported to the superior or related person who has a power to approve and the directors, executive and employees related to the transaction must withdraw from the transaction.
4. The directors, executive and employees of the company must follow the regulations of the company with the same standard by devote their time and effort to the work without encroaching working time for doing other business that's not related to the interest of the company.
5. The directors, executive and employees of the company must not disclose the secret information of the company to other persons that could lead to a pursuit of gain for themselves or their families or allies. If whoever break the rules that means his/her action is contradictory with the ethics of conflict of interest such as disclosure of activities or future plans of the company.

6. The directors, executive and employees of the company must avoid involving in financial matters and /or relationship with outsiders that could lead to bad results of the company or conflict of interest or obstruct the effective performance.
7. The performances and holding positions of the directors, executive and employees of the company must not violate the core interest of the company. Working for subsidiaries, joint venture or other companies under the controls of ESRE can be done after approved by the superior, management department and directors depending on circumstances.
8. The directors, executive and employees of the company must not work for other businesses that is within the scope of business competition with the company, subsidiaries, joint venture and other companies under the control of ESRE or any work leading to a conflict to the company, subsidiaries, joint venture and other companies under the control of ESRE no matter it's a temporary job or permanent work.
9. The directors, executive and employees of the company must make a report of conflict of interest annually and every times the conflict occurs. The employee's report must be sent to the superior and secretary according to the levels and keep the report as a secret.
10. The directors and executives of the company must carefully, independently and honestly review the conflict of interest related to the connected transactions between the company, subsidiaries, joint venture or other companies under the control of ESRE and connected persons with reasonableness under the laws and ethics by aiming at the best benefits of the company.

Punishments

The company set a punishment process to appropriately punish personnel who break the company's anti-corruption measure. If there's any action breaking the rules of anti-corruption no matter in direct way or indirect way and no matter the action is done by any director, executive or employee, the investigation will be done according to the process of disciplinary punishment of the company. The breaker may be warned, punished, fired or prosecuted both civil and criminal litigation in case the action is made by intention. The directors, executives and employees of the company must try to understand and follow the anti-corruption policy in every step of work. The allegation related to the corruption may cause dishonor to personnel and image of the company although there's ungrounded. If any action that may go against the anti-corruption policy is found, it should be reported to the superior, director or secretary of the company.

Regulations

1. If culprit (director, executive and employee of the company) truly did the corruption, the culprit will be punished by disciplinary action, he/she may be fired and punished according to the laws.
2. The direct superior who ignores the offence or knows that there's an offence but did not perform any action according to the policy, he/she will be punished by disciplinary action and may be fired at last.
3. Unknowing the policy and/or related laws can't be an excuse
4. If directors, executives or related persons disclose the information and document of someone who give a clue or complaint, they will be punished by disciplinary action except the disclosure is done according to the laws.

5. The business representatives, partners, distributors, service providers or contractors of the company who break the regulations according to the policy or acknowledge any action go against the policy but didn't report to the management department of the company or give wrong information could be terminated the contract.

Moreover, the company's operations for anti-corruption are as follows:

1. On 22 March 2018, the board of the company launched Anti-Corruption Policy for the company and subsidiaries. The directors, executives and employees were informed of the policy via the company's website and internal media as well as making an anti-corruption guideline.
2. On 12 April 2018, the company announced an intention to participate the Collection Action Coalition Against Corruption with the Thai Institute of Directors.
3. On 29 October 2018, the company held an anti-corruption training with an expert from the Thai Institute of Directors for executive and employees of the company and subsidiaries then considered the training as a training for new employees. The event has been holding annually. Every employee must sign for acknowledgement and adhere to the anti-corruption guideline.
4. On 14 December 2018, the company submitted an assessment form related to anti-corruption policy to the Thai Institute of Directors for an acknowledgment for anti-corruption allies in private sector. The assessment is under review.

In 2018, the company didn't receive any complaint or clue related to an action that go against with ethics or corporate governance principles as well as any corruption.

Corporate Social Responsibility

Policies on overall performance of Eastern Star Real Estate Public Company Limited and subsidiaries related to the responsibilities to communities, environment and stakeholders

The company has been realizing the importance of responsibilities to communities and environment for a sustainable and stable growth by focusing on any effect on every stakeholder and in order to encourage the performances of directors, executives and employees on the same way. The company hope that running business under the corporate social responsibility will lead to a public benefits together with the growth of the company. The company creates corporate culture to encourage the responsibilities of our employees. The processes are as follows:

- Giving educational opportunities to Thai youths in order to support Thai youths to grow up as a high-quality persons of the communities and the country. Then they can use their knowledge and abilities from education to develop our country. The company has been giving scholarships to students of Wat Sai School in Bangkorlam, Bangkok on Children's Day annually because they're the future of the country. The company has been giving subsidy to Wat Sai School for holding Songkran event annually as well in order to keep on the Thai tradition.
- There're many patients with low income in every year who come to public hospitals, to support the communities, the company has been giving subsidy to the Phramongkutklao Hospital Foundation annually for the construction of Queen Sirikit building to facilitate the patients.
- The company supports UNICEF, an organization aimed at children protection and development in Thailand and overseas more than 190 countries, by giving subsidy to UNICEF Thailand. We hope to be a part in fostering children to grow up as a good person with responsibility and creativity in the future.
- The company takes a part in communities's development by cooperating with local organizations in Pla subdistrict, Banchang district, Rayong by creating voluntary reforestation "volunteer for Reforestation". There were a releasing aquatic animals to the sea on Pla beach and planting 1,000 Thong U-rai trees on the way to Pla beach as long as 6 kilometres. Besides a scenery development, it's a way to reduce the accident and crime in the areas which is cooperation between public and private sectors.

Additional regulations on corruption participation prevention

The company and subsidiaries run businesses with transparency while adhering to the corporate governance principles for a fair and effective performance as with responsibility to stakeholder. In order to prevent any case of corruption that may occurs in the organization, the company set a corporate governance principles without any support for group or person who acts as illegally for seeking any interest. The company set an anti-corruption measure to be strictly followed by directors, executive and employees of the company in every levels and departments meanwhile, the company informed the subsidiaries, joint venture and other companies under the control of ESRE to follow the measure as well according to the "Anti-corruption measure guideline".

Internal controls and risk management**Opinions of the board of directors for the internal controls**

The company places an importance on internal control system continuously. The board assigned the audit committee to evaluate and verify the internal control system for an appropriate and sufficient system suit for business operation and effective performance as well as effective resource usage including asset management, preventing or reducing error, damage, leakage, wastage or corruption. Furthermore, the internal and external financial reports must be accurate, reliable and updated. The work will be in line with regulations and policies of the company.

In 2018, the audit committee evaluated the internal control system of the company and reviewed the information from management department and internal audits then summed up that the internal control system of the company for 5 parts: organization, environment of controls, risk assessment, internal information and communication, and follow-up and assessment has sufficient internal control. The details are as follows:

1. Organization and Environment of controls

The company has conditions that support the sufficient internal control. We specify an organization structure and clearly separate duties of each department for the advantage on follow-up and evaluate the operation. We made a work guideline for main department and improved working system for efficiency and reduce duplicated work. Therefore everyone can perform their work under the same standard. Moreover, the company sets clearly operation goals for each year while taking factors into consideration such as economy, market and competition conditions and the standard of performance assessment. Overall of the internal control environment of the company is appropriate and support the effective internal controls.

2. Risk Assessment

In 2018, the company approved a risk management plan for our business operation. The risk management commission assessed internal and external factors affected to the company's operation and strategic goal achievement. The process of risk management is in line with normal risk assessment principles. If any risk is found, it will be reported to high-level executives immediately.

3. Control activities

The company has sufficient and appropriate controls for each main activity of the company. Each activity has regulations set for controls as a form of policy which mentioned in the controls, regulations, guidelines and instruction. The audit committee is set up to be a tool of the board for management. The audit committee performs work under the responsibilities assigned by the board.

4. Internal information and communication

The company has information related to performance, financial reports, operation reports according to the policies as well as information from outsources that are communicated to the executives and insiders for an effective performance. The information and communication of the company are appropriate.

5. Follow-up and assessment

The company has follow-up process to support the goal achievement and sufficient internal controls: follow-up during the operation and assessment for internal audit's internal controls. In 2018, the company held 5 meetings of the board of directors and 15 meetings of managing directors as well as holding the meeting of management department continuously to follow up the operation according to the goals.

5.1 Sufficiency and appropriateness of the company's control system

The board of directors agreed that the company and subsidiaries' control systems and personnel are sufficient for an effective operation.

5.2 The audit committee reported to the board that the audit committee reviewed the internal auditor's reports and sufficiency of internal control assessment report in accordance with the regulations of the Securities and Exchange Commission (SEC) and agreed that the internal control system of the company has no serious error.

Opinion of audit committee in case that the opinion different from the board's opinion

In 2018, the audit committee's opinion related to the internal controls was not different from the board's opinion. The auditors didn't give any remark related to the internal controls.

Head of internal audit

The company outsources Honor Audit and Advisory Co.,Ltd. for internal audit. Miss Piyamas Ruengsangrob was appointed as a head of internal audit.

The audit committee agreed that the head of internal audit has an appropriate qualification to handle the duty. The appointment, removal and demotion of the head of internal audit must be approved by the audit committee.

Connected transactions

In 2018, the company and subsidiaries disclosed the important connected transactions between persons who have connected transactions in 2018 fiscal year.

Policy and regulations on making connected transaction in the future

In the future, the company and subsidiaries has no policy for making connected transaction but in case of necessary for the best benefits of the company, the company will carefully review the reasonability. Making connected transaction will be done with a value or condition as same as used with outsiders. The company will operate accordingly to the processes of regulations or announcement of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (Set) strictly while focusing on the interest of the company. Furthermore, the audit committee will follow up and verify the connected transactions of the company in accordance with related regulations.

Analysis and Explanation of Financial Statement Management

a) Overall operation

Overall operation

For the year ended 31 December 2018, the company and subsidiaries earned net profit after tax of 112.92 million baht, decreased by 291.82 million baht or 72.10% from 2017 which earned net profit after tax of 404.74 million baht. The overall operation details are as follows:

- In 2018, the company and subsidiaries earned gross profit from real estate sales of 542.98 million baht or 33.50% of total revenues from real estate sales. During 2018, there were ownership transfers in 2 completed projects, house and condominium, as well as other projects that started to proceed ownership transfer continuously. In 2017, there were ownership transfers for a completed condominium project which the value of transfer higher than the projects started ownership transfer in 2018. The revenues and the costs of sales of the company and subsidiaries included revenue from real estate sales in 2018 at an amount of 1,620.41 million baht decreasing 895.62 million baht or 35.60% from 2017 and revenue from services of 51.20 million baht increasing 2.70 million baht or 5.57% while the revenue from rental was 34.09 million baht increasing 2.01 million baht or 6.27% and the costs of real estate sales of 1,097.35 million baht decreasing 668.20 million baht or 37.85% and the costs of services of 34.70 million baht increasing 0.24 million baht or 0.70% as well as costs of rental of 30.67 million baht increasing 7.59 million baht or 32.89%.

- The selling expenses were 163.34 million baht, decreased by 23.01 million baht or 12.35% from 2017 mostly resulting from decrease in ownership transfer fee, special business tax which fluctuated by the revenue from ownership transfer as well as brokerage according to the implementation of 15-issued Financial Report Standard with the rules on revenues from contract making with customer. The administrative expenses were 246.26 million baht, increased by 1.18 million baht or 0.48%.

- The company has evaluated the new lands and found that the new lands' values were increased from the last year. At present, most of the lands owned by the company have an increasing value in market which above the book value, so the company has to adjust the price according to the book value to resulting in currently land prices. To do this the company reversed the impairment of those lands that used to be recorded as expenses resulting in profit of 2.15 million baht from impairment loss reversal in 2018.

As of 31 December 2018, the company has remaining short-term loan of 244.53 million baht and long-term loan of 463.81 million baht as well as a long-term credit according to bank credit contract which not withdraw yet at amount of 1,288 million baht. At the end of 2018, the company has debt to equity ratio of 0.28:1.

Revenues from sales, services and rentals

The company and subsidiaries earned the revenues from three businesses which are for-sale real estate development, rental real estate and golf course with the total revenues of 1,705.70 million baht decreased by 890.91 million baht or 34.31% from 2017.

