



EASTERN STAR

ANNUAL REPORT 2017

รายงานประจำปี 2560

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Message from Chairman of the Board

To Shareholders

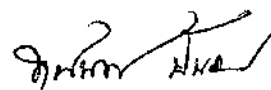
In first half of the year 2017, real estate businesses seemed to be slow down resulting from a year-long period of mourning from the end of 2016 to 2017 while the domestic economy was still waiting for recovery and the financial institutions was strict on granting credit facility leading to decreasing purchasing power. In the last six months of the year 2017, real estate businesses became to recover but the overall performance is that real estate businesses were trying to release inventories more than creating new development projects because there were some housing inventories waiting to be sold. However, the company has good overall performance throughout 2017 with the highest interests and incomes since the company was established. Moreover, the company allocated interests to pay the dividends to shareholder at amount that higher than the last years. Most incomes came from condominium projects in Bangkok.

In past years, most incomes of the company come from condominium projects in Bangkok which high-rise buildings that gained good feedback from customers. Therefore, since 2017, the company has planned to increase various progresses on real estate development projects. The company started to develop horizontal projects such as detached houses, twin houses and townhouses together with low-rise building with up to 8-floors height for customers' diversified choices and creating consecutive growth and stability of the company. This resulting to quicker revenue recognition because the periods of construction and ownership transference of these kinds of buildings are shorter than the periods of high-rise buildings. To achieve the mission, the company has fulfill workforces to cover all operations and suit for company's expanding businesses both in Bangkok and Banchang district, Rayong. Furthermore, the company also places an importance on personnel development and improves work performance continuously. We provide new technologies and innovations for improving the quality of housing together with new services for satisfaction and pride of customers who choose to buy our housing.

In addition to normal business operation, the company is still creating corporate social responsibility activities such as granting scholarship to students who live near the company's condominium project areas and supporting fund raising for Special Olympics Thailand with a purpose for developing quality of life mentally disabled persons by encouraging understanding and acceptance in social between normal persons and mentally disabled persons. This is what the company always doing so far.

The company has emphasized environmental protection especially in the company's projects and Eastern Star Country Club & Resort golf course which located in Banchang district, Rayong surrounded by big trees and flowering plants those are planted more and more in every year for shady environment of the projects and can be a place for exercise and resting of nearby communities leading to be a model of quality community.

Lastly, I'm on behalf of the committee 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. This leads to the good overall performance of the company in 2017.



(Mr. Anand Panyarachun)

Chairman of the Board

29 March 2018

Report From Audit Committee

Dear Shareholders of Eastern Star Real Estate Public Company Limited,

In accordance with the policy stipulated by the Stock Exchange of Thailand. The Audit Committee is composed of three independent directors namely :

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 Board of Directors of the Company. In the year 2017, the Audit Committee had convened for 5 meetings with managing directors, accounting and finance director, accounting manager and certified public account (auditor). Attendance in the meeting of the Audit Committee is as follow:

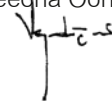
Mr. Preecha Oonchitti	attended	5	meetings
Mr. Somrit Srithongdee	attended	5	meetings
Mrs. Sunanta Tiasuwan	attended	4	meetings

Report of the Audit Committee can be summarized as follow :

1. The Audit Committee reviewed financial statements of the company and its subsidiaries, including financial disclosures to the shareholders, and in their opinion the company is in compliance with Financial Reporting Standard
2. The Audit Committee assessed the company's policy on reporting of connected transactions in order to ensure full disclosure and circumvent problems stemming from conflicts of interest.
3. The Audit Committee reviewed the report of internal auditors on the effectiveness and adequacy of the company's internal control system, in order to ensure conformity with guidelines provided by the Securities and Exchange Commission, and the Stock Exchange of Thailand. It is the Audit Committee's opinion that there is an adequate system of internal control within the company.

The Audit Committee has made its recommendation to the Board of Directors to request the shareholder's approval at the next meeting to appoint Mr.Sophon Permsirivallop, Certified Public Accountant No. 3182, or Ms.Pimjai Manitkajohnkit Certified Public Accountant No.4521, or Ms.Sumana Punpongsanon Certified Public Accountant No. 5872, or Mr.Chayapol Suppasedtanonthe Certified Public Accountant No. 3972 from EY Office Company Limited, as the company's auditor for the 2018 fiscal year with an audit fee in the amount of 1,285,000 Baht.

Mr. Preecha Oonchitti



Chairman of the Audit Committee

Company Profiles

Name , Type of business , Location ,Telephone Number, Fax , number and type 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: estar@estarpcl.com
Business Type	Real Estate Development
Registered No	Bor Mor Jhor 0107536000307
Registered Capital	5,172,246,185 Baht (Par Value at 1.00 Baht per share)
Paid-in Capital	5,022,246,185 Baht

Name, Type of Business, Location , Telephone Number, Fax , number and type of issued shares of Juristic Companies Eastern Star holds over 10% share of.

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, Ban Chang District, Rayong Province.

Address	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 (10 Baht per share)
Proportion of Investment	81.30 %

Eastern Star Lai Sun New World Company Limited

The company operate property development

Address	65 /14-15 Mu 3, Ban Chang Subdistrict,, Bann Chang district, Rayong Province 21130 Tel: 0-3860-2500 Fax: 0-3860-2754
Business Type	Real Estate Development (Non commercial operation)
Registered No	0105533137636
Paid-in Capital	160,000,000 Baht (10 Baht per share)
Proportion of Investment	60 %

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

Registrar	Thailand Securities Depository Co., Ltd.
Address	93 Ratchadaphisek Road, Klongtoey Subdistrict, Klongtoey District, Bangkok 10400, Thailand Tel: 0-2009 9000 Fax: 0-2 009 9991 Website: http://www.set.or.th/tsd E-mail: www.set.or.th/contactcenter

Auditor	Mr. Chayapol Suppaserttanonthe Certified Public Accountant No. 3972
Address	EY Office Limited 33 rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey Subdistrict, Klongtoey District, Bangkok 10110 Tel: 0-2264-0777 Fax: 0-2264-0789

Financial Highlights

Consolidated as of 31 December

Unit : Million Baht

	2017	2016	2015
Total assets	5,966.54	5,791.07	6,260.33
Total liabilities	1,035.91	1,064.21	1,608.21
Total shareholders' equities	4,930.63	4,726.86	4,652.21
Incomes from real estate sales, rental and services	2,596.61	1,909.27	1,692.97
Costs of real estate sales, rental and services	(1,823.09)	(1,332.76)	(1,279.24)
Other incomes	26.68	28.21	21.03
Selling and administrative expenses	(431.43)	(326.99)	(300.97)
Loss from impairment of assets	-	-	(4.27)
Reversal impairment loss of assets	0.65	30.16	44.05
Loss from asset retirement	-	(37.14)	-
Financial expenses	(1.71)	(8.56)	(2.14)
Income tax expenses	37.03	(62.01)	(39.84)
Gain(loss) for the year	404.74	200.18	131.59
Other total gain(loss):			
Items that not included in gain or loss afterward			
Gain or loss from evaluation according to Actuarial Science	(0.15)	-	1.33
Minus: Income tax impact	0.03	-	(0.27)
Items that not included in gain or loss afterward			
- Net from income tax	(0.12)	-	1.06
Total gain(loss) for the year	404.62	200.18	132.65
Dividend per share (baht/share)	0.040	0.025	0.03
Financial ratio			
Liquidity ratio (time)	3.29	3.17	2.30
Quick liquidity ratio (time)	0.31	0.14	0.07
Cash flow liquidity ratio (time)	0.52	0.38	0.21
Account receivable current ratio (time)	456.94	242.47	264.71
Average collection period (day)	1	1	1
Gross profit (%)	29.79	30.20	24.44
Net profit (%)	15.59	10.48	7.77
Return on shareholders' equities (%)	8.38	4.27	2.82
Return on assets (%)	6.88	3.32	2.02
Debt to Equity ratio (time)	0.21	0.23	0.35
Debt service coverage ratio (time)	0.19	0.47	0.23

Type of Business

Eastern Star Real Estate Public Company Limited and its subsidiaries operate the real estate development business for sales and leasing and golf course business. Since the company was established until 2003, the company focused on its operation in Ban Chang district, Rayong province in order to support the government's Eastern Seaboard development project. The company realized that Ban Chang district is a potential area as it is far from Map Ta Phut industrial estate only 10 km in the east. and 5 km from U-Tapao Airport in the west. Since the year 2004, the company implements policy to focus on expanding the project development in Bangkok and surrounding provinces, while continuing its project development in Ban Chang district, Rayong province. The types of development implemented by the company can be classified into such categories as follows:

1. Real estate development for sales

Project development for sales are include land plots, land plots with homes, and condominium suites. For the company's projects in Bangkok, previously operated under the name of The Star Estate such as The Star Estate @ Rama III, The Star Estate @ Narathiwas, and The Star Estate @ Pattanakarn 69 then the names were changed to suite with the prominent points of the projects such as The Breeze, Vantage, Star View, NARA 9 and Amber For projects in Ban Chang district, the Company develops such projects under the name The Sinthavee Garden Project, The Star Townhouse Center, The Hamlet 3 Project, The Vintage Home Village Project, The VELANA Project etc.

2. Project development for lease

- 2.1 On August 23, 2007 the company signed a lease agreement of Eastern Star Plaza and parking area with Ek-Chai Distribution System Co. Ltd., for its Tesco Lotus department store project with a contract value of 97.26 million Baht, and a duration of 25 years, 5 months.
- 2.2 Detached houses and apartment suites for rent were operated by Seastar Properties Company Limited, a subsidiary company, such single homes and residential apartment is located in the same area as golf course of Eastern Star Country Club and Resort.

3. Golf course business:

Golf course business is operated under the name of "Eastern Star Country Club and Resort" by Eastern Star Resort Company Limited, a subsidiary of the Company. It is a 18-hole international standard golf course and designed by Robert Trent Jones, Jr. comprises with club house and restaurant as well as sport club and other activities such as tennis courts, swimming pool, fitness center, artificial sea, and seminar room with other facilities.

Company's and Subsidiary Companies Projects (as of 31st December, 2017)

1) Projects For Sale

No	Projects name	Location	Type of Project	Project's Area (Rai)	Project's Value (Million baht)
1.	Country Home	T. Pala, A. Ban Chang, Rayong	Land Selling	20-2-42.70	98
2.	Sinthavee Garden II	T. Ban-Chang, A. Ban-Chang, Rayong	Single House	70-1-67.15	667
3.	Vintage Home Village II	T. Pala, A. Ban Chang, Rayong	Single House	29-1-71	292
4.	Vintage Home Village III	T. Pala, A. Ban Chang, Rayong	Single House	15-0-45	188
5.	Hamlet III	T.Pala, A.Ban-Chang, Rayong	Single House	9-2-53	131
6.	The Star Estate @Pattanakarn 69	Pattanakarn 69 Pravej, Bangkok	Single House	23-3-30	988
7.	Star View	Bang khlo , Bang Kho Laem , Bangkok	Condominium	7-0-25	3,722
8.	Nara 9	Sathorn , Bangrak , Bangkok	Condominium	3-0-45.50	2,434
9.	Amber	Nonthaburi	Condominium	2-2-49.90	2,023

2) Golf Club

No.	Project name	Location	Project 's Area (RAI)	Project's Value (Million baht)
1	Eastern Star Country Club and Resort	T.Pala, A.Ban-Chang, Rayong	409-0-93	500

3) Projects for Rent

No	Projects name	Location	Type of Project	Amount (Unit)	Project's Area (Rai)	Project's Value (Million baht)
1.	Seastar Project	T.Pala A.Banchang Rayong	Single home Apartment	33 84	57-1-38.80	1,150

2.2 Marketing and Competition

The overall housing market in the first half of 2017 is quite slow down resulting from the purchasing power that not recover completely affected from domestic economy that still waiting for recovery together with strictness on loan approval of financial institutions which more strict since the end of the year 2016 to the middle of 2017. But in the last six months of 2017, housing market situation was started to recover in some part but the inventories of housing in Bangkok and boundaries are tend to increasing at the end of 2016 and the begin of 2017 therefore, in the last six months of the year 2017, the housing inventories were releasing. The entrepreneurs in real estate sector will change their strategies both for pricing and form of projects to support different demands of various customer groups for reaching more various customers such as those who stated to work, working age, family, senior and foreigners.

In 2018, though the economy started to recover resulting to the confidence of entrepreneurs and launching new housing projects but the competition in the housing market is still intense. Moreover, there are a lot of housing inventories which cause the entrepreneurs precautionary launch new projects. The strategies of entrepreneurs for 2018 still are investment in housing projects located nearby public transports that connect with main roads to down town of Bangkok and areas nearby expansion of MRT or BTS stations which is the new areas for developing more housing projects.

In 2018, it's expected that the entrepreneurs will change their strategies for investment, development and sale differ on segments. The entrepreneurs who owned lands in potential areas such as down town and business hub can choose to invest in high-class condominium development project as mixed-use project to add more income in form of rental fee. Although high-class condominium market has potential customers but it's limited. Investing in middle-class condominium is what entrepreneur has to do along with other projects because it is a market of working age which there's a lot of opportunities but the financial preparedness of this group may has trouble with loan approval from financial institutions and the entrepreneurs should pay attention on it.

For real estate businesses in 2018 and next years, many entrepreneurs begin to place important on new technologies and innovations to facilitate the residences more than the past while creating originality, unique and point of sale and place an important on real estate market for senior customers.

Overall Revenue Structure of Company and Subsidiary companies (2015 - 2017)

Product lines	Managed by	Percentage of share holdings	Year 2017		Year 2016		Year 2015	
			Revenue (Million baht)	Percentage	Revenue (Million baht)	Percentage	Revenue (Million baht)	Percentage
Revenue from for-sale real estate development business	ESTAR		2,516.03	95.91	1,829.04	94.40	1,605.27	93.66
Revenue from rental business	ESTAR		29.26	1.11	2.26	0.11	1.58	0.09
	SEASTAR	99.13	2.82	0.11	29.00	1.50	34.52	2.01
Revenue from golf course	ESR	81.30	48.50	1.85	48.96	2.53	51.60	3.01
Other revenues	ESTAR		26.68	1.02	28.21	1.46	21.03	1.23
	ESR SEASTAR							
Total			2,623.29	100.00	1,937.47	100.00	1,714.00	100.00

Note:

ESTAR = Eastern Star Real Estate Public Company Limited

ESR = Eastern Star Resort Company Limited

SEASTAR = Seastar Properties Company Limited

(Seastar Properties Limited has transferred the ownership of its entire businesses to Eastern Star Real Estate pcl. since 1 February 2017)

Risk Factors

Risk from the company's business policy

3.1 Risks from Operational Policies of the Company

Before 2003, the company ran only a real estate development business in Ban Chang district, Rayong then since 2003 the company had got new potential shareholders so the company starts the real estate development businesses in more potential areas in Bangkok and reduces the dependence only in Ban Chang market. Although the company expanded real estate business in Bangkok but the company still keep the prudent operational policy by increasing recognition of clients including new customers and existing customers while focusing on middle to upper class customers who have the purchasing power for areas in down town and near BTS or MRT lines in Bangkok.

In last six months of year 2017, the overall domestic economy was recovered. In 2018, the real estate sector tends to grow more than last years because of positive factors while negative factors still exist such as the financial institutions are strict on loan improvement and household debts are still in high rate but it is believed that these negative factors won't abundantly affect to the confidence. For the positive factors that support the overall real estate sectors are such as interest rates that still in low rate which believed that the interest rates in the first half of the year 2018 won't increase while the export sector and tourism sector are expanded. Moreover, the government's investment projects are more concrete, there are auctions for projects and started to construct in many projects leading to capital flows in system and drive the domestic economy. One of the important projects which help pushing forward Thai economy to grow as expected level is Eastern Economic Corridor: EEC project. Government using Article 44 on city plan helps faster development project processing and is beneficial. It is expected that it won't take a long time to finish the regulations for utilize lands in EEC areas then the entrepreneurs can make investments faster as you can see in the opening of new airport terminals at U-Tapao International Airport and Pattaya-Rayong motorway which is constructing and it's expected to open in 2019.

There's another factor that make the entrepreneurs in real estate sector have to operate their businesses with more precaution, it is political factor which in 2018-2019 is approach to election and not sure if any conflict occur during the period. If the conflict occurs during that period, it will be a negative factor slowing down the market and real estate sector.

3.2 Risks from building houses before selling

To gain customers' confidents, the company still keep on a policy to build houses before selling instead of starting construction only when the customer reserve the house. Although the company has to spend its own capital in housing construction in higher rates than usual due to the fact that there is no any income from customer to use as current capital in construction so the company takes risk that the finished house couldn't be sold immediately when it's completed. The longer the houses are in stock, the more affect to company's profit making. To prevent losing chance in selling, the company will research behavior and demand of customers who visit the company's projects together with study the

overall market performance to collect the details for analyzing customer's demand so the company can design the houses according to customers' demand. Then the company could sell and transfer the ownership in time as expected.

3.3 Risks from increasing construction costs

The problems about workers for construction that could be more intense in future which resulting from speeding up many large-scale infrastructure projects of the government and expanding projects in private sectors will lead to competition in labor market then the construction costs will rise up. In past few years, the lack of labor was improved by many factors such as the economy was slow down, there were a lot of stocks and private sectors slow down their new projects. In order to reduce the risks in many projects of the company, 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 in the future and have the ability to complete projects in 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 will increase the potential in management and expense control in construction to achieve the goals.

Shareholders and Management

Shareholders Structure

1. The Company's Securities

Ordinary Share

As of December 31, 2017, 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 each. The registered paid capital is 5,022,246,185.00 Baht divided into 5,022,246,185 ordinary shares. Ordinary shares at par value of 1.00 Baht.

2. Major Shareholders

Following is the list of the top ten shareholders as of May 11, 2017.

No.	Name of Shareholders	No. of Shares	% of Total Share
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	100,000,200	1.99
6.	THE BANK OF NEWYORK (NOMINEE)LIMITED	49,400,000	0.98
7.	Cyber Venture Co. Ltd	42,923,612	0.85
8.	Star Block Co.,LTD	42,000,000	0.84
9.	Thai NVDR Co., Ltd	40,249,892	0.80
10.	Mr.Suchat Sawangkul	28,384,800	0.56
	Total	3,418,533,797	68.04

Note:

* Shareholders Sunrise Group consists of

- Bangkok Broadcasting & Television Co. Ltd.	holds	2,192,260,984	shares or 43.65 percent
- BBTV Equity Company Limited. (For Rent Property)	holds	513,000,000	shares or 10.21 percent
- Sunrise Equity Co., Ltd.	holds	279,212,609	shares or 5.56 percent
- GL Assets Co.,Ltd.	holds	5,746,876	shares or 0.11 percent
- Mr.Krit Ratanarak	holds	131,058,500	shares or 2.61 percent

Total 3,121,278,969 shares or 62.14 percent

3. Company and subsidiary company policy on Dividend Payment

The company and subsidiaries will not pay the dividend payments if the financial statements of companies still have deficits or in case of the dividend payments caused retained earnings to become deficits. However, company and subsidiaries implement a policy for dividend payments are as follows:

Company	Dividend payment policy
Eastern Star Real Estate Public Co., Ltd.	At the rate of 50% of annual net profit.
Eastern Star Resort Co., Ltd.	Depending on General Shareholders Meeting approval.
Eastern Star Lai Sun New World Co., Ltd.	Profit margin after reserve of the company's operation capital. According to the approval of the Board of Directors or in accordance with the law. The remaining amount will be distributed as dividend.

