

ANNUAL REPORT 2019

EASTERN STAR

Eastern Star Real Estate Public Company Limited



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Message from the Chairman of the Board

To Shareholders,

In 2019, the real estate business slowed down due to the negative effects of the domestic and global economy combined with the Bank of Thailand's credit underwriting standards effective as of the beginning of 2019. In addition, the issue of the still-high household debt has made credit applications more difficult and resulted in people who buy for personal living and investment hesitating to make decisions. At the end of 2019, the government issued measures to stimulate the real estate business through a tax reduction policy for first homes costing less than three million baht and a reduction in property ownership transfer fees, benefitting customers who buy for their own living and recovering the purchasing power to a degree. In 2019, the company gradually and continually launched its projects in Bangkok and Ban Chang District, Rayong Province, which will result in increased realized income for the company from 2020 onward from the real estate project in Ban Chang, Rayong, a single home project with a consistently growing income. In 2019, the project was able to generate the highest income for the company over the past several years, because Ban Chang, Rayong, is located in the Eastern Economic Corridor, where the construction of the infrastructure has been experiencing more progress and materialization. As a result, the area has the potential for the development of current and future real estate projects. The company has also developed house and project designs to better meet customer needs.

On 14 May 2019, Mr. Veraphan Teepsuwan passed away to the sorrow of the committee and all company employees for the loss of such a knowledgeable, skilled and experienced person with broad strategic ideas and vision. Mr. Veraphan Teepsuwan played a key role in mobilizing the company's business throughout his term as a company director. Every company director intends to contribute to the company's business continuity for growth by taking under consideration the shareholders' interest and fairness to the employees as Mr. Veraphan Teepsuwan always said in Board of Directors' meetings.

The company recognizes the importance of having good governance in its work administration. The company manages its work efficiently, transparently and with consideration given to all stakeholders in order to create sustainable value for the company's business. In 2019, the company was honored by the Thai Institute of Directors with the "Special Recognition" award under the "Rising Star Awards" which are awards for companies that are dedicated and give importance to the development of its corporate governance system. The company will endeavor to maintain these standards and remain dedicated to the improving its corporate governance system.

The company continues to give importance to social and environmental responsibility. In 2019, the company took part in supporting the activities of UNICEF Thailand, whose work is for the benefit of children, supporting the Foundation for the Welfare of the Mentally Retarded of Thailand (Special Olympics) and supporting the improvement of the environment of the Asian Institute of Technology's dormitories, etc. As for environmental care, the company improved the environment around the Eastern Star Country Club and Resort in Ban Chang, Rayong, by surrounding the area with big and small trees to create a large park. In addition, the roads surrounding the golf course have been modified to provide areas for the people living in the project around the golf course and the nearby community to safely walk, run, ride bicycles and exercise out in nature under the shade of the trees

Finally, on behalf of the Board of Directors, I would like to thank our shareholders, customers and competitors for all of their support and trust in the company. I would also like to thank every executive and employee for their full dedication to their duties throughout 2019, giving the company another year of good performance results.



(Mr. Anand Panyarachun)

Chairman of the Board

27 February 2020

BOARD OF DIRECTOR



Mr. Anand Panyarachun
Chairman and Independent
Director



Mr. Veraphan Teepsuwan *
Vice Chairman



Mr. Pongpinit Tejagupta **
Vice Chairman



Mr. Preecha Oonchitti
Independent Director, Chairman of
Audit Committee and Nomination
and Remuneration Committee



Mr. Somrit Srithongdee
Independent Director, Chairman of
Audit Committee and Nomination
and Remuneration Committee



Mrs. Sunanta Tiasuwan
Independent Director, Chairman of
Audit Committee and Nomination
and Remuneration Committee

* Mr. Veraphan Teepsuwan, Vice Chairman Remained in his office until 14 May 2019.

** Mr. Pongpinit Tejagupta was appointed Vice Chairman on 14 August 2019.



Mr. Chatchawin Charoen-Rajapark
Chairman of Executive Committee



Mr. Titiwut Soukpornchaikul
Executive Director



Mr. Tinnawat Mahatharadol
Executive Director



Mr. Nuttawit Boonyawat
Executive Director



Mr. Paiboon Wongjongjaiharn
Director



Mr. Torsak Lertsrisakulrat
Managing Director

Audit Committee Report

The Audit Committee consists of 3 independent directors according to the criteria and conditions of the Stock Exchange of Thailand as follows:

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

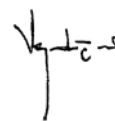
The Audit Committee has the scope of responsibility according to the prescription of the Stock Exchange of Thailand and as assigned by the Company's Board of Directors. In 2019, the Board of Directors organized four meetings with executive directors, Accounting and Finance Section Director, Accounting Department Manager, certified public accountants, and internal auditors, with the number of attendance by the Audit Committee as follows:

- | | | | |
|---------------------------|----------------------|---|-------|
| 1. Mr. Preecha Oonchitti | Number of attendance | 4 | times |
| 2. Mr. Somrit Srithongdee | Number of attendance | 4 | times |
| 3. Mrs. Sunanta Tiasuwan | Number of attendance | 4 | times |

The Audit Committee Report can be summarized as follows:

1. The Audit Committee has reviewed the company reports, consolidated financial statement, and the company financial statement, as well as disclosure of financial information proposed to the shareholders, and found that they are correct and complete according to the Financial Reporting Standards.
2. The Audit Committee has reviewed disclosure of relevant particulars to ensure consistency with the principle of conflicts of interest prevention and to ensure complete information disclosure.
3. The Audit Committee has reviewed the report of the internal auditors and report on sufficiency of the Company's internal control system based on the guideline of the Office of the Securities and Exchange Commission, and found that the overall internal control system of the Company has no major defects.

The Audit Committee has made a proposal to the Company's Board of Directors to be further proposed to the meeting of shareholders to consider an appointment of Mr. Sopon Permsirivallop, Certified Public Accountant License No. 3182, or Miss Pimjai Manikajohnkit, Certified Public Accountant License No. 4521, or Miss Sumana Punpongsanon, Certified Public Accountant License No. 5872, or Mr. Chayapon Suppasedtanon, Certified Public Accountant License No. 3972, or Mrs. Ginkarn Assawarangsalit, Certified Public Accountant No. 4496 of EY Office Co., Ltd. as the Company's auditor for the 2020 accounting period, and determination of the auditor remuneration of not exceeding 1,335,000 baht.



(Mr. Preecha Oonchitti)

Chairman of Audit Committee

Date: 27 February 2020

1. Policies and Business Overview

1.1 Vision, Mission and Goals

Vision

We will create a unique style of living meeting the needs of all our customers in a welcoming social environment at the same time.

Mission

1. To meet needs beyond customer expectations.
2. To provide customer care as a corporate value.
3. To develop our personnel, processes and work systems for ongoing capacity building.
4. To ensure care and development of the community environments within the areas where the projects are located.
5. To operate business under the principles of good governance with consideration given to all stakeholders.

Corporate Values

- Teamwork.
- Serve with Care and Attention to Detail
- Trust and Transparency
- Adaptability and Creativity
- Aim for Success

Business Operational Goals and Strategies

To expand the core business foundation by introducing more product varieties in potential locations and developing new business formats while strengthening real estate for sale/rent businesses, including the company's subsidiaries such as golf courses and other businesses, for maximum business efficiency.

We also aim to continuously improve our product and service quality, while introducing new innovations for cozy living to provide our customers with the most trust and satisfaction in addition to making the Eastern Star a well-known and trusted brand. Furthermore, we aim to strengthen our roots in the organization in terms of personnel recruitment and development for stable, sustainable growth.

Key Performance Indicators

For our operations to yield results meeting our goals and strategies, the company has established key performance indicators (KPIs) at the organizational level and passed them down to the responsible sub-division levels. The KPIs include the following:

- Financial Indicators: Sales, income and profit assessments.
- Customer Satisfaction Indicators of Product and Service Quality: Customer satisfaction is assessed at every service stage from the project viewing date, the reservation/contract-making date and the ownership transfer date to the post-transfer repair notifications.

- Process Indicators: Operation efficiency is evaluated using the success of the project development plan compared to the established plan, the customer's home inspection period and the success of the project to develop each section's processes, etc.
- Personnel Indicators: These are evaluated based on the personnel recruitment time and quality, training according to the work plan, employee relationship-building activities and employee resignation rate.

In addition, the weight of each indicator depends on the importance of the indicator in each level of the organization. At the overall organizational level in the past few years, the company has focused on the business growth and project expansion, resulting in the company giving importance to the financial indicators which have about 50 to 60 percent of all the indicator weight. Meanwhile, at the department and division levels, there is an increase in the weight of the customer satisfaction and work process development indicators.

1.2 Major Changes and Development

Eastern Star Real Estate (Public) Co., Ltd. was founded by the Star Block Group, Saha-Union Group and other stockholders for the purpose of investing in land development businesses on the eastern seaboard in Ban Chang District, Rayong Province. Moreover, the company also established the Eastern Star Resort Co., Ltd. for the main purpose of managing the golf course business.

On 24 April 2015, the company approved the issuance and sale of warrants for the company's ordinary shares to the company's directors, executives and/or employees for the first time (Project ESOP 1). The date of warrant issuance was 30 June 2015 for a sale offer of less than 150,000,000 units and a proposed price at zero baht per unit. The warrants had a validity period of no more than 3 years from the date of issuance. Each share warrant unit represented the right to buy one ordinary share. The exercise price was set at 1.05 baht per share and the warrants could be exercised four times per year, that is, the last workday of March, June, September and December, until they expire. In addition, the company approved an increase of the company's registered capital from 5,022,246,185 baht to 5,172,246,185 baht, meaning the registered capital was increased 150,000,000 baht. The value of the 150,000,000 ordinary shares was set at one baht per share to support the exercising of warrants in accordance with Project ESOP 1. From the first day the warrants could be used to purchase ordinary shares to 30 June 2018, which was the last day of Project ESOP 1, none of the company's directors, executives or employees appeared to have exercised their rights to according to the warrants to purchase the ordinary shares whatsoever.

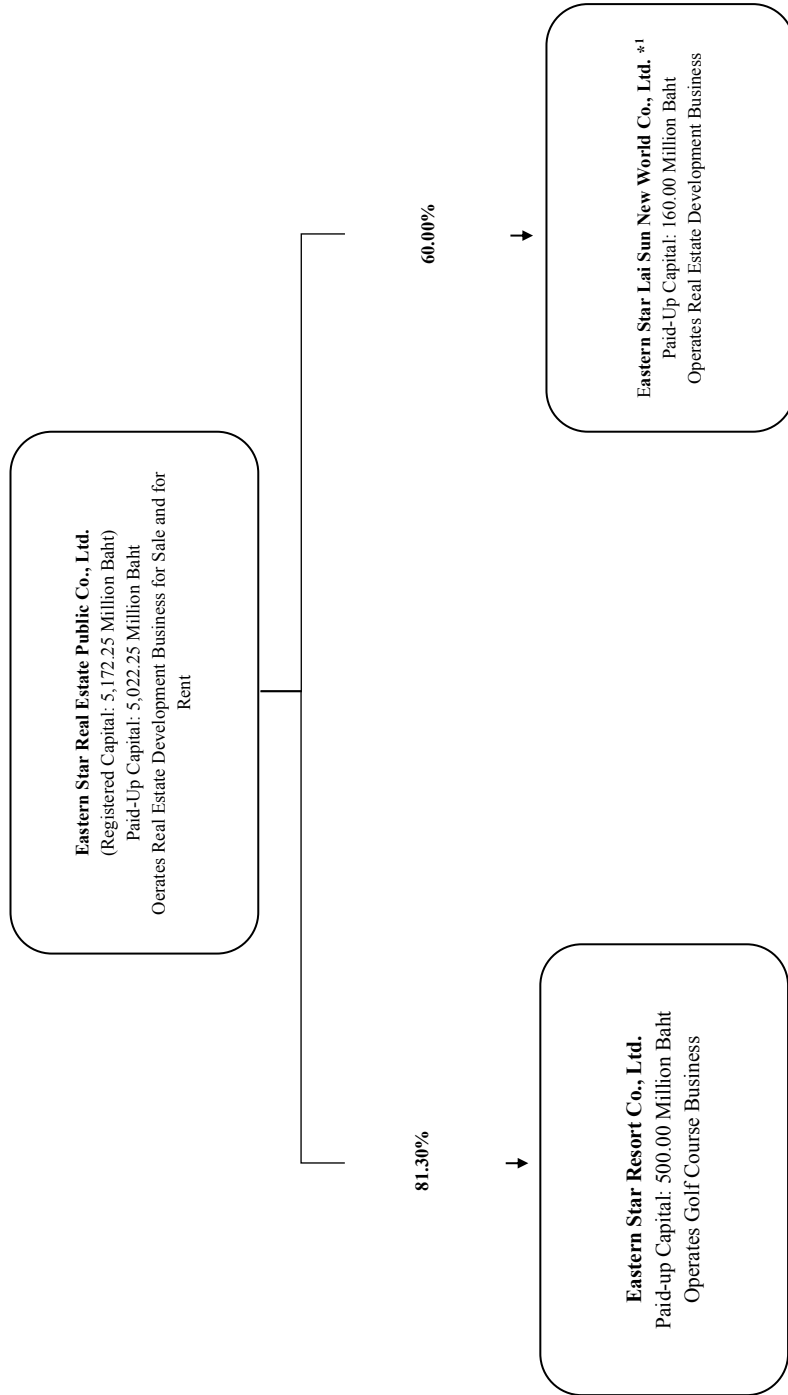
On 1 February 2017, the company transferred all of its businesses (by transferring its entire assets and liabilities) from the East Star Properties Co., Ltd., a subsidiary of the company which the company holds about 99.13 percent of the registered capital.

1.3 Group Shareholding Structure

Eastern Star Real Estate Public Co., Ltd. and its subsidiaries are engaged in the business of real estate development for sale, real estate development for rent and golf courses. The company group's operations are divided as follows:

1. Eastern Star Real Estate Public Co., Ltd. is engaged in the business of real estate development for sale and for rent in the Bangkok Metropolitan Region and in Rayong.
2. Eastern Star Resort Co., Ltd. is engaged in the golf course business in Ban Chang, Rayong.

Chart of the Group's Shareholding Structure as of 31 December 2019



Remarks: *1. Eastern Star Lai Sun New World Co., Ltd. is not yet operating Commercially.

1.4 Association with Major Shareholders' Business Groups

The core business operations of company and its subsidiaries do not significantly rely on and/or compete with other businesses in the major shareholders' business groups.

2. Business Characteristics

2.1 Product and Service Characteristics

Eastern Star Real Estate Public Co., Ltd. and its subsidiaries are engaged in the business of real estate development for sale and for rent and golf courses, with the main income coming from the business of real estate development for sale. Prior to 2004, the company focused on the real estate business in Ban Chang, Rayong to support the development of the eastern seaboard because the company recognized the Ban Chang, Rayong, area as a location with potential since it was only 10 kilometers to the east from the Map Ta Phut Industrial Estate and 5 kilometers to the west from the U-Tapao Airport. From 2004 onward, the company expanded its project development in the Bangkok Metropolitan Region in another way. At the same time, the company kept on developing projects in Ban Chang, Rayong. The business operation characteristics of the company and its subsidiaries can be divided into the following three categories:

2.1.1 Real Estate Development for Sale

The company's core business structure separates its real estate development for sale into development areas, namely, projects in the Bangkok Metropolitan Region and projects in Rayong. The details are as follows:

Projects in the Bangkok Metropolitan Region

In expanding the development of projects in the Bangkok Metropolitan Region, the company has developed a project under the name The Star Estate for upper-class customers that includes high rise condominiums, namely, The Star Estate @ Narathiwat and The Star Estate @ Rama III, and a detached-house project, The Star Estate @ Pattanakarn 69, with the price range of 10 – 40 million baht. Later, the company developed condominium projects in locations with potential while still focusing on developing high rise condominiums such as The Breeze, Vantage, Starview, Nara 9 and Amber. Each project has an outstanding quality in the design of its buildings, useful space in their apartments and common areas which provide more conveniences compared to our competitors in the market.

Since 2018, the company has expanded its product variety by developing an eight-story condominium project under the name Quintara while still focusing on a project design that is outstanding and different from our competitors in addition to providing a common area and conveniences that are superior to our competitors at the same level. Furthermore, the company focuses on middle-class customers who make up the company's main customer group by opening the project Quintara Tree Haus Sukhumvit 42, which is an eight-story condominium and the company's first project in a location with potential in the Sukhumvit area. The project has been very well received by our customers.

In 2019, the company maintained the policy to expand projects into new locations. In the first quarter the company opened the Estara Haven Pattanakarn 20, a horizontal project consisting of semi-detached houses (single homes) and townhomes in the price range of 8 – 14 million baht, and in the second quarter the company opened the Quintara Arte Sukhumvit 52, a 154-unit low rise condominium. Both projects maintain the unique identities of their outstanding building designs and the importance of the utilization of the common areas to meet the needs of customers, resulting in interest from customers and a consistent sale rate.

Projects in Rayong

The company has developed real estate projects for sale in Rayong from the start with a focus on the Ban Chang area, which is an area with a good environment suitable for living, not too far from the Map Ta Phut Industrial Estate and located near the U-Tapao Airport. The development of the projects in Ban Chang is mainly focused on detached houses (single homes). The company has developed projects for the middle- to upper-class customer groups in the areas surrounding the Eastern Star Country Club and Resort and areas next to the Sukhumvit Road.

The real estate projects developed in the early stages in Rayong were under the name Vintage Home Village, Hamlet, Sinthawee Garden and Star Town. In addition, a small 100-200-square wa parcel of empty land was sold under the Country Home project. As of 2019 the company has developed and sold over ten projects in the Ban Chang area.

To support the present opportunity to expand the Rayong market as a result of the government developing the public utility system in the Eastern Economic Corridor, which is currently seeing progress and materialization in several areas, the company has studied the needs of the customers in Rayong and adapted its project, house, useful space design strategies as well as sale and marketing strategies to increase the opportunity to generate sales and improve the company's ability to compete.

In early 2018, the company launched a new phase of the Sinthawee Garden 2 project named Prompt @ Sintavee, in which the houses were completely re-designed as detached houses (single homes) with 152 – 164 square meters of useful space. The target market in this phase emphasized middle-class customers. The useful space and exterior areas were re-designed to meet the needs and lifestyles of customers today. In addition, the project's strong point is its location on an area with potential next to the Sukhumvit Road and near the U-Tapao International Airport, resulting in the project being very well received and the sales for the project closing in 2019.

Furthermore, in the first quarter of 2018, the company opened the first new project under the name Velana, a project called Velana Golf House, next to the Eastern Star Country Club and Resort, which is a large green area. So, the project is located in the middle of a shady and classy environment with 98 modern- and contemporary-style houses targeted at middle-class customers and higher. Presently, over 50 percent of the project has been transferred over to the customers and the aforementioned effort to continuously develop and improve our products to meet the customers' needs has resulted in an over 160 percent increase in sales in 2018 when compared to 2017, which was the year with the highest sales figures for the business group in Rayong, making the company the leader in Rayong's detached-house (single home) market in 2018. Moreover, this resulted in the company receiving the highest income from selling real estate in Rayong since the start of the project development in Rayong in 2019 and in order to expand the aforementioned success the company has started the development of new projects in prime locations, the Breeze @ Eastern Star Foresto on the Buraphaphat Road and the Grand Velana next to the Eastern Star Country Club and Resort. Both projects will be ready to open in early 2020.

2.1.2 Real Estate Development for Rent

The company's real estate for rent are separated into two categories: houses and apartments for rent and department stores for rent. The details are as follows:

1) **The Seastar Project** is located in the area of the Eastern Star Country Club and Resort golf course in Ban Chang, Rayong, and provides monthly house and apartment rental services including six apartment buildings with a total of 98 rooms and 33 detached houses (single homes) in addition to the Seastar Hotel that provides a 16-room daily rental service in two buildings.

From 2018 to 2019, the company re-designed the apartments to better meet the needs of our customers. Alterations were made to Building G, reducing the room sizes from 208 – 260 square meters down to 44 – 68 square meters, resulting in the Seastar Project having rooms in several sizes meeting the needs of customer and consistently having new groups of customers staying at the hotel.

Furthermore, the Seastar Project has an outstanding feature in its location near the golf course, which is a large green area with a shady and welcoming environment suitable for living completely equipped with conveniences such as a fitness center, clubhouse, swimming pool and tennis court. To strengthen the aforementioned strong point, the company has renovated the 4,200-meter walkway around the golf course into a jogging and bicycle land for health lovers to exercise.

2) **The Eastern Star Plaza Building** is located in Ban Chang, Rayong. The company registered the building and its parking garage as being rented by Ek-Chai Distribution System Co., Ltd. from August 2007 for 25 years and 5 months for a total rental price of 97.26 million baht for the opening of the Ban Chang Tesco Lotus department store.

2.1.3 Golf Course Business

The company has a golf course business under the name Eastern Star Country Club and Resort in Ban Chang, Rayong, operated by Eastern Star Resort Co., Ltd., a subsidiary of the company. The Eastern Star golf course is an international standard 18-hole golf course designed by Mr. Robert Trent Jones, Jr. with a club house and a restaurant. In 2019, the club house was renovated to make it more attractive, modern and prepared for the closure of the course for a golf competition. Moreover, the golf cart paths were renovated and the number of golf carts increased to convenience and draw in more Thai and foreign customers to use the golf course services.

Income Structure of the Company and Subsidiaries (2017 – 2019)

Product Line	Operated By	Shareholder Equity	2019		2018		2017	
			Income (Million Baht)	%	Income (Million Baht)	%	Income (Million Baht)	%
Income from Real Estate Development Businesses for Sale	ESTAR		1,273.04	90.92	1,620.41	94.24	2,516.03	95.91
Income from Rental Businesses	ESTAR SEASTAR	99.13	44.41 -	3.17 -	34.09 -	1.98 -	29.26 2.82	1.11 0.11
Income from Golf Course Businesses	ESR	81.30	55.51	3.96	51.20	2.98	48.50	1.85
Other Income	ESTAR ESR		27.24	1.95	13.74	0.80	26.68	1.02
Total			1,400.20	100.00	1,719.44	100.00	2,623.29	100.00

ESTAR = Eastern Star Real Estate Public Co., Ltd.

ESR = Eastern Star Resort Co., Ltd.

SEASTAR = Seastar Properties Co., Ltd.

2.2 Market and Competition

2.2.1 Major Product and Service Marketing

The company has put the following policies and strategies in place to boost sales:

Location Strategy: The company gives great importance to the selection of project development locations as the most important factor. The company studies and selects locations that have a real need for residences that meet the needs of each target market. Studies are conducted on transportation, access to the public utility system and conveniences around the projects mainly using original residences or workplaces and the status of each target market in the area as reference in order to ensure accessibility to a variety of conveniences and travel options and that the living needs in each location are supported. In addition, the company also studies the expansion of the city and its population in order to create a plan to support more diversified long-term business operations and locations.

Target Market: The company's main target market includes middle- and high-income customers who value conveniences in ways of commute from home to work and are looking for a place to live in an area conveniently connected to a communication system, whether it is a main road, highway, electric train or public transportation system, and located near conveniences such as department stores, hospitals, schools, office buildings or other important places.

Product and Design Strategy: The company gives importance to the design of our projects' image, useful space, safety and strength. The company gives time to the study and development of this part in particular, especially for the common areas which are outstanding features of each of the company's projects where their unique designs giving consideration to air circulation or natural light usage to reduce energy consumption, save on electrical costs and reduce pollution. The company also uses innovations to create living conveniences to be consistent with modern consumers' behavior. Furthermore, due to the different needs of consumers in each price range and product brand, the company gives importance to the continual proactive study of the behavior of each consumer group, including both customers living in a company project and customers coming to view the projects and regular customers looking to find a place to live. The customers' needs are used as a basis of the study in order to use the results to continually develop the company's projects and services to create consumer satisfaction.

Marketing and Distribution: The company aims to increase its online marketing. This year, the company has found new sales channels such as online reservation, which has been well received, in addition to with the traditional media channels. The company is also using an information technology system to help store and analyze customer data and is increasing its use of electronic communication channels to increase communication and budget usage efficiency. A number of electronic tools are used, namely, Google or social media such as Facebook, Instagram and Web Banner. Otherwise, the products are reviewed by bloggers. All of these people would register as the company's customers and every sales employee can access the customer data using their personal computer and the company's network at any time. Moreover, the company has an e-brochure system which sends news and information to the customers who have emails. This reduces the cost in reaching out to customers. At the same time, the company has policies and plans to continuously and consistently develop its sales personnel to be able to present products and create customer satisfaction. The company's channels of communication include both online and offline media, so each media is able to reach out to every target group and create awareness in a broad area and create understanding of the contents so the budget for communication is used as efficiently as possible. This includes expanding communication channels through press releases. In the past year, the company held sales boosting activities throughout the year, campaigning the 30th anniversary of the company's founding, and continuously held activities such as taking customers to see movies, holding mini concerts or holding lotteries with values up to a million baht. In addition, the company attended several real estate association events, namely, the 41st House and Condo Expo at the Royal Paragon Hall, 5th floor of the Siam Paragon.

Pricing: The company has set prices based on the type of product level and production cost to suit the purchasing power of the target market and facilitate competition. Furthermore, prices are adjusted according to the site and location of the sales unit within the project to reflect suitable values. The suitability of the prices are also continuously reviewed along with the sales support items in order to support changes in the market.

Main Services: Over the past year, the company increased its communication channels with customers, such as the LINE application, for the purpose of sending project news and information and services for all of the company's projects as well as give advice or living solutions. Most recently, the company started using the "Star Family" application as a channel for several uses, such as payments and repair notifications and viewing data, to add more convenience for customers. In the next phase the company plans on adding more services by selecting associated service providers to create

convenience in living and continuously arranging relationship-building activities with the customers who bought the company's products to create trust and a connection resulting in the customers buying more products in the company's new projects.

Product Quality: The company gives importance to the construction standard of houses, condominiums and the public utility system in the projects. The company has a clear policy stating that before each residential unit is delivered to the customer it must pass the quality control process and criteria established by the company. The unit must meet the standards, must be inspected and any problem found needs to be analyzed and resolved and new services must be consistently developed. This reflects our attentiveness to customer care in delivering good products to build long-term consumer trust and confidence in the company. Thus, we provide warm, friendly services, so customers receive residences that meet their needs for improved quality of life and lifestyle.

Other than the construction quality of these residences, the company also gives importance to the project operation conditions from the project planning process, selection of durable materials for public utilities within the project, amenities consistent with lifestyles and, most importantly, safety in living and maintenance of the project to make the project into a welcoming community. The company has laid a foundation in project management, maintenance and public utility system maintenance in order to maintain the project in good condition before handing the project over to the housing estate juristic person to be managed continuously.

As for administrative strategies for other businesses, such as golf course and hotel and apartment for rent, the company has the following management strategies:

Hotel and Apartments for Rent: This business fully serves customers in Ban Chang, Rayong which is only five kilometers from the U-Tapao Airport. The business has the potential to support daily and monthly customers, tourists, administrators working in nearby areas and customers who love golf activities and still want to relax in the hotel after the activities in the golf course, which is shady and located in the same area. In the past year, the company reduced the sizes of some of the rooms from two bedrooms to one bedroom to meet the needs of the current customers and to create diversity and support the city expansion in accordance with the government's Eastern Economic Corridor development policies.

Golf Course: The course is designed to suit the geographical features, such as the lake or lines of large trees covering the area which is a main component in the course. In addition, there is a driving range in the same area to make it convenient for golfers to warm up before playing a game. The course can be played year-round. In the past year, the club house and golf cart paths were renovated to support an increased number of golfers. The image was also renovated to be more modern.

At any rate, the company has a policy of joining together to expand businesses and services to create the most satisfaction for customers. For example, the "Stay and Play" campaign is presented to people who come to stay at the Seastar Hotel to give them the privilege of playing golf in the Eastern Star golf course at a special price or customers are provided the full service regarding their rooms, seminar rooms, catering, restaurant and golfing to provide the customers the most convenience.

2.2.2 Competition

The real estate market in the Bangkok Metropolitan Region in 2019 saw an overall slowdown compared to the average from the past few years. However, the difference depends on the location. Meanwhile, ownership transfer showed continuous expansion. This shows that there is still a need to find a place to live even with the overall national economic concerns. These circumstances made the company more careful about project development by studying the supply and demand more thoroughly to meet consumer needs as well as considering opening more projects in several locations and making the size of the projects suit the local needs. In 2019, the company opened a new project, Quintara Arte Sukhumvit 52, and a horizontal project in the Phatthanakarn neighborhood named Estara Haven Pattanakarn 20.

The real estate business in 2020 is expected to still suffer a slowdown due to the lack of confidence in the economic and political state. In addition, government-issued measures have an impact on consumer behavior and their decision to buy. However, there are still several positive factors such as the following: 1. The still-low interest rate for house purchases; 2. The domestic consumer purchase power is still good; 3. The continuous development of the Eastern Economic Corridor will result in an increased need for real estate in the aforementioned area for offices, service apartments, industrial estates, hotels, condominiums and others. Investors are still coming in from China, Hong Kong or Malaysia; 4. The price of oil is still stable; 5. The price of land along the electric train is still not very high; 6. Provincial economic zones still have a good growth rate; 7. The mega projects through the electric railway network will stimulate investment and the increased need for real estate as well as investment by both Thai and overseas private sectors have a good effect on several types of real estate development, etc.

However, there are still numerous factors in the past year causing the consistent slowdown in the real estate business, for example, the standards for loan-to-value (LTV) ratios. When LTV is in effect, the consumer purchasing power in some groups is affected and the same goes for foreign customers where it is reduced. This is especially true for China where the purchasing power has slowed down due to the Chinese-American trade war and also due to the Thai baht rising about ten percent, the highest in Asia. On the contrary, the value of the foreign investors' currency, especially the Chinese yuan which has weakened. However, the leniency on LTV measures recently announced on 20 January 2020 should somewhat help ease the situation in 2020.

2.3 Product and Service Procurement

A) Product Procurement Characteristics

In the development of each real estate project the company starts by selecting land with suitable potential in order to establish the project's format, design the project and products and set a budget in order to find contractors and materials consistent with the type and class of the products followed by the construction control process, in which the quality, cost and time are controlled to ensure compliance with the established work plan, and the inspection of products before delivering to the customer. The details for each step are as follows:

1. Land Purchase

The company has real estate development policies in the Bangkok Metropolitan Region and Ban Chang, Rayong, for properties owned by the company and new properties in locations the company sees as having potential and that are suitable for the company's business operation policies. The company considers a property on its location, communication channels, land usage type according to the city plan and related municipal laws, physical and environmental characteristics of the property and nearby areas and future economic growth trend of the aforementioned property, etc. These details are used to thoroughly and correctly assess the supply, demand and the type of project and products to be developed on the property as well as the cost of the project before the company decides to buy the property for project development. The marketing feasibility is analyzed, including customer groups and competitiveness, in order to make the house and apartment style meet the market demand. In addition, the financial and investment feasibility is analyzed before the company moves forward to purchase the property.