The revenues from 3 businesses are summed up as follows:

- In 2018, the revenues from for-sale real estate development businesses was 1,620.41 million baht or 94.24% of the total revenues from real estate sales, rental and services which decreased by 895.62 million baht or 35.60% from 2017 which are the revenue recognition of land with house and condominiums sales. In 2018, the company started the ownership transfers for Amber project since August 2018, 50% of the project, and ownership transfers for Velana since October 2018. In 2017, the company started the ownership transfer for NARA 9 since March 2017, the values of ownership transfer was 18% at the end of 2018. The average prices for units in NARA 9 are higher than the Amber's that's why the overall revenues in 2018 were decreased. The revenue recognitions from ownership transfers for projects in Bangkok and Rayong are as follows:

Summary of sales	2018 (million baht)			2017 (million baht)		
	Bangkok	Rayong	Total	Bangkok	Rayong	Total
Revenues from land with house sales	29.00	174.73	203.73	38.00	162.22	200.22
Revenues from condominium sales	1,416.68	-	1,416.68	2,315.81	-	2,315.81
Total revenues	1,445.68	174.73	1,620.41	2,353.81	162.22	2,516.03

However, the overall real estate sales of the company in 2018 were increased to 1,883 million baht from 588 million baht in 2017 or 220% which will be included in revenue recognition in 2019 and 2020.

- In 2018, the revenues from rental real estate business was 34.09 million baht or 1.98% of the total revenues from real estate sales, rental and services which increased by 2.01 million baht or 6.27% from 2017 because the rental apartments gained more long-term customers as well as short-term customer so the overall revenues were increased.

- In 2018, the revenue from golf course was 51.20 million baht or 2.98% of the total revenues from real estate sales, rental and services which increasing 2.70 million baht or 5.57% from 2017 because there was a renovation and maintenance for the golf course leading to the increase in number of customers as well as revenues from golf car services so the revenues from the golf course were increased from the revenues in 2017.

Costs of sales, service charges and rental fees

In 2018, the company and subsidiaries had costs of real estate sales, service charges and rental fees at 1,162.72 million baht which decreased by 660.37 million baht or 36.22% from 2017. The costs of sales, service charges and rental fees are summarized as follows:

- The cost of real estate sales was 1,097.35 million baht or 94.38% of the joint costs decreasing 668.20 million baht or 37.85% which are costs of house with land and condominium sales fluctuated according to decreased revenues from real estate sales. The proportion of the costs of sales in 2018 is equal to 67.72% of the revenues, decreased from 70.17% in 2017 because of the adjustment of pricing.
- The cost of real estate rental business was 30.67 million baht or 2.64% of the joint costs, increasing 7.59 million baht or 32.89% mostly resulting from costs of depreciation which increased by the renovation of rental real estate in 2018 to support the increasing number of customers.
- The cost of golf course business was 34.70 million baht or 2.98% of joint costs, increasing 0.24 million baht or 0.70% from 2017 resulting from the maintenance costs for the golf course.

Other incomes

In 2018, there were other incomes of 13.74 million baht decreasing 12.94 million baht or 48.50% from 2017 which came from decreasing revenue from other services.

Distribution expense

In 2018, the distribution expense was 163.34 million baht decreasing 23.01 million baht or 12.35% from 2017 which is a result from decreases in ownership transfer fee and specific business tax which fluctuated by the decreased revenues from real estate sales and the implementation of 15-issued Financial Report Standard so brokerages paid to representatives before transfer the ownership to customers must be recorded as an asset and turn into expense when the transfer of a house or condominium is completed.

Administrative expense

In 2018, the administrative expense was 246.26 million baht increasing 1.18 million baht or 0.48% from 2017 mostly comes from increasing expenses related to housing/condominium renovations for customers after the ownership transfer. While in 2017, the company paid compensation to juristic persons of a condominium. There's no such expense in 2018 so the administrative expense was increased a little.

Reversal of impairment loss of assets

In 2018 and 2017, the company has engaged qualified assessors to review the value of assets that's expected to be returned including lands for development and real estates for investment purpose. The results were the new asset appraised value in 2018 was higher than current book value, so the company reversed the impairment loss of assets that used to recognize the loss of 2.15 million baht and reversed the impairment loss of assets of 0.65 million baht in 2017.

Financial expenses

In 2018, the interest expenses were 3.85 million baht increasing 2.14 million baht or 125.15% from 2017. The company took on loans from commercial banks to use in the company's operating. In 2018, the company has completed condominium project and transferred the ownership to customers so mostly interest were recorded as financial expense because the company did not complete repaying for the loans yet. Therefore the interest in 2018 was increased more than the rate in 2017 which the company paid back the loan completely.

Income tax expenses

In 2018, the company earned profit before tax 144.72 million baht decreasing 222.99 million baht or 60.64% from 2017. The company has income tax expenses of 31.80 million baht increasing 68.83 million baht or 185.88% because the company earned profit before tax so the income tax expenses occurred. While in 2017, there's a tax loss leading to the incomes tax revenue which resulting from using loss from investment fund after owned all businesses of a subsidiary resulting to increased income tax expenses in 2018 when compare with the year 2017.

The company has gain in accounting but in term of tax, the company suffered a loss resulting from using loss from investment fund after owned all businesses of a subsidiary.

Net gain (loss)

In 2018, the company and subsidiaries earned net profits of 112.92 million baht decreasing 291 million baht or 72.09% from 2017 and the reasons are as mentioned above.

b) Financial statement

Components of Assets

As of 31 December 2018, the company and subsidiaries own total assets of 6,082.48 million baht increasing 115.94 million baht or 1.94% from the number on 31 December 2017. The current assets were decreased by 137.12 million baht resulting from the decreasing in temporary investment, costs of real estate development and inventories. While non-current assets were increased by 253.06 million baht resulting from lands, building, equipment, lands for development, costs of making contracts with customers and other non-current assets which made the overall assets increased. Details of asset changes are as follows:

- As of 31 December 2018, cash and cash equivalent was 198.71 million baht, increasing 60.94 million baht or 44.23% from 31 December 2017 because in the end of December 2018, the company earned revenues from ownership transfers in housing and condominium projects and the incomes from selling investment fund leading to a high rate of bank deposit at the end of the year.
- As of 31 December 2018, the temporary investment was 67.97 million baht, decreasing 72.60 million baht or 51.65% from 31 December 2017 because in December 2018 the company sold an investment in mutual fund to pay for lands waiting for development which transferred the ownership in the end of the year, that's why the temporary investment was decreased at the end of 2018.
- As of 31 December 2018, the costs of real estate development and inventories were 2,587.82 million baht decreasing 140.62 million baht or 5.15% from 31 December 2017 which divided into costs of real estate development of 1,856.17 million baht and inventories of 730.70 million baht and other inventories of 0.95 million baht. During 2018, the company bought lands and has under -construction projects with a total value of 937.00 million baht. There were also ownership transfers to customers in projects which transferred to be costs of sales at an amount of 1,098.70 million baht so the costs were decreased at the end of 2018.
- As of 31 December 2018, other current assets were 14.41 million baht increasing 5.75 million baht or 66.40% from 31 December 2017 mostly resulting from the accounts receivable, Revenue Department and costs of decoration that the company made advanced order for customers.
- As of 31 December 2018, the real estate for investment purpose-net was 1,158.19 million baht increasing 7.67 million baht or 0.67% from 31 December 2017 because in 2018 the company renovated and decorated a rental building. The company more bought assets for 24.71 million baht and transferred to be in building and equipment lists at an amount of 5.35 million baht. Deducting distribution and amortization-net were 0.08 million baht and deducted the accumulated depreciation of 13.07 million baht and added reversal for reserved impairment of the real estate for investment at an amount of 1.46 million baht.
- As of 31 December 2018, the lands, buildings and equipment were 404.44 million baht increasing 36.46 million baht or 9.91% from December 2017 because a subsidiary renovated the golf course and club house building which is still under renovation. While the company constructed sales office for new condominium project leading to increasing assets.
- As of 31 December 2018, the deferred income tax asset was 37.61 million baht decreasing 14.36 million baht or 27.63% from 31 December 2017. In 2018, the company gained taxable profit leading to the use of deficit occurred in 2017. That's why the deferred income tax asset was decreased.
- As of 31 December 2018, the land and improving land-net were 1,391.17 million baht increasing 109.29 million baht or 8.53% from December 2017. During the year, the company bought lands for developing real estate projects in the future so the number of company's lands was increased.
- As of 31 December 2018, the costs for contract acquisition, a contract making with customer, were 89.72 million baht which is increased from 31 December 2017 because the company's implementation of 15-issued Financial Report Standard.

- As of 31 December 2018, the other non-current assets was 75.99 million baht increasing 19.86 million baht or 35.38% from 31 December 2017 mostly resulting from prepaid income tax that the company was deducted tax from ownership transfers in 2018.

Components of liability and shareholders' equity

As of 31 December 2018, the company and subsidiaries had a total liability of 1,311.99 million baht, increasing 276.08 million baht or 26.65% from 31 December 2017. The current liabilities were 701.57 million baht, decreased by 218.61 million baht or 23.76% mostly resulting from decreased short-term loans and increased advanced payment from customers. The non-current liabilities were 610.42 million baht, increased by 494.69 million baht or 427.45% mostly resulting from increased long-term loans and deferred liabilities of income tax. Details of changes in liabilities are as follows:

- As of 31 December 2018, the short-term loans from financial institutions were 133.48 million baht, decreasing 554.27 million baht or 80.59% from December 2017 because the company paid back the loans for 687.75 million baht which the amount of 133.48 million baht turned into short-term and long-term loans.
- As of 31 December 2018, the long-term loans that have due date in 1 year were increased at an amount of 111.05 million baht from 31 December 2017 because the company has loans with due date in 1 year divided out from long-term loans from financial institutions during the year 2018.
- As of 31 December 2018, the prepaid income from clients was 291.86 million baht, increasing 227.02 million baht or 350.12% from 31 December 2017 resulting from recording the prepaid income from clients who didn't make a ownership transfer yet and the prepaid income of under construction projects such as Quintara therefore the prepaid income from customers was increased.
- As of 31 December 2018, the long-term loans from financial institutions were increased at an amount of 463.81 million baht from 31 December 2017. During 2018, the company withdrew more loans to use in construction projects at an amount of 1,156.61 million baht and paid back for the loans 581.75 million baht and transferred the loans into long-term loans with due date in 1 year at an amount of 111.05 million baht. There's no long-term loan in 2017.
- As of 31 December 2018, the deferred liabilities of income tax were 24.40 million baht, increased by 18.21 million baht or 294.18% from 31 December 2017 because the company has more deferred liabilities of income tax resulting from the implementation of the issued-15 Financial Report Standards.

As of 31 December 2018, the company and its subsidiaries had shareholders' equity of 4,770.49 million baht, decreasing 160.14 million baht or 3.25% from 31 December 2017. The company earned gross profit which reserved according to the law at an amount of 65.15 million baht, increased by 6.12 million baht. The company has accumulated deficit of 75.54 million baht while the gain (loss) that's not allocated yet decreased by 163.82 million baht. During 2018, the company paid dividend from operation in 2017 at an amount of 276.15 million baht. The company gained a profit of 112.92 million baht in 2018.

c) Liquidity

Cash flow

In 2018, the company and its subsidiaries' cash and cash equivalent were increased 60.94 million baht which generated from operation, investment and financing, increased by 3.26 million baht from 2017. Details are as follows:

- Net cash flow in operation in 2018, there was cash flow from operation 720.36 million baht, increasing 242.08 million baht from 2017. The company earned profits from operation after reconciling non-cash revenues at an amount of 1,280.40 million baht. Meanwhile the company gained cash inflow from the core operations, house/condominium ownership transfers during the year 2018 because of the launch of new condominium and earned advanced payments from customers which increased by 227.02 million baht while the costs of real estate development, advanced payment for construction, was increased 656.53 million baht. The sales commission paid for getting contract with customer was 89.00 million baht. The interest payment was 33.44 million baht and the payment for income tax was 18.22 million baht. In 2017, the payment flow was higher than the flow in 2018 resulting to increased net cash flow from operation in 2018.