Management Structure

The company's management structure consists of 4 committees: the Board of Directors, Executive Committee, Audit Committee and Nomination and Remuneration Committee. The details are as follows:

A) Board of Directors

- Board of Directors as of December 31, 2017 consists of ten persons as follows:

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, the Audit Committee and Nomination and Remuneration Committee
5.	Mrs. Sunanta Tiasuwan	Independent Director, the Audit Committee and Chairman of Nomination and Remuneration Committee
6.	Mr. Chatchawin Charoen-Rajapark ¹	Chairman of the Executive Committee
7.	Mr. Titiwut Soukpornchaikul ¹	Executive Director
8.	Mr. Tinnawat Mahatharadol ¹	Executive Director
9.	Mr. Nuttawit Boonyawat	Executive Director
10.	Mr. Pongpinit Tejagupta	Director
11.	Mr. Paiboon Wongjongjaiham	Director
12.	Mr. Torsak Lertsrisakulrat ¹	Managing Director

Note: ¹ Authorized directors who can sign to bind the company

Scope of Duties of Board of Directors:

- To manage the company in compliance with the law, the company's objectives, the Articles of the Association, and the resolutions of the shareholders.
- To set the company's direction and policies, and monitor the company performance through the appointed Management Committee.
- To inform the company immediately of a conflict of interest in making any agreements with the company, or acquiring more or less shares or debentures of the company and its affiliate companies.
- To set up the Board of Directors Meeting at least once every three months and call the meeting by the Chairman. If the Chairman cannot take this role the Vice Chairman will be the caller. If necessary two or more directors may request that the Chairman or authorized person nominated by the Chairman set up a meeting within 14 days from the date of request.
- To hold the right to collect remuneration from the company in the form of gratuity, attendance fee, pension bonus, or other benefits as stipulated in the Articles of the Association; or the right for consideration by

the shareholders who fix the amount and set the criterion periodically as to be effective until changed.

Moreover, allowance and welfare as per the company regulations are allowed as well. The above statement is not to alter the rights of the company staff or employee who is appointed as a director to receive the remuneration and benefit when performing the role of company staff or employee.

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

Management and Authorities Control as of December 31, 2017

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding	Family Relationship	Related experiences for the past 5 years		
				(%) ¹	among management	Period	Position	Company
1	Mr.Anand Panvarachun Chairman and Independent Director	86	Trinity College, (Legal) University of Cambridge B.A. (Honors)	0.08	none	1992 - present	Chairman	Eastern Star Real Estate PCL.
2	Mr.Veraphan Teepsuwan Vice Chairman Passed training course of -Role of the Chairman Program (RCP)	76	M.B.A., Northeastern University, U.S.A. Bachelor of Economics, Boston University, U.S.A.	0.02	none	2003 - present 1999 - present 2007- present	Vice Chairman Chairman Chairman	Eastern Star Real Estate PCL. Ayudhya Insurance PCL. Bank of Ayudhya PCL.
3	Mr.Preecha Oonchitti Independent Director and Chairman of the Audit Committee Passed training course of -Director Certification Program (DCP) and -Director Accreditation Program (DAP)	72	Bachelor of Economics Thammasat University	-	none	2003 - present 2003 - present	Independent Director and Chairman of the Audit Committee Chairman	Eastern Star Real Estate PCL. Eastern Star Resort Company Limited
4	Mr. Somrit Srithongdee Independent Director and Audit Committee Passed training course of -Director Certification Program (DCP) -Financial Statements for Director (FSD) -Role of the Compensation Committee (RCC) -Executive Development Program Finance Executive Program (Finex)	68	Master Degree in Public Administration, Chulalongkorn University Mini MBA, Thammasat University Bachelor Degree in Sociology and Anthropology, Chiangmai University	-	none	2010 - 2014 2009 - present 2016-present 2009-present	Chief Executive Officer and Managing Director Independent Director and Audit Committee Chairman and Chief Executive Officer Independent Director and Audit Committee	HR Professional Consulting and Services Co.,Ltd. HR Professional Consulting and Services Co.,Ltd. HR Pro Guard Co.,Ltd. Eastern Star Real Estate PCL.

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) ¹	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
5.	Mrs. Sunanta Tiasuwan Independent Director and Audit Committee Passed training course of -Director Certification Program (DCP) - Training from Capital Market Academy Class 11	67	Ordinary National Diploma in Business Studies and Administration University of Westminster (U.K.)	0.03	none	2005 - present	Independent Director and Audit Committee	Eastern Star Real Estate PCL.
6.	Mr.Paiboon Wongjongjaiham Director Passed training course of -Director Accreditation Program (DAP) -Building Energy Conservation Class 18/1996 (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy) -Building Electrical Design and Installation Standard Code For Energy Conservation Class 1/1997 (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy) -Person Responsible for Energy in Building Class 1/2003 (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy)	53	Bachelor of Electrical Engineering King Mongkut 's University of Technology North Bangkok	-	none	2010- present 2015-2016 2017-present 2007-present 2006-2017	Executive Director Acting Managing Director Director Executive Director Executive Director	Eastern Star Real Estate PCL. Eastern Star Real Estate PCL. Eastern Star Real Estate PCL. Eastern Star Lai Sun New World Co., Ltd. Eastern Star Resort Co.,Ltd.
7.	Mr.Chatchawin Charoen-Rajapark Chairman of the Executive Committee Passed training course of	57	Ph.D in Management Massachusetts Institute of Technology	-	none	2014- present 2005- 2014 2009 - present	Chairman of the Executive Committee Executive Director Independent Director,	Eastern Star Real Estate PCL. Eastern Star Real Estate PCL Thai Insurance PCL.

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding	Family Relationship	Related experiences for the past 5 years		
				(%) ¹	among management	Period	Position	Company
	-Director Accreditation Program (DAP) - Director Certification Program (DCP) -Audit Committee Program (ACP) Role of the Compensation Committee (RCC)					2006- present 1998- present 2015- present	Nomination and Remuneration Committee Committee member in Policy and strategy committee Audit Committee , Chairman of Nomination and Remuneration Committee and Audit Committee Managing Director Vice Chairman of The Board of Directors	Ocean Glass Public Company Limited. President Hotel and Tower Co., Ltd. Rajapark Development Co., Ltd.
8.	Mr Titiwut Soukpornchaikul Executive Director Passed training course of -Company Secretary Program (CSP) - Executive Development Program (EDP) Class 6 -Advanced Audit Committee Program (AACP)	55	M.B.A. Chulalongkorn University B.A.-Economics, Thammasat University B.A.-Accounting, Sukhothai Thammarathirath 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 Account - Financial Executive Director Executive Director	Eastern Star Lai Sun New World Co., Ltd. Eastern Star Real Estate Public Co., Ltd. Eastern Star Resort Co., Ltd. Super Assets Co., Ltd. Khao Kaew Country Club Co., Ltd. BBTV Equity Co., Ltd. Seastar Properties Co., Ltd. Siam Purimongkol Co., Ltd.
9.	Mr.Torsak Lertsrisukulrat Managing Director	42	Ph.D.in Engineering, Tokyo Institute of Technology (TIT) Master of Engineering, The Asian Institute of Technology Bachelor of Engineering (Honors) 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 Public Co., Ltd. Eastern Star Resort Co., Ltd. Pruksa Real Estate Plc.
10.	Mr. Tinnawat Mahatharadol Executive Director Passed training course of Director Certification Program (DCP)	59	Master of Business Administration, Ball State University Bachelor of Law, Thammasat University	-	none	2009 - Present 2014- Present 2015 Present 2017 – Present 2017– Present	Managing Director Director Director Director Director	Mahatharadol Co. Ltd. Srivichai Vejvivat Pcl. BBTV Equity Co., Ltd Sunrise Equity Co., Ltd. Rattanak Co.,Ltd

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) ¹	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
						2017-present	Director Executive Director	Siam City Cement (Vietnam)Co.,Ltd Eastern Star Real Estate Pcl.
11.	Mr. Nuttawit Boonyawat Executive director Passed training course of - Senior Executive Program (SEP9) SASIN	56	Master of Science, Abilene Christian University Texas, USA. Bachelor of Economics, UTCC	-	none	2015 – Present 2014 – Present 2013 – Present 2010 – Present 2015- Present	Director Executive Director Director Director Executive Director	Home Sukhumvit Co., Ltd. Matching Maximize Solution Plc. TV Digital HR Co., Ltd Grand Lam Luang Co., Ltd Eastern Star Real Estate Pcl.
12.	Mr.Pongpinit Tejagupta Director Passed training course of -Director Certification Program (DCP) Gen. 124 -Anti-Corruption for Executive Program (ACEP) 2013 -How to Develop a Risk Management Plan (HRP) 2013 -Chartered Director Class (CDC) 2013 -Role of the Compensation Committee (RCC) 2012 -Monitoring the System of Internal Control and Risk Management (MIR) 2012 -Monitoring the Quality of Financial Reporting (MFR) 2012 -Monitoring Fraud Risk Management (MFR) 2012 -Monitoring the Internal Audit Function (MIA) 2012 -Rule of Nomination and Governance Committee (RNG) 2012 -The Board's Role in Merger & Acquisitions (M&A) 2011	63	Master of Business Administration, University of Detroit, Michigan USA Bachelor of Accountancy, Chulalongkorn University	-	none	2003-Present 2010-2013 2014- Present 2014- Present 2014- Present 2015- Present 2015- Present	Director Independent Director Director Director Consultant Executive Director Director Committee Chairman	Allianz Ayudhya Assurance Pcl. Siam City Cement Pcl. Siam City Cement Pcl. Bank of Ayudhya Pcl. Bangkok Broadcasting & TV Co., Ltd. Eastern Star Real Estate Pcl. Media Studio Co., Ltd.

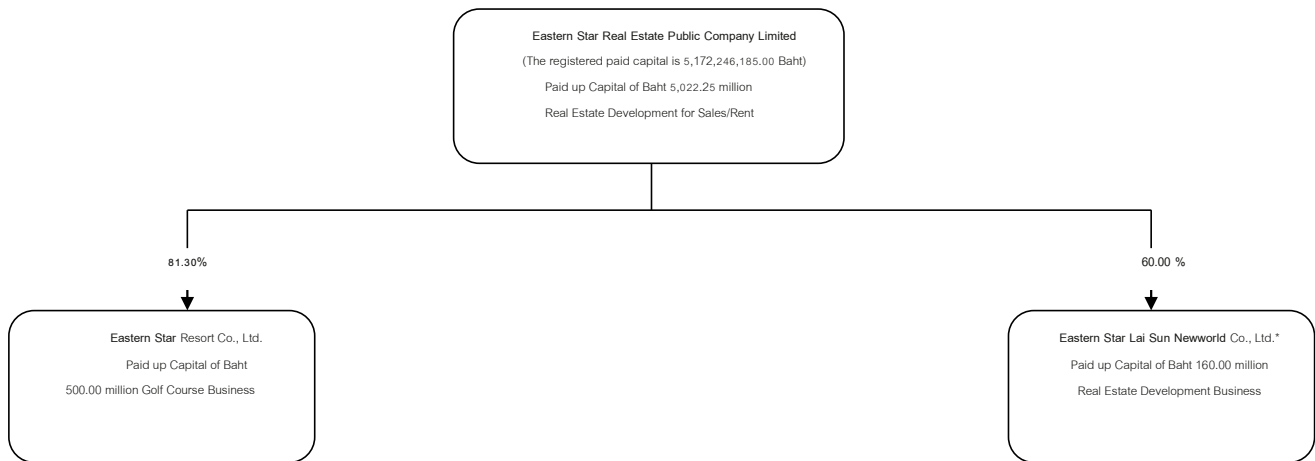
Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) ¹	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
	-Financial Institution Governance Program (FGP) 2010 -Successful Formulation & Executive of Strategy (SFE) 2010 -Advance Audit Committee Program (ACP) 2009							
13.	Mrs. Allawan Smarnsodiwonq Senior Vice President - Project Development and Design Department	61	Mini MBA 29 Thammasat University Bachelor Architecture Silapakorn University	-	none	2004 - present	Senior Vice President-Project Development and Design Department	Eastern Star Real Estate PCL.
14.	Mr. Pongsak Maision Vice President – Legal and Corporate Secretary Passed training course of -Company Secretary Program (CSP) -Anti-Corruption : The Practical Guide (ACPG)	59	Bachelor of Laws Thammasat University	-	none	2014 – present 2006 – 2013 2014 – present 2014 - present	Vice President – Legal and Corporate Secretary Director of Legal Department Executive Director Executive Director	Eastern Star Real Estate PCL. Eastern Star Real Estate PCL. Seastar Properties Co., Ltd. Eastern Star Resort Co., Ltd.
15.	Mr. Supphaphong Amrarong Vice President – Accounting, Finance and Information Technology Department	50	MBA Kasetsart University B.A. Accounting Thammasat University	-	none	2006 - present	Vice President – Accounting, Finance and Information Technology Department	Eastern Star Real Estate PCL.
16.	Mr. Phisith Tanqkhananich Vice President-Personnel and Corporate Affairs Department Passed training course of -Director Accreditation Program (DAP) -Financial for Finance Director (FN)	56	Master Degree in Laws, Ramkhamhaeng University Bachelor of Laws Thammasat University	-	none	2009-present	Vice President-Personnel and Corporate Affairs Department	Eastern Star Real Estate PCL.
17.	Mr. Aekachai Paiboonphan	45	Bachelor of Civil Engineering Raichamanakhala Institute	-	none	July 2013 - present	Vice President Project Development and Construction Department 1	Eastern Star Real Estate PCL.

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) ¹	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
	Vice President – Project Development and Construction Department 1		of Technology , Thailand			2011- July2013 1998 -2011	Manager Project manager	Up Construction Co., Bouygues-Thai Co.,Ltd.
18.	Mr. Songchai Borisut	50	Master of Economics Kasetsart University Bachelor of Economics Kasetsart University	-	none	2014- 2017	Vice President - Sales and Customer Service Department	Eastern Star Real Estate PCL.
19.	Mrs.Pichapas Phowattanakul Assistant Vice President – Accounting, Finance and Information Technology Department	53	Bachelor of Financial and Banking Ramkhamheng University	-	none	November 2006 - present	Assistant Vice President - Accounting, Finance and Information Technology Department	Eastern Star Real Estate PCL.
20.	Miss Puntipa Suktipparoi Assistant Vice President -Sales and Customer Service Department	54	Bachelor Degree –General Administration Rajabhat Institute Bansomdejchaopraya	-	none	July 2013-present June 2010-June 2013	Assistant Vice President Sales and Customer Service Department Assistant Vice President Customer Relationship and Credit Dept.	Eastern Star Real Estate PCL. Sena Development Public Company Limited
21.	Miss Chalinee Pratyasunti	40	MBA Chulalongkorn University BBA (Honor), Assumption University	-	none	December 2016- Present 2010-December 2016	Director of the Department of Management Senior Manager, Corporate Strategy And execution strategy	Eastern Star Real Estate PCL. Pruksa Real Estate Plc.
22.	Mr. Nattawoot Seaheng	30	MBA Assumption University BBA Assumption University	-	none	December 2016- Present 2010 - December 2016-Present	Assistant Business Development Director Senior Business Development Manager	Eastern Star Real Estate PCL. Magnolia Quality Development Corporation Limited
23	Mr.Suchok Janthong Vice President – Project Development and Construction Department 1	48	Bachelor of Engineering Chulalongkorn University	-	none	2017-Present 2009-2017	Vice President – Project Development and Construction Department 2 Managing Director	Eastern Star Real Estate PCL. T.E.R Plus Development.Co.Ltd.

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) ¹	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
22.	Mr.Kasamsak Soontarotok	48	Master of Intergrated Marketing Communication Roosevelt University Chicago, USA Bachelor of Arts And Designs Columbia College Chicago, USA	-	none	2017-present	Vice President Marketing Department	Eastern Star Real Estate PCL.
						2013-2016	Vice President Marketing Department	Sammakorn.Co.Lth
						2012-2013	Vice President Marketing Department	Oceanproperty.co.Lth
23.	Mr.Pichai Bijayendrayothin	50	Master's Degree in Real Estate Denver, USA	-	none	2017-present	Vice President Rayong Projects Department	Eastern Star Real Estate PCL.

Note: ¹ Including shareholding of spouse and juvenile children-issued shares as of December 31, 2017 was 5,022,246,185 shares

Structure Groups of Eastern Star Real Estate Public Company Limited As at 31 December 2017



Remark : * Eastern Star Lai Sun New world Co., Ltd.* 1 Non-commercial operation

* Seastar Properties Limited has transferred the ownership of its entire businesses to Eastern Star Real Estate pcl. since 1 February 2017.

B) Executive Committee:

- The Executive Committee as of December 31, 2017 consists of:

1.	Mr. Chatchawin Charoen-Rajapark	Chairman of the Executive committee
2.	Mr. Torsak Lertsrisukulrat	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 Executive 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 Executive 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 Executive Committee has the authority to appoint any executive manager, although not more than two persons, who is not in Executive director 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

C) Audit Committee

- The Audit Committee as of December 31, 2017 consists of:
 1. Mr. Preecha Oonchitti Chairman of the Audit Committee
 2. Mr. Somrit Srithongdee Audit Committee
 3. Mrs. Sununta Tiasuwan Audit Committee

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.

D) The Company's independent director as at 31 December 2017 consists of:

- | | | |
|----|------------------------|---------------------------------|
| 1. | Mr. Anand Panyarachun | Chairman |
| 2. | Mr. Preecha Oonchitti | Chairman of the Audit Committee |
| 3. | Mr. Somrit Srithongdee | Audit Committee |
| 4. | Mrs. Sununta Tiasuwan | Audit Committee |

Regulation on the Qualification of "Independent Director" according to Notification of Capital Market Supervisory Board No. TorJor. 39/2559 dated 16 November 2016 means a director who has the following qualifications:

1. Holding not more than 1 percent of the total number of shares with the voting rights of the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company. In this case, for the purpose of calculation, the number of shares held by the related person of each member of the Audit Committee shall also be included.
2. Neither being a director who takes part or used to take part in management, nor being or used to be an employee, staff, an advisor who receives regular salary, nor the controlling person of the Company, parent company, subsidiaries, associated companies, major shareholders or the controlling person of the Company, unless such director has resigned from such position for at least two years.
3. Not being a blood-related person nor legally related as father, mother, spouse, brother, sister and children, including being the spouse of the children of other directors, executives, major shareholders, controlling persons or the persons who will be nominated as the director, executive or controlling person of the Company or subsidiaries.
4. Neither having, nor used to have any business relationship with the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company in the manner that may obstruct the exercise of independent judgment as a member of the Audit Committee. Moreover, a member of the Audit Committee must neither being, nor used to be a key shareholder or controlling person of the entities having business relationship with the Company, parent company, subsidiaries, associated companies, major shareholders, or the controlling persons of the Company, unless such director has resigned from such position for at least two years.
5. Neither being, nor used to be the auditor of the Company, parent company, subsidiaries, associated companies, major shareholders, controlling persons of the Company, nor being a key shareholder, controlling person or partner of the audit office having the auditor providing auditing service to the Company, parent company, subsidiaries, associated companies, major shareholders, or the controlling persons of the Company, as a member, unless such director has resigned from such position for at least two years.
6. Neither being, nor used to be a provider of any professional services including the legal advisory or financial advisory services that received fees in the amount of more than Baht 2 million per year from the Company, parent company, subsidiaries, associated companies, major shareholders, or controlling persons of the Company, nor being shareholder, the controlling person, or partner of such professional services provider, unless such director has resigned from such position for at least two years.
7. Not being a director who has been appointed as a representative of the Company, major shareholders or shareholders relating to major shareholders.
8. Neither operating the business having the same nature which significantly competes with the business of Company or its subsidiaries, nor being a significant partner or a director who involves in the management, nor being an employee, staff, a member, and a consultant who receives regular salary, or holds more than 1 percent of the total number of shares with the voting rights of a company that operates the business having the same nature and significantly competes with the businesses of the Company or its subsidiaries.
9. Having no other conditions that may obstruct the independent expression of comment on the Company's operation.

