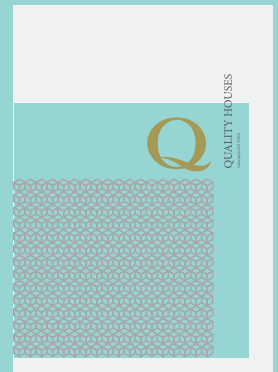


QUALITY HOUSES

Annual Report 2016



รายงานประจำปี 2559



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Note : Investors can get more information form 56-1 from by downloading from www.sec.or.th
or www.qh.co.th

OUR PROJECTS



PRUKPIROM



LADDAROM

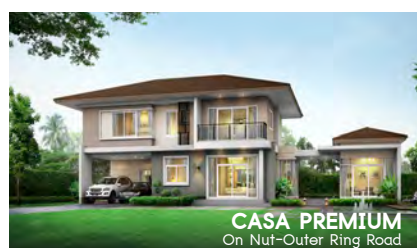


VARAROM



CASA



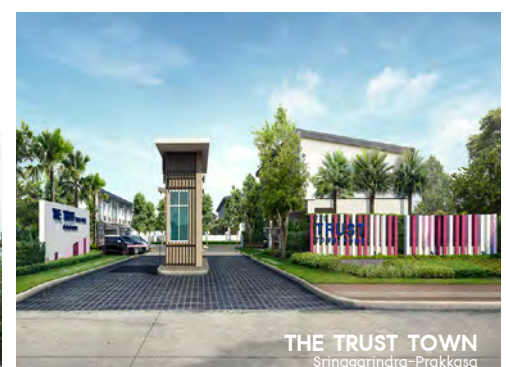




CASA CITY



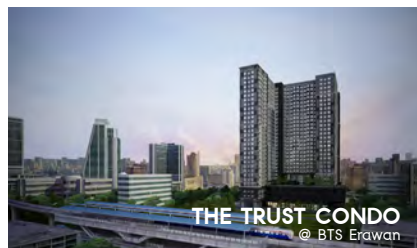
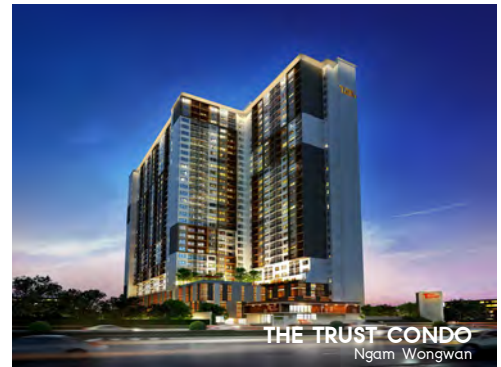
THE TRUST







THE TRUST CONDO



THE POINT





Q SEASIDE
Hua Hin




District



Vision

To be the leading real estate development company in providing quality, innovations of products and services for customers in all target segments.

Mission

Product and Service Quality

- Create long-term competitive advantage by focusing on highest quality of products and services for customers in all target segments
- Develop innovations of new products and services that accurately respond to customer needs.

Work Life Quality

- Create a work environment and culture as well as improve employee benefits to achieve maximum performance

Personnel

- Operate legally with transparency where every stage can be monitored.
- Support and encourage employees to develop their capabilities in various fields in accordance with their responsibilities

Social Quality

- Social quality of the project: focuses on being a placid, pleasant and environmental friendly living place as well as providing convenience and safety for customers.
- Social quality of the surrounding community: focuses on being supportive and responsible for the surrounding communities where the Company and its subsidiaries operate as well as on the wider society

Investment Quality

- Improve efficiency of Company's operations and investment structure to achieve profitability growth that is appropriate and sustainable

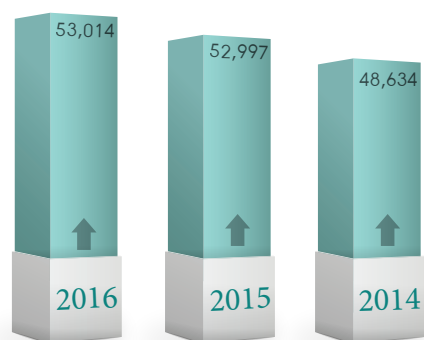
FINANCIAL HIGHLIGHTS FOR THE YEAR 2014-2016

Unit : Million Baht

	2016	2015	2014
Summary of Financial Statements			
Total Assets	53,014	52,997	48,634
Total Liabilities	30,075	31,452	29,485
Shareholders' Equity	22,939	21,545	19,149
Net Sales	19,125	20,358	21,220
Total Revenues	19,313	20,556	21,377
Gross Profit	5,770	6,358	6,907
Net Profit	3,085	3,106	3,329
Financial Ratio			
Net Profit Margin (%)	16.0	15.1	15.6
Return on Equity (%)	13.9	15.3	18.3
Return on Assets (%)	5.8	6.1	7.4
Basic Earning per Share (Baht)	0.29	0.29	0.31
Dividend per Share (Baht)	n.a	0.14	0.25519
Debt to Equity Ratio (Time)	1.3	1.5	1.5
Time Interest Earned Ratio (Time)	3.8	1.4	(1.8)
Book Value per Share (Baht)	2.14	2.01	2.09

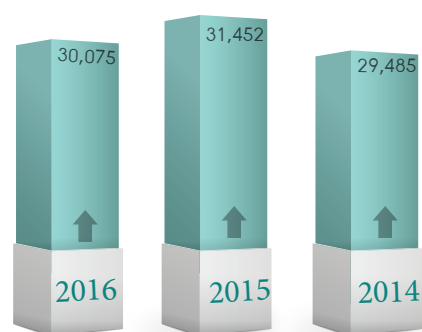
Total Assets

Million Baht



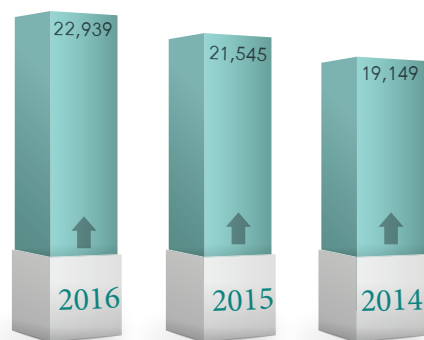
Total Liabilities

Million Baht



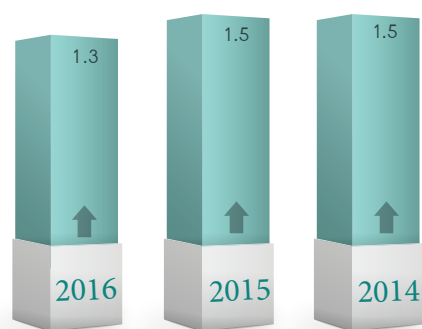
Shareholders' Equity

Million Baht



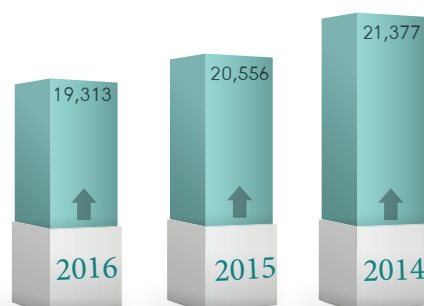
Debt to Equity Ratio

Times



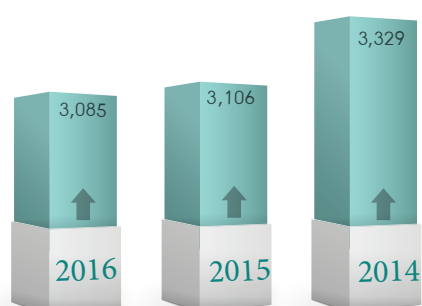
Total Revenues

Million Baht



Net Profit

Million Baht



MESSAGE FROM THE BOARD OF DIRECTORS

"The Company will continue to focus on business practices with good corporate governance and transparency so that investors, shareholders and related parties can monitor and audit our performance. Which, in the past year, the Company received an Excellent rating in corporate governance assessment under the CGR campaign."



Dear Shareholders,

For the year 2016, the Company and its subsidiaries had a total revenue of Baht 19,313 million – of which, 93% was generated from the sales of real estate, 6% from rent and service fees of office buildings and hotels and 1% from other income, interest bearing debt to equity ratio of 1.1 times decrease from 1.24 times in 2015 and shareholders' equity of Baht 22,939 million which increase 6.5% from 2015, the Company and its subsidiaries launched 8 new housing projects worth Baht 9,000 million. At present, the Company and its subsidiaries has 87 housing projects in Bangkok and its greater area, as well as in upcountry with total value of Baht 54,000 million. Through the past 30 years of our operations, the Company has continually focused on developing the quality of residences for both low-rise and high-rise buildings, such as considering high quality construction material, developing new housing concept under energy saving and multi-purpose function, and also emphasizing on after-sale services and safety in the projects.

Additionally, in the past year, the Company issued Baht 6,500 debentures at a tenure of 3 – 5 years with an average interest rate of 2.25% per annum. TRIS had maintain the Company's credit rating at A- (Stable).

Furthermore, the Company and its subsidiaries will continue to focus on business practices with good corporate governance and transparency so that investors, shareholders and related parties can monitor and audit our performance. Which, in the past year, the Company received an Excellent rating in corporate governance assessment under the CGR campaign.

Lastly, the Board of Directors would like to take this opportunity to express our gratitude to our customers, shareholders, business partners, debenture holders, banks and financial institutions, employees, and related parties for their ongoing support and for being a part of our continual success. We will continue to focus on governing the Company in order to grow by adhering to principle of honesty, good corporate governance, and ethics for our sustainable growth.



(Mr. Boonsom Lerdhirunwong)
Chairman and Independent Director

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible for Quality Houses Public Company Limited's financial statements and its subsidiaries' consolidated financial statements, including financial information provided in this Annual Report. These financial statements are prepared in accordance with generally accepted accounting standards, using careful and judgmental estimation that reflects an actual performance of the Company.

Emphasizing the quality of these financial reports, the Board of Directors established the financial information review systems. A sufficient disclosure of the related information is also ensured for shareholders and investors' best interests.

In this regard, the Board of Directors has appointed an Audit Committee, comprising qualified independent directors, to be directly responsible for overseeing and reviewing the quality of financial reports.

The Board of Directors considers the Company's overall internal control system, including an audited result from the external auditor satisfactory, and that the financial statements of Quality Houses Public Company Limited as of December 31, 2016 reflects the financial performance and cash flows of the Company in accordance with generally accepted accounting principles and related regulations.



(Mr. Boonsom Lerdhirunwong)
Chairman and Independent Director

REPORT FROM THE AUDIT COMMITTEE

Dear Shareholders

The Audit Committee of Quality Houses Public Company Limited consists of 3 independent directors. In 2016, 6 meetings were convened to independently discuss and consider various subjects. The list of Audit Committee's members and the details of its meetings were as follows:

Audit Committee		Position in the Audit Committee	Attendance / Total Meetings (Times)
Mr. Chulasingh	Vasantasingh	Chairman of Audit Committee	6/6
Mr. Rachai	Wattanakasaem	Member of Audit Committee	6/6
Mr. Suri	Buakhom	Member of Audit Committee	6/6

The Audit Committee performed its duties as delegated by the Company's Board of Directors and as stipulated in the rules and regulations of the Stock Exchange of Thailand. Its performance of Year 2016 was summarized as follows:

- 1. Reviewing the Company's quarterly and yearly financial statements:** The Audit Committee reviewed the Company's quarterly and yearly financial statement together with the internal auditor and the executives and provided the opinion that the Company's financial statement presented in conformity with the generally accepted accounting principles and with fair disclosure of information.

The external auditors did not provide any specific opinion on such financial statement.

In 2016, the Audit Committee held four private meetings with the external auditors, without the presence of any the executives of the Company, in order to exchange opinions and acknowledge the significant comments as well as suggestions of the external auditors. The meetings were also held to prepare for timely revision arrangement of accounting standard changes, in order to achieve the accuracy and creditability of the financial statement for the benefits of investors and users.

- 2. Monitoring internal audit's operations and considering annual audit plan:** The Audit Committee reviewed and approved the annual audit plan created by prioritizing the risk of significant operation systems.

The Audit Committee acknowledged the result of audit report and commented on increasing the precaution of internal control systems to prevent or decrease any possible risks, and suggested to improve the internal audit's operations. It also emphasized the monitoring of any revisions of operation systems as recommended in the audit report in order to achieve the efficiency and effectiveness of internal audit system. In 2016, no significant flaws were found in the Company's internal control systems.

In 2016, the Audit Committee acknowledged the summary of the Risk Committee's regarding considering segmenting the Company's risks by business type along with managing the risks. It also acknowledged a seminar on "COSO Guidelines to Manage Risks" for executives.

- 3. Monitoring the Company's compliance with the Securities and Exchange law:** The Audit Committee monitored the Company's business conducts to ensure that they complied with the Securities and Exchange law as well as the regulations of the Stock Exchange of Thailand, the regulations of the Securities and Exchange Commission and any other relevant laws. The secretary of the Audit Committee was assigned to regularly report such laws and regulations including any updated laws to the Audit Committee. The Audit Committee believed that there was no significant incident of violations of any laws or regulations in 2016.

4. Selecting the Company's external auditors and considering their remuneration:

The Audit Committee selected and proposed the appointment of the Company's external auditors based on their expertise, independence, performance and service, as well as the appropriate remuneration. In 2016, the Audit Committee recommended the appointment of EY Office Company Limited to be the Company's external auditors. The proposal was approved by the Board of Directors and was subsequently approved by shareholders at the 2016 Annual General Meeting.

5. Reviewing and providing opinions on related party transactions:

The Audit Committee ensured that the Company had the establishment of procedures and guidelines for any related party transactions in accordance with the government regulations, by considering the Company's best benefits at arm's length basis to prevent any conflicts of interest. The Audit Committee also monitored the full and fair disclosure of all related party transactions. The Audit Committee believed that the Company performed thoroughly, reasonably, and fairly in compliance with government regulations.

6. Emphasize on the Company's corporate governance:

The Audit Committee also focused on the Company's corporate governance to ensure that the Company business practices complied with rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission in terms of principles of good corporate governance. The Company has an established system to receive complaints from all stakeholders. It also promotes staff's compliance with such rules, regulations and Code of Conduct, as well as encouraged staff's participation in the environmental reservation. The practice of Company's good corporate governance would enhance the Company recognition and trust among shareholders, investors and other stakeholders.

7. Considering the Anti-Corruption Guidelines:

The Company acknowledged "Declaration of Intent in View of Establishing Thailand's Private Sector Collective Action Coalition

against Corruption" and activities in the implementation of an anti-corruption measure. It also reviewed "The Self-Evaluation Tool for Countering Bribery" while also providing guidance upon risk assessment in associate with corporate corruption so that such risk as mentioned can be managed onwards.

8. The Audit Committee properly performed its duties:

The Audit Committee properly performed its duties cautiously and independently within the framework of "the Audit Committee Charter", and also regularly reviewed "the Audit Committee Charter" to make it appropriate and suitable for the current business situation.

9. Establishing the self-assessment system: The Audit Committee established the self-assessment system for its members in following topics:

- The Audit Committee composition
- Training and resources
- Meetings
- Activities of the Audit Committee
- Relationship with Chief of internal audit department, external auditors and Executives

The assessment result was found that the Audit Committee completely performed in accordance with the Audit Committee Charter and effectively promoted good corporate governance. The Report of the Audit Committee performance shall be regularly presented to the Board of Directors every quarter.

The Audit Committee concluded that the Company conducted its business principally in line with the good corporate governance policy. As the result, the management system and internal control system had no significant fault. And the Company's business practices were conducted based on the Company's best benefits under the policies determined by the Board of Directors.



(Mr. Chulasingh Vasantasingh)
Chairman of Audit Committee



THE BOARD OF DIRECTOR AND EXECUTIVES

The Board of Directors

Mr. Boonsom	Lerdhirunwong	Chairman and Independent Director
Mr. Chadchart	Sittipunt	Director and Chairman of Risk management Committee
Mr. Chulasingh	Vasantasingh	Independent Director , Chairman of Audit Committee and Member of Nominating and Remuneration Committee
Mr. Anant	Asavabhokhin	Director
Mr. Adisorn	Thananan-narapool	Director
Ms. Kanokvalee	Viriyaprapaikit	Director and Member of Nominating and Remuneration Committee
Mr. Rachai	Wattanakasaem	Independent Director , Chairman of Nominating and Remuneration Committee, Member of Audit Committee and Member of Corporate Governance Committee
Mr. Suri	Buakhom	Independent Director, Chairman of Corporate Governance Committee and Member of Audit Committee
Mr. Achanun	Asavabhokhin	Director
Mrs. Suwanna	Bhuddhaprasart	Director , Member of Risk management Committee and Member of Corporate Governance Committee
Mr. Suang	Chaisurote	Director and Member of Risk management Committee
Mr. Pravit	Choatewattanaphun	Director and Member of Risk management Committee

The Executives

Mr. Chadchart	Sittipunt	Chief Executive Officer
Mr. Suang	Chaisurote	Managing Director
Mr. Pravit	Choatewattanaphun	Senior Executive Vice President
Ms. Apinya	Jarutrakulchai	Senior Executive Vice President
Mr. Ravée	Mongkoltavee	Executive Vice President
Mr. Adisak	Srisook	Executive Vice President
Mr. Sommart	Promkunakorn	Executive Vice President
Ms. Orathai	Luengpaitoon	Vice President , Financial and Accounting Department

THE PROFILE OF DIRECTORS AND EXECUTIVES

Name	Mr. Boonsom Lerdhirunwong
Position	Independent Director and Chairman of the Board of Directors
Age	63 Years
Directorship	September 21, 2015 – present
Shareholding Status	None

(Closing the share register on September 8, 2016)

Educational Profile

- Ph.D. of Civil Engineering
INSA, Toulouse, France
- Master Degree of Civil Engineering
Chulalongkorn University
- Bachelor Degree of Civil Engineering
Chulalongkorn University

Training

- Thai Institute of Directors Association (IOD)**
- 2016 Anti-Corruption : The Practical Guide (ACPG)
 - 2014 Role of Chairman Program (RCP)
 - 2013 Successful Formulation & Execution of Strategy (SFE)
 - 2012 Directors Certification Program (DCP)
Financial Statement for Directors (FSD)
Audit Committee Program (ACP)
Monitoring Fraud Risk Management (MFM)
Monitoring of the Quality of Financial Reporting (MFR)
Monitoring the Internal Audit Function (MIA)
Monitoring the System of Internal Control and Risk (MIR)

Other Training

- 2014 Corporate Governance: Effectiveness and Accountability in the Boardroom, Kellogg School of Management, Northwestern University
- 2013 Certificate in Top Executives in the Energy Education Program (Class of 3th)
- 2006 Diploma, the Joint State Sector Course National Defense College (Class of 19th)

Working Experience in the 5 preceding years

During	Position	Company Name
Listed Companies		
2014 – Present	Independent Director and Chairman of Audit Committee	Home Product Center Plc.
2012 – 2014	Director and Member of Audit Committee	PTT Plc.
Other Organizations/Institutions		
2015 – Present	President Chairman of the Board of Directors	Shinawatra University Thailand institute of Nuclear
2010 – Present	Director and Chairman of Executive Directors of Building and Infrastructure Committee	The Thai Red Cross Society
2008 – 2013	Dean – Faculty of Engineering	Chulalongkorn University
2013 – 2014	Chairman of the Board of Directors	State Railway of Thailand

Name	Mr. Chadchart Sittipunt
Position	Director, Chief Executive Officer and Chairman of Risk management Committee
Age	49 Years
Directorship	January 1, 2015 - present
Shareholding Status	None

(Closing the share register on September 8, 2016)

Educational Profile

- Ph.D. of Civil Engineering
University of Illinois, USA
- Master Degree of Civil Engineering (Structural)
Massachusetts Institute of Technology, USA
- Master Degree of Business Administration (MBA)
Chulalongkorn University
- Bachelor Degree of Civil Engineering (1st Class Honors)
Chulalongkorn University

Training

Thai Institute of Directors Association (IOD)

- 2006 Directors Certification Program (DCP)
Finance for Non-Finance Directors (FND)

Other Training

Mahanakorn 4 , Institute of Metropolitan Development,
Navamindradhiraj University

Working Experience in the 5 preceding years

During	Position	Company Name
Listed Companies		
2015 - Present	Director	Home Product Center Plc.
Aug - Dec 2014	Independent Director, Member of Audit Committee and Member of Nomination and Remuneration Committee and Chairman of Risk Committee	Land and Houses Plc.
2008 - 2012	Independent Director, Member of Audit Committee and Member of Nomination and Remuneration Committee	Land and Houses Plc.

Other Organizations/Institutions

2012 - 2014	Minister of Transport	Minister of Transport
2012	Deputy Minister of Transport	Minister of Transport
2005 - 2012	Assistant Rector Property Management Office	Chulalongkorn University
2004 - 2011	Academic Director- Faculty of Engineering	Chulalongkorn University

Name	Mr. Chulasingsh Vasantasingh
Position	Independent Director, Chairman of Audit Committee and Member of Nominating and Remuneration Committee
Age	66 Years
Directorship	April 17, 2015 - present
Shareholdings Status	19,930 Shares representing 0.00019% (Shares held by spouse)
(Closing the share register on September 8,2016)	

Educational Profile

- Certificate
Harvard Business School
- Honorary Doctorate Degree in Laws
Yonok University
- Honorary Doctorate Degree in Laws
Ramkhamhaeng University
- Honorary Doctorate Degree in Laws
Chulalongkorn University
- Master Degree of Comparative Law (MCL.)
University of Illinois, U.S.A.
- Barrister at Law
The Institution of Legal Education
- Bachelor Degree, Laws (LLB.) (Hons.)
Chulalongkorn University

Training

- Thai Institute of Directors Association (IOD)
- 2012 Financial Institutions Governance Program (FGP)
 - 2008 Directors Certification Program Refresher (DCP-Re)
 - 2007 Audit Committee Program (ACP)
 - 2006 Understanding the Fundamental of Financial Statements (UFS)
 - 2003 Finance for Non-Finance Directors (FND)
Directors Certification Program (DCP)

Other Training

The National Defense Course, National Defense College,
(Class of 388th)

Politics and Governance in Democratic Systems for Executives Course,
King Prajadhipok's Institute, Thailand (Class of 8th)

Capital Market Academy Leadership Program (Class of 5th), Thailand

Certificate in Top Executives in Energy Education Program,
Thailand Energy Academy (Class of 1st), Thailand

Top Executive Program in Commerce and Trade (TEPCOT) (Class of 5th)

Poom Palung Pandin Program (Class of 1st), Chulalongkorn University

Working Experience in the 5 preceding years

During	Position	Company Name
Listed Companies		
2014 - Present	Independent Director	TPI Polene Plc
	Independent Director and Chairman of Board	AQUA Corporation Plc.
	Independent Director, Chairman of Nomination and Remuneration Committee and Member of of Audit Committee	Global Power Synergy Plc.
2013 - Jan 2016	Independent Director and Chairman of Audit Committee	THAI OIL Plc.
2010 - 2014	Independent Director and Chairman of Audit Committee	Krungthai Bank Plc.
2010 - 2013	Independent Director and Chairman of Audit Committee	PTT Plc.
	Independent Director and Chairman of Audit Committee	Thai Airways International Plc.
Non - Listed Companies		
2014 - Present	Director and Chairman of Audit Committee	Thanachart Insurance Plc.
Other Organizations/Institutions		
2012 - Present	Member of the Council of State	Council of State
2011- Present	Adjunct Professor	Chulalongkorn University
2004 - Present	Director, Property Management Office	Chulalongkorn University
2009 - 2013	Deputy Attorney General	Office of the Attorney General
2005 - 2009	Attorney General	Office of the Attorney General

Name	Mr. Anant Asavabhokhin
Position	Director
Age	66 Years
Directorship	October 21,1983 – Present
Shareholdings Status	None

(Closing the share register on September 8,2016)

Educational Profile

- Master Degree of Business Administration (MBA)
Thammasat University
- Master Degree of Industrial Engineering
Illinois Institute of Technology, USA
- Bachelor Degree of Civil Engineering
Chulalongkorn University

Training

- Thai Institute of Directors Association (IOD)
- 2004 Directors Certification Program (DCP)

Working Experience in the 5 preceding years

During	Position	Company Name
Listed Companies		
2009 – Present	Chairman of the Board of Directors	LH Financial Group Plc.
2001 – Present	Chairman of the Board of Directors	Home Product Center Plc.
1985 – Present	Chairman of the Board of Directors and Chairman of the Executive Directors	Land and Houses Plc.
Non – Listed Companies		
2005 – Present	Chairman of the Board of Directors	Land and Houses Bank Plc.
	Director	L&H Property Co., Ltd.
	Director	L&H Sathorn Co., Ltd.
2004 – Present	Chairman of the Board of Directors	LH Real Estate Co., Ltd.
	Director	LH Asset Co., Ltd.
2002 – Present	Director	Land and Houses Property Fund 2 Co., Ltd
2000 – Present	Director	Land and Houses Property Fund 1 Co., Ltd.
	Director	Asia Asset Advisory Co., Ltd.
1995 – Present	Director	QH International Co., Ltd.
1993 – Present	Director	Siam Thani Real Estate Co., Ltd.
1991 – Present	Director	Boonchai Holding Co., Ltd.
1990 – Present	Director	Siam Thani Property Co., Ltd.
1988 – Present	Director	Atlantic Real Estate Co., Ltd.
1986 – Present	Director	Pacific Real Estate Co., Ltd.
1980 – Present	Director	Plaza Hotel Co., Ltd.