2. Designer Recruitment

The company will recruit renowned designers with experience and work accepted in the market to work with the company's work team to acquire outstanding designs of buildings, common areas and useful space in the rooms that are different from and superior to competitors at the same price level as shown in previous work. In the designer recruitment process, the company has established multi-dimensional criteria for considering designers such as past experience and existing personnel skills, etc.

3. Contractor Recruitment and Construction Control

For the development of projects, the company commissions external contractors to carry out the construction using contracts. In case of contractors for condominium projects, the contractors are responsible for construction planning and material and labor procurement. The commission rate includes the cost of the materials and labor. The standard materials for each project vary according to customer group and the project's cost. This process is controlled by an experienced construction management company to ensure that the products are delivered with quality as well as within the planned budget and schedule. Meanwhile, the horizontal project contractors are responsible for the construction, labor and some materials. The company will purchase some types of core materials and the construction operation will be controlled by the company's team of experts for flexibility in management and consistency with the volume and complexity of each work type. Currently, the company has increased the number of projects. Furthermore, in order to improve the efficiency of the contractor recruitment process, the company has used the concept of friendship-building with the contractors to help each other develop projects in the formats specified by the company and within the agreed budget. The aforementioned contractors must have high potential, have credibility in the market over a long period of time and be ready to support the continuous expansion of the company's projects in the future. As for construction methods, the company recognizes the present issue of the lack of labor, which has the potential to increase in the future. Thus, the company has studied and brought in new construction technologies, such as prefabricated walls and other prefabricated materials, for use in both horizontal and vertical projects. This will help improve quality control and shorten the construction time allowing the company to meet the needs of customers on time.

In considering the hiring of contractors, the company considers inviting contractors renowned for their construction who have experience, achievements, quality, technology and trustworthy personnel to propose construction quotations to the company. The company stipulates that there be no less than three contractors for proposing the construction quotations per project in a closed bid. The company has a purchasing and hiring committee which will establish the scope of the work and the qualities of the contractors and receive and open the bidding envelopes as well as negotiate the prices in order to obtain the contractor with the most suitable price and conditions.

Seasonal Impact on Business Operations

The company's operational characteristics do not involve seasons. However, the rainy season may pose as somewhat of an obstacle for project construction. Nevertheless, in scheduling the timeframe for the project's completion and delivery to the customer, the executive department has already considered this factor. Therefore, the rainy season has no significant impact on the company's project construction.

4. Materials and Material Distributors

As for condominium projects, the company uses the method of contracting. The main contractor will be responsible for procuring materials and labor and ensuring that the construction is according to the work plan and set budget. However, for horizontal projects, the company will hire out the construction, labor and some of the materials. The company will procure the established core materials for the purpose of quality control to ensure the same standards are met in every project and aiding in cost control since buying bit lots of materials at the same time for several projects gives the company more negotiation power with the manufacturer.

B) Environmental Impact

For the development of condominium projects and application for land development permits, the company has to abide by the laws and regulations of organizations related to condominiums and land development in addition to the laws and regulations of the Office of Natural Resources and Environmental Policy and Planning which considers the impact of each project on the environment. In the past, the company has never had any legal issues concerning the environment. All of the company's condominium projects in Bangkok are permitted by the Office of Natural Resources and Environmental Policy and Planning regarding the project's environmental impact report. Moreover, the company gives importance to compliance with possible corrective and preventive environmental impact measures issued by the government and strictly controls the contractors hired by the company to ensure compliance with the environmental impact prevention regulations and consistently make reports according to regulation.

3. Risk Factors

3.1 Risks for the Company/Company Group's Business Operations

Since 2003 the company has expanded its real estate business operations in to Bangkok. However, the company continues its engagement in the real estate business in Ban Chang, Rayong. In Ban Chang, the company has expanded and developed the projects further. The area is still seen as having potential since the government sector has declared the area the Eastern Economic Corridor (EEC) and presently the construction of the communication infrastructure is gradually seeing progress and materialization. Furthermore, the company's development area is situated within ten kilometers of the U-Tapao Airport and currently the government has a policy to turn the U-Tapao Airport into the aerotropolis of the eastern region, developing a new city with the U-Tapao Airport as its center. Therefore, this is an opportunity for the company's real estate business operations in the Ban Chang area in the present and future and even though the company still owns some land waiting to be developed, in the past few years the company has been gathering additional pieces of land to wait for development at the right time.

For real estate business operations in the Bangkok area, which is an area with potential, the company has a policy to continuously expand its businesses. For projects in Bangkok, the company has a policy to expand the business carefully by choosing to develop projects at the heart of the city near the public transportation system with the main focus on groups of customers with real demand. In addition, other than high-rise buildings, the company has also developed horizontal residences such as town houses, town homes and semi-detached homes (duplexes). Other than increasing the company's realized income at a faster rate, this is also a way to increase the company's horizontal products to make them known to people who are looking to live there and to create business expansion opportunities in the future.

The overall residential market in 2019 was rather slow due to the negative impact of the domestic and global economy which has affected both Thai and foreign consumer confidence combined with the still-high household debt rate and the Bank of Thailand's measures to control the loan-to-value (LTV) ratio effective as of 1 April 2019, causing credit application to be more difficult. This resulted in the people who buy for investment stalling their investments at the end of 2019. The government issued measures to stimulate the real estate business via a tax reduction policy for first residences costing less than three million baht and a reduction in ownership transfer fees for residences. This benefitted the group of people buying for their own living who were deciding to buy or transfer a residence, resulting in the business recovering to a degree.

In 2020, the domestic and global economy is expected to still be slow for a period due to domestic and overseas economic issues. Meanwhile, the household debt rate is still high and the domestic purchasing power is expected to slow down due to the purchasing power which still has not fully recovered. Nevertheless, the two measures issued by the government to stimulate the real estate business at the end of 2019, including the reduction in transfer and mortgage registration fees and the "Ban Dee Mee Down" program, should help to continually stimulate sales until the beginning of 2020. This should be a supporting factor to help the real estate market recover somewhat. Furthermore, to support the market in 2020, which may still slow down consistently, the company has adapted especially in investing in new projects which the company must use extreme caution in considering the projects, choosing locations with selling points, targeting the right group of customers, surveying the customers' clear needs, developing new product and service styles that are

modern and different from the ones on the market and choosing the right time for the project development. Moreover, the company is still researching to find ways to invest in new related businesses to increase income for the company. In order to reduce financial and investment risks, the company established consideration criteria for before the start of each step of the project operation to ensure that when a project is starting to be developed, the sale and ownership transfer would be according to the goals and agreement with the customer.

3.2 Pre-Sale House Construction Risks and Sales and Condominiums Approved by the National Environment Board

To build consumer confidence, the company maintains its policy of building houses before selling them instead of starting the house construction after the customer's reservation, even though the company would have to use its own funds to build the houses. As a result, the company has the risk of not being able to sell the houses right away after the construction is complete and the longer it takes for the houses to be sold, the more it affects the company's ability to generate profit. Nonetheless, to reduce risks so the company does not have to carry the burden of too many unsold complete houses, the company will study and analyze the market in all aspects accurately before constructing the right number of houses to allow the company to build houses for sale and transfer the ownership over to the customers on time while not making the company lose opportunities to sell.

For condominium construction, the company will start selling after the project's environmental impact assessment (EIA) is approved by the National Environment Board or if the initial consideration of the project reveals no issue requiring significant alterations to the design of the buildings and apartments. This is to ensure that, after selling, the company will be able to fulfill its agreement with the customer in order to reduce the risk of having to compensate customers for damages

3.3 Risk of Increased Land and Construction Costs

Property for project development currently has a higher price and the potential to consistently rise, especially property at the heart of the city and along the mass rapid transit network, causing the construction costs to inevitably rise. Nevertheless, the company has a stock of land in Bangkok pending development. The company will consider selecting the pieces of land to develop at the right time as soon as possible to reduce the burden of interest from financial institutions as well as to reduce taxes in accordance with the Land and Building Tax Act effective as of 2020. The construction labor issues in the present and future due to the increased need for labor in the government sector's large-scale infrastructure construction projects and the private sector's project expansions have caused a shortage of labor in the market. Moreover, wages have been increased, resulting in an increase in construction cost. In order to reduce risks, several of the company's projects have commissioned construction contractors with contract prices, including the cost of construction materials and labor. The construction contracts stipulate a fixed price allowing the company to control the cost. In addition, to reduce the construction cost for several projects, the company exercises its right to purchase some of the construction materials on its own, such as air conditioners, kitchen sets, elevators, etc., and holds biddings to purchase materials for several projects at the same time. This allows the company to negotiate with suppliers for a better price than if the contractors were the buyers. Furthermore, the company recruits contractors who have the potential to be allies to work with the company from the design development process before the contractors accept the construction job at a suitable price. This reduces the issue of repair or unsuitable work regarding the design during the construction process and shortens the construction time to a degree,

resulting in the construction being complete and delivered to the customer on time and reducing the risk of being fined due to the overdue delivery of houses/apartments or losing reputation due to delivery products not meeting quality standards.

4 Assets Used in Business Operations

4.1 The company and its subsidiaries have the following properties and properties with buildings for real estate development for sale and for rent and golf courses:

	Asset Type	Ownership	Location	Land Area (Rai-Ngan- Sq.Wa)	Land Value (Million Baht)	Obligations to Financial Institute (Registered Mortgage) Million Baht
	Projects in Bangkok					
1.	Empty Lot	Owned by the Company	Prawet (Khleng Prawet Fang Tai), Prawet District, Bangkok	32-3-32.00	552	300
2.	Empty Lot	Owned by the Company	Bangkok-Nonthaburi Rd., Bangkhen Sub-district, Mueang Nonthaburi District, Nonthaburi Province	7-3-50.00	788	500
3.	Empty Lot	Owned by the Company	Phraram 3 Rd., Yannawa, Bangkok	3-3-18.8-	456	No Obligations
4.	Condominium Project, Star View	Owned by the Company	Phraram 3 Rd., Yannawa, Bangkok	7-0-25.00	-	No Obligations
5.	Condominium Project, Nara 9	Owned by the Company	Narathiwat Ratchanakharin Rd., Sathon Sub-district, Bang Rak District, Bangkok	3-0-0.90	-	No Obligations
6.	Condominium Project, Amber	Owned by the Company	Bangkok-Nonthaburi Rd., Bangkhen Sub-district, Mueang Nonthaburi District, Nonthaburi Province	2-2-49.90	-	No Obligations
7.	Housing Development Project, Estara Haven Pattanakarn 20	Owned by the Company	Soi Phatthanakan 20, Prawet Sub-district, Prawet District, Bangkok	21-0-21	-	820
8.	Condominium Project, Velana Treehouse Sukhumvit 42	Owned by the Company	Phra Khanong Sub-district (Phra Khanong Fang Nuea), Khleng Toei District, Bangkok	2-2-18	-	765
9.	Condominium Project, Quintara Arte Sukhumvit 52	Owned by the Company	Soi Sukhumvit 52, Phra Khanong Tai Sub-district, Phra Khanong District, Bangkok	1-1-4	-	305
10.	Condominium Project, Quintara Kynett Ratchada 12	Owned by the Company	Huai Khwang Sub-district, Huai Khwang, Bangkok	2-1-86.7	-	570
11.	Condominium Project, Quintara Syne Yen Akat	Owned by the Company	Chong Nonsi Sub-district, Yannawa District, Bangkok	3-2-14	-	879
12.	Condominium Project, Sukhumvit 39	Owned by the Company	Soi Sukhumvit 39, Khleng Tan Nuea Sub-district, Watthana District, Bangkok	2-2-0	-	No Obligations
13.	Condominium Project, Pho Nimit	Owned by the Company	Ratchaphruek Rd., Bangkok	2-2-80	-	No Obligations
	Projects in Rayong					
14.	3-Floor Shopping Mall with 4-Floor Garage for Rent (13 Years Left on the Lease)	Owned by the Company	Sukhumvit Rd., Km.194, Phla Sub-district, Ban Chang District, Rayong Province	7-0-96.20	67	No Obligations
15.	Empty Lot, Mab Kha	Owned by the Company	Mab Kha Sub-district, Mueang District, Rayong Province	602-2-78.20	482	No Obligations
16.	Empty Lot, Noen Krapok	Owned by the Company	Sukhumvit Rd., Km.198, Phla Sub-district, Ban Chang District, Rayong Province	48-3-25.90	143	100
17.	Empty Lot, Star Town	Owned by the Company	Sukhumvit Rd., Km.194, Phla Sub-district, Ban Chang District, Rayong Province	6-3-45.60	82	No Obligations
18.	Empty Lot, Marina	Owned by the Company	Km.16-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	9-3-33.70	94	210
19.	Empty Lot, Zone 2	Owned by the Company	Ban Chang-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	29-3-52	9	Obligation in the Same Amount as Item 18
20.	Empty Lot, Country Home Project	Owned by the Company	Ban Chang-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	142-4-59.4	274	Partial Obligation in the Same Amount as Item 18
21.	Empty Lot, B1	Owned by the Company	Ban Chang-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	42-2-29	153	No Obligations
22.	Empty Lot, B1 Group 1	Owned by the Company	Ban Chang-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	1-0-92	5	No Obligations
23.	Empty Lot, Zone 2 B2	Owned by the Company	Ban Chang-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	2-2-74	9	No Obligations
24.	Housing Development Project, Vintage Home Village 3	Owned by the Company	Ban Chang-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	9-3-63.20	-	No Obligations

25.	Housing Development Project, Sinthavee Garden 2	Owned by the Company	Sukhumvit Rd., Phla Sub-district, Ban Chang District, Rayong	42-1-92.50	-	No Obligations
26.	Housing Development Project, Hamlet 3	Owned by the Company	Ban Chang-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	6-2-60	-	No Obligations
27.	Housing Development Project, Velana Golf House	Owned by the Company	Ban Chang-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	24-3-23.3	-	No Obligations
28.	Housing Development Project, Breeze at Eastern Star Foresto	Owned by the Company	Ban Chang-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	93-3-43.50	-	219
29.	Housing Development Project, Grand Velana	Owned by the Company	Ban Chang-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	47-0-79	-	330
30.	Land and Sports Club Building	Owned by the Company	Ban Chang-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	16-2-65	92	No Obligations
31.	“Seastar” Rooms and Houses for Rent	Owned by the Company	Ban Chang-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	43-2-67.50	315*	No Obligations
32.	Empty Lot	Owned by Eastern Star Lai Sun Co., Ltd.	Sukhumvit Rd., Km.192, Phla Sub-district, Ban Chang District, Rayong	105-2-30.70	270	No Obligations
33.	Golf Club, Eastern Star Country Club and Resort	Owned by Eastern Star Resort Co., Ltd.	Ban Chang-Phla Rd., Phla Sub-district, Ban Chang District, Rayong Province	392-2-28	488*	No Obligations

Remarks:

- Property values are appraised by Thai Property Appraisal Lynn Philips Co., Ltd. in January 2019. (The value for No. 30 was appraised in January 2019.)
- *Value of land plus buildings.

5. Legal Disputes

In 2019, the company had no significant legal issues affecting its business operations.

6. General and Other Relevant Information

6.1 General Information

A. Name, Business Type, Address, Telephone, Fax, Quantity and Type of Company Shares Sold

Name:	Eastern Star Real Estate Public Company Limited
Headquarters:	898 5th Floor, Ploenchit Tower, Ploenchit Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330 Telephone: 0 2263 1010-5 Fax: 0 2263 1009
Branch Office:	65/14-15 Moo 3, Sukhumvit Road, Ban Chang Sub-district, Ban Chang District, Rayong Province 21130 Telephone: 0 3860 2500, 0 3860 2511 Fax: 0 3860 2754 Website: www.estarpcl.com E-mail: info@estarpcl.com
Business Type:	Real Estate Development
Registration No.:	PCL.0107536000307
Registered Capital:	5,172,246,185 baht (Valued at 1 Baht per Share)
Paid-up Registered Capital:	5,022,246,185 baht

B. Name, Business Type, Address, Telephone, Fax, Quantity and Type of Sold Shares Belonging to the Juristic Persons in Which the Company Holds 10 Percent of the Sold Shares and Over

Eastern Star Resort Company Limited

Engaged in the businesses of golf course, clubhouse, sports and seminar rooms and catering under the name Eastern Star Country Club and Resort located in Ban Chang District, Rayong Province.

Address:	241/5 Moo 3, Phla Sub-district, Ban Chang District, Rayong Province 21130 Telephone: 0 3863 0410-3 Fax: 0 3863 0418 Website: www.easternstargolfcourse.com E-mail: esr_marketing@hotmail.com
Business Type:	Golf Course
Registration No.:	0105532086493
Paid-up Registered Capital:	500,000,000 baht (Valued at 10 baht per Share)
Investment Ratio:	81.30%

Eastern Star Lai Sun New World Company Limited

Engaged in the real estate business.

Location: 65/14-15 Moo 3, Sukhumvit Road, Ban Chang Sub-district, Ban Chang District,
Rayong Province 21130
Telephone: 0 3860 2500
Fax: 0 3860 2754

Business Type: Real Estate Development (Not Yet Commercial)

Registration No.: 0105533137636

Paid-up Registered Capital: 160,000,000 baht (Valued at 10 baht per Share)

Investment Ratio: 60%

C. Name, Address of Headquarters, Business Type, Telephone and Fax Belonging to Other Referenced

Individuals

Registrar: Thailand Securities Depository Company Limited

Address: 93 14th Floor, Ratchadaphisek, Din Daeng Sub-district, Din Daeng District,
Bangkok 10400
Telephone: 0 2009 9000
Fax: 0 2009 9991
Website: <http://www.set.or.th/tsd>
E-mail: www.set.or.th/contactcenter

Auditor: Mrs. Gingkarn Atsawarangsalit, Certified Auditor No. 4496

Address: EY Office Company Limited
193/136-137 33rd Floor, Lake Ratchada Office Complex, Ratchadaphisek Road,
Khlong Toei Sub-district, Khlong Toei District, Bangkok 10110
Telephone: 0 2264 9090
Fax: 0 2264 0789

7. Stock and Shareholder Information

7.1 Registered and Paid-up Capital

Ordinary Shares

As of 31 December 2019, the company's registered shares totaled 5,172,246,185.00 baht, of which 5,172,246,185 were ordinary shares at 1.00 baht par value, and the company's registered and paid-up capital amounted to 5,022,246,185.00 baht, with 5,022,246,185 ordinary shares at 1.00 baht par value.

7.2 Shareholders

The company's list of the top 10 shareholders (as of 10 May 2019) are as follows:

<u>No.</u>	<u>Shareholder Name</u>	<u>Shares</u>	<u>% of Total Shares</u>
1.	Bangkok Broadcasting and TV 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. Thawee Hankraiwilai	98,100,000	1.95
6.	Cyber Ventures Co., Ltd.	42,923,612	0.85
7.	Ms. Laksaneewan Mongkolrattanachart	42,010,300	0.84
8.	Star Block Group PCL.	42,000,000	0.83
9.	Mr. Suchart Wangsawangkul	41,814,800	0.83
10.	Ms. Nuanchan Teerasongkran	36,746,300	0.73
	Total	<u>3,419,127,105</u>	<u>68.07</u>

Remark:

*** The Sunrise Group consists of the following:**

- Bangkok Broadcasting and TV Co., Ltd. (Entertainment Business) shareholding:	2,192,260,984	shares or	43.65%
- BBTV Equity Co., Ltd.	shareholding: 513,000,000	shares or	10.21%
- Sunrise Equity Co., Ltd.	shareholding: 279,212,609	shares or	5.56%
- G.L. Assets Co., Ltd.	shareholding: 5,746,876	shares or	0.11 %
- Mr. Krit Ratanarak	shareholding: 131,058,500	shares or	2.61%
Total Shares:	<u>3,121,278,969</u>	shares, or a total of	<u>62.14%</u>

7.3 Dividend Payment Policy

The company and subsidiaries do not pay dividends if the company's consolidated financial statements and separate financial statements of subsidiaries indicate accrued losses or if paying said dividends would cause accrued losses. However, if the company and subsidiaries are to pay dividends, the company has to allocate at least a portion of its net profits as reserve capital amounting to at least 5 percent of annual net profits less accrued losses (if any) until said reserve capital amount to at least 10 percent of registered capital.

In addition, the company has policy for dividend payments at no less than 50 percent of the net profit in the separate financial statements after deducting reserve capital in compliance with the law. In paying dividends, various factors such as financial status, market liquidity, business growth and other factors concerned with the the company's managment are taken under consideration.

8. Management Structure

8.1 Board of Directors

As of 31 December 2019, the management structure of Eastern Star Real Estate (Public) Company Limited was composed of the company's board of directors and three sub-committees appointed by the board of directors, namely the Audit Committee, the Executive Committee and the Nomination and Remuneration Committee.

As of 31 December 2019, the company's board of directors was composed of the following 11 people:

No.	Name	Position
1.	Mr. Anand Panyarachun	Chairman and Independent Director
2.	Mr. Pongpinit Tejagupta	Vice Chairman
3.	Mr. Preecha Oonchitti	Independent Director, Audit Committee Chairman and Nomination and Remuneration Committee Director
4.	Mr. Somrit Srithongdee	Independent Director, Audit Director, and Nomination and Remuneration Committee Director
5.	Mrs. Sunanta Tiasuwan	Independent Director, Nomination and Remuneration Committee Chairman and Audit Director
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. Paiboon Wongjongjaiham	Director
11.	Mr. Torsak Lertsrisakulrat ¹	Managing Director

Remarks: - ¹ Authorized directors.

- Mr. Veraphan Teepsuwan, Vice Chairman remained in his office until 14 May 2019.
- Mr. Pongpinit Tejagupta was appointed Vice Chairman on 14 August 2019.

Scope of Authority and Responsibilities of the Board of Directors

1. The board of directors has the authority and responsibility to operate the company in compliance with the laws, the company's objectives and regulations and shareholder meeting resolutions.

2. The board of directors has the responsibility of setting the company's policies and operational directions and supervising the company's business activities through the appointed Executive Committee.

3. Directors are required to notify the company without delay in cases where they hold stakes in contracts with the company or shares or increases or decreases in debentures in the company or other companies in the group.

4. The board of directors is required to hold at least three meetings per month. Thus, the Chairman will order meetings of the board of directors, and, in cases where the Chairman cannot perform that duty, the Vice Chairman will be the person who

gives the order. Otherwise, if necessary, two or more directors may ask the Chairman or a person assigned by the Chairman to schedule a meeting within 14 days subsequent to receiving said request.

5. Directors are entitled to receive remuneration from the company in the form of meeting attendance fees, pension, bonuses or other forms of remuneration in line with regulations or as stipulated by shareholder meetings in fixed amounts or based on criteria and stipulated on an occasional or permanent basis until changes occur, and directors are also entitled to receive various per diem and benefits in line with the company's regulations.

The statements in the first paragraph do not affect the rights of employees or workers of the company appointed to become directors entitled to remuneration and compensation for being employees or workers of the company.

6. The board of directors is authorized to appoint the Executive Committee in addition to authorizing or delegating authority to the Executive Committee and the managing director for granting authorizations and giving instructions in order to ensure that the company's business management proceeds in line with the company's policies and objectives.

The number of company meetings attended by each director in 2019 is as follows:

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

Remarks: - ¹ Mr. Veraphan Teepsuwan passed away on 14 May 2019.

Schedule of Board of Directors' Meetings and Ordinary Shareholder Meetings for 2020

No.	Meeting	Date	Time	Purpose
1.	Board of Directors	Friday 10 January 2020	4:00 p.m.	Discuss strategies in planning the company's business activities.
2.	Board of Directors	Thursday 27 February 2020	2:00 p.m.	Approval of the financial statements of 2019, scheduling of the general shareholder meeting date and approval of the 56-1 Form and annual report.
3.	General Meeting of Shareholders	Thursday 30 April 2020	2:00 p.m.	Evaluation of performance and appointment of auditor, etc.
4.	Board of Directors	Thursday 30 April 2020	4:00 p.m.	Approval of directors appointed by the shareholder meeting to assume office as company directors in sub-committees.
5.	Board of Directors	Thursday 14 May 2020	2:00 p.m.	Approval of the financial statements for Quarter 1/2020
6.	Board of Directors	Thursday 13 August 2020	2:00 p.m.	Approval of financial statements for Quarter 2/2020
7.	Board of Directors	Thursday 12 November 2020	2:00 p.m.	Approval of financial statements for Quarter 3/2020.

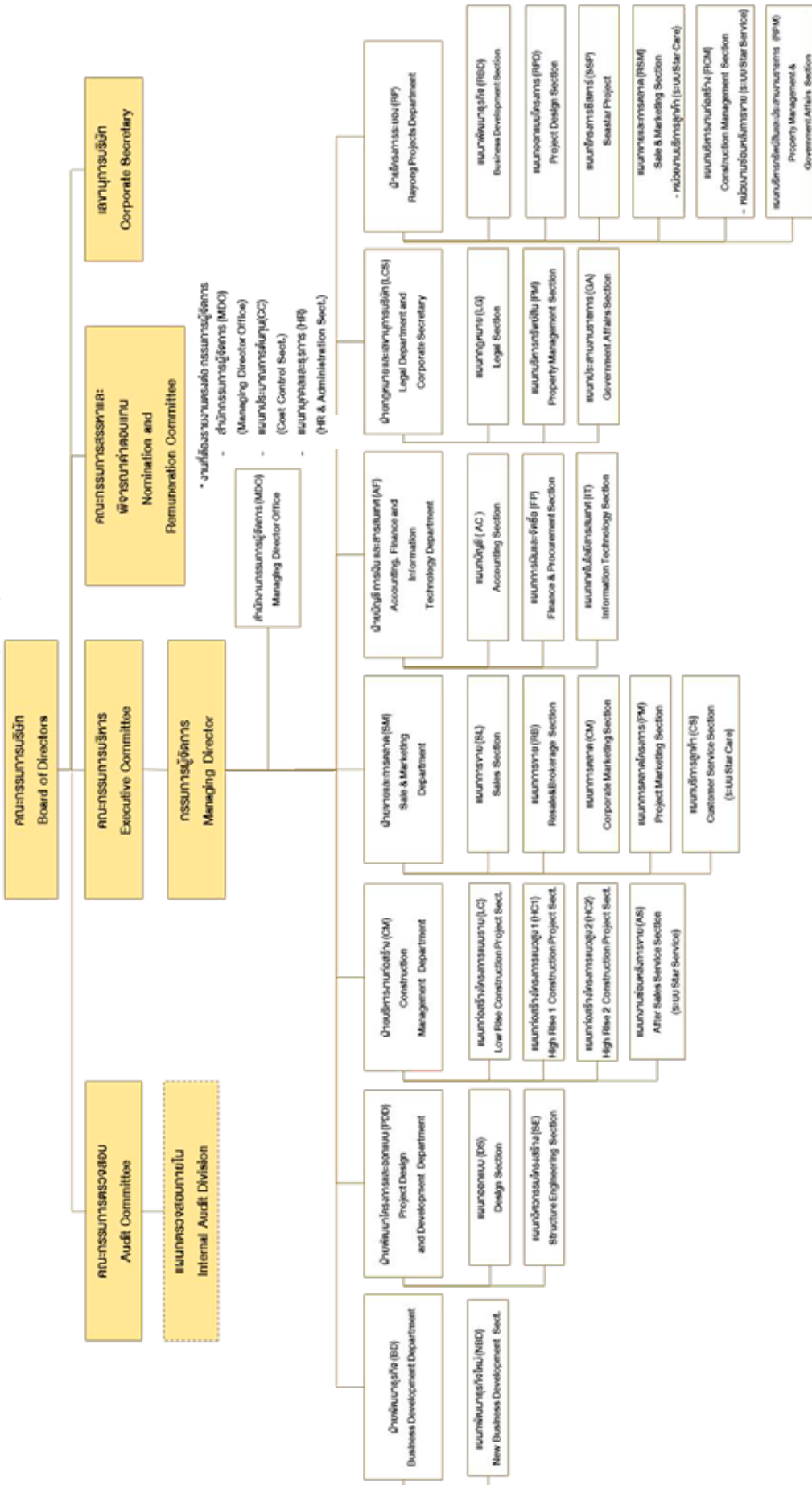
Accordingly, these meeting dates are subject to changes, or additional meetings might be scheduled for special agendas, which will be appointed on a case-per-case basis.

8.2 Executives

As of 31 December 2019, the company's executives included the following 14 individuals:

No.	Name	Position
1.	Mr. Torsak Lertsrisakulrat	Managing Director
2.	Mr. Pongsak Maison	Assistant Managing Director/Law and Secretary Director
3.	Mr. Supapong Aumrarong	Accounting, Financial and Information Director
4.	Ms. Chalinee Prachyasanti	Director at Managing Director Office
5.	Mr. Pichai Pichayentarayotin	Rayong Project Director
6.	Mr. Kitipong Padungsuth	Construction Management Director
7.	Mrs. Pitchapas Powattanakul	Accounting, Financial and Information Assistant Director
8.	Ms. Phunsri Phonphanitcharoen	Accounting and Financial Assistant Director
9.	Mrs. Pantipa Suktipayaraj	Customer Service Assistant Director
10.	Mr. Nattawut Saeheng	Business Development Assistant Director
11.	Mr. Rittichai Bunleulab	Sales and Marketing Assistant Director
12.	Mr. Disawa Sareewattana	Construction Management Assistant Director, High-Rise Projects
13.	Mr. Suwit Hemnoi	Construction Management Assistant Director, Low-Rise Projects
14.	Mr. Chitisarn Tirachanidasub	Acting Project Development and Design Assistant Director

โครงสร้างองค์กร
บริษัท อีสตาร์ สตรีท เรียล เอสเตท จำกัด (มหาชน)



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Background Information on Company Directors, Executives and Secretary (As of 31 December 2019)

No.	First-Last Name Position	Age (Years)	Education	Company Shareholding (%) ¹	Familial Relationship Between Executives	Work Experience Involving the Company's Business Over the Past Five Years		
						Time Period	Position	Company
1.	Mr. Anand Panyarachun Chairman and Independent Director	88	Bachelor of Laws (Honors) University of Cambridge	0.08	None	1992-Present 2019- Present	Chairman Chairman	Eastern Star Real Estate Public Co., Ltd. CAS Holding Group Co., Ltd.
2.	Mr. Veraphan Teepsuwan (<i>Deceased</i>) Vice Chairman Trained in the following courses: -Role of the Chairman Program (RCP)	77	Master of Business Administration Northeastern University, U.S.A. Bachelor of Economics Boston University, U.S.A.	0.02	None	2003-14 May 2019 1999-14 May 2019 2007-14 May 2019 2017-14 May 2019	Vice Chairman Chairman Chairman Chairman	Eastern Star Real Estate Public Co., Ltd. The Ayudhya Insurance Public Co., Ltd. Bank of Ayudhya Public Co., Ltd. Pattaya Grand Village Co., Ltd.
3.	Mr. Pongpinit Tejagupia Director Trained by the Thai Institute of Directors (IOD) in the following courses: - Anti - Corruption for Executive Program (ACEP) Class 7/2013 - How to Develop a Risk Management Plan (HRP) Class 4/2013 - Chartered Director Class (CDC) Class 7/2013 - Role of the Compensation Committee (RCC) Class 14/2012 -Role of the Nomination and Governance Committee (RNG) Class 2/2012	65	Master of Business Administration University of Detroit, Michigan, U.S.A. Bachelor of Accounting Chulalongkorn University	-	None	2014-Present 2014-Present 2015-2019 2019-Present 2018-Present 2003-2018 2016-2019 2015-2018 2014-2017	Chairman of Good Governance and Risk Management Director Director Vice Chairman Independent Director and Director of Audit Committee Director Director Chairman Director	Siam City Cement Public Co., Ltd. Eastern Star Real Estate Public Co., Ltd. Alliamz Ayudhya Assurance Public Co., Ltd. Siam City Cement (Lanka) Limited (Subsidiary)(Registered in Sri Lanka) Media Studio Co., Ltd. Bangkok Broadcasting and TV Co., Ltd.