E) Nomination and Remuneration Committee

Lists of the company's nomination and remuneration committee as of 31 December 2017 are as follows:

- | | | |
|----|------------------------|--|
| 1. | Mrs. Sunanta Tiasuwan | Chief 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 recruit, 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 summarize 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.

F) The Company's secretary

The Company's secretary as at 31 December 2017 was Mr. Pongsak Maision. The responsibilities are to provide suggestions regarding laws and regulations that the committee have to know as well as to arrange and facilitate meetings of directors and shareholders to ensure efficiency.

G) The company's management as of December 31, 2017 :

- | | |
|--------------------------------|--|
| 1. Mr.Torsak Lertsrisakulrat | Managing Director |
| 2. Mrs. Allawan Smarnsodtiwong | Senior Vice President-Project Development and Design Department |
| 3. Mr. Pongsak Maision | Vice President-Legal and Corporate Secretary |
| 4. Mr. Supphaphong Amrarong | Vice President-Accounting, Finance and Information Technology Department |
| 5. Mr.Phisith Tangkhawanich | Vice President-Personnel and Corporate Affairs Department |
| 6. Mr.Sukchok Janthong | Vice President Project Development and Construction Department 2 |
| 7. Mr. Ekachai Paiboonphan | Vice President Project Development and Construction Department 1 |
| 8. Mr. Kasemsak Soontarotok | Vice President Marketing Department |

9. Mr. Pichai Bijayendrayothin	Vice President Rayong Project Department
10. Mr.Nattawoot Seaheang	Assistant Business Development Director
11. Miss Chalinee Pratyasunti	Director of the Department of Management
12. Mrs.Pichapas Phowattanakul	Assistant Vice President-Accounting, Finance and Information Technology Department
13. Miss Puntipa Suktippayaroj	Assistant Vice President of Sale and Customer Service Department

• **The Scope of authorities and accountability of the Managing Director:**

1. To undertake, manage, and operate routine business for the company's benefit. To comply with the company's objectives and the Articles of the Association including: regulations, resolutions, policies, action plans, and budgets as assigned by the Board of Directors.
2. Managing director has authority to perform any actions that are in normal business practice with the approval power as prescribed in table of authority stipulated by the Company. In case that managing director engages in any actions with the value exceeding the authorized scope, managing director shall grant approval from management committee and /or board of directors before undertaking such actions.
3. To propose approval by the Management Committee for any investments or developments not included in the annual policies. The scope of the Managing Directors excludes operations concerning the Connected Transaction or Assets Acquisition and Disposition of the company's assets dictated by the SET's regulations.

Committee and Management Nomination

1. Board of Directors Nomination

The Board of Directors shall consist of no more than 12 persons; currently there are nine directors of the total 12 seats who have been approved by the shareholders. The company has no Nomination Committee to recruit the directors, and does not exercise cumulative voting where a shareholder can divide his vote to appoint the directors, as stipulated in Section 70 of the Public Company Limited Act. The appointment of the directors is decided by the majority of existing votes of shareholders present in the meeting. In order to nominate directors the shareholders may elect one or more directors to gather a committee, or use other measures subject to the discretion of the shareholders. Each shareholder is allowed one vote per share and they may not divide their vote.

2. The Audit Committee Nomination

The Audit Committee consists of one Chairman of Audit Committee member, and at least two but not more than four Audit Committee directors. The company passed a resolution at the Board of Directors Meeting No.3/2015 on May 14, 2015 resolving to establish an Audit Committee consisting of:

- | | |
|----------------------------|---------------------------------|
| (1) Mr. Preecha Oonchitti | Chairman of the Audit Committee |
| (2) Mr. Somrit Srithongdee | Audit Committee |
| (3) Mrs. Sununta Tiasuwan | Audit Committee |

They are the directors who do not partake in the management according to the regulations and conditions of Stock Exchange of Thailand. The term of such directors is 2 years since 14 May 2015 onwards. When the term is end, the directors may be reelected to be in the position again.

3. Director and Management Remuneration

Management Remuneration for the year 2017 follows:

- Total remuneration of the 13 directors (including resigned directors) within the year 2017 equaled 8,990,000 Baht.
- Total remuneration of the 11 members of the management team (including salary and provident funds) within the year 2017 equaled 28,371,818 Baht.

Detail of management remuneration for the year 2017

Directors	Position	Office Period	No. of Participation	Remuneration amount (Baht)
1. Mr. Anand Panyarachun	Chairman	1992 - present	6/6	1,440,000.00
2. Mr. Veraphan Teepsuwan	Vice Chairman	2003 - present	6/6	550,000.00
3. Mr. Preecha Oonchitti	Independent Director and Chairman of Audit Committee	2003 - present	6/6	960,000.00
4. Mr. Somrit Srithongdee	Audit Committee	2009 - present	6/6	840,000.00
5. Mrs. Sunanta Tiasuwan	Audit Committee	2005 - Present	6/6	960,000.00
6. Mr. Thaveepol Kongseri * 1	Advisory Committee	2014 - Present	2/1	240,000.00
7. Mr. Chatchawin Charoen-Rajapark	Executive Director	2005 - Present	6/6	840,000.00
8. Mr. Titiwut Soukpornchaikul	Executive Director	2006 - Present	6/6	720,000.00
9. Mr. Paiboon Wongjongjaiharn * 2	Director	2017 - Present	4/4	400,000.00
10. Mr. Tinnawat Mahatharadol	Executive Director	2015 - Present	6/6	720,000.00
11. Mr. Nuttawit Boonyawat	Executive Director	2015 - Present	6/6	720,000.00
12. Mr. Pongpinit Tejagupta	Director	2015 - Present	6/6	600,000.00
13. Mr. Torsak Lertsrisakulrat	Managing Director	3 October 2016- Present	6/6	-
Total				8,990,000.00

- Remark :** *¹ Mr. Thaveepol Kongseri has resigned from the board that took effect since 27 April 2017.
- *² Mr. Paiboon Wongjongjaihan was appointed to the board as director in place of Mr. Thaveepol Kongseri that took effect since 27 April 2017.

4. Inside Information Usage Control

The Company requires executives to report any conflicts of interest, especially when internal information was used for personal interest. The Company also requires executives to report changes in their company's shareholding at the Board of Directors Meeting. The Company informed all executives of the regulations of the Securities & Exchange Commission (SEC), and Stock Exchange of Thailand (SET), as well as the penalties for violation of these regulations.

On 23 February 2017, the company set policies that not allow the board, executives and employee/workers of the company who take responsibilities related to inside information including their spouse and underage children buy or sell any security of the company in the 15-day period before the day that the company will disclose financial statement and essential financial details of the company including 1 day after the day that the company will disclose financial statement and essential financial details.

5. Internal Control

It is the company's intention that the internal control system shall proceed to The Board of Directors, and be assigned to the Audit Committee's assessment of inspection of the internal control system. The internal control system maintains appropriate and sufficient efficiency of business operations. In addition to being used resourcefully, the properties maintain protection of erroneous reduction, damages, and dishonesty. The accounting system and the financial report are both convinced and correct, and follow practice with the regulations and laws related to business operations.

In 2016 the Audit Committee evaluated the internal control system, in order to interrogate and review the significance for administration. This summary illustrates the company's internal control system, which consists of the following divisions: organization, environment, risk management, management control activities, information and communication measures, and monitoring systems, which maintain that the company has sufficient operation control procedures. The details are as follows:

(1.) Control Environment

The company encourages the environment factor in order to sustain a sufficient organizational structure in accordance with internal control. The internal control system is divided into departments who are responsible for their own sectors. The internal control system is utilized for the purpose of inspection of operations. The major departments create a performance handbook in order to adjust insignificant jobs sufficiently, and reduce work redundancy. All departments are required to follow the same standards. The company reports business performance each year in categories such as: economics, market, and competition in order to maintain a high standard. Control environment appropriately influences the efficiency of internal control.

(2.) Risk Management

As a means of risk Assessment the company has analyzed and evaluated all risk factors of both internal and

external causes, which may influence the business operations. Through the evaluated risk process the company follows a successful objective. The existence of any risk in the evaluation consistent of general indoctrination will be managed in an effective matter. Furthermore, if any risk is found, the Executive Committee will be informed at once.

(3.) Management Control Activities

The company's internal control activities are aimed at stipulating control when necessary through appropriate policy. The internal control activities such as: environment control, regulations, procedures, commands, and manual operation are clearly stated and specific to each activity. The established and related the audit committee the activities under the inspection of the Board of Directors. The related committees perform operations within the scope of their authority and responsibilities as assigned by The Board of Directors.

(4.) Internal Information and Communication

The company is required to communicate information concerning the operation system through financial reports and follow-ups on policies and regulations. The company collects and prepares information data from outside sources. The company proposes any sufficient or relevant information to the appropriate business and the executive management.

(5.) Monitoring and Evaluation System

The company's internal control operates efficiently and sufficiently to support the objectives of the business operation, and maintains ongoing monitoring and evaluation of the internal control department. In the year 2015, the company held 6 meetings with the Director Committee and the Executive Conference almost every month, in order to monitor the internal control process and operate successfully.

Good Corporate Governance

Policy on Corporate Governance

The Board realizes the importance of good corporate governance to effective performance. This is a stepping stone to success and sustainable growth. So that the company has set the following policy on corporate governance:

- Equitable and credible treatment to the stakeholders. The member of the Board of Directors determine to perform their duties at their best efforts for the benefit of the company. Their performance reflect leadership and management control. The Board of Directors also monitors to prevent conflict of interest.
- The Company sets ethics for the members of the board and employees to practice.
- Operation will be transparent and able to be audited. The internal control system is in place to deal with risks.

There is an internal auditor to assure that the management efficiently perform under the policies of the company.

Shareholders' rights and Shareholder Meeting

The Company has a policy to disclose all information for the consideration in the Shareholder meeting. The company held one shareholder meeting, the Ordinary General Meeting of Shareholders. The meeting was convened at a hotel located in Bangkok where the public transportation system is available for the shareholders' convenience to join the meeting. The company sent an invitation letter enclosed with information of each agenda to shareholders at least 7 days before the meeting. Each agenda has the board's opinion. The Company let shareholders register at least 1 hour before the meeting. The Chairman of the Board who chaired the meeting gave opportunities to shareholders to express their questions, opinion, and suggestions freely. Besides, the Company gave shareholders an alternative to authorize an independent director as their proxy to join the meeting.

Rights of Stakeholders

The Company realized importance of stakeholders. No matter they are internal stakeholders : employees, executives and board or external stakeholders: shareholders, customers, partners, creditors, competitors and public sectors because they all encourage the company to increase competitiveness and profit. The Company will follow provision of laws and related regulations in order to protect their rights.

The Board

The Board as of December 31, 2017 there were 12 directors consisting of

- 5 executive directors
- 3 non - executive directors
- 4 Independent directors (This is 33 % of all board members)

Chairman and Managing Director are not the same person. This leads to transparency, especially in supervision and daily work, because they have separate responsibilities. Conflict of interest or Managing Director's monopolization will not happen easily because of the balance of power. Moreover, this enables Chairman to make a better independent decision for the highest benefit of company and shareholders.

The Board has involved in making decision and setting company's vision, mission, policy, goal, business plan and budget. The board has supervised the management to act in accordance with the business and budget plans. The board assigned the management to set up internal control system and to fix its authorities. The board always follow up the management operation and internal control system at the Board of Directors Meeting.

The Board holds a meeting every quarter. If necessary, an ad hoc meeting will be held with the exact date and agenda. Documents will be submitted to the board at least 5 days ahead to give the board time for consideration. In 2016, the board held 6 meetings. The participation of each director is mentioned in Directors remuneration.

The minutes of the Board of Directors Meeting is prepared and kept in file approval. They are available for the board and related people to audit.

The board realizes importance of accurate and credible financial report. The board makes a report on its responsibility for financial statements. It covers important factors in line with the Code of Best Practices for Directors of Listed Company suggested by the Stock Exchange of Thailand. This is stated in the 2016 Annual Report.

Conflict of Interest

The Company launched written principles of good corporate governance under the topic of the conflict of interest and stock trading in an effort to prevent conflict of interest.

Business Ethics

The board launched employees' ethics for their guidance of practices. The way employees treat the company and stakeholder should be honest, fair and transparent. Employees signed to acknowledge and agree to adopt them. The Company will monitor whether they behave or not to encourage the good corporate governance.

Director and Management Remuneration

The Company's board of director will allocate the remuneration for directors that are approved in the ordinary shareholders' meeting 1/2017 dated 29, April 2016 which are not more than 9.5 million baht per year. In 2017, the company has paid totally 8,990,000 baht to the board of directors. And for the management team, their remunerations will depend on the company's operation results and performance of each management. Each management's remuneration will be approved by the company's executive board and / or board of directors.

Controlling System and Internal Audit

The board realizes importance of internal control system particularly in finance and operation. The company has an internal auditor to audit employees' operation. This is to ensure that main duties, financial activities, legal compliance and company's requirements have been practiced effectively. The internal auditor is granted with independence to audit. The internal auditor reports directly to the Audit Committee who then reports directly to the Board of Directors. The board will inform the management to practice and improve.

According to the 2017 internal audit reports, the Company had the policy to keep the information as well as the document form regarding the company's asset in the standard way. This is to ensure that the use of asset is in compliance with the company's principles and in such a way that maximize the company's interest. Apart from the mentioned policy, significant defects were not found. There was only daily work's error which was solved at times.

Risk Management

The Company has not had Risk Management Committee. However, it has analyzed risks and laid preventive measures in order to minimize the risk. The details are stated in topic of Clause 5 (2) Risk Management Measure.

Investors Relation

The Board realizes that either financial or non-financial information of the company has effect on investors and the stakeholder's decision making. Thus, the management has to reveal all accurate, credible and up-to-date information. The management always follows this rules strictly. For investor relationship, the Company has not had a particular unit because there are not many activities. In practices, CEO and Executive Director will contact investors, shareholders and analyst. For information, investors can contact at telephone no. 0-2263-1010 or email address: estar@estarpcl.com

Inter - Related Transactions

In the year 2016, the Company did not have any related transactions with major shareholders, directors, and management of the Company except for those disclosed in financial statements of the year 2016.

Policy and direction on inter - related transaction management

In the future, the company has no policy to enter into any inter - related transaction. If there are necessarily related transactions needed to operate for the company benefit, the Company will consider them circumspectly and ensure that they will cost the same value and condition with others. The Company will appoint the outside experts to present independent opinion on the fair price in compliance with the procedure of SEC and SET's regulatory principles, methodology in the disclosure of connected transaction as well as rules and regulations of related law and will take the company benefits as a priority. In addition, the Audit Committee will be responsible for following up the inter-related transaction and take action in line with related rules and regulations.

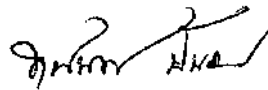
The Principles of Corporate Governance

Eastern Star Real Estate Pcl.

Eastern Star Real Estate Pcl. or ESRE, a listed company on the Stock Exchange of Thailand, runs business with efficiency and productivity principles meanwhile keeping benefits of every stakeholder including shareholders, creditor, employees, customers, business partners, state agencies, competitors, communities and public. Our goal is not only the highest profits but to meet the sustainable success ESRE and our personnel in every position must stick to the Good Corporate Governance especially the principles of responsibility, loyalty, moral, ethical and transparency.

ESRE, the board of directors, audit committees and managing sector agreed to compile the policies and ethics of ESRE to improve our businesses for sustainable achievement which are what ESRE expects from the board, managing sector, employees and associated workers. We all have ethics in our minds and follow our beliefs or attitudes which are different in each person therefore ESRE considered to compile the code of conduct in writing called "The Principles of Corporate Governance of ESRE". All personnel of ESRE in every position will follow this code of conduct in working with the highest standard. Therefore, the reputation and success of ESRE are subjects to the right understanding, adherence in the code of conduct including in practice which is the duty of everyone in this organization. Another important thing is every person must not ignore or disobey these principles because of inconvenience or difficulty reasons or it's different from most principles that you used to do.

The Principles of Corporate Governance must be supported to be practiced. To show your commitment for ESRE's code of conduct, every personnel in all positions please sign the name in informing paper and accept the rules attached with this principles.



(Mr. Anand Punyarachun)

Chairman of the Board

13 January 2003

Release Number 1/2003

1. Basic Chapter

a. Eastern Star Real Estate p.c.l. or ESRE is aware of the importance of good corporate governance which is the key of competitiveness and sustainable success of the company by insist on 6 principles as shown below:

1. Accountability
2. Responsibility
3. Fairness and Integrity
4. Transparency
5. Creation of Long-term Value to all Stakeholders
6. Promotion of Best Practices

b. For this 6 principles of good corporate governance, the company has 3 factors for pushing forward inside ESRE as shown below:

1. Professionalism of personnel in all positions such as
 - (1) Be skilled, competent and proficient in function
 - (2) Be faithful
 - (3) Be orderly and aware of responsibility
 - (4) Ready to change for better thing and respond to changes

2. Good internal control system

3. Equal practice and fiduciary duties toward stakeholders which the precedence of stakeholders does not regard the different importance (Though most organizations' analysis will divide stakeholders into 3 groups whom will be satisfied for existence and prosperity of the organization which are customer, employee and shareholder). In operating the business, precedence will be decided according to the situation as follows:

- (1) Shareholders

Comprise of major shareholder, general investor and minor shareholder which their practices are as follows:

- 1.1 Be faithful and make any decision with honest and equitable for overall benefits as follows:

- working under the terms of reference and benefits of the company
- working with capacity and carefulness like an experienced personnel should do
- managing any assets of the company, preventing the assets to be devalued or lose with useless
- do not disclose any secret information of the company to other people improperly especially to the competitors

- 1.2 Keeping the investment of the shareholders for fair and proper returns

- 1.3 Protecting the assets and financial statement to be secured

- 1.4 Improving the tasks of company for benefits in existence and growth

- 1.5 Report the status and overall operation of the company correctly and actually

(2) Customers

- 2.1 provide products and other services worthy in prices, quality and safety including an excellent service
- 2.2 reveal information relating to products and services actually and fair for customers while not distort the facts
- 2.3 guarantee the products and services under the proper conditions
- 2.4 don't deliver products and services to customers if the products or services are defected, damaged or may cause a risk to customers and never deliver substandard products and services to customers
- 2.5 Set up the mechanism and customer service system for customers can conveniently complain any dissatisfaction in products and services then rightly manage for quick respond to customers
- 2.6 try to keep low costs in production but keeping products in good quality and standard services at the same time
- 2.7 Seek the way for adding more benefits to customers incessantly
- 2.8 in case that the personnel can't act up to any agreement with customers, the personnel has to inform customers in advance to find the way for solving problems and prevent any damage

(3) Employees

- 3.1 by support and improve the abilities of employees for the best potential operating including encourage the employees to participate in setting work plan or solve company's problems
- 3.2 by setting fair employment with proper returns according to their knowledge, talents, responsibilities and work measurement of each employee plus the employees will have a fair opportunity in advancement
- 3.3 appointments, transferences, promotions of company's employees and giving employees rewards or punishment will be done with faithful considering knowledge, talents and suitability of employees
- 3.4 take care of environment in work space for safeties of life, healthy, sanitation, body and assets of employees
- 3.5 follow the laws and rules according to labor law and welfare of employees
- 3.6 managing employees by prevent to doing something unfair and inaccurate which will affect to advance and secure of employees
- 3.7 deal with employees base on human dignity and respect to individual and personal rights
- 3.8 don't prohibit employees doing other occupation that's not compete with the company with no proper reason
- 3.9 spreading code of conduct in morality to every employee and insist the understanding related to code of conduct and roles that the employees can do

(4) Government

By comply with the government policies including follow related laws and rules such as do not avoid tax or offer a bribe but pay for tax rightly and work together with government officials

(5) Partners

By working like a professional and transparent for the highest mutual benefits

(6) Public & Environment

6.1 run the business on behalf of good citizen, responsible for society and support activities that's beneficial to the communities

6.2 aware of following standards related to health care, sanitation, safety and environment to prevent any effect that may cause damage to life or assets of personnel, communities and environment

6.3 don't save expenses without consideration on welfare of communities

(7) Suppliers

7.1 act with suppliers equally and fairly regarding the benefits of the company

7.2 follow the agreement with suppliers and in case you can't follow the agreement, you have to discuss in advance to find out resolution and prevent any damage

7.3 do not ask, receive or give any dishonest benefits to suppliers if it occurs, you should discuss with the suppliers to find out the resolution in equal and fast way

7.4 terminate trade with suppliers who offer a bribe to our personnel

(8) Lenders

8.1 strictly keep and follow the condition or commitment made with lenders in cases of repayment, mortgage securities management and other terms while do not use capital which earns from collateral loan against the objective in an agreement made with lenders

8.2 running the business with no risk added unreasonable to lenders of the company

8.3 uphold justice for lenders according to the order of liabilities as shown in the contract but in case that you can't act accordingly, you have to discuss in advance to find out resolution and prevent any damage

8.4 offer the right financial information actually

8.5 do not ask, receive or give any dishonest benefits to lenders if it occurs, you should discuss with the lenders to find out the resolution in equal and fast way

(9) Competitors

9.1 act and compete in accordance to regulations of competition in creative, initiative and equal way

9.2 do not discredit the competitors by scandal or any act without the truth and unfair

9.3 do not seek for secret information of the competitors by dishonestly and improper or against the laws

c. This Principles of Corporate Governance of ESRE compiled the policies and ethics of ESRE to be the standard of good behavior for operating the businesses of ESRE which can be used as reference and pattern for running ESRE. Those who have to comply with these principles are the board, employees and other associated workers. Some subjects specified persons who have to follow the rules clearly

As mentioned above that ESRE place importance on all stakeholders therefore, this is a duty that ESRE has to provide company's corporate governance report yearly assure the investors and public that ESRE's businesses are accountability and act to all stakeholders equally while running the businesses professionally.

d. Sector that is function of inspecting ESRE's corporate governance are Audit Committee and Internal Audit Office. The company hopes that all personnel will provide information honestly to their head directly even if there is any action against or likely to against the principles. In case that you can't report to their head, you may consult with managing director office, personnel department or the Internal Audit Office which all the information you report will be a secret. Heads have duties to inspect and advise underlings according to their positions to act accordingly with the policies and ethics that the company has defined in these principles.