Name	Mr. Adisorn Thananan-narapool
Position	Director
Age	63 Years
Directorship	May 9, 2003 – Present
Shareholding Status	1,101 Shares representing 0.00001 % (Closing the share register on September 8,2016)

Educational Profile

- Stanford Executive Program (SEP), Graduate School of Business
Stanford University
- Master Degree of Business Administration (MBA)
Thammasat University
- Bachelor Degree of Accounting
Thammasat University

Training

- Thai Institute of Directors Association (IOD)
- 2004 Directors Certification Program (DCP)
Directors Accreditation Program (DAP)
- Other Training
- Capital Market Academy (CMA 2)

Working Experience in the 5 preceding years

During	Position	Company Name
Listed Companies		
2013 – Present	Director and Managing Director	Land and Houses Plc.
2002 – Mar.2013	Director and Senior Executive Vice President	Land and Houses Plc.
Non – Listed Companies		
2013 – Present	Director	Starmalls inc., Philippines
2010 – Present	Director and Chairman of Audit Committee	Land and Houses Fund Management Co.Ltd.
2001 – Present	Director	L&H Property Co. ,Ltd.
	Director	Land and Houses Property Fund 1
	Director	Land and Houses Property Fund 2

Name	Miss Kanokvalee Viriyaprapaikit
Position	Director and Member of Nominating and Remuneration Committee
Age	51 Years
Directorship	August 9, 2001– Present
Shareholding Status	None (Closing the share register on September 8,2016)

Educational Profile

- Master Degree of Investment Banking
University of Wisconsin – Madison
- Bachelor Degree of Business Administration – Banking & Finance
Chulalongkorn University

Training

- Thai Institute of Directors Association (IOD)
- 2012 Role of the Compensation Committee (RCC)
 - 2008 Directors Certification Program (DCP)

Working Experience in the 5 preceding years

During	Position	Company Name
Non – Listed Companies		
2016 – Present	Director	LH Mall & Hotel Co., Ltd.
2003 – 2015	Director	Asia Asset Advisory Co., Ltd.

Name Mr. Rachai Wattanakasaem

Position Independent Director , Chairman of Nominating and Remuneration Committee, Member of Audit Committee and Member of Corporate Governance Committee

Age 69 Years

Directorship August 10, 2005 – Present

Shareholding Status None

(Closing the share register on September 8,2016)

Educational Profile

- M.B.A. (Honors Degree) Industrial Management II class
Pacific States University, California, USA

Training

Thai Institute of Directors Association (IOD)

- 2011 Role of the Compensation Committee (RCC)
- 2007 Directors Certification Program (DCP)

Working Experience in the 5 preceding years

During	Position	Company Name
Listed Companies		
2015 – Present	Independent Director, Member of Audit Committee and Member of Risk Management Committee	Thai Rubber Latex Corporation (Thailand) Plc
2003 – 2006	Advisor and Director	Krung Thai Asset Management Plc.
Non – Listed Companies		
2014 – Present	Independent Director and Member of Audit Committee	Land and Houses Securities Plc.
2006 – 2009	Chairman of Director	KTB Securities (Thailand) Co.,Ltd.
2003 – 2007	Director and Senior Vice President	Krung Thai Computer Service Co.,Ltd.
Other Organizations/Institutions		
2006 – 2008	Director	Kasetsart University

Name Mr. Suri Buakhom

Position Independent Director ,Chairman of Corporate Governance Committee and Member of Audit Committee

Age 72 Years

Directorship April 20, 2010 – Present

Shareholding Status 116,666 Shares representing 0.00109 %

(Closing the share register on September 8,2016)

Educational Profile

- Master Degree of Business Administration (MBA)
Thammasat University
- Bachelor Degree of Economics
Kasetsart University

Training

Thai Institute of Directors Association (IOD)

- 2014 Anti – Corruption : The Practical Guild (ACPG)
- 2008 Directors Certification Program Refresher (DCP-Re)
Role of the Compensation Committee (RCC)
- 2007 Role of the Chairman Program (RCP)
- 2006 Finance for Non-Finance Director (FND)
Directors Certification Program (DCP)
Directors Accreditation Program (DAP)

Other Training

Diploma of Information Technology , Harvard University
National Defense College (Class 4010th)

Working Experience in the 5 preceding years

During	Position	Company Name
Listed Companies		
2010 – Present	Chairman and Chairman of Audit Committee	Thaiwire Products Plc.
2013 – 2016	Director and Chairman of Audit Committee	Bliss -Tel Plc.
Non – Listed Companies		
2009 – Present	Director and Member of Nominating Committee	Zhengxin Bank Co., Ltd.
2013 – 2015	Data Center Development Subcommittee	NBTC

Name Mr. Achanun Asavabhokhin
Position Director

Age 36 Years
Directorship April 11, 2014 – Present
Shareholding Status None

(Closing the share register on September 8, 2016)

Educational Profile

- Master Degree of Business Administration (MBA)
Tsinghua University ,China
- Bachelor Degree of Political Science
Boston College , USA

Training

Thai Institute of Directors Association (IOD)

- 2015 Directors Certification Program (DCP)

Working Experience in the 5 preceding years

During	Position	Company Name
--------	----------	--------------

Listed Companies

2004 – 2005	Securities Analyst	Asia Plus Securities Plc. (The company's current name is Asia Plus Group Holding Plc.)
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Name Mrs. Suwanna Bhuddhaprasart
Position Director , Member of Risk management Committee and Member of Corporate Governance Committee

Age 61 Years
Directorship June 27, 2000 – Present

Shareholding Status 7,013,754 Shares representing 0.06546%
 (Closing the share register on September 8, 2016)

Educational Profile

- Master Degree of Business Administration (MBA)
Chulalongkorn University
- Bachelor Degree of Commerce and Accountancy
Chulalongkorn University

Training

Thai Institute of Directors Association (IOD)

- 2011 Financial Institutions Governance Program (FGP)
- 2007 Directors Certification Program (DCP)
- 2004 Directors Accreditation Program (DAP)

Working Experience in the 5 preceding years

During	Position	Company Name
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Listed Companies

2011 – Present	Director	LH Financial Group Plc.
2003 – Present	Director	Home Product Center Plc.
Non – Listed Companies		
2016 – Present	Director	LH Mall & Hotel Co., Ltd.
	Director	Gusto Village Co., Ltd.
	Director	Casa Ville (Rayong 2553) Co., Ltd.
	Director	Casa Ville (Prachuabkhirikhan 2554) Co., Ltd.
2013 – Present	Director	Casa Ville (Petchburi 2553) Co., Ltd.
	Director	Property Host Co., Ltd.
2012 – Present	Director	Casa Ville (Cholburi 2554) Co., Ltd.
	Director	Center Point Hospitality Co., Ltd.
2010 – Present	Director	L&H Hotel Management Co., Ltd.
	Director	Q.House Precast Co., Ltd.
2008 – Present	Director	L&H Management Co., Ltd.
	Director	Casa Ville Co., Ltd.
2003 – Present	Director	Q.H. Management Co., Ltd
	Director	Q.H. International Co., Ltd.
2000 – Present	Director	The Confidence Co., Ltd.
	Director	Land and Houses Bank Plc.
2013 – 2014	Director	Land and Houses Bank Plc.
2005 – 2012	Director and Member of Nomination and Remuneration	Land and Houses Bank Plc.

Name	Mr. Suang Chaisurote
Position	Director, Managing Director and Member of Risk management Committee
Age	61 Years
Directorship	August 23, 2016 – Present
Shareholding Status	680,654 Shares representing 0.00635% (Closing the share register on September 8, 2016)

Educational Profile

- Honorary Doctorate Degree of Civil Engineer
Chiang Mai University
- Master Degree of Business Administration (MBA)
Thammasart University
- Bachelor Degree of Civil Engineering
Chiang Mai University

Training

Thai Institute of Directors Association (IOD)

- 2008 Directors Certification Program (DCP)
- 2004 Directors Accreditation Program (DAP)

Other Training

- 2008 Executive Education Program, Stanford University

Working Experience in the 5 preceding years

During	Position	Company Name
Non – Listed Companies		
2016 – Present	Director	Gusto Village Co., Ltd.
	Director	The Confidence Co., Ltd.
	Director	Center Point Hospitality Co., Ltd.
	Director	Casa Ville (Prachuabkhirikhan 2554) Co., Ltd
	Director	Casa Ville (Rayong 2553) Co., Ltd.
	Director	Casa Ville (Cholburi 2554) Co., Ltd.
	Director	Property Host Co., Ltd.
	Director	Q.House Precast Co., Ltd.
	Director	Casa Ville (Petchburi 2553) Co., Ltd.
	Director	Q.H. International Co., Ltd.
	Director	Casa Ville Co., Ltd.
	Director	Q.H. Management Co., Ltd.
2014 – Present	Director	S.R.D Northeast Co., Ltd.
2006 – Present	Director	Siam Retail Development Co., Ltd.
2003 – Present	Director	Square Ritz Plaza Co., Ltd.
Other Organizations/Institution		
2016 – Present	President for Chiang Mai University Alumni Association	Chiang Mai University
	Director of Chiang Mai University Council	Chiang Mai University

Name	Mr. Pravit Choatewattanaphun
Position	Director, Senior Executive vice President and Risk management Committee
Age	59 Years
Directorship	April 20, 2010 – Present
Shareholding Status	None

(Closing the share register on September 8,2016)

Educational Profile

- Master Degree of Business Administration (MBA)
Thammasart University
- Bachelor Degree of Civil Engineering
Chiang Mai University

Training

- Thai Institute of Directors Association (IOD)
- 2016 How to Develop Risk Management (HRP)
 - 2011 Directors Certification Program (DCP)

Working Experience in the 5 preceding years

During	Positing	Company Name
Non – Listed Companies		
2016 – Present	Director	Gusto Village Co., Ltd.
	Director	The Confidence Co., Ltd.
	Director	Center Point Hospitality Co., Ltd.
	Director	Casa Ville (Prachuabkhirikhan 2554) Co., Ltd.
	Director	Casa Ville (Rayong 2553) Co., Ltd.
	Director	Casa Ville (Cholburi 2554) Co., Ltd.
2011 – Present	Director	Property Host Co., Ltd.
2010 – Present	Director	Q.House Precast Co., Ltd.
	Director	Casa Ville (Petchburi 2553)
2005 – Present	Director	Q.H. International Co., Ltd.
	Director	Casa Ville Co., Ltd.
2003 – Present	Director	Q.H. Management Co., Ltd

CASA

CONDO



NATURE OF BUSINESS



Quality Houses Public Company Limited operates real estate development for sales and rent business, head quartered at the 6th and 7th Floor of Q. House Lumpini Building, No. 1 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120, under Public Company Limited Registration No. 131;
Telephone Number: 0-2677-7000;
Facsimile Number: 0-2677-7003;
Website : " www.qh.co.th ".

As of 31 December 2016, the Company has a registered capital of Baht 10,714,426,091, paid-up capital of Baht 10,714,381,645 as 10,714,381,645 ordinary shares at a par value of Baht 1.

1. Company History, Significant Changes and Developments

The Company's history, significant changes and developments are summarized as follows:

1983

The Company was incorporated on October 21, 1983 with an initial registered capital of Baht 1.0 million with a primary objective to provide one-stop, integrated construction services for housing projects on customers' plots of land.

1990

The Company began operating the business of real estate development for rent, divided into 2 categories: serviced apartments for rent and office buildings for rent.

1991

On September 11, 1991, the Company was listed on the Stock Exchange of Thailand.

1992

The Company began operating the business of land and houses for sales.



1993

The Company was transformed into a Public Company on June 28, 1993.

1997

The Company encountered business difficulties during Thailand's financial crisis.

1999

The Company entered into debt restructuring agreements with commercial banks and financial institutions and was able to satisfactorily comply with the terms and conditions of the agreements. Later in 2005, the Company was able to repay the full amount of loans according to the agreements.

2001

The Company increased its capital and offered 20% of its total shares or Baht 812.0 million to the Government of Singapore Investment Corporation Pte Ltd. (GIC).

2006

The Company and its subsidiaries sold the properties together with the related equipment, and/or gave the leasehold rights, and/or transferred the property leasehold rights for 2 office buildings, namely, Q.House Ploenjit and Q.House Lumpini, to the Quality Houses Leasehold Property Fund (QHPPF). The transaction was approved by the Securities and Exchange Commission (SEC) on December 7, 2006. The Company also invested 204.5 million units, equating to 25.66%, worth Baht 2,045.1 million in the property fund.

Furthermore, the Fund Manager appointed Q.H. International Co., Ltd., a subsidiary of the Company, to be the property manager of such properties for 5 years with an option to renew the contract for not exceeding 5 years each.

2012

The Company and its subsidiaries sold the properties together with related equipment and/or gave the leasehold rights and/or transferred the property leasehold rights for 3 hotel projects, i.e. the Centre Point Hotel Pratunam, the Centre Point Hotel Sukhumvit 10 and the Centre Point Hotel Chidlom, to the Quality Houses Hotel and Residence Freehold and Leasehold Property Fund (QHHR) ("The Fund"). The transaction was approved by the Securities and Exchange Commission (SEC) on July 2, 2012. The Company also invested 105.28 million units, equating to 31.33%, worth Baht 1,050.28 million in The Fund.

After invested in those properties, QHHR was set to offer for rent or for lease the properties under its ownership and possession, and all of whose leasehold rights it has been granted to Centre Point Hospitality Co., Ltd., a 100% wholly owned subsidiary of the Company.

The Centre Point Hospitality Co., Ltd. then appointed Q.H. International Co., Ltd., a 100% wholly owned subsidiary of the Company, to manage the hotels and serviced apartments over the period of 3 years and the contract can be renewal with an option to renew the contract for not exceeding 3 years each.



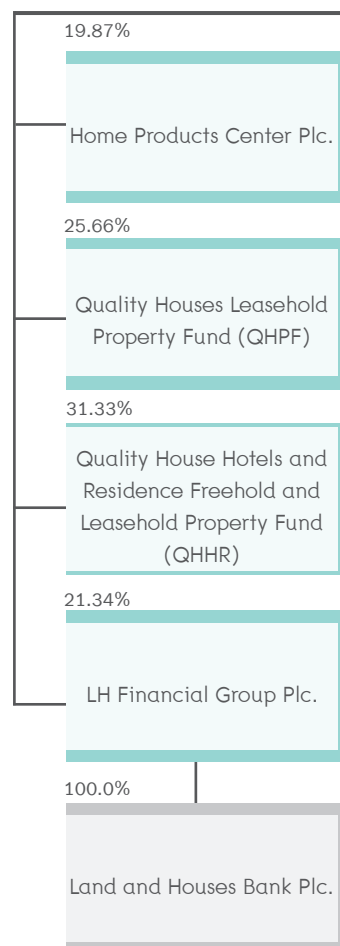
2. Shareholding Structure of the Company

2.1 Overview of Business Operations of the Company, Subsidiaries and Associated Companies

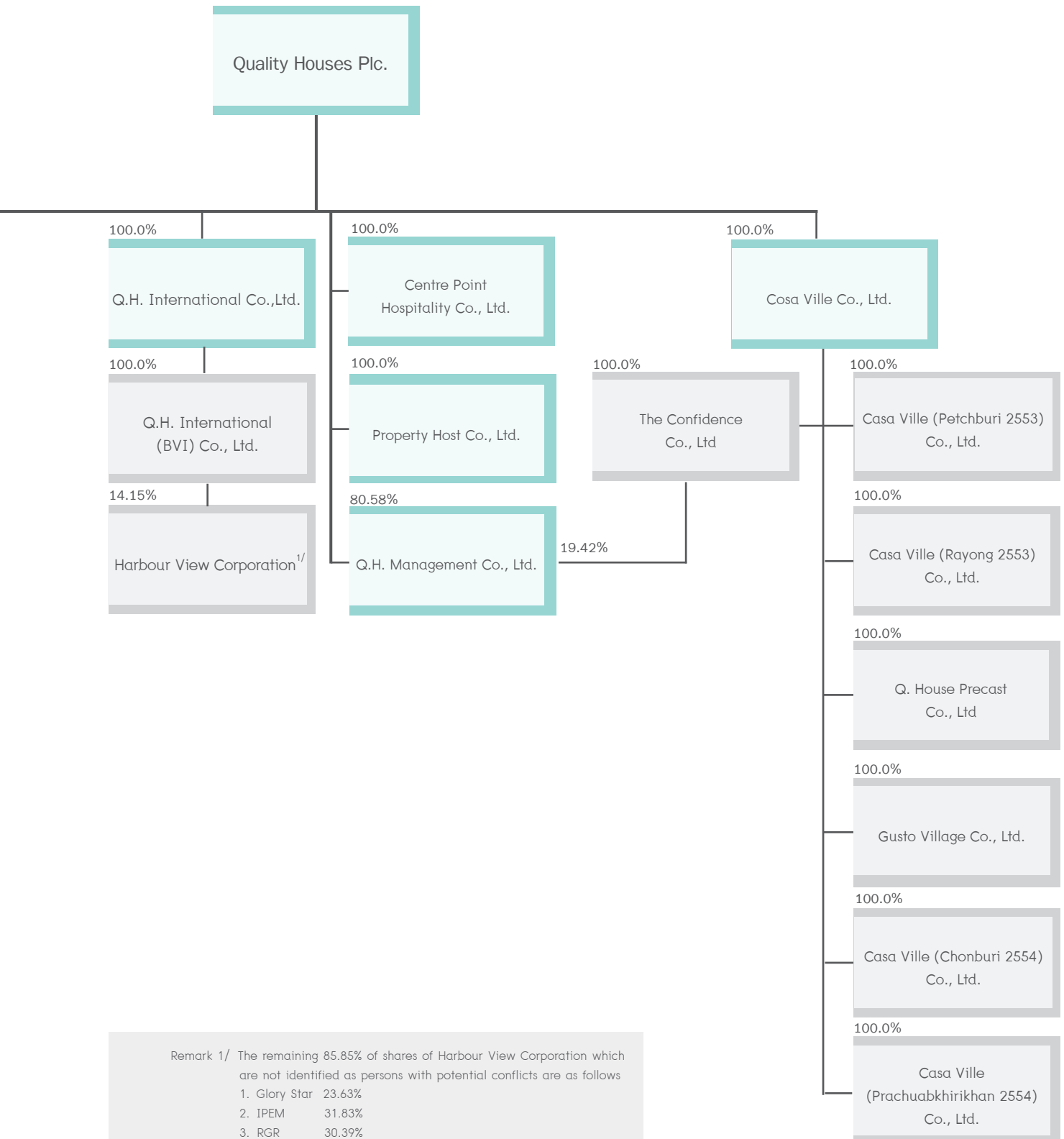
Quality Houses Public Company Limited, its subsidiaries and associated companies operate real estate development for sales and rent business, jointly invest in other companies and property funds, which could be summarized as follows:

1. Land and houses for sales;
2. Condominium units for sales;
3. Hotel business;
4. Office building for rent;
5. Property management for rental properties including hotels, serviced apartments, rental office buildings and rental residential projects;
6. Investment business

(Details as per Marketing and Competition Section 1 "Nature of Products and Services", Sub-section (a) to (d).)



2.2 Structure of Shareholding (of the Company)



The Company has the policy to segregate the operations of the Company, its subsidiaries and associated companies are summarized as follows:

2.2.1 Subsidiaries

The Company has invested in 13 subsidiaries as follows:

1. The Confidence Co., Ltd.

100% of its shares are held by Casa Ville Co., Ltd., (which is a subsidiary that the Company holds 100% of shares). At present, The Confidence Co., Ltd. is conducting the business of property development for sales, including land and houses, and condominium units for sales.

2. Q.H. Management Co., Ltd.

The Company holds 80.58% of its shares, while the remaining portion of 19.42%, is held by The Confidence Co., Ltd. At present, Q.H. Management Co., Ltd. is conducting the business of public utility management particularly for the housing projects of the Company and its subsidiaries.

3. Casa Ville Co., Ltd.

The Company holds 100% of its shares. At present, Casa Ville Co., Ltd. is conducting the business of property development for sales, including land and houses, and condominium units for sales.

4. Q.H. International Co., Ltd.

The Company holds 100% of its shares. At present, Q.H. International Co., Ltd. is conducting the business of residential building, hotel and office building for rent management and making investments in various companies.

5. Q.H. International (BVI) Co., Ltd.

100% of its shares is held by Q.H. International Co., Ltd. At present, Q.H. International (BVI) Co., Ltd. is conducting investments in Harbour View Corporation, which is comprised of the hotel and office building for rent businesses in Haiphong City, Vietnam, with 14.15% share ownership in those companies.

6. Casa Ville (Rayong 2553) Co., Ltd.

The Company holds 100% of its shares via Casa Ville Co., Ltd. At present, Casa Ville (Rayong 2553) Co., Ltd. is conducting the business of property development for sales, including land and houses, and condominium units in Rayong province.

7. Casa Ville (Petchburi 2553) Co., Ltd.

The Company holds 100% of its shares via Casa Ville Co., Ltd. At present, Casa Ville (Petchburi 2553) Co., Ltd. is conducting the business of property development for sales, including land and houses, and condominium units in Petchburi province.

8. Q. House Precast Co., Ltd.

The Company holds 100% of its shares via Casa Ville Co., Ltd. to manufacture and sell ready-made concrete sheets to the housing projects of Company and its subsidiaries'.

9. Gusto Village Co., Ltd.

The Company holds 100% of its shares via Casa Ville Co., Ltd. to operate the business of property development for sales, including land and houses in Bangkok and its greater area.

10. Casa Ville (Chonburi 2554) Co., Ltd.

The Company holds 100% of its shares via Casa Ville Co., Ltd. to operate the business of property development for sales, including land and houses, and condominium units in Chonburi province.

11. Property Host Co., Ltd.

The Company holds 100% of its shares to operate the business of property for rent.

12. Casa Ville (Prachuabkhirikhan 2554) Co., Ltd.

The Company holds 100% of its shares via Casa Ville Co., Ltd. to operate the business of property development for sales, including condominium units in Prachuabkhirikhan province.

13. Centre Point Hospitality Co., Ltd.

The Company holds 100% of its share to operate the business of hotel and serviced apartment.

2.2.2 Associated Companies

The Company has invested in 2 associated companies and 2 property funds as follows:

1. Home Product Center Plc.

The Company has a long-term investment policy, as of December 31, 2016, the Company has a shareholding of 19.87%. Home Product Center Plc. operates as a one stop shopping home center, selling products and providing services for construction, decoration, expansion, repair and improvement for home, residential unit, and building, under the trademark 'Home Pro' and also provides space for rent.

2. LH Financial Group Plc.

As of December 31, 2016, the Company has a shareholding of 21.34%. LH Financial Group Plc. was established as a holding company with the business objective of making long-term investment by holding 100% shares in Land and Houses Bank Plc., which operates the business of commercial banking services that provides services of deposits, mortgages, corporate loans and personal loans.

3. Quality Houses Leasehold Property Fund (QHPPF)

The Company has a long-term investment policy and a unitholding of 25.66%. QHPPF was established in December 2006. Quality Houses Leasehold Property Fund operates in property for rent business and has registered as a closed-end Property Fund, with the capital of Baht 7,970 million in total. Properties in form of office buildings for rent invested by the Quality Houses Leasehold Property Fund include Q.House Lumpini, Q.House Ploenjit and Wave Place projects.

4. Quality Houses Hotel and Residence Freehold and Leasehold Property Fund (QHHR)

This long-term investment in which the Company holds 31.33% of shares was established in July 2012. Quality Houses Hotel and Residence Freehold and Leasehold Property Fund operates in property for rent business and has registered as a closed-end Property Fund, with the capital of Baht 3,360 million in total. Properties invested by the Quality Houses Hotel and Residence Freehold and Leasehold Property Fund include Centre Point Hotel Pratunam, Centre Point Hotel Sukhumvit 10 and Centre Point Hotel Chidlom.

2.2.3 Other Companies

Harbour View Corporation operates hotel and office buildings for rent in Haiphong City, Vietnam. Q.H. International (BVI) Co., Ltd., one of the Company's subsidiaries, once held 21% of its shares. However, without the Company's further subscription to any additional shares of Harbour View's shares being offered to existing shareholders, due to Harbour View Corporation's continually loss, the current proportion of shareholding has decreased to 14.15%.