- Net cash flow from investment in 2018, there was cash flow used in investment of 402.70 million baht which decreased by 145.36 million baht from 2017 mostly resulting from the company earned income of 74.02 million baht from selling unit trusts - net more than the company bought it. While the company bought real estate for investment for 31.10 million baht. The company bought building and equipment and intangible assets for 58.30 million baht meanwhile the company bought lands and lands for development for 387.51 million baht.

- Net cash flow (disbursed) from financing activities in 2018, there was cash outflow in financing activities at an amount of 256.72 million baht increasing 384.18 million baht from 2017. In 2018, the company withdrew loans to use in construction projects. The company withdrew both short-term and long-term loans at a total amount of 1,290.09 million baht and paid back for short-term and long-term loans at an amount of 1,269.50 million baht. Then the company paid for the dividend at an amount of 277.31 million baht. While in 2017, the company withdrew loans at an amount of 1,912.70 million baht and paid back the loans at amount of 1,585.95 million baht and paid for dividend of 199.29 million baht. For the overview of the year 2018, the company paid back loans and paid the dividend at a high rate leading to the higher cash outflow in investment activities than the cash outflow in 2017.

Liquidity ratio

The liquidity ratio as of 31 December 2018 was 4.11 times, increasing 0.82 times from 31 December 2017. The company and its subsidiaries had current assets of 2,886.24 million baht and the current liability of 701.57 million baht. It show that the company's liquidity is in good condition.

As of 31 December 2018, the current assets decreased by 137.12 million baht from 31 December 2017 and the current liabilities decreased by 218.61 million baht from 31 December 2017 resulting from the temporary investment that decreased by 72.60 million baht because of there was more sales than investment in 2018 which are the assets that can turn into cash quickly. The costs of real estate development and the inventory were decreased 140.62 million baht from ownership transfers and gained

advanced payment from customer which increased by 227.02 million baht leading to high liquidity, be able to pay back short-term loans such as account payable and short-term loans from financial institutions actively.

The current ratio of account payable was 282 times comparing with the number in 2017 that was 457 times. In 2018, the current ratio of inventories was 0.43 times comparing with the number in 2017 that was 0.44. This is show that the product sell was slower than the rate in 2017 because in 2018, the company started to transfer the ownerships in housing project and condominium project for 2 more projects and a condominium in 2017 but in 2017, there were more ownership transfers than 2018. On the average in 2018, the products transferred to costs of sales were units with an average price for each unit lower than the average price in 2017 resulting to slower current ratio of account receivable in 2018 than the rate in 2017 while there were cash and cash equivalent of 60.94 million baht in 2018 and 57.68 million baht at the end of 2017.

Profitability Ratios

In 2018, the company has gross profit of 542.98 million baht or 31.83% of net sale value, the gross profit was decreased by 230.54 million baht and 773.52 million baht or 29.79% of net sale value in 2017. The gross profit of the company was increased a little from 2017. The overall real estate development businesses in 2018 had an increasing rate of ownership transfer for condominiums with an average price higher than some project in 2017. While the incomes from services were increased by 2.70 million baht and the costs of services were increased by 0.24 million baht, that's why the gross profits were increased. The net profit in 2018 was 112.92 million baht or 6.77%. The net profit in 2017 was 404.74 million baht or 15.59% because in year 2018, the company's revenues and costs of sales were decreased and the expenses of sales and management is 23.82% of the gross income because it was a period of developing new projects and waiting for revenue recognition in 2019 and 2020 while the expenses of income tax were increased. In 2017, the expenses of sales and management were 16% of gross income while the company gained revenue form income tax then the net profit was decreased in 2018.

Capital structure

Debt to Equity ratio as of 31 December 2018 was 0.28 times, increased by 0.07 times from 2017. The company has the total liabilities of 1,311.99 million baht. The company has remaining short-term and long-term loans at an amount of 708.34 million baht which increased by 20.59 million baht from 2017. The company has remaining advanced payment from customers at an amount of 291.86 million baht which increased by 227.02 million baht from 2017. This leads to increasing Debt to Equity ratio of shareholders in 2018 and the company can paid for obligation normally.

Remuneration for Auditors

The Company and its subsidiaries paid remuneration on the account audit (audit fee) and other services to SAM NAK-NGAN EY Company Limited for the accounting period of 2018 as follows:

Company	(Audit Fee)	(Non-Audit Fee)
Eastern Star Real Estate Public Company Limited	1,285,000 baht	29,848 baht
Eastern Star Resort Company Limited	200,000 baht	15,944 baht
Eastern Star-Lai San New World Company Limited	40,000 baht	-
Total	1,525,000 baht	45,792 baht

Report of Responsibilities of the Board on Financial Report

The board of the company is responsible for the consolidated financial statement of the company and subsidiaries and financial information appeared in this annual report. The financial statement is created according to the accounting standard acceptable in Thailand. The company always follows appropriated accounting policies. The executives of the company have to use their discretion with a proper estimation for releasing this financial statement while revealing important information sufficiently in note attached in this financial statement.

The consolidated financial statement of the company and subsidiaries are verified by Mr. Chayapol Supasedtanon, a certified public accountant (CPA) No. 3972 of EY Co., Ltd. He is an auditor getting permission from the Office of the Securities and Exchange Commission. For verifying this financial statement, the company gives a chance to auditor to consider financial information record and other related information including reports of General Shareholders Meeting, Board of the company Meeting and other reports as the auditor wish. The company is confident that allowing auditor access to the information will help the auditor can do his job accurately and appropriately.

The board of the company places important on effective internal control system to assure that accounting information recordings are accurate, complete and has enough information for preserve assets and to see weakness to prevent any corruption or faults in operation. Therefore, the company continuously examines the internal control system for the effectiveness in running the system. For do this, the board of the company has appointed an audit committee which consisted of members who are not serve as executive to look after the company's financial report for accuracy, completeness, sufficiency and reliability while look after the internal system too. The audit committee held a meeting with representatives from executive sector, auditors and internal auditor to verify the financial reports, accounts and internal control.

The committee considered that the internal control of the company is satisfiable and can create reasonable confidence for the consolidated financial statement of the company as of 31 December 2018.

Independent Auditor's Report

To the Shareholders of Eastern Star Real Estate Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Eastern Star Real Estate Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Eastern Star Real Estate Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Star Real Estate Public Company Limited and its subsidiaries and of Eastern Star Real Estate Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. 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 Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

As described in Note 4 to the financial statements, during the current year, the Company and its subsidiaries have early adopted TFRS 15 *Revenue from Contracts with Customers*. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2018. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Recognition for revenue from sales of real estate

The Company's accounting policy on revenue recognition for revenue from sales of real estate, sales of land, sales of land with houses and sales of residential condominium units, are disclosed in Note 5.1 to the consolidated financial statements. Revenue from sales of real estate is a significant amount in the statement of comprehensive income, and the Company has significant numbers of property units for sale and property sales agreements. I have therefore identified revenue recognition as a key audit matter and focused on the amount and timing of the recognition for revenue from sales of real estate.

I performed the audit procedures on the revenue recognition of the Company including:

- a. Assessing and testing the Company's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- b. Applying a sampling method to select property sales agreements to assess whether revenue recognition was consistent with the conditions of the relevant property sales agreement, and whether it was in compliance with the Company's policy.
- c. On a sampling basis, examining supporting documents for actual real estate sales transactions occurring during the year and near the end of the accounting period.
- d. Performing analytical procedures on disaggregated data of revenue from sales of real estate.

Impairment evaluation of investment properties

As discussed in Note 5.8 and Note 14 to the consolidated financial statements, in evaluating impairment of investment properties of the Company and its subsidiary, management had to exercise significant judgement with respect to the analysis of the nature of the assets and asset use, and determination of key assumptions. I have therefore identified the provision for impairment of investment properties as a key audit matter and focused on the amount of provision for impairment of investment properties.

I assessed the internal controls of the Group relevant to the determination of provision for impairment of investment properties by making enquiry of responsible executives and gaining an understanding of the controls. In addition, I assessed the methods and the assumptions applied by management in determining such provision. The audit procedures included, among others, the following.

- a. A consideration of related internal and external information to assess whether there are any indicators of impairment of investment properties and an analysis of information related to the asset's fair value less costs to sell and its value in use.
- b. A review of the basis applied in determining impairment of investment properties, the consistency of the application of that basis, and the rationale for the recording of provision.
- c. A review of the reasonableness of the report on net realisable values prepared by the Company's management or the appraisal reports of independent appraisers.

In addition, I assessed the disclosure of information by the Group's management with respect to assessment of impairment of investment properties.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group 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 financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, 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 Thai Financial Reporting Standards, 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 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 Thai Standards on Auditing 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 Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 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 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.

I am responsible for the audit resulting in this independent auditor's report.



Chayapol Suppasdtanon

Certified Public Accountant (Thailand) No. 3972

EY Office Limited

Bangkok: 28 February 2019

Statement of financial position

Eastern Star Real Estate Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	8	198,712,937	137,769,753	153,177,343	131,237,541
Current investments	9	67,970,150	140,566,231	67,970,150	140,566,231
Trade and other receivables	10	8,306,706	3,810,565	17,969,903	9,611,972
Real estate development costs and inventories	11	2,587,815,480	2,728,441,814	2,585,139,886	2,726,983,285
Advance for construction work		5,881,819	4,111,284	5,881,819	4,111,284
Cost to obtain a contract	4, 23	3,145,325	-	3,145,325	-
Other current assets		14,414,118	8,655,680	12,324,957	7,361,572
Total current assets		2,886,246,535	3,023,355,327	2,845,609,383	3,019,871,885
Non-current assets					
Finance lease contract receivables	12.1	29,118,300	30,942,112	29,118,300	30,942,112
Loans to subsidiary	7	-	-	-	20,000,000
Investments in subsidiaries	13	-	-	505,374,399	498,400,592
Investment properties	14	1,158,186,639	1,150,524,743	1,199,151,419	1,192,512,942
Property, plant and equipment	15	404,437,285	367,983,805	196,803,366	94,983,999
Intangible assets	16	5,001,537	3,763,722	4,861,234	3,482,264
Deferred tax assets	28	37,606,710	51,974,077	38,276,314	51,013,278
Land and improvement awaiting development	17	1,391,169,109	1,281,878,477	1,241,602,803	1,132,312,170
Deposits for purchase of land		5,000,000	-	5,000,000	-
Cost to obtain a contract	4, 23	89,724,127	-	89,724,127	-
Other non-current assets		75,986,910	56,119,754	70,860,527	51,918,093
Total non-current assets		3,196,230,617	2,943,186,690	3,380,772,489	3,075,565,450
Total assets		6,082,477,152	5,966,542,017	6,226,381,872	6,095,437,335

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

Statement of financial position (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	18	133,483,000	687,749,502	133,483,000	687,749,502
Trade and other payables	19	65,785,592	61,679,183	70,257,561	60,557,782
Current portion of long-term loans	20	111,045,376	-	111,045,376	-
Advance received from customers	4, 24	291,859,783	64,842,588	288,375,336	62,098,223
Accrued expenses		48,246,149	57,762,486	47,480,046	56,378,621
Other current liabilities	21	51,146,771	48,151,482	49,256,205	47,232,551
Total current liabilities		701,566,671	920,185,241	699,897,524	914,016,679
Non-current liabilities					
Long-term loans - net of current portion	20	463,811,664	-	463,811,664	-
Provision for long-term employee benefits	22	24,001,747	20,100,460	18,188,345	15,296,465
Retention guarantees		81,248,759	75,931,950	81,248,759	75,931,950
Advance received from land lease	12.2	4,500,891	4,827,291	4,500,891	4,827,291
Deferred tax liabilities	28	24,397,550	6,188,422	24,397,550	6,188,422
Other non-current liabilities		12,461,150	8,678,269	12,400,827	8,557,680
Total non-current liabilities		610,421,761	115,726,392	604,548,036	110,801,808
Total liabilities		1,311,988,432	1,035,911,633	1,304,445,560	1,024,818,487