No.	First-Last Name Position	Age (Years)	Education	Company Shareholding (%) ¹	Familial Relationship Between Executives	Work Experience Involving the Company's Business Over the Past Five Years		
						Time Period	Position	Company
	<ul style="list-style-type: none"> - The Board's Roles in Merger & Acquisitions (M&A) Class 1/2011 - Monitoring Fraud Risk Management (MFM) Class 2/2010 - Monitoring of the Quality of Financial Reporting (MFR) Class 10/2010 - Monitoring The Internal Audit Function (MIA) Class 7/2010 - Monitoring The System of Internal Control and Risk Management (MIR) Class 9/2010 - Financial Institutions Governance Program (FGP) Class 1/2010 - Successful Formulation & Execution of Strategy (SFE) Class 7/2010 - Advanced Audit Committee Program (ACP) Class 30/2010 - Director Certification Program (DCP) Class 12/2009 - Directors Accreditation Program (DAP) Class 71/2008 							

No.	First-Last Name Position	Age (Years)	Education	Company Shareholding (%)	Familial Relationship Between Executives	Work Experience Involving the Company's Business Over the Past Five Years		
						Time Period	Position	Company
4.	Mr. Preecha Oonchitti Independent Director and Chairman of Audit Committee Trained in the following courses: -Director Certification Program (DCP) -Director Accreditation Program (DAP)	74	Bachelor of Economics Thammasat University	-	None	2003-Present 2003-Present	Independent Director and Chairman of Audit Committee Chairman	Eastern Star Real Estate Public Co., Ltd. Eastern Star Resort Co., Ltd.
5.	Mr. Somrit Srihongdee Independent Director and Audit Committee Trained in the following courses: - Director Certification Program (DCP) Class 101/2008 -Financial Statements for Directors (FSD) Class 1/2008 -Role of the Compensation Committee (RCC) Class 3/2007 -Executive Development Program (EDP) Class 1/1990 -Finance Executive Program – Finex Class -/1997	70	Master of Public Administration Chulalongkorn University Mini MBA Thammasat University Bachelor of Sociology and Anthropology Chiang Mai University	-	None	2014-2016 2016-2019 2019-Present 2015-2018 2009-Present	Chairman Chairman Chief Advisor Chairman and Managing Director Independent Director and Director of Audit Committee	HR Professional Consulting and Services Co., Ltd. HR Pro Security and Services Co., Ltd. HR Pro Security Guard Co., Ltd. Eastern Star Real Estate Public Co., Ltd.

No.	First-Last Name Position	Age (Years)	Education	Company Shareholding (%)	Familial Relationship Between Executives	Work Experience Involving the Company's Business Over the Past Five Years		
						Time Period	Position	Company
6.	Mrs. Sunanta Traisawan Independent Director and Audit Committee Trained in the following courses: - Director Certification Program (DCP) Class 22/2002 - Capital Market Academy Program Class 11	69	Ordinary National Diploma in Business Studies and Administration University of Westminster (U.K.).	0.03	None	2005-Present 2015-Present 1993-Present 1991-Present 2008-Present	Independent Director and Director of Audit Committee Chairman of Nomination and Remuneration Committee Director Director Associate Chief Justice	Eastern Star Real Estate Public Co., Ltd. Pranda Jewelry Public Company Group Forward Freeland Co., Ltd. The Samutprakan Juvenile and Family Court
7.	Mr. Paiboon Wongjongsathorn Director Trained in the following courses: -Director Accreditation Program (DAP) Class 66/2007 - Building Energy Conservation (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy) Class 18/1996 -Building Electrical Design and Installation Standard Code For Energy Conservation (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy) Class 1/1997	55	Bachelor of Engineering in Industrial Electrical Technology (Honors) King Mongkut's Institute of Technology North Bangkok Degree in Electrical Engineering The Engineering Institute of Thailand under H.M. the King's Patronage Professional Engineering in Electrical Power, Council of Engineers Professional Engineering in Electrical Communication, Council of Engineers	-	None	2007-2016 2015-2016 2017-Present 2007-Present 2003-Present 2018-Present	Executive Director Acting Managing Director Director Director Executive Director Executive Director	Eastern Star Real Estate Public Co., Ltd. Eastern Star Real Estate Public Co., Ltd. Eastern Star Real Estate Public Co., Ltd. Eastern Star Laisun New World Co., Ltd. Eastern Star Resort Co., Ltd. BBTV Equity Co., Ltd.

No.	First-Last Name Position	Age (Years)	Education	Company Shareholding (%)	Familial Relationship Between Executives	Work Experience Involving the Company's Business Over the Past Five Years		
						Time Period	Position	Company
	-Person Responsible for Energy in Building (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy) Class 1/2003							
8.	Mr. Chatchawin Charoen-Rajapark Chairman of the Executive Committee Trained in the following courses: -Director Accreditation Program (DAP) Class 52/2006 - Director Certification Program (DCP) Class 88/2007 - Audit Committee Program (ACP) Class 19/2007 - Role of the Compensation Committee (RCC) Class 7/2008	59	Ph.D. in Management Massachusetts Institute of Technology M.S. in Management Massachusetts Institute of Technology B.S. in Electrical Engineering Massachusetts Institute of Technology	-	None	2014-Present 2005-2014 2009-2018 2006-Present	Chairman of the Executive Committee Executive Director Independent Director Chairman of Audit Committee Director of Nomination and Remuneration Committee Director of Policy and Strategy Independent Director Chairman of Nomination and Remuneration Committee Director of Audit Committee Managing Director Chairman Chairman Chairman	Eastern Star Real Estate Public Co., Ltd. Thai Insurance Public Co., Ltd. Ocean Glass Public Co., Ltd. President Hotel and Tower Co., Ltd. Rajapark Development Co., Ltd. Terra West Co., Ltd. Terra Venture Co., Ltd.

No.	First-Last Name Position	Age (Years)	Education	Company Shareholding (%)	Familial Relationship Between Executives	Work Experience Involving the Company's Business Over the Past Five Years		
						Time Period	Position	Company
9.	Mr. Tititwut Soukpornechaikul Executive Director Trained in the following courses: -Company Secretary Program (CSP) -Executive Development Program (EDP) Class 6 - Advanced Audit Committee Program (AACP) Class 23 And approved by the Office of the Securities and Exchange Commission as an operation manager in accordance with the Notification of the Office of the Securities and Exchange Commission Concerning Granting of Approval of Financial Advisors and Their Scope of Work (2009)	57	Master of Business Administration Chulalongkorn University Bachelor of Economics Thammasat University Bachelor of Accounting Sukhothai Thammathirat Open University	-	None	2007–Present 2006–Present 2006–Present 2006–Present 2005–2016 2003–Present 2003–Present 2005–2016	Director Executive Director Executive Director Director Executive Director Manager of Accounting-Finance Department Executive Director Executive Director	Eastern Star Laisun New World Co., Ltd. Eastern Star Real Estate Public Co., Ltd. Eastern Star Resort Co., Ltd. Super Assets Co., Ltd. Khao Kheow Country Club Co., Ltd. BBTV Equity Co., Ltd. Seastar Properties Co., Ltd. Siam Puri Mongkol Co., Ltd.
10.	Mr. Torsak Lertsrisakulrat Managing Director Trained in the following courses: -Director Certification Program (DCP) Class 252/2018	44	Ph.D. in Engineering Tokyo Institute of Technology (TIT) Master of Engineering Asian Institute of Technology (AIT) 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 Public Co., Ltd.

No.	First-Last Name Position	Age (Years)	Education	Company Shareholding (%)	Familial Relationship Between Executives	Work Experience Involving the Company's Business Over the Past Five Years		
						Time Period	Position	Company
11.	Mr. Nuttawit Boonyawat Executive Director Senior Executive Program (SEP 9) Sasin	58	Master of Science Abilene Christian University Texas, USA. Bachelor of Economics University of the Thai Chamber of Commerce	-	None	2015–Present 2010–Present 2014–2019 2015–Present 2017– Present	Director Director Executive Director Executive Director Executive Director	Home Sukhumvit Co., Ltd. Grand Lam Luang Co., Ltd. Matching Maximize Solution Co., Ltd. Eastern Star Real Estate Public Co., Ltd. Eastern Star Resort Co., Ltd.
12.	Mr. Tinawat Mahatharadol Executive Director Trained in the following courses: - Director Certification Program (DCP) Class 205/2015 -Risk Management Program (RMP) Class 6/2015	61	Master of Business Administration Ball State University Bachelor of Laws Thammasat University	-	None	2009 – Present 2014 – Present 2015 – Present 2015 – Present 2015 – Present 2017 – Present 2017 – Present 2018–Present 2018–Present	Managing Director Director Director Director Director Director Director Director Director	Mahatharadol Co., Ltd. Srivichai Vejvivat Public Co., Ltd. BBTV Equity Co., Ltd. Sunrise Equity Co., Ltd. Eastern Star Real Estate Public Co., Ltd. Rattanak Co., Ltd. Siam City Cement (Vietnam) Co., Ltd. Villa Deva Resort and Hotel Co., Ltd. Nara 12 Co., Ltd.
13	Mr. Pongsak Maison Assistant Managing Director/Law and Secretary Director Trained in the following courses: - Company Secretary Program (CSP) - Anti-Corruption: The Practical Guide (ACPG)	61	Bachelor of Laws Thammasat University	-	None	2014–Present 2014–Present 2014–Present	Assistant Managing Director/Law and Secretary Director Executive Director Executive Director	Eastern Star Real Estate Public Co., Ltd. Seastar Properties Co., Ltd. Eastern Star Resort Co., Ltd.

No.	First-Last Name Position	Age (Years)	Education	Company Shareholding (%) ¹	Familial Relationship Between Executives	Work Experience Involving the Company's Business Over the Past Five Years		
						Time Period	Position	Company
14	Mr. Supapong Aumrarong Accounting, Financial and Information Director	52	MBA Kasetsart University Bachelor of Accounting Thammasat University	-	None	2006 – Present	Accounting, Financial and Information Director	Eastern Star Real Estate Public Co., Ltd.
15	Ms. Chalinee Prachayasanti Director at Managing Director Office Trained in the following courses: -Mini MRE, Thammasat University, 2011	42	Master of Business Administration Chulalongkorn University Bachelor of Business Administration (Honors) Assumption University	-	None	2016-Present 2006–2016	Director at Managing Director Office Business and Operational Strategy Senior Manager	Eastern Star Real Estate Public Co., Ltd. Pruksa Real Estate Public Co., Ltd.
16	Mr. Pichai Pichayentayotin Rayong Project Director	52	Master of Real Estate and Construction Management University of Denver Bachelor of Electrical Engineering King Mongkut's Institute of Technology Ladkrabang	-	None	2017-Present 2002-2015	Rayong Project Director Managing Director	Eastern Star Real Estate Public Co., Ltd. Seri Premier Co., Ltd.
17	Mr. Kitipong Padungsoth Construction Management Director Business Operations	47	Master of Construction Management Rangsit University Bachelor of Civil Engineering Rangsit University	-	None	2018-Present 2017 – 2018 2013 - 2017	Construction Management Director (Business Operations) Senior Assistant Director Project Director	Eastern Star Real Estate Public Co., Ltd. JSP Property Public Co., Ltd. Quality Houses Public Co., Ltd.

No.	First-Last Name Position	Age (Years)	Education	Company Shareholding (%) ¹	Familial Relationship Between Executives	Work Experience Involving the Company's Business Over the Past Five Years		
						Time Period	Position	Company
18	Mr. Rittichai Bumleulab Sales and Marketing Assistant Director Trained in the following courses: -Mini MRE, Thammasat University, 2015	36	Master of Business Management Assumption University Bachelor of Engineering (Honors) Assumption University	-	None	2018-Present 2016-2018 2014-2016	Sales and Marketing Director Acting Real Estate Director Business and Operational Strategy Manager	Eastern Star Real Estate Public Co., Ltd. Ocean Property Co., Ltd. Pruksa Real Estate Public Co., Ltd.
19	Mrs. Pichapas Powattanakul Accounting, Financial and Information Assistant Director	55	Bachelor of Finance and Banking Ramkhamhaeng University	-	None	2006-Present	Accounting, Financial and Information Assistant Director	Eastern Star Real Estate Public Co., Ltd.
20	Mrs. Pantipa Suktipayaroj Customer Service Assistant Director	56	Bachelor of General Management Bansomdejchaopraya Rajabhat University	-	None	2018-Present 2013-2018	Customer Service Assistant Director Sales and Customer Service Assistant Director	Eastern Star Real Estate Public Co., Ltd.
21	Mr. Nattawut Saeheng Business Development Assistant Director Trained in the following courses: -The Next Tycoon Class 3/2017	32	Master of Business Administration Assumption University Bachelor of Business Administration Assumption University	-	None	2016-Present 2010-2016	Business Development Assistant Director Business Development Senior Manager	Eastern Star Real Estate Public Co., Ltd. Magnolia Quality Development Corporation Co., Ltd.
22	Mr. Disawa Sareewattana Second Construction Management Assistant Director	51	Bachelor of Civil Engineering Chiang Mai University Bachelor of Economics (Continuing Program) Sukhothai Thammathirat Open University	-	None	2018-Present 2011-2018	Second Construction Management Assistant Director Project Manager	Eastern Star Real Estate Public Co., Ltd. Stonehenge Inter Co., Ltd.

No.	First-Last Name Position	Age (Years)	Education	Company Shareholding (%) ¹	Familial Relationship Between Executives	Work Experience Involving the Company's Business Over the Past Five Years		
						Time Period	Position	Company
23	Mr. Sawit Hemnoi Second Construction Management Assistant Director	40	Bachelor of Civil Engineering Kasem Bundit University	-	None	2018-Present	Second Construction Management Assistant Director	Eastern Star Real Estate Public Co., Ltd.
						2016-2018	Construction Assistant Director	JSP Property Public Co., Ltd.
						2012-2016	Construction Assistant Director	Quality Houses Public Co., Ltd.
24	Ms. Poonsri Pholpanicharoen Accounting, Financial and Information Assistant Director	36	Bachelor of Accounting Chulalongkorn University Master of Business Administration Chulalongkorn University	-	None	2019-Present	Accounting, Financial and Information Assistant Director	Eastern Star Real Estate Public Co., Ltd.
						2017	Accounting and Financial Director	Ocean Property Co., Ltd.

8.3 Company Secretary

The company's secretary currently is Mr. Pongsak Maison. The secretary's role is to advise on relevant laws and regulations and appropriate practices regarding the business governance and activities of the board of directors in line with legal requirements. The secretary is also responsible for organizing meetings of the board of directors, executive committee and shareholders; coordinating with agencies in the company to take actions in line with resolutions passed by the executive committee, board of directors and shareholder meetings; coordinating with supervisory agencies such as the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand; supervising the disclosure of information to supervisory agencies and the public correctly and fully in compliance with the laws; and performing other duties as assigned by the board of directors.

Information about the company's secretary and training in relevant laws is shown in Attachment 1.

8.4 Remuneration for Directors and Executives

In setting remuneration for the board of directors and sub-committees, the Nomination and Remuneration Committee bases consideration on suitability and consistency with the duties and responsibilities of the board of directors and sub-committees along with other factors such as the company's business and performance, market and industrial standards, economic conditions, etc. and proposes remuneration to the board of directors and shareholder meetings for consideration of approval.

The payments of remuneration to the company's board of directors occur transparently in line with the principles approved by shareholder meetings, and shareholders authorized director remuneration for 2019 at General Meeting of Shareholders No. 1/2562 on 30 April 2019, by which remuneration within an amount not exceeding 9.5 million baht, equivalent to the amount for 2018, were authorized to be paid to the company's directors, and the board of directors was assigned to allocate remuneration to each director at the board's discretion.

Monthly Director Remuneration: The board of directors receives monthly remuneration within an amount not exceeding 9.5 million baht per year, which the board of directors has the authority to allocate at its discretion.

The monthly remuneration for directors above are as follows:

1. Director Remuneration: The Chairman receives 120,000 baht per month, while directors receive 50,000 baht per month.
2. Committee Remuneration: Directors assigned to sub-committees are given additional remuneration based on their responsibilities as follows:
 - 2.1 Executive Committee: The Chairman of the Executive Committee receives 20,000 baht monthly remuneration, and executive directors receive 10,000 baht monthly remuneration.
 - 2.2 Audit Committee: The Chairman of the Audit Committee receives 20,000 baht, and audit directors receive 10,000 baht.
 - 2.3 Nomination and Remuneration Committee: The Chairman of the Nomination and Remuneration Committee receives 20,000 baht monthly, and nomination and remuneration directors receive 10,000 baht monthly.

Monetary Remuneration for Members of the Board of Directors in 2019

Name	Board of Directors	Audit Committee	Executive Committee	Nomination and Remuneration Committee	Total Remuneration (baht)
1. Mr. Anand Panyarachun	1,440,000	-	-	-	1,440,000
2. Mr. Veraphan Teepsuwan ¹	250,000	-	-	-	250,000
3. Mr. Preecha Oonchitti	600,000	240,000	-	120,000	960,000
4. Mr. Somrit Srithongdee	600,000	120,000	-	120,000	840,000
5. Mrs. Sunanta Tiasuwan	600,000	120,000	-	240,000	960,000
6. Dr. Chatchawin Charoen-Rajapark	600,000	-	240,000	-	840,000
7. Mr. Titiwut Soukpornchaikul	600,000	-	120,000	-	720,000
8. Mr. Tinnawat Mahatharadol	600,000	-	120,000	-	720,000
9. Mr. Nuttawit Boonyawat	600,000	-	120,000	-	720,000
10. Mr. Pongpinit Tejagupta	600,000	-	-	-	600,000
11. Mr. Paiboon Wongjongjaiharn	600,000	-	-	-	600,000
12. Mr. Torsak Lertsrisakulrat	-	-	-	-	-
Total					8,650,000

Remarks: Mr. Veraphan Teepsuwan¹ stopped being a director of the company on 14 May 2019 due to his death.

Other Director Remuneration: None.

Monetary Remuneration for Executives: A total of 27,398,402 baht for 14 people, including salaries and annual bonuses of 2019.

Remuneration for Executives: Matching provident fund payments amounting to 871,595 baht.

8.5 Personnel

As of 31 December 2019, the company had 197 employees and laborers. Of these, 32 are executive employees, while 114 are regular employees, and 51 are laborers. The remuneration for employees and workers over the past year consisted of salaries, annual bonuses, overtime pay, provident fund subsidies, social security subsidies, compensation fund subsidies, accommodation rent, telephone fees, travel expenses, living expenses, group health insurance and group accident insurance, and annual health examinations, all totaling 120 million baht. In addition, over the past 3 years (2017-2019) the company experienced no labor disputes whatsoever.

Personnel Development Policy

In 2019, the company prioritized training and developing employees continuously through supporting employees to attend seminars and training courses related to work under their responsibilities in order to increase work knowledge and skills in addition to prioritizing work supervisors providing training to employees under their supervision during work hours.

In addition to the aforementioned personnel development plan, the company recognizes the importance of continuous effective business management. Thus, the company has created succession plans to recruit and prepare high-ranking executives and important positions and develop capable people to succeed in positions important to management in order to minimize risks from loss of knowledgeable, capable and experienced personnel which might disrupt or interrupt the company's business continuity.

The organization develops performance evaluations beginning from planning processes to monitoring, evaluation, improvement and payment of clear remuneration and rewards in the aim to become a high-performance organization. In the development of the performance evaluation system, work responsibilities have been specified for every role connected to the company's vision and mission, and work plans have been set consistently and linked to performance evaluations and individual remuneration to enhance the effectiveness and efficiency of the entire organization in the short-term and the long-term.

9. Business Governance

9.1 Corporate Governance Policy

Adherence to Good Corporate Governance Principles and Corporate Governance Policy

The board of directors recognizes the importance of good corporate governance which serves as an important factor supporting the company in having an effective work system, which is foundational to the company's success and sustainable business growth. Thus, the board of directors has created a corporate governance policy covering important aspects as follows:

- Equitable treatment and reliability to stakeholders – The board of directors is determined to perform its duties to the fullest of its capabilities for the greatest benefit of the organization and to demonstrate leadership and competence in effectively and efficiently directing the work of the management department while preventing conflicts of interest.
- The company has created ethics guidelines for adherence by directors and employees.
- The company operates transparently with verifiability through the presence of an internal control and audit system for dealing with risks. Thus, the company has an internal audit department for providing effective oversight of management's activities in line with the policy.

The company is firmly involved in the business interests of every stakeholder, including shareholders, creditors, employees, clients, trade partners, government agencies, competitors and public communities, without solely seeking profits. Thus, the company has drafted the corporate governance policy in writing and announced it as an important policy for adherence by the Board of Directors, management and employees on every level as of 13 January 2003, and every party concerned can read and examine it on the company's website.

9.2 Sub-committees

The company's management structure is composed of three sub-committees, namely, a executive committee, board of directors, and nomination and remuneration committee. The details are as follows:

A) Executive Committee

As of 31 December 2019, the company's Executive Committee consisted of the following:

No.	Name	Position
1.	Mr. Chatchawin Charoen-Rajapark	Chairman of the Executive Committee
2.	Mr. Torsak Lertsrisakulrat	Executive Director and Managing Director
3.	Mr. Titiwut Soukpornchaikul	Executive Director
4.	Mr. Nuttawit Boonyawat	Executive Director
5.	Mr. Tinnawat Mahatharadol	Executive Director

Responsibilities of the Executive Committee

1. Consider and decide on issues to propose to the board of directors, and examine meeting reports of the board of directors before presenting them to meetings of the board of directors for approval.
2. Supervise the work management of the company in line with work plans, budgets and policies set or authorized by the board of directors and monitor work activities for issues the board of directors passed resolutions on.
3. Consider and approval other issues within the Executive Committee's authority.

Authority of the Executive Committee

1. Set criteria, conditions and regulations governing the activities of the company in various areas and assign work and grant authority to operators.
2. Authorize and/or make decisions on any issue not specified to require approval from the board of directors.
3. Authorize and/or make decisions on taking actions on behalf of the board of directors regarding urgent matters which cannot wait for a meeting of the board of directors. In doing so, consult the Chairman of the company or the Chairman of the Audit Committee and then make a proposal to the board of directors at a later date for confirmation.
4. The Executive Committee may appoint no more than two company executives who are not already executive directors to become supplementary members of the Executive Committee.

Scope of Topics Requiring Approval from the Board of Directors

1. The company's business guidelines and policies, work plans and annual budgets. Thus, annual budgets are to be composed of profit and loss statements, cash budgets, investment budgets, manpower and employee hiring budgets.
2. Creation of any real estate development project of the company.
3. Work management policies, company organizational chart, employee policies, benefits, bonus payments and annual salary raises.
4. Purchases of land and/or buildings outside the real estate development projects already approved in Item 2.
5. Sales of land and/or buildings not part of the company's regular commercial activities and/or not part of the company's real estate development projects.
6. Rent or renting out of land and/or buildings for periods longer than three years or with values exceeding 10 million baht.
7. Taking loans from financial institutes, shareholders or connected persons.
8. Increasing capital or decreasing capital in subsidiaries and associated companies, discontinuation or merger of said companies, sales of investment capital in subsidiaries and associated companies and participation in joint ventures with any company.
9. Lawsuits or legal disputes involving more than five million baht.
10. Legal issues that require the board of directors' approval.
11. Other issues the board of directors stipulates to require the board of directors' approval.

B) Audit Committee

As of 31 December 2019 the company's Audit Committee was composed of the following:

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

An audit director who possesses knowledge and experience in financial audits is Mrs. Sunanta Tiasuwan.

Scope of Authority and Responsibilities of the Audit Committee

1. Audit the company to ensure that financial reports are correct and adequate and perform special audits on significant accounting policy changes and lists of auditor recommendations for improvements.

2. Audit the company to ensure the presence of an internal control system and perform internal audits as appropriate and effective.

3. Audit the company to ensure compliance with laws governing securities and the stock exchange, stock exchange regulations and all other laws related to the company's business activities.

4. Consider, select and nominate for the appointment of and propose remuneration for the company's auditors with considerations based on auditor independence such as in auditing other services with the auditors' companies and rotation of company auditors.

5. Audit with auditors concerning issues that might impact the reliability of financial reports such as significant complications or conflicts found by auditors during work, facts and differences of opinions between auditors and management, effectiveness of the internal control system, faults encountered in each accounting period, and those that might be found in subsequent accounting periods.

6. Hold meetings with auditors without the attendance of management and hold meetings with the people in charge of internal control without the attendance of management at least once annually.

7. Audit risks and risk assessment methods of internal auditors and audit to ensure that the board of directors and high-ranking executives recognize significant risks and operations risks.

8. Evaluate disclosures of company information whenever connected transactions or transactions with potential conflict of interest occur in order to ensure correctness and completeness, and give opinions to the board of directors regarding connected transactions or transactions with potential conflict of interest before the company conducts said transactions in line with the requirements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

9. Audit and acknowledge the ethical and moral activities of executives and employees and corporate governance.

10. Create the business oversight reports of the Audit Committee and disclose them in the company's annual reports.

These reports must be signed by the Chairman of the Audit Committee and contain at least the following information:

10.1 Opinions about the correctness, completeness and reliability of the company's financial reports.

10.2 Opinions about the adequacy of the company's internal control system.

10.3 Opinions about compliance to laws governing securities and exchange, stock market requirements or other laws related to the company's business activities.

10.4 Opinions deemed appropriate by auditors.

10.5 Opinions about transactions with potential conflict of interest.

10.6 Number of meetings held by the Audit Committee and attendances by each Audit Committee director.

10.7 Overall opinions or observations of the Audit Committee based on performing its duties in accordance with its charter.

10.8 Other transactions that the committee deems worthy of acknowledgement by shareholders and investors within the scope of duties and responsibilities defined by the board of directors.

11. Audit and approve the charter of the internal audit agency and ensure that the charter of the internal audit agency is reviewed at least once annually.
12. Consider and approval annual internal audit plans, prioritize importance based on risks, audit internal audit reports, and make joint considerations with management in significant faults that are encountered and management responses.
13. Give approvals in the appointments, transfers and dismissals of persons in charge of internal audit and judge the independence of said agency.
14. Consider the employment of or obtainment of assistance from specialists in performing audit and reviews as deemed fitting by the Audit Committee.
15. If the board of directors or management fails to apply corrections or does commit actions that might significantly impact financial position or performance of the company, the Audit Committee may report such instances to the Office of the Securities and Exchange Commission.
16. Take any other actions as assigned by the board of directors without hindering the independence of the Audit Committee.

C) Nomination and Remuneration Committee

As of 31 December 2019, the company's Nomination and Remuneration Committee consisted of the following:

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

Scope of Responsibilities of the Nomination and Remuneration Committee

1. Evaluate policies, criteria and practice guidelines for proposals to the board of directors:
 - 1.1 Policies, criteria and practice guidelines in the nomination of company directors, sub-committee directors and high-ranking executives such as the chief executive officer and/or managing director, deputy managing director and assistant managing director.
 - 1.2 Policies, criteria and practice guidelines in the nomination, selection and screening of appropriate persons to become directors, managing directors or persons holding equivalent positions in organizations or businesses in which the company holds at least 50 percent shares.
 - 1.3 Policies for the payment of remuneration and other benefits, including amounts of remuneration and other benefits, to company directors, sub-committee directors, and high-ranking executives, including the directors, managing directors or persons holding equivalent positions in organizations or businesses in which the company holds at least 50 percent shares.
2. Nomination, Selection, Consideration or Screening of People

Nominate, select, consider or screen persons for holding various positions below and propose them to the board of directors for consideration of approval:

2.1 Company directors.

2.2 Directors in sub-committees that report directly to the board of directors.

2.3 High-ranking executives of the company such as chief executive officers and/or managing directors, deputy managing directors and assistant managing directors.

2.4 Directors, managing directors and persons holding equivalent positions in organizations or businesses in which the company holds at least 50 percent shares.

3. Remuneration Considerations

Make considerations and propose them to the board of directors, so the board of directors, sub-committee directors and high-ranking executives of the company such as chief executive officers and/or managing directors, deputy managing directors, assistant managing directors, including directors, managing directors and persons holding equivalent positions in organizations or businesses in which the company holds at least 50 percent shares receive appropriate remuneration in line with their duties and responsibilities in accordance with the company's policies and criteria or organizations or businesses in which the company holds at least 50 percent shares, depending on the case, with reference to other companies in the same or similar industries. Accordingly, company directors with increasing responsibilities and duties should receive remuneration that are commensurate to their greater duties and responsibilities.

4 Other Duties and Responsibilities

4.1 Make considerations and proposals to the board of directors for ensuring the appropriate size and composition of the board of directors to the organization and make changes in line with changing circumstances. The board of directors has to be composed of knowledgeable, competent and experienced persons in different fields that benefit the governance and business activities of the company.

4.2 Make considerations and proposals to the board of directors concerning performance evaluation guidelines of directors and high-ranking executives, including chief executive officers and/or managing directors, deputy managing directors and assistant managing directors, for considerations of annual remuneration with consideration to related responsibilities and risks, and give importance to increasing the value of shareholders' equity in the long-term during considerations.

4.3 Evaluate the performance of company directors and chief executive officers and/or managing directors in order to make proposals to the board of directors.