2.3 Objective of Business

The Company and its subsidiaries operate in 3 core businesses including, real estate development for sales and rent business, hotel business and office building rental business. The Company's and its subsidiaries business policy in the next 3 years (2017 - 2019) will maintain to focus on real estate development for sales comprising of single detached houses, townhouses and condominiums with high quality in various price ranges in Bangkok, its greater area and upcountry regions aiming to serve customers in all target segments, as well as focusing on safety and after service sales for customer's satisfaction.

THE COMPANY'S INVESTMENT

1. The investment of Quality Houses Plc.

Company	Type of Business	Paid-up Capital (Million Baht)	Shareholding %
1. Subsidiary companies			
1.1 Q.H. International Co., Ltd.	Managing of serviced apartment, hotel and office building for rent and making investments in various companies	25.0	100.00
1.2 Casa Ville Co., Ltd.	Property development for sales	3,000.0	100.00
1.3 Q.H. Management Co., Ltd.	Managing utilities of housing projects of the Company and its subsidiaries	380.0	80.58
1.4 Property Host Co., Ltd.	Property for rent	5.0	100.00
1.5 Centre Point Hospitality Co., Ltd.	Hotels and serviced apartments	5.0	100.00

2. Associated companies

2.1 Home Products Center Plc.	Supplier of construction materials and home decorations	13,151.2	19.87
2.2 LH Financial Group Plc.	Holding Business	13,638.7	21.34
2.3 Quality Houses Leasehold Property Fund	Investing in office building for rent	7,863.1	25.66
2.4 Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	Investing in hotel and serviced apartments	3,360.0	31.33

2. The investment of Q.H. International Co., Ltd. (Subsidiary)

Company	Type of Business	Paid-up Capital (Million Baht)	Shareholding %
Q.H. International (BVI) Co., Ltd.	Investing in foreign companies	30.8	100.00

3. The investment of The Confidence Co., Ltd. (Subsidiary)

Company	Type of Business	Paid-up Capital (Million Baht)	Shareholding %
Q.H. Management Co., Ltd.	Managing utilities of housing projects of the Company and its subsidiaries	380.0	19.42

4. The investment of Casa Ville Co.,Ltd. (Subsidiary)

Company	Type of Business	Paid-up Capital (Million Baht)	Shareholding %
1. The Confidence Co., Ltd .	Developing properties for sales	1,000.0	100.00
2. Casa Ville (Rayong 2553) Co., Ltd.	Developing properties for sales	5.0	100.00
3. Casa Ville (Petchburi 2553) Co., Ltd.	Developing properties for sales	5.0	100.00
4. Q.House Precast Co., Ltd. ^{1/}	Manufacture and distribution precast concrete	5.0	100.00
5. Gusto Village Co., Ltd. ^{2/}	Developing properties for sales	500.0	100.00
6. Casa Ville (Prachuabkhirikhan 2554) Co., Ltd.	Developing properties for sales	5.0	100.00
7. Casa Ville (Chonburi 2554) Co., Ltd.	Developing properties for sales	5.0	100.00

5. The investment of Q.H. International (BVI) Co., Ltd.

Company	Type of Business	Paid-up Capital (Million USD)	Shareholding %
Harbour View Corporation (Formerly known as "Harbour View Joint Stock Company")	Hotels and office buildings for rent in rental in Haiphong City, Vietnam	6.8	14.15

MARKETING AND COMPETITION

Marketing Policy of Products and Services

1. Nature of products and services

The Company and its subsidiaries classify its products according to the nature of business and use variety of marketing strategies based on each business types. The Company's approaches may be summarized as follows:

A) Real Estate Development for Sales Business

- Land and houses for sales business

The Company and its subsidiaries develop land and houses for sales by taking the raw lands which are in good locations, subdividing the land into plots, building houses on those land plots whilst developing a variety of infrastructures accordingly. At present, the Company and its subsidiaries focus upon developing projects in the locations in proximity to main roads that allow for

better commutes in Bangkok and its greater area, as well as in other provinces including Chonburi, Petchburi, Chiangmai, Patumthani and Nakorn-pathom.

The Company and its subsidiaries have adopted a policy to expand its target group by offering a wider range of products from high-end, middle-end to low-end in order to cater to customers' needs as follows:

• High-end products

Price per Unit

Single Detached House Projects

	Q Twelve	Q House Avenue	Prukpirom / Prukpirom Regent	Laddarom / Laddarom Elegance	Vararom / Vararom Premium
Company Name	> Baht 100 million	Baht 24-80 million	Baht 30-85 million	Baht 7-30 million	Baht 6-12 million
1. Quality Houses Plc.		■	■	■	■
2. Casa Ville Co., Ltd.	■			■	■

• **Middle-end Product**

Price per Unit

Company Name	Single Detached House Projects				Townhouses Projects
	Casa Grand /Legend	Casa Premium	Casa Ville/ Presto	Casa Seaside	Casa City
	Baht 7-12 million	Baht 5-7 million	Baht 4-6 million	Baht 3-6 million	Baht 3-4 million
1. Quality Houses Plc.	■		■		
2. Casa Ville Co., Ltd.	■	■	■		■
3. Casa Ville (Rayong 2553) Co., Ltd.				■	
4. Casa Ville (Chonburi 2554) Co., Ltd.	■		■		

• **Low-end products**

Price per Unit

Company Name	Single Detached House Projects	Townhouses Projects	
	The Trust Ville	Gusto	The Trust Town Home
	Baht 3-5 million	Baht 2.5-3.5 million	Baht 2-4 million
1. The Confidence Co., Ltd.	■		■
2. Gusto Village Co., Ltd.		■	
3. Casa Ville (Chonburi 2554) Co., Ltd.			■

- **Residential condominium units for sales business**

The Company and its subsidiaries have adopted a policy to expand its business in residential condominium units for sales by focusing upon prime locations in the heart of the city or near the skytrain (BTS) and subway (MRT) of both existing routes and future expansions, as well as for the benefits of better commutes from and to residential communities. In addition, our subsidiaries have also expanded into other provincial areas with high potential, such as Chonburi, Petchburi, Prachuabkhirikhan, Chiangmai, Chiangrai and Nakornprathom.

This policy is strategically intended to inspire customer's satisfaction and cater to the needs and wants of those who are looking for modern-day convenience in terms of commuting from and to workplaces while at the same time making it possible to enjoy their lifestyles. The target group includes entrepreneurs, middle management and above, as well as company employees and younger generation who prefer convenience and city life. The projects may be classified by product types as follows:

Company Name	Price per Unit				
	High-end product		Mid-end product	Low-end product	
	Q Condo	Q House Condo	Casa Condo	The Trust Condo	The Point Condo
	Baht 14-140 million	Baht 3-7 million	Baht 2-5 million	Baht 1.5-4 million	Baht >1 million
1. Quality Houses Plc.	■		■		
2. Casa Ville Co., Ltd.		■	■		
3. The Confidence Co.,Ltd.				■	
4. Casa Ville (Petchburi 2553) Co., Ltd.	■			■	
5. Casa Ville (Chonburi 2554) Co., Ltd.				■	■
6. Casa Ville (Prachuapkhirikhan 2554) Co., Ltd.				■	

B) Real Estate for Rent Business

• Hotel business

The Company has built and rented hotel buildings under the brand "Centre Point" in order to provide residential services to expatriates who come to work and/or travel in Thailand on both short-term and long-term basis. Therefore, the Company and its subsidiaries have made selection of the best in terms of locations, equipped with convenience and comfort within the heart of the city and central business district areas (CBD). Furthermore, the Company and its subsidiaries have also emphasized on other services, such as by providing meeting rooms, business centers and restaurants, etc.; the Company also has a policy of providing high quality services, efficient security system, as well as state-of-the-art communication devices.

The assets used in operating the hotel business are ones used for long-term operation and those leased for business operation under the terms of agreement between 1-3 years.

• Office buildings for rent business

The Company has constructed high-rise buildings on its own plots of land and on long-term leased land which are located in central business district areas (CBD) and fully equipped with public utilities and telecommunication facilities in order to provide office space rental services to customers. In addition,

the Company also emphasizes on the standard quality of the buildings, the quality services and the proper lay-out within the buildings to ensure more effective business operations.

C) Management Service for Real Estates for Rent Business

The Company and its subsidiaries provide management service for real estate for rent, including hotels, apartments, office buildings and houses for rent as follows:

- Management of Wave Place Building and management of office buildings: Q.House Lumpini Building and Q.House Ploenjit Building for the Quality Houses Leasehold Property Fund;
- Management of residential buildings for rent : Centre Point Residence Promphong Project and Centre Point Sukhumvit-Thonglor, as well as management of houses for rent in L&H Villa Sathorn Project for Land and Houses Freehold and Leasehold Property Fund;
- Management of Grande Centre Point Hotel Ratchadamri and Grande Centre Point Hotel Terminal 21 for L&H Property Co., Ltd.;
- Management of Centre Point Hotel Pratunam, Centre Point Hotel Sukhumvit 10 and Centre Point Hotel Chidlom for Quality Houses Hotel and Residence Freehold and Leasehold Property Fund
- Management of Mandarin Hotel for the Mandarin Hotel Public Company Limited.

D) Investment Business

The Company has direct and indirect, through its subsidiaries, investments and property funds as follows:

- **Harbour View Corporation ("HVC"):** The Company has invested indirectly in HVC by holding 100% shares in Q.H. International Co., Ltd. (QHI), while in turn QHI owns 100% shares in Q. H. International (BVI) Co., Ltd. ("QHI (BVI)") and QHI (BVI) is in possession of 14.15% shares in HVC, the last of which operates a hotel and office building rental business in Haiphong, Vietnam;
- **Home Product Center Plc.:** Of which the Company holds 19.87% shares (detail in Nature of Business section, topic 2.2.2 Associated Companies, sub-section (1))
- **LH Financial Group Plc.:** A holding company which has remained active in making long-term investments in the Land and Houses Bank Plc., holding 100% of shares; the Company holds 21.34% of its shares (detail in Nature of Business section, topic 2.2.2 Associated Companies, sub-section (2));
- **Quality Houses Leasehold Property Fund ("QHHPF"):** The Company and its subsidiaries sold the property with components and relevant equipment and/or transferred the office building leasehold rights of 2 projects, Q. House Ploenjit and Q. House Lumpini to Quality Houses Leasehold Property Fund. The Company invested in QHHPF for 204.5 million units, or 25.66% of QHHPF's total investment units, which amounted to Baht 2,045.1 million.

In addition, the management company has appointed the Company and/or Q.H. International Co., Ltd., which was the Company's subsidiary, to be the Property Manager for all properties in which QHHPF would invest for the period of 5 years. The parties of agreement are given an option to renew the contract for no greater than 5 years each (under the same condition, except the fees) depending upon the result of operation by the Property Manager. The annual fee is to be calculated with reference to the result of business operation of each project.

In the 4th quarter of 2011, the Company and its subsidiary, Q.H. International Co., Ltd., extended the agreement as the Property Manager for

another 5 years. The parties of agreement were able to extend the period of agreement for no more than 5 years each under the same conditions as previous agreement.

- **Quality Houses Hotel and Residence Freehold and Leasehold Property Fund:** The Board of Directors' Meeting No.4/2012 dated June 19, 2012, has passed a resolution to establish Quality Houses Hotel and Residence Freehold and Leasehold Property Fund ("QHHR"), which was to be managed by Land and Houses Fund Management Co., Ltd. ("management company"), and on behalf of which the Company was in charge of distributing the real estate property, fixture and the related equipment and/or to give the leasehold right and/or to transfer the leasehold right of real estate property for the following (three) hotel and service apartment projects, i.e. Centre Point Hotel Pratunam, Centre Point Hotel Sukhumvit 10 and Centre Point Hotel Chidlom, and ensure that QHHR would enter into the property lease agreement "for" Centre Point Hotel Chidlom "from" The Crown Property Bureau. In addition, by virtue of the aforementioned resolution, approbation has been made in order that Company was to invest in QHHR whereby a number of not greater than 112 million investment units would be purchased at Baht 10 each, thus accounting for not greater than Baht 1,120 million approximately, or not more than one-third of the total number of QHHR investment units. The Company has practically made investment in the aforementioned entity's 105.3 million (investment) units worth Baht 1,053 million.

In addition, the Board of Directors has also adopted another resolution to grant one of the Company's subsidiaries "Centre Point Hospitality Co., Ltd.", whose shares amounting to not less than 99.99% being directly or indirectly held by the Company, to lease and sublease the aforementioned properties from QHHR over the period of 3 years commencing from the lease commencement date at the prescribed rates of rental and sublease fees. Centre Point Hospitality Co., Ltd. has also given a pledge to QHHR that it would lease and sublease from the latter following the completion of the lease and sublease period, whichever applicable, for the period of 3 years, were QHHR to desire

accordingly; whereas the terms and conditions specified thereof were to be thoroughly the same as the currently existing ones, including an option to renew the lease and sublease terms for the other 3 years each, commencing from the lease and sublease expiry dates stated in the contracts. Furthermore, the resolution has also been given so as to approve that the Company entered into the process of guaranteeing that QHHR would observe all terms and conditions and thus act accordingly in honoring the agreements with the Crown Property Bureau, as the joint debtor. The initial total value of the aforementioned act of guarantee amounted to Baht 86.2 million.

Furthermore, the Board of Directors have also approved that the Company entered into agreement whereby to provide guarantee for the minimum rental fee of Baht 837 million, which was to be received by QHHR from the investments in all 3 Centre Point projects, and which would remain effective for a period of 3 years commencing from the date upon which QHHR had first entered into the business of making investment in the aforementioned property ("guarantee period").

2. Pricing Policy

The Company's and its subsidiaries' pricing policy are in conjunction with product types and market segmentation, as well as cost of production while also remaining competitive.

3. Sales and Distribution Channels

The Company and its subsidiaries allocate their distribution channels in accordance with types of business as follows:

A) Land and houses for sales and residential condominium units for sales business

The Company and its subsidiaries utilize their sales office strategically situated in each project as well as through exhibition booths as appropriate.

B) Hotel business

There are several channels of distribution for the Company and its subsidiaries as follows:

- **The Company's sales representatives:** Customers are able to contact the central sales office; alternatively, our sales representatives may visit the customers at their office. Our sale personnel will provide useful information on each and every project while ensuring that good relationship be maintained and that customer satisfaction be achieved through contacts being made with the customers.
- **Sales agents:** As an integral part to widen the customer base, the Company provides the opportunity for all agents/brokers to seek and locate customers for both the short- terms and long-term businesses.
- **The Company's website:** The Company has facilitated foreign customers who are interested in our residential units to make their reservations through the Company's website. This channel has gradually become an incrementally potential marketing means on annual basis.
- **Online representative website:** Given the current trend in which foreign customers are most likely to employ the Internet in making (room) reservation, the Company therefore provides another distribution channel through online representative website.

C) Office buildings for rent business

The Company's and its subsidiaries' main sales distribution channel is predominantly through corporate agents since they tend to be in possession of an extensive network of customers and relevant products of which they may choose to conduct inspection prior to making decision. In addition, the Company's customers may directly contact the Company's sales representative office as well.

4. Target Customers and Their Characteristics

The Company's and subsidiaries' customers are retail customers which has the follow characteristics.

A) Land and houses for sales and residential condominium units for sales business

The target customers include senior executives, business proprietors, government officials, those working for state enterprise agencies and private company employees, etc.

B) Real estate for rent business

- **Office building for rent:** The target customers include medium-to-large companies, Thai and foreign, which require office space in the prime locations.

- **Hotel business** : The main target customers include foreign business persons visiting Thailand for business or working with private companies and/or organizations, as well as foreign tourists who may be planning on short- term or long-term stay.

5. Environmental Impact

The Company and its subsidiaries may have impact on the environment through each business type as follows:

A) Real estate for sales business

In regard to the implementation of all the Company's and its subsidiaries' projects, for any project requiring permission from the Environmental Board, the Company and its subsidiaries shall duly comply with the prescribed criteria and ensure that they be properly and entirely licensed. Pertaining to the projects that do not require any permission from the Environmental Board, the Company and its subsidiaries also have an eye on the following factors which may affect the environment. For instance, the Company and its subsidiaries will control the construction process by adopting noise control measure against audio pollutions which might affect the communities during the period of project development. In addition, tools and equipment are to be retained in safe places. Construction sites are to be controlled to ensure safety, dust prevention and orderly work site. Construction zones are to be properly allocated in order to minimize the negative impacts on finished houses and their residents.

B) Real estate for rent business

The Company and its subsidiaries have preventive and control measures so as to minimize impacts of public utility problems, such as the ones whereby to inspect and replace equipment in aims at reducing energy consumption, as well as garbage management and sewage testing, etc.

As a result, none of the projects operated by the Company and its subsidiaries creates any negative environmental impact.

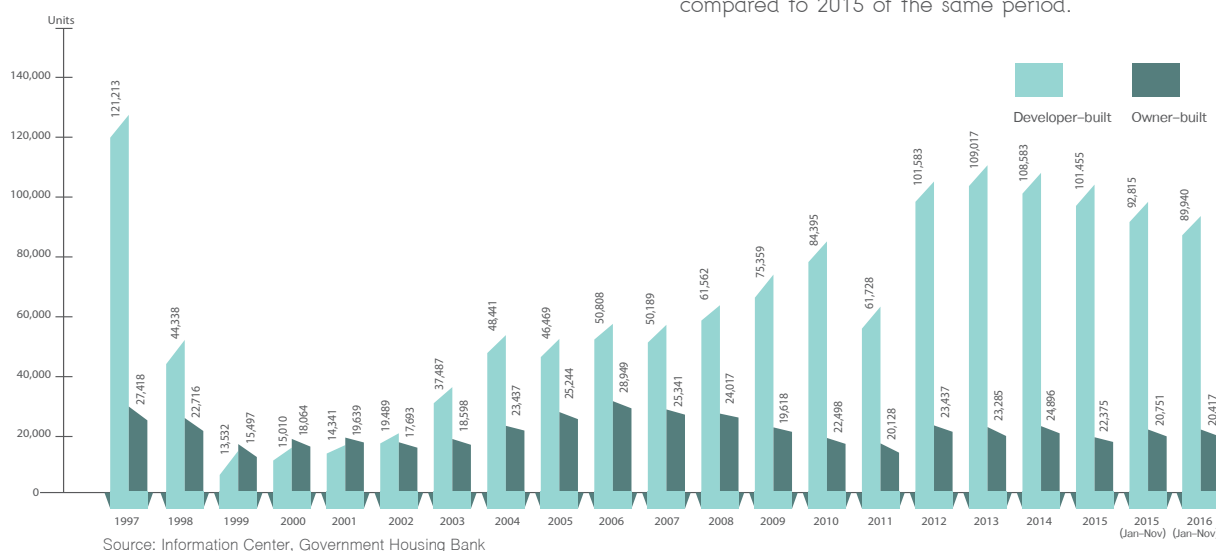
Industry Situation and Competition

The Company and its subsidiaries classify the competition within the industry according to nature of business as follows:

1. Real estate for sales business

For completed residential projects in 2015, there were a total of 123,830 house registrations compared to 133,479 in 2014, which was a decrease of 7%. That figure in 2015, comprises of 101,455 developer-built units and 22,375 owner-built units, a decrease of 7% and 10%, respectively, compared to 2014.

For completed residential projects in January to November of 2016, there were a total of 110,357 house registrations compared to 113,566 in 2015 of the same period, which was a decrease of 3%. That figure in 2016, comprises of 89,940 developer-built units and 20,417 owner-built units, a decrease of 3% and 2%, respectively, compared to 2015 of the same period.



Additional developer-built house registrations classified by types of housing from 2010 to November 2016

Additional developer-built house registrations classified by types of housing	2010	2011	2012	2013	2014	2015	2015 (Jan - Nov)	2016 (Jan - Nov)	% changes from 2015 to 2014	% changes from 2016 to 2015 (Jan - Nov)
Single Detached houses	11,403	13,999	10,887	13,869	13,443	11,837	11,198	11,681	-12%	+4%
Duplexes	1,366	1,381	1,069	2,470	2,776	2,366	1,966	1,665	-15%	-15%
Townhouses and commercial buildings	11,707	11,614	11,218	21,238	17,306	19,624	17,980	15,541	+13%	-14%
Condominiums	59,919	34,734	78,409	71,440	75,058	67,628	61,671	61,053	-10%	-1%
Total number of additional developer-built house registrations	84,395	61,728	101,583	109,017	108,583	101,455	92,815	89,940	-7%	-3%

Source: Information Center, Government Housing Bank

From the information of year 2015 compared to year 2014, there was a decrease in additional developer-built house registrations of single detached houses, duplexes and condominiums due to increasing household debt levels. This made debt financing by financial institutions more stringent which affected the confidence and decision of consumers. On the other hand, there was an increase in that number of townhouses and commercial buildings due to launches of new units priced at Baht 2 - 5 million in good locations.

While the information of January to November of 2016 compared to January to November of 2015, showed that the market is still in a downturn as the overall economic situation has not improved, which is not affected high-income earners so much in 2015. Additionally, the increased household debt has made financial institutions more stringent in debt financing; therefore, developers have shifted their plans to focus more on low-rise projects while also slowing down development of projects for middle-to-low end markets and focusing more on high-end markets. In the fourth quarter of 2016, there were external factors that have slowed down launches to 2017.

For the overall trend of residential properties in 2017, the Company believes that it will be similar to that of 2016 and may have a slight growth. Positive catalysts

are from more certainty in governmental infrastructure projects including mass transport system and maintained low interest rates making buying decisions easier. On the other hand, negative catalysts are from maintained high level of household debt, although installment obligations from the first car program should already be subsidizing, financial institutions will continue to be stringent in debt financing, and dampen economic status will slow down buying decisions.

2. Office buildings for rent business

Office building for rent market had a total space of 8.556 million square meters in 2016, which is an increase of 0.151 million square meters from the previous year. Most of that is from non-CBD areas, approximately 0.119 million square meters, of that, only 0.045 million square meters are rental area, 0.044 million square meters are used by owners. There was an increase of 0.062 million square meters in CBD area office building.

Overall, the office building for rent market exhibits continual growth. Improving economic situation and stable political situation are important factors for the market. This year will have a total occupied space of 7.895 million square meters, an increase of 0.196 million square meters, which comes from both

Thai and foreign business expanding their rent in the same building or moving buildings with more space or new building rental in Non-CBD areas – which are high quality buildings with lower prices than those in CBD areas, with less than 10% vacancy.

The average rental price (for 200 – 300 square meters) increased in every location compared to end of 2015. CBD area grade A office buildings' average rental price increased from approximately Baht 897 per square meter per month to approximately Baht 953 per square meter per month. Non-CBD area grade A office buildings' average rental price increased from approximately Baht 707 per square meter per month to approximately Baht 770 per square meter per month. CBD area grade B office buildings' average rental price increased from approximately Baht 656 per square meter per month to approximately Baht 700 per square meter per month. Non-CBD area grade B office buildings' average rental price increased from approximately Baht 613 per square meter per month to approximately Baht 642 per square meter per month.

The trend of office buildings for rent in 2017 is expected to grow with 0.195 million square meters increase in rental space, mostly from Non-CBD area of approximately 0.165 million square meters and CBD area of approximately 0.030 million square meters. Therefore, it is expected that there will be high competition in Non-CBD area. Non-CBD area will be in high demand from customer that require a lot of space, which may have higher bargaining power compared renting CBD area space which is limited. Average rental price is also expected to increase for all locations as there are not many new office buildings completed while there are still continual demand for office space.

CBD : Central Business District – Silom, Sathorn, Surawongse, Rama IV, Ploenchit, Wireless, Down Town Sukhumvit and Asoke Roads, etc.
Non CBD : Up Town Sukhumvit, Petchburi, Rachadapisek, Paholyothin, Vibhavadee-rangsit, Rama III and Bangna-Trad Roads, etc.

3. Hotels / Rental Residential Buildings

By the end of 2016, there were a total of 32.58 million international tourists, an increase of 2.66 million or 8.91% as compared to the same period in 2015, which saw 29.92 million international tourists. In the first half of 2016, the market recovered swiftly from the Ratchaprasong bombing in the second half of 2015, from China, Hong Kong, Singapore and Japan along with farther markets such as the United States of America, European Union and Russia. In the second half of 2016, there was a serious crack down on cheap Chinese tours as well as a change in format of activities, entertainment activities, festivals to be in accordance to the memorial of the passing away of King Bhumibol Adulyadej (King of Thailand, the ninth monarch of the Chakri Dynasty). This resulted in a slowdown in the number of international tourists from October to November 2016. However, in December 2016, the Ministry of Tourism and Sports had various accommodating policies to spur international tourism. This includes the waive of Baht 1,000 from incoming Visa fees at Thai embassies and consulates for 3 months and reduced Visa on Arrival fees from Baht 2,000 to Baht 1,000 for 3 months. Resulting in spurred international tourist activities in December 2016, crossing over to the new years.