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

Statement of financial position (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital					
Registered					
5,172,246,185 ordinary shares of Baht 1 each		5,172,246,185	5,172,246,185	5,172,246,185	5,172,246,185
Issued and paid up					
5,022,246,185 ordinary shares of Baht 1 each		5,022,246,185	5,022,246,185	5,022,246,185	5,022,246,185
Share discount		(429,264,886)	(429,264,886)	(429,264,886)	(429,264,886)
Capital reserve for share-based payment transactions	25	978,875	978,875	978,875	978,875
Retained earnings					
Appropriated - statutory reserve	26	65,154,224	58,935,397	65,154,224	58,935,397
Unappropriated (deficits)		(75,544,416)	88,284,458	262,821,914	417,723,277
Other components of shareholders' equity		74,131,479	74,131,479	-	-
Total shareholders' equity		4,657,701,461	4,815,311,508	4,921,936,312	5,070,618,848
Non-controlling interest of the subsidiaries		112,787,259	115,318,876	-	-
Total shareholders' equity		4,770,488,720	4,930,630,384	4,921,936,312	5,070,618,848
Total liabilities and shareholders' equity		6,082,477,152	5,966,542,017	6,226,381,872	6,095,437,335

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

Statement of comprehensive income

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Revenue from sales of real estate	30	1,620,412,254	2,516,029,464	1,620,412,254	2,516,029,464
Services revenue	30	51,202,243	48,495,728	-	-
Rental revenue	14, 30	34,094,742	32,082,545	34,094,742	29,265,194
Other income		13,738,942	26,684,277	19,234,228	32,745,004
Total revenues		1,719,448,181	2,623,292,014	1,673,741,224	2,578,039,662
Expenses					
Cost of real estate sold	4	1,097,351,355	1,765,549,562	1,098,545,351	1,767,088,709
Cost of services		34,702,342	34,460,833	-	-
Cost of rent		30,672,300	23,084,274	31,695,719	22,611,667
Selling and distribution expenses		163,341,799	186,348,593	161,758,220	184,600,247
Administrative expenses		246,262,488	245,075,270	222,607,697	222,699,614
Loss on diminution in value of assets	13, 14, 15	695,193	-	9,856,614	11,053,057
Reversal of loss on diminution in value of assets	13, 14	(2,150,680)	(647,745)	(9,124,487)	(647,745)
Total expenses		1,570,874,797	2,253,870,787	1,515,339,114	2,207,405,549
Profit before finance cost and income tax revenues (expenses)		148,573,384	369,421,227	158,402,110	370,634,113
Finance costs		(3,852,803)	(1,706,530)	(3,852,803)	(1,706,530)
Profit before income tax revenues (expenses)		144,720,581	367,714,697	154,549,307	368,927,583
Income tax revenues (expenses)	28	(31,803,166)	37,025,390	(30,172,764)	36,996,820
Profit for the year		112,917,415	404,740,087	124,376,543	405,924,403
Other comprehensive income:					
Other comprehensive income					
<i>Other comprehensive income not to be reclassified to profit and loss in subsequent periods</i>					
Actuarial gain and loss		-	(154,831)	-	931,915
Less: income tax effect		-	30,966	-	(186,383)
Other comprehensive income not to be reclassified to profit and loss in subsequent periods - net of income tax		-	(123,865)	-	745,532
Other comprehensive income for the year		-	(123,865)	-	745,532
Total comprehensive income for the year		112,917,415	404,616,222	124,376,543	406,669,935
Profit attributable to:					
Equity holders of the Company		115,449,032	406,045,764	124,376,543	405,924,403
Non-controlling interests of the subsidiaries		(2,531,617)	(1,305,677)	-	-
		112,917,415	404,740,087	124,376,543	405,924,403

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

Statement of comprehensive income (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Total comprehensive income attributable to:					
Equity holders of the Company		115,449,032	405,921,899	124,376,543	406,669,935
Non-controlling interests of the subsidiaries		(2,531,617)	(1,305,677)	-	-
		<u>112,917,415</u>	<u>404,616,222</u>	<u>124,376,543</u>	<u>406,669,935</u>
Earnings per share					
	29				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.023	0.081	0.025	0.081

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

EASTERN STAR

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

Statement of comprehensive income (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up share capital	Share discount	Capital reserve for share-based payment transactions	Retained earnings		Total shareholders' equity
				Appropriated	Unappropriated	
Balance as at 1 January 2017	5,022,246,185	(429,264,886)	978,875	38,529,204	232,299,658	4,864,789,036
Profit for the year	-	-	-	-	405,924,403	405,924,403
Other comprehensive income for the year	-	-	-	-	745,532	745,532
Total comprehensive income for the year	-	-	-	-	406,669,935	406,669,935
Dividend paid (Note 31)	-	-	-	-	(200,840,123)	(200,840,123)
Transfer unappropriated retained earnings to statutory reserve (Note 26)	-	-	-	20,406,193	(20,406,193)	-
Balance as at 31 December 2017	<u>5,022,246,185</u>	<u>(429,264,886)</u>	<u>978,875</u>	<u>58,935,397</u>	<u>417,723,277</u>	<u>5,070,618,848</u>
Balance as at 1 January 2018						
- as previously reported	5,022,246,185	(429,264,886)	978,875	58,935,397	417,723,277	5,070,618,848
Cumulative effects of changes in accounting policy due to the adoption of new financial reporting standard, TFRS 15 Revenue from Contracts with Customers (Note 4)	-	-	-	-	3,093,314	3,093,314
Balance as at 1 January 2018 - as restated	<u>5,022,246,185</u>	<u>(429,264,886)</u>	<u>978,875</u>	<u>58,935,397</u>	<u>420,816,591</u>	<u>5,073,712,162</u>
Profit for the year	-	-	-	-	124,376,543	124,376,543
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	124,376,543	124,376,543
Dividend paid (Note 31)	-	-	-	-	(276,152,393)	(276,152,393)
Transfer unappropriated retained earnings to statutory reserve (Note 26)	-	-	-	6,218,827	(6,218,827)	-
Balance as at 31 December 2018	<u>5,022,246,185</u>	<u>(429,264,886)</u>	<u>978,875</u>	<u>65,154,224</u>	<u>262,821,914</u>	<u>4,921,936,312</u>

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

Cash flows statement

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before income tax expenses	144,720,581	367,714,697	154,549,307	368,927,583
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Decrease in real estate development costs as a result of transfer to cost of real estate sold	1,098,709,277	1,768,104,809	1,098,709,277	1,768,104,809
Reversal of loss on diminution in value of project	(163,925)	(1,016,100)	(163,925)	(1,016,100)
Reversal of allowance for doubtful accounts	(79,776)	(137,179)	-	-
Depreciation and amortisation	33,233,612	27,801,182	26,324,340	20,328,320
Provision for long-term employee benefits	4,417,127	3,117,530	3,407,720	2,388,005
Recognised income from finance lease	(1,406,587)	(1,321,761)	(1,406,587)	(1,321,761)
Gain on sales of unit trust	(1,847,755)	(349,482)	(1,847,755)	(333,919)
Unrealised loss (gain) on changes in value of unit trust	424,173	(174,014)	424,173	(174,014)
Loss on diminution in value of assets	695,193	-	9,856,614	11,053,057
Reversal of loss on diminution in value of Investments in subsidia	-	-	(6,973,808)	-
Reversal of loss on diminution in value of assets	(2,150,680)	(647,745)	(2,150,680)	(647,745)
Loss (gain) on sales and written off of investment properties	-	43,345	(66,215)	(1,383)
Loss (gain) on disposal and written off of equipment	64,008	(182,527)	64,473	(170,358)
Loss (gain) on written off of intangible assets	(66,215)	615	-	615
Finance cost	3,852,803	1,706,530	3,852,803	1,706,530
Profit from operating activities before changes in operating assets and liabilities	1,280,401,836	2,164,659,900	1,284,579,737	2,168,843,639
Decrease (increase) in operating assets				
Trade and other receivables	(4,416,365)	3,881,147	(8,357,931)	(507,467)
Real estate development costs and inventories	(646,053,648)	(1,278,764,215)	(644,836,583)	(1,277,030,719)
Advance for construction work	(10,476,210)	-	(10,476,210)	-
Other current assets	(4,549,931)	580,427	(3,754,877)	1,041,558
Finance lease receivables and advance received from land lease	2,904,000	2,640,000	2,904,000	2,640,000
Commission paid to obtain a contract	(89,002,810)	-	(89,002,810)	-
Other non-current assets	(2,003,052)	1,881,228	(1,599,998)	1,569,461
Increase (decrease) in operating liabilities				
Trade and other payables	16,311,213	(45,110,392)	18,346,212	(44,939,703)
Accrued expenses	(9,684,707)	27,148,798	(9,066,946)	29,648,872
Advance received from customers	227,017,195	(341,629,621)	226,277,113	(341,238,611)
Other current liabilities	2,995,287	18,419,437	2,023,652	18,256,707
Retention guarantees	5,316,809	(28,679,317)	5,316,809	(28,679,317)
Provision for long-term employee benefits	(515,840)	-	(515,840)	-
Other non-current liabilities	3,782,881	1,611,627	3,843,147	1,693,226
Cash flows from operating activities	772,026,658	526,639,019	775,679,475	531,297,646
Cash paid for interest expenses	(33,444,184)	(18,323,208)	(33,444,184)	(18,323,208)
Cash paid for income tax	(18,216,007)	(30,847,989)	(17,273,778)	(30,722,090)
Tax refund	-	807,571	-	807,571
Net cash flows from operating activities	720,366,467	478,275,393	724,961,513	483,059,919

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

Cash flows statement (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Increase in fixed deposits	(470)	(465)	(470)	(465)
Acquisition of unit trust	(522,010,000)	(275,000,000)	(522,010,000)	(275,000,000)
Paid loans to subsidiary	-	-	(19,000,000)	(5,600,000)
Cash receipt from loans to subsidiary	-	-	39,000,000	200,000
Cash receipt from the business transfer	-	-	-	26,578,427
Proceed from disposal of equipment	49,532	265,182	49,065	252,706
Proceed from sales of unit trust	596,030,133	172,414,664	596,030,133	160,000,000
Proceed from disposal of investment properties	141,122	4,673	141,122	4,673
Acquisition of investment properties	(31,100,396)	(46,570,344)	(31,100,396)	(45,111,782)
Acquisition of building and equipment and intangible assets	(58,303,912)	(13,779,359)	(121,901,873)	(12,466,914)
Acquisition of land and improvement awaiting development	(382,506,228)	(385,396,573)	(382,506,228)	(385,396,573)
Increase in deposits for purchase of land	(5,000,000)	-	(5,000,000)	-
Repayment to non-controlling interest of the subsidiary	-	-	-	(3,532,200)
Net cash flows used in investing activities	(402,700,219)	(548,062,222)	(446,298,647)	(540,072,128)
Cash flows from financing activities				
Cash receipt from short-term loans	133,483,000	1,172,695,337	133,483,000	1,172,695,337
Repayment of short-term loans	(687,749,500)	(635,945,835)	(687,749,500)	(635,945,835)
Cash receipt from long-term loans	1,156,610,000	740,000,000	1,156,610,000	740,000,000
Repayment of long-term loans	(581,752,960)	(950,000,000)	(581,752,960)	(950,000,000)
Dividend paid	(277,313,604)	(199,292,959)	(277,313,604)	(199,292,959)
Net cash flow from (used in) financing activities	(256,723,064)	127,456,543	(256,723,064)	127,456,543
Net increase in cash and cash equivalents	60,943,184	57,669,714	21,939,802	70,444,334
Cash and cash equivalents at beginning of year	137,769,753	80,100,039	131,237,541	60,793,207
Cash and cash equivalents at end of year	198,712,937	137,769,753	153,177,343	131,237,541