4.4 Make considerations and proposals to the board of directors concerning the succession plans of chief executive officers and/or managing directors, deputy managing directors and assistant managing directors.

4.5 Disclose policies and reports summarizing the activities of the Nomination and Remuneration Committee in the company's annual reports.

4.6 Seek opinions from independent external consultants that possess special knowledge as necessary at the company's expenses such as in salary surveys and recruitments of directors and high-ranking executives for the company.

D) Independent Directors

As of 31 December 2019, the company's independent directors consisted of the following:

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

9.3 Nomination and Appointment of Directors and High-ranking Executives**(1) Independent Directors**

The company has set in place the criteria for the nomination and appointment of independent directors based on the criteria governing the qualifications of independent directors announced by the Capital Market Supervisory Board as follows:

a) Shareholding not exceeding 1 percent of all shares eligible for voting in the applicant, parent company, subsidiary, associated company, major shareholder or persons with control authority of the applicant, including shares held by persons associated to the independent director.

b) No previous position as a director involved in work management or been a worker, employee or consultant paid a regular salary or been a person with control authority of the applicant, parent company, subsidiary, associated company, subsidiary on the same level, major shareholder or person with control authority of the applicant, unless the person stopped possessing said characteristics for at least two years prior to the date of submission of the application to the office. However, said prohibitions do not include cases where the independent director was a government official or consultant of a government agency holding major shares or with control authority of the applicant.

c) No blood or legal relationship as a parent, spouse, sibling or children, including spouses of children, with other directors, executives, major shareholders, persons with control authority or persons nominated to become directors, executives, or persons with control authority of the applicant or a subsidiary.

d) No current or previous business relations with the applicant, parent company, subsidiary, associated company, major shareholder or persons with control authority of the applicant in a manner that would hinder the independent exercising of judgment, and not be or have never been a significant shareholder or person with control authority with business relations with the applicant, parent company, subsidiary, associated company or major shareholder or person with control authority of the applicant, unless said person stopped possessing said characteristics for at least two years prior to the date of application to the office.

The business relations in the first paragraph include commercial transactions conducted as part of normal business activities and rent or renting out of real estate, transactions related to assets or services, and provision or receipt of financial assistance in the form of loans, guarantees, provision of assets as collateral for debts, including other similar circumstances such that the applicant or contract partner have debt obligations to the other party amounting to at least 3 percent of the net tangible assets of the applicant or at least 20 million baht, depending on whichever amount is lower. Accordingly, the calculation of said debts shall automatically follow the methods used to calculate the value of connected transactions announced by the Capital

Market Supervisory Board governing connected transactions, but the consideration of said debt obligations will also include debts created within 1 year prior to the creation of business relations with said individuals.

e) No current or previous position as an auditor of the applicant, parent company, subsidiary, associated company or major shareholder or person with control authority of the applicant, and not be a significant shareholder, person with control authority or a partner of an audit office in which an auditor of the applicant, parent company, subsidiary, associated company, major shareholder or person with control of the applicant resides, unless said person has stopped possessing said characteristics at least 2 years prior to the submission date of the application to the office.

f) No current or previous provision of any professional services, including services as legal consultant or financial advisor, receiving service fees in excess of two million baht per year from the applicant, parent company, subsidiary, associated company, major shareholder or person with control authority of the applicant, and not be a significant shareholder, person with control authority or partner of the providers of said professional services, unless the person stopped possessing said characteristics for at least two years prior to the submission date of the application to the office.

g) No status as a director appointed to be a representative of a director of the applicant or major shareholder or a shareholder associated with a major shareholder.

h) No history of operating a business of the same nature in significant competition with the business of the applicant or subsidiary, and not be a significant partner in a partnership nor be a director involved in work management, worker, employee or advisor with a regular salary or who holds shares in excess of 1 percent of the total shares with eligible voting rights of the other company operating the same nature of business in significant competition with the business of the applicant or subsidiary.

i) No other characteristics that prohibit independent expression of opinions regarding the business activities of the applicant.

Subsequent receipt of an appointment to become an independent director with the characteristics above consistent with (a) to (i), said independent director might be appointed by the board of directors to make decisions relating to the business activities of the applicant, parent company, subsidiary, associated company, subsidiary of the same level, major shareholder or person with control authority of the applicant with decisions made in the form of collective decisions.

In cases where a person the applicant appoints as an independent director has or had business relations or provides or has provided professional services in excess of the values stated in (d) or (f), the applicant shall receive exemption on prohibitions for the existence of or prior existence of business relations or provision of professional services in excess value provided that the applicant presents opinions of the board of directors demonstrating that considerations have been made in accordance with Section 89/7 and that the board deems the appointment of said person would not impact the performance of duties and independent expression of opinions of said person, and the company will disclose the following information in the meeting invitation letters for the meeting of shareholders in which the considerations for the appointment of the independent director would be made:

(a) The nature of the business relations or professional services that would prevent the person from meeting the required qualifications.

(b) The reasoning and necessities for retaining or appointing said person as an independent director.

(c) The opinions of the board of directors on the applicant in nominating for the appointment of said person as an independent director.

For the benefit of the first paragraph in (e) and (f), "partner" means a person assigned by an audit office or professional service provider to affix signatures in audit reports or professional service reports (depending on the case) on behalf of said juristic persons.

(2) Nomination of Directors and High-ranking Executives

The board of directors is composed of no more than 12 directors. The board of directors has appointed the Nomination and Remuneration Committee to select and screen people to be appointed as directors and high-ranking executives, and the company does not use cumulative voting in the selection of directors. Instead, the company relies on the majority of votes of all shareholders in attendance of meetings with eligible voting rights. In the nominating of directors, directors could be nominated individual or in groups or by any other means as deemed appropriate by shareholder meetings. However, in each voting session, shareholders are required to cast votes at a rate by which a single share equals one vote, and shareholders may not give their votes to any person or group by any amount, and the Nomination and Remuneration Committee is responsible for the nomination, selection, consideration and screening of executives to become high-ranking executives of the company such as managing directors and assistant managing directors.

9.4 Oversight of Subsidiaries

The company supervises and controls the management of and take responsibilities for the activities of subsidiaries. In doing so, the company has assigned senior and experienced persons who represent the company to become directors in subsidiaries. Persons appointed to become directors in subsidiaries are naturally required to take actions for the greatest interest of subsidiaries.

In addition, the company has set regulations for persons appointed by the company to ensure that subsidiaries have regulations concerning connected transactions and acquisition or disposal of assets or other significant transactions of said companies to ensure completeness and correctness and adherence to the same criteria concerning disclosures of information and the above transactions as those used by the company. In addition, they are required to supervise and ensure the collection of information and accounting records in subsidiaries to allow the company to audit and collect them for creating consolidated financial statements as scheduled.

9.5 Care in the Use of Internal Information

The company has set in place policy prohibiting directors, executives and employees/workers in work positions or lines with responsibilities relating to or access to internal information, including the spouses and minor children of said persons, from purchasing or selling company stocks within 15 days before the publication of financial statements and important financial information of the company and within 1 day after the publication of the company's financial statements and important financial information.

Reports of Shares Held by Directors and Directors' Spouses and Minor Children

Valued at 1 baht per share.

No.	Name	Ordinary Shares (shares)		Increase (decrease) in Shares over the Year (shares)
		As of 1 January 2019	As of 31 December 2019	
1	Mr. Anand Panyarachun	4,000,000	4,000,000	-
2	Mr. Veraphan Teepsuwan	1,134,264	1,134,264	-
3	Mr. Preecha Oonchitti	-	-	-
4	Mr. Somrit Srithongdee	-	-	-
5	Mrs. Sunanta Tiasuwan	-	-	-
6	Mr. Preeda Tiasuwan (spouse of Mrs. Sunanta Tiasuwan)	1,400,000	1,400,000	-
7	Mr. Paiboon Wongjongjaiharn	-	-	-
8	Dr. Chatchawin Charoen-Rajapark	-	-	-
9	Dr. Torsak Lertsrisakulrat	-	-	-

10	Mr. Titiwut Soukpornchaikul	-	-	-
11	Mr. Nuttawit Boonyawat	-	-	-
12	Mr. Tinnawat Mahatharadol	-	-	-
13	Mr. Pongpinit Tejagupta	-	-	-

9.6 Auditor Remuneration

The company and subsidiaries paid audit fees and other service fees to EY Office Co., Ltd. in the 2019 accounting year as follows:

Company	Audit Fee	Fees for Other Services
Eastern Star Real Estate Public Co., Ltd.	1,335,000 baht	29,956 baht
Eastern Star Resort Co., Ltd.	200,000 baht	7,218 baht
Eastern Star Laisun New World Co., Ltd.	40,000 baht	-
Total	1,575,000 baht	37,174 baht

9.7 Understanding and Application of Good Corporate Governance Principles

The board of directors recognizes the importance of good corporate governance. Thus, the company has set forth policy governing the timely and transparent disclosures of significant information relating to the company such as financial and non-financial information in line with the specifications of the Office of the Securities and Exchange and the Stock Exchange of Thailand. Moreover, the company continuously adheres to the principles of good corporate governance in line with the survey criteria of the listed company corporate governance project, except some policies which the company deviates in line with different guidelines from said criteria with considerations made by the board of directors concerning the reasonability and appropriate environment of the business in order to accomplish the company's objectives and purpose with considerations to the greatest interest of shareholders. Accordingly, the good corporate governance areas from which the company deviated along with the reasons for their deviations in 2019 are as follows:

Deviations	Reasons
The company has not created cumulative voting procedures for the election of directors.	Because the company uses a one-share, one-vote system, and the use of cumulative voting might produce chosen representatives whose qualifications are not consistent with the director nomination policy in line with the company's overall strategies, which might also lead to conflicts in the business management of directors in favor of individual groups of shareholders.
The company has independent directors who have held their positions for more than nine years.	Because the board of directors and the Nomination and Remuneration Committee recognizes the knowledge, competence and business experience of independent directors as well as the capabilities of independent directors in their performance and independent expression of opinions, it was deemed appropriate to have independent directors who remain in their positions for

	longer than nine years. Each independent director has proven himself to have truly performed their duties independently and without conflict of interest or stake in the company's business activities.
The company should consider appointing a CG committee (on the director level).	The company has assigned the Audit Committee to audit the ethics and morals of executives and corporate governance as defined in the scope of authority of the Audit Committee.

Accordingly, the board of directors will review corporate governance issues in which the company still has not fully resolved and has set in place policies and practice guidelines in the corporate governance manual and related business ethics available for download at www.estarpcl.com, and the company strictly adheres to them as can be summarized into five sections as follows:

Section 1 – Shareholders' Rights

The company gives importance to protecting the rights of and promoting the exercising of the fundamental rights of shareholders as investors in stock and owners of the company such as in receiving news and information from the company completely and sufficiently, receiving company dividends and participating in meetings to vote in the appointment or removal of directors, the appointment of auditors and other matters.

The company schedules ordinary shareholder meetings to take place within four months of the ends of the company's accounting periods in order to give opportunities for shareholders to learn about the company's activities and express opinions and participate in making decisions in various important company matters. Accordingly, the company's ordinary shareholder meeting preparations are as follows:

Date	Details
30 September 2018	The company announced shareholder meeting agendas and nominated persons to become directors and sent questions ahead of ordinary shareholder meetings with announcements made through the information dissemination system of the stock exchange and the agenda procedures published in the company's website. The board of directors included "Considerations on Other Matters (if any)" as part of the company's meeting agendas in line with Section 105 of the Public Limited Companies Act, B.E. 2535 (A.D. 1992).
28 February 2019	The board of directors passed a resolution in approval for the the company's General Meeting of Shareholders No. 1/2562 to take place on 30 April 2019.
15 March 2019	The company created a list of shareholders eligible to attend the company's general meeting of shareholders.
26 March 2019	The company published completed meeting invitation letters, meeting agendas and accompanying documents in Thai and English on the company's website, www.estarpcl.com , at least 30 days in advance of the meeting date.

13 April 2019	The company sent meeting invitation letters to meeting attendees in advance by registered postal service at least 7 days ahead of time. In doing so, the company relied on Thailand Securities Depository Co., Ltd.
27-29 March 2019	The company advertised a meeting invitation to the company's General Meeting of Shareholders No. 1/2562 in a stock newspaper (Thai version) continuously for three days ahead of the meeting date.
30 April 2019	The general meeting of shareholders took place at 2:00 p.m. at the Intercontinental Hotel, Bangkok, Platinum Room 1, Lobby Floor, 973 Ploenchit, Lumpini, Pathumwan, Bangkok.
30 September 2019	The company announced the agendas of the meeting of shareholders, nominated directors and sent ordinary shareholder meeting questions through the information dissemination system of the stock exchange and specified the agenda procedures on the company's website. The board of directors included "Considerations on Other Matters (if any)" as part of the company's meeting agendas in line with Section 105 of the Public Limited Companies Act, B.E. 2535 (A.D. 1992).

The company has created its complete meeting invitation letters for 2019 and meeting agendas clearly along with accompanying documents in Thai and English for the benefit of Thai and international shareholders with consideration to completeness and sufficiency of information. In each agenda included in the meeting invitation letters, the company discussed facts and reasonings along with the opinions of the board of directors, and in other agendas important to shareholders and their decisions, the company also specified them in ordinary shareholder meeting invitation letters such as director appointments and auditor appointments, by which the names and backgrounds of the nominated persons were provided to help shareholders in evaluating their capabilities and suitability, along with important information as follows:

- Copy of the previous ordinary shareholder meeting for consideration of approval by shareholders.
- Annual report of the company containing significant information about the company and activities over the past year.
- Accompanying details for each agenda such as in the appointment of directors to replace vacating directors, by which the brief backgrounds of said directors such as age, education, past and present duties, shares held in the company, terms held in the company, positions in other listed companies and businesses that might create conflict of interest and legal disputes were included.
- Explanations on how to appoint proxies, register, present meeting attendance documents and vote.
- Complete background information about independent directors that shareholders can consider appointing as proxies.
- Meeting attendance procedures.
- Specific company regulations regarding shareholder meetings.
- Map to the meeting location.
- All three types of proxy letters stipulated by the Department of Business Development under the Ministry of Commerce. Form A is the general proxy appointment form, which is easy and uncomplicated. Form B is a form specifying various items in detail. And Form C is a proxy appointment letter used only for international investors and appointing custodians in Thailand to look after their shares.
- Business reply envelopes for sending proxy letters to the company (in cases where independent directors are appointed as proxies).

- The company has created practice guidelines for giving opportunities to shareholders in presenting shareholder meeting agendas and in nominating directors through the news system of the Stock Exchange of Thailand at least three months before the conclusion of each accounting period. Accordingly, the company announces its criteria and procedures clearly on the company's website, wee.estarpcl.com, from October to December, with said period unofficially lasting from October to December every year until written responses are received from shareholders, which the company's secretary considers preliminary before presenting to the board of directors for consideration of necessity and suitability to meeting agendas and whether or not they are appropriate to be included as meeting agendas. The board of directors' resolutions are final, and issues approved by the board of directors will become meeting agendas in shareholder meeting invitation letters accompanied by the opinions of the board of directors, and on matters which the board of directors refuses to include in line with set criteria have to be announced at shareholder meetings alongside reasonings for their refusals.

At Ordinary Shareholder Meeting No. 1/2562, which took place on 30 April 2019, no shareholder proposed any meeting agenda or nominated any director or sent any questions in advance. Additionally, the board of directors included an agenda for considering other issues (if any) so that shareholders could propose issues to be considered at the meeting in line with the legal stipulations of Section 105 of the Public Limited Companies Act, B.E. 2535 (A.D. 1992). That is, shareholders whose shares combine to at least one-third of all allocatable shares may ask the meeting to consider other topics from those specified in meeting invitation letters, and no shareholder proposed any additional issue for consideration or voting aside from the questions already included in the meeting report.

Meeting Date

In 2019, the company held one meeting, namely, Annual General Meeting of Shareholders No. 1/2562 on 30 April 2019 at 2:00 p.m. at the Intercontinental Hotel, Bangkok, Platinum Room 1, Lobby Floor, 973, Ploenchit Road, Lumpini, Pathumwan, Bangkok, and the following conveniences were offered to shareholders:

- Snacks were appropriately provided inside the meeting room to shareholders who attended the meeting, alongside other meeting conveniences. However, souvenirs were not given out to shareholders present at the meeting.
- Meeting registration occurred by barcode, in which registration commenced two hours ahead of the meeting, and shareholders intending to attend the meeting could still register even after said time elapsed and even until the meeting has concluded without losing their rights.

The company proceeded with the meeting according to the following procedures:

1. Prior to commencing the meeting, the chairman of the meeting or an assigned person introduced the board of directors and sub-committees along with the company's auditor to the meeting and asked the company's directors to explain the meeting and voting procedures while giving opportunities for shareholders to ask questions about the process and voting procedures.
2. The meeting proceeded according to the agendas already included in the ordinary shareholder meeting invitations, and representatives from the Thai Investors Association were present as observers.
3. The company allocated time appropriately without increasing meeting agendas to those announced to shareholders ahead of the meeting and did not suddenly distribute documents containing important information.
4. Votes were counted by voting ballots for each agenda requiring approval and for the appointment of directors, by which votes were counted on an individual basis.

5. Shareholders had the right to participate in the meeting after the meeting commenced and continued to have voting rights in agendas under consideration that had not yet been voted on.

6. Records were made in the meeting report, and the votes in each agenda were completely recorded.

The number of attendees to the company's Annual General Meeting of Shareholders No. 1/2562 on 30 April 2019 consisted of 248 shareholders present in person and by proxy for a total of 3,345,707,888 shares out of all 5,022,246,185 shares or 66.62 percent of total shares, thereby forming a meeting quorum in line with the company's regulations.

All 12 members of the board of directors, or 100 percent of all directors, along with the company's auditor attended General Meeting of Shareholders No. 1/2562.

After the meeting date, the company took the following actions:

1. The company announced the resolutions of Annual General Meeting of Shareholders No. 1/2562 along with the votes in each agenda by approvals, disapprovals and bad ballots along with the voting proportions of each type. These were sent online through the Set Community Portal electronic system to the Stock Exchange of Thailand and published on the company's website in Thai and English on the date of the meeting.

2. The company created the report for General Meeting of Shareholders No. 1/2562 in writing containing the important records of each agenda at the meeting and summaries of the significant questions made by shareholders along with the board of directors' explanations, recommendations and additional opinions, including meeting resolutions and votes in each category and voting proportions by type. All were made available completely and clearly by the company's secretary and was signed in approval by the meeting chairman.

3. The company submitted the meeting report to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commissions within 14 days after the meeting date, including the Department of Business Development within 30 days after the meeting date, in line with the stipulations of the Stock Exchange of Thailand in order to provide documents for verification and reference, and the report was also published on the company's website, www.estarpcl.com, on 15 May 2019.

For these activities, the company was evaluated for its annual general meeting by the Thai Investors Association with a score of 97 out of 100, which is rated as "excellent".

Section 2 – Equitable Treatment of Shareholders

The company adheres to the principle of equitable treatment of all shareholders in line with the regulations and requirements of the Office of the Securities and Exchange Commission and gives importance to treating shareholders appropriately with protection of their fundamental rights through the following actions:

1. In order to respect the rights of shareholders, the company publishes the complete versions of the company's general shareholder meetings on the company's website and sends general shareholder meeting invitations by registered postal service to shareholders in advance in Thai and in English according to requirements. In addition, the company specifies proxy letters for shareholders who could not attend meetings by doing so at least 21 days in advance of meetings in line with the requirements of the Department of Business Development and describes the voting guidelines for other persons or independent directors as well as share custodians for shareholders who did not possess Thai nationality.

2. The company has created processes and channels for minority shareholders to participate in proposing meeting agendas and nominating persons to become directors as well as send questions in advance of meetings in the period from October to December every year, whereby individual or several shareholders with shares amounting to at least 5 percent of total shares with eligible for voting could do so, and proposals of meeting agendas and nominating of directors are required to comply with the the law and the company's regulations and other criteria set by the company, all of which are published on the company's website.

3. In order to ensure transparency and demonstrate reliability to shareholders, the company does not add meeting agendas or significantly alter information without notifying shareholders in advance. In addition, the company requires the use of voting ballots in every agenda, including the appointment of directors on an individual basis on shareholder meeting dates.

4. The company does not have a business structure in which connected transactions occur such that might produce conflicts of interest.

5. The company created a corporate governance manual (Volume 1/2546) on 13 January 2003. It specifies policies, criteria and good practice guidelines and has been published so that directors, executives and employees can adhere to it.

6. Directors, executives along with the spouses and minor children of directors and executives and the employees of the company and other companies in the group intending to purchase or sell company stock are required to state their intention to the company's secretary at least one day before making their purchases or sales.

7. Connected transactions require the approval of shareholders in line with the specifications of the Stock Exchange of Thailand. Before conducting such a transaction, the company will disclose the details and reasons for the transaction as well as the opinions of the board of directors relating to said transaction so that shareholders can clearly know about it before it is conducted.

8. The company does not have transactions that provide financial assistance to companies that are not subsidiaries, and the company's share structure does not include cross-holding in group.

Section 3 – Consideration for the Roles of Stakeholders

The company respects the rights of every stakeholder and has a policy to ensure that every group of stakeholders have full access to their rights, whether the stakeholders are internal stakeholders such as employees and executives of the company and subsidiaries or external stakeholders such as shareholders, clients, trade partners, creditors, competitors, the public or society as a whole. Thus, the company has created various policies in the corporate governance manual (Volume 1/2546) on 13 January 2003, which can be studied and downloaded at ww.estarpcl.com. In addition, in 2019 the company treated stakeholders as follows:

1. Shareholders

The company strives to conduct business fairly and serve as a good representative of shareholders for the greatest benefit with transparency and long-term value-adding for shareholders with consideration to growth, security and good and sustainable returns. Thus, the company has set policy and practice guidelines regarding the treatment of shareholders. Thus, the company operates honestly with integrity and without any actions that would cause conflict of interest or diminishment of the rights of shareholders in parts relating to failure to respect the fundamental rights of shareholders or in regards to the inappropriate disclosure of internal information of employees on every level. In addition, the company promotes good relations and communicates with shareholders and investors and discloses information transparently and fairly through various activities and channels such as by disclosing information to the public through various media, to the Stock Exchange of Thailand and the Office of the Securities and Exchange of Commission in online

format and by giving press releases to the media throughout the year without seeking personal gains or gains for other parties from work activities.

2. Clients

The company has made it a policy to treat every client fairly and has specified the roles and responsibilities regarding clients clearly in the company's corporate governance manual. The company strives to create client satisfaction covering care and attention to the development of products that meet client needs and provide the greatest living comforts to clients along with attention to services through the building of service standards for work roles under the company's responsibility and client services. Furthermore, the company organizes activities to promote good relations with clients such as film-watching invitations, miniconcerts, merit-making during religious festivities, and giveaways during important occasions.

In order to ensure that the company continuously develops its products and services, the company has created key performance indicators (KPIs) on the organizational level, department level and employee level with each indicator covering the following:

- Satisfaction with location, project format, design, materials and equipment, usage space and common areas.
- Satisfaction with the services of sales employees during visits to projects, reservations/contract signing.
- Satisfaction with services from maids and security staff during project visits, reservations/contract signing.
- Satisfaction for home quality and repairs during home/condominium delivery acceptance.
- Satisfaction for the services of client service employees in providing recommendations about loans and services during rights transfers.
- Satisfaction on post-transfer repair services, service usage, repair quality and speed of service.
- Satisfaction while living at the C-Star Project.

Key Performance Indicators on Client Satisfaction on the Organizational Level (Non-Monetary Indicators)

In measuring the KPIs on client satisfaction on the organizational level, it consists of evaluating scores on every aspect. In 2018, the company's satisfaction score was 4.10 out of a total of 5.00. In 2019, the company used the score to make continuous improvements and resultingly produce a higher organizational client satisfaction score of 4.35 points.

3. Trade Partners and Creditors

The company has created a clear policy governing the treatment of trade partners and creditors and has a process in place for selecting trade partners fairly. Accordingly, the company has created an anti-corruption manual to provide guidelines concerning the transparent and equitable treatment of trade partners. The company specifies the qualifications of trade partners and judges the security and reliability of each organization by relying on at least three references and important company certification documents, secure financial status, history of on-time and effective delivery of quality and up-to-standard work and products, and appropriate prices. Furthermore, the company uses the information of trade partners in comparing with at least three different parties in order to ensure equality, and the company does not demand any benefits that might lead to injustice and strictly complies with its contracts and conditions. Moreover, the company treats trade partners and creditors fairly and pays debt obligations to creditors according to schedule and in line with set conditions, all the while strictly complying with all contractual conditions, specifications and obligations. In addition, in cases where appropriate reasons require changes to conditions or might cause significant impacts to financial status and might impact the debts which the company has to repay, the company will notify creditors and seek joint prevention or corrective

guidelines without causing harm and will use loans granted by creditors or financial institutes in line with the company's objectives as stated to creditors and financial institutes.

4. Competitors

The company will conduct business with a policy to treat competitors fairly in line with the framework for transparent trade competition and in compliance with the law and business ethics governing treatment of trade competitors and will not mistreat or commit any violation that might lead to the seeking of secret information from competitors through fraudulent means and will not violate the intellectual property rights of competitors. In addition, the company refrains from making malicious and false accusations against competitors and does not harm the reputation of competitors or engage in monopoly regarding the allocation of revenue and market share.

5. Employees

The company recognizes the value of employees and believes that they are the most important factors in operating business. Therefore, the company gives importance to caring for employees and ensuring that they receive continuous promotion and improvement. Hence, the company has made it a policy to manage human resources and employee ethics concerning employee remuneration and benefits as follows:

As the company has already stated in its human resource management policy and employee ethics in the corporate governance manual, the company firmly adheres to the principle of treating employees equitably and fairly without exception or discrimination in terms of origin, race, religion, gender, marital status, language, or position, and the company does not support the use of child labor or human trafficking, and the company is against corruption in every form. Moreover, the company pays remuneration to employees appropriately with short-term remuneration including minimum wages for unskilled or inexperienced employees pursuant to the law and raises based on annual employee performance and additional benefits beyond legal specifications such as overtime fees, bonuses, off-site work allowances, travel fees, annual health examinations, and New Year parties. In any case, the wages and benefits of each employee vary according to their positions, and in addition to tangible benefits the company provides long-term benefits that include provident fund subsidies.

6. Participatory Society

The company conducts business with consideration for communities, society and the environment and instills a sense of responsibility to society and environment in employees continuously and seriously on every level, and the company gives importance to and holds it to be a duty to participatory society and has set it as a policy on health, safety and environment and policy on support for public activities, whereby executives support activities that benefit communities and society and organizes activities beneficial to continuously instilling conscience in the company and employees on every level. These include giving scholarships to students, donating funds to UNICEF, organizing offering ceremonies of robes to monks at Sai Noi Temple, supporting a Sorapanya praying competition to preserve Thai Buddhist heritage and win a cup from the Supreme Patriarch of Thailand, donating funds to the Asian Institute of Technology for improving student dormitories, etc. In addition, the company develops the surrounding environment of the company's projects such as by planting trees on the path leading to Phala Beach.

7. Occupational Health and Safety and Work Environment

The company recognizes the tremendous importance of occupational health and safety and work environment and so has created a policy on occupational health and safety and work environment in the corporate governance manual in order to have employees on every level adhere to it. The purpose of this is to promote, care for and preserve safety to the life of employees and

property under the company's responsibility. Thus, these practice guidelines are to be held for their own safety, the safety of their colleagues and the company's assets and with consideration to the importance of prevention measures for accidents that might occur in work and impact employees and other people such as annual fire prevention drills.

In 2019, the company did not commit violation of any laws governing labor, employment, consumers, trade competition, and the environment and did not receive any complaints from stakeholders.

Section 4 – Disclosure of Information and Transparency

The company gives importance to disclosing important information accurately and sufficiently in an up-to-date and transparent manner in line with the specifications of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand in order to ensure that shareholders and stakeholders receive extensive news and information. Thus, the company discloses the following information:

The company discloses information through the electronic system to report information about various situations in Thai and in English with information including financial statements, annual information report forms (56-1 Form), annual report forms (56-2 Form) and other information about various situations. In addition, the company publishes up-to-date information on the company's website in Thai and English such as under the “Investor Relations” title along with other significant information such as meeting invitation letters and reports of annual general meetings of shareholders. All of this information can be accessed through the company's website, www.estarpcl.com.

In addition to disseminating information through important agencies and on the company's website, the company regularly announces its performance and important activities through other public relations activities and communities information and activities in line with communication work plans consistent with the company's strategies and objectives, which are continuously reviewed, and business directions with primary consideration to disclosures of important information through key agencies involved in information disclosures as follows:

The Sale and Marketing Department serves to publicize and disseminate information about the movements and activities of the company as well as publish pictures, news and news statements through various media.

The company's Secretary Department serves to publicize information in line with the specifications of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission correctly, fully, transparently in line with consideration procedures for beneficial information to investors in order to ensure fair and equitable treatment of stakeholders and give opportunities to stakeholders in making inquiries through set channels such as email.

Accordingly, the company discloses information to shareholders, investors, stock analysts and the news media, and the managing director and high-ranking executives announce the company's activities in addition to giving additional information and answering inquiries made at shareholder meetings and meetings with stakeholders, in addition to information published throughout the year on the company's website, with the following disclosures in 2019:

Activity	Number (times)
Press releases	1
Newspaper publications	100
Stock market news announcements	24
Performance news announcements	1

In 2019, the company did not encounter a situation in which it was subject to actions by a supervisory agency as a result of the company's failure to disclose or publish essential information according to schedule.

Furthermore, in order to communicate information disclosures from the company to every stakeholder involved such as shareholders, analysts, investors, business partners, supervisory agencies and the media to ensure understanding and effectiveness and hear about the opinions of every party involved in order to make improvements and/or benefits in the company's activities, the company has established an investor relations agency or "IR" to perform these tasks, and every party concerned can contact the investor relations agency as follows:

Investor Relations: Ms. Poonsri Pholpanitcharoen

Address: Eastern Star Real Estate Public Co., Ltd.
898, 5th Floor, Ploenchit Tower, Ploenchit Road,
Lumphini, Pathumwan, Bangkok 10330

Email: ir@estarpcl.com

Telephone: 0 2263 1010 to 890

Fax: 0 2263 1009

Preparation of Financial Reports

The board of directors is responsible for the creation of financial reports that are accurate, complete and transparent in order to prevent company assets from being lost or used by individuals who lack the authorization to do so, prevent corruption and irregular activities and to be consistent with the generally accepted accounting standards in Thailand and comply with relevant laws and announcements so that stakeholders can have confidence in the company's financial reports. Thus, the board of directors has assigned the Audit Committee the task of auditing financial reports by using appropriate accounting policies on a regular basis in line with relevant laws and announcements as well as audit the correctness and sufficiency of financial reports. In doing so, the Audit Committee schedules at least four joint meetings with the company's auditor without the attendance of management in order to obtain auditor opinions on various issues, and the company has assigned an auditor from EY Office Co., Ltd. to be the company's auditor with professional knowledge and without conflict of interest that might hinder the independence or neutrality and with all the required qualifications in line with specifications in order to ensure confidence in directors and shareholders that the company's financial reports reflect the company's actual financial position and performance while being correct and credible in every factual respect.