Policies and ethics in these principles is regarded as discipline which personnel in all positions must try to understand, adhere and follow rightly in working every day. ESRE reaffirm that no one has the right or can allow ESRE's personnel to act against the policies and ethics in these principles

If ESRE find that someone breaks the principles and the result of inquisition says it's true, there will be a decision for disciplinary punishment and/or legal punishment properly in case by case

e. The Principles of Corporate Governance of ESRE must be up-to-date and improved by managing director and sectors that respond to the policies and ethics. The company does not have an intention to specify policies and ethics in every corner but we will define policies and ethics that regularly conduct or often mistaken or complicated therefore, if you have some question about following any policy or ethic please ask the managing director office or related offices.

f. There will be good corporate governance if personnel in all positions work together including managing directors, employees and associated workers who have to follow the principles so the company considers that this is the responsibilities of everyone as mentioned above to acknowledge, try to understand, adhere and act rightly and regularly by always using right discretion

g. Investigating discretion can be done in easy way by asking yourself first that what you're going to do is

1. right or wrong?
2. acceptable? and Can it be revealed to the public?
3. impair the reputation of the company?
4. and the last one, is it impair yours reputation? which will impact your life in ESRE and in your community

2. Policies Related to the Board of Eastern Star Real Estate Pcl.

2.1 The board of ESRE is the highest body who specified the principles and the members of the board are the first important representatives to insist on and follow the principles.

1. Every members of the board of ESRE need to have leadership skills and be able to control the processing of managing sector efficiently and effectively to achieve the goals which are the key of the ESRE's businesses. The members must be able to build and increase investment value for the shareholders and other stakeholders. The board of ESRE will cooperate with Vision, Mission and Values Management sector of ESRE. Moreover, the board of ESRE must be responsible to ESRE and stakeholders with morality and according to the laws while perform their duties warily, proficiently and devotedly plus they have to show their opinions freely

2. The board of ESRE must always freely make discretion on ESRE's operating to assure the shareholders trustfully.

3. The board of ESRE must carefully and transparently make a decision to nominate someone who perfect for being a new member of the board to the board of ESRE or the shareholders meeting to fill the vacancy. The recruitment subcommittee can be established.

4. The board of ESRE must devote their time and attention to ESRE substantially and is always prepared to participate in ESRE's meetings. If they absence the meeting, there will be a proper reason to explain.

5. The board needs to follow the Code of Best Practice for Directors of Listed Companies.

6. The board must perform their duties in accordance with the laws, objectives and rules of the company including the meeting resolutions.

7. Each member of board must not run a business, be a partner or shareholder in other corporations with the same business type or being the company's competitors unless the member has inform the shareholders meeting before his/her appointment has been concluded.

8. Each member of board has to immediately inform the company if he/she has any interest from the contract made with the company or gain/loss their shares/assets in the company or the subsidiaries including any act that may cause conflict of interest.

9. The board should manage the company while avoiding conflicts of personal/company interests for the effective processing. The interests mentioned above include:

- (1) Do not seek for personal interests by being a member of the board
- (2) Do not misuse the company's secrets
- (3) Do not be a member of other company's board which compete with ESRE
- (4) No interest for making contracts of the company

10. The board has to run the company cautiously and don't create condition that might against their duties later.

11. The board must not improperly seek for interest from working both direct and indirect ways such as

- (1) Do not spend money or use secret information of the company for personal interest
- (2) Do not think of personal interest more than the company's interest

12. The board must perform their duties perfectly for the best benefit of the company.

2.2 Policies and ethics in the principles are what ESRE has to follows in operating related businesses such as conflict of interests, ethics of recruitment or policies related to the company's secrets.

2.3 In annual report, the board of ESRE must publish information about the responsibilities in making financial report together with the report of the auditors.

2.4 In annual report, the board of ESRE must publish information about policies related to managing the company and explain how they follow the principles on running ESRE.

3. Human Resource Management Policies and Employee's Ethics

3.1 Human Resource Management Policies

ESRE will lead employees to work with the highest potential and do the recruitment fairly. The employees will have a chance to advance in the company fairly too.

ESRE is aware of the worth of the company's human resources and will encourage employees to participate activities in communities under the company's policies.

ESRE will treat employees equally no matter what nationality they are or gender, skin color, religion, family, age, sexual taste, disability or personality that's not related to the work. The company will protect every employee from any threat no matter from whom or which way

The important things related to the employees are

3.1.1 Employment

1) ESRE tries to recruit and appoint employees regarding to their qualification, experience and skills for working in proper position therefore ESRE can manage employees for the best effectiveness

2) As a principle, ESRE will firstly select our employee who has proper qualification and skills to be appointed in our vacancy if there's no suitable person, the company will decide to recruit outsiders.

3) To prevent injustice between the employees, ESRE will avoid employing close relatives of full-time employees in director-level positions such as children, husband or wife

4) In case that ESRE recruit the outsiders, the related employees according to their positions, from head to manager or director, have to interview applicants together with staff from human resources office. The right of employment is in line with the policies of the company.

5) Normally, the outsider who is recruited and employed by ESRE will be a probationary employee at first then he/she will be considered to be a full-time employee of ESRE or not except he/she is allowed for special case.

6) Regularly, ESRE do not intent to re-recruit former employee who use to work with ESRE except a special case which must require approval.

7) In case that the company appoint in-house employee, if the appointment means promotion, ESRE may offer the employee who are promoted to be in charge of new position for a period of time to consider proper for the position.

3.1.2 Performance and Recess

1) ESRE wants to offer yearly recesses to the employees, temporarily escape from their work, because the company believes that recesses will make employees happy and they will back to work with efficiency.

2) ESRE hopes that every employees of ESRE must dedicate their physical strength and spirit to work on their duties substantially according to working time.

3.1.3 Salaries and rewards

1) For fairness to ESRE and employees, ESRE has set a salary system regarding to factors as below:

a) In present, salary rates and payment method depend on the overall operations of the company and employees and economic situations.

b) The differences of work in each position, knowledge, proficiency, difficulties in operating, responsibilities and working conditions

c) The abilities of each employee that show in performance on their duties for the purpose to attract and preserve efficient employees to stay with ESRE efficiently.

2) ESRE considers that paying income tax to the government is a duty of each employee as a citizen should be done according to the law.

3) In business operation, ESRE has to give an order to some employees to take a trip for performing mission or improve their knowledge and the company will pay for any expenses that occur during the trip according to necessity and appropriateness to the social status of the employee.

4) In working for ESRE, the employees should get payment in order that they won't spend their money for any expenses occur during working. At the same time, the employees should not get special payment aside from their normal salaries and feasts.

3.1.4 Welfares

1) ESRE will manage and/or adjust the welfares for employees regarding following factors:

a) Welfares that improve the stabilities in livelihood of the employees and their families which most employees can get by themselves and the government do not give enough coverage yet.

b) Welfares that entrepreneurs in real estate development sector of Thailand provide to their employees.

c) The ability in expenditure of ESRE in present and future

2) As ESRE has provided welfares mentioned above to employees, if the government changes the laws or regulate new laws related to employee welfares or effect to the existing welfares, ESRE has the right to change a part or all employees' welfares. The overall benefits that the employees should get from the company or others must not be lessen except there's some agreement but it's regarding to the company's ability of expenditure.

3) ESRE considers that paying income tax to the government is a duty of people who has income therefore, if the benefits that the company provided to employees or their families are within the scope of assessable income, the employees or beneficiaries have to pay an income tax too.

3.1.5 Disciplines and Petitions

1) It is a responsibility of every director who have to tighten their underlings to follow the disciplines strictly to prevent misbehaviors or any harm to themselves, colleagues or ESRE.

2) ESRE considers that when employee breaks disciplines there must be an appropriate punishment to prevent recidivism or aggravation. The punishment will be done without hazing intention to the employee.

3) Breaking the same disciplines may have different punishments, if it's recidivism, doing with intention or affect/might seriously affect collective in different ways.

4) When there's conflict between employees or between employees and directors, the employees have the right to petition to their directors in higher levels and/or petition to the human resource office. ESRE is aware of value and important of discussion to quickly solve the problems to keep the good relation.

3.1.6 Dismissal

1) Dismiss an employee is a direct responsibility of directors according to their line. The directors have to explain the employees a reason of dismissal.

2) ESRE will consider benefits that employees should receive when they are fired as appropriate for the reasons of dismissal.

3.2 Ethics of Employee

The ethics of employee are practices that ESRE considers as ethics for operation and running businesses which will lead to the good corporate governance, principles of responsibility, transparency, honesty, moral, ethics, intention for development and stability of the company.

ESRE wish that management sector and employees including associated workers regularly follow the ethics in any cases therefore the following word "employees" mean everyone that mentioned above

ESRE has defined ethics for employees into fields as follow:

3.2.1 Practices to the company

3.2.2 Practices to directors, underlings and co-workers

3.2.3 Practices to yourself

3.2.4 Sexual harassment

3.2.1 Practices to the company

(1) Performing your duties with responsibility, honest, loyalty, sacrifice and devotion to work for ESRE substantially. The employees should try to improve and develop their works to always be effective and be patient for advance and stability of the company and themselves.

(2) To perform their duties like a professional with skills, intention and cautiously by predict problems and prepare for solving problems that might occur in one day and keep the standard of working while adapt knowledge and skills in managing the company substantially.

(3) Use the resources of the company effectively and economically while maintain the resources to prevent abnormal depreciation or loss and do not use the resources of the company for personal interests.

(4) Do not use power of your positions or allow others use your power for seeking interests for yourself or themselves.

(5) Respect and follow the disciplines, rules and policies of the company with intention and sincerity for the unity in working on the same way.

(6) Adhere to the laws and regulations related to business operation, pay attention to industry standards and defined disciplines to assure that the business will run effectively.

(7) Employees and their families should avoid giving or receiving money, stuff or other interests to/from a person in the company or related to the company except it's a special occasion or tradition but the money, stuff or other interests must not have excessively high values or unreasonable.

(8) Do not use information or news that important to the change of stock price of ESRE which is not reveal to the public yet only for personal interests or benefits in stockbrokerage both direct and indirect ways

(9) Keep the secrets of company strictly and do not disclose the information and production technologies of the company while be vigilant not to let the secret information of the company leak to unrelated person which will cause damage to the company including don't let secret information of the company disclose to outsiders except there's an allowance from ESRE

(10) Pay attention and manage any ways for safety and good environment in working

(11) Be cautious in giving an opinion to outsiders in the subjects that might affect to reputation and operation of the company

(12) Do not cause trouble or doing something that might cause a disharmony in organization by concoct a rumor or persuade directors, underlings and co-workers to displease each other or the company

3.2.2 Practices to directors, underlings and co-workers

An appropriate practice with each other in the organization is one of important factors that will lead to good cooperation and coordination while encourage the harmony and power in working for ESRE. To support and keep these good performances, the employees will practice as follow:

(1) Treat underlings with mercy and fairness, pay attention in improving the underlings to advance in their work by pass on knowledge in working, support them to be train and increase their experiences

(2) Keep and strengthen unity and harmony between employees and helping each other appropriately while cooperate to solve problems like a team work for benefits of working for ESRE

(3) Sympathize, generous and well-intentioned with/on others with good human relations, honor each other in working, respect to the rights and duties of co-workers as you wish to have from them (Golden Rule) by helping others when they need you and search for the way to reach the goals of the company with least loss and highest benefits

(4) Support and listen to underlings' opinion or suggestion related to their work and consider to use the opinion or suggestion for the benefits of the company

(5) Avoid disclosing or criticize other employees' information both work matter and personal matter that might disreputable them or image of the company

(6) Do not gossip directors, underlings and co-workers without facts and unfairness

(7) Should treat co-workers with gentleness, kindness, good human relation and do not hide essential information in work of co-worker and adjust yourself to work with others

(8) Honor others such as do not claim other's works

(9) Notify related sectors or directors if there's any infringement or something violate the laws so that the company could solve the problem or prevent recidivism

3.2.3 Practices to yourself

(1) Demonstrate your personal moral and be brave enough to follow your beliefs by doing the right things although there's a pressure. Be a person who consists on principles, respectable and unbiased. You have to fight for your beliefs while do not forsake your principles for an objective and become a fraud or unmoral person.

(2) Be engrossed in developing and learning new knowledge and experiences to improve yourself to be a moral and skilled person who can work more effectively and efficiently.

(3) Consist on morality and do not seek for position, feat or other interests improperly from directors or others

(4) Stick on disciplines by doing your duties with your full effort for the quality of work and finish the job in time

(5) Dare to confess your mistakes in work by not passing the buck and be ready to find the way to solve the problem or mistake

(6) Do not ask, receive or get money, stuff or other interests from customers, traders, and contractors of ESRE or other person who deal business with ESRE. Moreover, you must not interfere with monetary matters such as accommodating or loan, collecting donation, using cash cheque for credit or sale and leaseback or doing any action that might cause financial obligation with the persons mentioned above including your co-workers.

3.2.4 Sexual Harassment

Sexual harassment means any action done by an employee in sexual way with another employee that cause a trouble, annoyance or soul-destroying in work environment, being repugnant or aggressive including disturbing another employee's work with unreasonable. The action includes sexual assault, obscenity, dalliance, sexual violation with words or body. Every employee has to keep their behavior out of any action that is in scope of sexual harassment. Every employee should realize that some behavior may appear to be a sexual harassment although it's unintentionally. If employee believes that you're in trouble with sexual harassment or you face with sexual harassment, you should report to higher management office or human resource office immediately then there will be an investigation and appropriate action later. ESRE will investigate any petition related to harassment hastily and exhaustively and ready to resolve the problem appropriately while protect the employee from other effects cause by the situation with good intentions.

This policy enforce every employee to avoid any action appeared to be sexual harassment. It's regard as one of conditions in employment. In case that a sexual harassment occurs, it's violate this policy, ESRE will carry out disciplinary action with the offender as appropriate without exemption which might excessive as fire without any compensation. In some case, the offender may responsible for legal obligation too.

This policy includes the case that employee do sexual harassment to contractors and traders. On the other hand, contractors and traders who do sexual harassment to ESRE employee are guilty according to this policy too. There will be disciplinary action or legal penalty for them depending on circumstances.

4. Policies Related to Internal Control

4.1 ESRE has a policy to control the internal operation to have efficiency enough to handle the risks and appropriate to the environment of works or activities of offices. The company will follow up the overall performance of internal control continuously to improve standards of control to appropriate with situation, work environment and change.

To achieve the intention, ESRE will operate as follows

4.1.1 Encourage executives to pay an attention to internal control and manage internal control in works or other activities of ESRE or underlying the internal control in managing method of executives

4.1.2 Setting the standard, pattern and process for internal control appropriately with work environment or activities of offices, risk level and risk management regarding to efficiency and sufficiency of the system

4.1.3 Encourage executives to create balance between agility in working and sufficiency level of internal control to be effective and the benefits that the company received would be worthwhile to the costs of internal control.

4.1.4 Personnel in every position have to give priority to complying with the internal control measure that set by ESRE continuously and consecutively

4.2 Meaning and Purpose of Internal Control

The internal control means a process or method set by cooperation of the board of ESRE, management department and every personnel to assure that following this process will lead to achievement as follow

4.2.1 Effective and efficient operation including using resources worthily

4.2.2 Financial reporting is accurate, reliable and in due time

4.2.3 Accurately follow the policies and regulation of the company and the laws

4.3 The important of Internal Control System

The internal control system is the essential mechanism that reasonably assures the executives that it can help reduce business risks, protect asset of the company from leak, loss or any corruption. It helps the company running business effectively by worthily allocate the company's resources and achieve the goals. Moreover, it helps the company's personnel act accordingly to the laws and related regulation, accurate the financial works and protect the investment of shareholders

Therefore the internal control is the key of achievement of every business no matter it's a small or large business, in government sector or private sector and what kind of business is. It's a responsibility of the executives as leaders of the organization besides their responsibilities in managing environment and other elements of internal control. The executives have to indoctrinate underlings' conscious and encourage them to be aware of the important in continuously following the disciplines which will let the standards and mechanism of the internal control set by executives perform as specified objective because though the mechanism was properly set, but if no one follows the disciplines then it's useless. Furthermore, there will be follow-up and assessment the internal control continuously to assure that the standards and mechanism are suit for the changing situation, environment and risks.

Therefore, the internal control is the important factor behind the success of every company no matter it's a small or large business, in government sector or private sector and no matter what kind of business is.

4.4 Cooperation with Internal Auditors and External Auditors

Personnel in every position have to considerably cooperate with audit party and the auditors of ESRE who responsible for auditing and assessing the process, method and internal control system for make sure that it's sufficiently, effectively and can completely meet the purpose or not. The personnel have to give accurate information to them and suggest for improvement as proper

5. Policies related to Conflicting Interests

5.1 ESRE's policies related to conflicting interests are based on the principle said that any decision on business operation of personnel in every position must be done for the highest interests to the company only. The decision must be done without personal demand or requirement from families or intimates which will effect to the decision and might confuse that which is the highest interests of the company. Every personnel will do full-time job for ESRE with full effort and should not have any business interests outside ESRE because it might waste the time that personnel should spend on responsibilities for ESRE and may cause damage to ESRE.