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

Cash flows statement (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Supplemental cash flows information				
Non-cash transactions				
Transfer advance for construction work to real estate development costs	8,720,148	22,698,850	8,720,148	22,698,850
Transfer interest expenses to real estate development costs	30,920,965	15,947,713	30,920,965	15,947,713
Transfer real estate to development costs to land awaiting development	-	142,261,326	-	142,261,326
Transfer real estate development cost to equipment	-	1,928,068	-	1,928,068
Transfer real estate development cost to other current assets	1,201,058	-	1,201,058	-
Transfer building and equipment to investment properties	-	953,241	-	953,241
Transfer building and equipment to other current assets	7,447	-	7,447	-
Transfer building and equipment to other non-current assets	160,180	1,607,675	160,180	1,607,675
Transfer equipment to real estate development cost	209,720	-	209,720	-
Transfer investment properties to real estate development costs	-	192,764,531	-	192,764,531
Transfer investment properties to advance for construction work	14,474	-	14,474	-
Transfer investment properties to other non-current assets	5,341,553	16,306	5,341,553	16,261
Transfer land awaiting development to real estate development costs	273,215,596	379,533,241	273,215,596	379,533,241
Transfer land awaiting development to investment properties	-	800,002	-	800,002
Transfer other current assets to other non-current assets	-	19,784,237	-	19,784,237
Transfer other non-current assets to intangible assets	-	1,607,675	-	1,607,675
Transfer other non-current assets to equipment	420,561	-	-	-
Accounts payable for purchase of equipment	684,629	6,503,775	626,878	2,887,653
Accounts payable for purchase of investment properties	509,155	6,894,813	509,155	6,894,813
Net assets from the business transfer	-	-	-	405,973,422
Dividend payable	581,126	1,742,339	581,126	1,742,339

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

Cash flows statement (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2018

1. General information

1.1 Corporate information

Eastern Star Real Estate Public Company Limited ("The Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the property development. Its major shareholder is Sunrise Group, which was incorporated in Thailand, and consists of:-

	Percentage of shareholding (base on paid-up capital) (as at 9 May 2018*)
1. Bangkok Broadcasting & Television Co., Ltd.	43.65
2. BBTV Equity Co., Ltd.	10.21
3. Sunrise Equity Co., Ltd.	5.56
4. GL Assets Co., Ltd.	0.11
5. Person	2.61

*The latest closing date of the shares register book

The registered office of the Company is at 898 Ploenchit Tower Building, 5th floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

1.2 Transfer of all business of a subsidiary

A meeting of the Board of Directors of the Company No. 7/2016 approved the transfer of the entire business of Seastar Properties Co., Ltd. ("subsidiary"). The Company entered into an agreement to transfer the entire business on 9 January 2017. Such transfer of business includes the transfer of all assets, employees and liabilities as at 1 February 2017. The Company executed the transfer during the year 2017, ceased all operations and registered the dissolution of the subsidiary on 10 February 2017. Currently, the Company has already finalised legal registration regarding the transfer of ownership of real estate and other assets from the subsidiary. The subsidiary registered the liquidation with the Ministry of Commerce on 20 June 2017.

Details of the fair value and book value of the net assets of Seastar Properties Co., Ltd. as at the transfer date, are as follows:

(Unit: Thousand Baht)		
	Fair value	Book value
Assets		
Cash and cash equivalents	26,578	26,578
Trade and other receivables - net	825	825
Loans to related party	14,600	14,600
Investment properties - net	397,760	346,454
Equipment - net	1,180	1,180
Intangible assets - net	11	11
Other current assets	3,962	3,962
Total assets	444,916	393,610
Liabilities		
Trade and other payables	4,872	4,872
Security deposits	4,592	4,592
Deposit for land - parent company	20,000	20,000
Other current liabilities	484	484
Provision for long-term employee benefits	587	587
Total liabilities	30,535	30,535
Net asset value from the business transfer	414,381	363,075
Non-controlling interest of the subsidiary (0.87%)	(3,605)	
Net asset value attributable to the Company	410,776	
Estimated transfer expenses	(4,776)	
Transfer price per agreement	406,000	

The Company issued a promissory note with no interest rate for the payable from business transfer of Baht 406 million to the subsidiary. Payment of the promissory note was due at call. During the year 2017, the Company paid for the payable from business transfer and received of the capital return from the liquidation of the subsidiary.

The total revenues from the transfer date to 31 December 2017 of Baht 30 million and loss of Bath 3 million from the business of this subsidiary are included in the Company's separate financial statements. The business transfer thus has no effect to the consolidated financial statements.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Eastern Star Real Estate Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

<u>Subsidiary companies</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholding</u>	
			<u>2018</u>	<u>2017</u>
			%	%
Eastern Star Resort Co., Ltd.	Golf course	Thailand	81.30	81.30
Seastar Properties Co., Ltd. (registered the liquidation on 20 June 2017)	Rental and real estate	Thailand	-	-
Eastern Star-Lai San New World Co., Ltd.	Real estate	Thailand	60.00	60.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Adoption of the new financial reporting standard during the year

In 2018, the Company and its subsidiaries elected to early adopt TFRS 15 *Revenue from Contracts with Customers*. This financial reporting standard is effective for fiscal years beginning on or after 1 January 2019.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The Company and its subsidiaries adopted TFRS 15 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2018, and the comparative information was not restated. The Company and its subsidiaries elect to apply the following practical expedients and not restate completed contracts as at 1 January 2018 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy.

The cumulative effect of the change is described in Note 4 to the financial statements.

(c) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

(d) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current year, the Company and its subsidiaries have early adopted TFRS 15 *Revenue from Contracts with Customers*. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2018. (The comparative information has not restated). As a result, the beginning balance of retained earnings for 2018 of the Company and its subsidiaries increased by approximately Baht 3 million (Separate financial statements: Baht 3 million).

The amounts of adjustments affecting the statements of financial position as at 31 December 2018 and the statements of comprehensive income for the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Previous accounting policy	Increase	TFRS 15
Statement of financial position			
Assets			
Cost to obtain a contract	-	92,869	92,869
Deferred tax assets	36,599	1,008	37,607
Liabilities			
Advance received from customers	286,822	5,038	291,860
Deferred tax liabilities	5,824	18,574	24,398
Shareholders' equity			
Retained earnings (Deficits)	(145,809)	70,265	(75,544)

(Unit: Thousand Baht)

	Consolidated financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of comprehensive income			
Profit or loss:			
Revenues			
Revenue from sales of real estate	1,625,650	(5,238)	1,620,412
Cost of real estate sold	1,075,753	21,598	1,097,351
Selling and distribution expenses	274,142	(110,800)	163,342
Income tax expenses	15,010	16,793	31,803
Profit for the year	45,745	67,172	112,917
Profit attributable to:			
Equity holders of the Company	48,277	67,172	115,449
Earnings per share (Baht)			
Basic earnings per share	0.010	0.013	0.023

(Unit: Thousand Baht)

	Separate financial statements		
	Previous accounting policy	Increase	TFRS 15
Statement of financial position			
Assets			
Cost to obtain a contract	-	92,869	92,869
Deferred tax assets	37,268	1,008	38,276
Liabilities			
Advance received from customers	283,337	5,038	288,375
Deferred tax liabilities	5,824	18,574	24,398
Shareholders' equity			
Retained earnings	192,557	70,265	262,822

(Unit: Thousand Baht)

	Separate financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of comprehensive income			
Profit or loss:			
Revenues			
Revenue from sales of real estate	1,625,650	(5,238)	1,620,412
Cost of real estate sold	1,076,947	21,598	1,098,545
Selling and distribution expenses	272,558	(110,800)	161,758
Income tax expenses	13,380	16,793	30,173
Profit for the year	57,205	67,172	124,377
Earnings per share (Baht)			
Basic earnings per share	0.011	0.014	0.025

The nature of these adjustments are described below:

- Allocation of revenue from real estate sales contracts - The Company has determined that the components of real estate sales contracts consist of sales of real estate and sales of related furnishings, and allocates revenues from the contracts to the real estate and related furnishings in proportion to the relationship of the standalone selling prices. Revenue is recognised when the business has transferred the ownership of the real estate and delivered the related furnishings to the customer, whereas revenue was previously recorded in full when ownership of the real estate was transferred. In addition, cost related to the furnishings provided to customers must be reclassified and recorded as part of the cost of real estate sold, whereas they were previously recorded as selling expenses when the transactions occurred.
- Commission paid to obtain a contract - The Company has determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Company and its subsidiaries immediately recorded commission as selling expenses when the transaction occurred.

5. Significant accounting policies

5.1 Revenue recognition

a) Sales of land, sales of land with houses and sales of residential condominium units

Sales of land, sales of land with houses and sales of residential condominium units are recognised as revenue when the significant risks and rewards of

ownership of the goods have passed to the customer, whereby construction works are completed and the ownerships have been transferred to customers after all payments received from the customers.

The Company allocates the revenues under the contract to the real estate and related furnishings in proportion to the relationship with the standalone selling prices and recognises income when the business has transferred the ownership of the real estate and delivered the related furnishings to the customer by measuring at the amount of the consideration received or receivable, excluding value added tax.

Commission paid to obtain a contract

The Company recognises commission paid to obtain a customer contract as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of consideration that the entity expects to receive less direct costs.

b) Service income

Services income is recognised when the services have been rendered.

c) Rental income

Rental of land and units in residential buildings are recognised on an accrual basis based on straight line method over the period of contract.

d) Revenue from financial lease

The Company recognises revenue from financial lease based on the effective interest rate method.

e) Revenue from golf course and sport membership

A subsidiary recognises revenue from golf course and sport memberships over the period of contracts.

f) Interest income

Interest income is recognised on an accrual basis based on the effective interest rate method.

5.2 Cost of land, cost of land with houses sold and cost of residential condominium units sold

In determining the cost of land, cost of land with houses sold and cost of residential condominium units sold, the anticipated total development costs (taking into account

actual costs incurred to date) are attributed to land, land with houses sold, and residential condominium units sold on the basis of the salable area and then recognised as costs in the income statement concurrently with revenue from sales.

Development costs are stated at cost, consisting of cost of land, design fees, utilities, and construction.

5.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.4 Current investments

Investments in unit trusts that are held for trading are stated at fair value based on their net asset.

Changes in the carrying amounts of securities are recorded as gains or losses in the income statements.

The weighted average method is used for computation of the cost of unit trust.

5.5 Trade receivables

Trade receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

5.6 Real estate development costs and inventories

Real estate development costs are stated at cost less provision for loss on diminution in value of projects. The details of cost calculation are as follows:

- | | |
|--------------------------|---|
| Land | - Cost of land using the weighted average method, calculating it separately for each project. |
| Construction in progress | - Construction in progress consists of the cost of construction, public utility costs and interest capitalised (if any) to cost of projects by records cost of construction and public utilities based on the actual cost incurred. |

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the First-in First-out method.

5.7 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method, net of allowance for impairment loss (if any).

5.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for impairment loss (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 2 - 5 years for fixtures and building infrastructure, 20 years for building development and 40 - 50 years for building. Depreciation of the investment properties is included in determining income.

No depreciation is provided on investment properties - land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

5.9 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation, and less allowance for impairment loss (if any). Depreciation of building and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives as follow:

Buildings and construction	-	5 - 50 years
Sales office	-	5 and 20 years
Machines and equipment	-	2 - 5 years
Furniture, fixtures and office equipment	-	2 - 10 years
Vehicles	-	3 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

5.10 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

Computer software	-	3 - 10 years
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5.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Capitalisation rates are calculated based on the weighted average of the interest expenses incurring during the year on loans for development of projects.

5.12 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

5.13 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the investment properties, property, plant and equipment, land and improvement awaiting development and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the contributions of the Company and its subsidiaries are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

5.16 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that they are probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and

estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Property, plant and equipment and investment properties/Depreciation

In determining depreciation of plant and equipment and investment properties, the management is required to make estimates of the useful lives and residual values and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment and investment properties for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Project development costs estimation

In calculating cost of land and houses sold, the Company has to estimate all project development costs, comprising land and land improvement costs, design and construction costs, public utility costs, borrowing costs and other related costs. The management estimates these costs based on their business experience and revisits the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with its related parties. These transactions which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Income of central service management	-	-	1	1
Other income	-	-	4	5
Purchase of assets (Note 15)	-	-	92	-
Business transfer (Note 1.2)	-	-	-	406
<u>Transactions with related parties</u>				
Office rental and service expenses	6	6	6	6

The pricing policies for the related parties transactions between the Company with its related parties are as follows: -

- Central service management, office rental and service charges, and business transfer are set on a mutually agreed basis.
- Other income are based on the same basis that charge to outside parties.
- The purchase price of assets is based on the agreed price.