In 2019, the company disclosed its annual financial statements and quarter financial statements to shareholders and investors according to schedule, and the company does not have any history of being ordered to revise its financial statements by the Office of the Securities and Exchange Commission.

Disclosure of Directors' and Executives' Remuneration

The company has set performance indicators for each year to connect the criteria and policies set by the board of directors and pay remuneration in the form of salaries in monetary and other forms. Accordingly, the specification of the remuneration of the board of directors, executive directors and high-ranking executives occurs transparently and clearly, and remuneration are consistent with levels for the industry. Moreover, the company makes considerations based on the Nomination and Remuneration Committee and stipulates for the disclosure of remuneration for the company's directors and executives in the company's annual reports clearly in line with the disclosure requirements of the Office of the Securities and Exchange Commission. Remuneration are disclosed on an individual basis only for company directors not involved in management, while those for executives are disclosed in total amounts. The remuneration of directors and executives in 2019 are shown under "Management Structure".

Disclosures of Changes in Company Shares Held by Directors and High-ranking Executives

The company has created a policy concerning the company's secret information, preservation of credibility and information usage readiness, including the purchases and sales of stock, and requires that directors disclose and report company assets in their possession as follows:

Directors and executives are responsible to report any changes in the assets that they hold. Thus, they are to prepare and submit reports of the assets they hold and the purchases and sales of the company's stock to the company's secretary department for later submission to the Office of the Securities and Exchange Commission within a time period stipulated by the law and all other related regulations every time any change occurs. In addition, the company's secretary department is to report such changes in the assets held by directors and high-ranking executives to the board of directors every time.

Reports of Directors' Stakeholdings

The company has set a policy governing the reporting of directors' stakes. Directors and executives are required to report to the company about their stakes and those of persons related to them in accordance with Section 89/1 of the Securities and Exchange Act. In doing so, they are to make submissions to the company's secretary, who will then set a copy of the report of their stakes pursuant to Section 89/14 of the Securities and Exchange Act to the Chairman and Chairman of the Audit Committee within 7 days after the company receives the report.

Section 5 – Board of Directors' Responsibilities

As representatives of shareholders, the board of directors is responsible to shareholders concerning the operation of the company's business and has the duty to set policies and directions concerning the company's work activities. This includes supervising management in line with business objectives and for the benefit of shareholders within the framework or specifications of the law and business ethics principles, all the while considering the interests of all stakeholders. The board of directors recognizes and gives importance to good corporate governance policies aimed at securing the company's growth and security and adheres to the six principles as follows:

1. Responsibility
2. Recognition of duties
3. Justice and integrity
4. Transparency
5. Long-term value for stakeholders
6. Promotion of excellence of performance

1. Board of Directors Structure

The board of directors considers the suitability of its structure in line with the company's regulations and rules governing the board of directors, which the board of directors has set forth. The board of directors' composition, qualifications, and scope of authority and responsibilities are disclosed under "Management Structure".

The company's regulations stipulate that the board of directors is to be composed of no more than 12 directors.

As of 31 December 2019, the board of directors is composed of 11 directors. Of these, 6 are non-executive directors, which exceeds half of all directors, while 5 are executive directors. The structure of the board of directors is shown below:

- Non-executive and non-independent directors:	2 directors
- Executive directors	5 directors
- Independent directors	4 directors

The board of directors serves as the greatest example of adherence to and compliance with corporate governance principles as follows:

1) Every director is required to demonstrate leadership skills and the ability to effectively and efficiently control the work of management in order to achieve objectives at the heart of business and create and add investment value for shareholders and other stakeholders. The board of directors cooperates with management in specifying the company's vision, mission and values and instructs everyone to adhere to them. In addition, company directors are required to be fully responsible individuals in line with ethics and laws related to the company and stakeholders and must perform their duties with caution while exercising skill and integrity and demonstrating independent expression of opinions.

2) Directors are required to always exercise independent judgment in running the company's business in order to earn shareholders' complete trust.

3) Directors are required to consider nominating suitable people to the board of directors or shareholder meetings for their appointments to become new directors and exercise meticulousness and transparency in doing so, and may establish a nomination sub-committee for this purpose.

4) Directors must fully devote time and attention to the company and always be ready to attend meetings, and every meeting absence should be accompanied by an explanation.

5) Directors are required to conduct themselves consistently with the practice guidelines for directors in listed companies.

6) Directors are required to perform their duties in compliance with the laws and the objectives and regulations of the company as well as shareholder meeting resolutions.

7) Directors are required to refrain from conducting business or becoming partners or shareholders in other juristic persons that share similar characteristics and competes with the company, unless said directors have reported their status to shareholder meetings ahead of their appointment resolutions.

8) Directors are required to inform the company without delay in the event that they hold any stakes in any contract with the company or become holders of shares or stocks or have increases or decreases thereof in the company or other companies in the group or engage in any action that might create conflicts of interest.

9) Directors should manage work while avoiding conflicts between personal interests and those of the organization. This is to ensure that work management takes place fully effectively. Personal stakes include the following:

- (1) Not seeking personal gains from directorships.
- (2) Not misusing the organization's secrets.
- (3) Not being directors in companies that compete with the organization.
- (4) Not holding stakes in contracts with the organization.

10) Directors are required to manage work cautiously and not create obligations that might conflict with their duties at a later date.

11) Directors are required to not seek any inappropriate gains, whether directly or indirectly, from their work, for example, by

- (1) Not using the company's money or secret information for personal gain.
- (2) Not placing personal gains above the company's interests.

12) Directors are required to perform their duties to the fullest extent of their capabilities for the greatest benefits to the organization.

Elections and Position Terms

Members of the board of directors have terms for their positions. Thus, one out of three members of the board of directors are to leave their positions at every annual general meeting of shareholders. If the number of directors cannot be divided evenly by three, then the closest number to three are to vacate their positions. The directors that leave their positions by this measure may be reappointed at a later date, and, for directors who had to leave their positions in the first and second years after the company became a listed public company, they were required to pick a lottery to determine who left and stayed, while in later years, directors in their positions the longest would leave their positions.

Directorships in Other Companies

In order to ensure that directors can fully devote time and attention in performing their duties with the company, the company has stipulated that the total number of registered companies that each director may hold a position in does not exceed five, without exception, and no director current holds positions in more than five other registered companies.

In addition, the managing director is required to fully devote time to working with the company and so may not become a director or take work responsibilities on other registered companies, unless he holds a position in subsidiaries to supervise its activities based on his position in the parent company.

2. Responsibilities of Directors

1) The board of directors have roles and responsibilities primarily concerned with the specification and consideration of approval in important matters relating to the company's activities such as in setting the company's vision, mission, strategies, policies, business plans, budgets and fiscal responsibility reports and in supervising and monitoring activities in line with set strategic plans. Accordingly, management is assigned to carry out these decisions effectively, correctly and transparently while monitoring progress from activities as compared to objectives. Additional details concerning this are specified under "Management Structure".

2) The board of directors has the authority to grant approvals on various company issues as stipulated in Clause 6 in line with the scope of duties and responsibilities in compliance with the law, company regulations and shareholder meeting resolutions. Additional details are specified under "Management Structure".

3) The board of directors has appointed sub-committees. There are three of these in total, namely, the Executive Committee, the Audit Committee, and the Nomination and Remuneration Committee. They are composed of knowledgeable and skilled people who are capable of deciding on various matters in line with their assignments correctly, clearly, completely and preliminarily before making proposals to the board of directors for consideration of approval or certification, as the case may be, and they support the management work of the board of directors for greater thoroughness and effectiveness. The roles and responsibilities of each sub-committee are clearly provided under "sub-committees".

4) The board of directors established the company's good corporate governance principles in writing in 2003.

5) The board of directors has set forth policy governing conflicts of interest in the company's good corporate governance manual, in which clear details are provided, and has set in place procedures for dealing with transactions with potential conflict of interest and which might practice regulations concerning connected transactions. This complies with the stipulations of the Office of the Securities and Exchange Commission, and transactions that require approval from the board of directors and/or shareholder meetings will be considered by the Audit Committee first. The Audit Committee will render opinions regarding the conduct of these transactions, and in cases where the company holds a different opinion from the Audit Committee's opinions, the company also discloses said differences of opinions. In addition, in cases where a director holds a stake in any agenda, the director would lose the director's voting right in said agenda.

6) The company disclosed transactions with potential conflict of interest in 2018, and the board of directors gave the opinion that said transactions were appropriate and beneficial to the company's business and complied with the specifications of the Office of the Securities and Exchange Commission. Their details are shown under "Connected Transactions".

7) The company has in place an adequate and appropriate internal control system and allocates sufficient personnel in implementing the internal control system effectively and efficiently in the company's work activities. In addition, the company's financial reports are accurate and reliable in line with generally-accepted accounting standards, and the company's work activities are consistent with the system of good corporate governance and comply with the laws and all other obligations related to business activities. Their details are shown under "Internal Control Policy".

8) The board of directors has set in place a risk management policy with emphasis on taking actions in line with the risk management processes for the entire organization in order to support the company in completing its objectives and strategic plans. A risk management work committee evaluates and summarizes work activities in line with risk management processes, all of which are audited by the Audit Committee and reported to the board of directors on a quarterly basis. Their details are shown under "Internal Control and Risk Management".

3. Meetings of the Board of Directors

1) In holding meetings of the board of directors, at least one-half of all directors are to be present in order to form a meeting quorum. In cases where the chairman of the board of directors is absent from the meeting or cannot perform his duties, then if there is one vice chairman is present, the vice chairman will act as the meeting chairman, and if there are many vice chairmen, the directors are to appoint among themselves which vice chairman will chair the meeting. If there is no vice chairman or if he cannot perform his duties as well, the directors are to appoint among themselves a director to chair the meeting.

The company's policy on the minimum meeting quorum for when the board of directors cast votes is that at least two-thirds of all directors need to be present.

2) Final meeting decisions are based on majority votes.

3) One director has one vote to cast. However, if a director holds stake in any matter, that director will not be eligible to vote on that matter, and, in cases where votes are evenly split, the chairman shall have an additional deciding vote to cast.

4) The chairman of the board can convene meetings of the board of directors. In cases where the chairman cannot perform his duties, the vice chairman will be allowed to convene meetings. In convening meetings of the board of directors, the chairman of the board or a person designated by him will send meeting invitation letters to directors at least 7 days ahead of each meeting date. However, in urgent cases or in order to protect the rights or benefits of the company, meeting announcements can be made by other ways, and meetings can be scheduled to take place sooner. In addition, two or more directors can ask the chairman to convene meetings, and in cases where two or more directors make such a request, the chairman or a person designated by the chairman will schedule a meeting within 14 days of receiving a request to do so.

5) The chairman or director assigned by the chairman will have the responsibility of scheduling the date, time and place for each meeting of the board of directors, and meeting places can be different from the locality where the company's main office is located or nearby provinces.

6) In cases where directorships become so vacant that fewer directors exist than needed to form a meeting quorum, the remaining directors will perform their duties on behalf of the board of directors in organizing a shareholder meeting to appoint new directors to only fill those vacant positions, and this has to be done within one month after the number of vacant directorships falls below the number required to form a meeting quorum. In addition, persons who become replacement directors may remain in their offices only for the remaining duration of the terms of the directors they replace.

7) The board of directors has the authority and responsibility to manage the company in compliance with the law, the company's objectives and regulations and shareholder meeting resolutions.

8) The board of directors has to hold at least three meetings per month on average.

9) Records of meetings of the board of directors, meeting summaries and opinions of the board of directors have to be clear such that they can be used for reference.

In 2019, the board of directors held a total of six meetings. The board of directors held five regular meetings and one additional meeting without executives in order to give opportunities for non-executive directors to discuss various problems relating to the company's business activities in every topic, including various recommendations for executives for future improvements, and other matters in their interest, and meeting results are reported to the managing director, as the board of directors has a policy to support non-executive directors to hold their own meetings as appropriate without the attendance of executives or management.

1) Board of Directors Self-Evaluations

The board of directors organizes self-evaluation once annually in the form of self-evaluation of the entire board and self-evaluation of individual sub-committees. The evaluation criteria and scores are as follows:



The evaluation process is as follows:

- 1) The company arranges for self-evaluation to take place for the entire board of directors and by individual sub-committees. The company's secretary prepares the evaluation forms consistently with the guidelines of the Stock Exchange of Thailand and suitably with the nature of the company's business.
- 2) The company's secretary department sends the evaluation forms to each director, who then return them to the secretary department for compilation and presentation to the Nomination and Remuneration Committee.
- 3) The Nomination and Remuneration Committee evaluates the results and gathers the different opinions presented to the board of directors and uses the evaluation results to review work results and problems encountered throughout the year and to evaluate the supervisory effectiveness of the board of directors. Then the results are used to support and support improvements in the work of management.

Self-evaluation Results of the Board of Directors in 2019

They include 10 main topics, and the mean evaluation score is excellent at 95.99 percent. The details are as follows:

Topic	Evaluation Results (%)
1. Structure and qualifications of the board of directors	89.84
2. Board of directors' meetings	96.67
3. Readiness of directors	95.24
4. Roles, duties and responsibilities of the board of directors	94.28
5. Specification of strategies and business plans	99.59
6. Risk management and internal control	94.86
7. Prevention of conflicts of interest	99.05
8. Monitoring of financial reports and performance	94.28
9. Board of directors' meetings	93.81
10. Other (recruitment of directors and managing directors)	97.86

Summary of Self-Evaluation Results by Committee for 2019

These cover four main topics, and the mean evaluation score is excellent at 93.65 percent. The details are as follows:

Topic	Evaluation Results (%)
1. Structure and qualifications of sub-committees	90.48
2. Sub-committees' meetings	92.22
3. Roles, duties and responsibilities of the Audit Committee	95.23
4. Roles, duties and responsibilities of the Nomination and Remuneration Committee	96.67

Evaluation Process for the Managing Director's Performance

1) The board of directors has assigned the Nomination and Remuneration Committee to set the criteria for evaluating the performance of the managing director. The performance evaluation criteria should incentivize business management in line with the company's long-term objectives, business strategies and interests, and they are communicated in advance to the managing directors.

2) The Nomination and Remuneration Committee evaluates the performance of the managing director every year and communicates results along with improvement areas to the managing director.

3) Performance evaluation results are judged in the specification of the managing director's remuneration. Thus, the Nomination and Remuneration Committee would submit a proposal to a meeting of the board of directors for consideration of approval.

2) Development of Directors and Executives

The board of directors consistently supports every director to receive skill and knowledge development for performing their roles as directors and provides training and knowledge development as required to persons involved in the company's business management system in order to ensure continuous improvement.

Training Sessions Attended by the Board of Directors

Director Name	Class/Year of Course Training (IOD)	Course of the Thai Institute of Directors (IOD)	Course by Other Institutions
1. Mr. Anand Panyarachun	-	-	-
2. Mr. Veraphan Teepsuwan	-	RCP	-
3. Mr. Preecha Oonchitti	-	DCP	-
	-	DAP	-
4. Mr. Somrit Srithongdee	Class 101/2008	DCP	-
	Class 1/2008	FSD	-
	Class 1/2007	RCC	-
	Class 1/1990	EDP	-
	-	-	Financial Executive Program, The Thai Institute of Banking and Finance Association, 1997

5. Mrs. Sunanta Tiasuwan	Class 22/2002	DCP	-
			High-ranking Executive Program, Capital Market Academy, Class 11 (CMA 11)
6. Mr. Paiboon Wongjongjaihar	Class 66/2007	DAP	-
	-	-	Building Energy Conservation (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy) Class 18/1996
	-	-	Building Electrical Design and Installation Standard Code for Energy Conservation (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy) Class 1/1997
	-	-	Person Responsible for Energy in Building (The Department of Alternative Energy Development and Efficiency under The Ministry of Energy) Class 1/2003
7. Mr. Chatchawin Charoen-Rajapark	Class 52/2006	DAP	-
	Class 88/2007	DCP	-
	Class 19/2007	ACP	-
	Class 7/2007	RCC	-
8. Mr. Titiwut Soukpornchaikul	-	CSP	-
	Class 6	EDP	-
	Class 23	AACP	-
9. Mr. Torsak Lertsrisakulrat	ปี 2018	DCP	-
Director Name	Class/Year of Course Training (IOD)	Course of the Thai Institute of Directors (IOD)	Course by Other Institutions
10. Mr. Pongpinit Tejagupta	Class 7/2013	ACEP	-
	Class 4/2013	HRP	-
	Class 7/2013	CDC	-
	Class 14/2012	RCC	-
	Class 2/2012	RNG	-
	Class 1/2011	M&A	-
	Class 2/2010	MFM	-
	Class 10/2010	MFR	-
	Class 7/2010	MIA	-
	Class 9/2010	MIR	-
	Class 1/2010	FGP	-
	Class 7/2010	SFE	-

	Class 30/2010	ACP	-
	Class 126/2009	DCP	-
	Class 71/2008	DAP	-
11. Mr. Nuttawit Boonyawat	-	-	Senior Executive Program (SEP 9) Sasin
12. Mr. Tinnawat Mahatharadol	Class 205/2015	DCP	-
	Class 6/2015	RMP	-

Remarks:

AACP: Advanced Audit Committee Program

ACP: Audit Committee and Continuing Development Program

ACEP: Anti – Corruption for Executive Program

ACPG: Anti-Corruption: The Practical Guide

CDC: Chartered Director Class

CSP: Company Secretary Program

RCP: Role of the Chairman Program

DAP: Director Accreditation Program

DCP: Director Certification Program

EDP: Executive Development Program

FGP: Financial Institutions Governance Program

FSD: Financial Statements for Directors

HRP: How to Develop a Risk Management Plan

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

MFM: Monitoring Fraud Risk Management

MFR: Monitoring of the Quality of Financial Reporting

MIA: Monitoring the Internal Audit Function

MIR: Monitoring the System of Internal Control and Risk Management

RCC: Role of the Compensation Committee

SFE: Successful Formulation & Execution of Strategy

3) Orientation of New Directors

Persons selected to become new directors receive training and/or communication so that they learn about issues important to the company's business, including the responsibilities of company directors. Information used during orientation for appointed directors include issues about legal compliance, the company's memorandum of association, company regulations, the scopes of duties and responsibilities of the board of directors and sub-committees, reports of meetings of the board of directors over the past year, manual for directors in listed companies and good corporate governance principles prepared by the Stock Exchange of Thailand, good corporate governance policy, relevant laws to the company's business activities and other important rules and regulations of the company and other information related to business activities. During such a training session, the Nomination and Remuneration Committee and/or the company's secretary will provide the above information above to the new director. The board of directors has a policy to encourage directors to continuously learn new knowledge and supports directors to attend course training and participate in seminar activities.

4) Succession Plans for High-ranking Executives

The board of directors has assigned the Nomination and Remuneration Committee to create work succession plans and review development plans for the managing director and high-ranking executives in order to prepare continuous plans for successors in cases where the managing director or other high-ranking executives retire or can no longer perform their duties or manage the company continuously. The managing director and high-ranking executives have their own successor plans in order to maintain confidence in stakeholders such as shareholders, clients and employees that the company's business activities will be continuously in line with the secure and sustainable growth guidelines with good corporate governance. Accordingly, the managing director is instructed to report succession plan activities to the Nomination and Remuneration Committee and the board of directors for acknowledgement at least once annually.

5) Anti-Corruption

The company recognizes the importance of operating business transparently based on the principles of good corporate governance in order to ensure effective business activities and fairness with responsibility for society and stakeholders. Thus, in order to prevent corruption in every form in the organization, the company has set in place business principles that do not support the businesses of groups or people that seek inappropriate gains. This is to ensure trust that the company operates business without corruption. In addition, the company has set its anti-corruption policy for strict adherence by the board of directors, executives and every company employee on every level and in every work section, and the company instructs subsidiaries, associated companies and other companies in which the company holds control authority to conduct business and act in the same line as the anti-corruption policy as follows:

Practice Guidelines

1. This anti-corruption policy covers personnel management processes covering recruitment or selection of personnel, promotions, training, employee performance evaluations, and remuneration. Supervisors on every level are required to communicate with and build understanding in employees for business activities under their responsibilities and are assigned to supervise and ensure effective implementation of this policy.

2. For any action under this anti-corruption policy, the practice guidelines stated in the good corporate governance manual and business ethics and anti-corruption manual, as well as other related regulations and operation manuals of the company are to be used.

3. To ensure clarity concerning activities involving high risk for corruption, the company requires that the board of directors, executives and employees perform their duties with caution.

3.1 Political Neutrality and Assistance

The company has a policy to remain politically neutral and does not support or engages in any political action, whether directly or indirectly, and this includes the use of company resources in activities that might harm the company's political neutrality and/or harm from participation in said activities.

3.2 Charitable Donations and Financial Assistance

Charitable donations are part of the company's organizational culture in assisting under-privileged people in society and to alleviate suffering in people who suffer from natural disasters or in order to promote the overall quality of life in the present and in the future. However, these charitable donations must be approved in line with the process set in place by the company and must occur transparently. Thus, payments must clearly specify recipients, including the names of registered recipient organizations, and the

purposes of each donation. In general, financial assistances are provided in order to promote the image or reputation of the organization and usually occurs through various social activities. Accordingly, financial assistances have to be provided based on a transparent decision-making criteria and involve accurate and sufficient payment contracts or evidence and must be approved in line with the company's processes and approval authority, and no financial assistances are to be provided so as to conceal corruption or bribery.

3.3 Giving or Receiving Gifts, Assets or Other Benefits, Including Greeting Service Fees and Other Expenses

In the acceptance or giving of gifts, assets, other benefits, greeting service fees, and other expenses that might create risk for corruption, all directors and employees are required to not accept or give any gift, asset or benefits, including greeting service fees and other expenses as can generally be perceived that such acceptance or giving of gifts, assets or benefits, including greeting service fees and other expenses, might create obligations or burdens and a sense that something in return might be required or that doing so might lead to corruption. This specification also applies to the acceptance or giving of gives or assets or other benefits to external parties. However, if said acceptance or giving of gifts or assets or other benefits, including greeting service fees and other expenses, do not cause obligations or burdens or feelings of repayment in a manner that constitutes corruption but which is consistent with normal traditional practices and custom, then they are permissible, provided that they are consistent with the company's business ethics and regulations.

3.4 Extortion, Fraud, Trickery, Conspiracy, Collusion, Abuse of Power, Embezzlement and Money Laundering

Abuse of power for these activities such as extortion, fraud, trickery, conspiracy, collusion, and money laundering are corrupt and forbidden acts as stipulated by the law and are explicitly prohibited by the anti-corruption measures manual and are direct breach of trust in the responsibilities and duties of directors or company employees, regardless of whether or not motives exist for such actions.

The high-risk acts for corruption stated above do not cover every situation, and directors and employees are required to exercise their discretion in order to ensure that business activities and transactions do not constitute corruption.

4. Directors, executives and employees are required to not demand or accept any benefits or inappropriate items or engage in dishonesty or acts that deviate from the normal circumstances involving people connected to the company's business.

5. Directors, executives and employees are prohibited from demanding or accepting money, benefits, things or other interests from any person or juristic person in business, whether they are demands or acceptances for the self or others such that they might create a motivation for performing or refraining from performing certain duties, for performing inappropriate activities or for engaging in illegal activity.

6. Giving, offering and receiving donations or support of money or items or any other benefits involving outside parties such that these parties are motivated to commit actions or refrain from committing actions that constitute legal or inappropriate violations in their duties or in order to create advantages or exchanges for inappropriate preferential treatments are strictly prohibited, whether these parties are government officials, brokers, representatives, trade partners, clients, persons with decision-making authority or others. In addition, givings and acceptances of donations or financial assistances must take place transparently and in compliance with the law with certainty that these donations and assistances will not be claimed later on as bribery.

7. In cases where juristic persons or external parties related to the company's business give items or benefits to executives or employees as a reward, executives and employees have to exercise appropriate discretion in whether or not it is appropriate and/or proper to accept them and must consider government regulations and laws. If refusal on the part of executives or employees might

dishearten the other party and negatively impact business relations, then acceptance is permitted. However, the values of these items must not exceed those that officials are authorized to accept.

8. Acceptances of gifts and assets should be acceptance of assets or other benefits consistent with ethics. Such acceptances might be from connected persons, acquaintances and should be done in general and not specific and should not be of a value such that constitutes legal violations, and the gifts and assets themselves must not be illegal in nature.

9. Personnel of the company and subsidiaries, including their family members, are strictly prohibited from seeking or receiving gifts, assets or any other benefits from contractors, sub-contractors, clients, trade partners or other persons related to the company's business in any case potentially resulting in bias or distress or conflicts of interest.

10. Personnel of the company and subsidiaries are prohibited from giving bribes or any remuneration of a similar nature to other personnel of the company or external parties, especially government officials. In the giving of gifts, assets and other benefits to government officials domestically and international, the company's personnel must be certain that doing so will not violate any law or local tradition or custom.

11. It is not appropriate to give or receive gifts of a value greater than what reasonable supervisors or subordinates would give to each other, regardless of the occasion.

12. Directors, executives, employees and subsidiaries must avoid giving or accepting things or benefits from trade partners or people involved in the company's business activities except as part of normal business activities or popular occasions or traditions.

13. Collaborations involving agencies such as government agencies, state enterprises and private sector members domestically and internationally must occur transparently, fairly and correctly in accordance with Thai and the international laws governing where the company conducts business, and the company will comply with anti-corruption laws in every locality in which the company conducts business.

14. Directors, executives, employees and subsidiaries are required to provide knowledge and build understanding with clients, trade partners, contractors and individuals or juristic persons with whom the company conducts business that the company does not support any action that constitutes corruption and will not be involved in any form of corruption, whether such includes collection, acceptance or payment of bribery, and, if these actions occur, the company must be reported to immediately.

15. The company stipulates that this policy also applies to subsidiaries, associated companies and other companies in which the company has control authority, including persons related to business activities.

16. Directors, executives and employees who fail to comply with this policy will be considered to have committed disciplinary violation against the company's regulations, and failure or refusal to follow these regulations may constitute legal violations for which the company will report to law enforcement officials for legal action against violators.

17. Companies and Persons with Business Relations

17.1 Subsidiaries and other companies in the group, including companies in which the company has control authority, are required to adhere to these anti-corruption measures.

17.2 For representatives and business intermediaries (if any), directors, executives and every employee are prohibited from hiring representatives or business intermediaries for any action involving the giving or taking or bribe or corruption.

Implementation Measures

1. The board of directors, executives and employees are required to comply with the anti-corruption policy and measures and the good corporate governance and business ethics principles of the company without becoming involved in corruption, whether directly or indirectly.
2. Employees should not neglect or remain idle upon discovering or having questions about actions that might constitute corruption. Rather, employees should notify their supervisors or responsible persons through set reporting channels and cooperate in the investigation into facts in line with the company's regulations.
3. The company will give justice and protection and will not punish or be impacted in any manner by the refusal of directors, executives and employees in engaging in corruption related to the company's business activities, regardless of whether or not doing so would cause the company to lose business opportunities. In addition, the company will take actions strictly in line with the protection measures for complaint filers and people who cooperate in reporting corruption as prescribed in the company's policies, regulations and practice guidelines governing treatment of personnel and/or complaint and reporting measures.
4. People who engage in corruption will be held in violation of the company's business ethics principles and will be judged for disciplinary actions in line with the company's regulations and might suffer legal penalties as well, if their actions constitute legal violations.
5. The company communicates its anti-corruption policy and measures, including channels for making reports, filing complaints and submitting recommendations, to all directors, executives, employees, subsidiaries and every other party involved through various channels such as orientation for directors and employees, dissemination of information and news inside the organization and the company's group using various media to build knowledge and understanding in the implementation of this policy.
6. The company communicates its anti-corruption policies and measures as well as channels for making reports, filing complaints and submitting recommendations to the public and stakeholders through various means such as the company's website and annual reports.
7. The company arranges for corruption risk management, whereby risks are assessed and ordered in terms of importance, and appropriate measures are put in place along with monitoring of measures already being implemented. Accordingly, the work committee responsible for screening complaints about corruption and other matters coordinates with the Audit Committee about corruption risk in order to permit the internal audit office to perform audits.
8. The company has set in place a personnel management system that reflects the company's determination in adhering to the anti-corruption policy and measures covering recruitment, training, performance evaluation, remuneration, promotions and appropriate separation of duties in order to create checks and balances and create actions that ensure that resources are available and that personnel possess sufficient and suitable skills for the implementation of this policy.
9. The company has created clear, concise, effective, transparent and verifiable regulations governing approval authority.
10. The company has established an internal control system covering finance, accounting, data collection and other processes inside the company related to anti-corruption measures and communicates the effects of internal control to personnel with relevant responsibilities.
11. The company has established an internal audit system covering the important activities of the company such as commercial activities, procurement, etc. in order to ensure that the internal control system achieves its objectives; to audit work

activities to ensure that they comply with practice regulations, specifications and rules; and to give recommendations for improving work systems for greater effectiveness in line with the policy.

12. The company has set in place measures for reporting and mechanisms for protecting informants as well as ways to communicate various anti-corruption measures through employee orientation, email, journals, internal and external communication and policy notification letters to trade partners and clients and the company's websites.

Monitoring and Ensuring Practice

The company has made it the duty and responsibility of directors, executives and all employees to know and follow the policies and specifications included in the company's manual governing good corporate governance. In addition, executives on every level are required to take responsibility for and hold it to be an important matter to encourage employees under their supervision to have knowledge about, understanding of and strict adherence to the good corporate governance manual.

The company does not engage in any unlawful activities or activities that contradict the principles of good governance. If a director, executive or employee is found to have committed violations against the set good corporate governance principles, said person will be subjected to strict disciplinary actions. In addition, if there is credible evidence to believe that such a person has committed violations against the laws, regulations, rules or requirements of the government, the company will submit the issue to government officials for further action.

If any employee on any level of the company struggles in making any decision or performing any task for which business ethics specifications do not exist in the company's business ethics, then said employee has to ask himself or herself the following questions concerning the action being considered:

1. Will the action violate the law?
2. Will the action violate any policy or ethics or harm the image of the company?
3. Will the action seriously and adversely impact the company's stakeholders?