The conflicting interests will occur in case that every personnel have their own interests in the business or benefit to their families or intimate both in financial and other matters which the interests come from

5.1.1 A person's decision on performing duties for ESRE

5.1.2 Acknowledging activities in operation or future plans of ESRE

ESRE regards that it's a duty of every personnel in each position that have to avoid concerning with financial matters and/or avoid the relationship with outsiders that might cause loss on interests of ESRE or lead to a conflict on loyalty and interest or obstruct effective operating.

ESRE has a policy to protect the equitable interests of ESRE while trying not to restrict freedom of every personnel in activities.

5.2 Annual Consideration related to the Conflicting Interests

Every year, personnel in each position will be informed to review and realize to ESRE's policy related to conflicting interests. Everyone have to report something that may relate to the conflicting interests with details to managing directors. Then the reported conflict matter will be collected for discussion by managing directors before it's passed to the board of managing directors and the board will inform the point of view of ESRE to related person and his/her head later. Every personnel can report matter related to conflicting interests at any time.

In case that there is a concrete conflicting interests, if personnel disclose it and well-cooperate with company then it's easy to solve the problem and the personnel will withdraw from decision maker of the cause of conflict.

In case that there is any suspicion or not sure that your performance is appropriate or not or knowing that you have done something against the policy related to conflicting interests of ESRE, other personnel should discuss with their heads, human resource office, the board of managing directors or the internal audit office in case by case.

5.3 Definition

"Family" means person who relate to a personnel no matter by lineage or legal marriage including lawful children.

"Intimate" means person relates to personnel in any close relationship.

5.4 Example of Situation related to Conflicting Interests

Personnel in every position should use the following example as a way to consider for your interests and remember that it's important to disclose and discuss when there's a conflicting interests which will help solving the problem appropriately. When you have a question, you should ask for advice.

5.4.1 General Investment

The basic rules of this matter are personnel in every position, families or intimates must not be shareholders or receive any interest from the rival company or any business including traders who are dealing with ESRE.

Buying shares of listed company in the Stock Exchange of Thailand or investing in consolidated fund or unit trust will not regard as conflicting interests as long as it's not affect to personnel's work for ESRE.

5.4.2 Merchandises and Services Acquisitions for ESRE

The conflicting interests may occur if personnel, families or intimates are responsible for merchandises and services acquisitions for ESRE as a trader/seller if the person can indicate or influence to the business's operation although the person has no duty related to the business's operation that ESRE is dealing with that business.

In case that one of personnel family members or intimates is an employee or entrepreneur which is a customer, trader/seller or competitor of ESRE and the personnel has a part in the decision on any subject related to business relationship with the business, this is regard as conflicting interests.

In the same way, if customer, trader/seller or any employee of ESRE's competitors has a family member work for ESRE then that ESRE's employee should not has a power in making any decision on business activities related to their family members.

ESRE will not buy or rent assets, equipment, materials or use any services from ESRE's employees, their family member or intimates and will not making any contract with them too (except the employment contract) unless it's a special case and be approved in writing by managing director. For example, ESRE has rent a house that owned by ESRE's employee or employee's family or other intimates which will be carry out according to the regulation and ethics of acquisition.

5.4.3 Entertainment and Gifts

Personnel in each position should not accept any entertainment, gift, transport ticket, sport ticket, other ticket, offer for leisure, accommodations or other personal offers related to your position in ESRE if that leads to obligation with ESRE or may cause the employee in trouble with conflict of interest.

5.4.4 For receiving a job offer such as academic job, lecturer, public service or any positions, the management sector, employees and associated workers can participate activities outside the organization if there's reasonable. In many cases, ESRE has encourage employees to join activities outside the organization because the company think that those activities help improving employees' vision and experiences which can improve their work performances lead to the benefit of ESRE. Employees can receive job offers from profession institutions or being a lecturer, public service or any positions such as director or consultant. The employee must be allowed by his/her head before receive a job offer. The employee should regard that he/she can't let his/her position in ESRE to be involve with outside activities except he/she has been allowed.

In case that management sector or employee has been appointed as secretary of any board of ESRE or being a representative of ESRE in management party for projects/committee in joint venture or subsidiaries, this is not regard as conflict of interests. The management sector or employee will not get additional compensation because it's considered as a part of working.

6. Ethics of Acquisition

6.1 Relationship with Trader/Seller

6.1.1 Treat traders/sellers as appropriate for business and be aware of scandal that the employee has a special intimate relationship with some trader/seller more than others that could lead to unfair consideration on acquisition, auction, negotiation and etc.

6.1.2 Honoring and regarding as traders/sellers is an external resources that help supporting the exiting of business. They are not commercial enemies or underlings but they are our partners. The acquisition should be based on business improvement for the equal return of both traders/sellers and the company. The employee should not only think of interests of the company without limit and ignore the existence of the traders/sellers both in long-term and short-term.

6.1.3 Giving accurate and direct information based on honesty of traders/sellers. Do not deceive traders/sellers to make a decision hastily with misunderstanding or receive a correct information but incomplete information.

6.1.4 Avoiding receiving any gift, reward, private party invitation from traders/sellers including the invitation for observe activities that traders/sellers offer to pay for related expenses or supporting payment from traders/sellers for internal activities to avoid scandal that may occurs and prevent propensity to help any party in return later. Accepting an invitation for acknowledgement purpose from traders/sellers after acquisition is discretion of high executives only who not related to the acquisition or managing director depending on circumstances. Accepting a lunch or dinner invitation for a purpose of exchanging knowledge or negotiation in casual environment can be done occasionally and should take turns paying for expenses.

6.1.5 Remember that do not let traders/sellers assume any expense which is a part of acquisition especially in the period of quality specification, negotiation or making a decision for acquisition. The expenses in a trip for verifying source of production, distribution system, quality system, commercial sample and etc. are regard as expenses assumed by acquisition party

6.1.6 Visiting the places of traders/sellers should be informed the business purpose to traders/sellers in advance and appoint the date and time of visiting obviously. The employee should disturb time of traders/sellers at least at you can and do not try to be a regular visitor without necessity on business.

6.1.7 Do not desire or ask for personal or collective interests in return in any occasion. The New Year gifts that may be accepted as a matter of courtesy should not be special or higher value than other gifts that traders/sellers use to prepared for other customers. Do not receive money or bribe in any occasion.

6.1.8 Do not contact with traders/sellers as follows:

- (1) Desire sort-term interests more than long-term interests
- (2) Negative attitude on free trade system and monopoly and against competition
- (3) Making secret settlement on bidding to get interests with other traders/sellers by not trying to compete
- (4) Do not care for economizing expenses or keeping benefits for customers
- (5) Offering personal interests to employee or executives of the company
- (6) Has an experience on defaming trading competitors
- (7) Dishonest or conceal information or unfaithful

6.2 Acquisition

6.2.1 Receiving commercial examples for tests will be limited in time and return the examples to traders/sellers immediately on due date. Testing the examples should be done carefully with purpose of testing and record information about quality and efficiency. The recorded information will be used as evidence for referring in making a decision. Do not borrow product or equipment of traders/sellers to use with other purpose apart from mentioned reasons.

6.2.2 Do not invite traders/sellers to proposition or bidding without truly desire for acquisition or intend to do not make an acquisition with those traders/sellers. Employee should invite only qualified traders/sellers who have an ability to compete with intention. Employee should not invite traders/sellers to bidding only for a purpose that to use them as a tool for setting conditions to bargain with other traders/sellers. If employee wants to know only prices for estimating the expense or setting a budget, the employee has to inform the traders/sellers clearly in advance.

6.2.3 Giving an accurate information such as rules, chance, timing, content and numerical data to traders/sellers. Treating them equally. If one of traders/sellers ask for more information and then get what he/she asked, the additional information should be given to other traders/sellers too. If one of traders/sellers ask for delay the due date for sending bidding documents and is allowed then the other traders/sellers should be informed new due date too.

6.2.4 Keeping information received from bidders or other attendees as a secret and do not disclose the numeral data or technical information received from a bidder to other bidders for personal interests which may be a short-term interests but losing trust from all traders/sellers. Aware of someone acting like an agent, do not answer them any question both in direct and indirect ways that might lead to information leak.

6.2.5 Do not seizing an opportunity for personal interests or punish traders/sellers with minor unintentional mistake. If employee finds that the prices offered by traders/sellers are lower than normal prices, there should be an investigation on information and ask for confirmation from trader/sellers that they want to confirm the prices or not. Do not disclose any advantage/disadvantage information of the bidder to other bidders.

6.2.6 Operating an acquisition transparently, fairly and honestly without any improperly influence

6.3 Negotiation

6.3.1 Doing negotiation base on business relationship with the purpose of trying to help solve problem and find a resolution or conclusion which is acceptable for both sides. Do not negotiate in fraud way or force. Do not negotiate without proper reason and principle.

6.3.2 Do not negotiate alone without any record for an evidence to avoid the scandal. The company representatives for a negotiation should not less than 2 persons no matter it is a casual or formal negotiation. If it's no necessary, employee should avoid making negotiation by a call. After the negotiation, there should be conclusion in writing and signing for evidence by every party in negotiation.

6.4 Conflicting Interest Disclosure

The authorities who can make a decision on acquisition and related person have to reveal all information about business or personal interests related to the decision on acquisition to the company without asking. The authorities have to disclose matters such as shares holding or any returns from businesses traded products or services to the company both in direct and indirect ways. They have to inform if they have relatives working, being a shareholder or has a position in that businesses.

7. Policies Related to Financial and Accounting Transaction

7.1 Accuracy of Entry

Business entry of ESRE is important for making reliable, reasonable and accurate financial and accounting reports in time to provide to the executives, shareholders, investors, state agencies and related persons. It is important that personnel in every position have to follow the procedures of financial and accounting control and internal control system together with regulations on finance and accountancy of the company.

Every business entries of ESRE must be accurate, complete and accountable without any restriction or exception. Entering accounting transaction or business entry must regard to the truth without distorting or false entry.

Personnel in every position have to operate business entry according with regulations and other conditions of ESRE together with evidenced document of business entry added completely. Personnel have to give proper and sufficiently information in time then the related employees who are responsible for making the entries and evaluating financial and accounting reports can record and enter the financial and accounting entries on accounting system of ESRE accurately and completely.

7.2 Accounting and Financial Reports

Employees who are responsible for making entry, evaluation and information protecting and/or every accounting and financial entries of the company should keep in mind that ESRE has place importance on accuracy of the entries. The accounting and financial entries of the company will be made with appropriate accounting policies according to the accepted accounting principles. There will be sufficiently information disclosing according to the financial and accounting regulations of ESRE.

Every employee must not distort the information or making false information no matter it is information about business entries related to accounting and financial or operating entries. Every employee should remember that the accuracy of accounting and financial entries is a mutual responsibility of the board of the company, executives, employees who are responsible for accounting and finance and employees who are responsible for operation, preparation and/or giving business entry information.

7.3 Legality

Personnel in every position must follow the regulations and conditions according to related laws both in Thailand and overseas for accurate and complete making of accounting and financial entries of the company as same as performing in other duties. Every employee must consist of honesty without bias and must be faithful in recording information. The honesty includes that the employee must not associate with any illegal or unmoral activities. Therefore, ESRE do not allow to enter false information or any information that might intentionally cause a misunderstanding

8. Policies Related to Public Activity Support

8.1 Social and Community Support

ESRE regards that it is a duty and principle to place importance on activities for:

8.1.1 Improving social, communities and environments and aiming at creating and preserving good natural resources

8.1.2 Supporting education for youth

8.1.3 Supporting activities for public benefits to underprivileged or remote communities to become strong communities, create self-sufficiency under the subsistence economy by improving people's skill and develop their occupations

8.1.4 ESRE will support activities in areas where ESRE is operating businesses

8.2 Supporting Democracy System

8.2.1 ESRE adheres to democracy system and encourages our employees to go to the polls for elections according to the constitution

8.2.2 ESRE do not has policy related to financial support to politicians or any party for their benefits both direct and indirect ways

8.3 Government Service Support

ESRE will support businesses in government sector that support benefits of public with regard to the areas where ESRE is operating businesses.

9. Policies Related to Gift, Asset or any Interests

9.1 Personnel of ESRE can receive assets or any interests from persons as follows:

- (1) Deserved assets or any interests according to the laws or regulations settled by virtue of the provision
- (2) Moralisch assets or any interests
 - (a) Receiving from relatives as a gift according to their status
 - (b) Receiving from others with worth up to 3,000 baht
 - (c) Receiving from others in the manner of general gift

9.2 In case that employee receive assets or interests from overseas which giver did not specified it as personal gift or worth more than 3,000 baht no matter it is specified as personal gift or not, but employee has to receive for keeping goodwill, friendship or relationship with the giver

(1) The receiver has to report his/her head immediately and if the receiver is an executive or a member of the board then the receiver has to report to the board of ESRE

(2) If directors or board of ESRE have an opinion that there's no reason to allow receiver accept the asset or interest for his/her personal benefit then the receiver has to pass it to directors as an asset of ESRE immediately then the directors have to inform to managing director office for an evidence of ESRE.

9.3 Receiving assets or other interests against the morality according to the item 9.1 (2), if receiver inescapable accepted it for keeping good friendship, relationship or goodwill with the giver

(1) Receiver must inform the information to managing director immediately for consideration and if receiver is an executive or a member of the board, receiver should inform to the board of ESRE

(2) If managing director or the board of ESRE directs that receiver should not accept it, the receiver should return it to giver immediately. If the receiver cannot return it to the giver, the receiver must pass it to ESRE urgently then send a report to managing director office as evidence

9.4 Personnel in every position and/or families don't be allowed to ask for gift, asset or other interest from contractors, traders/sellers or person related the businesses of ESRE in any case

9.5 ESRE do not support contractors, traders/sellers, investors or person who related to businesses of ESRE to give gift, asset or other interest to our employees in every level and/or their families which may affect to the partial decision in work or lead to discomfort or conflicting interest. But giving petty gift related to the businesses of ESRE or in important festivals according to the tradition, it would be regarding to discretion. If it's not sure, employee can ask their heads.

9.6 Gifts given to ESRE and deserve to be commemorable for special events of ESRE such as signing in a share investment agreement. ESRE allows personnel in every position can receive the gift for ESRE then receiver should report the information about receiving as well as stowage to the managing director office as an evidence of ESRE.

9.7 In the other hand, ESRE will use discretion accurately for giving gifts, assets or other interests to someone regarding the appropriation and do not against to tradition or laws of Thailand or areas where ESRE operates businesses.

9.8 ESRE will regularly remind employees to report matters about receiving gifts, assets, or other interests. ESRE has informed this policy to contractors, traders/sellers, investors or persons related to ESRE's businesses too.

9.9 Definition

(1) "Other interest" means valued thing such as discount, entertainment, services, training or other same thing

(2) "Receiving asset or other interest with morality" means receiving asset or other interest from relatives or other persons in any occasion according to the tradition or culture or something given as a matter of courtesy.

(3) "Relatives" means parents, children, brother and sister of full blood, uncle, aunt, spouse, adopted children or parent of adopted children

10. Policies Related to Secrets of Eastern Star Real Estate Pcl.

10.1 The board, managing department, employees and associated workers will have a chance to deal with secret information and/or trading secrets of the company sometimes which can't reveal to outsiders such as secrets related to land information, blue print, map, numeral data and etc. which regard as copyright of ESRE. Protecting this kind of information is important to the future success of ESRE very much and important to personnel's positions too.

The board, managing department, employees and associated workers are responsible for accepting legal obligation and code of conduct that they can't disclose the secret information and document or trading secret after they quit a job.

10.2 Secret Levels of Information

Secret information which is internal information of ESRE must be kept and protected from leaking outside the company. The secret information could be divided in to many levels according to the achievement arranged from smallest to biggest such as information that can be revealed, concealed information, secret information and top secret information.

Using internal information together must be within the confines of duties and responsibilities.

10.3 Giving Information to Outsiders

All information revealed to the public must be approved by managing director. The managing director will respond by himself/herself or assign someone to respond.

Information related to other investors must be approved by the investors too.

Central sectors will give information to public such as managing director office and financial department.

Unit owned the information is responsible to give any details and links the information with managing directors and financial department before the information is revealed.

10.4 Giving an Opinion to Outsiders

Do not reveal or give an opinion to outsiders. If outsiders ask for your opinion, please ask yourself first that are you responsible for answer that question. If the answer is no, you should politely refuse to answer them and suggest them to ask managing director office directly.

11. Stockbrokerage Policies

11.1 The board of the company and specified management sector are responsible for reporting their property holding according to the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

11.2 Using Internal Information

ESRE is a listed company on the Stock Exchange of Thailand and must operate the businesses impartially and fairly for every shareholder. To prevent an action against the laws, all employees of ESRE and their families who acknowledge internal information which not revealed to the public yet are not allowed to trade the shares or persuade others to buy or sell or offer for buy or sale the shares of ESRE no matter doing by themselves or brokers while they have unrevealed information in their hands. ESRE and the Stock Exchange of Thailand regard those actions as a stockbrokerage for speculating profit or creating advantage to a party

11.3 Prevention Steps

For well-behaved operating according to the policies, ESRE will work as follows:

11.3.1 Limit the unrevealed information access only for related persons

11.3.2 Setting a security system in work space to protect secret information and files

11.3.3 It's a responsibility of unrevealed information owner to reiterate related persons to follow the security procedures strictly

11.4 Punishment for Internal Information Use

The offender will be punished according to disciplines and/or laws

12. Policies related to Sanitation, Safety and Environment

12.1 Personnel in every position must be concentrated and have good conscious and be responsible for ESRE to work for reaching achievement under the policies related to sanitation, safety and environment of ESRE. Employees have to consist with and follow these policies strictly according to policies, regulation, rules, conditions and guideline for a

sustainable development and improving in overall performance on sanitation, safety and environment and being good corporate culture forever.

ESRE will do everything as a good corporation to assure that there won't be any effect on sanitation, safety and environment to employees and assets of ESRE, contractors, public and related ecology.