Nature of relationship

Company's name	Relationship	Connection
Eastern Star Resort Co., Ltd.	Subsidiary company	Direct shareholding and common directors
Seastar Properties Co., Ltd. (registered the liquidation on 20 June 2017)	Subsidiary company	Direct shareholding and common directors
Eastern Star-Lai San New World Co., Ltd. Related person of Bangkok Broadcasting & Television Co., Ltd.	Subsidiary company Related person	Direct shareholding and common directors Direct and indirect shareholding

The balances of the accounts between the Company and those related parties are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2018	2017	2018	2017
Other receivables (Note 10)				
Subsidiaries	-	-	10,196	6,165
Loan to subsidiary				
A subsidiary	-	-	-	20,000
Accrued interest income				
A subsidiary	-	-	-	785
Other payables (Note 19)				
Subsidiaries	-	-	6,703	710
Related parties	42	-	42	-
Total	42	-	6,745	710
Accrued interest expense				
A subsidiary	-	-	63	63
Retentions				
Related party	1,393	1,393	1,393	1,393
Advance received				
Related parties	340	1,828	340	1,828

During the current year, the Company has received the loan to subsidiary in full amount. (31 December 2017: loan to subsidiary of Baht 20 million is loan to be used in golf course business of the subsidiary which carries interest at a rate of 7% per annum. Payment of the loan is due at call.)

As at 31 December 2018 and 2017, the balance of loans between the Company and the subsidiary and the movement are as follow:

(Unit: Thousand Baht)				
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
Loans to				
Eastern Star Resort Co., Ltd.	20,000	19,000	(39,000)	-
	20,000	19,000	(39,000)	-

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	46,061	39,773	43,097	36,421
Post-employment benefits	5,449	6,101	5,281	5,965
Total	51,510	45,874	48,378	42,386

8. Cash and cash equivalents

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	1,934	1,198	373	213
Bank deposits	196,779	136,572	152,804	131,025
Total	198,713	137,770	153,177	131,238

As at 31 December 2018, bank deposits in current accounts, saving accounts and fixed deposits with an original maturity of three months or less carried interests between 0.10% and 1.10% per annum (2017: between 0.10% and 1.00% per annum).

9. Current investments

	(Unit: Thousand Baht)			
	Consolidated and separate financial statements			
	2018		2017	
	Amount	Interest rate (% per annum)	Amount	Interest rate (% per annum)
Fixed deposits 12 months	43	1.10	43	1.10
Investments in unit trust of mutual fund	68,351		140,349	
Add: Unrealised gain (loss) on changes in value of unit trust	(424)		174	
Total	67,970		140,566	

As at 31 December 2018 and 2017, the Company has investment in TMB ThanaPlus Fund (TMBTHANAPLUS) which is a debt mutual fund. The fund focuses on investing in debt securities issued or guaranteed by the government, financial institution or corporate both domestic and international.

10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade accounts receivable - third parties</u>				
Not yet due	801	498	505	454
Past due not over 3 months	797	449	655	214
Past due 3 - 6 months	258	44	214	-
Total trade accounts receivable	1,856	991	1,374	668
<u>Other receivables</u>				
Other receivables - related parties (Note 7)	-	-	10,196	6,165
Other receivables - third parties	1,668	985	1,668	905
Accrued income	9,812	9,573	9,812	9,573
Advanced payment	3,750	1,120	3,699	1,080
Interest receivable	1	1	1	1
Total other receivables	15,231	11,679	25,376	17,724
Less: Allowance for doubtful debts	(8,780)	(8,860)	(8,780)	(8,780)
Total other receivables - net	6,451	2,819	16,596	8,944
Total trade and other receivables - net	8,307	3,810	17,970	9,612

11. Real estate development costs and inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Land	1,728,358	1,506,412	1,726,628	1,505,602
Construction under development	864,576	1,227,609	864,576	1,227,609
Total	2,592,934	2,734,021	2,591,204	2,733,211
Less: Provision for loss on diminution in value of projects	(6,064)	(6,228)	(6,064)	(6,228)
Real estate development costs - net	2,586,870	2,727,793	2,585,140	2,726,983
Other inventories	945	649	-	-
Total	2,587,815	2,728,442	2,585,140	2,726,983

The Company has mortgaged certain plots of land and structures thereon with a net book value as at 31 December 2018 of Baht 1,935 million (2017: Baht 1,942 million) as collateral for credit facilities granted by a bank.

During the year ended 31 December 2018, the Company included borrowing costs in the cost of real estate development amounting to Baht 31 million (2017: Baht 16 million).

Additional information of the Company's projects.

	(Unit: Million Baht)	
	Consolidated and separate	
	financial statements	
	2018	2017
Total estimated sales value of projects on hand of which contracts have been signed	10,922	10,266
Total value of contracts signed of land and structures thereon	9,420	7,781
Percentage of total estimated sales value of projects on hand	86.24	75.79
Total value of contracts signed of land and structures thereon not yet recognised as revenue*	1,883	588

* The revenue will be recognised in the future approximately 1 - 2 years.

12. Finance lease contract receivables/Advance received from land lease

On 23 August 2007, the Company entered into a contract to lease a land and plaza center building to a company. The lease tenor is for 25 years 5 months commencing from 23 August 2007 and the total contractual value of the lease is Baht 97.3 million, which the Company received the contractual lease fee on the lease registration date at Baht 24 million and for the remaining amount, the Company received the 1st lease fee for the total leasing period of 17 months at Baht 2.4 million. After which, the lease fee is payable annually. The lease fee for the 2nd - 5th year is Baht 2.4 million per year and afterwards the lease fee will be increased by 10% every 5 years. The Company recognises the land and building leasing fee by apportioning all leasing fee under the lease contract to the fair value of the land and the plaza center building as follows:-

- 12.1 From the total building lease fee of Baht 64.2 million, the advance of Baht 15.8 million was received on the lease registration date and the remaining amount will be receivable at 66% of annual lease fee as mentioned in above contract. The Company will gradually recognise as income from the building lease fee under financial lease contract. The remaining accounts receivable under the finance lease agreement are as follows:-

	(Unit: Thousand Baht)			
	Consolidated and separate financial statements			
	as at 31 December 2018			
	Less than		Over	
	1 year	1-5 years	5 years	Total
Original investment in lease agreement	1,917	7,858	20,028	29,803
Unearned financial income	(88)	(294)	(303)	(685)
Present value of the minimum payment				
debtor has to pay under lease agreement	1,829	7,564	19,725	29,118
	(Unit: Thousand Baht)			
	Consolidated and separate financial statements			
	as at 31 December 2017			
	Less than		Over	
	1 year	1-5 years	5 years	Total
Original investment in lease agreement	1,917	7,666	22,137	31,720
Unearned financial income	(93)	(316)	(369)	(778)
Present value of the minimum payment				
debtor has to pay under lease agreement	1,824	7,350	21,768	30,942

12.2 From total land lease fee of Baht 33.1 million, the advance of Baht 8.2 million was received on the lease registration date and the remaining amount will be receivable at 34% of annual lease fee as mentioned in above contract. The Company will gradually recognise as income from the land lease fee under the operating lease contract throughout the lease tenor. The outstanding balance is as follows:-

		(Unit: Thousand Baht)	
		Consolidated and separate financial statements	
		2018	2017
Total minimum amount which the debtor has to pay under the outstanding operating lease			
Within 1 year		987	987
1 - 5 years		4,048	3,950
Over 5 years		10,318	11,404
Total		15,353	16,341
Add: Advance received for land lease (net from recognised income)		4,501	4,827
Land lease income to be recognised in future		19,854	21,168

13. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)										
Company's name	Separate financial statements									
	Paid-up capital		Shareholding percentage		Cost		Impairment loss on investments		Net	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)						
Eastern Star Resort Co., Ltd.	500,000	500,000	81.30	81.30	409,374	409,374	-	(6,974)	409,374	402,400
Eastern Star-Lai San New World Co., Ltd.	160,000	160,000	60.00	60.00	96,000	96,000	-	-	96,000	96,000
					505,374	505,374	-	(6,974)	505,374	498,400

On 6 February 2017, the Extraordinary General Meeting of shareholders of Seastar Properties Co., Ltd. No. 2/2017 passed a resolution to approve the dissolution of the subsidiary. The subsidiary registered its dissolution with the Ministry of Commerce on 10 February 2017 and registered its liquidation with the Ministry of Commerce on 20 June 2017.

As at 31 December 2018, the Company possessed 326 remaining golf-membership rights (2017: 326 golf-membership rights), which were not included in the financial statements because the Company obtained such rights at no cost as a result of its investment in a subsidiary.

14. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Land	Building and improvements	Total
31 December 2018:			
Cost	1,000,467	709,186	1,709,653
Less: Accumulated depreciation	-	(480,762)	(480,762)
Less: Allowance for impairment	(70,009)	(695)	(70,704)
Net book value	930,458	227,729	1,158,187
31 December 2017:			
Cost	1,003,047	702,758	1,705,805
Less: Accumulated depreciation	-	(483,120)	(483,120)
Less: Allowance for impairment	(72,160)	-	(72,160)
Net book value	930,887	219,638	1,150,525
	(Unit: Thousand Baht)		
	Separate financial statements		
	Land	Building and improvements	Total
31 December 2018:			
Cost	1,000,467	752,111	1,752,578
Less: Accumulated depreciation	-	(482,723)	(482,723)
Less: Allowance for impairment	(70,009)	(695)	(70,704)
Net book value	930,458	268,693	1,199,151
31 December 2017:			
Cost	1,003,047	745,683	1,748,730
Less: Accumulated depreciation	-	(484,057)	(484,057)
Less: Allowance for impairment	(72,160)	-	(72,160)
Net book value	930,887	261,626	1,192,513

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	1,150,525	1,298,319	1,192,513	952,383
Addition - at cost	24,714	55,139	24,714	53,814
Business transfer - net book value				
At transfer date (Note 1.2)	-	-	-	389,379
Transfer out - net book value at transfer date	(5,356)	(865)	(5,356)	(865)
Transfer out to real estate development costs and inventories - net book value at transfer date	-	(192,765)	-	(192,765)
Disposal and written off - net book value at disposal and written off date	(75)	(48)	(75)	(4)
Impairment loss	(695)	-	(695)	-
Reversal of impairment loss	2,150	648	2,150	648
Depreciation	(13,076)	(9,903)	(14,100)	(10,077)
Net book value at end of year	1,158,187	1,150,525	1,199,151	1,192,513
Rental income arising from investment properties	34,095	32,083	34,095	29,265

Future minimum rental income to be generated under these investment properties is as follows:

	(Unit: Thousand Baht)	
	Consolidated and	
	Separate financial statements	
	2018	2017
In up to 1 year	35,095	16,907
In over 1 and up to 3 years	13,778	4,297

The fair value of the investment properties as at 31 December 2018 and 2017 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Land	1,293,678	1,251,138	1,293,678	1,251,138
Building and improvement	208,046	235,160	208,046	235,160

The fair values of the above investment properties have been determined based on valuations performed by an accredited independent valuer. The fair value of the land has been determined based on market prices, while that of the land and building and improvement has been determined using the force sale.

As a result of the impairment assessment in 2018, the Company reversed Baht 2 million, of the impairment losses previously recognised, recording the reversal in profit or loss in the financial statements. This reversal was reversal of impairment of the Company's land and recognised impairment loss of the Company's building for rent Baht 1 million. In addition, the Company recognised impairment loss Baht 9 million in the separate financial statements due to the acquisition of land and some structures there on from a subsidiary during the year as described in Note 15 to the consolidated financial statements.

The Company has mortgaged certain plots of land with a net book value as at 31 December 2018 of Baht 82 million (2017: Baht 85 million) as collateral for credit facilities granted by a bank.