Employees on every level can file complaints or submit any recommendations, suggestions or clues concerning legal violations and/or business ethics in line with the good corporate governance principles, including behaviors that might constitute corruption or inappropriate behaviors by any person within the company, and the company's stakeholders are to file reports by using the company's communication channels.

Measures for Filing Reports and Mechanisms for Protecting Informants

The company monitors and cares for employees on every level to ensure that they strictly comply with the policy and specifications in the anti-corruption manual. In addition, the company has set in place a process for handling complaints and filing reports with channels for filing reports for any complaint filers inside or outside the organization about any illegal activity, rights violation, breach of ethics, and behaviors that might constitute corruption or unlawful activities involving any person on any level in the organization, including company executives and employees and those in subsidiaries and other stakeholders. Accordingly, the company's investigation and corrective measures are clear, neutral, and transparent, and the company has in place measures for protecting relevant informants and witnesses in line with the company's complaint and reporting process. Thus, people can file complaints with the company via three channels as follows:

- 1) By the company's website: www.estarpcl.com
- 2) By email: anti-corruption@estarpcl.com
- 3) By registered postal service directly sent to the following:

Work Committee on Screening Complaints about Corruption and Other Matters,
Eastern Star Real Estate Public Co., Ltd.
898, 5th Floor, Ploenchit Tower, Ploenchit Road,
Lumphini, Pathumwan, Bangkok 10330

Complaint Handling Procedures

1. If a complaint is about a violation or failure to comply with policy or practice regulations concerning personnel, the complaint will be sent to the human resources department manager.
2. If the complaint is about a violation or failure to comply with government laws or regulations, or business governance policies or principles or the regulations of the company, the complaint will be sent to the company's secretary.
3. If the complaint is about an action that might constitute corruption, that is, any action that might constitute inappropriate or unlawful seeking of personal gains or gains for others, such as embezzlement, corruption, fraud, etc., the complaint will be sent to the Audit Committee.
4. In cases where a complaint in 1, 2 or 3 is complex or involves many agencies, the complaint will be sent to the managing director in order to establish a committee to conduct an investigation into facts and taking relevant actions.
5. Subsequently, persons who receive complaints are to register the complaint and record information with the company's secretary. In doing so, a summary of all recommendations and issues will be made for presentation according to the complaint and reporting process and will be submitted to the Audit Committee on a quarterly basis. This, however, excludes letters addressed to the Audit Committee, which will be sent directly to the Audit Committee. In addition, urgent cases can be directly reported to the managing director by email. Afterwards, the company will conduct an investigation according to procedures and record the investigation in writing without disclosing the names of informants and will maintain the confidentiality of reported information so as to prevent potential impacts to report filers.

Measures for Protecting the Rights of Complaint/Report Filers

In order to protect the rights of complaint/report filers and people who cooperate in investigations into facts, the company will not disclose the names of complaint filers and will keep information about complaints secret. The purpose of this is to prevent potential impacts to complaint filers and to provide protective measures in cases where said persons might perceive risks to their own safety or might be vulnerable to trouble or harm. Accordingly, the company will operate with fair and appropriate processes and provide alleviation for any damage in cases where the aforementioned occurs.

In 2019, the company received no complaints or reports of ethical violations, failures to comply with corporate governance principles, or any form of corruption.

10. Corporate Social Responsibility

Overall Business Policy of Eastern Star Real Estate Public Co., Ltd. and Subsidiaries Concerning Responsibility to Society, the Environment and Stakeholders

The company remains firmly adherent to operating business with recognition to the importance of taking responsibility for society and the environment in order to ensure secure and sustainable business growth with consideration to potential impacts on every stakeholder and to ensure that the work activities of the company's directors, executives and employees are consistent along the same direction. The company hopes that operating business with responsibility for society will create collective benefit that progresses in tandem with the company's growth and create an organizational culture which promotes employee responsibility for the society in which they live and coexist. Thus, the company's practice guidelines are as follows:

- **Educational Opportunities for Thai Youths** – The purpose of this is to support Thai youths in developing into quality people for society and the country and to apply their knowledge and education in developing the nation. In addition, the company has a project to award scholarships to students at Wat Sai Thong School at Bang Kho Laem, Bangkok, at the amount of 20,000 baht every year during National Children's Day. Although children are young today, they will one day become the adults of tomorrow. Additionally, the company worked with Bang Kho Laem Community to organize an offering ceremony to give robes to monks at Wat Sai Temple to preserve Thai traditions and promote the coexistence of Buddhism alongside Thai society.

- **Social Assistance** – In order to instill conscience in Thai youths and support them in becoming ethical and moral adults and spending time beneficially without involving themselves in drugs, the company supported the Sorapanya praying competition project for preserving Buddhist Thai heritage and winning a cup from the Supreme Patriarch of Thailand organized by the Lord Abbot of Suan Luang, Bangkok, Thailand; Animation Multimedia Group; CAT Telecom Public Co., Ltd.; Association of Researchers of Thailand; Wat Pak Bo Temple in Suan Luang, Bangkok; and Foundation of Globalization Fairness. Primary level and junior and senior high school students nationwide participated in the competition.

Furthermore, the company donated 200,000 baht to the Asian Institute of Technology (AIT), an international academic organization, for dormitory renovations and an improved educational environment.

- **Support for UNICEF** – This company recognizes the work of UNICEF as an organization dedicated to working for the protection of children in Thailand and over 190 other countries worldwide and in ensuring that children can survive and live safely while receiving opportunities to develop to their fullest potential. Thus, the company donated 500,000 baht to UNICEF in Thailand in order to support the organization's work with the hope of assisting in the work to transform youths into responsible and creative citizens in the future.

- **Environmental Development** – At the present, Bangkok suffers from particulate matter or PM 2.5, which exceeds standard values, so the company donated air filters to nine residential projects with the hope of improving air quality. In addition, the company planted trees (yellow elder bushes at the way down to Phala Beach).

Additional Anti-Corruption Practice Guidelines

The company and subsidiaries recognize the importance of operating business transparently on the principles of good corporate governance in order to ensure effective business activities and fairness with responsibility for society and stakeholders. Thus, in order to prevent corruption in every form in the organization, the company has set in place business principles that do not support the businesses of groups or people that seek inappropriate gains. This is to ensure trust that the company operates

business without corruption. In addition, the company has set anti-corruption measures for strict adherence by the board of directors, executives and every company employee on every level and in every work section, and the company instructs subsidiaries, associated companies and other companies in which the company holds control authority to conduct business and act in the same line as the manual on anti-corruption measures, which contain specifications about understanding and application of good corporate governance principles.

11. Internal Control and Risk Management

11.1 Opinions of the Board of Directors about the Internal Control System

The company continuously gives importance to its internal control system. The board of directors has assigned the Audit Committee to evaluate and audit the internal control system with emphasis on the presence of an adequate and suitable internal control system for business activities along with work effectiveness and efficiency with effective resource utilization, cost-saving and worthwhileness. This includes maintaining the company's assets as well as preventing or minimizing mistakes, damage, leaks, waste and corruption. In addition, financial reports used inside and outside the company must be correct, reliable and available in a timely manner, and activities are to occur in line with the law and policies set by the company to govern them.

The company employs outside parties to serve as internal auditors of the company and audit the work activities inside the company to ensure compliance to regulations and company policies. Internal auditors point out faults in work activities and/or present corrective and improvement recommendations for management to apply. In addition, an internal auditor will compile faults encountered in various work activities and report them to the Audit Committee every quarter for acknowledgement and to supervise management to take corrective actions as appropriate.

In 2019, the Audit Committee assessed the company's internal control system by reviewing and inquiring for information from management and the company's internal auditor. The committee's opinion is that the company's internal control system in five parts, namely, the organization and control environment, risk assessment, control activities, information and internal communication and monitoring and evaluation were exhibited adequate internal control. The details are as follows:

1. Organization and Control Environment

The company's environmental factors promoted the presence of an adequate internal control system. The organization's structure has been set, and the duties and responsibilities of each department have been specified clearly in order to benefit monitoring of work activities. Furthermore, the company has created work manuals governing the main work departments with improvements to sub-work-systems to ensure effectiveness, concision and reduced work complications while ensuring that every department operates with a single standard. Moreover, the company creates clear business objectives every year with consideration to various factors such as the economy, market conditions and competition and sets clear achievement evaluation standards. Overall, the company's control environment is appropriate and plays a part in ensuring effective internal control.

2. Risk Assessment

In 2019, the board of directors authorized a risk management plan for the company's business activities created by the risk management work committee. Risk assessment took place covering internal and external factors influencing the company's business strategies and activities. The risk management components are consistent with the framework and principles for risk management as generally practiced. That is, considerations have been made in regards to (1) corporate governance and organizational culture; (2) organizational strategies and objectives; (3) risk management; (4) risk review and improvements; (5) communication and reporting of risks. The company's risk assessment process includes specification and evaluation of severities, prioritization and risk responses with consideration based on opportunities and potential impacts from each type of risk, and risks that are encountered are immediately presented to high-ranking executives in order to enhance capabilities and

build sustainability for the organization. In addition, the company reviews risk management plans through meetings of the Executive Committee, Audit Committee and the board of directors.

3. Control Activities

The company has appropriate and sufficient internal control for each main activity. Each main activity is governed by practice guidelines necessary for internal control in the form of important policies described in the control environment component, along with regulations, rules, orders, procedural manuals and operations manuals. In addition, necessary practice guidelines for each activity have been set clearly, and the Audit Committee has been established to serve as an important tool of the board of directors in supervising work activities. The Audit Committee performs its duties according to the scope and responsibilities defined by the board of directors and reports to the board of directors whenever it encounters any activity which does not demonstrate the presence of an adequate and sufficient internal control system.

4. Information and Communication in the Organization

The company possesses information related to work activities, and financial reports and reports of work activities in line with policies and practice regulations as well as information obtained from outside the organization are communicated to executives and users inside the organization in formats that facilitate effective operation in information recipients. Therefore, the company's information and communication are appropriate.

5. Monitoring and Evaluation

The company has in place a monitoring process that facilitates the completion of business objectives and exhibits the presence of sufficient and effective internal control. This includes monitoring while activities are ongoing and evaluation of internal control by the internal audit department. Furthermore, in 2019, the company held a total of five meetings of the board of directors along with four meetings of the Audit Committee, 12 meetings of the Executive Committee, and regular management meetings in order to evaluate work performance in line with set objectives.

5.1 Sufficiency and Adequacy of the Company's Internal Control System

The board of directors deem the internal control system of the company and subsidiaries, including personnel, to be sufficient and adequate for effective work operations.

5.2 The Audit Committee reported to the board of directors that the Audit Committee already reviewed the internal auditor's report and report on the adequacy of the company's internal control system in line with the guidelines of the Office of the Securities and Exchange Commission and viewed that the company's internal control system contained no significant faults.

11.2 Differences in the Opinions of the Audit Committee and the Board of Directors

In 2019, the Audit Committee did not have any opinions that differed from those of the board of directors regarding internal control, and the company's auditor did not raise observations regarding the company's internal control system.

11.3 Internal Audit Supervisor

The company relies on the services of an external agency in performing internal audits. Accordingly, the company has employed Honor Audit and Advisory Co., Ltd. with Ms. Piyamat Rueangsaengrob appointed by said company to function as the person in charge of internal audit.

The Audit Committee holds the opinion that the qualifications of the person in charge of internal auditing are appropriate for the person's duties. In addition, appointments, dismissals and transfers of internal audit supervisors require prior authorization from the Audit Committee.

12. Connected Transactions

In 2019, the company and subsidiaries disclosed significant connected transactions and connected persons in the financial statements for 2019.

Policies and Guidelines for Future Connected Transactions

For the foreseeable future, the company does not have a policy to conduct connected transactions. However, in necessary cases and for the greatest interests of the company, the company will consider the reasonability of such transactions thoroughly and will consider conducting connected transactions with prices and conditions that are identical to those with external parties. Furthermore, the company will strictly comply with the procedures, specifications and announcements of the Office of the Securities and Exchange Commission and those of the Stock Exchange of Thailand concerning the criteria, procedures and disclosures of connected transactions for listed companies and the criteria and regulations set forth by the law with primary consideration to the interest of the company. Additionally, the Audit Committee will monitor and audit connected transactions of the company to ensure compliance with relevant regulations.

13. Key financial information

A) Summary of the Audit Report

The audit report of the certified public accountant of the Company for the separate financial statements of the Company, the financial statements of subsidiaries and the consolidated financial statements over the past 3 years (2017 – 2019) can be summarized as follows:

Financial Year	Name of Auditor	Auditing Company	Auditor's Opinion
2017	Mr. Chayapol Suppasetthanont	EY Office Co., Ltd.	Unqualified opinion
2018	Mr. Chayapol Suppasetthanont	EY Office Co., Ltd.	Unqualified opinion
2019	Mrs. Kingkarn Assavarangsarit	EY Office Co., Ltd.	Unqualified opinion

Summary of Financial Information

For the year ended 31 December 2019

Unit : Million Baht

	2562	2561	2560
Total assets	7,780.00	6,082.48	5,966.54
Total liabilities	3,058.44	1,311.99	1,035.91
Total shareholders' equity	4,721.56	4,770.49	4,930.63
Revenue from property sales	1,273.04	1,620.41	2,516.03
Revenue from rent and services	99.92	85.29	80.58
Cost of property sales	(885.77)	(1,097.35)	(1,765.55)
Cost of rent and services	(67.40)	(65.37)	(57.54)
Other income	27.24	13.74	26.68
Expenses on sales and services	(398.81)	(409.60)	(431.43)
Loss from impairment of assets	-	(0.70)	-
Reversing entries of the loss from impairment of assets	28.47	2.15	0.65
Financial expenses	(4.47)	(3.85)	(1.71)
Income tax revenue (expense)	(20.73)	(31.80)	37.03
Profit (loss) form the year	51.49	112.92	404.74
Other comprehensive income:			
Items that will not be recorded subsequently to profit or loss			
Actuarial gains or losses	-	-	(0.15)
Deduct: Effects of income tax	-	-	0.03
Items that will not be recorded subsequently to profit or loss			
- Net of income tax	-	-	(0.12)
Total comprehensive profit (loss) for the year	51.49	112.92	404.62
Dividend per share (Baht/share)	0.010	0.020	0.055

Financial ratios			
Liquidity ratio (time)	2.19	4.11	3.29
Quick ratio (time)	0.10	0.39	0.31
Cash flow liquidity ratio (time)	0.19	0.89	0.52
Trade accounts receivable turnover (time)	161.05	281.53	456.94
Average collection period (day)	2	1	1
Gross profit margin (%)	30.58	31.83	29.79
Net profit margin (major shareholder's equity) (%)	3.76	6.71	15.48
Return on equity (%)	1.11	2.44	8.62
Return on assets (%)	0.76	1.92	6.88
Debt to equity ratio (time)	0.66	0.28	0.22
Commitment coverage ratio (time)	0.08	0.28	0.19

Summary of consolidated financial statements

	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Balance sheet						
Cash and cash equivalents	101.72	1.31	198.71	3.26	137.77	2.31
Temporary investments	100.24	1.29	67.97	1.12	140.57	2.36
Trade and other accounts receivable	8.74	0.11	8.30	0.13	3.81	0.06
Property development cost and inventory	4,194.52	53.91	2,587.82	42.55	2,728.44	45.73
Advance payment for construction	39.03	0.50	5.88	0.10	4.11	0.07
Contract acquisition cost	131.31	1.69	3.15	0.05	-	-
Other current assets	34.47	0.44	14.41	0.24	8.66	0.15
Total current assets	4,610.03	59.25	2,886.24	47.45	3,023.36	50.68
Financial lease receivables – net	27.29	0.35	29.12	0.48	30.94	0.52
Property for investment – net	1,182.72	15.20	1,158.19	19.04	1,150.52	19.28
Land, buildings and equipment - net	456.88	5.87	404.44	6.65	367.98	6.17
Intangible assets	6.63	0.09	5.00	0.08	3.76	0.06
Deferred income tax assets	24.20	0.31	37.61	0.62	51.97	0.87
Land and modifications to be developed – net	1,400.05	18.00	1,391.17	22.87	1,281.88	21.48
Land acquisition deposit	-	-	5.00	0.08	-	-
Contract acquisition cost	-	-	89.72	1.48	-	-
Other non-current assets	72.20	0.93	75.99	1.25	56.13	0.94
Total assets	7,780.00	100.00	6,082.48	100.00	5,966.54	100.00
Short-term loans from financial institutions	780.29	10.03	133.48	2.19	687.75	11.53
Trade and other accounts payable	76.34	0.98	65.78	1.08	61.68	1.03
Long-term loans due within one year	729.47	9.38	111.05	1.83	-	-
Advance received from customers	361.23	4.64	291.86	4.80	64.84	1.09
Accrued expenses	106.29	1.37	48.25	0.82	57.76	0.97
Other current liabilities	49.54	0.64	51.15	0.84	48.15	0.81
Total current liabilities	2,103.16	27.04	701.57	11.56	920.18	15.43
Long-term loans – net of part due within 1 year	822.20	10.57	463.81	7.63	-	-
Reserve for employees' long-term benefits	31.29	0.40	24.00	0.40	20.10	0.34
Construction deposit	52.34	0.67	81.25	1.34	75.93	1.27
Advance land rent received	4.17	0.05	4.50	0.07	4.83	0.08
Deferred income tax liabilities	31.72	0.41	24.40	0.40	6.19	0.10
Other non-current liabilities	13.56	0.17	12.46	0.20	8.68	0.14
Total liabilities	3,058.44	39.31	1,311.99	21.60	1,035.91	17.36
Authorized capital	5,172.25		5,172.25		5,172.25	
Issued and fully paid capital	5,022.25	64.55	5,022.25	82.57	5,022.25	84.17
Excess of Par Value in Paid in Capital	(429.26)	(5.51)	(429.26)	(7.06)	(429.26)	(7.19)
Share-based equity	0.98	0.01	0.98	0.02	0.98	0.02
Allocated accumulated profit – legal reserve	68.00	0.87	65.15	1.07	58.94	0.99
Unallocated accumulated profit (loss)	(126.16)	(1.61)	(75.54)	(1.27)	88.28	1.48
Other components of shareholders' equity	74.13	0.95	74.13	1.22	74.13	1.24
Non-controlling interests of subsidiaries	111.62	1.43	112.78	1.85	115.31	1.93
Total shareholders' equity	4,721.56	60.69	4,770.49	78.40	4,930.63	82.64
Total liabilities and shareholders' equity	7,780.00	100.00	6,082.48	100.00	5,966.54	100.00

B) Summary of consolidated financial statements (continued)

	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Statement of comprehensive income						
Revenue from property sale	1,273.04	90.92	1,620.41	94.24	2,516.03	95.91
Revenue from services	55.51	3.96	51.20	2.98	48.50	1.85
Rent income	44.41	3.17	34.09	1.98	32.08	1.22
Other income	27.24	1.95	13.74	0.80	26.68	1.02
Total revenue	1,400.20	100.00	1,719.44	100.00	2,623.29	100.00
Cost of property sale	885.77	63.26	1,097.35	63.82	1,765.55	67.30
Cost of services	37.03	2.64	34.70	2.02	34.46	1.31
Rent cost	30.37	2.17	30.67	1.78	23.08	0.88
Total costs	953.17	68.07	1,162.72	67.62	1,823.09	69.49
Profit before selling and administrative expenses	447.03	31.93	556.72	32.38	800.20	30.51
Expenses						
Selling expenses	134.00	9.57	163.34	9.50	186.35	7.10
Administration expenses	264.81	18.91	246.26	14.33	245.08	9.34
Loss from impairment of assets	-	-	0.70	0.04	-	-
Reversing entries of the loss from impairment of assets	(28.47)	(2.03)	(2.15)	(0.13)	(0.65)	(0.02)
Total expenses	370.34	26.45	408.15	23.74	430.78	16.42
Profit before financial cost and income tax	76.69	5.48	148.57	8.64	369.42	14.09
Financial cost	(4.47)	(0.32)	(3.85)	(0.22)	(1.71)	(0.07)
Profit (loss) before income tax	72.22	5.16	144.72	8.42	367.71	14.02
Income tax revenue (expense)	(20.73)	(1.48)	(31.80)	(1.85)	37.03	1.41
Profit for the year	51.49	3.68	112.92	6.57	404.74	15.43
Other comprehensive income:						
<i>Items that will not be recorded subsequently to profit or loss</i>						
Actuarial gains or losses	-	-	-	-	(0.15)	(0.01)
Deduct: Effects of income tax	-	-	-	-	0.03	-
<i>Items that will not be recorded subsequently to profit or loss</i>						
- Net of income tax	-	-	-	-	(0.12)	-
Total comprehensive income for the year	51.49	3.68	112.92	6.57	404.62	15.42
Profit (loss) attributable to:						
Shareholders' equity of the Company	52.65	3.76	115.45	6.71	406.05	15.48
Non-controlling interests of subsidiaries	(1.16)	(0.08)	(2.53)	(0.15)	(1.31)	(0.05)
	51.49	3.68	112.92	6.57	404.74	15.43
Total comprehensive income attributable to:						
Shareholders' equity of the Company	52.65	3.76	115.45	6.71	405.93	15.47
Non-controlling interests of subsidiaries	(1.16)	(0.08)	(2.53)	(0.15)	(1.31)	(0.05)
	51.49	3.68	112.92	6.57	404.62	15.42
Earnings per share						
Basic earnings per share						
Profit for Shareholders' equity of the Company	0.010		0.023		0.081	

Statement of Cash Flow	2019	2018	2017
	<i>Million Baht</i>	<i>Million Baht</i>	<i>Million Baht</i>
Net cash flow from operating activities	259.59	720.36	478.28
Net cash flow into investment activities	(1,880.14)	(402.70)	(548.06)
Net cash flow from (used in) financing activities	1,523.56	(256.72)	127.46
Net increase (decrease) in cash and cash equivalents	(96.99)	60.94	57.68

Key Financial ratios reflecting the financial position and operational performance of the core business of the Company and its subsidiaries

Item	Consolidated financial statements			
	2019	2018	2017	
Liquidity ratios				
Liquidity ratio	(time)	2.19	4.11	3.29
Quick liquidity ratio	(time)	0.10	0.39	0.31
Cash flow liquidity ratio	(time)	0.19	0.89	0.52
Trade accounts receivable turnover	(time)	161.05	281.53	456.94
Collection period	(day)	2	1	1
Inventory turnover	(time)	0.27	0.43	0.67
Average inventory period	(day)	1,323	845	548
Account payable turnover	(time)	13.41	18.24	23.43
Payment period	(day)	27	20	15
Cash Cycle	(day)	1,298	827	526
Profitability ratios				
Gross profit margin	%	30.58	31.83	29.79
Operating profit margin	%	5.59	8.71	14.23
Other profit margin	%	1.95	0.80	1.02
Cash profitability ratio	%	338.50	484.86	129.47
Net profit margin (of major shareholders)	%	3.76	6.71	15.48
Net profit margin	%	3.83	6.77	15.59
Return on equity	%	1.11	2.44	8.62
Efficiency ratios				
Return on assets	%	0.76	1.92	6.88
Return on fixed assets	%	5.85	9.61	27.16
Assets turnover ratio	(time)	0.20	0.29	0.44
Financial policy ratios				
Debt to Equity ratio	(time)	0.66	0.28	0.22
Interest coverage ratio	(time)	1.17	4.44	20.16
Commitment coverage ratio	(time)	0.08	0.28	0.19
Dividend payout ratio	%	80.74	68.03	92.80
Per share information				
Book value per share	(Baht)	0.94	0.95	0.98
Net earnings per share	(Baht)	0.010	0.023	0.081
Dividend per share	(Baht)	0.010	0.020	0.055

14. Analysis and explanation of the management

A) Performance

Overall performance

For the year ended 31 December 2019, the Company and its subsidiaries had total revenue of 1,400.20 million baht, total expenses of 1,351.98 million baht and reversing entries of the loss from impairment of assets of 28.47 million baht. Thus, the profit before financial cost and income tax was 76.69 million baht, the net profit after income tax of 51.49 million baht, a decrease of 61.43 million baht, or equivalent to 54.40 per cent from the year 2018 in which the net profit after income tax was 115.45 million baht. The overall performance is as follows:

- Revenue from property sale which was the main revenue of the Company amounted to 1,273.04 million baht, or equivalent to 90.92 per cent of the total revenue. The cost of property sale amounted to 885.77 million baht, thereby the gross profit was 387.27 million baht.

- Revenue from services amounted to 55.51 million baht, or equivalent to 3.96 per cent of the total revenue. The cost of services totaled 37.03 million baht, thus the gross profit of 18.48 million baht.

- Rent income amounted to 44.41 million baht, or equivalent to 3.17 per cent of the total revenue. The rent cost amounted to 30.37 million baht, thus the gross profit of 14.34 million baht.

- During the year 2019, the Company proposed 2 projects for sale in Bangkok, namely Ban Estara Haven Project located at Pattanakarn 20 starting transfer of ownership in October 2019 and Quintara Arte Condominium Project located at Sukhumvit 52; 1 additional project in Ban Chang, Rayong Province namely BREEZE at Eastern Star Foresto Project; and closing sales of 5 projects namely 3 housing projects in Rayong Province and 2 condominium projects in Bangkok.

- For the year 2019, selling expenses amounted to 134 million baht, a decrease of 29.34 million baht from that of the year 2018, or equivalent to a decrease of 17.96 per cent. Most of the decrease came from a reduction in transfer fee and specific business tax due to reduced revenue from transfers.

- For the year 2019, the administration expenses amounted to 264.81 million baht, an increase of 18.55 million baht from that of the year 2018, or equivalent to an increase of 7.53 per cent. Most of the increase came from depreciation and amortization of sale offices due to closing down.

- For the year 2019, the Company earned profit from the reversing entries of the loss from asset impairment by the amount of 28.47 million baht, an increase of 26.32 million baht from that of the year 2018. The main reason came from an independent appraiser reassessing the Company's land and found that most of the land values were higher than the book values. Therefore, in order to reflect the current prices, the Company reversed the loss from asset impairment recognized as loss in the past.

As of 31 December 2019, the outstanding balance of the Company's borrowing from financial institutions amounted to 2,331.96 million baht (consisting of short-term loans of 780.29 million baht, long-term loans due within one year of 729.47 million baht, and long-term loans-net of the part due within one year of 822.20 million baht), an increase of 1,623.62 million baht from that of the year 2018. The main reason came from increased purchase of land and construction. However, the Company settled all loans for those projects started before the year 2019 with the total long-term loan ceilings based on loan contracts with banks that were not disbursed totaling of 2,266.03 million baht. At the end of 2019, the Company had the Debt to Equity ratio of 0.66:1.

Revenue from property sale, rent income and revenue from services

The Company and its subsidiaries has a significant proportion of revenue from 3 divisions namely revenue from property development for sale, property for rent, and golf courses and services with the total revenue of 1,372.96 million baht, a decrease of 332.74 million baht from that of the year 2018, or equivalent to a decrease of 19.51 per cent. Revenue from the 3 divisions can be summarized as follows:

- Revenue from property development for sale in 2019 amounted to 1,273.04 million baht, or equivalent to 90.92 per cent of the total revenue, a decrease of 347.37 million baht from that of the year 2018, or equivalent to a decrease of 21.44 per cent. In the year 2019, the Company began to transfer ownership and recognized revenue of Estara Haven Project located at Soi Pattanakarn 20 since October 2019, and recognized revenue from the existing housing and condominium projects with remaining units, of which most were recognized revenue from Amber Project and Velana Project. While in 2018 there was a higher number of ownership transfers for the existing projects namely Nara 9 Condominium Project and Starview Project than the year 2019, thus the overall revenue in 2019 declined as a result. Details of the revenue recognition from ownership transfers for projects located in Bangkok and Rayong Province based on sale areas as follows:

Summary of sales based on sale areas	2019 (million baht)			2018 (million baht)		
	BKK	Rayong	Total	BKK	Rayong	Total
Revenue from sale of house with land	67.22	389.17	456.39	29.00	164.35	193.35
Revenue from sale of apartment	801.58	-	801.58	1,416.68	-	1,416.68
Revenue from sale of empty land	-	15.07	15.07	-	10.38	10.38
Total revenue	868.80	404.24	1,273.04	1,445.68	174.73	1,620.41

As of 31 December 2019, the Company had the value of property sales based on the Company's land and construction sale contracts in 2019 to be recognized in the future by the amount of 1,976.35 million baht.

- Revenue from property for rent in 2019 amounted to 44.41 million baht, or equivalent to 3.17 per cent of the total revenue, an increase of 10.32 million baht from that of the year 2018, or equivalent to an increase of 30.27 per cent. This resulted from modifications of rooms in response to the market demand, then more customers rented.

- Revenue from golf courses and services in 2019 amounted to 55.51 million baht, or equivalent to 3.96 per cent of the total revenue, an increase of 4.31 million baht from that of the year 2018, or equivalent to an increase of 8.42 per cent. This resulted from increased revenue from golf car rents, food and beverage due to golf course environment improvements in order to cater more for group customers.

Cost of sale, rent cost and cost of services

In the year 2019, the Company and its subsidiaries has the cost of property sale, rent cost, and cost of services totaling of 953.17 million baht, a decrease of 209.55 million baht from that of the year 2018, or equivalent to a decrease of 18.02 per cent. It can be summarized as follows:

- The cost of property sale amounted to 885.77 million baht, a decrease of 211.58 million baht, or equivalent to a decrease of 19.28 per cent following a reduction in the revenue from property sale. The proportion of the cost of sale in 2019 was 63.26 per cent of the total revenue while the proportion from the year 2018 was 63.82 per cent of the total revenue.

- The rent cost amounted to 30.37 million baht, a decrease of 0.30 million baht from that of the year 2018, or equivalent to a decrease of 0.98 per cent due mainly to reduced expenses on repairs and maintenance.
- The cost of services amounted to 37.03 million baht, an increase of 2.33 million baht from that of the year 2018, or equivalent to an increase of 6.71 per cent. The main reason came from golf care service fees, depreciation of the club house from modifications, and depreciation of golf cars due in increased purchase.

Other income

Other income in 2019 amounted to 27.24 million baht, an increase of 13.50 million baht from that of the year 2018, or equivalent to an increase of 98.25 per cent. The main reason was the confiscation of non-compliance deposit from customers.

Selling expenses

Selling expenses in 2019 amounted to 134 million baht, a decrease of 29.34 million baht from that of the year 2018, or equivalent to a decrease of 17.96 per cent following a reduction in the revenue from property sale, the announcement of the reduction of ownership transfer fee from 2 per cent to 0.01 per cent for houses with the value no more than 3 million baht, and decreased advertisements and public relation expenses.

Administration expenses

Administration expenses in 2019 amounted to 264.81 million baht, an increase of 18.55 million baht from that of the year 2018, or equivalent to an increase of 7.53 per cent. Most of the increase came from increased depreciation of sale offices according to the number of projects opening in 2019, amortization of fixed assets (sale offices) due to closing down, an upward adjustment of annual payroll increase and an increase in the number of employees to support business expansion.