For the hotel market in 2016, it is expected to have 45,195 rooms which is an increase of 2,777 rooms or 6.55% compared to 2015 which had 42,418 rooms. Middle-end hotel rooms had the biggest portion. New hotel launches in 2016 are clustered in the CBD and Ploenchit area. Accordingly, although there is increase competition in the hotel market, the situation is bolstered by increased international tourism.

Considering the information from the Board of Investments (BOI) which showed applications of foreign investments from January to November of 2016 of 790 projects worth Baht 226,116 million as compared to the same period of 2015 which had 491 projects worth Baht 91,290 million; therefore, there was an increase of 299 projects of 60.9% worth Baht 134,826 million or 147.7%. Additionally, it is found that the number and value of foreign projects

from January to November 2016 have increased 141.32% and 212.23%, respectively, as compared to January to December of 2015, which reflects the rocketing confidence of foreign investors.

The number of foreign workers that have applied for an investment certificate and have been approved to live in Thailand, at the end of December 2016 was 93,718 people compared to that in the same period of 2015, which was 89,872 people, an increase of 3,846 people or 4.28%. While the main target customer of condominium units still remain to be Japanese and other countries in the Asia, as Japanese travelers have the most investment in Thailand. As of December 2016, the number of Japanese workers that are permitted to live in Thailand is 36,468 followed in rank 2 and rank 3 at 22,162 and 14,374 is Chinese and Filipinos, respectively. It is expected that the number of foreign workers in Bangkok will continue to increase as Thailand has officially joined ASEAN Economic Community (AEC) in 2016. There is a possibility that Bangkok will be the center of ASEAN investment, especially in Cambodia, Laos, Myanmar and Vietnam.

For the residential market in 2016, there are a total of 21,352 residential rooms, compared to that 21,037 rooms in 2015, which is an increase of 315 rooms or 1.5%. There were 5 new projects with 463 rooms but 1 of them was the old project which was renovated and turned to hotel with 148 rooms. Although a majority of foreigners still prefer serviced apartments, a portion of foreigners who have had experience living in Bangkok would prefer residential condominiums. The market is growing fast and have had a lot of influence.

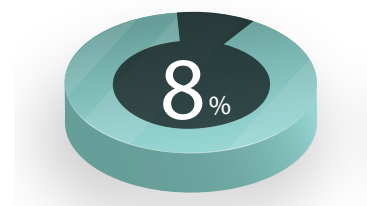
Source: Alien Section, Work Provision Department
The Office of Board of Investment
The Tourism Department
Information gathered by
Quality Houses Plc.

Market Share

The Company's market share of residential in Bangkok and Greater areas as of the year 2016 is summarized as follow:

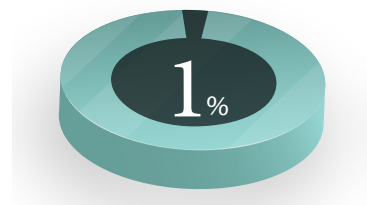
- For low-rise residential market including detached house, duplex and townhouse, the Company had an approximate market share of 8%
 - For high-rise residential market including condominium, the Company had an approximate market share of 1%
- From the aforementioned, the Company had around 4% of the market share of residential in Bangkok and Greater areas shown as follow:

The Company's sales to total sales of low-rise residential market



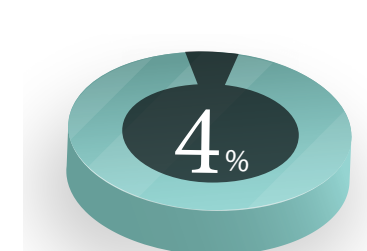
Quality Houses Plc. Low-rise residential market

The Company's sales to total sales of high-rise residential market



Quality Houses Plc. High-rise residential market

The Company's sales to total sales of low-rise and high-rise residential market



Quality Houses Plc. residential market

Source : AGENCY FOR REAL ESTATE AFFAIRS



THE
TRUST

REVENUE STRUCTURE

Revenue structure of Quality Houses Public Company Limited and its Subsidiaries

		Unit : Million Baht					
Revenue by Business ^{1/}	Operate by	2016		2015		2014	
		Revenues	%	Revenues	%	Revenues	%
1. Real Estate Business							
1.1 Land and House for Sales Business	Quality Houses Plc. and its Subsidiaries ^{2/}	14,857	71	14,582	67	14,725	66
1.2 Condominium units for Sales Business	Quality Houses Plc. and its Subsidiaries ^{3/}	3,078	15	4,632	21	5,427	24
1.3 Hotel Business	Quality Houses Plc., Q.H. International Co.,Ltd. and Centre Point Hospitality Co., Ltd.	817	4	759	3	700	3
1.4 Office Building for Rent Business	Quality Houses Plc.	373	2	385	2	367	2
Total revenue from real estate businesses		19,125	92	20,358	93	21,219	95
2. Other income							
2.1 Share of profit from investments in associates	Quality Houses Plc.	1,595	7	1,233	6	1,060	4
2.2 Other	Quality Houses Plc. and its subsidiaries	188	1	197	1	158	1
Total of other Income		1,783	8	1,430	7	1,218	5
Total		20,908	100	21,788	100	22,437	100

Note : 1/ The Company's revenue is entirely from domestic sales.

2/ Subsidiaries are Casa Ville Co.,Ltd., The Confidence Co.,Ltd., Casa Ville (Petchburi 2553) Co.,Ltd., Casa Ville (Rayong 2553) Co.,Ltd., Casa Ville (Chonburi 2554) Co., Ltd. and Gusto Village Co.,Ltd.

3/ Subsidiaries are Casa Ville Co.,Ltd., The Confidence Co.,Ltd., Casa Ville (Prachuapkhirikhan 2554) Co.,Ltd., Casa Ville (Chonburi 2554) Co., Ltd. and Casa Ville (Rayong 2553) Co.,Ltd.

The structure of Share of profit from investments in associates

			Unit : Million Baht					
Project	Operated by	% Owned by the Company as at Dec 31, 2016	2016		2015		2014	
			Income	%	Income	%	Income	%
1. Office building for rent Business								
• Q. House Lumpini Building, Q.House Ploenjit Building and Wave Place Building	Quality Houses Leasehold Property Fund	25.66	152	10	139	11	129	12
Sub-total			152	10	139	11	129	12
2. Hotel Business								
• Centre Point Hotel Pratunam, Centre Point Hotel Sukhumvit 10, Centre Point Hotel Chidlom	Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	31.33	47	3	44	3	29	3
Sub-total			47	3	44	3	29	3
3. Construction material								
	Home Product Center Plc.	19.87	820	51	697	57	648	61
Sub-total			820	51	697	57	648	61
4. Investment Business								
	LH Financial Group Plc.	21.34	576	36	353	29	254	24
Sub-total			576	36	353	29	254	24
Total			1,595	100	1,233	100	1,060	100

RISK FACTORS

1. Financial Risks

Risk from investments, lending, and guarantees made for the related companies Harbour View Corporation

Harbour View Corporation ("HVC") is a related company with Q.H. International (BVI) ("QHI(BVI)"), a wholly-owned subsidiary (which the Company holds 100% shares through its subsidiary, Q.H. International Co., Ltd.), with a shareholding of 14.15% (previously, it had a shareholding of 21%).

As of December 31, 2016, the net investment after the allowance for impairment of investment in HVC amounted was zero, in comparison with the investment cost of Baht 33 million. The Company reserved an allowance for loss impairment of the aforementioned investment in full amount as HVC, which operates hotel businesses and rental office buildings in Haiphong, Vietnam, had continually operated at a loss.

As of December 31, 2016, the subsidiary QHI(BVI) had lendings to HVC, principal and interest receivables, of approximately US\$ 1 million and US\$ 0.3 million, respectively (it was US\$ 1 million and US\$ 0.2 million in the end of 2015 as detailed in Connected Party Transaction section, item (14) Harbour View Corporation). Thus, the said subsidiary is at risk of losing all the principal as HVC had continually operated at a loss; however, QHI(BVI) has already had provision on such debt. In addition, the Company has guaranteed the loans for HVC since 1997 because each shareholder is obligated to provide financial support to HVC in proportion to their shareholding. Consequently, QHI(BVI) and one other shareholder jointly provided loan guarantee (principal and interest) of US\$ 3 million from a financial institution in the proportion of 50% each, or equivalent to US\$ 1.5 million. However, the liabilities that the Company and its subsidiaries had to provide for HVC, was dependent on the percentage of ownership of QHI(BVI), which was equivalent to 21%. Subsequently,

there was a capital increase to existing shareholders in the same proportion, whereas the subsidiary company (QHI(BVI)) did not exercise its right to subscribe for such shares, as HVC had continually operated at a loss. Consequently, the Company's shareholding in HVC at the end of 2007 reduced to 14.15%. As such with the loan guarantee, the Company is bearing a debt of HVC to be paid back in the amount of US\$ 1.5 million, equivalent to Baht 52 million (as of 31 December 2016), whereby the Company has already had provision on such debt in full.

Risk from obligation Company issued debentures

As of December 31, 2016, the Company had short-term loans and debentures amounting to Baht 25,487 million, comprising of Baht 998 million short-term loan, Baht 6,500 million debentures due within one year and Baht 17,989 million debentures net of the current portion due within one year. The interest bearing debt to equity ratio was 1.11 times, which means that if the Company is not able to achieve its sales target, it might affect the Company's debenture repayment. However, the Company expects to achieve its income goals. For instance, as of December 31, 2016, the Company and its subsidiaries has a total of 72 land and houses for sales projects with a remaining value of Baht 37,735 million; furthermore, there are 15 residential condominiums for sales projects with a remaining value of Baht 15,759 million which are sources of the Company's future revenue. Meanwhile, the Company has continual stable income from the hotel business and rental office building business to bolster cash flow. In addition, the Company and its subsidiaries have undrawn long-term credit facilities, which is ready for use as funding, of Baht 1,432 million in total (as of December 31, 2016).

The issuance of the Company's debenture has been implemented in accordance with the funding policy whereby finding sources of funds with lower financial costs than obtaining loans from financial institutions, while lowering the risk from fluctuating interest rates. The Company has a proven track record in being able to pay interest and redeem its debentures as scheduled.

Risk from interest rate fluctuation and access to capital

The Company and its subsidiaries require a large amount of funds for property development, the part of which is derived from loans from financial and banking institutions and issuance of debentures. Consequently, market interest rates play a vital role in the Company's cost of funds required for its operations and project development.

Due to the interest rate fluctuations, the Company and its subsidiaries have adopted several preventive measures depending on the trend of interest rates at that particular period. These measures include the issuance of debentures with fixed interest rates in place of loans from banks which mostly bear floating rate and higher interest costs, or the issuance of short-term bills of exchange to institutional investors with lower interest rates which is to reduce interest obligations and more suitable for the business of land and houses for sales that requires short-term fund in light of project development. Another measure is to improve the efficiency of project planning and construction to shorten the development period and to alleviate the burden of interest bearing loans. Furthermore, the Company also monitors the interest rate trends, and considers the use of appropriate financial tools in order to manage the risk accordingly.

2. Business Risks

Risk from Pre-built Projects

The Company and its subsidiaries operate a business of real estate development for sales and for rent with main income generated from sales of land and houses. In 2015 and 2016, the Company's and its subsidiaries' revenue from sales of land and houses contributed 72% and 78% of total revenue from their real estate business for sales and for rent respectively. The Company and its subsidiaries have pre-built projects, resulting in requiring high working capital for such construction, and having risks from not being able to completely sell all pre-built houses.

However, the Company and its subsidiaries have established preventive measures to reduce and prevent the aforementioned risk, by dividing construction into phases, and controlling inventories by construction planning appropriate to market demands, as well as conducting an analysis on customer demands based on historical data of project sales, to construct pre-built house to cater to and be accepted by customers. Furthermore, as the Company and its subsidiaries are major real estate developers with a long track record in the real estate industry, the real estate projects are widely recognized and well accepted among customer target segments in term of quality, price and services, which help reducing the risk in term of inventory.

Risk from Pre-sale Units

The Company and its subsidiaries have a policy to sell pre-sale units for the lower- to medium-priced ranges, as well as condominium buildings. The pre-sale approach is to increase sales opportunity and increase liquidity of the Company's subsidiaries. However, this approach has a risk of controlling construction costs since the selling prices are established earlier prior to construction. Consequently, the Company and its subsidiaries have adopted preventive measures against such risk by entering into a turnkey construction contract with the contractor with fixed costs of construction material for a period of 6-12 months, in case of the Company and its subsidiaries have to provide such material. Furthermore, since this approach is adopted for units for the lower- to medium-priced ranges with smaller sizes, the construction period is shorter enabling cost control for a certain period of time.

In addition, the Company has also adopted the Pre-cast, Pre-fabrication and Tunnel methods in the residential projects with a price range lower than Baht 3 million and in 2-3 story townhouses to shorten the construction period which makes cost control possible.

Risk from high competition

At present, there is increased competition in real estate development business from the increased number of new developers and increased number of new projects from

major developers, resulting in rapid increase in supply. In addition, various new marketing strategies and tactics have been constantly introduced to increase sales, thus, even higher competition. However, as the Company and its subsidiaries have a long proven track record, and are well accepted in the sales of houses with high, medium and low prices, it has competitive advantage in terms of reputation, trustworthiness, quality and standards. Furthermore, the Company and its subsidiaries have been adding more innovations, product diversities and differentiators, in order to cater well to the consumers' requirements, as well as focusing on effective after sales services.

3. Production Risk

Risk from shortage of contractors and skilled labor

Housing construction and development project significantly depends upon qualified contractors and skilled labors. In particular, the projects that the Company's and subsidiaries' sell are mid-level to high-end products which have heavy emphasis on product quality. The number of qualified contractors and skilled labor for construction of the houses or public infrastructure of the projects are limited or in shortage, especially in times real estate industry growth.

The shortage of qualified contractors and skilled labor is an obstacle to production, growth of revenue and quality control. However, the Company and its subsidiaries have a policy in accepting new contractors, who meet the criteria in contracting for its projects. Additionally, it constantly provides knowledge and skills development, and promotes good relationship with both existing and new contractors.

In addition, the Company and its subsidiaries also provide financial support to contractors as the case may be. The Company and its subsidiaries have also adapted its construction methods by introducing new technologies, including, pre-cast, pre-fabrication and tunnel to reduce labor intensity and shorten construction period.

Risk from cost of construction material

As the cost of construction material is of the major costs, the Company has risks from fluctuations or increase in the cost of construction material. However, the Company has preventive measures against such risk by entering into turnkey contracts with fixed costs of labor and some types of construction material. For main construction materials, the Company will contact the manufacturer or major distributor directly with more negotiation power for better terms. Additionally, the Company has a policy to speed up sales to reduce risk of fluctuating construction material prices.

4. Risk from mortgage loan by commercial banks

Due to economic slowdown, as well as increasing household debt, commercial banks been more stringent in mortgage loan policies, with high chances of disapproving mortgages. As a result, customers who have reserved houses and condominium units are not able to transfer the unit ownership, which would affect the Company's income. However, the Company has preventive measures for such risk, by evaluating the basic qualifications and ability of mortgage repayment of customers before submitting them to the banks for consideration prior the reservation. Furthermore, the company has increase the down payment amount for residential units that cost less than Baht 10 million, from 10% to 15% of sale value. Consequently, reducing the loan amount request to the bank on the day of ownership transfer, which in turn reduces the risk from mortgage loans from commercial banks.

SHAREHOLDERS AND DIVIDEND PAYMENT POLICY

1. Major shareholders

List of the top 10 shareholders at the book-closing date on September 8, 2016 are

Major shareholder	Number of shares	% of the paid-up capital
1. Land and Houses Plc.	2,675,945,601	24.98
2. GIC PRIVATE LIMITED	1,154,421,450	10.77
3. Thai NVDR Company Limited	680,583,215	6.35
4. N.C.B.TRUST LIMITED-NORGES BANK 11	281,261,300	2.63
5. CHASE NOMINEES LIMITED	240,599,601	2.25
6. Krungsri Dividend Stock Fund	233,456,833	2.18
7. J.P. MORGAN BANK LUXEMBOURG S.A. LEND	166,795,666	1.56
8. STATE STREET BANK EUROPE LIMITED	149,272,307	1.39
9. NORTRUST NOMINEES LTD-CL-AC	128,461,178	1.20
10. HSBC (SINGAPORE) NOMINEES PTE LTD	126,138,100	1.18
Total of the top 10 shareholders	5,836,935,251	54.49
Total of the shareholders	10,714,381,645	100.00

Dividend payment policy

The Company has the policy to pay dividend for not exceeding 50% of earnings in the consolidated financial statement after deduction of all kinds of reserves as prescribed by the Company and according to the law.

Regarding to the dividend payment policy of subsidiaries, the Company's subsidiaries shall pay dividend to the Company from the earnings of subsidiaries, whereas the Board of Directors of the Company and/or subsidiaries shall consider the dividend payment policy as suitable to the management of capital structure and overall financial management.

Management Structure

1. The Board of Directors

As of December 31, 2016, the Company's Board of Directors is comprised of 12 members as follows:

Executive Directors	3 persons
Non-executive Directors	5 persons
Independent Directors	4 persons equivalent to 1 in 3 of the total number of directors

The following are the members of the Board of Directors

Name	Position	Date of Appointment
1. Mr. Boonsom Lerdhirunwong	Chairman and Independent Director	September 21, 2015
2. Mr. Chadchart Sittipunt	Director	January 1, 2015
3. Mr. Chulasingh Vasantasingh	Independent Director	April 17, 2015
4. Mr. Anant Asavabhokhin	Director	October 21, 1983
5. Mr. Adisorn Thananan-narapool	Director	May 9, 2003
6. Ms. Kanokvalee Viriyaprapaikit	Director	August 9, 2001
7. Mr. Rachai Wattanakasaem	Independent Director	August 10, 2005
8. Mr. Suri Buakhom	Independent Director	April 20, 2010
9. Mr. Achanun Asavabhokhin	Director	April 11, 2014
10. Mrs. Suwanna Bhuddhaprasart	Director	June 27, 2000
11. Mr. Suang Chaisurote	Director	August 23, 2016
12. Mr. Pravit Choatewattanaphun	Director	April 20, 2010

The Company's Board of Directors shall consist of not less than 5 directors but not exceeding 15 directors while at least half of the directors must have their domiciles in the Kingdom of Thailand. In addition, all members of the board of directors must possess legitimately suitable qualifications in compliance with the law.

In general practice, each director shall remain in the position for the term of 3 years each. According to the Company's Memorandum of Association, 1 in 3 of the total number of directors on the Board of Directors is to be retired at every Annual General Meeting. If the total number of directors cannot be wholly divided into three, the number of director closest to one-third, shall be retired.

In addition to the expiry of the general term of office, the directors shall vacate the position upon the following reasons

- (1) Death;
- (2) Resignation;
- (3) Disqualification or having any characteristics as prohibited by law;
- (4) Termination by the shareholders' meeting resolution;
- (5) Termination by the Court's order

Director Selection Criteria and Process for Appointment of New Director

The Company regards the direction selection process with high transparency. The Nominating and Remuneration Committee shall nominate the candidates by taking into account those whose qualifications are in accordance with the rules and regulations as well as related laws while simultaneously making deliberation as to how indispensable the candidates may be in response to the Company's requirements, whereupon the list of the qualified candidates are to be submitted to the board of directors for their consideration and finally to the shareholders during the shareholders' meetings for their approval.

The Company has established a policy whereby its shareholders are provided with the opportunity to nominate the qualified candidate through the company's website, alternatively stakeholders can submit a letter to the Corporate Secretary, and the list of candidates to be forwarded to The Nominating and Remuneration Committee. The committee shall then take into account those with proper qualifications

and thus make selection and nomination, and make submission of the list of qualified candidates to the Board of Directors for their consideration. In the end, the name list of the candidates shall be proposed to the shareholders for their consideration during the shareholders' meeting.

In regard to the selection of directors implemented in replacement for those whose terms have come to expire or who have resigned from the position, the qualifications of the directorial replacements shall be mainly taken into account as to whether or not or how much their knowledge and expertise be required by the Company.

Director Qualifications

- 1.1 The candidate must possess knowledge and competency as well as relevant work experience at least in one of the integral disciplines to becoming part of the board of directors (such as finance, accounting, marketing, law, management, real estate, etc.) while proving highly skilled in such professional expertise;
- 1.2 The candidate must have business ethics;
- 1.3 The candidate must possess leadership traits;
- 1.4 The candidate must possess moral integrity and honesty, as well as being legally qualified in accordance with the law (such as Public Company Limited Act, Securities and Exchange Act, etc.);
- 1.5 The candidate must be able to make deliberations in a legitimately straightforward manner and independently from the management team;
- 1.6 The candidate must be able to dedicate his/her time to the Company for which he/she holds a director post and be diligent at work and professionally responsible

The Company has not prescribed the number of positions to be held in any of its other boards of directors; nor has it done so pertaining to the positions to be held in other companies, because the Company is confident in each of the selected members of the Board of Directors and trusts that he/she must have carefully taken into account the matter of time constraints and the likes prior to making such important decision, and that his/her work experience, knowledge, skills and competency in various disciplines must by all means be of use in terms of establishing the Company's business policy and in terms of providing solutions to problems which may arise, while simultaneously being in compliance with the corporate standards.

Authorities, duties and responsibilities of the Board of Directors

- To exercise authority and perform duties in conformity with the Company's Memorandum of Association, including supervising and managing the Company's operation so as to be in compliance with the laws, the Company's objectives and regulations, as well as the resolutions given during the shareholders' meetings;
- To determine vision, missions, goals, strategies and policies of the Company while having them reviewed on annual basis;
- To approve strategies, major policies, objectives and corporate goals in terms of assets management, financial management and the Company's business plans, as well as ensuring that operational plans be effectively implemented;
- To actualize the scope of authority such as requesting for permissions relating to property development as well as the submission and receiving of tax-related documents to/from the Revenue Department, filing complaints to police officers or interrogation officials, withdrawing complaints, reconciliation and making statements, as well as 'sending and receiving' documents relating to legal cases, etc.;
- To scrutinize the transactions required to be submitted for shareholders' approvals during the shareholders' meetings, with the following agendas included in the Annual General Meeting:
 - (1) Considering the Board of Director's reports on the Company's performance being presented during the meeting
 - (2) Considering and approve the financial budgets
 - (3) Considering the corporate profit appropriation
 - (4) Nominating the new directors in replacement for those who are leaving at the end of the term
 - (5) Nominating the auditor and determining the auditor's remuneration
 - (6) Consider the transactions with possible conflicts of interest which require approval from the shareholders
 - (7) Others

Authority of the Board of Directors

The Company's Board of Directors has authority to approve any duties in all business affairs of the company, in compliance with the company's business objectives, with the exception of topics defined by law that require an approval from the shareholders.

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Authorized directors

The authorized directors of the Company are Mr. Chadchart Sittipunt, or Mrs. Suwanna Bhuddhaprasart, or Mr. Pravit Choatewattanaphun, or Mr. Suang Chaisurote. To validate a document, two out of the four shall have signatories on behalf of the company together and affix the Company seal.

Board of Directors' Meeting

The Company has convened the Board of Directors' meeting so as to approve the vision, strategies, goals, policies, business plans, and budgets of the Company, as well as following up

on the management team's administrative operations and ensuring that the Company's goals and business plans be incessantly achieved. The Board of Directors convened 8 and 10 meetings in 2015 and 2016, respectively. The procedure for each of the aforementioned gatherings entailed that the corporate secretary would dispatch an invitation to the meeting together with meeting agendas 14 days in advance, and with all relevant documents to the directors 7 days in advance, in order that the directors had enough time to study the data/information prior to participating in the meeting, whereupon all directors would be able to independently express their professional opinions while not being subject to any person's will or that of a group of persons. Minutes of each of those meetings, including directors' opinions, were to be recorded clearly in writing.