12.2 To achieve the intention as mentioned in item 12.1, ESRE will operate as follows:

12.2.1 Encourage executives to place an importance on operation according to sanitation, safety and environment rules

12.2.2 Encourage activities and operation of ESRE to be in line with sanitation, safety and environment regulations and laws or be higher standard

12.2.3 Drive for survey, analysis and control any hazard that might occur from activities of the company by coordinating with sanitation, safety and environment system

12.2.4 Encourage employees of ESRE to be trained and improved their conscious on sanitation, safety and environment

12.2.5 Building safe environment in operation as well as support safely operating and encourage employees to take a part in prevention and reporting an accident, incident, working environment and insecure situation

12.2.6 Prevent any diseases from working and encourage all employees to be healthy

12.2.7 Improve overall performance in sanitation, safety and environment continuously by learning from faults in operation, investigating in an accident, incident, analyzing for real cause and solving the problems

12.2.8 Aiming for sustainable development of ESRE activities by trying to use natural resources and minimize waste production

12.2.9 Selecting partners and investors who consist with sanitation, safety and environment principles in line with ESRE

12.2.10 Spreading information related to goals and overall performance on sanitation, safety and environment to the public

Financial and Overall Operation Analysis and explanation

Overall operation

For the year ended 31 December 2017, the company and its subsidiaries earned net profit after tax of 404.74 million baht, year's profit was increased 204.56 million baht or 102.19% from 2016 which earned net profit after tax of 200.18 million baht which resulting from reason as follow:

- In 2017, the company and its subsidiaries earned gross profit of 773.52 million baht or 30.74% of total revenues from real estate sales increasing 686.44 million baht or 37.52% from 2016. The revenues from rental and services increase 0.09 million baht or 1.13% from 2016 because the group of companies' operating revenues comes from the ownership transferences of condominiums and housing projects in Bangkok and Rayong. In 2017, the company has more condominiums in Bangkok which are completed and ready for transferring in March 2017 resulting in increase of revenue recognition higher than 2016.
- A subsidiary of the company transferred all of its businesses to the company including assets and liabilities with employees as existed on 1 February 2017. The company has proceeded legal acts related to ownership transferences of the subsidiary's real estates and assets after the subsidiary was closed down. Therefore, the company got loss from the investment in the subsidiary and can manage the loss amount of 532.21 million baht to be a tax expense resulting to earnings from income tax at amount of 37.03 million baht which increased the net profit of the company.
- The selling expense increased 60.10 million baht or 47.60% from 2016 mostly resulting from increasing in ownership transference fee, special business tax and commission which fluctuated by the income from ownership transference. The administrative expense increased 44.34 million baht or 22.09% from 2016 which mostly are the expenses occurred from the company's employees and increasing outsourcing to prepare for business's expansion and increasing service employment and operation.
- The company has evaluated the new lands and found that the new lands' values was increasing from the last year. At present, some lands owned by the company have 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 that the company reversed the impairment of those lands that used to be recorded as expenses resulting in profit of 0.65 million baht from impairment loss reversal in 2017.
- In 2016, a subsidiary of the company has demolished building to develop new project in future causing the company got loss of 37.14 million baht from asset retirement and the new project is ongoing in 2017.

As of 31 December 2017, the company has remaining short-term loan of 687.75 million baht and long-term loan according to bank credit contract which not withdraw yet at amount of 860 million baht. In 2017, the company has debt to equity ratio of 0.21 times.

Revenues from sales and services

At present the company and its subsidiaries earned the revenues from three businesses which are real estate for sale, real estate for rent and golf course with the total revenues of 2,596.61 million baht increased by 687.34 million baht or 36% from 2016. The revenues from 3 businesses are summed up as follows:

- In 2017, the revenue from for-sale real estate development business was 2,516.03 million baht or 96.90% of the total revenues from real estate sales, rental and services which increased by 686.44 million baht or 37.52% from 2016, mostly come from revenue recognition of sales of land with house and condominiums. In 2017, there were more ownership transferences than 2016 leading to rising revenues. The revenue recognitions from ownership transference for projects in Bangkok and Rayong are as follows:

Summary of sales	2017 (million baht)			2016 (million baht)		
	Bangkok	Rayong	Total	Bangkok	Rayong	Total
Revenues from land with house sales	38.00	162.22	200.22	39.00	114.54	153.54
Revenues from condominium sales	2,315.81	-	2,315.81	1,676.05	-	1,676.05
Total revenues	2,353.81	162.22	2,516.03	1,715.05	114.54	1,829.59

- In 2017, the revenue from rental real estate business was 32.08 million baht or 1.23% of the total revenues from real estate sales, rental and services which increased by 1.36 million baht or 4.42% from 2016 because there were more short-term customer buying services while long-term customers in rental businesses are still the same group.

- In 2017, the revenue from golf course was 48.50 million baht or 1.87% of the total revenues from real estate sales, rental and services which decreasing 0.46 million baht or 0.94% from 2016 because there were less customers in golf course leading to decreasing revenues from food and beverage bills.

Cost of sales and services

In 2017, the company and its subsidiaries had costs of real estate sales and rental at 1,823.09 million baht which increased by 490.33 million baht or 26.90% from 2016. The costs of sales and services in 2017 are composed of:

- The costs of land with house and condominium sales were 1,765.55 million baht or 96.84% of the joint cost, increased by 488.93 million baht or 38.30% from 2016 which can be fluctuated according to increasing sales.
- The cost of real estate rental business was 23.08 million baht or 1.27% of the joint cost, increasing 3.18 million baht or 0.17% because in 2017 there were costs of depreciation added from real estate investment for investing purpose and costs added from house and apartment renovations for rental businesses and increasing costs of utilities.
- The cost of golf course business was 34.46 million baht or 1.89% of joint cost, decreasing 1.78 million baht or 0.10% resulting from decreasing customers leading to decreasing costs of food and beverage and decreasing maintenance cost for the golf course.

Other incomes

In 2017, there were other incomes of 26.68 million baht decreasing 1.53 million baht or 5.42% from 2016 mostly came from decreasing revenue from service charges.

Distribution expense

In 2017, the distribution expense was 186.35 million baht increasing 60.10 million baht or 47.60% from 2016 which fluctuated by increasing revenue from sales. It causes increasing in brokerage, transference fee, special business tax and project promotion cost to stimulus the sales.

Administrative expense

In 2017, the administrative expense was 245.08 million baht increasing 44.34 million baht or 22.09% from 2016 mostly come from increasing expenses related to employee, recruitment to prepare for business's expansion and payment for juristic person administration of condominiums and common expense that paid to condominium's juristic persons for the units that not transfer the ownership yet.

Reversal of impairment loss of assets

In 2017 and 2016, 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 2017 was higher than current book value, so the company reversed the impairment loss of assets that used to recognize the loss of 0.65 million baht, reversed the impairment loss of assets of 30.16 million baht in 2016.

Loss from Asset Retirement

In 2017, the company has no loss from asset retirement. In 2016, one of the company's subsidiaries has demolished building to develop the land for new project to increase the revenue resulting in loss from asset retirement of 37.14 million baht added.

Financial expenses

In 2017, the interest expenses were 1.71 million baht decreasing 6.85 million baht or 80.02% from 2016. The company took on loan from commercial bank to use in the company's operating. In 2017, the company paid back the loan completely. In 2016, the company has completed condominium project and was paying back for loan therefore, mostly interest expense was recorded as financial expense.

Income tax expenses

In 2017, the company earned profit before tax 367.71 million baht increasing 105.52 million baht or 40.25% from 2016. The company earned accounting profit but in taxation the company has loss from using loss from investment fund after owned all businesses of a subsidiary resulting to income tax income at 37.03 million baht. In 2016, the company has income tax expense of 62.01 million baht.

Net gain (loss)

In 2017, the company and its subsidiaries earned net profit of 404.62 million baht increasing 204.44 million baht or 102.12% from 2016 and the reasons are as mentioned above.

b) Financial statement**Components of assets**

As of 31 December 2017, the company and its subsidiaries own a total assets of 5,966.54 million baht increasing 175.47 million baht or 3.03% from the number on 31 December 2016. Mostly of increase results of current asset with a value of 93.17 million baht caused by cash and cash equivalent and temporary investment and increased from non-current asset with a value of 82.30 million baht, caused by deferred income tax asset and other non-current asset resulting to increasing total assets. Details of asset changes are as follows:

- As of 31 December 2017, cash and cash equivalent was 137.77 million baht, increasing 57.67 million baht or 72% from 31 December 2016 because in December 2017 the company earned clients' payment for house and condominium ownership transferences resulting in higher deposit in the end of the year.
- As of 31 December 2017, the temporary investment was 140.57 million baht, increasing 103.11 million baht or 275.25% from 31 December 2016 because in December 2017 the company invested in consolidated fund but in 2016 withdrawal the fund gradually resulting in increasing temporary investment at the end of the year.
- As of 31 December 2017, the cost of real estate development and inventories was 2,728.44 million baht decreasing 21.48 million baht or 0.78% from 31 December 2016 because in 2017 there were ownership transferences in the company's projects to the customers which transferred to cost of sales at amount of 1,768.10 million baht and the that year the company has bought lands and was constructing projects with a value of 1,746.52 million baht resulting to decreasing costs of real estate development and inventories in 2017 which divided into costs of real estate development valued at 2,096.90 million baht, inventories valued at 630.89 million baht and other inventories valued at 0.65 million baht.
- As of 31 December 2017, the prepaid expense for construction was 4.11 million baht decreasing 22.03 million baht or 84.28% from 31 December 2016. The prepaid expense is the expense pay for the company's project contractors and when the company pays for the construction cost in each time those amount of money will be rebated from the payment that was disbursed each time, so when the construction is completed, the prepaid expense for construction will be decreased. In 2017, there's no prepaid expense for construction added but there only be gradually curtail expenditures when the company paid the construction cost.
- As of 31 December 2017, other current assets were 8.66 million baht decreasing 20.36 million baht or 70.16% from 31 December 2016 mostly resulting of the categorization of deposit income tax that waiting for refund from non-current assets.
- As of 31 December 2017, the real estate for investment purpose-net was 1,150.52 million baht decreasing 147.80 million baht or 11.38% from 31 December 2016 because in 2017 the company decided to change the purpose of lands from rental land to land for development therefore the company canceled land leasing in some areas. Then the land was changed to be land waiting for development.

- As of 31 December 2017, the deferred income tax asset was 51.97 million baht increasing 36.69 million baht or 240.12% from 31 December 2016 because the company gained loss in taxation after was owned all businesses from a subsidiary therefore, the deferred income tax asset was increased.
- As of 31 December 2017, the land and improving land-net were 1,281.88 million baht increasing 147.33 million baht or 12.99 31% from December 2016 because the company has changed the land's objective then there was a land recategorization from real estate for investment to be real estate waiting for development.
- As of 31 December 2017, the other non-current assets was 56.13 million baht increasing 45.38 million baht or 422.53 from 31 December 2016 mostly resulting from prepaid income tax that the company was deducted tax from ownership transference in 2017 and from categorization of prepaid income tax waiting to be returned as non-current assets.

Components of liability and shareholders' equity

As of 31 December 2017, the company and subsidiaries had a total liability of 1,035.91 million baht, decreasing 28.30 million baht or 2.66 from 31 December 2016 mostly resulting from current liabilities decreased by 3.84 million baht and non-current liabilities decreased by 24.45 million baht and marginal money of constructions. Details of changes in liability of the company and subsidiaries are as follows:

- As of 31 December 2017, the short-term loans from financial institution were 687.75 million baht, increasing 536.75 million baht or 355.46% from December 2016. The company took on loan for buy some lands for development projects.
- As of 31 December 2017, the trade account payable and other payables were 61.68 million baht, decreasing 32.27 million baht or 34.35% from 31 December 2016 because the condominium constructions were completed in the end of 2017. In the end of 2016, the condominium's constructions were speeded up so there were many contractors asked for construction costs at the end of the year.
- As of 31 December 2017, the long-term loans that have due date in 1 year were decreased all amount of 210 million baht from 31 December 2016 or 100%. In 2017, the company paid back for all the loans completely in Thailand.
- As of 31 December 2017, the prepaid income from clients was 64.84 million baht, decreasing 341.63 million baht or 84.05% from 31 December 2016 resulting of recording the prepaid income from clients as real estate sales income from condominium and land with house ownership transference in 2017 then prepaid income from clients was decreased from 2016.
- As of 31 December 2017, the accrued income tax was decreased all of 3.14 million baht from 31 December 2016 or 100%. In 2017, the company paid all accrued income tax since 2016.
- As of 31 December 2017, the accrued expense was 57.76 million baht increasing 28.02 million baht or 94.22% from 31 December 2016 mostly resulting from liabilities estimation for maintenances of house guarantee and accrued bonus for the year 2017.

- As of 31 December 2017, other current liabilities were 48.15 million baht increasing 18.42 million baht or 61.96% from 31 December 2016 as the result of refunding retention money to contractors at the due date according to the contract.
- As of 31 December 2017, the retention for constructions was 75.93 million baht decreasing 28.68 million baht or 27.42% from 31 December 2016 because in 2017 there were retention money that has to refund to contractors in 1 year according to the contract so this is considered as other current liabilities.

As of 31 December 2017, the company and its subsidiaries had shareholders' equity of 4,930.63 million baht, increasing 203.78 million baht or 4.31% from 31 December 2016. The company earned gross profit of 404.74 million baht and the reserve according to the law was 58.94 million baht, increased by 20.41 million baht and non-appropriated retained earnings was 88.28 million baht, increased by 184.67 million baht from 31 December 2016. The company divided bonus from its 2016-operation at amount of 200.84 million baht and the non-controlling shareholders' equity was decreased by 1.30 million baht.

c) Liquidity

Cash flow

In 2017, the company and its subsidiaries had cash and cash equivalent of 57.68 million baht which generated from operation, investment and financing, increased by 43.15 million baht from 2016. Details are as follows:

- Net cash flow in operation in 2017, there was cash flow from operation 478.28 million baht, increasing 28.82 million baht from 2016 resulting from the company earned profits from operation as cash income more than in 2016 at amount of 582.21 million baht. The company earned profits from operation by selling houses and condominium units therefore the costs of real estate development and inventories were decreased. The liabilities didn't make a significant change. The company paid income tax of 30.85 million baht decreased by 42 million baht from 2016 and paid for interests at amount of 18.32 million baht decreased by 1.73 million baht from 2016 causing more net cash flow in operation.
- Net cash flow from investment in 2017, there was investing cash flow of 548.06 million baht investing cash flow in 2016 was 35.54 million baht resulting from the company bought unit trusts-net at a value of 102.59 million baht and bought real estate for investment, building, equipment, intangible Assets, lands and lands waiting for development which costs of 445.75 million baht. In 2016, the company bought those assets at amount of 30.68 million baht. The sum up of income (disbursed) in investment in 2017 and 2016 are as follows:

(unit : million baht)

Investment activities	2017	2016
Net unit trust purchase- distribution	(102.59)	(7.86)
Buy real estates for investment purpose	(46.57)	(12.40)
Buy buildings, equipment and intangible assets	(13.78)	(18.19)
Buy land and land improvement	(385.40)	(0.09)
Cash receipts from selling real estates for investment purpose and lands for development	0.01	0.23
Cash receipts from selling equipment	0.27	2.77
Net current cash flow gain (disbursed)	(548.06)	(35.54)

- Net cash flow (disbursed) from financing activities in 2017, there was cash flow in financing activities at amount of 127.46 million baht increasing 526.84 million baht from 2016. In 2017, the company earned income from loan more than paying back. The company withdraws both short-term and long-term loans at amount of 1,172.70 million baht and 740.00 million baht consecutively then the company paid back for short-term and long-term loans at amount of 1,585.95 million baht. The loans were used for condominium construction in Bangkok and paid the dividend at amount of 199.29 million baht. While in 2016 the company paid back the loans more that withdraw it at amount of 273.97 million baht and paid for dividend of 125.41 million baht therefore the net cash flow from financing activities in 2017 is higher than 2016.

Liquidity ratio

The liquidity ratio as of 31 December 2017 was 3.29 times, increasing 0.12 times from 31 December 2016. The company and its subsidiaries had current assets of 3,023.36 million baht and the current liability of 920.18 million baht. The company's liquidity is in good condition.

As of 31 December 2017, the current assets increased by 93.17 million baht from 31 December 2016 and the current liabilities decreased by 3.85 million baht from 31 December 2016 resulting from cash and cash equivalent of 137.77 million baht at the end of 2017 and the temporary investment of 140.57 million baht which are assets that can turn into cash quickly 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 456.04 times comparing with in 2016 that was 242.47 times. This is show that in 2017 the company can collect money from customers quickly and has a good debtors management while the current ratio of inventories was 0.67 times with a sale period of 541 days comparing with the year 2016 which current ratio of inventories was 0.44 times with a sale period of 809 days. This is show that the company can sell products quicker than in 2016 resulting to cash and cash equivalent of 57.68 million baht in 2017 and 14.53 million baht in 2016.

Profitability Ratios

In 2017, the company has gross profit of 773.52 million baht or 29.79% of net sale value mostly comes from real estate development business that earned more incomes therefore, the gross profit was increased by 197.01 million baht and 576.51 million baht or 30.20% of net sale value in 2016. In the year, the company was owned all businesses from a subsidiary as mentioned above in Overall Operation subject then the company turn loss into income tax expense leading to gross profit of 404.74 million baht or 15.59% in 2016 and 10.48% in 2017 which cause a better profit ratio.

Capital structure

Debt to Equity ratio as of 31 December 2017 was 0.21 times, decreased by 0.02 times from 2016. The company has a total of liabilities of 1,035.91 million baht mostly was short-term loans which value at 687.75 million baht and the company can pay for interests 20.16 times while in 2016 was 3.72 times because in 2017 the company paid loan completely and can paid for obligation normally.

Payment for Auditors

The company and subsidiaries pay audit fee and non-audit fee to EY Co., Ltd. (old name: Ernst & Young Co., Ltd.) for fiscal year 2017 as follows:

Company	audit fee	non-audit fee
Eastern Star Real Estate Pcl.	1,200,000 baht	39,358 baht
Eastern Star Resort Co., Ltd.	200,000 baht	12,878 baht
Eastern Star Laisun New World Co., Ltd.	30,000 baht	-
Total	1,430,000 baht	52,236 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 2017.

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 2017, 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 2017, 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.