Reversing entries of the loss from impairment of assets

In the year 2019, the independent assessor assessed the value of land and property for new investments. Most of the new assessed prices were higher than the current book prices. In order to reflect the current prices, the Company reversed those losses from impairment of assets that were recognized in the past by the amount of 28.47 million baht, an increase of 26.32 million baht from that of the year 2018, or equivalent to an increase of 1,224.19 per cent.

Financial cost

Financial cost in 2019 amounted to 4.47 million baht, an increase of 0.62 million baht from that of the year 2018, or equivalent to an increase of 16.10 per cent consisting of interests paid for loans from commercial banks for operational purposes. For loans borrowed for the implementation of project during construction was recorded as the cost of property development by the amount of 60.13 million baht which increased from the year 2018 by the amount of 29.21 million baht, or equivalent to an increase of 94.47 per cent as a result of opening more condominium and housing projects during the year.

Income tax expenses

In the year 2019, income tax expenses amounted to 20.73 million baht, a decrease of 11.07 million baht, or equivalent to a decrease of 34.81 per cent due to decreased tax profit from the year 2018.

Total comprehensive income

The Company and its subsidiaries had the total comprehensive income attributable to shareholders' equity of the Company totaling of 52.65 million baht, a decrease of 62.80 million baht from that of the year 2018, or equivalent to a decrease of 54.40 per cent based on the aforementioned reasons.

B) Financial position

Components of assets

As of 31 December 2019, the Company and its subsidiaries had the total assets of 7,780 million baht, an increase of 1,697.52 million baht from the date of 31 December 2018, or equivalent to an increase of 27.91 per cent. Most of the increase was from an increase of current assets of 1,723.79 million baht mainly due to an increase in temporary investments and the cost of property development and inventory. Details of such changes in assets are as follows:

- As of 31 December 2019, Cash and cash equivalents amounted to 101.72 million baht, a decrease of 96.99 million baht from the date of 31 December 2018, or equivalent to a decrease of 48.81 per cent. This was because toward the end of December 2019, payments received from ownership transfers for the housing and condominium projects decreased as compared to the same period of the year 2018. In addition, some cashes were used in temporary investments.

- As of 31 December 2019, temporary investments amounted to 100.24 million baht, an increase of 32.27 million baht from the date of 31 December 2018, or equivalent to 47.48 per cent due to the fact that the Company and its subsidiaries invested more in low-risk monetary instrument funds.

- As of 31 December 2019, the cost of property development and inventory amounted to 4,194.52 million baht, an increase of 1,606.70 million baht from the date of 31 December 2018, or equivalent to an increase of 62.09 per cent, and the advance payment for construction as of 31 December 2019 amounted to 39.03 million baht, an increase of 33.15 million baht from the date of 31 December 2018, or equivalent to an increase of 563.78 per cent. The main reason was that in 2019, the Company had the construction cost from those projects that already opened up for sale together with acquisition of additional land for more new project development in the future.

- As of 31 December 2019, the contract acquisition cost amounted to 131.31 million baht, an increase of 128.16 million baht from the date of 31 December 2018, or equivalent to an increase of 4,068.57 per cent, mostly due to an increase in more units being sold in the year yet to transfer ownership.

- As of 31 December 2019, other current assets amounted to 34.47 million baht, an increase of 20.06 million baht from the date of 31 December 2018, or equivalent to an increase of 139.21 per cent, mostly due to the Revenue Department account receivable and decorations that the Company ordered in advance for customers.

- As of 31 December 2019, Property for sale – net (deducting accumulated depreciation) amounted to 1,182.72 million baht, an increase of 24.53 million baht from the date of 31 December 2018, or equivalent to an increase of 2.12 per cent. The main reason was that in 2019, the Company modified and decorated more property for sale by the amount of 10.78 million baht and reversed the allowances for impairment of property for investments in the year by the amount of 28.47 million baht while the accumulated depreciation recognized in 2019 was 14.35 million baht.

- As of 31 December 2019, Land, buildings and equipment – net (deducting accumulated depreciation) amounted to 456.88 million baht, an increase of 52.44 million baht from the date of 31 December 2018, or equivalent to an increase of 12.97 per cent. Most of the increase was from construction of sale offices for new condominium projects and improvements of the new club house building of the golf course which was still in progress.

- As of 31 December 2019, deferred income tax assets amounted to 24.20 million baht, a decrease of 13.41 million baht from the date of 31 December 2018, or equivalent to a decrease of 35.66 per cent. Most of deferred income tax assets were the remaining accumulated tax loss brought forward from the year 2018. However, in 2019, the Company had a tax profit and then used against the accumulated tax loss resulting in a decreased deferred income tax asset.

Components of liabilities and shareholders' equity

As of 31 December 2019, the Company and its subsidiaries had the total liabilities of 3,058.44 million baht, an increase of 1,746.45 million baht from the date of 31 December 2018, or equivalent to an increase of 133.11 per cent. The total current liabilities amounted to 2,103.16 million baht, an increase of 1,401.59 million baht, or equivalent to an increase of 199.78 per cent. Most of the increase in the current liabilities was from an increase of short-term loans and advance payments received from customers. The total non-current liabilities amounted to 955.28 million baht, an increase of 344.86 million baht, or equivalent to an increase of 56.50 per cent. Most of the increase in the non-current liabilities was from an increase in long-term loans – net of the part due within one year. Details of such changes in liabilities are as follows:

- As of 31 December 2019, short-term loans from financial institutions amounted to 780.29 million baht, an increase of 646.81 million baht from the date of 31 December 2018, or equivalent to an increase of 484.57 per cent. The main reason was from an increase in short-term loans of the Bridging loan type by the amount of 1,267.58 million baht in order to buy additional land for new project development which would be changed into a long-term loan in the year 2020. In addition, there was repayment of loans by the amount of 487.29 million baht.

- As of 31 December 2019, long-term loans due within one year amounted to 729.47 million baht, an increase of 618.42 million baht from the date of 31 December 2018, or equivalent to an increase of 556.88 per cent. This was because in 2019, the long-term loans due within one year increased by the amount of 242.20 million baht to finance new project development together with reclassification of long-term loans – net of the part due within one year by the amount of 706.00 million baht. In addition, there was repayment of loans by the amount of 329.78 million baht.

- As of 31 December 2019, advance payment received from customers amounted to 361.23 million baht, an increase of 69.37 million baht from the date of 31 December 2018, or equivalent to an increase of 23.77 per cent. Most of the increase was from advance payment received from customers that had not yet transferred ownership for the projects due to complete in the year 2020.

- As of 31 December 2019, accrued expenses amounted to 106.29 million baht, an increase of 58.04 million baht from the date of 31 December 2018, or equivalent to an increase of 120.29 per cent, mainly due to an increase in construction work arrears and liability estimates of house and condominium repairs covered by the Company's insurance.

- As of 31 December 2019, long-term loans – net of the part due within one year amounted to 822.20 million baht, an increase of 358.39 million baht from the date of 31 December 2018, or equivalent to an increase of 77.27 per cent. This was due to the fact that in 2019, the Company disbursed the loans by an increase of 930.91 million baht to construct projects while restructuring short-term loans of the Bridging loan type into long-term loans – net of the part due within one year by the amount of 133.48 million baht. In addition, the loans were reclassified from long-term loans – net of the part due within one year to long-term loans due within one year (current liabilities) by the amount of 706.00 million baht.

- As of 31 December 2019, the reserve for employees' long-term benefits amounted to 31.29 million baht, an increase of 7.29 million baht from the date of 31 December 2018, or equivalent to an increase of 30.38 per cent. The main reason was the fact that the National Legislative Assembly agreed on the new labor protection act which stipulated the additional compensation rate for the case of employment termination by employer for an employee working continuously for more than complete 20 years to be entitled for compensation pay no less than 400 days at the last wage rate. Such a change was considered as a change in the after-employment benefit scheme which affected the Company and its subsidiaries to have increased liabilities on employments' long-term benefit reserve.

As of 31 December 2019, the Company and its subsidiaries had shareholders' equity totaling of 4,721.56 million baht, a decrease of 48.93 million baht from the date of 31 December 2018, or equivalent to a decrease of 1.03 per cent. The main reason was due to the fact that the profit occurred in 2019 amounting to 51.49 million baht while dividend pay from the performance of the year 2018 was 100.42 million baht.

C) Liquidity

Cash flows

In 2019, the Company and its subsidiaries had a net decline in cash and cash equivalents from operating, investment and financing activities by the amount of 96.99 million baht, a decrease of 157.93 million baht from that of the year 2018. The reasons are as follows:

- In the year 2019, net cash flows from operating activities amounted to 259.59 million baht, a decrease of 460.77 million baht from that of the year 2018. The Company had an operating profit after reconciling non-monetary items by the amount of 994.40 million baht. Cash flows received came from the main operation, transfer and sale of houses with land, and condominium projects. During the year 2019, the Company opened new projects for sale resulting in an increase in advance payment received from customers by the amount of 69.37 million baht, the cost of property development and advance payment for construction increased by the amount of 721.44 million baht, commissions on contract acquisition by the amount of 38.44 million baht while also having paid interests of 65.42 million baht and income tax of 14.01 million baht. Thus, in 2019, the overall cash flows paid was higher than that of the year 2018, resulting in a net cash flow from operation in 2019 declined from the previous year.

- In the year 2019, net cash flows used in investment activities amounted to 1,880.14 million baht, an increase of 1,477.44 million baht from that of the year 2018. This was because in 2019, cash received from selling investment units amounted to 31.58 million baht, purchasing property for investments amounting to 17.10 million baht, purchasing of buildings and equipment and intangible assets amounting to 83.43 million baht, purchasing land and modifications to be developed amounting to 1,753.97 million baht.

- In the year 2019, net cash flows from financing activities amounted to 1,523.56 million baht, an increase of 1,780.28 million baht from that of the year 2018. This was due to the fact that in 2019, the Company disbursed short-term and long-term loans for new project development by the amount of 2,440.68 million baht, repaid short-term and long-term loans amounting to 817.06 million baht and paid dividend by the amount of 100.06 million baht while in 2018, the Company disbursed loans by the amount of 1,290.09 million baht, repaid loans amounting to 1,269.50 million baht and paid dividend by the amount of 277.31 million baht

Liquidity ratio

As of 31 December 2019, the liquidity ratio was 2.19 times, a decrease of 1.92 times from that at the date of 31 December 2018. The Company and its subsidiaries had current assets totaling of 4,610.03 million baht and current liabilities totaling of 2,103.16 million baht. Although the Company's liquidity declined but it was still flexibly capable of debt servicing in the short term such as trade accounts receivable and short-term loans from financial institutions.

As of 31 December 2019, the Company had current assets increased from that at the date of 31 December 2018 by the amount of 1,723.79 million baht mainly due to an increase in temporary investments and the cost of property development and inventory by the amount of 1,606.70 million baht, from projects during construction. Current liabilities increased from the date of 31 December 2018 by the amount of 1,401.59 million baht mainly due to increased short-term loans by the amount of 646.81 million baht, an increase in long-term loans due within one year by the amount of 618.42 million baht for new project development and an increase in advance payment received from customers by the amount of 69.37 million baht.

The inventory turnover was 0.27 times as compared with 0.43 times of the year 2018. This indicated that goods sale was slower than the year 2018 which was because in 2019 there were a few remaining units of houses and condominiums left

over from the year 2018 and started to transfer ownership for only one new project towards the end of the year. In addition, the Company had a number of projects being constructed at the same time for which would start to recognize revenue from the year 2020 onwards, resulting in a slower rate of the inventory turnover.

Profitability ratio

The Company had the total gross profit margin for the year 2019 by the amount of 419.79 million baht, or equivalent to 30.58 per cent of the net selling value, a decrease of 123.19 million baht from that of the year 2018, which had the total gross profit margin of 542.98 million baht, or equivalent to 31.83 per cent of the net selling value. While the gross profit margin declined from that of the year 2018 by 1.26 per cent due to the fact that in the main division of property development, there was transfer of ownership for condominium projects with the average selling price in 2019 in general lower than that of the year 2018.

As for the year 2019, the net profit for the year amounted to 51.49 million baht, or equivalent to 3.68 per cent of the total revenue, a decrease of 61.43 million baht from the year 2018 which had the total net profit of 112.92 million baht, or equivalent to 6.57 per cent of the total revenue. This was due to the fact that in the year 2019, the Company had declining revenue and cost of sale while administration expenses increased since it was the period of new project development whose revenue would be recognized during the year 2020 – 2022. In addition, there were amortization of sale offices that were closed down and increased depreciation of sale offices from opening new projects.

The return on equity for the year 2019 was equal to 1.11 per cent, a decrease of 1.33 per cent from the year 2018 due to the net profit for the year 2019 decreased based on the reasons mentioned above.

Capital structure

As of 31 December 2019, the total debt to equity ratio was equal to 0.66 times, an increase of 0.38 times from that of the year 2018. As of the same date, the Company had total liabilities of 3,058.44 million baht mainly consisting of short-term and long-term loans of 2,331.96 million baht and advance payment received from customers of 361.23 million baht which were more than those of the year 2018 by the amount of 1,623.62 million baht and 69.37 million baht, respectively. Since the Company disbursed more loans for new project development, thus the debt to equity ratio for the year 2019 was higher. However, the Company was still capable of debt servicing normally.

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 2019, 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 2019, 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.

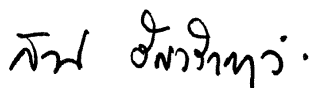
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding 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.



Gingkarn Atsawarangsalit

Certified Public Accountant (Thailand) No. 4496

EY Office Limited

Bangkok: 27 February 2020

Eastern Star Real Estate Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	7	101,720,939	198,712,937	95,798,265	153,177,343
Current investments	8	100,237,736	67,970,150	69,804,962	67,970,150
Trade and other receivables	9	8,743,345	8,306,706	12,550,972	17,969,903
Real estate development costs and inventories	10	4,194,521,248	2,587,815,480	4,191,398,910	2,585,139,886
Advance for construction work		39,029,890	5,881,819	39,029,890	5,881,819
Cost to obtain a contract	22	131,306,267	3,145,325	131,306,267	3,145,325
Other current assets		34,465,822	14,414,118	33,305,968	12,324,957
Total current assets		4,610,025,247	2,886,246,535	4,573,195,234	2,845,609,383
Non-current assets					
Finance lease contract receivables	11.1	27,289,015	29,118,300	27,289,015	29,118,300
Investments in subsidiaries	12	-	-	505,374,400	505,374,400
Investment properties	13	1,182,717,778	1,158,186,639	1,222,659,141	1,199,151,419
Property, plant and equipment	14	456,877,614	404,437,285	249,785,771	196,803,366
Intangible assets	15	6,634,352	5,001,537	6,628,968	4,861,234
Deferred tax assets	27	24,196,252	37,606,710	24,619,826	38,276,314
Land and improvement awaiting development	16	1,400,054,285	1,391,169,109	1,250,487,978	1,241,602,803
Deposits for purchase of land		-	5,000,000	-	5,000,000
Cost to obtain a contract	22	-	89,724,127	-	89,724,127
Other non-current assets		72,209,976	75,986,910	67,606,445	70,860,526
Total non-current assets		3,169,979,272	3,196,230,617	3,354,451,544	3,380,772,489
Total assets		7,780,004,519	6,082,477,152	7,927,646,778	6,226,381,872

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

Eastern Star Real Estate Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	780,293,400	133,483,000	780,293,400	133,483,000
Trade and other payables	18	76,337,753	65,785,592	80,202,301	70,257,561
Current portion of long-term loans	19	729,473,000	111,045,376	729,473,000	111,045,376
Advance received from customers	23	361,233,810	286,779,893	357,072,335	283,295,446
Accrued expenses		106,291,822	48,246,149	105,400,821	47,480,046
Other current liabilities	20	49,535,174	56,226,661	48,532,528	54,336,095
Total current liabilities		2,103,164,959	701,566,671	2,100,974,385	699,897,524
Non-current liabilities					
Long-term loans - net of current portion	19	822,199,000	463,811,664	822,199,000	463,811,664
Provision for long-term employee benefits	21	31,289,868	24,001,747	24,246,316	18,188,345
Retention guarantees		52,341,916	81,248,759	52,341,916	81,248,759
Advance received from land lease	11.2	4,174,491	4,500,891	4,174,491	4,500,891
Deferred tax liabilities	27	31,719,056	24,397,550	31,719,056	24,397,550
Other non-current liabilities		13,561,425	12,461,150	13,518,620	12,400,827
Total non-current liabilities		955,285,756	610,421,761	948,199,399	604,548,036
Total liabilities		3,058,450,715	1,311,988,432	3,049,173,784	1,304,445,560

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

Eastern Star Real Estate Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
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	24	978,875	978,875	978,875	978,875
Retained earnings					
Appropriated - statutory reserve	25	68,004,224	65,154,224	68,004,224	65,154,224
Unappropriated (deficits)		(126,162,718)	(75,544,416)	216,508,596	262,821,914
Other components of shareholders' equity		74,131,479	74,131,479	-	-
Total shareholders' equity		4,609,933,159	4,657,701,461	4,878,472,994	4,921,936,312
Non-controlling interest of the subsidiaries		111,620,645	112,787,259	-	-
Total shareholders' equity		4,721,553,804	4,770,488,720	4,878,472,994	4,921,936,312
Total liabilities and shareholders' equity		7,780,004,519	6,082,477,152	7,927,646,778	6,226,381,872

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

Eastern Star Real Estate Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Revenue from sales of real estate	29	1,273,043,228	1,620,412,254	1,273,043,228	1,620,412,254
Services revenue	29	55,508,838	51,202,243	2,054,415	-
Rental revenue	13, 29	44,410,638	34,094,742	44,410,638	34,094,742
Other income		27,241,267	13,738,942	30,157,434	19,234,228
Total revenues		1,400,203,971	1,719,448,181	1,349,665,715	1,673,741,224
Expenses					
Cost of real estate sold		885,767,877	1,097,351,355	886,207,778	1,098,545,351
Cost of services		37,029,537	34,702,342	3,438,749	-
Cost of rent		30,373,057	30,672,300	31,411,727	31,695,719
Selling and distribution expenses		134,000,034	163,341,799	132,142,383	161,758,220
Administrative expenses		264,812,678	246,262,488	242,526,662	222,607,697
Loss on diminution in value of assets	13	-	695,193	-	9,856,614
Reversal of loss on diminution in value of assets	12, 13	(28,469,543)	(2,150,680)	(28,469,543)	(9,124,487)
Total expenses		1,323,513,640	1,570,874,797	1,267,257,756	1,515,339,114
Profit before finance cost and income tax expenses		76,690,331	148,573,384	82,407,959	158,402,110
Finance costs		(4,473,221)	(3,852,803)	(4,473,221)	(3,852,803)
Profit before income tax expenses		72,217,110	144,720,581	77,934,738	154,549,307
Income tax expenses	27	(20,731,964)	(31,803,166)	(20,977,994)	(30,172,764)
Profit for the year		51,485,146	112,917,415	56,956,744	124,376,543
Other comprehensive income:					
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		51,485,146	112,917,415	56,956,744	124,376,543

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

Eastern Star Real Estate Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit attributable to:					
Equity holders of the Company		52,651,760	115,449,032	56,956,744	124,376,543
Non-controlling interests of the subsidiaries		(1,166,614)	(2,531,617)	-	-
		<u>51,485,146</u>	<u>112,917,415</u>	<u>56,956,744</u>	<u>124,376,543</u>
Total comprehensive income attributable to:					
Equity holders of the Company		52,651,760	115,449,032	56,956,744	124,376,543
Non-controlling interests of the subsidiaries		(1,166,614)	(2,531,617)	-	-
		<u>51,485,146</u>	<u>112,917,415</u>	<u>56,956,744</u>	<u>124,376,543</u>
Earnings per share					
28					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.010	0.023	0.011	0.025

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

Eastern Star Real Estate Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2019

	Consolidated financial statements										(Unit: Baht)
	Equity attributable to the parent's shareholders										
	Issued and paid-up share capital	Share discount	Capital reserve for share-based payment transactions	Retained earnings		Other comprehensive of equity		Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
				Share discount	Unappropriated (deficit)	Appropriated	Surplus from change in the ownership interests in subsidiaries				
Balance as at 1 January 2018	5,022,246,185	(429,264,886)	978,875	58,935,397	91,377,772	74,131,479	74,131,479	4,818,404,822	115,318,876	4,933,723,698	
Profit for the year	-	-	-	-	115,449,032	-	-	115,449,032	(2,531,617)	112,917,415	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	115,449,032	-	-	115,449,032	(2,531,617)	112,917,415	
Dividend paid (Note 30)	-	-	-	-	(276,152,393)	-	-	(276,152,393)	-	(276,152,393)	
Transfer unappropriated retained earnings to statutory reserve (Note 25)	-	-	-	6,218,827	(6,218,827)	-	-	-	-	-	
Balance as at 31 December 2018	5,022,246,185	(429,264,886)	978,875	65,154,224	(75,544,416)	74,131,479	74,131,479	4,657,701,461	112,787,259	4,770,488,720	
Balance as at 1 January 2019	5,022,246,185	(429,264,886)	978,875	65,154,224	(75,544,416)	74,131,479	74,131,479	4,657,701,461	112,787,259	4,770,488,720	
Profit for the year	-	-	-	-	52,651,760	-	-	52,651,760	(1,166,614)	51,485,146	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	52,651,760	-	-	52,651,760	(1,166,614)	51,485,146	
Dividend paid (Note 30)	-	-	-	-	(100,420,062)	-	-	(100,420,062)	-	(100,420,062)	
Transfer unappropriated retained earnings to statutory reserve (Note 25)	-	-	-	2,850,000	(2,850,000)	-	-	-	-	-	
Balance as at 31 December 2019	5,022,246,185	(429,264,886)	978,875	68,004,224	(126,162,718)	74,131,479	74,131,479	4,609,933,159	111,620,645	4,721,553,804	

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

Eastern Star Real Estate Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2019

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid-up share capital	Share discount	Capital reserve for share-based payment transactions	Retained earnings		
				Appropriated	Unappropriated	
Balance as at 1 January 2018	5,022,246,185	(429,264,886)	978,875	58,935,397	420,816,591	5,073,712,162
Profit for the year	-	-	-	-	124,376,543	124,376,543
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	124,376,543	124,376,543
Dividend paid (Note 30)	-	-	-	-	(276,152,393)	(276,152,393)
Transfer unappropriated retained earnings to statutory reserve (Note 25)	-	-	-	6,218,827	(6,218,827)	-
Balance as at 31 December 2018	5,022,246,185	(429,264,886)	978,875	65,154,224	262,821,914	4,921,936,312
Balance as at 1 January 2019	5,022,246,185	(429,264,886)	978,875	65,154,224	262,821,914	4,921,936,312
Profit for the year	-	-	-	-	56,956,744	56,956,744
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	56,956,744	56,956,744
Dividend paid (Note 30)	-	-	-	-	(100,420,062)	(100,420,062)
Transfer unappropriated retained earnings to statutory reserve (Note 25)	-	-	-	2,850,000	(2,850,000)	-
Balance as at 31 December 2019	5,022,246,185	(429,264,886)	978,875	68,004,224	216,508,596	4,878,472,994

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

Eastern Star Real Estate Public Company Limited and its subsidiaries

Cash flows statement

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax expenses	72,217,110	144,720,581	77,934,738	154,549,307
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	888,778,718	1,098,709,277	888,778,718	1,098,709,277
Reversal of loss on diminution in value of project	(2,802,101)	(163,925)	(2,802,101)	(163,925)
Reversal of allowance for doubtful accounts	-	(79,776)	-	-
Depreciation and amortisation	41,405,350	33,233,612	35,231,432	26,324,340
Provision for long-term employee benefits	10,958,682	4,417,127	8,274,332	3,407,720
Recognised income from finance lease	(1,401,116)	(1,406,587)	(1,401,116)	(1,406,587)
Gain on sales of unit trust	(440,699)	(1,847,755)	(437,597)	(1,847,755)
Unrealised loss (gain) on changes in value of unit trust	(251,429)	424,173	(21,757)	424,173
Loss on diminution in value of assets	-	695,193	-	9,856,614
Reversal of loss on diminution in value of Investments in subsidiaries	-	-	-	(6,973,808)
Reversal of loss on diminution in value of assets	(28,469,543)	(2,150,680)	(28,469,543)	(2,150,680)
Loss (gain) on sales and written off of investment properties	246,851	(66,215)	246,851	(66,215)
Loss on disposal and written off of equipment	9,680,560	64,008	9,650,576	64,473
Finance cost	4,473,221	3,852,803	4,473,221	3,852,803
Profit from operating activities before changes in operating assets and liabilities	994,395,604	1,280,401,836	991,457,754	1,284,579,737
Decrease (increase) in operating assets				
Trade and other receivables	(436,639)	(4,416,365)	5,418,931	(8,357,931)
Real estate development costs and inventories	(666,276,970)	(646,053,648)	(665,830,226)	(644,836,583)
Advance for construction work	(55,160,479)	(10,476,210)	(55,160,479)	(10,476,210)
Other current assets	(440,634)	(4,549,931)	(1,369,941)	(3,754,877)
Finance lease receivables and advance received from land lease	2,904,000	2,904,000	2,904,000	2,904,000
Commission paid to obtain a contract	(38,436,814)	(89,002,810)	(38,436,814)	(89,002,810)
Other non-current assets	(5,033,337)	(2,003,052)	(5,033,337)	(1,599,998)
Increase (decrease) in operating liabilities				
Trade and other payables	11,898,972	16,311,213	14,959,735	18,346,212
Accrued expenses	58,518,431	(9,684,707)	58,393,533	(9,066,946)
Advance received from customers	69,374,027	221,937,304	68,696,999	221,197,222
Other current liabilities	(1,611,597)	8,075,178	(723,677)	7,103,543
Retention guarantees	(28,906,843)	5,316,809	(28,906,843)	5,316,809
Provision for long-term employee benefits	(3,670,561)	(515,840)	(2,216,361)	(515,840)
Other non-current liabilities	1,100,273	3,782,881	1,117,790	3,843,147
Cash flows from operating activities	338,217,433	772,026,658	345,271,064	775,679,475
Cash paid for interest expenses	(65,424,415)	(33,444,184)	(65,424,415)	(33,444,184)
Cash paid for income tax	(14,012,246)	(18,216,007)	(14,535,098)	(17,273,778)
Tax refund	812,753	-	812,753	-
Net cash flows from operating activities	259,593,525	720,366,467	266,124,304	724,961,513

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

Eastern Star Real Estate Public Company Limited and its subsidiaries**Cash flows statement (continued)****For the year ended 31 December 2019**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Increase in fixed deposits	-	(470)	-	(470)
Acquisition of unit trust	(400,480,000)	(522,010,000)	(361,480,000)	(522,010,000)
Paid loans to subsidiary	-	-	-	(19,000,000)
Cash receipt from loans to subsidiary	-	-	-	39,000,000
Proceed from disposal of equipment	821,392	49,532	760,280	49,065
Proceed from sales of unit trust	368,904,542	596,030,133	360,104,542	596,030,133
Proceed from disposal of investment properties	116,355	141,122	116,355	141,122
Acquisition of investment properties	(17,100,694)	(31,100,396)	(17,100,694)	(31,100,396)
Acquisition of building and equipment and intangible assets	(83,434,208)	(58,303,912)	(80,490,955)	(121,901,873)
Acquisition of land and improvement awaiting development	(1,753,970,825)	(382,506,228)	(1,753,970,825)	(382,506,228)
Decrease (increase) in deposits for purchase of land	5,000,000	(5,000,000)	5,000,000	(5,000,000)
Net cash flows used in investing activities	(1,880,143,438)	(402,700,219)	(1,847,061,297)	(446,298,647)
Cash flows from financing activities				
Cash receipt from short-term loans	1,134,095,400	133,483,000	1,134,095,400	133,483,000
Repayment of short-term loans	(487,285,000)	(687,749,500)	(487,285,000)	(687,749,500)
Cash receipt from long-term loans	1,306,589,000	1,156,610,000	1,306,589,000	1,156,610,000
Repayment of long-term loans	(329,774,039)	(581,752,960)	(329,774,039)	(581,752,960)
Dividend paid	(100,067,446)	(277,313,604)	(100,067,446)	(277,313,604)
Net cash flow from (used in) financing activities	1,523,557,915	(256,723,064)	1,523,557,915	(256,723,064)
Net increase (decrease) in cash and cash equivalents	(96,991,998)	60,943,184	(57,379,078)	21,939,802
Cash and cash equivalents at beginning of year	198,712,937	137,769,753	153,177,343	131,237,541
Cash and cash equivalents at end of year	101,720,939	198,712,937	95,798,265	153,177,343
	-	-	-	-

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

Eastern Star Real Estate Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Supplemental cash flows information				
Non-cash transactions				
Transfer advance for construction work to real estate development costs	22,012,408	8,720,148	22,012,408	8,720,148
Transfer interest expenses to real estate development costs	60,125,820	30,920,965	60,125,820	30,920,965
Transfer real estate development cost to other current assets	-	1,201,058	-	1,201,058
Transfer building and equipment to other current assets	-	7,447	-	7,447
Transfer building and equipment to other non-current assets	2,411,248	160,180	2,411,248	160,180
Transfer equipment to real estate development cost	818,463	209,720	818,463	209,720
Transfer investment properties to advance for construction work	-	14,474	-	14,474
Transfer investment properties to other non-current assets	-	5,341,553	-	5,341,553
Transfer land awaiting development to real estate development costs	1,745,085,650	273,215,596	1,745,085,650	273,215,596
Transfer other current assets to other non-current assets	12,555	-	12,555	-
Transfer other non-current assets to equipment	-	420,561	-	-
Accounts payable for purchase of equipment	5,654,125	684,629	1,928,189	626,878
Accounts payable for purchase of investment properties	578,507	509,155	578,507	509,155
Dividend payable	933,742	581,126	933,742	581,126

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

Eastern Star Real Estate Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2019

1. General information

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 10 May 2019*)
1. Bangkok Broadcasting & Television Co., Ltd.	43.65
2. BBTV Equity Co., Ltd.	10.21
3. Sunrise Equity Co., Ltd.	5.56
4. Person	2.61
5. Person	1.95

*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.

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>2019</u>	<u>2018</u>
				%
Eastern Star Resort Co., Ltd.	Golf course	Thailand	81.30	81.30
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 Group 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.

New financial reporting standards

Adoption of the TFRS 15 Revenue from Contracts with Customers

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

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

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under IAS 17.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when they are adopted.