The details of the Board of Directors' Meetings being held from 2015 to 2016 are shown in the following table:

Name	Position	Meeting attendance / Total number of attendances (times)			
		Year 2016		Year 2015	
		Number of attendances	%	Number of attendances	%
1. Mr. Apisak Tantivorawong ⁽¹⁾	Chairman and Independent Director	-	-	4/4	100
2. Mr. Boonsom Lerdhirunwong ⁽¹⁾	Chairman and Independent Director	10/10	100	2/2	100
3. Mr. Chadchart Sittipunt	Director	10/10	100	8/8	100
4. Mr. Adul Vinaiphat ⁽²⁾	Independent Director	-	-	2/2	100
5. Mr. Chulasingh Vasantasingh ⁽²⁾	Independent Director	10/10	100	6/6	100
6. Mr. Anant Asavabhokhin	Director	10/10	100	8/8	100
7. Mr. Adisorn Thananan-narapool	Director	10/10	100	8/8	100
8. Ms. Kanokvalee Viriyaprapaikit	Director	10/10	100	8/8	100
9. Mr. Rachai Wattanakasaem	Independent Director	10/10	100	8/8	100
10. Mr. Suri Buakhom	Independent Director	10/10	100	8/8	100
11. Mr. Achanan Asavabhokhin	Director	9/10	90	8/8	100
12. Mrs. Suwanna Bhuddhaprasart	Director	9/10	90	8/8	100
13. Mr. Pravit Choatewattanaphun	Director	10/10	100	8/8	100
14. Mr. Pornthep Pipattangsakul ⁽³⁾	Director	5/6	83	8/8	100
15. Mr. Suang Chaisurote ⁽³⁾	Director	3/3	100	-	-

- Remark : (1) Mr. Boonsom Lerdhirunwong was approved and appointed as an independent director and Chairman of the Company by the resolution of the Board of Directors' Meeting No.6/2015 convened on September 21, 2015 in replacement for Mr. Apisak Tantivorawong, who has resigned from an independent director and Chairman of the Company from August 17, 2015 onwards
- (2) Mr. Chulasingh Vasantasingh was approved and appointed as Director of the Board by the resolution of the Annual General Shareholders' Meeting No.1/2015 held on April 17, 2015, in replacement for Mr. Adul Vinaiphat, whose term of office had expired
- (3) Mr. Suang Chaisurote was approved and appointed as Director of the Board by the resolution of the Board of Directors' Meeting No.7/2016 held on August 23, 2016, in replacement for Mr. Pornthep Pipattangsakul who resigned effective 27 June 2016

2. The Executives

2.1 The Executives

The Company's Executives as of December 31, 2016, are as follows:

Name		Position
1. Mr. Chadchart	Sittipunt	Chief Executive Officer
2. Mr. Suang	Chaisurote	Managing Director
3. Mr. Pravit	Choatewattanaphun	Senior Executive Vice President
4. Ms. Apinya	Jarutrakulchai	Senior Executive Vice President
5. Mr. Ravee	Mongkoltavee	Executive Vice President
6. Mr. Sommart	Promkunakorn	Executive Vice President
7. Mr. Adisak	Srisook	Executive Vice President
8. Ms. Orathai	Luengpaitoon	Vice President, Financial and Accounting Department

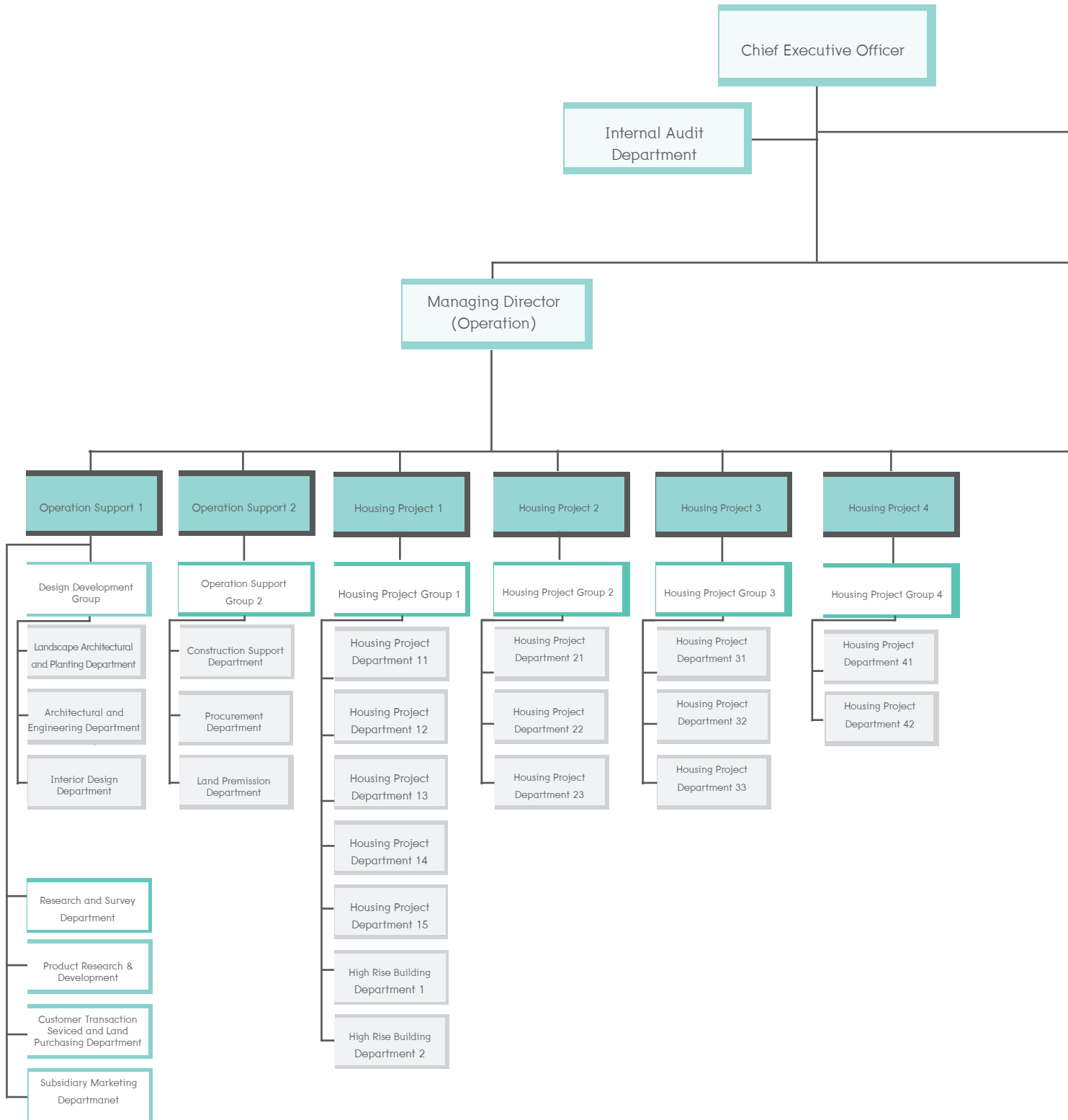
Training Courses for Directors and Executives

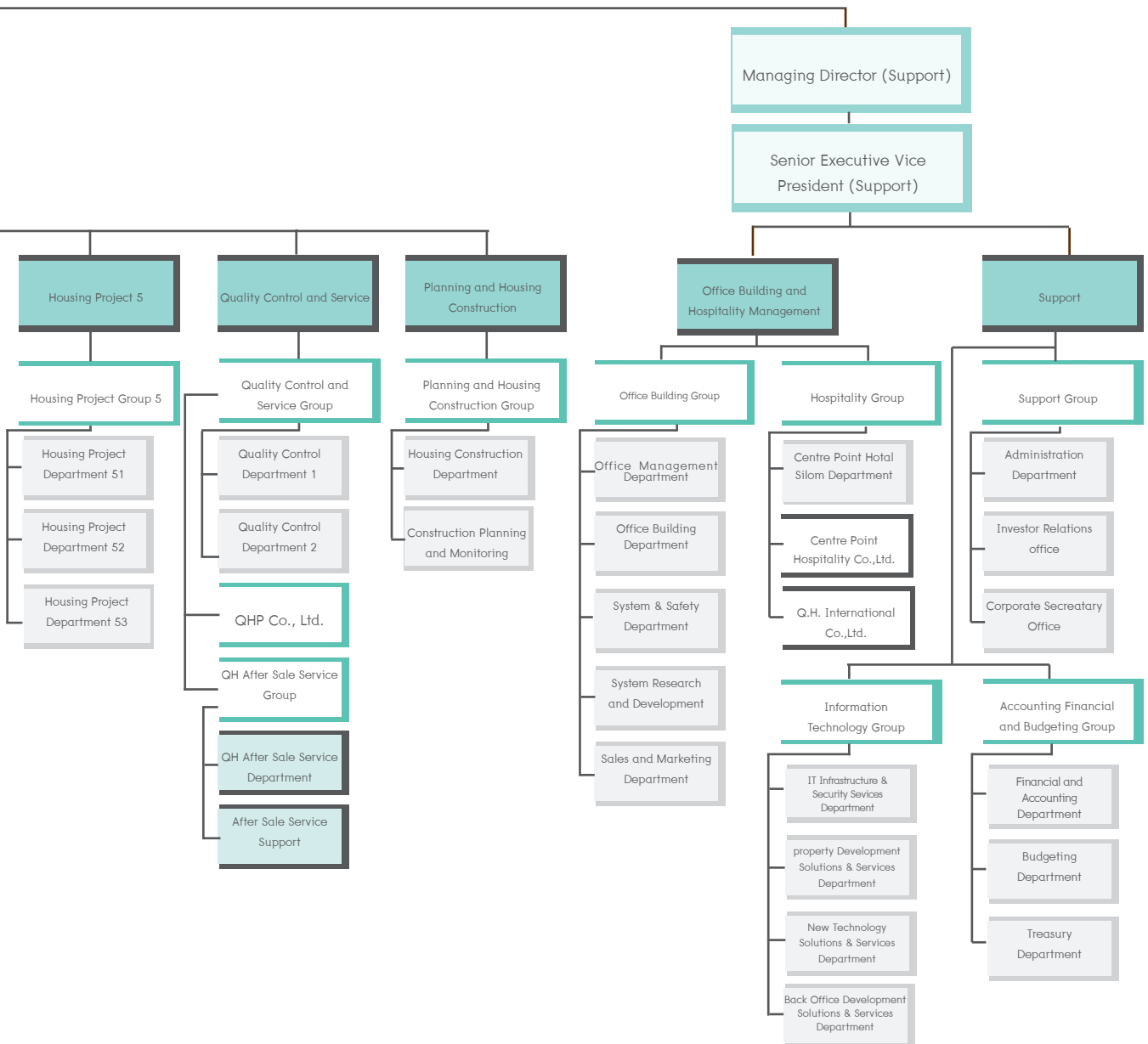
The Company has implemented a policy whereby the directors and executives are encouraged to undergo training courses so as to enhance their work-related knowledge on continual basis such as the ones awarded by the Thai Institute of Directors (IOD) and other renowned institutes.

Below shown is the list of directors and executives who have undergone training courses in 2016

Name of directors and executives		Training course
1. Mr. Pravit	Choatewattanaphun	How to Develop a Risk Management (HRP) 9/2016
2. Ms. Apinya	Jarutrakulchai	How to Develop a Risk Management (HRP) 9/2016
3. Mr. Adisak	Srisook	The Next Real Batch 2

2.2 Organization Chart





3. Corporate Secretary

The Company's Board of Directors' meeting No.4/2016 on May 31, 2016, has resolved to appoint Ms. Apinya Jarutrakulchai as the Corporate Secretary replacing Mrs. Suwanna Bhuddhaprasart, who has resigned, effective from June 1, 2016 onwards. The Corporate Secretary has responsibility to ensure that activities performed by the Board of Directors be in compliance with relevant legislations, regulations and orders relating to the new version of Securities and Exchange Act. The Company has determined the roles and major responsibilities of the Corporate Secretary as follows:

- 1) To provide basic consultancy and advice for directors in regard to legal issues and legislations, rules and regulations of the Company, including significant changes therein, so that the Board of Directors shall be able to operate smoothly with sufficient information whereby to take into account and make decisions with great care and honesty with responsibilities;
- 2) To prepare and compile the following documents:
 - List of Directors Registration
 - The Board of Directors' Meeting: Invitation to Meeting, Minutes of the Board of Directors Meeting and Annual Reports of the Company
 - Shareholders' Meeting: Invitation to Meeting and Minutes of the Shareholders' Meeting
- 3) To supervise the disclosure of information and informational reports under the responsibilities of the supervisory units in light of corporate governance and ensure that they be in compliance with governmental rules and regulations;
- 4) To maintain reports on the interest of the directors or executives and to submit copies of the aforementioned reports to the Chairman and the Chairman of the Audit Committee for their examination within 7 days commencing from the date upon which the Company has received the documents;
- 5) To provide a system for keeping documents and related pieces of evidence in an accurate and verifiable manner;
- 6) To make business contacts and communicate with the shareholders in regard to their rights and the company-related news

4. Remuneration for Directors and Executives

(A) Monetary compensation

• Remuneration of Directors

The Nominating and Remuneration Committee shall take into account the remuneration scheme for directors based upon their responsibilities and performance, the Company's business type and the size of the business, market situations including competition, by ensuring that it be established at a suitable level and the incentives be good enough to attract and retain the talent pool of superior quality.

The Nominating and Remuneration Committee shall prescribe how the remuneration scheme should be and the type, the method of payment, and the suitable amount of such payment, all of which then shall be proposed to the Board of Directors for their consideration and approval, and to the shareholders during the Annual General Shareholders' Meeting for their approval. The package shall be disclosed to the public as well.

Directors' remuneration could be divided into 2 segments:

1. Retainer

This type of payment is made payable to the Company's directors on monthly basis whether or not there be directors' meeting.

2. Attendance Fee

This type of payment is made payable to non-executive directors for each of the meetings they attend; note that payment shall be made to those who participate in the meeting only in order to reward those who take part in meetings on regular basis.

During the Annual General Shareholders' Meeting No.1/2016 held on April 18, 2016 a resolution has approved the Retainer and Attendance Fee effective from May 2016 onwards with the following details:

1. **Retainer** The Company's directors will receive monthly remuneration whether or not there be a meeting. Details of payment are shown as follows

- 1.1 President's remuneration
Baht 50,000 /Month

1.2 Director's remuneration
Baht 40,000 /Month

2. Attendance Fee: The directors who attend the Company's meetings, namely, the Board of Directors, the Audit Committee, the Nominating and Remuneration Committee, the Corporate Governance Committee and the Executive Committee will receive attendance fees as follows:

2.1 The Chairman's remuneration is Baht 35,000 per meeting. The "Chairman" denotes the chairman of each board/committee, namely, the Chairman of the Board

of Directors, the Chairman of the Audit Committee, the Chairman of the Nominating and Remuneration Committee, the Chairman of the Corporate Governance Committee and the Chairman of the Executive Committee

2.2 The committee member's remuneration is Baht 28,000 per meeting

Executive directors are not entitled to the attendance fee, whatever the case may be.

In years 2015 and 2016, the Company had a remuneration payment of Baht 23.98 million and Baht 24.44 million respectively.

Details of remuneration categories are shown as follows:

Unit: Thousand Baht

Name	Position	Year 2016				Year 2015			
		Retainer	Attendance Fee	Bonus	Others	Retainer	Attendance Fee	Bonus	Others
1. Mr. Apisak Tantivorawong ⁽¹⁾	Chairman and Independent Director	-	-	970.2	-	376.7	140.0	1,530.3	-
2. Mr. Boonsom Lerdhirunwong ⁽¹⁾	Chairman and Independent Director	600.0	315.0	429.3	-	150.0	70.0	-	-
3. Mr. Rutt Phaniijphand ⁽²⁾	Director and Chairman of Risk Management Committee	-	-	-	-	-	-	1,224.2	-
4. Chadchart Sittipunt ⁽²⁾	Director and Chairman of Risk Management Committee	480.0	-	1,236.4	-	480.0	-	-	-
5. Mr. Adul Vinaiphat ⁽³⁾	Independent Director, Chairman of Audit Committee and Member of Nominating and Remuneration Committee	-	-	364.1	-	141.3	217.0	1,224.2	-
6. Mr. Chulasingh Vasantasingh ⁽³⁾	Independent Director, Chairman of Audit Committee and Member of Nominating and Remuneration Committee	480.0	714.0	872.4	-	338.7	427.0	-	-
7. Mr. Anant Asavabhokhin	Director	480.0	252.0	1,236.4	-	480.0	224.0	1,224.2	-
8. Mr. Adisorn Thananan-narapool	Director	480.0	252.0	1,236.4	-	480.0	224.0	1,224.2	-
9. Ms. Kanok-valee Viriyaprapaikit	Director and Member of Nominating and Remuneration Committee	480.0	504.0	1,236.4	-	480.0	364.0	1,224.2	-
10. Mr. Rachai Wattanakasaem	Independent Director, Chairman of Nominating and Remuneration Committee and Member of Audit Committee	480.0	700.0	1,236.4	-	480.0	651.0	1,224.2	-
11. Mr. Suri Buakhom	Independent Director, Member of Audit Committee and Chairman of Corporate Governance Committee	480.0	525.0	1,236.4	-	480.0	630.0	1,224.2	-
12. Mr. Krit Phanratanamala ⁽⁴⁾	Independent Director and Member of Audit Committee	-	-	-	-	-	-	343.5	-
13. Mr. Achanan Asavabhokhin ⁽⁴⁾	Director	480.0	224.0	1,236.4	-	480.0	224.0	884.2	-
14. Mrs. Suwanna Bhuddhaprasart	Director, Member of Corporate Governance Committee and Member of Risk Management Committee	480.0	140.0	1,236.4	-	480.0	-	1,224.2	-
15. Mr. Pravitt Choatewattana-phun	Director and Member of Risk Management Committee	480.0	-	1,236.4	-	480.0	-	1,224.2	-
16. Mr. Suang Chaisurote ⁽⁵⁾	Director and Member of Risk Management	172.0	-	-	-	-	-	-	-
17. Mr. Pornthep Pipattangsakul ⁽⁵⁾	Director and Member of Risk Management Committee	240.0	-	1,236.4	-	480.0	-	1,224.2	-
Total		5,812.0	3,626.0	15,000.0	-	5,806.7	3,171.0	15,000.0	-

Remark : (1) Mr. Boonsom Lerdhirunwong was approved and appointed as an independent director and Chairman of the Company by the resolution of the Board of Directors' Meeting No.6/2015 convened on September 21, 2015 in replacement for Mr. Apisak Tantivorawong, who has resigned from an independent director and Chairman of the Company from August 17, 2015 onwards

(2) Mr. Chadchart Sittipunt was approved and appointed as Director, President, and Chief Executive Officer by the resolution of the Board of Directors' Meeting No.8/2014 convened on December 22, 2014 in replacement for Mr. Rutt Phanijphand, who has resigned from the position of Director effective from January 1, 2015 onwards

(3) Mr. Chulasingh Vasantasingsh was approved and appointed as Director of the Board by the resolution of the Annual General Shareholders' Meeting No.1/2015 held on April 17, 2015, in replacement for Mr. Adul Vinaiphat, whose term of office had expired

(4) Mr. Achanan Asavabhokhin was approved and appointed as Director of the Board by the resolution of the Annual General Shareholders' Meeting No.1/2014 held on April 11, 2014, in replacement for Mr. Krit Phanratnamala, whose term of office had expired

(5) Mr. Suang Chaisurote was approved and appointed as Director of the Board by the resolution of the Board of Directors' Meeting No.7/2016 held on August 23, 2016, in replacement for Mr. Ponthep Pipattangsakul, who has resigned from the position of Director effective from June 27, 2016

• Remuneration of Executives

In 2015 and 2016, the total remuneration for the top 4 executives below Chief Executive Officer and that for any person holding equivalent position as the fourth executives, including those at the level of Executive Vice President upward was Baht 55.9 million and Baht 45.9 million, respectively, as detailed below;

Unit: Million Baht		
Type of Remuneration	Year 2016	Year 2015
Salary	30.0	38.3
Bonus	14.6	15.9
Provident Fund	1.3	1.7
Total	45.9	55.9

(B) Other Remuneration

The Company and its subsidiaries has established the Provident Fund for employees whereby each employee voluntarily contributes 3-6% of his/her salary to the fund. The Company and its subsidiaries will match the same amount with the Provident Fund. The Provident Fund is registered to be managed by a licensed fund management company in compliance with the Provident Fund Act 2542 (1999) B.E.

(B) Labor disputes in the past 3 years (January 1, 2014 - December 31, 2016)

-None-

(C) Total remuneration and types of remuneration payable to the employees

The Company and its subsidiaries provide remuneration for employees in a fair manner according to their duties, responsibilities and annual performance appraisal. Payments include salary, annual bonus, and provident fund. Below shown are the details of the total amount of compensation for employees in years 2015 and 2016

Unit: Million Baht		
Type of Remuneration	Year 2016	Year 2015
1. Salary	510.2	520.2
2. Bonus	206.3	222.0
3. Provident Fund	22.0	22.0
4. Others ^{1/}	71.1	77.4
Total	809.6	841.6

Remark: ^{1/}Other types of remuneration include training expenses, medical expenses, health & life insurance premiums and other benefits

5. Personnel

(A) As of the end of 2015 and 2016, the Company and its Subsidiaries had 1,358 and 1,238 employees, respectively, as detailed below:

Business Line	Unit: person	
	December 31, 2016	December 31, 2015
1. Managing Director	35	41
2. Housing and Condominium Projects	788	879
3. Office buildings for rent and Hotels	328	330
4. Operational support	87	108
Total	1,238	1,358

(D) Policy on human resource development

The Company and its subsidiaries have implemented a policy to provide training for employees and for human resources development on continual basis in order to enhance their knowledge and competency. There are training programs available for employees working in every level. Examples of some of these programs are also provided in Section "Corporate Governance" in Clause 1.3 "Roles of Stakeholders", Sub-clause "Employees Group".

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CORPORATE GOVERNANCE

1. Corporate Governance Policy

The Company has always aimed to develop its business based on the principle of good corporate governance, ethics and morality. Being well aware of how important they are and the preponderance of the roles and responsibilities assumed by the directors, executives and employees in light of business management, the Company therefore is not only committed to create sustainable, add value to its shareholders, but to focus upon fair treatment to all stakeholders, as well.

The Company has established the guidelines for business operations based on the principle of good corporate governance, ethics and morality with a Good Corporate Governance Policy and Ethical Code of Conduct and have remained interminably true to such professionalism. In addition, the Company has also improved and added to Code of Conduct in order to cover various operational guidelines to meet international standards in a timely manner. As a result, the conduct of directors, executives, and employees of Quality Houses Public Company Limited will be in compliance with generally accepted standards and based upon appropriate ethics and values. The Board of Directors has approved the latest policy on corporate governance during the Board of Directors' meeting No. 1/2016 held on February 26, 2016.

The aforementioned policy emphasizes on the following issues: the rights of shareholders; equitable treatment to the shareholders; roles of the stakeholders; transparent business operations and good ethical conducts; internal control and risk management; roles and responsibilities of the Board of Directors, and; disclosure of information to all involved.

The Company has stipulated that all directors, executives and employees must be informed of, understand and strictly adhere to the prescribed policies and code of conducts. The corporate governance policy and business ethics are presented on the Company's website, "www.qh.co.th", to provide additional channels of information for all executives and employees to learn more about the instructions, rules and regulations so that they be able to take actions and eventually achieve the business goals for the benefits of all stakeholders.

The details of the corporate governance policy are shown as follows:

1.1 Shareholders' Rights

The Company has implemented a policy to ensure that all of its shareholders be fairly treated accordingly the details of which are illustrated as follows:

1. Basic Rights of Shareholders

- 1.1 The rights to obtain share certificates and make transference of shares;
- 1.2 The rights to attend and cast votes in a shareholders' meeting so as in association with making important decisions on the topic of the Company's policy change and as an exercise of their rights to make approval (or not), for which the Board of Directors are required to request prior to giving resolutions;
- 1.3 The rights to elect and remove any of the directors from the position and to give approval in regard to the matter of the appointment of independent auditors;
- 1.4 The rights to receive share of profit;
- 1.5 The rights to take into account the topics of the approval of directors' remuneration and dividend payment;
- 1.6 The rights to propose issues under concern to be additionally included as part of the agenda during the Annual General Meeting of Shareholders in accordance with the Company's rules and regulations;
- 1.7 The rights to nominate a list of qualified candidates for the election of directors in accordance with the Company's rules and regulations;
- 1.8 The rights to submit their enquiries in advance prior to the appointed date of the Shareholders' Meeting by doing so in accordance with the Company's rules and regulations;
- 1.9 The rights to receive a sufficient amount of information in its suitable format and in timely manner for their consideration and decision making upon the critical matters to the Company and the shareholders;

1.10 All other rights as prescribed by law

2. Rights to Attend Shareholders' Meeting

The Company has implemented the policy to facilitate the participation of all shareholders including, both major and minor, as well as institutional shareholders, in the Company's shareholders' meeting.

In 2016, the Company has arranged the Shareholders' Annual General Meeting on Monday April 18, 2016 at 10:30 a.m., for which it had assigned Thailand Securities Depository Co., Ltd. to dispatch the written invitations to the Shareholders' Meeting on March 30, 2016 to the shareholders, and to publicize and disseminate the aforementioned documents along with detailed particulars of each of the meeting agenda (both in Thai and English) on the Company's website ("www.qh.co.th") on March 17, 2016 so that the shareholders would afford time studying those pieces of information 30 days prior to the event.

In addition, the Company has also accommodated the process for the benefits of its shareholders for their participation in the Shareholders' Annual General Meeting, by strategically opting for such a convenient location for their commutes as Q. House Lumpini Building, No. 1, South Sathorn Rd., Thungmahamek Sub-district, Sathorn District, Bangkok, which is located next to MRT Lumpini station.