15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land and land improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
<u>Cost</u>								
1 January 2017	156,168	429,559	44,781	12,411	21,050	32,330	2,451	698,750
Additions	-	1,085	754	1,464	2,752	2,941	9,436	18,432
Disposals and written off	-	(19)	(1,445)	(1,487)	(777)	(601)	-	(4,329)
Transfer in (out)	-	3,430	38	1,272	250	-	(6,244)	(1,254)
31 December 2017	156,168	434,055	44,128	13,660	23,275	34,670	5,643	711,599
Additions	731	14,820	1,521	2,566	3,896	575	26,132	50,241
Disposals and written off	-	-	(314)	(434)	(1,285)	(325)	-	(2,358)
Transfer in (out)	2,580	8,417	(749)	175	33	748	(5,518)	5,686
31 December 2018	159,479	457,292	44,586	15,967	25,919	35,668	26,257	765,168

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land and land improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
<u>Accumulated depreciation</u>								
1 January 2017	737	244,446	37,911	11,124	16,797	16,073	-	327,088
Depreciation for the year	-	7,102	2,196	1,403	1,739	4,650	-	17,090
Accumulated depreciation on disposals and written off	-	(17)	(1,407)	(1,466)	(759)	(597)	-	(4,246)
Accumulated depreciation on transfer in	-	-	-	-	3	-	-	3
31 December 2017	737	251,531	38,700	11,061	17,780	20,126	-	339,935
Depreciation for the year	-	8,464	2,225	1,145	2,161	5,156	-	19,151
Accumulated depreciation on disposals and written off	-	-	(301)	(337)	(1,282)	(325)	-	(2,245)
Accumulated depreciation on transfer in (out)	-	213	(10)	-	(2)	9	-	210
31 December 2018	737	260,208	40,614	11,869	18,657	24,966	-	357,051
<u>Allowance for impairment</u>								
1 January 2017	-	3,680	-	-	-	-	-	3,680
31 December 2017	-	3,680	-	-	-	-	-	3,680
31 December 2018	-	3,680	-	-	-	-	-	3,680
<u>Net book value</u>								
31 December 2017	155,431	178,844	5,428	2,599	5,495	14,544	5,643	367,984
31 December 2018	158,742	193,404	3,972	4,098	7,262	10,702	26,257	404,437
Depreciation for the year								
2017 (Baht 3 million included in cost of real estate sold and services, and the balance in administrative expenses)								17,090
2018 (Baht 3 million included in cost of real estate sold and services, and the balance in administrative expenses)								19,151

(Unit: Thousand Baht)

	Separate financial statements							
	Land and land improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
<u>Cost</u>								
1 January 2017	4,320	105,664	2,684	11,874	13,317	17,007	2,093	156,959
Additions	-	443	389	1,464	2,488	68	9,132	13,984
Business transfer (Note 1.2)	-	-	2,210	-	388	1,574	598	4,770
Disposals and written off	-	(19)	(234)	(1,487)	(776)	(601)	-	(3,117)
Transfer in (out)	-	3,430	44	1,272	1,741	-	(6,244)	243
31 December 2017	4,320	109,518	5,093	13,123	17,158	18,048	5,579	172,839
Additions	54,051	50,885	1,029	2,566	3,281	575	5,010	117,397
Disposals and written off	-	-	(314)	(434)	(1,284)	(325)	-	(2,357)
Transfer in (out)	2,580	6,250	(749)	175	33	748	(3,771)	5,266
31 December 2018	60,951	166,653	5,059	15,430	19,188	19,046	6,818	293,145

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land and land improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
<u>Accumulated depreciation</u>								
1 January 2017	737	34,190	1,882	10,651	10,133	8,596	-	66,189
Depreciation for the year	-	4,231	393	1,403	1,370	2,213	-	9,610
Business transfer (Note 1.2)	-	-	1,878	-	177	1,535	-	3,590
Accumulated depreciation on disposals and written off	-	(17)	(196)	(1,466)	(759)	(596)	-	(3,034)
Accumulated depreciation on transfer in	-	-	6	-	1,494	-	-	1,500
31 December 2017	737	38,404	3,963	10,588	12,415	11,748	-	77,855
Depreciation for the year	-	5,788	411	1,145	1,804	2,212	-	11,360
Accumulated depreciation on disposals and written off	-	-	(301)	(337)	(1,281)	(325)	-	(2,244)
Accumulated depreciation on transfer in (out)	-	213	(10)	-	(2)	9	-	210
31 December 2018	737	44,405	4,063	11,396	12,936	13,644	-	87,181
<u>Allowance for impairment</u>								
31 December 2017	-	-	-	-	-	-	-	-
Increase	-	9,161	-	-	-	-	-	9,161
31 December 2018	-	9,161	-	-	-	-	-	9,161
<u>Net book value</u>								
31 December 2017	3,583	71,114	1,130	2,535	4,743	6,300	5,579	94,984
31 December 2018	60,214	113,087	996	4,034	6,252	5,402	6,818	196,803
Depreciation for the year								
2017 (Included in administrative expenses)								9,610
2018 (Included in administrative expenses)								11,360

On 6 November 2018, the Company entered into a sale and purchase agreement regarding land and some structures there on with Eastern Star Resorts Company Limited, the Company's subsidiary. The transaction is included in the disclosure of transaction with subsidiary as described in Note 7 to consolidated financial statements.

However, during the current year, the Company recognised impairment loss Baht 9 million in the separate financial statements for the acquired land and some structures there on. The amount of impairment loss is eliminated from the consolidated financial statements.

As at 31 December 2018, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to approximately Baht 156 million (Separate financial statements: Baht 47 million) (2017: Baht 156 million (Separate financial statements: Baht 47 million)).

The Company has mortgaged certain plots of land and structures thereon with a net book value as at 31 December 2018 of Baht 3 million (2017: Baht 3 million) as collateral for credit facilities granted by a bank.

16. Intangible assets

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Computer software - cost	11,976	9,732	10,938	8,694
Less: Accumulated amortisation	(6,974)	(5,968)	(6,077)	(5,212)
Net book value	5,002	3,764	4,861	3,482

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning year	3,764	1,417	3,482	1,314
Additions	2,244	1,547	2,244	1,191
Business transfer - net book value at transfer date				
(Note 1.2)	-	-	-	11
Transfer in - net book value at transfer date	-	1,608	-	1,608
Written off - net book value at written off date	-	(1)	-	(1)
Amortisation	(1,006)	(807)	(865)	(641)
Net book value at end of year	5,002	3,764	4,861	3,482

17. Land and improvement awaiting development

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Land	1,354,169	1,245,349	1,204,603	1,095,783
Development costs	37,000	36,529	37,000	36,529
Total	<u>1,391,169</u>	<u>1,281,878</u>	<u>1,241,603</u>	<u>1,132,312</u>

A reconciliation of the net book value of land and improvement awaiting development for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	1,281,878	1,134,554	1,132,312	984,988
Addition - at cost	382,506	385,396	382,506	385,396
Transfer in - at cost	-	142,261	-	142,261
Transfer out - at cost	(273,215)	(380,333)	(273,215)	(380,333)
Net book value at end of year	<u>1,391,169</u>	<u>1,281,878</u>	<u>1,241,603</u>	<u>1,132,312</u>

As at 31 December 2018, land awaiting development of Baht 0.5 million (separate financial statements: Baht 0.2 million) (2017: Baht 0.5 million (Separate financial statements: Baht 0.2 million)) was land of which ownership is jointly held by the Company and a subsidiary. The Company and the subsidiary recorded the cost of land based on their ownership, with half allocated to each party.

As at 31 December 2018, the Company mortgaged certain plots of land and improvement awaiting development with a net book value of Baht 643 million (2017: 636 million) as collateral for credit facilities granted by a bank.

18. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated and Separate financial statements	
		2018	2017
Short-term loans from a financial institution	MLR - 1.75	-	372,200
Short-term loans from a financial institution	MLR - 2.25	-	315,550
Short-term loans from a financial institution	MLR - 2.70	133,483	-
Total		133,483	687,750

Short-term loan from financial institutions is secured by the mortgages of the Company's land and structures thereon as described in Note 11, 14, 15 and 17 to consolidated financial statements.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts payable				
- unrelated parties	32,384	45,487	30,966	44,289
Other payables - related parties (Note 7)	42	-	6,745	710
Other payables - unrelated parties	33,360	16,192	32,547	15,559
Total	65,786	61,679	70,258	60,558

20. Long-term loans

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2018	2017
Long-term loans from banks	574,857	-
Less: Current portion	(111,045)	-
Long-term loans - net of current portion	463,812	-

Movements in the long-term loans account during the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2018	-
Add: Additional borrowings	1,156,610
Less: Repayments	(581,753)
Balance as at 31 December 2018	574,857

Long-term loans from a local bank had the principal terms of the credit facilities as follows:

Total facilities	: Baht 2,445 million
Interest rate	: MLR - 1.75%, MLR - 2.50% and MLR - 3.05%
Interest period	: Monthly
Principal repayment schedules	: Payments of principal are to be made at 70% of the value of secured condominium units of each contract which transferred to customers, with full repayment to be made within 48 - 60 months after the date of the first draw down of principal.

The above credit facilities agreements contain covenants relating to various matters, such as the maintenance of financial ratio and restrictions on creating or permitting the subsistence of security interest on property and assets.

As at 31 December 2018, the long-term credit facilities of the Company which have not yet been drawn down totaling Baht 1,288 million (2017: Baht 860 million).

The loans and credit facilities are secured by mortgages of land with structures thereon as described in Note 11 to the consolidated financial statements.

21. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Retention payable	31,148	40,820	31,148	40,820
Other current liabilities	19,999	7,331	18,108	6,413
Total	51,147	48,151	49,256	47,233

22. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Provision for long-term employee				
benefits at beginning of year	20,100	16,828	15,296	13,254
Business transfer (Note 1.2)	-	-	-	587
Included in profit or loss:				
Current service cost	3,928	2,768	3,046	2,103
Interest cost	490	349	362	284
Included in other comprehensive income:				
Actuarial gain and loss arising from				
Demographic assumptions changes	-	3,261	-	1,757
Financial assumptions changes	-	(281)	-	(386)
Experience adjustments	-	(2,825)	-	(2,303)
Benefits paid during the year	(516)	-	(516)	-
Provision for long-term employee				
benefits at end of year	24,002	20,100	18,188	15,296

Long-term employee benefit expenses included in the profit or loss were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current service cost	3,928	2,768	3,046	2,103
Interest cost	490	349	362	284
Total expenses recognised in profit				
or loss	4,418	3,117	3,408	2,387

Such expenses are included administrative expenses in profit or loss.

The Company and its subsidiary expect to pay Baht 0.46 million of long-term employee benefits during the next year (Separate financial statements: Baht 0.09 million) (2017: Baht 2.71 million, separate financial statements: Baht 2.71 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 10 - 11 years (Separate financial statements: 11 years) (2017: 10 - 11 years, separate financial statements: 11 years).

Significant actuarial assumptions are summarised below:

	Consolidated and separate financial statements	
	2018	2017
	(% per annum)	(% per annum)
Discount rate	2.65 - 2.71	2.65 - 2.71
Average future salary increase rate	4 - 6	4 - 6
Staff turnover rate (depending on age)	0 - 35	0 - 35

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 are summarised below:

	Consolidated financial statements		(Unit: million Baht) Separate financial statements	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
Discount rate	(2)	2	(1)	1
Salary increase rate	2	(2)	2	(1)
	Increase	Decrease	Increase	Decrease
	10%	10%	10%	10%
Turnover rate	(1)	1	(1)	1

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 4 million (The Company only: Baht 3 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

23. Cost to obtain a contract

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
Balance as at 1 January 2018 - as previously reported	-
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard for TFRS 15 Revenue from Contracts with Customers (Note 4)	3,867
Increase during the year	106,145
Recognised as expenses during the year	(17,143)
Balance as at 31 December 2018	92,869

24. Advance received from customers

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Advance received for real estate	286,822	64,843	283,337	62,098
Deferred revenue for fixtures	5,038	-	5,038	-
Total	291,860	64,843	288,375	62,098

Movements in the deferred revenue for fixtures account during the year ended 31 December 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
Balance as at 1 January 2018 - as previously reported	-
Increase during the year	34,092
Recognised as revenues during the year	(29,054)
Balance as at 31 December 2018	5,038

25. Warrants

On 30 June 2016, the Company allotted warrants under Employee Stock Option Plan No. 1 (ESOP No. 1) to the directors, management and/or employees of the Company for 150,000,000 units. The details are as follows:

No. of warrants issued:	150,000,000 units
No. of shares reserved for exercise:	Not exceeding 150,000,000 shares
Term:	Not exceeding 3 years from the issuance date of warrants
Offering price:	Baht 0
Exercise price:	Baht 1.05 per ordinary share
Exercise ratio:	1 ordinary share per 1 warrant (may be changed following the conditions for adjustment of right)
Exercise Date:	The last business day of March, June, September and December throughout the term of the warrants. Except for in case of the last exercise date, it is able to exercise the rights for 15 business days before the maturity date of the warrants. The first exercise date is in June 2016.