4. Significant accounting policies**4.1 Revenue recognition****a) Revenue from sales of real estate**

Revenue from sales of land, land with houses and residential condominium units is recognised at the point in time when control of the real estate is transferred to the customer, generally upon transfer of the legal ownership. Revenue from sales of real estate is measured at the amount of the consideration received after deducting discounts and considerations payable to the customer. The terms of payment are in accordance with the payment schedule specified in the customer contract. Considerations received before transferring control of the real estate to the customer are presented under the caption of "Advances received from customers" in the statement of financial position.

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

Cost to obtain a contract

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

b) Service income

Services income is recognised when the services have been rendered.

c) Rental income

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

d) Revenue from financial lease

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

e) Revenue from golf course and sport membership

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

f) Interest income

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

4.2 Cost of real estate sales

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, and residential condominium units on the basis of the salable area.

Cost of real estate sales includes cost of other goods, such as furniture and fixtures, that are considered part of the house or residential condominium unit and transferred to a customer in accordance with the contract.

Selling expenses directly associated with projects, such as specific business tax and transfer fees, are recognised as expenses when the sale occurs.

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 the lower of cost and net realisable value. Cost consists of the cost of land, land improvement costs, design fees, utilities, construction costs, capitalised borrowing costs and other related expenses, as well as estimated project development costs. 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	-	3, 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	-	5 - 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 Group 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 Group 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 Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the contributions of the Group are recognised as expenses when incurred.

Defined benefit plans

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

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

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

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

4.16 Provisions

Provisions are recognised when the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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	
	2019	2018	2019	2018
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Income of central service management	-	-	1	1
Other income	-	-	3	4
Purchase of assets (Note 14)	-	-	-	92
<u>Transactions with related parties</u>				
Office rental and service expenses	6	6	6	6

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

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

Nature of relationship

Company's name	Relationship	Connection
Eastern Star Resort Co., Ltd.	Subsidiary company	Direct shareholding and common directors
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		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Other receivables (Note 9)				
Subsidiaries	-	-	4,347	10,196
Other payables (Note 18)				
Subsidiaries	-	-	7,080	6,703
Related parties	27	42	27	42
Total	27	42	7,107	6,745
Accrued interest expense				
A subsidiary	-	-	63	63

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Retentions				
Related party	1,555	1,393	1,555	1,393
Advance received				
Related parties	658	340	658	340

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	37,876	46,061	34,874	43,097
Post-employment benefits	13,498	5,449	13,224	5,281
Total	51,374	51,510	48,098	48,378

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash	1,166	1,934	435	373
Bank deposits	100,555	196,779	95,363	152,804
Total	101,721	198,713	95,798	153,177

As at 31 December 2019 and 2018, bank deposits in current accounts, saving accounts and fixed deposits with an original maturity of three months or less carried interests between 0.10% and 1.10% per annum.

8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2019		2018	
	Amount	Interest rate	Amount	Interest rate
		(% per annum)		(% per annum)
Fixed deposits 12 months	44	1.10	43	1.10
Investments in unit trust of mutual fund	99,940		68,351	
Add: Unrealised gain (loss) on changes in value of unit trust	254		(424)	
Total	100,238		67,970	

(Unit: Thousand Baht)

	Separated financial statements			
	2019		2018	
	Amount	Interest rate	Amount	Interest rate
		(% per annum)		(% per annum)
Fixed deposits 12 months	44	1.10	43	1.10
Investments in unit trust of mutual fund	69,739		68,351	
Add: Unrealised gain (loss) on changes in value of unit trust	22		(424)	
Total	69,805		67,970	

As at 31 December 2019 and 2018, 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 2019, the subsidiary has investment in Krungsri Cash Management Fund (KFCASH) and Krungsri Cash Plus Fund (KFCASHPLUS) which is a money market fund. The fund focuses on investing in debt securities issued or guaranteed by the government, financial institution, corporate or domestic bank account (31 December 2018: Nil).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Trade accounts receivable - third parties</u>				
Not yet due	438	801	435	505
Past due not over 3 months	952	797	749	655
Past due 3 - 6 months	366	258	285	214
Total trade accounts receivable	1,756	1,856	1,469	1,374

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Other receivables</u>				
Other receivables - related parties (Note 6)	-	-	4,347	10,196
Other receivables - third parties	2,287	1,668	2,286	1,668
Accrued income	9,830	9,812	9,830	9,812
Advanced payment	3,649	3,750	3,398	3,699
Interest receivable	1	1	1	1
Total other receivables	15,767	15,231	19,862	25,376
Less: Allowance for doubtful debts	(8,780)	(8,780)	(8,780)	(8,780)
Total other receivables - net	6,987	6,451	11,082	16,596
Total trade and other receivables - net	8,743	8,307	12,551	17,970

10. Real estate development costs and inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Land	3,273,143	1,728,358	3,270,973	1,726,628
Construction under development	923,919	864,576	923,919	864,576
Total	4,197,062	2,592,934	4,194,892	2,591,204
Less: Provision for loss on diminution in value of projects	(3,493)	(6,064)	(3,493)	(6,064)
Real estate development costs - net	4,193,569	2,586,870	4,191,399	2,585,140
Other inventories	952	945	-	-
Total	4,194,521	2,587,815	4,191,399	2,585,140

The Company has mortgaged certain plots of land and structures thereon with a net book value as at 31 December 2019 of Baht 3,800 million (2018: Baht 1,935 million) as collateral for credit facilities granted by a bank.

During the year ended 31 December 2019, the Company included borrowing costs in the cost of real estate development amounting to Baht 60 million (2018: Baht 31 million).

Additional information of the Company's projects.

	(Unit: Million Baht)	
	Consolidated and separate	
	financial statements	
	2019	2018
Total estimated sales value of projects on hand		
of which contracts have been signed	13,101	10,922
Total value of contracts signed of land and structures thereon	10,787	9,420
Percentage of total estimated sales value of projects on hand	82.33	86.24
Total value of contracts signed of land and structures thereon not yet recognised as revenue*	1,977	1,883

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

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 2019				
	Less than		Over	Total
	1 year	1-5 years	5 years	
Original investment in lease agreement	1,917	8,050	17,920	27,887
Unearned financial income	(82)	(272)	(244)	(598)
Present value of the minimum payment debtor has to pay under lease agreement	<u>1,835</u>	<u>7,778</u>	<u>17,676</u>	<u>27,289</u>

(Unit: Thousand Baht)

Consolidated and separate financial statements as at 31 December 2018				
	Less than		Over	Total
	1 year	1-5 years	5 years	
Original investment in lease agreement	1,917	7,858	20,028	29,803
Unearned financial income	(88)	(294)	(303)	(685)
Present value of the minimum payment debtor has to pay under lease agreement	<u>1,829</u>	<u>7,564</u>	<u>19,725</u>	<u>29,118</u>

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		
	2019	2018
Total minimum amount which the debtor has to pay under the outstanding operating lease		
Within 1 year	987	987
1 - 5 years	4,147	4,048
Over 5 years	<u>9,232</u>	<u>10,318</u>
Total	14,366	15,353
Add: Advance received for land lease (net from recognised income)	<u>4,174</u>	<u>4,501</u>
Land lease income to be recognised in future	<u>18,540</u>	<u>19,854</u>

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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(%)	(%)						
Eastern Star Resort Co., Ltd.	500,000	500,000	81.30	81.30	409,374	409,374	-	-	409,374	409,374
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>505,374</u>	<u>-</u>	<u>-</u>	<u>505,374</u>	<u>505,374</u>

As at 31 December 2019 and 2018, the Company possessed 326 remaining 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 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Land	Building and improvements	Total
31 December 2019:			
Cost	1,000,467	709,165	1,709,632
Less: Accumulated depreciation	-	(484,679)	(484,679)
Less: Allowance for impairment	(41,584)	(651)	(42,235)
Net book value	<u>958,883</u>	<u>223,835</u>	<u>1,182,718</u>
31 December 2018:			
Cost	1,000,467	709,186	1,709,653
Less: Accumulated depreciation	-	(480,762)	(480,762)
Less: Allowance for impairment	(70,009)	(695)	(70,704)
Net book value	<u>930,458</u>	<u>227,729</u>	<u>1,158,187</u>

(Unit: Thousand Baht)

	Separate financial statements		
	Building and		Total
	Land	improvements	
31 December 2019:			
Cost	1,000,467	752,090	1,752,557
Less: Accumulated depreciation	-	(487,663)	(487,663)
Less: Allowance for impairment	(41,584)	(651)	(42,235)
Net book value	<u>958,883</u>	<u>263,776</u>	<u>1,222,659</u>
31 December 2018:			
Cost	1,000,467	752,111	1,752,578
Less: Accumulated depreciation	-	(482,723)	(482,723)
Less: Allowance for impairment	(70,009)	(695)	(70,704)
Net book value	<u>930,458</u>	<u>268,693</u>	<u>1,199,151</u>

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	1,158,187	1,150,525	1,199,151	1,192,513
Addition - at cost	10,784	24,714	10,784	24,714
Transfer out - net book value at transfer date	(13)	(5,356)	(13)	(5,356)
Disposal and written off - net book value at disposal and written off date	(363)	(75)	(363)	(75)
Impairment loss	-	(695)	-	(695)
Reversal of impairment loss	28,470	2,150	28,470	2,150
Depreciation	(14,347)	(13,076)	(15,370)	(14,100)
Net book value at end of year	<u>1,182,718</u>	<u>1,158,187</u>	<u>1,222,659</u>	<u>1,199,151</u>
Rental income arising from investment properties	39,126	34,095	39,126	34,095

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

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2019	2018
In up to 1 year	24,636	35,095
In over 1 and up to 3 years	4,818	13,778

The fair value of the investment properties as at 31 December 2019 and 2018 stated below:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2019	2018
Land	1,358,501	1,293,678
Building and improvement	205,268	208,046

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 2019, the Company reversed Baht 28 million (2018: Baht 2 million), of the impairment losses previously recognised, recording the reversal in profit or loss in the financial statements. This reversal was reversal of impairment of the Company's land. In addition, the Company recognised impairment loss of the Company's building for rent Baht 1 million and recognised impairment loss Baht 9 million in the separate financial statements due to the acquisition of land and some structures there on from a subsidiary during 2018 as described in Note 14 to the consolidated financial statements.

The Company has mortgaged certain plots of land with a net book value as at 31 December 2019 of Baht 364 million (2018: Baht 82 million) as collateral for credit facilities granted by a bank.

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land and improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	
Cost								
1 January 2018	156,168	434,055	44,128	13,660	23,275	34,670	5,643	711,599
Additions	731	14,820	1,521	2,566	3,896	575	26,132	50,241
Disposals and written off	-	-	(314)	(434)	(1,285)	(325)	-	(2,358)
Transfer in (out)	2,580	8,417	(749)	175	33	748	(5,518)	5,686
31 December 2018	159,479	457,292	44,586	15,967	25,919	35,668	26,257	765,168
Additions	17,629	21,243	1,282	2,917	3,469	3,572	35,589	85,701
Disposals and written off	-	(14,214)	(1,088)	(164)	(1,167)	(2,587)	-	(19,220)
Transfer in (out)	-	32,313	60	1,476	400	948	(31,967)	3,230
31 December 2019	177,108	496,634	44,840	20,196	28,621	37,601	29,879	834,879
Accumulated depreciation								
1 January 2018	737	251,531	38,700	11,061	17,780	20,126	-	339,935
Depreciation for the year	-	8,464	2,225	1,145	2,161	5,156	-	19,151
Accumulated depreciation on disposals and written off	-	-	(301)	(337)	(1,282)	(325)	-	(2,245)
Accumulated depreciation on transfer in (out)	-	213	(10)	-	(2)	9	-	210
31 December 2018	737	260,208	40,614	11,869	18,657	24,966	-	357,051
Depreciation for the year	-	15,422	1,857	1,560	2,544	4,605	-	25,988
Accumulated depreciation on disposals and written off	-	(3,807)	(1,060)	(123)	(1,146)	(2,582)	-	(8,718)
31 December 2019	737	271,823	41,411	13,306	20,055	26,989	-	374,321
Allowance for impairment								
1 January 2018	-	3,680	-	-	-	-	-	3,680
31 December 2018	-	3,680	-	-	-	-	-	3,680
31 December 2019	-	3,680	-	-	-	-	-	3,680
Net book value								
31 December 2018	158,742	193,404	3,972	4,098	7,262	10,702	26,257	404,437
31 December 2019	176,371	221,131	3,429	6,890	8,566	10,612	29,879	456,878
Depreciation for the year								
2018 (Baht 3 million included in cost of real estate sold and services, and the balance in administrative expenses)								19,151
2019 (Baht 4 million included in cost of real estate sold and services, and the balance in administrative expenses)								25,988

(Unit: Thousand Baht)

Separate financial statements								
	Land and improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
Cost								
1 January 2018	4,320	109,518	5,093	13,123	17,158	18,048	5,579	172,839
Additions	54,051	50,885	1,029	2,566	3,281	575	5,010	117,397
Disposals and written off	-	-	(314)	(434)	(1,284)	(325)	-	(2,357)
Transfer in (out)	2,580	6,250	(749)	175	33	748	(3,771)	5,266
31 December 2018	60,951	166,653	5,059	15,430	19,188	19,046	6,818	293,145
Additions	17,629	20,552	370	2,917	3,158	172	34,291	79,089
Disposals and written off	-	(13,996)	(70)	(163)	(103)	(2,587)	-	(16,919)
Transfer in (out)	-	11,635	-	1,477	400	948	(11,230)	3,230
31 December 2019	78,580	184,844	5,359	19,661	22,643	17,579	29,879	358,545
Accumulated depreciation								
1 January 2018	737	38,404	3,963	10,588	12,415	11,748	-	77,855
Depreciation for the year	-	5,788	411	1,145	1,804	2,212	-	11,360
Accumulated depreciation on disposals and written off	-	-	(301)	(337)	(1,281)	(325)	-	(2,244)
Accumulated depreciation on transfer in (out)	-	213	(10)	-	(2)	9	-	210
31 December 2018	737	44,405	4,063	11,396	12,936	13,644	-	87,181
Depreciation for the year	-	12,951	387	1,560	2,168	1,860	-	18,926
Accumulated depreciation on disposals and written off	-	(3,639)	(62)	(123)	(103)	(2,582)	-	(6,509)
31 December 2019	737	53,717	4,388	12,833	15,001	12,922	-	99,598
Allowance for impairment								
1 January 2018	-	9,161	-	-	-	-	-	9,161
31 December 2018	-	9,161	-	-	-	-	-	9,161
31 December 2019	-	9,161	-	-	-	-	-	9,161
Net book value								
31 December 2018	60,214	113,087	996	4,034	6,252	5,402	6,818	196,803
31 December 2019	77,843	121,966	971	6,828	7,642	4,657	29,879	249,786
Depreciation for the year								
2018 (Included in administrative expenses)								11,360
2019 (Included in administrative expenses)								18,926

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

However, during 2018, the Company recognised impairment loss Baht 9 million in the separate financial statements for the acquired land and some structures there on. The amount of impairment loss is eliminated from the consolidated financial statements.

As at 31 December 2019, certain plant and equipment items of the Group 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 145 million (Separate financial statements: Baht 51 million) (2018: Baht 156 million (Separate financial statements: Baht 47 million)).

The Company has mortgaged certain plots of land and structures thereon with a net book value as at 31 December 2019 and 2018 of Baht 3 million as collateral for credit facilities granted by a bank.

15. Intangible assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Computer software - cost	14,678	11,976	13,641	10,938
Less: Accumulated amortisation	(8,044)	(6,974)	(7,012)	(6,077)
Net book value	<u>6,634</u>	<u>5,002</u>	<u>6,629</u>	<u>4,861</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning year	5,002	3,764	4,861	3,482
Additions	2,703	2,244	2,703	2,244
Amortisation	(1,071)	(1,006)	(935)	(865)
Net book value at end of year	<u>6,634</u>	<u>5,002</u>	<u>6,629</u>	<u>4,861</u>

16. Land and improvement awaiting development

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Land	1,363,312	1,354,169	1,213,746	1,204,603
Development costs	36,742	37,000	36,742	37,000
Total	1,400,054	1,391,169	1,250,488	1,241,603

A reconciliation of the net book value of land and improvement awaiting development for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	1,391,169	1,281,878	1,241,603	1,132,312
Addition - at cost	1,753,971	382,506	1,753,971	382,506
Transfer out - at cost	(1,745,086)	(273,215)	(1,745,086)	(273,215)
Net book value at end of year	1,400,054	1,391,169	1,250,488	1,241,603

As at 31 December 2019, land awaiting development of Baht 1 million (separate financial statements: Baht 0.8 million) (2018: 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 2019, the Company mortgaged certain plots of land and improvement awaiting development with a net book value of Baht 762 million (2018: 643 million) as collateral for credit facilities granted by a bank.

17. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated and Separate financial statements	
		2019	2018
Short-term loans from financial institutions	MLR - fixed rate	-	133,483
Short-term loans from financial institutions	MLR - fixed rate	306,293	-
Short-term loans from financial institutions	MLR - fixed rate	147,000	-
Short-term loans from financial institutions	fixed rate	224,000	-
Short-term loans from financial institutions	fixed rate	103,000	-
Total		780,293	133,483

Short-term loans from financial institutions are secured by the mortgages of the Company's land and structures thereon as described in Note 10, 13, 14 and 16 to consolidated financial statements.

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade accounts payable				
- unrelated parties	47,178	32,384	46,320	30,966
Other payables - related parties (Note 6)	27	42	7,107	6,745
Other payables - unrelated parties	29,133	33,360	26,775	32,547
Total	76,338	65,786	80,202	70,258

19. Long-term loans

(Unit: Thousand Baht)

Consolidated and Separate financial statements		
	2019	2018
Long-term loans from banks	1,551,672	574,857
Less: Current portion	(729,473)	(111,045)
Long-term loans - net of current portion	822,199	463,812

Movements in the long-term loans account during the year ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)

Consolidated and Separate financial statements	
Balance as at 1 January 2018	574,857
Add: Additional borrowings	1,173,106
Less: Repayments	(329,774)
Add: classify from short - term loans	133,483
Balance as at 31 December 2019	1,551,672

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

Consolidated and Separate financial statements		Interest rate (per annum)	Interest period	Principal repayment schedules
Total loan facilities				
2019	2018			
2,769	2,445	MLR - fixed rate	Monthly	Payments of principal are to be made at percentage of the value of secured real estates which transferred to customers, with full repayment to be made within 48 months after the date of the loan agreement or the first draw down of principal.
570	-	MLR - fixed rate	Monthly	Payments of principal are to be made at price per square meters of the value of secured real estates which transferred to customers, with full repayment to be made within 60 months after the date of the loan agreement or the first draw down of principal.
Total	3,339			
	2,445			

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

As at 31 December 2019, the long-term credit facilities of the Company which have not yet been drawn down totaling Baht 2,266 million (2018: Baht 1,288 million).

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

20. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Retention payable	23,054	31,148	23,054	31,148
Other current liabilities	26,481	25,078	25,479	23,188
Total	49,535	56,226	48,533	54,336

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	financial statements	financial statements
	2019	2018	2019	2018
Provision for long-term employee benefits at beginning of year	24,002	20,100	18,188	15,296
Included in profit or loss:				
Current service cost	5,222	3,928	4,092	3,046
Interest cost	698	490	517	362
Included in other comprehensive income:				
Actuarial gain and loss arising from				
Demographic assumptions changes	-	-	-	-
Financial assumptions changes	5,039	-	3,665	-
Experience adjustments	-	-	-	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Benefits paid during the year	(3,671)	(516)	(2,216)	(516)
Provision for long-term employee benefits at end of year	31,290	24,002	24,246	18,188

The Group expect to pay Baht 2 million of long-term employee benefits during the next year (Separate financial statements: Baht 1 million) (2018: Baht 0.46 million, separate financial statements: Baht 0.09 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 10 - 11 years (Separate financial statements: 11 years) (2018: 10 - 11 years, separate financial statements: 11 years).

Significant actuarial assumptions are summarised below:

	Consolidated and separate financial statements	
	2019	2018
	(% per annum)	
Discount rate	2.65 - 2.71	2.65 - 2.71
Average future salary increase rate	4 - 6	4 - 6
Staff turnover rate (depending on age)	0 - 35	0 - 35

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 are summarised below:

	(Unit: million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2)	3	(2)	2
Salary increase rate	3	(3)	3	(2)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Turnover rate	(1)	1	(1)	1

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group have additional long-term employee benefit liabilities of Baht 4 million (The Company only: Baht 3 million) as a result. The Group will reflect the effect of the change by recognising past service costs as expenses in the income statement of the current year.

22. Cost to obtain a contract

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2019	92,869
Increase during the year	53,147
Recognised as expenses during the year	(14,710)
Balance as at 31 December 2019	<u>131,306</u>

23. Advance received from customers

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Advance received for real estate	358,594	281,742	354,432	278,257
Deferred revenue for fixtures	2,640	5,038	2,640	5,038
Total	<u>361,234</u>	<u>286,780</u>	<u>357,072</u>	<u>283,295</u>

Movements in the deferred revenue for fixtures account during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2019	5,038
Increase during the year	17,370
Recognised as revenues during the year	(19,768)
Balance as at 31 December 2019	<u>2,640</u>

24. Warrants

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

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

Exercise period:

Exercise No.1

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

Exercise No.2

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

Exercise No.3

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

The estimated fair values of each share option can be exercised in Exercise No.1, No.2 and No.3 are Baht 0.00, Baht 0.05 and Baht 0.01, respectively. These were calculated using the Black-scholes Merton formula. The model inputs were the share price at the price determination date of Baht 0.93, the exercise price of Baht 1.05, an

expected dividend yield of 3%, the life of the share options of 3 years, and a risk-free interest rate of 1.45%, 1.46% and 1.50%, respectively.

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

As at 31 December 2019, the Company has capital reserves for share-based payment of Baht 1 million (2018: Baht 1 million).

25. 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 2019, the Company transferred unappropriated retained earnings to statutory reserve amounting to Baht 3 million (2018: Baht 6 million).

26. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Payment of land and construction during the year	693,799	803,354	693,799	803,354
Changes in real estate development costs and inventories	160,014	274,881	160,021	275,117
Salaries and wages and other employee benefits	168,610	160,957	137,586	132,927
Depreciation and amortisation	41,418	33,009	35,231	26,100
Marketing expenses	134,000	163,342	132,142	161,758
Cost of other goods incurred and recognised during the year	7,420	6,218	-	-

27. Income tax

Income tax expenses (revenues) for the years ended 31 December 2019 and 2018 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
	Current income tax:			
Current income tax charge	-	-	-	-
Adjustment in respect of income tax of previous year	-	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	20,732	31,803	20,978	30,173
Income tax expenses reported in the statement of comprehensive income	20,732	31,803	20,978	30,173

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

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
	Accounting profit before tax	72,217	144,721	77,934
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	14,443	28,944	15,587	30,910
Adjustment in respect of income tax of previous year	-	-	-	-
Tax effects of:				
Non-deductible expenses	3,150	702	2,659	498
Additional taxable revenues	2,786	389	2,786	389
Additional capital expenditure deductions allowed	(131)	(192)	(131)	(192)
Additional expense deductions allowed	(1,692)	(1,934)	(116)	(192)
Tax exempted revenue	(4)	85	(4)	85
Tax losses	1,983	5,134	-	-

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Others	197	(1,325)	197	(1,325)
Income tax expenses reported in the statement of comprehensive income	<u>20,732</u>	<u>31,803</u>	<u>20,978</u>	<u>30,173</u>

The components of deferred tax assets and deferred tax liabilities as at 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	1,487	1,487	1,487	1,487
Allowance for diminution in value of inventories	699	1,213	699	1,213
Allowance for diminution in value of assets	8,447	14,141	10,279	15,973
Deferred revenue for fixtures	528	1,008	528	1,008
Advance received for land rental income	849	914	849	914
Provision for long-term employee benefits	6,257	4,801	4,849	3,638
Tax loss carried forward	4,535	12,967	4,535	12,967
Others	1,394	1,076	1,394	1,076
Total	<u>24,196</u>	<u>37,607</u>	<u>24,620</u>	<u>38,276</u>

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax liabilities				
Finance lease contract receivables	5,458	5,824	5,458	5,824
Cost to obtain a contract	26,261	18,574	26,261	18,574
Total	<u>31,719</u>	<u>24,398</u>	<u>31,719</u>	<u>24,398</u>

As at 31 December 2019 the subsidiaries has unused tax losses totaling Baht 38 million (2018: Baht 42 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	
	2019	2018	2019	2018
31 December 2019	-	4	-	-
31 December 2020	7	16	-	-
31 December 2021	19	19	-	-
31 December 2022	-	-	-	-
31 December 2023	13	-	-	-
	<u>39</u>	<u>39</u>	<u>-</u>	<u>-</u>

28. 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	
	2019	2018	2019	2018
Profit attributable to equity holders of the Company (Thousand Baht)	52,652	115,449	56,957	124,377
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)	0.010	0.023	0.011	0.025

There is no disclosure of diluted earnings per share in the financial statements for the year ended 31 December 2019 since as at 30 June 2018, the term of the warrant was expired. There are no holders exercise all warrants (ESOP No. 1).

29. 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 Group are organised into business units based on its products and services and have three reportable segments as follows:

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

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

Transfer prices between business segments are set out in Note 6 to the consolidated financial statements.

Below is the revenue and gross profit of the Group for the year ended 31 December 2019 and 2018 by segments.

(Unit: Million Baht)

Consolidated financial statements for the year ended 31 December

	Revenue from Contracts with Customers									
	Real estate business		Golf course business		Rental business		Adjustments and eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues										
External customers	1,273	1,621	56	51	44	34	-	-	1,373	1,706
Inter- segment	-	-	-	1	-	-	-	(1)	-	-
Total revenues	1,273	1,621	56	52	44	34	-	(1)	1,373	1,706
Operating results										
Gross profit of segments	387	523	19	16	14	4	-	-	420	543
Other income									27	14
Selling and distribution expenses									(134)	(163)
Administrative expenses									(265)	(246)
Loss on diminution in value of assets									-	(1)
Reversal of loss on diminution in value of assets									29	2
Finance cost									(4)	(4)
Income tax expenses									(21)	(32)
Non-controlling interests of the subsidiaries									1	2
Profit for the year attributable to equity holders of the Company									53	115

The following table presents segment assets of the Group as at 31 December 2019 and 2018.

(Unit: Million Baht)

Consolidated financial statements as at 31 December

	Real estate business		Golf course business		Rental business		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	Real estate development cost and inventories	4,194	2,587	1	1	-	-	4,195
Investment properties	855	831	-	-	327	327	1,182	1,158
Property, plant and equipment	168	114	288	289	1	1	457	404
Land and improvement awaiting development	1,400	1,391	-	-	-	-	1,400	1,391
Unallocated assets							546	541
Total segment assets							7,780	6,082
Additions to non-current assets other than financial instruments, deferred tax assets and other non-current assets	111	410	6	24	12	25	129	459

Geographic information

The Group 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 2019 and 2018, the Group have no major customer, with revenue of 10% or more of an entity's revenue.

30. Dividend payment

Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Dividend announced from operating result for the year 2018	Annual General Meeting of the shareholders on 30 April 2019	100	0.020
Total dividend for 2019		<u>100</u>	
Dividend announced from operating result for the year 2017	Annual General Meeting of the shareholders on 27 April 2018	276	0.055
Total dividend for 2018		<u>276</u>	

31. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees, and the Group 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 2019 amounting to approximately Baht 3 million were recognised as expenses (Separate financial statements: Baht 3 million) (2018: Baht 3 million (Separate financial statements: Baht 3 million)).

32. Commitments and contingent liabilities

As at 31 December 2019, the Group have the following outstanding commitments and contingent liabilities:

- 32.1 The Company had the outstanding commitments in respect of agreements to construction including project and interior design of projects amounting to Baht 257 million (2018: Baht 142 million).

32.2 The Company had the outstanding commitments in respect of land purchase agreements to develop project for sale amounting to Baht 144 million (2018: 589 million).

32.3 The Company had capital commitments of Baht 1 million (2018: 0.6 million) in respect of the acquisition of software for the Company's operations.

32.4 The Group 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	
	2019	2018	2019	2018
In up to 1 year	10	18	9	16
In over 1 and up to 3 years	5	11	5	11

32.5 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	
	2019	2018
Letters of guarantee for arrangement and maintenance of public utilities	102	152
Letters of guarantee for electricity usage	9	6
Letters of guarantee for elevators	20	-
Total	131	158

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

32.6 Litigation

As at 31 December 2019, civil lawsuits were filed against the Company by customers with and amount in disputes totaling Baht 14 million (2018: Baht 17 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.

33. Fair value hierarchy

As at 31 December 2019, the Group had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments	100	-	-	100
Assets for which fair value are disclosed				
Investment properties	-	1,248	316	1,564

	(Unit: Million Baht)			
	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments	70	-	-	70
Assets for which fair value are disclosed				
Investment properties	-	1,248	316	1,564

34. Financial instruments

34.1 Financial risk management

The Group's 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 Group are exposed to credit risk primarily with respect to trade and other receivables. The Group manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group 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 Group 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)

Consolidated financial statements as at 31 December 2019							
Fixed interest rates							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	102	-	102	0.10 - 1.10
Current investments	-	-	-	-	100	100	-
Trade and other receivables	-	-	-	-	9	9	-
Finance lease contract receivables	2	7	18	-	-	27	0.30

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2019							
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 liabilities</u>							
Short-term loans from a financial institution	-	-	-	780	-	780	MLR - fixed rate
Long-term loans	-	-	-	1,552	-	1,552	MLR - fixed rate
Trade and other payables	-	-	-	-	77	77	-

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2018							
Fixed interest rates							
	Within	1-5	Over	Floating	Non-interest		
	1 year	years	5 years	interest rate	bearing	Total	Interest rate
							(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	199	-	199	0.10 - 1.10
Current investments	-	-	-	-	68	68	-
Trade and other receivables	-	-	-	-	8	8	-
Finance lease contract receivables	2	7	20	-	-	29	0.30
<u>Financial liabilities</u>							
Short-term loans from a financial institution	-	-	-	133	-	133	MLR - fixed rate
Long-term loans	-	-	-	575	-	575	MLR - fixed rate
Trade and other payables	-	-	-	-	66	66	-

34.2 Fair values of financial instruments

Since the majority of Group's 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.

35. 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 2019, the Group's total debt-to-equity ratio was 0.65:1 (2018: 0.28:1).

36. Event after the reporting period

Dividend payment

At the Company's Board of Directors' meeting held on 27 February 2020, the Board passed a resolution proposing the payment of a dividend of Baht 0.01 per share, or a total amount of approximately Baht 50 million, from the Company's operating result for the year 2019. The dividend will be paid to the shareholders within 28 May 2020. The dividend payment is subject to approval of the Annual General Meeting of the Company's shareholders.

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2020.



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