The Company has placed importance upon all shareholders so that they were provided with the opportunity to participate in the Annual General Meeting for Shareholders in 2016 in regard to the following:

- Proposing issues to be included as part of the agenda of the Annual General Meeting No.1/2016;
- Nominating a list of qualified candidates for the election of directors in the Annual General Meeting No.1/2016;
- Submitting inquiries prior to the Annual General Meeting No.1/2016

The criteria for the aforementioned; therefore, had also been published and disseminated on the Company's website since September 30, 2015, whereby the duration

of time for the additional agenda, the list of qualified candidates and the enquiries, was to be designated as from October 1, 2015 to December 31, 2015. However, there existed no information thereof having been directed towards the Company whatsoever.

Preparation of the Invitation Letter

The Company has prepared the invitation letter to the shareholders' meeting, in both Thai and English, in which the objectives, reasons, as well as the Board of Directors' professional opinions, were strategically included in supporting the deliberation of each of the meeting agenda in clear and the documents to the shareholders who participate in the event, in both cases of which the shareholders were to be present by themselves and which their proxies with the power of attorney were to make appearance during their absence, both cases also covering the shareholders categories of retail shareholder, juristic person and institutional shareholder.

Implementation of the Meeting

Prior to commencing each of the meeting agenda, the Chairman would make announcement of the method of casting and counting votes, as well as those who abstained, due to their stakeholder status.

During the meeting, the shareholders were provided with the opportunity to give opinions and enquiries within a reasonable timeframe, the points of which the Company's executives are to clearly and concisely address.

Vote counting has been implemented with transparency and accuracy, whereupon the announcement of the result was to be publicized. In addition, the Company has invited independent party, and the result was to be maintained for subsequent verification.

Preparation of Shareholders' Meeting Report

The report shall clearly and accurately document the resolutions along with the vote counting result as to how many votes were for or against or have abstained for the agenda. Also, in the case that there are shareholders who are not entitled to vote due to being stakeholders with possible

conflict of interest, the report shall clearly state the fact. In addition, the report shall also include the name list of all of the participatory directors. All information regarding the matter, annually, would become available for the shareholders on the Company's website "www.qh.co.th" over the course of 14 days, as well.

1.2 Equitable Treatment of Shareholders

In the Annual General Meeting No.1/2016, there were 12 directors attending the meetings from a total of 12, including 4 independent directors, 4 executive directors and 4 non-executive directors. In addition, the certified auditor and the legal counsel, also acting as the vote counting mediator, of the Company have been invited to attend the Annual General Meeting as an observer. All shareholders attending the meetings had equal rights in all aspects.

During the meeting, each of the agenda was properly provided with a suitable amount of time strategically allocated so as to allow for the smooth operation throughout. Not any of the additional agenda was added to the list other than the ones having initially been delivered to the shareholders in the invitation letter. The Company also encouraged shareholders to express opinions and ask questions concerned with the relevant topics. Depending upon their shareholdings, the shareholders had the rights to cast one vote per share at the meeting. Vote counting was conducted through the implementation of bar code system, the summary of which was prepared with transparency and accuracy; the result was displayed on a monitor. In addition, when voting was being carried out in light of the issue of the director appointment, it was implemented on a one-at-a-time basis.

In addition, the Company has provided supports for the shareholders in regard to their exercising of the rights to vote by means of the following facilitations:

- 1) Submitting to the shareholders the proxy form B and the invitation letter to the meeting with an attachment of Power of Attorney form, including the clear instructions and steps to

take in regard to the matter. As for the proxy form A and C, the Company had provided them on the Company's website www.qh.co.th;

- 2) The Power of Attorney form earlier mentioned would also allow for the directions to be planned and made in advance by the shareholders as to the manner by which their proxies would give consent or not or simply abstain accordingly;
- 3) Proposing that two independent directors were to serve with the power of attorney on behalf of the absent shareholders who might find it inconvenient to appoint their own proxies, thus whereby the details of the aforementioned independent directors would be specified in the Power of Attorney form

Monitoring of the Usage of Internal Information

The Company has prescribed the monitoring of the use of its internal information as follows:

1. The Company's internal information shall be kept confidential and not be used either for personal benefits or in such a way that is to incur damages to the Company, nor shall it be disseminated to the customers, vendors, competitors or other parties save for its signifying that which is intended for normal business operations or for public use;
2. The Company's classified information shall not be used for stock trading purposes;
3. The directors and executives shall accurately and entirely report stock trading transactions / their possession of the Company's securities in accordance with the rules and regulations prescribed, as well as submitting the report of all of the aforementioned transactions during the Board of Directors' Meeting;
4. The Company has a policy to prohibit its executive officers to trade stocks belonging to the Company for the period of one month prior to each of the public announcements of its financial statement being made so as to serve as measures against their misuse of the Company's internal information for their own benefits.

Conflict of Interest

In light of its policy on related parties transactions, the Company takes actions so as to accurately reveal all connected transactions being implemented so as in conformity with the authorities' regulations, and in so doing and in aims at avoiding conflict of interest, the Company has made an effort to treat the aforementioned activities as though they have been carried out with external parties, as well.

1.3 Roles of Stakeholders

With various groups of stakeholders and their interests being taken into account, The Company has a detailed policy regarding treatment and responsibility for each group of stakeholders based upon the Company's policy of good corporate governance as shown below

• Employees

The Company recognizes the significance of employees and that they are one of the key factors to the Company's continual success and development. Therefore, the Company has taken the policy to treat and responsible for the employees as following:

- 1) To provide appropriate short term employee benefits in accordance with each employee's knowledge, responsibilities, performance and corporates' profitability;
- 2) To support and promote, as well as enhance knowledge and skill sets of the employees for career growth and stability;
- 3) To support the participation of the employees in the Company's work direction and problem resolution;
- 4) To create work environment with safety for health, hygiene, bodies and properties;
- 5) To reward and punish the employees based on the righteousness, justice and honesty;
- 6) To operate in accordance to laws and regulations relating to labor laws and employee welfare;
- 7) To manage employees without unfair and wrong acts, which impact the career growth and stability of employees;
- 8) To treat employees on the basis of the human rights, as well as individual rights

Furthermore, the Company has allowed communication channels to provide information on these benefits for employees, and that on the Company's rules and regulations, all details of which may be reached via the Company's Intranet. The Company has also provided e-mail addresses for each employee so that online correspondence become another option for both internal and external communication.

In addition, in order to learn more about challenges and problems that the employees are facing in day-to-day operations, the Company has managed to set up a suggestion box via which written statements, factual information, suggestions and complaints, etc., regarding business-related matters, may be obtained from the staff members. All information and suggestions obtained are to be taken into account by the management committee so that proper resolutions be determined at best for the benefits of all involved.

• Employee welfare

- The Company has established the committee to improve quality of life for the employees, assigned from employee representatives in each department of the Company so as to have another channel for exchanging information between the employees and the managements regarding to work environments, to improve and develop for better environments for the employees, as well as to enhance the work atmosphere;
- To provide uniforms for receptionists and sales representatives on housing projects, office building for rent projects, hotels and serviced apartment projects;
- To provide welfare of medical expense reimbursement in the case of outpatients;
- To provide life insurances, group accident insurances and group health insurances (in case of in-patients);
- To provide welfare of flower basket to visit employees in cases of work-caused illness and child delivery;
- To establish a provident fund as morale in return for the employees' dedication to their works;

- To place importance upon the matter of employees' welfare and health, thus providing for nursing rooms in which with professional nurses are available for consultancy and giving first-aid advice to its employees, as well as conducting annual physical checkups;
- To provide for other elements of its employee welfare system, some of which cover the benefits for their family members, such as funeral service allowances in case of the employees and family members (spouses and children); welfare of scholarships for employees' children, etc;
- To procure restaurants with food at reasonable prices for the convenience of employees;
- To monitor the work environments, in order to provide good hygiene for the employees during operation, such as checking the cleanliness of the drinking water station in the office space, maintaining and changing the air filter in air conditioning system regularly, as well as installing the sanitizer machine for the toilet seating;
- To adjust parts of its regulations to justify the employees, in the case that employee cannot complete the allocated annual leave, such leave balance can be accumulated;
- To promote the sanitation, related to the health of employee, introducing sport/exercise as a channel that the employees can attend this activity, in addition promoting the hobbies for employees with the sport club, such as soccer club, badminton club and jogging club

• Personnel Development Training

In accordance with the Company's policy on personnel development in response to its ongoing business expansion and sustainable development on long-term basis, the Company has established a series of training sessions and operational plan pertaining to human resources development for both of its executive officers and staff members. Corporate guidelines have

been strategically established so as to help develop proper knowledge, skill sets and competency among employees in each level while a number of campaigns are in incessant development so as to encourage the Company's executives and employees to realize and learn how to make effective use of resources and to indirectly conserve the environment.

The Company has established a number of training courses, not only the core courses, but also special courses to be provided for employees in various levels in accordance with the Company's policy as follows:

Orientation - for new employees: Orientation sessions shall be provided in order for the employees to be provided with the opportunity to learn of the Company's policies, rules and regulations, its business structure, as well as the information on employees' welfare and benefits.

Knowledge and operation standards - for the Construction Group employees: They are to be provide to gain basic comprehension in the elements of residential (house) construction work according to the professional standards, the result of which in turn shall prove beneficial to the entire construction process, as well as allowing the construction personnel to cater to both the Company's and customers' needs effectively.

Training on the new QC system - for employees in construction to ensure that QC staff are equally knowledgeable and understand the new QC system, for improved efficiency of the QC system.

Training on leadership skills - for middle-level executives to develop middle management in the aspects of thinking, attitude and working process, whereby these middle management will be in management to connect policies and new objects to the operational level. This will help them to be able to manage the work, manage the people and manage thinking to positively affect and improve on the work.

Providing consultancy and create motivation to develop team for sustainability – for middle-level executives to use psychology including techniques in proper human resource management in any circumstances, in addition the department under the trainee is ensure smooth operation and happiness to the corporate employees.

Risk Management Program for Corporate Leaders – for high-level executives to have high-level executives understand the different risks that is significant to the Company along with the management of those risks and structure of good risk management to be adopted for use in the Company.

The Next Real – for high-level executives to have high-level executives develop their skills, knowledge and perspective of the real estate industry and learn of new management methods to be adopted for use in the Company for higher efficiency.

Safety officer – for employees to have employees take caution and prevent accidents from working and to comply to safety standards as set by law for smooth and effective working and a safe working environment.

Work place safety officer for team heads – for middle-level management to educate team heads of the principals and activities to enhance work place safety and enable them to improve work place safety. More importantly is to have the team heads – the main role responsible for work place safety – ensure that operations comply with the regulations and standards of the administration and management of safety, health and environment of B.E. 2549. This training will inform team heads of their roles and responsibilities to enhance work place safety.

Work place safety officer for executives – for high-level executives to have executives be informed, to understand and to develop and mind set for work place safety, which will enable executives to set policies and steer the directions of the Company regarding work

place safety. Additionally, this will inform executives and have them recognize their importance and roles and responsibilities as a safety officer in an executive position, which is an pivotal role in developing a system for safety in the Company – which shall also comply with relevant laws and regulations.

• Personnel Development and Work Environment Campaigns

The Company has established personnel development and work environment campaigns pertaining to proper hygiene and sanitation at workplace, as well as a number of projects whereby the executives and employees are to be provided the opportunity to learn from third-party organizations and institutes, thus enhancing their skills and making good use of their new knowledge to the daily operations as follows:

Training courses provided by external institutes: The Company has a policy to provide the opportunity for its employees to train and develop various skill sets and knowledge from external institutes and organizations in order that the employees become more visionary and more knowledgeable, thus being able to adapt and make use of newfound knowledge at work and to enhance work efficiency (effectiveness) on continual basis.

Internal e-magazine project: With its objectives to provide communication channel from both the Company and Human Resources Department to the executive officers and staff members, to get internal corporate information update in regard to various organizational topics, including the Company's policy, rules and regulations, etc., so that they are able to comply in due time. The e-magazine is quarterly-based and implemented through public relations channel by using the Company's e-mail system and its Intranet scheme.

Employees' loyalty project: The project has been established towards the employees who have been in association with the Company for 10 and 20 years respectively. The Company is delighted to present to

the aforementioned loyal personnel souvenirs for their professional dedication and efforts at work; it is also hoping that the project will help boost morale at workplace and sustain a series of ongoing assiduous efforts for all involved.

Table illustrating the number of hours spent in training by employee position

Level	Average time spent in training (Hour: Person: Year)	Objectives of personnel development
Employee	20	To provide knowledge and various skill sets relating to business operations in practice, as well as better understanding in their roles, duties and robust corporate culture, while making best efforts at work.
Middle Management	22	To provide knowledge and various skill sets integral to team management and strategic planning, as well as allowing for systemic and effective implementation so as in accordance with the Company's policies.
Executive	43	To enable the executives to manage both operations and workforce under command in compliance with the Company's policies; the executives should also be able to become more visionary in terms of business administration and ready for the continual growth and expansion in the future.

• Customers

The Company has prescribed its guidelines for treatment of customers in the company's Code of Conduct, which is available at www.qh.co.th, and the company has a policy to treat and responsible for customer as following

- 1) To cater customer/consumer needs with quality of products and excellent services
- 2) To completely disseminate information of products and services with righteousness and truthfulness.
- 3) To provide insurance for products and service under reasonable terms.
- 4) Not to deliver product and service to customer, while being aware that such products and services has defects, and damages which can harm the customers.
- 5) To provide customers service mechanism not only to be convenient for the customers for any complaints but also to be fast in responding to the customer.
- 6) To keep low production costs same the standard of quality and services.
- 7) To increase value-added to customer benefits continuously

- 8) To notify customer in advance, in case of agreement for customer term cannot be made, in order to consider altogether for resolution and damage control

In addition, the Company has also carried out various activities with customers as per the detailed in the "Corporate Social Responsibility" section, topic 5: "Responsibility towards consumers".

For housing projects and condominium projects customers who have any complaints may make a telephone contact to number 1388 during the working hours

For the office building project or the residential building project for rent, customers are able to directly contact the building manager or responsible persons upon premises.

• Business Partners

The Company and its subsidiaries believes in treating business partners with honesty, transparency and

equality on the basis of fair competition for the highest collective benefits. At the same time, business partners must not act to damage the Company's reputations and must not breach laws, good morals and traditions. The purchase of products and operational procedures must be transparent and can be audited, and the business partner agreements must strictly be complied. The Company has used the Supply Chain system when ordering products to reduce steps, time and documents in the transaction allowing partners time to prepare and deliver products within agreed time frame.

Moreover, the Company has also provided proper and reasonable assistances to its partners. For instance, if the material prices increase higher than those specified in the contract, the Company will make price adjustment or provide financial assistance to the contractors. In the past year, the Company never made a late payment except when its partners did not act according to the contract or breached the conditions agreed upon. The Company also arranged a party to show our appreciation of the contractors who have supported the Company which help keeping good relationships with all partners that are key factors of the Company's success to produce good quality of products and services with fair prices.

- **Competitors**

Even in the competition, the Company and its subsidiaries remain adhered to the principle of transparency, fairness and equality upon the fair competition basis to create utmost benefits as follows:

- 1) Competing under fair business practice;
- 2) Avoiding illegal channels to get the inside information of competitor;
- 3) Not damaging competitors' reputation without truth

- **Banks, financial institutions, holders of debentures and loan creditors**

The Company believes in acting to banks, financial institutions, debenture holders and loan creditors with honesty, and it always repays principal and interest on a timely basis. The Company also strictly follows the terms and conditions and covenants that are specified in the

lending contract and other agreements. Whenever the problems arise which may affect the banks, financial institutions and lenders, or whenever the Company is not able to comply with the conditions stated in the loan agreement, the Company will issue a written document to clarify the situation to the banks, the financial institutions and the lenders in advance, followed by a meeting in which the solutions will be mutually determined. In addition, the Company also adheres to the rules of good corporate governance, for instance

- Adhering to the terms and conditions in the agreements with business partners and lenders;
- In the case that such agreement cannot be adhered to, the Company will consult with the counter parties and lenders at the earliest possible timeline in order to find solutions and damage prevention strategies;
- Providing accurate and complete financial information;
- Not demanding, accepting, or offering any dishonest advantages when contacting with the lenders;
- Ensuring that the money obtained from the lenders shall not be used against the loan objectives;

In the past 3 years, the Company has never made any late payment.

In order to taking responsibilities for all groups of stakeholders, the Company is ready to get any complaints and/or opinions of all groups of stakeholders through the following channels

1. Contact by phone to the company's call center (1388)
2. E-mail directly to the members of the Audit Committee (e-mail addresses can be found in the Company's website)
3. The Company's website: "www.qh.co.th" (for after sale services, recommendations/ complaints)
4. E-mail address: info@qh.co.th;
5. Submission of matters directly by hand or by post to the Corporate Secretary at the address shown below:

Quality Houses Plc.
No. 1, Q. House Lumpini Building, 7th Floor,
Thungmahamek Sub-district, Sathorn District,
Bangkok 10120

1.4 Information Disclosure and Transparency

The Company has disclosed information that affects stakeholders' decision making with respect to various issues in the annual report, Form 56-1 and on the Company's website "www.qh.co.th". This includes the name list and background of the Board of Directors, remuneration for directors, top 10 shareholders, corporate governance, financial statement, risk factors, nature of business, management and financial position, and operating results. In addition, the information about the Company may be downloaded from "www.sec.or.th" and "www.set.or.th".

Remuneration for directors and executives

The remuneration for directors and members of the sub-committees are comparable to the general practice within the same industry. The members of the Audit Committee has received remuneration according to their duties and responsibilities, which has been approved by the Nominating and Remuneration Committee prior to being submitted for approval by the shareholders in the Shareholders' Annual General Meeting. Regarding the Company's executives, they receive remuneration linked to their performance and the performance of the Company. The Company has fully disclosed the remuneration for the directors, sub-committees and top management of the Company in the Annual Report, under the Clause Management Structure section, topic 4 Remuneration for directors and executives.

Board of Directors' report on financial transactions

The Board of Directors recognizes the importance of the quality of the Company's financial statement, therefore, reviews both quarterly and annual financial reports to ensure that they have acquired accurate and complete information. In addition, the Company has made presentation of the report on the Committee's responsibilities for the preparation and disclosure of

the Company's financial report in the Annual Report together with the financial budget certified by an auditor so as to reveal that the Company's financial statement has been prepared according to generally certified accounting standards, and that the auditor has not taken note of anything irregular whatsoever.

The Board of Directors has also placed importance upon the matter of disclosure of entirely accurate, transparent and complete information by disseminating the information and news through communication channels of the Stock Exchange of Thailand and the Company's website. In addition, the Board of Directors has reported the responsibilities for the financial report as follows:

- **Report on the Board of Directors' responsibilities for financial report**

The financial statement of Quality Houses Public Company Limited has been prepared under the Board of Director's policy which is to be in accordance with the Generally Accepted Accounting Principles. All accounts are recorded with great care together with a great deal of deliberation made in the preparation to reflect upon the Company's actual performance.

The Board of Directors recognizes the importance of the quality of the Company's financial statement; therefore, has reviewed financial information and has ensured that significant information has been sufficiently and properly disclosed in the Notes to Financial Statement for the benefits of the shareholders and investors.

Consequently, the Board of Directors has appointed the Audit Committee, which is comprised of a group of qualified independent members, to directly be responsible for the quality of the financial reports. The Audit Committee's opinions are included in the Audit Committee Report as part of this year's Annual Report, as well.

By virtue of the availability of the aforementioned internal control system and the administrative structure, as well as the audition results by the unconditionally certified auditor, the Board of Directors has come to the conclusion that the Financial Statement of Quality Houses Public Company Limited

dated December 31, 2016 are accurately and properly presented in regard to the Company's financial status, performance and cash flow, according to the Generally Accepted Accounting Principles.

- **Entering into connected transactions and conflict of interest**

The Company has a policy to operate its business with high standard based upon relevant legislations and regulations, as well as business ethics.

The Audit Committee regularly reviews connected or related transactions to ensure that the conditions for the transactions serve the best interest of the Company by treating them as though they were ones being conducted with outsiders on an "arm's length basis." The Audit Committee also supervises the Company and ensures that the latter proceed and disclose relevant information of these related transactions completely and in compliance with official regulations prescribed by the authorities.

In addition, the Company has ensured that the shareholding structures among the Company, subsidiaries, associated and related companies will not pose any conflict of interest. The Company also announces the acquisition / disposal of assets and of related transactions for all employees in order for them to be aware of the guidelines to comply with the official regulations prescribed by the authorities as per details shown in Connected Party Transactions section.

- **Report of stake holding of directors**

At the Board of Directors' Meeting No.6/2009 convened on June 25, 2009, the Board of Directors has approved the criteria and procedures of reporting interest with respect to its directors and executives, whereby they are required to disclose all information relating to their interests (stake holding), those belonging to their related parties, and then have it all submitted to the Company, as shown below

- 1) Directors and executives must report their stake holding and/or that of their related parties, to the Company by utilizing the form of reporting as prescribed by the Company;
- 2) Directors and executives must report under 1) as follows:
 - Within 30 days after the date of appointment;
 - Within 30 days upon change of data in the latest report;
- 3) The person who is required to report under 1) must submit a written report to the Corporate Secretary within 3 working days from the date of report preparation;
- 4) The Corporate Secretary shall submit a copy of the report of stake holding under 3) to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 working days from the date that the Company has received the document.

Report of the Acquisition and Distribution of the Company's Shares by the Directors and First Four Executives

Report of Changes in Shareholding of the Directors/Executives as of December 31, 2016

Name	Position	December 31, 2015		Change in 2016		December 31, 2016	
		Number of Shares	Portion (%)	Acquired (Shares)	Disposed (Shares)	Number of Shares	Portion (%)
1. Mr. Boonsom Lerdhirunwong	Chairman and Independent Director	-	-	-	-	-	-
2. Mr. Chadchart Sittipunt	Director, Chief Executive Officer and Chairman of Risk Management Committee	-	-	-	-	-	-
3. Mr. Suang Chaisurote ⁽¹⁾	Director, Managing Director and Member of Risk Management Committee	680,654	0.00635	-	-	680,654	0.00635
4. Mr. Anant Asavabhokhin	Director	-	-	-	-	-	-
5. Mr. Chulasingh Vasantasingh	Independent Director, Chairman of Audit Committee and Member of Nominating and Remuneration Committee	-	-	-	-	-	-
Mrs. Pattra Vasantasingh	Spouse	19,930	0.00019			19,930	0.00019
6. Mr. Adisorn Thananan-narapool	Director	1,101	0.00001			1,101	0.00001
7. Ms. Kanokvalae Viriyaprapaikit	Director and Member of Nominating and Remuneration Committee	-	-	-	-	-	-
8. Mr. Rachai Wattanakasaem	Independent Director, Chairman of Nominating and Remuneration Committee and Member of Audit Committee	-	-	-	-	-	-
9. Mr. Suri Buakhom	Independent Director, Member of Audit Committee and Chairman of Corporate Governance Committee	116,666	0.00109	-	-	116,666	0.00109
10. Mr. Achanan Asavabhokhin	Director	-	-	-	-	-	-
11. Mrs. Suwanna Bhuddhaprasart	Director, Member of Corporate Governance Committee and Member of Risk Management Committee	7,013,754	0.06546	-	-	7,013,754	0.06546
12. Mr. Pravit Choatewattanaphun	Director, Senior Executive Vice President and Member of Risk Management Committee	-	-	-	-	-	-
13. Mr. Adisak Srisook ⁽²⁾	Member of Risk Management Committee and Executive Vice President	23,333	0.00022			23,333	0.00022
14. Mr. Sommart Promkunakorn	Member of Risk Management Committee and Executive Vice President	-	-	-	-	-	-
15. Mr. Ravee Mongkoltavee	Executive Vice President	379,172	0.00354			379,172	0.00354
16. Ms. Apinya Jarutrakulchai	Senior Executive Vice President, Member of Corporate Governance Committee and Member of Risk Management Committee	-	-	-	-	-	-

Remark (1) Mr. Suang Chaisurote was approved and appointed as Director of the Board by the resolution of the Board of Directors' Meeting No.7/2016 held on August 23, 2016

(2) Mr. Adisak Srisook was appointed as Executive Vice President on May 1, 2016

Relationship with Investors

The Company recognizes the importance of disclosure of information with transparency, including the Company's operational results as well as significant information possibly affecting the prices of the Company's shares, by disseminating data and information through Set Community Portal or SCP system of the Stock Exchange of Thailand and other channels to investors, analysts and related parties. In addition, the Company has disseminated the Company's information not only through its website "www.qh.co.th" but also via the telephone number 0-2677-7000.

In 2016, the Company has presented information in the following:

- © 4 International road shows
- © 37 Site visits and company visits to institutional investors and analysts
- © The Company has organized its own meetings as followings:
 - 4 quarterly analyst meetings
 - 1 press release of 2016's business plan
 - 1 site visit to Ratchapreuk and Don Meung area for fund managers
 - 1 site visit to Ratchapreuk and Don Meung area for analysts
- © The Company has participated in several conference activities with the business sector, including
 - Exclusive meeting by Nomura Securities Public Company Limited
 - Property Day by SCB Securities Co., Ltd.
 - Thailand Focus by SET and Phatra Securities Public Company Limited
 - Property Day by TISCO Securities Co., Ltd.