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 4.1 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 4.8 and Note 13 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:

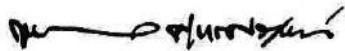
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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: 23 February 2018

Statement of financial position

Eastern Star Real Estate Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	137,769,753	80,100,039	131,237,541	60,793,207
Current investments	8	140,566,231	37,456,934	140,566,231	25,057,832
Trade and other receivables	9	3,810,565	7,554,533	9,611,972	8,279,753
Real estate development costs and inventories	10	2,728,441,814	2,749,915,067	2,726,983,285	2,750,190,034
Advance for construction work		4,111,284	26,136,525	4,111,284	26,136,525
Other current assets		8,655,680	29,020,345	7,361,572	46,607,548
Total current assets		3,023,355,327	2,930,183,443	3,019,871,885	2,917,064,899
Non-current assets					
Finance lease contract receivables	11.1	30,942,112	32,586,751	30,942,112	32,586,751
Loans to subsidiary		-	-	20,000,000	-
Investments in subsidiaries	12	-	-	498,400,592	911,921,450
Investment properties	13	1,150,524,743	1,298,319,145	1,192,512,942	952,382,569
Property, plant and equipment	14	367,983,805	367,981,662	94,983,999	90,770,086
Intangible assets	15	3,763,722	1,417,092	3,482,264	1,313,650
Deferred tax assets	25	51,974,077	15,277,603	51,013,278	14,562,723
Land and improvement awaiting development	16	1,281,878,477	1,134,553,821	1,132,312,170	984,987,515
Other non-current assets		56,119,754	10,744,968	51,918,093	3,975,047
Total non-current assets		2,943,186,690	2,860,881,042	3,075,565,450	2,992,499,791
Total assets		5,966,542,017	5,791,064,485	6,095,437,335	5,909,564,690

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

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 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	687,749,502	151,000,000	687,749,502	151,000,000
Trade and other payables	18	61,679,183	93,948,532	60,557,782	91,142,896
Current portion of long-term loans	19	-	210,000,000	-	210,000,000
Advance received from customers		64,842,588	406,472,209	62,098,223	403,336,834
Income tax payable		-	3,144,876	-	3,144,876
Accrued expenses		57,762,486	29,735,489	56,378,621	25,851,550
Other current liabilities	20	48,151,482	29,732,045	47,232,551	23,899,037
Total current liabilities		920,185,241	924,033,151	914,016,679	908,375,193
Non-current liabilities					
Provision for long-term employee benefits	21	20,100,460	16,828,099	15,296,465	13,253,699
Retention guarantees		75,931,950	104,611,267	75,931,950	104,611,267
Advance received from land lease	11.2	4,827,291	5,153,691	4,827,291	5,153,691
Deferred tax liabilities	25	6,188,422	6,517,350	6,188,422	6,517,350
Other non-current liabilities		8,678,269	7,066,642	8,557,680	6,864,454
Total non-current liabilities		115,726,392	140,177,049	110,801,808	136,400,461
Total liabilities		1,035,911,633	1,064,210,200	1,024,818,487	1,044,775,654

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
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	22	978,875	978,875	978,875	978,875
Retained earnings					
Appropriated - statutory reserve	23	58,935,397	38,529,204	58,935,397	38,529,204
Unappropriated (deficits)		88,284,458	(96,391,125)	417,723,277	232,299,658
Other components of shareholders' equity		74,131,479	74,131,479	-	-
Total shareholders' equity		4,815,311,508	4,610,229,732	5,070,618,848	4,864,789,036
Non-controlling interest of the subsidiaries		115,318,876	116,624,553	-	-
Total shareholders' equity		4,930,630,384	4,726,854,285	5,070,618,848	4,864,789,036
Total liabilities and shareholders' equity		5,966,542,017	5,791,064,485	6,095,437,335	5,909,564,690

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Revenue from sales of real estate		2,516,029,464	1,829,587,803	2,516,029,464	1,829,587,803
Revenue from rental and services		80,578,273	79,677,501	29,265,194	1,719,000
Other income		26,684,277	28,208,803	32,745,004	35,086,270
Total revenues		2,623,292,014	1,937,474,107	2,578,039,662	1,866,393,073
Expenses					
Cost of real estate sold		1,765,549,562	1,276,615,945	1,767,088,709	1,277,655,933
Cost of rental and services		57,545,107	56,141,560	22,611,667	-
Selling expenses		186,348,593	126,250,821	184,600,247	120,587,877
Administrative expenses		245,075,270	200,743,001	222,699,614	173,381,429
Loss on diminution in value of assets		-	-	11,053,057	27,862,285
Reversal of loss on diminution in value of assets	12, 13, 16	(647,745)	(30,161,307)	(647,745)	(20,241,723)
Loss from written off of assets		-	37,137,136	-	-
Total expenses		2,253,870,787	1,666,727,156	2,207,405,549	1,579,245,801
Profit before finance cost and income tax expenses		369,421,227	270,746,951	370,634,113	287,147,272
Finance costs		(1,706,530)	(8,560,508)	(1,706,530)	(8,560,508)
Profit before income tax expenses		367,714,697	262,186,443	368,927,583	278,586,764
Income tax expenses	25	37,025,390	(62,011,356)	36,996,820	(62,155,374)
Profit for the year		404,740,087	200,175,087	405,924,403	216,431,390
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		404,616,222	200,175,087	406,669,935	216,431,390
Profit attributable to:					
Equity holders of the Company		406,045,764	202,494,669	405,924,403	216,431,390
Non-controlling interests of the subsidiaries		(1,305,677)	(2,319,582)	-	-
		404,740,087	200,175,087	405,924,403	216,431,390

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 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Total comprehensive income attributable to:					
Equity holders of the Company		405,921,899	202,494,669	406,669,935	216,431,390
Non-controlling interests of the subsidiaries		(1,305,677)	(2,319,582)	-	-
		<u>404,616,222</u>	<u>200,175,087</u>	<u>406,669,935</u>	<u>216,431,390</u>
Earnings per share	26				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.081	0.040	0.081	0.043

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

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

Statement of changes in shareholders' equity

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2017

	Consolidated financial statements										(Unit: Baht)
	Equity attributable to the parent's shareholders										
	Other comprehensive of equity										
	Issued and paid-up share capital	Share discount	Capital reserve for share-based payment transactions	Retained earnings		Surplus from change in the ownership interests in subsidiaries	Total other attributable to owners of the Company	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
				Appropriated	Unappropriated (deficit)						
Balance as at 1 January 2016	5,022,246,185	(429,264,886)	978,875	27,707,634	(162,537,346)	74,131,479	74,131,479	4,533,261,941	118,944,135	4,652,206,076	
Total comprehensive income for the year	-	-	-	-	202,494,669	-	-	202,494,669	(2,319,582)	200,175,087	
Dividend paid (Note 28)	-	-	-	-	(125,526,878)	-	-	(125,526,878)	-	(125,526,878)	
Transfer unappropriated retained earnings to statutory reserve (Note 23)	-	-	-	10,821,570	(10,821,570)	-	-	-	-	-	
Balance as at 31 December 2016	5,022,246,185	(429,264,886)	978,875	38,529,204	(96,391,125)	74,131,479	74,131,479	4,610,229,732	116,624,553	4,726,854,285	
Balance as at 1 January 2017	5,022,246,185	(429,264,886)	978,875	38,529,204	(96,391,125)	74,131,479	74,131,479	4,610,229,732	116,624,553	4,726,854,285	
Profit for the year	-	-	-	-	406,045,764	-	-	406,045,764	(1,305,677)	404,740,087	
Other comprehensive income for the year	-	-	-	-	(123,865)	-	-	(123,865)	-	(123,865)	
Total comprehensive income for the year	-	-	-	-	405,921,899	-	-	405,921,899	(1,305,677)	404,616,222	
Dividend paid (Note 28)	-	-	-	-	(200,840,123)	-	-	(200,840,123)	-	(200,840,123)	
Transfer unappropriated retained earnings to statutory reserve (Note 23)	-	-	-	20,406,193	(20,406,193)	-	-	-	-	-	
Balance as at 31 December 2017	5,022,246,185	(429,264,886)	978,875	58,935,397	88,284,458	74,131,479	74,131,479	4,815,311,508	115,318,876	4,930,630,384	

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

Statement of changes in shareholders' equity (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2017

	Separate financial statements					(Unit: Baht)	
	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 2016	5,022,246,185	(429,264,886)	978,875	27,707,634	152,216,716	4,773,884,524	
Total comprehensive income for the year	-	-	-	-	216,431,390	216,431,390	
Dividend paid (Note 28)	-	-	-	-	(125,526,878)	(125,526,878)	
Transfer unappropriated retained earnings to statutory reserve (Note 23)	-	-	-	10,821,570	(10,821,570)	-	
Balance as at 31 December 2016	5,022,246,185	(429,264,886)	978,875	38,529,204	232,299,658	4,864,789,036	
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 28)	-	-	-	-	(200,840,123)	(200,840,123)	
Transfer unappropriated retained earnings to statutory reserve (Note 23)	-	-	-	20,406,193	(20,406,193)	-	
Balance as at 31 December 2017	5,022,246,185	(429,264,886)	978,875	58,935,397	417,723,277	5,070,618,848	

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 2017

			(Unit: Baht)	
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before income tax expenses	367,714,697	262,186,443	368,927,583	278,586,764
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	1,768,104,809	1,277,655,933	1,768,104,809	1,277,655,933
Reversal of loss on diminution in value of project	(1,016,100)	-	(1,016,100)	-
Reversal of allowance for doubtful accounts	(137,179)	(2,000)	-	-
Depreciation and amortisation	27,801,182	24,705,659	20,328,320	9,235,931
Provision for long-term employee benefits	3,117,530	2,983,151	2,388,005	2,263,064
Recognised income from finance lease	(1,321,761)	(1,326,680)	(1,321,761)	(1,326,680)
Gain on sales of unit trust	(349,482)	(21,510)	(333,919)	(21,510)
Unrealised gain on changes in value of unit trust	(174,014)	(172,091)	(174,014)	(4,890)
Loss on diminution in value of assets	-	-	11,053,057	27,862,285
Reversal of loss on diminution in value of assets	(647,745)	(30,161,307)	(647,745)	(20,241,723)
Loss from written off of assets	-	37,137,136	-	-
Loss (gain) on sales and written off of investment properties	43,345	(198,299)	(1,383)	-
Loss (gain) on disposal and written off of building and equipment	(182,527)	1,099,157	(170,358)	1,079,991
Loss on written off of intangible assets	615	-	615	-
Finance cost	1,706,530	8,560,508	1,706,530	8,560,508
Profit from operating activities before changes in operating assets and liabilities	2,164,659,900	1,582,446,100	2,168,843,639	1,583,649,673
Decrease (increase) in operating assets				
Trade and other receivables	3,881,147	641,459	(507,467)	306,593
Real estate development costs and inventories	(1,278,764,215)	(756,498,943)	(1,277,030,719)	(755,565,118)
Advance for construction work	-	(26,530,800)	-	(26,530,800)
Other current assets	580,427	(2,976,174)	1,041,558	(22,420,258)
Finance lease receivables and advance received from land lease	2,640,000	2,640,000	2,640,000	2,640,000
Other non-current assets	1,881,228	(943,458)	1,569,461	(121,913)
Increase (decrease) in operating liabilities				
Trade and other payables	(45,110,392)	23,077,426	(44,939,703)	22,528,709
Accrued expenses	27,148,798	(12,613,859)	29,648,872	(12,873,552)
Advance received from customers	(341,629,621)	(244,933,822)	(341,238,611)	(246,201,163)
Other current liabilities	18,419,437	(19,810,370)	18,256,707	(20,152,413)
Retention guarantees	(28,679,317)	(484,132)	(28,679,317)	(484,132)
Other non-current liabilities	1,611,627	(3,323,496)	1,693,226	(3,214,721)
Cash flows from operating activities	526,639,019	540,689,931	531,297,646	521,560,905
Cash paid for interest expenses	(18,323,208)	(20,054,356)	(18,323,208)	(20,054,356)
Cash paid for income tax	(30,847,989)	(72,849,088)	(30,722,090)	(71,792,608)
Tax refund	807,571	1,669,643	807,571	-
Net cash flows from operating activities	478,275,393	449,456,130	483,059,919	429,713,941

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Increase in fixed deposits	(465)	(523)	(465)	(523)
Acquisition of unit trust	(275,000,000)	(42,000,000)	(275,000,000)	(42,000,000)
Paid loans to subsidiary	-	-	(5,600,000)	-
Cash receipt from loans to subsidiary	-	-	200,000	-
Cash receipt from the business transfer	-	-	26,578,427	-
Proceed from disposal of building and equipment	265,182	2,768,019	252,706	2,739,252
Proceed from sales of unit trust	172,414,664	34,138,746	160,000,000	34,138,746
Proceed from disposal of investment properties	4,673	232,474	4,673	-
Acquisition of investment properties	(46,570,344)	(12,403,116)	(45,111,782)	(30,000)
Acquisition of building and equipment and intangible assets	-13,779,359	-18,188,559	(12,466,914)	(10,389,209)
Acquisition of land and improvement awaiting development	(385,396,573)	(91,936)	(385,396,573)	(9,860,136)
Repayment to non-controlling interest of the subsidiary	-	-	(3,532,200)	-
Net cash flows used in investing activities	(548,062,222)	(35,544,895)	(540,072,128)	(25,401,870)
Cash flows from financing activities				
Cash receipt from short-term loans	1,172,695,337	345,500,000	1,172,695,337	345,500,000
Repayment of short-term loans	(635,945,835)	(194,500,000)	(635,945,835)	(194,500,000)
Cash receipt from long-term loans	740,000,000	242,900,000	740,000,000	242,900,000
Repayment of long-term loans	(950,000,000)	(667,869,136)	(950,000,000)	(667,869,136)
Dividend paid	(199,292,959)	(125,415,684)	(199,292,959)	(125,415,684)
Net cash flow from (used in) financing activities	127,456,543	(399,384,820)	127,456,543	(399,384,820)
Net increase in cash and cash equivalents	57,669,714	14,526,415	70,444,334	4,927,251
Cash and cash equivalents at beginning of year	80,100,039	65,573,624	60,793,207	55,865,956
Cash and cash equivalents at end of year	137,769,753	80,100,039	131,237,541	60,793,207

Cash flows statement (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Supplemental cash flows information				
Non-cash transactions				
Transfer advance for construction work to real estate				
development costs	22,698,850	24,965,580	22,698,850	24,965,580
Transfer interest expenses to real estate development costs	15,947,713	9,705,801	15,947,713	9,705,801
Transfer real estate to development costs to land				
awaiting development	142,261,326	4,737,858	142,261,326	4,737,858
Transfer real estate development cost to equipment	1,928,068	-	1,928,068	-
Transfer building and equipment to investment properties	953,241	191,998	953,241	-
Transfer building and equipment to other non-current assets	1,607,675	200,000	1,607,675	200,000
Transfer equipment to real estate to development costs	-	5,383	-	5,383
Transfer investment properties to real estate				
development costs	192,764,531	-	192,764,531	-
Transfer investment properties to other non-current assets	16,306	763	16,261	-
Transfer land awaiting development to real estate				
development costs	379,533,241	-	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	200,000	1,607,675	200,000
Transfer equipment to other current assets	-	44,398	-	44,393
Accounts payable for purchase of equipment	6,503,775	303,456	2,887,653	144,561
Accounts payable for purchase of investment properties	6,894,813	254,088	6,894,813	-
Net assets from the business transfer	-	-	405,973,422	-
Dividend payable	1,742,339	111,193	1,742,339	111,193

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

Notes to consolidated financial statements

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2017

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 11 May 2017*)
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 current period, 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 total revenues of Baht 30 million and loss of Baht 3 million of the subsidiary from the transfer date to 31 December 2017 are included in the Company's separate financial statements. The business transfer thus has no effect to the consolidated financial statements.

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 current period, the Company paid for the payable from business transfer and received of the capital return from the liquidation of the subsidiary.

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>2017</u>	<u>2016</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	-	99.13
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 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of 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 management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 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 buyer, whereby construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

b) Rental and services income

Rental of land and units in residential buildings and related services income are recognised on an accrual basis over the period of contract. Other services income is recognized when the services have been rendered.

c) Revenue from financial lease

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

d) Revenue from golf course and sport membership

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

e) Interest income

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

4.2 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.

4.3 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.

4.4 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.

4.5 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.

4.6 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.

4.7 Investments

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

4.8 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.

4.9 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.

4.10 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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4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

5. 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.

6. 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	
	2017	2016	2017	2016
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Income of central service management	-	-	1	2
Other income	-	-	5	6
Purchase of land	-	-	-	10
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 land 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.	Subsidiary company	Direct shareholding and common directors
Related person of Bangkok Broadcasting & Television Co., Ltd.	Related person	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	
	2017	2016	2017	2016
Other receivables (Note 9)				
Subsidiaries	-	-	6,165	1,996
Deposits for land				
A subsidiary	-	-	-	20,000
Loan to subsidiary				
A subsidiary	-	-	20,000	-
Accrued interest income				
A subsidiary	-	-	785	-
Other payables (Note 18)				
Subsidiaries	-	-	710	332
Accrued interest expense				
A subsidiary	-	-	63	63
Retentions				
Related party	1,393	1,393	1,393	1,393
Advance received				
Related parties	1,828	4,446	1,828	4,446

On 9 June 2016, the Company entered into an agreement with a subsidiary to purchase land without structures thereon for a total consideration of Baht 68 million, with a deposit in a certain amount to be paid in installments and the transfer of ownership to make within six months from the date of the agreement. However, the Company and the subsidiary cancelled the agreement to purchase the land on 26 December 2016 and the subsidiary returned the deposit to the Company in full in February 2017.

As at 31 December 2017, loan to subsidiary of Baht 20 million (2016: Nil) 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. However, the Company has no plan to call the loan within one year, and therefore classified it as non-current asset in the financial statements.

As at 31 December 2017 and 2016, the balance of loans between the Company and the subsidiary and the movement are as follow:

(Unit: Thousand Baht)					
	Balance as at 31 December 2016	Increase from business transfer	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Loans to					
Eastern Star Resort Co., Ltd.	-	14,600	5,600	(200)	20,000
	-	14,600	5,600	(200)	20,000

Directors and management's benefits

During the years ended 31 December 2017 and 2016, 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	
	2017	2016	2017	2016
Short-term employee benefits	39,773	31,799	36,421	24,776
Post-employment benefits	6,101	1,982	5,965	1,982
Total	45,874	33,781	42,386	26,758

7. Cash and cash equivalents

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	1,198	1,021	213	203
Bank deposits	136,572	79,079	131,025	60,590
Total	137,770	80,100	131,238	60,793

As at 31 December 2017, 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 1.00% per annum (2016: between 0.10% and 0.875% per annum).

8. Current investments

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	2017		2016	
	Amount	Interest rate	Amount	Interest rate
		(% per annum)		(% per annum)
Fixed deposits 12 months	43	1.10	43	1.10
Investments in unit trust of mutual fund	140,349		37,242	
Add: Unrealised gain on changes in value of unit trust	174		172	
Total	140,566		37,457	

	(Unit: Thousand Baht)			
	Separate financial statements			
	2017		2016	
	Amount	Interest rate	Amount	Interest rate
		(% per annum)		(% per annum)
Fixed deposits 12 months	43	1.10	43	1.10
Investments in unit trust of mutual fund	140,349		25,010	
Add: Unrealised gain on changes in value of unit trust	174		5	
Total	140,566		25,058	

As at 31 December 2017 and 2016, 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.

As at 31 December 2016, a subsidiary has investment in Krungsri Star Plus Fund (KFSPLUS) which is a fixed income fund. The fund focuses on investing in fixed income instruments issued by Bank of Thailand and deposits and fixed income Instruments issued by financial institutions.

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade accounts receivable - third parties</u>				
Not yet due	498	980	454	-
Past due not over 3 months	449	216	214	-
Past due 3 - 6 months	44	45	-	-
Total trade accounts receivable	991	1,241	668	-

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Other receivables</u>				
Other receivables - related parties				
(Note 6)	-	-	6,165	1,996
Other receivables - third parties	985	3,323	905	2,993
Accrued income	9,573	9,760	9,573	9,760
Advanced payment	1,120	2,227	1,080	2,197
Interest receivable	1	1	1	1
Total other receivables	11,679	15,311	17,724	16,947
Less: Allowance for doubtful debts	(8,860)	(8,997)	(8,780)	(8,667)
Total other receivables - net	2,819	6,314	8,944	8,280
Total trade and other receivables - net	3,810	7,555	9,612	8,280

10. Real estate development costs and inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Land	1,506,412	909,291	1,505,602	910,021
Construction under development	1,227,609	1,840,407	1,227,609	1,840,407
Total	2,734,021	2,749,698	2,733,211	2,750,428
Less: Provision for loss on diminution in value of projects	(6,228)	(238)	(6,228)	(238)
Real estate development costs - net	2,727,793	2,749,460	2,726,983	2,750,190
Other inventories	649	455	-	-
Total	2,728,442	2,749,915	2,726,983	2,750,190

The Company has mortgaged certain plots of land and structures thereon with a net book value as at 31 December 2017 of Baht 1,942 million (2016: Baht 1,973 million) as collateral for credit facilities granted by a bank.

During the year ended 31 December 2017, the Company included borrowing costs in the cost of real estate development amounting to Baht 16 million (2016: Baht 10 million).

Additional information of the Company's projects.