Exercise period:

Exercise No.1

Within 12 months from the offering date, the warrant holders can exercise not exceeding 40% of warrant allotted, on the exercise date throughout the term of the warrants.

Exercise No.2

After 12 months but not over 24 months from the offering date, the warrant holders can additionally exercise 30% of warrant allotted, on the exercise date throughout the term of the warrants.

Exercise No.3

Over 24 months from the offering date, the warrant holders can exercise all warrants without the restriction, on the exercise date throughout the term of the warrants.

The estimated fair values of each share option can be exercised in Exercise No.1, No.2 and No.3 are Baht 0.00, Baht 0.05 and Baht 0.01, respectively. These were calculated using the Black-scholes Merton formula. The model inputs were the share

price at the price determination date of Baht 0.93, the exercise price of Baht 1.05, an expected dividend yield of 3%, the life of the share options of 3 years, and a risk-free interest rate of 1.45%, 1.46% and 1.50%, respectively.

As at 30 June 2018, the term of the warrant was expired. There are no holders exercise all warrants (ESOP No. 1).

As at 31 December 2018, the Company has capital reserves for share-based payment of Baht 1 million (2017: Baht 1 million).

26. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

During the year 2018, the Company transferred unappropriated retained earnings to statutory reserve amounting to Baht 6 million (2017: Baht 20 million).

27. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Payment of land and construction during the year	803,354	1,723,427	803,354	1,723,427
Changes in real estate development costs and inventories	274,881	43,783	275,117	43,978
Salaries and wages and other employee benefits	160,957	157,991	132,927	128,868
Depreciation and amortisation	33,009	27,801	26,100	20,328
Marketing expenses	163,342	186,349	161,758	184,600
Cost of other goods incurred and recognised during the year	6,218	6,285	-	-

28. Income tax

Income tax expenses (revenues) for the years ended 31 December 2018 and 2017 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	-	-	-	-
Adjustment in respect of income tax of previous year	-	(32)	-	(32)
Deferred tax:				
Relating to origination and reversal of temporary differences	31,803	(36,993)	30,173	(36,965)
Income tax expenses (revenues) reported in the statement of comprehensive income	31,803	(37,025)	30,173	(36,997)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Deferred tax relating to the actuarial gain or loss	-	(31)	-	186

The reconciliation between accounting profit and income tax expenses (revenues) is shown below.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Accounting profit before tax	144,721	367,715	154,549	368,928
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	28,944	73,543	30,910	73,786
Adjustment in respect of income tax of previous year	-	(32)	-	(32)

			(Unit: Thousand Baht)	
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Tax effects of:				
Non-deductible expenses	702	1,183	498	3,246
Additional taxable revenues	389	-	389	-
Additional capital expenditure deductions allowed	(192)	(192)	(192)	(192)
Additional expense deductions allowed	(1,934)	(108,710)	(192)	(106,655)
Tax exempted revenue	85	(35)	85	(35)
Tax losses	5,134	4,122	-	-
Others	(1,325)	(6,904)	(1,325)	(7,115)
Income tax expenses (revenues) reported in the statement of comprehensive income	31,803	(37,025)	30,173	(36,997)

The components of deferred tax assets and deferred tax liabilities as at 31 December 2018 and 2017 are as follows:

			(Unit: Thousand Baht)	
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for doubtful accounts	1,487	1,487	1,487	1,487
Allowance for diminution in value of inventories	1,213	1,246	1,213	1,246
Allowance for diminution in value of assets	14,141	14,432	15,973	14,432
Deferred revenue for fixtures	1,008	-	1,008	-
Advance received for land rental income	914	979	914	979
Provision for long-term employee benefits	4,801	4,020	3,638	3,059
Tax loss carried forward	12,967	29,053	12,967	29,053
Others	1,076	757	1,076	757
Total	37,607	51,974	38,276	51,013

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax liabilities				
Finance lease contract receivables	5,824	6,188	5,824	6,188
Cost to obtain a contract	18,574	-	18,574	-
Total	24,398	6,188	24,398	6,188

As at 31 December 2018 the subsidiaries has unused tax losses totaling Baht 42 million (2017: Baht 78 million). No deferred tax assets have been recognised on these amounts as the subsidiaries believes future taxable profits may not be sufficient to allow utilisation of unused tax losses.

Details of expiry date of the subsidiaries' unused tax losses are summarised as below:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
31 December 2019	3	20	-	-
31 December 2020	4	4	-	-
31 December 2021	16	16	-	-
31 December 2022	19	19	-	-
	42	59	-	-

29. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit attributable to equity holders of the Company (Thousand Baht)	115,449	406,046	124,377	405,924
Weighted average number of ordinary shares (Thousand shares)	5,022,246	5,022,246	5,022,246	5,022,246
Earnings per share (Baht/share)	0.023	0.081	0.025	0.081

There is no disclosure of diluted earnings per share in the financial statements for the year ended 31 December 2018 since as at 30 June 2018, the term of the warrant was expired. There are no holders exercise all warrants (ESOP No. 1).

30. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows:

- (1) Real estate business
- (2) Golf course business
- (3) Rental business

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

Transfer prices between business segments are set out in Note 7 to the consolidated financial statements.

Below is the revenue and gross profit of the Company and its subsidiaries for the year ended 31 December 2018 and 2017 by segments.

(Unit: Million Baht)

	For the year ended 31 December									
	Revenue from Contracts with Customers									
	Real estate		Golf course		Rental		Adjustments			
	business		business		business		and eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues										
External customers	1,621	2,516	51	48	34	32	-	-	1,706	2,596
Inter- segment	-	-	1	2	-	-	(1)	(2)	-	-
Total revenues	1,621	2,516	52	50	34	32	(1)	(2)	1,706	2,596
Operating results										
Gross profit of segments	523	750	16	14	4	9	-	-	543	773
Other income									14	27
Selling and distribution expenses									(163)	(186)
Administrative expenses									(246)	(245)
Loss on diminution in value of assets									(1)	-
Reversal of loss on diminution in value of assets									2	1
Finance cost									(4)	(2)
Income tax revenues (expenses)									(32)	37
Non-controlling interests of the subsidiaries									2	1
Profit for the year attributable to equity holders of the Company									115	406

The following table presents segment assets of the Company and its subsidiaries as at 31 December 2018 and 2017.

(Unit: Million Baht)

Consolidated financial statements as at 31 December								
	Real estate business		Golf course business		Rental business		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Real estate development cost and inventories	2,587	2,727	1	1	-	-	2,588	2,728
Investment properties	831	838	-	-	327	313	1,158	1,151
Property, plant and equipment	114	94	289	273	1	1	404	368
Land and improvement awaiting development	1,391	1,282	-	-	-	-	1,391	1,282
Unallocated assets							541	438
Total segment assets							6,082	5,967
Additions to non-current assets other than financial instruments, deferred tax assets and other non-current assets	410	407	24	5	25	45	459	457

Geographic information

The Company and its subsidiaries operate in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the years 2018 and 2017, the Company and its subsidiaries have no major customer, with revenue of 10% or more of an entity's revenue.

31. Dividend payment

Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Dividend announced from operating result for the year 2017	Annual General Meeting of the shareholders on 27 April 2018	276	0.055
Total dividend for 2018		<u>276</u>	
Dividend announced from operating result for the year 2016	Annual General Meeting of the shareholders on 28 April 2017	201	0.040
Total dividend for 2017		<u>201</u>	

32. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees, and the Company and its subsidiaries contributed to the fund monthly at the rates of 3 - 5% of basic salary. The fund, which is managed by Ayudhya Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 3 million were recognised as expenses (Separate financial statements: Baht 3 million) (2017: Baht 2 million (Separate financial statements: Baht 2 million)).

33. Commitments and contingent liabilities

As at 31 December 2018, the Company and its subsidiaries have the following outstanding commitments and contingent liabilities:

- 33.1 The Company had the outstanding commitments in respect of agreements to construction including project and interior design of projects amounting to Baht 142 million (2017: Baht 160 million).

33.2 The Company had the outstanding commitments in respect of land purchase agreements to develop project for sale amounting to Baht 589 million (2017: 2.2 million).

33.3 The Company had capital commitments of Baht 0.6 million (2017: 0.2 million) in respect of the acquisition of software for the Company's operations.

33.4 The Company and its subsidiaries have entered into several lease agreements to lease buildings and equipment and services, with terms of generally between 1 and 3 years.

Future minimum payments required under these operating leases contracts are as follows:

Payable	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
In up to 1 year	18	11	16	11
In over 1 and up to 3 years	11	-	11	-

33.5 Bank guarantees

There were the following outstanding bank guarantees issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company.

	(Unit: Million Baht)	
	Consolidated and separate	
	financial statements	
	2018	2017
Letters of guarantee for arrangement and maintenance of public utilities	152	39
Letters of guarantee for electricity usage	6	7
Letters of guarantee for elevators	-	7
Total	158	53

Bank guarantees facilities are secured by the Company's land and structures thereon.

33.6 Litigation

On 6 October 2017, the Company and a Condominium Corporation of the Company's project entered into a compromised agreement for civil lawsuit. The Company agreed to pay a certain amount of compensation, which already provided the provision, to the plaintiff. The case becomes final.

As at 31 December 2018, civil lawsuits were filed against the Company by customers with and amount in disputes totaling Baht 17 million (2017: Baht 2 million). The Company has set aside a provision that may arise from the final of judicial processes in its financial statements as it considers appropriate. The Company's management believes that there will have no significant impact on the financial position of the Company.

34. Fair value hierarchy

As at 31 December 2018, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated Financial Statements / Separate			
	Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments	68	-	-	68
Assets for which fair value are disclosed				
Investment properties	-	1,189	313	1,502

35. Financial instruments

35.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, finance lease contract receivables, trade and other payables, short-term loans from a financial institution and long-term loans. The financial risks associated with these financial instruments and how they are managed in described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries exposure to interest rate risk relates primarily to their cash at financial institutions, current investments, finance lease contract receivables, short-term loans from a financial institution and long-term loan with interest bearing. However, most of these financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2018							
	Fixed interest rates						
	Within	1-5	Over	Floating	Non-interest		
	1 year	years	5 years	interest rate	bearing	Total	Interest rate
							(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	199	-	199	0.10 – 1.10
Current investments	-	-	-	-	68	68	-
Trade and other receivables	-	-	-	-	8	8	-
Finance lease contract receivables	2	7	20	-	-	29	0.30
<u>Financial liabilities</u>							
Short-term loans from							
a financial institution	-	-	-	133	-	133	MLR - 2.70
Long-term loans	-	-	-	575	-	575	MLR - 1.75, MLR - 2.50, MLR - 3.05

(Unit: Million Baht)

As at 31 December 2018

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within	1-5	Over				
	1 year	years	5 years				
Trade and other payables	-	-	-	-	66	66	-

(Unit: Million Baht)

As at 31 December 2017

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within	1-5	Over				
	1 year	years	5 years				
Cash and cash equivalents	-	-	-	138	-	138	0.10 - 1.00
Current investments	-	-	-	-	141	141	-
Trade and other receivables	-	-	-	-	3	3	-
Finance lease contract receivables	2	7	22	-	-	31	0.30

Financial assets

Cash and cash equivalents	-	-	-	138	-	138	0.10 - 1.00
Current investments	-	-	-	-	141	141	-
Trade and other receivables	-	-	-	-	3	3	-
Finance lease contract receivables	2	7	22	-	-	31	0.30

Financial liabilities

Short-term loans from a financial institution	-	-	-	688	-	688	MLR - 1.75, MLR - 2.25
Trade and other payables	-	-	-	-	62	62	-

35.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term and loans denominated in Thai Baht bearing the market interest rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

During the year, there were no transfers with in the fair value hierarchy.

36. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's total debt-to-equity ratio was 0.28:1 (2017: 0.21:1).

37. Event after the reporting period**Dividend payment**

At the Company's Board of Directors' meeting held on 28 February 2019, the Board passed a resolution proposing the payment of a dividend of Baht 0.020 per share, or a total sum of approximately Baht 100 million, from the Company's operating result for the year 2018. The dividend will be paid to the shareholders within 27 May 2019. The dividend payment is subject to approval of the Annual General Meeting of the Company's shareholders.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.

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