In addition, the Company has also assigned the Investor Relations Office to assume responsibilities for the dissemination of financial data affecting the prices of the Company's shares as well as other important data. Investor Relations Office operates under the supervision of Ms. Apinya Jarutrakulchai, Senior Executive Vice President. Investors may contact the Investor Relations Office at www.qh.co.th in the "Investor Relations" section under "Contact the Investor Relations Officer" topic, or by e-mail to arpaporn.e@qh.co.th

1.5 Responsibilities of the Board of Directors

Corporate governance policy

The Company has prescribed its corporate governance policy in writing and the Board of Directors has approved the latest revised corporate governance policy in the Board of Directors' Meeting No.1/2016 convened on February 26, 2016. The Company has disseminated its corporate governance policy on the Company's website: "www.qh.co.th".

Business Ethics

The Company has established the requirements on ethics and the code of conduct since 2002. The instrument has also undergone a series of revisions. The Board of Directors has approved the latest revised version of the business ethics at the Board of Directors' Meeting No.1/2016 convened on February 26, 2016. In this regard, the Company has disseminated the ethics and the code of conduct in the Company's website "www.qh.co.th".

The aforementioned principle of business ethics has been prepared for all employees to uphold as guidelines for their performance of duties according to the Company's missions with honest and justice, as well as equitable treatment to the Company, all stakeholders, the general public and the society. This is to prevent possible conflict of interest, and to promote transparent business operations among the employees. The Company has monitored the result of compliance with the aforementioned business ethics regularly and on a yearly basis.

Leadership and vision

Members of the Board of Directors of the Company possesses knowledge, skills and competency, as well as work experiences, obtained from various fields. The roles, duties and responsibilities between the Board of Directors and the Executives are clearly segregated. The Board of Directors' meetings have been convened regularly so that due diligence is performed and approval be given in regard to the Company's visions, strategies, goals, policies, business plans and budgets,

as well as following up on the administrative tasks of the management team and ensure that they be in accordance with the corporate goals.

Balance of power of non-executive directors

As of December 31, 2016, the Company was comprised of the following 12 directors:

Executive Director	3 persons
Non-Executive Director	
(representatives of shareholders)	5 persons
Independent Director	4 persons
(equivalent to one third of total number directors)	

Aggregation or segregation of positions

The position of Chairman of the Board of Directors is not to be held by the same person as the one assuming the responsibilities of the Managing Director in order for duties and the likes to be performed by the two are strategically separated for the benefits of day-to-day business operation. The Chairman is to ensure that important matters are raised for consideration at the meeting. The Board of Directors sets the right emphasis on reviewing and approving strategies presented by management and monitors the tactical implementation of strategies. Managing Director is to lead his management team in light of implementing the strategies under the framework by the Board of Directors.

Board of Directors' Meetings

The Board of Directors has its independence in giving approval of the issues proposed by the management team in regard to the Company's visions, missions, strategies, goals, business plans and budgets. The Board also allows for the mechanism to take place whereby both short-term and long-term operations by the management team can be supervised and monitor in accordance with the Company's goals and business plans for utmost benefits of shareholders and in consideration of interests of all stakeholders. The details of meeting attendances of the Board of Directors and subcommittees are shown in Management Structure section; topic 1 "The Board of Directors", and sub-topic 2 "Sub-committees".

Internal meeting of non-executive directors

Non-executive directors convene internal meetings to discuss certain issues in which they took interest in but with no presence of the management team. In 2015, an internal meeting of non-executive directors was held on September 21, 2015, and in 2016, an internal meeting of non-executive directors was held on December 20, 2016.

Board of Directors' performance evaluation

The Company has a policy whereby the Board of Directors are to evaluate their own performance as a group at least once a year in order to allow for self-revision and reflecting upon certain issues of concern and obstacles during the previous year. In addition, the evaluation is expected to help enhance the Board of Directors' work efficiency, as well.

In the Board of Directors' Meeting No.10/2016 convened on December 20, 2016, the Board of Directors have collectively assessed their own performances the year 2016, using 2 assessment forms, the "Board of Directors' Group Self-Assessment Form" and the "Board of Directors' Individual Self-Assessment Form". These 2 forms were prepared by the company under the principle of corporate governance and the SET guidelines. The topics in each assessment form are listed as follows:

1. The Board of Directors' Group Self-Assessment Form comprises of following 6 main areas
 - 1) Structure and qualifications of Directors
 - 2) Roles, duties and responsibilities of the Board of Directors
 - 3) Board of Directors' meetings
 - 4) Performance of the Board of Directors
 - 5) Relationship with the Management
 - 6) Self-development of directors and development of executives
2. The Board of Directors' Individual Self-Assessment Form comprises of following 3 main areas
 - 1) Structure and qualifications of Directors
 - 2) Board of Directors' meetings
 - 3) Roles, duties and responsibilities of the Board of Directors

The Process of Performance Evaluation of the Board of Directors as a Group and an Individual

In the last Board of Directors' meeting each year, the Chairman of the Corporate Governance Committee will provide two kinds of performance evaluation forms to each member for the annual self-assessment. After the assessment was completed, the form is returned to the Secretary of the Corporate Governance Committee, who collects the evaluation score of each member, and concludes the Board of Directors' assessment results, then reports to the Corporate Governance Committee

for acknowledgement, so that the Chairman of the Corporate Governance will report the evaluation results to the Board of Directors. The criteria of performance evaluation grade are as follows

Greater than 85%	= Excellent
Greater than 75%	= Very Good
Greater than 65%	= Good
Greater than 50%	= Fair
Less than 50%	= Needs Improvement

2. Sub-committees

As of December 31, 2016, the Company's structure is comprised of 5 committees: the Company's Board of Directors; the Audit Committee; the Nominating and Remuneration Committee; the Corporate Governance Committee, and; the Risk Management Committee. Below is the summary of the name list and position of the directors in the Board of Directors and Committees:

Name	Director	Authorized Director	Audit Committee	Independent Director	Nominating and Remuneration Committee	Corporate Governance Committee	Risk Management Committee
1. Mr. Boonsom Lerdhirunwong	■			■			
2. Mr. Chadchart Sittipunt	■	■					■
3. Mr. Chulasingh Vasantasingh	■		■	■	■		
4. Mr. Anant Asavabhokhin	■						
5. Mr. Adisorn Thananan-narapool	■						
6. Ms.Kandkvalée Viriyaprapaikit	■				■		
7. Mr. Rachai Wattanakasaem	■		■	■	■		
8. Mr. Suri Buakhom	■		■	■		■	
9. Mr. Achanan Asavabhokhin	■						
10. Mrs. Suwanna Bhuddhprasart	■	■				■	■
11. Mr. Suang Chaisurote ⁽¹⁾	■	■					■
12. Mr. Pravit Choatewattanaphun ⁽²⁾	■	■					■

Remark : (1) Mr. Suang Chaisurote was approved and appointed as Director of the Board by the resolution of the Board of Directors' Meeting No.7/2016 held on August 23, 2016, in replacement of Mr. Pornthep Pipattangsakul who resigned effective 27 June 2016. Additionally, Mr. Suang Chaisurote was appointed a member of the Risk Management Committee by the resolution of the Board of Directors' Meeting No.7/2016 held on August 23, 2016 in replacement of Mr. Pornthep Pipattangsakul who resigned effective 1 July 2016.

(2) Mr. Pravit Choatewattanaphun was appointed a member of the Risk Management Committee by the resolution of the Board of Directors' Meeting No.6/2016 held on June 21, 2016 in replacement of Mr. Pairoj Wattanavarodom who resigned effective 1 May 2016.

As of December 31, 2016, the Company has 4 sub-committees to take into account its business-related matters, including

- 1) Audit Committee
- 2) Nominating and Remuneration Committee
- 3) Corporate Governance Committee
- 4) Risk Management Committee

The scope of authorities, duties, responsibilities and details of the sub-committees' meetings are shown as follows:

1) Audit Committee

The Audit Committee is comprised of 3 independent directors as of December 31, 2016. The name list and number of meeting attendances of each committee member in years 2015 and 2016 are shown as follows:

Name	Position	Meeting attendance / total number of meetings (times)	
		2016	2015
Mr. Chulasingsh Vasantasingh ⁽¹⁾	Chairman of Audit Committee	6/6	5/5
Mr. Abdul Vinaiphath ⁽²⁾	Chairman of Audit Committee	-	3/3
Mr. Rachai Wattanakasaem	Member of Audit Committee	6/6	9/9
Mr. Suri Buakhom	Member of Audit Committee	6/6	9/9

Remark : - Mr. Rachai Wattanakasaem is a member of audit committee with knowledge and professional experience in accounting or finance
- Audit Committee Secretary: Mr. Korasuit Piyambuit

(1) Mr. Chulasingsh Vasantasingh was approved and appointed as the Chairman of the Audit Committee by the resolution of the Board of Directors' Meeting No.3/2015 convened on May 18, 2015

(2) Mr. Abdul Vinaiphath, whose term of office had expired by the resolution of the Annual General Meeting of Shareholders No.1/2015 held on April 17, 2015

The Audit Committee has convened 4 meetings in 2015 and another 4 in 2016 with the Company's auditors without the presence of the Company's management team.

Scope of authorities and duties of the Audit Committee

The Company's Audit Committee has authorities, duties, and responsibilities to report to the Board of Directors as shown below:

1. To review and ensure that the Company's financial reports have been prepared accurately and adequately
2. To review and ensure that the Company have implemented proper and effective internal controls

and internal audit systems; with independency and to give approval of the appointment, transfer and termination of the office of the chief of the internal audit unit or any other units responsible for internal audit;

3. To review and ensure that the Company have complied with the Securities and Exchange Act, the Stock Exchange's regulations and related laws of the Company's businesses;
4. To consider, select and nominate an independent professional to act as the Company's auditor; and to propose the remuneration for the position; and to attend meetings with the auditor for at least twice a year with no presence of the management team;
5. To consider the matter of the compliance with laws and with the Stock Exchange of Thailand's regulations in light of related/connected transactions or those which may incur conflict of interest so as to ensure that those activities were reasonably performed for utmost benefits to the Company;
6. Prepare and disclose the Audit Committee report and have it revealed as part of the Company's annual report. The Audit Committee report, which is to be signed by the Chairman of the Audit Committee, must be comprised of the following items:
 - (A) Comments about the accuracy, completeness and reliability of the Company's financial statements;
 - (B) Comments about the adequacy of the internal control system in the company;
 - (C) Comments about the Company's compliance with the applicable law and regulations i.e.: the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and other laws that relate to the Company's business;
 - (D) Comments about the suitability of the Company's auditors;
 - (E) Comments on transactions which might incur conflict of interest;
 - (F) Number of the Audit Committee meetings and the attendances of each committee member;
 - (G) Comments or observations in general that

the Audit Committee derived during their performing of duties under "The Charter of the Audit Committee

- (H) Other transactions which the committee considered that the Company's shareholders and public investors should be acknowledged within the boundaries of their duties and responsibilities assigned by the Board of Directors

7. To perform other duties assigned by the Board of Directors with the consent of the Audit Committee.

Composition of the Audit Committee

The composition of the Audit Committee is as follows:

1. A member of the Audit Committee must be independent directors with the qualifications as stipulated by the SET;
2. A member of the Audit Committee must be appointed by the Company's Board of Directors or the shareholders;
3. The Audit Committee must consist of not less than 3 members with 1 having knowledge or experience about accounting;
4. The Company's Board of Director is to select and appoint 1 Audit Committee member as the Chairman;
5. The head of the Internal Audit Department will be the Audit Committee's secretary

Self-Assessment by Audit Committee

During the Audit Committee Meeting No.1/2017 held on February 27, 2017, the Audit Committee has collectively conducted self-assessment as a group for the year 2016, using the "Audit Committee's Self-Assessment Form" prepared by the company under the principle of corporate governance and the SET guidelines. There were 5 main areas having been taken into account as follows:

- Composition of Audit Committee;
- Training and human resources;
- Meeting;
- Audit Committee's activities;
- Relationship with the Internal Audit Director, auditor

and the management.

The self-assessment result has revealed that the Audit Committee performed their duties well and met all requirements under the Audit Committee's charter in accordance with general best practice of corporate governance.

2) Nominating and Remuneration Committee

The Nominating and Remuneration Committee is comprised of 3 members as of December 31, 2016. The name list and number of meeting attendances of each committee member in years 2015 and 2016 are shown as follows:

Name	Position	Meeting attendance / total number of meetings (times)	
		2016	2015
Mr. Rachai	Wattanakasaem Chairman of Nominating and Remuneration Committee	5/6	6/6
Mr. Adul	Vinaiphat ⁽¹⁾ Member of Nominating and Remuneration Committee	-	2/6
Mr. Chulasingh	Vasantasingh ⁽²⁾ Member of Nominating and Remuneration Committee	6/6	4/6
Ms. Kanokvalee	Viriyaprapaikit Member of Nominating and Remuneration Committee	6/6	6/6

Remark : (1) Mr. Adul Vinaiphat, whose term of office had expired by the resolution of the Annual General Shareholders' Meeting No.1/2015 held on April 17, 2015
(2) Mr. Chulasingh Vasantasingh was approved and appointed as a Member of Nominating and Remuneration Committee by the resolution of the Board of Directors' Meeting No.3/2015 convened on May 18, 2015

Authorities, duties and responsibilities of the Nominating and Remuneration Committee as prescribed in the Charter

1. To determine procedures and criteria in nominating the Company's directors or senior management, from the Managing Director position up, in alignment with the Good Corporate Governance policy;
2. To make selection of the qualified candidates for the position of new director or search for senior management from the executive pool, ranging from the Managing

- Director position up, whose names are to be proposed for the Board of Directors' executive decision;
3. To determine procedures and criteria for fair and reasonable payments of remuneration and other fringe benefits to the Board of Directors and to other committees, the latter having been appointed by the Board of Directors, and propose the aforementioned remuneration scheme for approval during the Shareholders' meeting;
 4. To consider, recommend and determine the remuneration and other fringe benefits based upon the duties and responsibilities of the senior management (from the position of Managing Director up) and to take into account the criteria for performance appraisal in order to determine appropriate annual compensation;
 5. To consider and review the structure and criteria relating to compensation under No. 3) and No. 4) so as to ensure that they be appropriate for the responsibilities required and the operating results of the Company, thus, in accordance with the market condition;
 6. To consider budgets for pay raises, annual bonuses, and other benefits for the Company's employees
 7. To perform any other duties as assigned by the Board of Directors.

New Committee Orientation

The Committee has assigned the Corporate Secretary to organize the orientation session for all new committee members in which the following documents are to be provided as well:

1. Major legislations and regulations issued by authorities;
2. Certificates, objectives and, rules and regulations of the Company;
3. Good corporate governance policy;
4. Director's handbook;
5. Organization chart and the Company's business;
6. Other necessary documents

Succession Plan of Directors and Executives

The Company has prepared a succession plan of directors and executives in the case that they are unable to

perform their duties, or has come to the end of their term. With such, the Nominating and Remuneration Committee shall select personnel that are appropriate for the position in a transparent manner and propose for approval from the Board of Directors.

Performance evaluation for Executive Officers and Chief Executive Officer

The Nominating and Remuneration Committee shall conduct performance evaluation for the President and Chief Executive Officer, as well as taking into account the matter of remuneration, and then have the instrument submitted to the Board of Directors for the latter's approval once a year based upon the following key issues

1. Finance
2. Customer
3. Internal business operation of the company
4. Learning and human resources development

Self-Assessment of the Nominating and Remuneration Committee as a Group

The Nominating and Remuneration Committee has evaluated self-performance as a group in 2016, based on "The Nominating and Remuneration Committee Self-Assessment Form" prepared by the company under the principle of corporate governance and the SET guidelines. There were 4 main areas having been taken into account as follows:

1. Structure and qualifications of the Nominating and Remuneration Committee
2. The Nominating and Remuneration Committee's meetings
3. Roles, duties and responsibilities of the Nominating and Remuneration Committee
4. Others

Average scores received for assessments made by the Nominating and Remuneration Committee for performance in 2016 was considered excellent.

3) Corporate Governance Committee

The Corporate Governance Committee is comprised of 5 members as of December 31, 2016. The name list and number of meeting attendances of each committee member in years 2015 and 2016 are shown as follows:

Name	Position	Meeting attendance / total number of meetings (times)	
		2016	2015
Mr. Suri Buakhom	Chairman of Corporate Governance Committee	4/4	4/4
Mrs. Suwanna Bhuddhaprasart	Member of Corporate Governance Committee	4/4	4/4
Mr. Rachai Wattanakasaem ⁽²⁾	Member of Corporate Governance Committee	-	-
Ms. Apinya Jarutrakulchai ⁽¹⁾	Member of Corporate Governance Committee	4/4	1/1
Mr. Somchai Warunpantulak ⁽¹⁾	Member of Corporate Governance Committee and Secretary of Corporate Governance Committee	-	2/2
Mr. Korasuit Piyambuit	Member of Corporate Governance Committee	4/4	4/4

Remark : (1) Ms. Apinya Jarutrakulchai was appointed as the Corporate Governance Committee, by the resolution of the Board of Directors' Meeting No.7/2015 convened on November 24, 2015 in replacement for Mr. Somchai Warunpantulak, who has resigned from the position on September 1, 2015
(2) Mr. Rachai Wattanakasaem was appointed as the Member of Corporate Governance Committee, by the resolution of the Board of Directors' Meeting No.10/2016 convened on December 20, 2016

Authorities and Duties of the Corporate Governance Committee

- To determine and review the policies, requirements and work procedures to be in accordance with the principle of good governance;
- To determine policies and plans relating to the Corporate Social Responsibilities activities of the Company;
- To monitor the progress of the corporate governance and the social responsibilities work plans; and to give recommendations and necessary supports to related work teams in order to achieve the objectives of each plan;
- To carry out the internal evaluation under the corporate governance criteria in order to determine areas for improvement;

- To represent the Company in communication and execution of corporate governance activities with the executives, employees and external units;
- To perform any other duties as assigned by the Board of Directors with consent from the Corporate Governance Committee;

Self-Assessment of the Corporate Governance Committee as a Group

The Corporate Governance Committee has evaluated self-performance as a group in 2016, based on "The Corporate Governance Committee Self-Assessment Form" prepared by the company under the principle of corporate governance and the SET guidelines. There were 3 main areas having been taken into account as follows

- Structure and qualifications of the Corporate Governance Committee
- Roles, duties and responsibilities of the Corporate Governance Committee
- The Corporate Governance Committee's meetings

4) Risk Management Committee

The Risk Management Committee is comprised of 8 members as of December 31, 2016. The name list and number of meeting attendances of each committee member in years 2015 and 2016 are shown as follows

Name	Position	Meeting attendance / total number of meetings (times)	
		2016	2015
Mr. Chadchart Sittipunt	Chairman of Risk Management Committee	2/2	2/2
Mrs. Suwanna Bhuddhaprasart	Member of Risk Management Committee	2/2	1/2
Mr. Suang Chaisurote ⁽¹⁾	Member of Risk Management Committee	1/1	-
Mr. Pornthep Pipattangsakul ⁽¹⁾	Member of Risk Management Committee	-	2/2
Mr. Pravit Choatewatanaphun ⁽²⁾	Member of Risk Management Committee	2/2	-
Mr. Pairoj Wattanavarodom ⁽²⁾	Member of Risk Management Committee	-	0/2

Name	Position	Meeting attendance / total number of meetings (times)	
		2016	2015
Ms. Apinya Jarutrakulchai ⁽³⁾	Member of Risk Management Committee	2/2	1/1
Mr. Adisak Srisook ⁽⁴⁾	Member of Risk Management Committee	1/1	-
Mr. Sommart Promkunakorn ⁽⁵⁾	Member of Risk Management Committee	2/2	1/2
Mr. Somsak Jirarungruangvong	Member of Risk Management Committee	1/2	0/2
Mr. Somchai Warunpantulak ⁽⁶⁾	Member of Risk Management Committee	-	1/1

Remark : (1) Mr. Suang Chaisurote was approved and appointed as the Member of Risk Management Committee by the resolution of the Board of Directors' Meeting No.7/2016 convened on August 23, 2016 in replacement of Mr. Pornthep Pipattangsakul, who has resigned from the position effective July 1, 2016

(2) Mr. Pravit Choatewatanaphun was approved and appointed as the Member of Risk Management Committee by the resolution of the Board of Directors' Meeting No.6/2016 convened on June 21, 2016 in replacement of Mr. Pairoj Wattanavarodom, who has resigned from the position effective May 1, 2016

(3) Ms. Apinya Jarutrakulchai was appointed as the Member of Risk Management Committee, by the resolution of the Board of Directors' Meeting No.7/2015 convened on November 24, 2015

(4) Mr. Adisak Srisook was approved and appointed as the Member of Risk Management Committee by the resolution of the Board of Directors' Meeting No.7/2016 convened on August 23, 2016

(5) Mr. Sommart Promkunakorn was approved and appointed as the Member of Risk Management Committee by the resolution of the Board of Directors' Meeting No.2/2015 convened on March 23, 2015

(6) Mr. Somchai Warunpantulak was approved and appointed as the Member of Risk Management Committee by the resolution of the Board of Directors' Meeting No.2/2015 convened on March 23, 2015 and has resigned from the position on September 1, 2015

Authorities and Duties of the Risk Management Committee

1. To determine criteria, policies and processes of evaluation and management of risks which have impact on the Company;
2. To evaluate, analyze and prioritize the risks and to determine guidelines and strategies for risk management so that the risks shall be at an acceptable level under proper cost schemes;
3. To follow up and evaluate the risk management and to report the result of risk evaluation to the Audit Committee;

4. To make decisions and to give advice on major problems occurred in the risk management process.

Self-Assessment of the Risk Management Committee as a Group

The Risk Management Committee has evaluated self-performance as a group in 2016, based on "The Risk Management Committee Self-Assessment Form" prepared by the company under the principle of corporate governance and the SET guidelines. There were 6 main areas having been taken into account as follows

1. Structure and qualifications of the Risk Management Committee
2. Roles, duties and responsibilities of the Risk Management Committee
3. The Risk Management Committee meetings
4. Performance of the Risk Management Committee
5. Relationship with the Management
6. Self-development of the Risk Management Committee and development of Executives

Average scores received for assessments made by The Risk Management Committee for performance in 2016 was considered excellent

The Process of Performance Evaluation of the Sub-Committee

Each sub-committee's secretary shall submit the performance evaluation form of the committee to individual committee member for annual performance evaluation assessment. After the assessment is completed, the form shall be returned to the secretary of each sub-committee, who collects the evaluation score of each committee member, and concludes the committee's assessment results, then reports to each sub-committee for acknowledgement. Afterwards, the Corporate Governance Committee secretary shall gather the evaluation score of each sub-committee, summarize and report to the Corporate Governance Committee. Therefore, the Chairman of the Corporate Governance Committee shall report the performance evaluation results in the next General Meeting of the Board of Directors.

3. Nomination and appointment of directors and high-level executives

The Nomination and Remuneration Committee shall prescribe the qualifications of those who will be appointed for the positions of director or high-level executives of the Company from Chief Executive Officer up so as to be in compliance with the good governance policy and within the scope of authorities and duties of the Nomination and Remuneration Committee as stipulated in the Charter. The details are presented in the Nomination and Remuneration Committee section. In addition, the Company also provides an opportunity for shareholders to nominate the qualified candidates through the channel of the Nomination and Remuneration Committee in light of taking into account a set of qualifications prior to the further submission for resolutions in the shareholder meeting.

1) Independent Directors

The independent directors have important roles in enhancing investors' confidence, imposing a balance on major shareholders' power and promoting the corporate governance under the principle of international standard. The Company therefore defines the following requirements for its "independent directors", which is in accordance with the minimum regulations prescribed by the Security and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Below shown are the requirements:

- (A) An independent director must hold no more than 1% of shares with voting rights in the Company, parent company, subsidiaries, associated companies or parties with possible conflict of interest including the shareholding of related individuals of that independent director.
- (B) An independent director must not be or had not been the Company's executive directors, nor served as permanent employees, advisors on regular payroll, and authorized persons of the Company, parent company, subsidiaries, associated companies and same level subsidiaries of the parent company except when the previous association has been terminated at least for more than two years prior to the submission to request for permission from SEC.
- (C) Independent directors must not be a "blood relative" or by legal registration in the nature of father, mother,

husband, wife, sibling, child, son or daughter -in-law of the management, major shareholders, authorized persons, or individuals who are about to be nominated as the management or authorized persons who have control over the Company or its subsidiaries.

- (D) Independent directors must not or have not had business relationship with the Company, parent company, subsidiaries, associated companies or parties with possible conflict of interest in a way that will prevent independent judgment. Furthermore, independent directors must not be or had been major shareholders, directors that were not independent directors, or the management of any party who has a business relationship with the Company, parent company, subsidiaries, associated companies or parties with possible conflict of interest except when the previous association has been terminated at least for more than two years prior to the submission to request for permission from SEC.