	(Unit: Million Baht)	
	Consolidated and separate	
	financial statements	
	2017	2016
Total estimated sales value of projects on hand		
of which contracts have been signed	10,266	12,949
Total value of contracts signed of land and		
structures thereon	7,781	9,319
Percentage of total estimated sales value of projects on	75.79	71.97
hand		
Total value of contracts signed of land and structures		
thereon not yet recognised as revenue	588	2,232

11. 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:-

- 11.1 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 2017

	Less than 1 year	1-5 years	Over 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

(Unit: Thousand Baht)

Consolidated and separate financial statements
as at 31 December 2016

	Less than 1 year	1-5 years	Over 5 years	Total
Original investment in lease agreement	1,743	7,666	24,054	33,463
Unearned financial income	(98)	(338)	(440)	(876)
Present value of the minimum payment debtor has to pay under lease agreement	1,645	7,328	23,614	32,587

11.2 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

	2017	2016
Total minimum amount which the debtor has to pay under the outstanding operating lease		
Within 1 year	987	898
1 - 5 years	3,950	3,949
Over 5 years	11,404	12,391
Total	16,341	17,238
Add: Advance received for land lease (net from recognised income)	4,827	5,154
Land lease income to be recognised in future	21,168	22,392

12. 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)						
Eastern Star Resort Co., Ltd.	500,000	500,000	81.30	81.30	409,374	409,374	(6,974)	-	402,400	409,374
Seastar Properties Co., Ltd.	-	1,150,000	-	99.13	-	934,680	-	(528,133)	-	406,547
Eastern Star-Lai San New World Co., Ltd.	160,000	160,000	60.00	60.00	96,000	96,000	-	-	96,000	96,000
					<u>505,374</u>	<u>1,440,054</u>	<u>(6,974)</u>	<u>(528,133)</u>	<u>498,400</u>	<u>911,921</u>

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 2017, the Company possessed 326 remaining golf-membership rights (2016: 343 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.

13. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Building and		
	Land	improvements	Total
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	<u>930,887</u>	<u>219,638</u>	<u>1,150,525</u>

(Unit: Thousand Baht)

Consolidated financial statements

	Land	Building and improvements	Total
31 December 2016:			
Cost	1,199,157	651,404	1,850,561
Less: Accumulated depreciation	-	(472,429)	(472,429)
Less: Allowance for impairment	(79,813)	-	(79,813)
Net book value	1,119,344	178,975	1,298,319

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and improvements	Total
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
31 December 2016:			
Cost	998,884	-	998,884
Less: Allowance for impairment	(46,501)	-	(46,501)
Net book value	952,383	-	952,383

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	1,298,319	1,304,118	952,383	940,299
Addition - at cost	55,139	12,433	53,814	30
Business transfer – net book value				
At transfer date (Note 1.2)	-	-	389,379	-
Transfer in (out) - net book value at transfer date	(865)	192	(865)	-
Transferred 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	(48)	(37,171)	(4)	-
Reversal of impairment loss	648	27,240	648	12,054
Depreciation	(9,903)	(8,493)	(10,077)	-
Net book value at end of year	1,150,525	1,298,319	1,192,513	952,383

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Land	1,251,138	1,657,186	1,251,138	1,487,566
Building and improvement	235,160	211,120	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 2017, the Company reversed Baht 1 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 building for rent.

In 2016, the Company and its subsidiary reversed Baht 30 million, of the impairment losses previously recognised, recording the reversal in profit or loss in the consolidated financial statements. This reversal was comprised of reversal of impairment of the Company and its subsidiary's land for sale amounting to Baht 12 million, the subsidiary's land on which buildings for rent were located amounting to Baht 15 million, and the Company's land awaiting development amounting to Baht 3 million, as described in Note 16 to the consolidated financial statements.

The Company has mortgaged certain plots of land with a net book value as at 31 December 2017 of Baht 85 million (2016: Baht 204 million) as collateral for credit facilities granted by a bank.

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land and land improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	
<u>Cost</u>								
1 January 2016	156,168	446,037	42,019	16,938	22,364	30,031	2,103	715,660
Additions	-	1,461	3,825	421	1,874	5,353	5,074	18,008
Disposals and written off	-	(18,212)	(1,084)	(4,948)	(3,179)	(7,028)	-	(34,451)
Transfer in (out)	-	273	21	-	(9)	3,974	(4,726)	(467)
31 December 2016	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

(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 2016	737	255,586	36,956	13,776	18,335	16,555	-	341,945
Depreciation for the year	-	7,045	1,997	1,226	1,585	3,900	-	15,753
Accumulated depreciation on disposals and written off	-	(18,185)	(1,030)	(3,878)	(3,109)	(4,382)	-	(30,584)
Accumulated depreciation on transfer out	-	-	(12)	-	(14)	-	-	(26)
31 December 2016	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 out	-	-	-	-	3	-	-	3
31 December 2017	737	251,531	38,700	11,061	17,780	20,126	-	339,935
<u>Allowance for impairment</u>								
1 January 2016	-	3,680	-	-	-	-	-	3,680
31 December 2016	-	3,680	-	-	-	-	-	3,680
31 December 2017	-	3,680	-	-	-	-	-	3,680
<u>Net book value</u>								
31 December 2016	155,431	181,433	6,870	1,287	4,253	16,257	2,451	367,982
31 December 2017	155,431	178,844	5,428	2,599	5,495	14,544	5,643	367,984
Depreciation for the year								
2016 (Baht 3 million included in cost of real estate sold and services, and the balance in administrative expenses)								15,753
2017 (Baht 3 million included in cost of real estate sold and services, and the balance in administrative expenses)								17,090

(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
Cost								
1 January 2016	4,320	122,754	2,547	16,401	14,217	17,483	2,093	179,815
Additions	-	847	329	421	1,543	2,578	4,505	10,223
Disposals and written off	-	(18,210)	(206)	(4,948)	(2,417)	(7,028)	-	(32,809)
Transfer in (out)	-	273	14	-	(26)	3,974	(4,505)	(270)
31 December 2016	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

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land and land improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	
Accumulated depreciation								
1 January 2016	737	48,170	1,787	13,303	11,385	11,017	-	86,399
Depreciation for the year	-	4,202	287	1,226	1,124	1,961	-	8,800
Accumulated depreciation on disposals and written off	-	(18,182)	(192)	(3,878)	(2,356)	(4,382)	-	(28,990)
Accumulated depreciation on transfer out	-	-	-	-	(20)	-	-	(20)
31 December 2016	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 out	-	-	6	-	1,494	-	-	1,500
31 December 2017	737	38,404	3,963	10,588	12,415	11,748	-	77,855
Net book value								
31 December 2016	3,583	71,474	802	1,223	3,184	8,411	2,093	90,770
31 December 2017	3,583	71,114	1,130	2,535	4,743	6,300	5,579	94,984
Depreciation for the year								
2016 (Included in administrative expenses)								8,800
2017 (Included in administrative expenses)								9,610

As at 31 December 2017, 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) (2016: Baht 147 million (Separate financial statements: Baht 33 million)).

The Company has mortgaged certain plots of land and structures thereon with a net book value as at 31 December 2017 of Baht 3 million (2016: Baht 4 million) as collateral for credit facilities granted by a bank.

15. Intangible assets

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Computer software - cost	9,732	6,682	8,694	5,745
Less: Accumulated amortisation	(5,968)	(5,265)	(5,212)	(4,431)
Net book value	<u>3,764</u>	<u>1,417</u>	<u>3,482</u>	<u>1,314</u>

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Net book value at beginning year	1,417	1,332	1,314	1,243
Additions	1,547	345	1,191	307
Business transfer – net book value at transfer date (Note 1.2)	-	-	11	-
Transfer in - net book value at transfer date	1,608	200	1,608	200
Disposal and written off - net book value at disposal and written off date	(1)	-	(1)	-
Amortisation	<u>(807)</u>	<u>(460)</u>	<u>(641)</u>	<u>(436)</u>
Net book value at end of year	<u>3,764</u>	<u>1,417</u>	<u>3,482</u>	<u>1,314</u>

16. Land and improvement awaiting development

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Land	1,245,349	1,122,725	1,095,783	973,159
Development costs	<u>36,529</u>	<u>11,829</u>	<u>36,529</u>	<u>11,829</u>
Total	<u>1,281,878</u>	<u>1,134,554</u>	<u>1,132,312</u>	<u>984,988</u>

A reconciliation of the net book value of land and improvement awaiting development for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	1,134,554	1,126,802	984,988	972,206
Addition - at cost	385,396	92	385,396	9,860
Transfer in - at cost	142,261	4,738	142,261	-
Reversal of diminution in value	-	2,922	-	2,922
Transfer out - at cost	(380,333)	-	(380,333)	-
Net book value at end of year	<u>1,281,878</u>	<u>1,134,554</u>	<u>1,132,312</u>	<u>984,988</u>

As at 31 December 2017, land awaiting development of Baht 0.5 million (separate financial statements: Baht 0.2 million) (2016: 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 2017, the Company mortgaged certain plots of land and improvement awaiting development with a net book value of Baht 636 million (2016: Nil) as collateral for credit facilities granted by a bank.

17. Short-term loans from financial institutions

	Interest rate (Percent per annum)	(Unit: Thousand Baht)	
		Consolidated and Separate financial statements	
		2017	2016
Short-term loans from a financial institution	MR10%	-	151,000
Short-term loans from a financial institution	MR15%	372,200	-
Short-term loans from a financial institution	MR25%	315,550	-
Total		<u>687,750</u>	<u>151,000</u>

Short-term loan from financial institutions are secured by the mortgages of the Company's land and structures thereon as described in Notes 10, 13 and 16 to consolidated financial statements.

18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade accounts payable				
- unrelated parties	45,487	81,904	44,289	79,494
Other payables - related parties (Note 6)	-	-	710	332
Other payables - unrelated parties	16,192	12,045	15,559	11,317
Total	61,679	93,949	60,558	91,143

19. Long-term loans

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
	2017	2016
Long-term loans from banks	-	210,000
Less: Current portion	-	(210,000)
Long-term loans - net of current portion	-	-

Movements in the long-term loans account during the year ended 31 December 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
Balance as at 1 January 2017	210,000	
Add: Additional borrowings	740,000	
Less: Repayments	(950,000)	
Balance as at 31 December 2017	-	

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

Total facilities	: Baht 860 million
Interest rate	: MLR - 1.75%
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 60 months after the date of the first draw down of principal.

As at 31 December 2017, the long-term credit facilities of the Company which have not yet been drawn down totaling Baht 860 million (2016: Baht 1,600 million).

The loans and credit facilities are secured by mortgages of land with structures thereon as described in Notes 10, 13 and 14 to the consolidated financial statements, respectively.

20. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Retention payable	40,820	18,726	40,820	18,726
Other current liabilities	7,331	11,006	6,413	5,173
Total	48,151	29,732	47,233	23,899

21. 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	
	2017	2016	2017	2016
Provision for long-term employee				
benefits at beginning of year	16,828	13,845	13,254	10,991
Business transfer (Note 1.2)	-	-	587	-
Included in profit or loss:				
Current service cost	2,768	2,665	2,103	2,008
Interest cost	349	318	284	255
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)	-
Provision for long-term employee				
benefits at end of year	20,100	16,828	15,296	13,254

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current service cost	2,768	2,665	2,103	2,008
Interest cost	349	318	284	255
Total expenses recognised in profit				
or loss	3,117	2,983	2,387	2,263

Such expenses are included administrative expenses in profit or loss.

The Company and its subsidiary expect to pay Baht 2.71 million of long-term employee benefits during the next year (Separate financial statements: Baht 2.71 million) (2016: Baht 0.6 million, separate financial statements: Baht 0.1 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 10-11 years (Separate financial statements: 11 years) (2016: 18 - 23 years, separate financial statements: 19 years).

Significant actuarial assumptions are summarised below:

	Consolidated and separate financial statements	
	2017	2016
	(% per annum)	(% per annum)
Discount rate	2.65 - 2.71	2.57
Average future salary increase rate	4 - 6	4 - 5.85
Staff turnover rate (depending on age)	0 - 35	0 - 60

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 are summarised below:

	(Unit: million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(19)	22	(14)	16
Salary increase rate	22	(19)	17	(14)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Turnover rate	(19)	21	(15)	16

22. 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 31 December 2017, the Company has capital reserves for share-based payment of Baht 1 million (2016: Baht 1 million).

As at 31 December 2017, there are 124,750,000 warrants (ESOP No. 1) remained unexercised (2016: 126,000,000 warrants).

The Company had cancelled a cumulative total of 25,250,000 warrants to purchase ordinary shares of the Company issued to directors and employees of the Company up to 31 December 2017 due to resignations of directors and employees, which made them ineligible to receive the warrants.

23. 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 2017, the Company transferred unappropriated retained earnings to statutory reserve amounting to Baht 20 million (2016: Baht 11 million).

24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Payment of land and construction during the year	1,723,427	765,124	1,723,427	765,124
Changes in real estate development costs and inventories	43,783	512,491	43,978	512,385
Salaries and wages and other employee benefits	157,991	136,235	128,868	96,456
Depreciation and amortisation	27,801	24,706	20,328	9,236
Marketing expenses	186,349	126,251	184,600	120,588
Cost of other goods incurred and recognised during the year	6,285	6,573	-	-

25. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	-	59,347	-	59,347
Adjustment in respect of income tax of previous year	(32)	(257)	(32)	(257)
Deferred tax:				
Relating to origination and reversal of temporary differences	(36,993)	2,921	(36,965)	3,065
Income tax reported in the statement of comprehensive income	(37,025)	62,011	(36,997)	62,155

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Deferred tax relating to the actuarial gain or loss	(31)	-	186	-

The reconciliation between accounting profit and income tax expense is shown below.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	367,715	262,186	368,928	278,587
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	73,543	52,437	73,786	55,717
Adjustment in respect of income tax of previous year	(32)	(257)	(32)	(257)
Tax effects of:				
Non-deductible expenses	1,183	1,076	3,246	6,308
Additional taxable revenues	-	1,348	-	1,348
Additional capital expenditure deductions allowed	(192)	(179)	(192)	(179)
Additional expense deductions allowed	(108,710)	(4,604)	(106,655)	(67)
Tax exempted revenue	(35)	(3,038)	(35)	(1,054)
Tax losses	4,122	14,889	-	-
Others	(6,904)	339	(7,115)	339
Income tax reported in the statement of comprehensive income	(37,025)	62,011	(36,997)	62,155

The components of deferred tax assets and deferred tax liabilities as at 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	1,487	1,487	1,487	1,487
Allowance for diminution in value of inventories	1,246	48	1,246	48
Allowance for diminution in value of assets	14,432	9,300	14,432	9,300
Advance received for land rental income	979	881	979	881
Provision for long-term employee benefits	4,020	3,366	3,059	2,651
Tax loss carried forward	29,053	-	29,053	-
Others	757	196	757	196
Total	51,974	15,278	51,013	14,563
Deferred tax liabilities				
Finance lease contract receivables	6,188	6,517	6,188	6,517
Total	6,188	6,517	6,188	6,517

As at 31 December 2017 the subsidiaries has unused tax losses totaling Baht 78 million (2016: Baht 211 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	
	2017	2016	2017	2016
31 December 2018	19	40	-	-
31 December 2019	20	39	-	-
31 December 2020	4	22	-	-
31 December 2021	16	75	-	-
31 December 2022	19	-	-	-
	78	176	-	-

26. 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		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Profit attributable to equity holders of the Company (Thousand Baht)	406,046	202,495	405,924	216,431
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)	0.081	0.040	0.081	0.043

There is no disclosure of diluted earnings per share in the financial statements for the year ended 31 December 2017 since the exercise price of warrants to purchase ordinary shares of the Company exceeded the fair value of the Company's ordinary shares.

27. 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 segment are set out in Note 6 to the consolidated financial statements.

Below is the revenue and gross profit of the Company and its subsidiaries for the year ended 31 December 2017 and 2016 by segments.

(Unit: Million Baht)

	For the year ended 31 December									
	Real estate business		Golf course business		Rental business		Adjustments and eliminations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues										
External customers	2,516	1,829	48	49	32	31	-	-	2,596	1,909
Inter- segment	-	-	2	2	-	-	(2)	(2)	-	-
Total revenues	<u>2,516</u>	<u>1,829</u>	<u>50</u>	<u>51</u>	<u>32</u>	<u>31</u>	<u>(2)</u>	<u>(2)</u>	<u>2,596</u>	<u>1,909</u>
Operating results										
Gross profit of segments	750	553	14	13	9	11	-	-	773	577
Other income									27	28
Selling expenses									(186)	(126)
Administrative expenses									(245)	(201)
Reversal of loss on diminution in value of assets									1	30
Loss from written off of assets									-	(37)
Finance cost									(2)	(9)
Income tax expenses									37	(62)
Non-controlling interests of the subsidiaries									1	2
Profit for the year attributable to equity holders of the Company									<u>406</u>	<u>202</u>

The following table presents segment assets of the Company and its subsidiaries as at 31 December 2017 and 2016.

(Unit: Million Baht)

	Consolidated financial statements as at 31 December							
	Real estate business		Golf course business		Rental business		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Real estate development cost and inventories	2,727	2,749	1	1	-	-	2,728	2,750
Investment properties	838	952	-	-	313	346	1,151	1,298
Property, plant and equipment	94	91	273	276	1	1	368	368
Land and improvement awaiting development	1,282	1,135	-	-	-	-	1,282	1,135
Unallocated assets							438	240
Total segment assets							<u>5,967</u>	<u>5,791</u>
Additions to non-current assets other than financial instruments, deferred tax assets and other non-current assets	407	12	5	7	45	13	457	32

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 2017 and 2016, the Company and its subsidiaries have no major customer, with revenue of 10% or more of an entity's revenue.

28. Dividend payment

Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
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		201	
Dividend announced from operating result for the year 2015	Annual General Meeting of the shareholders on 29 April 2016	126	0.025
Total dividend for 2016		126	

29. 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 2017 amounting to approximately Baht 2 million were recognised as expenses (Separate financial statements: Baht 2 million) (2016: Baht 2 million, Separate financial statements: Baht 2 million).

30. Commitments and contingent liabilities

As at 31 December 2017, the Company and its subsidiaries have the following outstanding commitments and contingent liabilities:

- 30.1 The Company had the outstanding commitments in respect of agreements to construction including project and interior design of projects amounting to Baht 160 million (2016: Baht 651 million).

30.2 The Company had the outstanding commitments in respect of land purchase agreements to develop project for sale amounting to Baht 2.2 million (2016: Nil).

30.3 The Company had capital commitments of Baht 0.2 million (2016: Nil) in respect of the acquisition of software for the Company's operations.

30.4 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	
	2017	2016	2017	2016
In up to 1 year	11	10	11	8
In over 1 and up to 3 years	-	4	-	4

30.5 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	
	2017	2016
Letters of guarantee for arrangement and maintenance of public utilities	39	40
Letters of guarantee for electricity usage	7	7
Letters of guarantee for elevators	7	6
Total	53	53

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

30.6 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 2017, civil lawsuits were filed against the Company by customers with and amount in disputes totaling Baht 2 million (2016: Baht 3 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.

31. Fair value hierarchy

As at 31 December 2017, 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	141	-	-	141
Assets for which fair value are disclosed				
Investment properties	-	1,156	330	1,486

32. Financial instruments

32.1 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 2017						
	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	-	-	-	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
<u>Financial liabilities</u>							
Short-term loans from a financial institution	-	-	-	688	-	688	MLR - 1.75, MLR - 2.25
Trade and other payables	-	-	-	-	62	62	-

(Unit: Million Baht)

	As at 31 December 2016						
	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	-	-	-	80	-	80	0.10 - 0.875
Current investments	-	-	-	-	37	37	-
Trade and other receivables	-	-	-	-	8	8	-
Finance lease contract receivables	2	7	24	-	-	33	0.30
<u>Financial liabilities</u>							
Short-term loans from							
a financial institution	-	-	-	151	-	151	MLR - 1
Trade and other payables	-	-	-	-	94	94	-
Long-term loans	-	-	-	210	-	210	MLR - 1

32.2 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.

33. 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 2017, the Group's total debt-to-equity ratio was 0.21:1 (2016: 0.23:1).

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

At the Company's Board of Directors' meeting held on 23 February 2018, the Board passed a resolution proposing the payment of a dividend of Baht 0.055 per share, or a total sum of approximately Baht 276 million, from the Company's operating result for the year 2017. The dividend will be paid to the shareholders within 25 May 2018. The dividend payment is subject to approval of the Annual General Meeting of the Company's shareholders.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2018.



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