The business relationship earlier mentioned in Clause I includes transactions of normal trading business of rental or real estate for rent, transactions relating to assets or services or the giving or receiving of financial assistance in terms of loans, guarantees, using assets as loan collateral including other similar practices that can result in permit seeker or contractual partner having to take liability that must be repaid to the other party of more than 3% of net tangible asset of the permit seeker or more than Baht 20 million, whichever amount is lower. For the calculation of that loan, it is granted to use the method of calculating value of related transactions according to the Notification of the Stock Exchange of Thailand (SET) under the topic : Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction. However, in light of summing up the liability, it must take in all liabilities that occurred during one year prior to the starting date of the business relationship with the same individual.

- (E) Independent directors must not be or had not been auditors of the Company, parent company, subsidiaries, associated companies or parties with possible conflict of interest. Independent directors must not be or had not been major shareholders, directors that are not independent directors, the management, or managing partners of auditors' company in which auditors of the Company, parent company, subsidiaries, associated companies or parties with possible conflict of interest, belong to, except when the previous association has been terminated for at least for more than two years prior to submission to request for permission from SEC.
- (F) Independent directors must not be or have been servicing professionals including legal advisors and financial advisors, receiving more than Baht 2 million per annum in remuneration for the service from the Company, parent company, subsidiaries, associated companies or parties with possible conflict of interest. If the servicing professional is a legal entity, it must include major shareholders, directors that are not independent directors, the management, or managing partners of those servicing professionals, except when the previous association was terminated for at least for more than two years prior to submission to request for permission from SEC.
- (G) Independent directors must not be directors who are representative of directors of the Company, major shareholders, or shareholders that are related to major shareholders of the Company.
- (H) Independent directors must not have other characteristics prohibiting independent judgment on the Company's operation.

After being appointed as independent directors whose characteristics meet the requirements earlier mentioned in the (A) through (H) clauses, independent directors will be assigned by the Board of Directors to make collective decisions together on business operation of the Company, parent company, subsidiaries, associated companies or same level subsidiaries of the parent company or parties with possible conflict of interest.

or same level subsidiaries of the parent company or parties with possible conflict of interest.

2) Directors and top executives

The appointment of the Company's directors or top executives, from Chief Executive Officer up, shall be done through the Nominating and Remuneration Committee, which will consider the candidates' qualifications in terms of knowledge, experience, expertise from varieties of professions, as well as the qualifications specified by the laws. In this regards, the appointment of the Company's directors must receive the vote of no less than half of the total number of shareholders who attend the meeting and have the rights to vote.

Roles and duties of Chairman and Chief Executive Officer

- 1) The Company's Chief Executive Officer is responsible as leader of the Board of Directors, serving as chairman of the Board of Directors' Meeting and that of the Shareholders' Meeting.
- 2) The Chairman, elected by the Board of Directors, presides over the meeting and ensures that various issues under concern be properly taken into consideration, and that the Board of Directors be properly focusing on the right ones in regard to the revision and approval of the strategies earlier proposed by the management team, as well as ensuring that the aforementioned strategies be implemented.
- 3) The Chief Executive Officer, appointed by the Board of Directors, serves as leader of his or her management team in ensuring the implementation of the strategies already approved while ably regulating the actions within the framework stipulated by the Board of Directors.
- 4) The Chairman shall visualize the Company's overview of how the directors are operating; in addition, Chairman shall inspire confidence in the Company's business operation by which the Board of Directors and/or the Committees, who are comprised of personnel of high caliber, are able to effectively work as a group; while also ensuring

that all directors, executive or non-executive, be eagerly supported in their implementations both in terms of business administration and supervision.

- 5) The Chief Executive Officer, as an executive, must be most well informed about and most committed to the Company, as well as being unique and different from other top executives in the sense that, with his or her leadership and outstanding vision, he or she is able to capture the Company's overview as an organization at its best.
- 6) The Company clearly distinguishes between Chief Executive Officer and Chairman; both must be able to compromise and trust each other, being respectful to each other in order to provide mutual support in light of the Company's business operation.

system of the subsidiaries and report the result of such audits in all subsidiaries as planned to the Audit Committee.

2) Associated companies

The Company dispatches its executives or management team to be directors in its associated companies in accordance with the proportion of shareholding in order that they represent the Company's interests, and that they participate in establishing major policies in business operation. In this regard, the Company has not yet established the regulations or requirements of the Company that call for approval from the meeting of the Company's Board of Directors in light of appointing its representatives to a position in the associated companies; the aforementioned appointment, however, still requires an approval from the Company's management.

4. Supervision of subsidiaries' and associated companies' operation

The Company's directors shall approve the establishment of vision, strategies, policies, business plan and budget of the Company to be used as frameworks or goals of the management for operation to achieve the result prescribed by the Company's Board of Directors. All of the approvals by the Company's Board of Directors include the subsidiaries and associated companies as appropriate in management. Details are as follows:

1) Subsidiaries

The Companies hold 100% shares in its subsidiaries both directly and indirectly. The Company has a policy to supervise the operation of its subsidiaries in the same manner as it does for the Company. The Company's management team shall be the authorized directors and executives of the subsidiaries so that the establishment of vision, strategies, policies, business plans and budget will be in compliance with the approval of the Company's Board of Directors. The Company shall convene regular meetings among the executives of the subsidiaries in order to control and supervise the subsidiaries to operate in compliance with the Company's goals. Besides, the Company's Audit Committee also allows the Company's Internal Control Department to audit the internal control

5. Supervision of the use of inside information

The Company has the policy to control the use of the Company's internal data for personal benefits by prohibiting the executives to use the Company's data for personal benefits and prohibiting the trading of the Company's shares during 1 month before the announcement of financial statements to the public. In addition to the above-mentioned restriction, the Company has no policy to prohibit the executives' trading of the Company's shares. However, directors and/or executives of the Company shall be obliged to prepare report on holding of the Company's shares by their spouses and minor children and those related parties to the directors and/or executives under Section 59 of the Securities and Exchange Act 2535 BE within 3 working days as from the date of changes of holding of the Company's shares. Directors and/or executives must always report such changes of holding of the Company's shares. The Company had no measures of punishment, in case, it was found that any executive has violated the Company's policies. However, in case directors and/or executives has breached the law and caused damage to the Company and the third parties, the Company shall cooperate and coordinate with the regulatory authorities to take legal actions.

Gusto





CORPORATE SOCIAL RESPONSIBILITY

The Company supports for a variety of activities that prove beneficial to the society, community and environment. In addition, the Company also has the policy to promote and implant good conscience, awareness and a sense of responsibility among its employees for the benefits of the Thai society, community and environment as follows

- The Company has the policy not to take any actions which may result in damaging the reputation of the country and/or cause damages to natural resources and the environment
- The Company shall not cooperate or support any persons who operate illegal businesses, poses a threat to the society and/or homeland security
- The Company continually implants social awareness and a sense of responsibility for communities and Thai society as a whole, among employees at all levels
- The Company operates and takes control so as to ensure that all operations are in compliance with the related laws.

1. Fair Business Operations

- The Company selects contractors and subcontractors based on equality and fairness with no discrimination in terms of physical traits, mental condition, nationality, religion, gender, age, education or other issues, hence the opportunity for fair competition without prejudice;
- The Company provides appropriate assistance to its trading partners. For instance, if the material prices increase higher than those specified in the contract, the Company will make price adjustment or provide financial assistance to the contractors;
- The Company adheres to the value of acting toward financial and banking institutions, debentures holders and loan creditors with honesty, and it always repays principal and interest on a timely basis. The Company also strictly follows the conditions and rules that are specified in the lending contract and in other agreements. Whenever the problems arise which may affect the banks, financial institutions and lenders, or whenever the Company is not able to comply with the conditions stated in the loan agreement, the Company will issue a written document to clarify the situation to the banks and financial institutions and the lenders in advance. Then it will be followed by a meeting to get the solutions;

- The Company has a policy not to support its employees to infringe the intellectual property or copyrights of other persons such as by means of reproduction, modification, dissemination of computer programs to the general public, release of original or copy of such works for rent without permission from the copyright owners, and the Company does not its employees to use any software which has proven to infringe the copyrights.

2. Anti-corruption activities

The Company has emphasized and promoted honest and transparent business operation, as well as strict compliance with the law. In addition, the Company realizes that apart from negative impacts on business operation, reputation and image of the Company, bribes and corruptions are also the obstacles for sustainable growth of the Company.

The Board of Directors of the Company resolved that the Company must show its intention to participate in Thailand's Private Sector Collective Action Coalition Against Corruption and the Chairman of the committee of Thailand's Private Sector Collective Action Coalition Against Corruption acknowledged our participation in the project on December 26, 2014.

According to the Board of Directors' Meeting No.1/2015 held on February 24, 2015, the Board of Directors approved The Anti- Bribery and Corruption Policy by including in "The Corporate Governance Policy" and "Business Ethics" of the Company

In addition, for clarity of practice, the Board of Directors meeting No.1/2016 held on February 26, 2016 approved "the Anti- Bribery and Corruption Policy and Measures" separately from "the Corporate Governance Policy" and "Business Ethics" of the Company. These were specified as the duties and responsibilities of the directors, executives and all employees which should be acknowledged, understood and strictly conformed to the policy and code of practice. The Company presented this policy and code of practice including "The Corporate Governance Policy" and "Business Ethics" on the Company's website. This shall increase the channels for the executives and employees to acknowledge the code of practice and implement effectively. All stakeholders are also to know the intention and determination of the Company in developing the Company and the nation to be free from corruption onwards.

In order to achieve the Company's objectives of the Anti- Bribery and Corruption, the Company established "Anti- Bribery and Corruption working team" consisting of representatives from each business unit and having the Managing Director as the Chairman of the working team.

The measures and guidelines on Anti-Bribery and Corruption cover the following operation of the Company:

1. The Company has conducted bribery and corruption risk assessment and set out the measures that match the risks and comply with internal control system;
2. The Company has defined the operational process that is adequate for implementation according to the policy which can prevent bribery and corruption in business operation;
3. The Company has provided orientation and training to the personnel in order to let them realize and understand the policies, measures and procedures on anti-bribery and corruption;

4. The Company has established an internal control system in order to ensure the efficiency and effectiveness of the Anti-Bribery and Corruption Policy that covers the process of financial and accounting data collection, as well as other processes involving the Company's operation;
5. The Company has conducted the reporting, monitoring and reviewing of the Anti-Bribery and Corruption Policy compliance, with a proper process to ensure that the policy is complete, adequate and up-to-date;
6. The Company has provided secure communication channels for its employees and all stakeholders, in order to request for suggestion, report the suspected behaviors, recommend or file complaints about bribery and corruption, with the right protection measure for aforementioned people;
7. The Company has provided the communication of the Anti-Bribery and Corruption Policy both internally and externally, in order to let all stakeholders learn more about the policy, including the notification to subsidiaries, associates and other companies under the Company's control, as well as the business representatives, to adopt the anti-bribery and corruption policy of the Company

Guidelines for Anti-Bribery and Corruption

The Company has the following guidelines for anti-bribery and corruption:

1. Political Aid

- 1.1 The Company remains in its politically neutral state, with no supports for any political party in particular;
- 1.2 In the event that the Company may have an intent to provide political support in the name of democracy, such action shall not fail to comply with the laws related to the issue; nor shall the Company be doing so in expectation of being provided with special treatment. Company procedures in light of the matter must be strictly observed;
- 1.3 Employees are free to participate in political

activities under the Thai Constitutional laws, the Company's property or anything including tools, equipment, etc., belonging to the Company, shall not be cited to strategically produce satisfactorily political results or benefits; in addition, good care must be taken to ensure that no miscomprehension be made in regard to the Company's non-partisan, good principle.

2. Donation for Charity

- 2.1 The Company has a policy on donation for charity both in terms of financial support and others such as donation of goods, participating in various activities, etc., so as in remaining adhered to its ethical framework of social responsibility;
- 2.2 Employees must take precautions and ensure that donations for charity not be directed towards corruptive behaviors such as bribery and the likes, and that their good deeds be done with transparency and in compliance with the laws;
- 2.3 The Company's money or property must be spent or used in light of donation for charity 'only' in the Company's name, typically for the good of such establishments as foundation, public charity organization, temple, hospital or other social benefit organizations, all of which must also be in possession of official certificate and verifiable in entity; implementations are to be made according to the Company's rules and regulations.

3. Monetary Support

- 3.1 Being a sponsor may be a public relations instruments rightfully adopted by the Company;
- 3.2 Employee must ensure with good care that, in case of donation, it be made strictly for charity purpose in order that the Company's sponsorship shall not be misused as another means of avoiding being labeled as giving bribes, and so that actions have been taken with transparency in accordance with the laws;
- 3.3 Employee must ensure with good care that

the Company's money or property spent or used in providing supports for certain projects be credited to the Company's name only, and that the aforementioned actions must have been taken strictly for the benefits of the Company's reputation and positive brand image, etc.

4. Gifts/presents, service fees and other expenses

- 4.1 Employees shall not collect or receive money, goods or any other forms of benefits from those involved in conducting businesses with the Company, in exception that the employee may receive or give presents as suggested by the good, traditional customs provided that those gifts/presents obtained do not affect the recipient's business decisions whatsoever;
- 4.2 The presents received from others should be moderate in financial value and not in form of cash or its equivalent;
- 4.3 In the event that employees happen to have received gifts or presents of extraordinarily high value from those involved in conducting businesses with the Company, they must report their superior(s) within the chain of command;
- 4.4 Giving and receiving gifts/presents may be done with transparency in public.

Whistle-blowing and Protection of Whistleblowers

The Company has instated that superiors in each and every level within the organization take actions on ensuring that their subordinates be informed, understand and comply with the Company's business ethics, rules and regulations stipulated in the articles of association, the corporate governance, as well as a series of legislations and legal codes, in practice; in addition, the Company has established guidelines for deliberation and interrogation with transparency and verifiability in light of complaints and such.

In order for all stakeholders are to be treated equally and in fairness, the Company has established a series of channels through which petitions and complaints, as well as suggestions and feedbacks, may be directed in the event that - from the Company's business operations

or to its employees' possible misconducts related with suspicious behaviors deemed bribery and corruption.

The petitioners can submit the clues and complaints including related evidences by following channel:

Mr.Chulasingh Vasantasingh
Chairman of Audit Committee,
Email: chulasingh.v@qh.co.th

Mr. Rachai Wattanakasaem
Member of Audit Committee,
Email: rachai.w@qh.co.th

Mr. Suri Buakhom
Member of Audit Committee,
Email: suri.b@qh.co.th

Such e-mails could be found on the Company's website

The Audit Committee shall pass on the received clues and complaints to the Internal Audit Department for investigation and then represent to the Audit Committee for consideration of such clues and complaints speedily.

The petitioners, all of who are the Company's employees, customers, those hired by the Company and/or the stakeholders possibly representing other concerned groups, shall be protected by laws and/or the Company's guidelines and regulations.

Risk Assessment

The Company provided the procedures of the risk assessment on anti-corruption issues as follows:

1. The head of each business unit is to specify risk and possibilities of corruption in each process of business unit transaction.
2. The head of each business unit is to specify the impact occurring to the Company from the risk identified in 1.
3. Propose the information from 1 and 2 to the management division/ Anti-Bribery and Corruption working team.
4. Communicate the Anti-Bribery and Corruption

Policy to relevant parties to know and conform to .

5. Control and monitor the practitioner to strictly implement the Anti- Bribery and Corruption Policy.
6. Specify the revision on the risk management policy of anti-bribery and corruption at least once a year as well as revising the existing policy to suit for preventing or reducing risk at the acceptable level.

Internal Control and Auditing System and Financial Reporting

1. The management team of the Company is responsible to prepare both annually and quarterly financial reports that are correct and complete in timely basis, according to Generally Acceptable Accounting Principle.
2. There shall be the efficient internal control and auditing system in order to ensure that the Company comply with the relevant standards and laws under the examination of internal auditors and verification of the Audit Committee.

Training and Communication

The Company has distributed, to all stakeholders, information displayed on both internet and intranet website of the Company, to acknowledge Company's determination to operate the business with transparency and free from bribery and corruption,

1. Communication

- 1.1 The Company has provided the communication about the anti-bribery and corruption policy and measures to the relevant parties, comprising of Directors, Executives, employees, subsidiaries, associates and other companies under the Company's control and all relevant stakeholders for acknowledgement;
- 1.2 The Company has communicated the penalties in the violation of Anti-Bribery and Corruption Policy and measures, as well as the communication about the policy stated that even though the Company would lose business opportunities; the Directors, Executives and employees who refuse to commit bribery and corruption

shall not be demoted, punished or received negative results,

- 1.3 The Company has disclosed the Anti-Bribery and Corruption Policy and measures of the Company to the public.

In this regard, once the relevant policies and measures are defined or revised, such information shall be announced and revealed via appropriate communication channel, such as mail, E-mail, Company's website on both internet and intranet, print media, advertisement sign, etc.

2. Training

- 2.1 The Company has provided the orientation and training of Anti-Bribery and Corruption Policy and measures provided to the Directors, employees and Executives
- 2.2 Directors and Executives shall be encouraged to participate in teaching the employees in order to be the good role model in following the anti-fraud and corruption policy and measures.

In 2016, the company sent 1 executive to attend the training courses of Anti Corruption The Practical Guide Association of Thai Institute of Directors (IOD).

Supervision for Compliance

In order to ensure the implementation of the Anti-Bribery and Corruption Policy and measures throughout the organization, with well-defined supervision, the Company has set out the roles and responsibilities for the following persons or organizations:

Corporate Governance Committee:

- To prepare the Anti-Bribery and Corruption Policy and measures that are up-to-date, and appropriate with the environment and risk factors. The policy and measures shall be reviewed at least once a year;
- To consider the report about the operations according to the Anti-Bribery and Corruption Policy and measures

Audit Committee:

- To examine the internal control system, internal audit, as well as bribery and corruption risk assessment to ensure the efficiency and effectiveness;
- To consider the report about the operations according to the anti-bribery and corruption policy and measures;
- To consider the urgent matters about bribery and corruption in order to take action in timely basis

Management Team:

- To provide a mechanism and internal control system that supports the operation according of the Anti-Bribery and Corruption Policy and measures;
- To propose the urgent matters about bribery and corruption (if any) to the Audit Committee and Board of Directors;
- To report regularly the examination result according to the anti-bribery and corruption policy and measures to the Audit Committee and Board of Directors;
- To encourage the subordinates to realize the importance of the compliance with anti-bribery and corruption policy and measures.

Human Resource Department:

- To provide human resource management process that reflects the Company's determination to comply with anti-bribery and corruption policy and measures;
- To communicate the anti-bribery and corruption policy and measures to the relevant stakeholders thoroughly.

Internal Audit Department:

- To review the internal control system, internal audit, as well as bribery and corruption risk assessment before reporting to the Audit Committee, including notifying and following up the result from the relevant departments in order to ensure that the Management team has already solved such issues.

- To provide preliminary suggestion about the anti-bribery and corruption policy and measures, as well as to coordinate or discuss with other departments involved in providing, complete, proper and clear recommendations.

Punishment

1. The policy and code of practice of Anti- Bribery and Corruption should be a part of discipline in the operations. Directors, executives and employees who do not comply the policy would be investigated and considered to take the disciplinary punishment following the Company' rules, charters and relevant laws including termination.
2. The Company would not demote, punish, or provide negative effect to the director, executive and employee who denied corruption even though such action would cause the Company to lose business opportunities.

3. Respect for human rights

Currently, the problems of human rights have become more severe and have impacts on the society and on the freedom of occupation and business operations. The Company has had the policy to counter any violations of human rights in conformity with the legal state society. That is, people shall have rights and freedom under the provisions of law. The Company's guidelines in this regard are as follows:

1. The Company shall not neglect human rights, but shall respect the dignity of individual human. The Company shall not discriminate people due to difference in terms of gender, race, religion, personal standing, economic or social status. In addition, the Company shall apply the aforementioned criteria to its employment, job assignments, promotion, giving of work-related rewards, including the employment conditions;
2. The Company shall fight against human trafficking, the use of child labor aged lower than the criteria prescribed by the labor law, and shall not do any business with the producers of products or services who are involved in such conducts;

3. The Company shall support, respect and protect human rights by auditing and preventing the Company's business operation with the third parties from any violation of human rights and from any action which may violate employees' rights as protected by the law.

4. Fair treatment towards employees

The Company has prescribed the guideline of fair treatment towards employees in accordance with the international standards as follows:

- Providing appropriate compensation in accordance with each employee's knowledge, ability, responsibility and performance;
- Encouraging, developing and enhancing knowledge and ability of employees for their achievements and security in their career;
- Supporting participation of the employees in determining the directions in working and problem solving in the Company;
- Taking care of work environment for life and properties safety and good health for the life, health, and the employees;
- The reward and punishment for employees must be based on righteousness and fairness, and must be made honestly;
- Adhering to the laws and other regulations regarding legal laws and employees' welfare;
- Managing the employees by avoiding any unfair and wrong acts which may affect the job achievement and career security of the employees;
- Treating the employees based on the dignity of human beings, and respect their individual human rights and duties.

5. Responsibilities towards Consumers

The Company's guidelines are shown as follows:

Hotel business

- A series of campaigns have been strategically established to discourage retail outlets upon hotel premises from selling all kinds of alcohol beverage for the purpose of health and safety of the customers;
- Insect repellent spray used in the hotels has been distilled from herbs in order to avoid dangers to hotel guests and employees and to reduce the process involving locomotion of customers and/or employees out of the area since the aforementioned herbal insect repellent has proven to have no negative impact on customers or employees;
- There are facilities provided for people (guests) with disability, including accommodations, designated parking space, lavatories and wheelchair ramps;
- Guest speakers were/are invited to provide fire extinguisher training, as well as knowledge of fire escape and first aids for employees and customers;
- New employees have been provided with advance-level fire extinguisher training course on annual basis; in addition, fire drills have been held on monthly basis upon the premise so as to gain customers' confidence in light of the building's fire prevention system

Real estate for sales

- After customers have moved into the new home for 1-3 months, the Maintenance Service team will be sent to meet with them to provide instructions for home equipment maintenance at home, as well as checking the overall conditions of their residences;

- "Thank you Party" for the customers is organized, with snacks, food and drink, as well as souvenirs, being provided; the customers also being able to invite their friends to the party (in order to create good relationship between the Company and its customers);
- In regard to high-end home projects, the design will focus on maximum privacy for customers, such as by using Double Security system so as to prevent any of the external party's intrusions
- "Home Automation" designs are in use, by which the light will be turned on and off automatically for more convenience, safety, and energy saving, as well as environmental friendliness; alternatively, the system may be controlled through other types of controller as well;
- Strict security system at the entrance of the project is being in use: visitors are to be checked thoroughly, and they are also required to exchange ID cards for the rights to enter the project. Visitor's card must be properly stamped every time prior to exiting the project, which helps increase customers' confidence in the project's security system;
- Meeting sessions are held for the tenants in order to provide the opportunity for their opinions, feedbacks and suggestions to be heard, as well as participating in finding solutions to problems upon the premises; bulletin boards are made available for public relations purposes, and suggestion boxes are strategically being placed in return for tenants' opinions, feedbacks and suggestions; all for peace and order within the community with an aim to alleviate the situations of complaint in the future;
- The building designs for condominium projects are in compliance with environmental standards and laws. Both the designs and reports on environmental impacts of the projects are submitted in order to obtain permissions. In addition, the

Environmental Impact Analysis (EIA) reports are prepared as specified by the law. Other rules and regulations are also strictly observed;

- Training on the roles and responsibilities of after-sales service officers are provided so as to enable those holding the position to understand their roles and responsibilities towards customers and to enhance quality in all aspects of the after-sales service to be provided to the customers;
- Energy-saving and environment-friendly building equipment is to be used, including water-saving sanitary ware, LED lights instead of incandescent lights, number 5 air conditioners and water pump, solar-cell, etc. to reduce excessive energy consumption;
- Call center '1388' has been established with the objectives to serve customers through a pneumatic contact number, as well as providing basic information for them including that on promotional packages available at the time, project locations, details of projects (house, condominium and townhouse) to be given at an initial stage in aims at helping them make subsequent buying decisions; in addition, the call center also serves as a strategic place towards which complaint and feedbacks may be directed as well;
- The public park and clubhouse of home project has been designed with consideration for the disabled and senior citizen, such as creating the path for wheelchair so as to enter the public park of the project, as well as the slope for the wheelchair, including the toilets where wheelchair can access.

6. Environment Conservation

The Company remains constantly resolute in providing supports for a variety of activities that prove beneficial to the society, community and environment. In addition, the Company also has the policy to promote and implant good conscience, awareness and a sense of responsibility among its employees for the benefits of the Thai society,

community and environment as follows:

- Office buildings for rent, hotels and serviced apartment projects have cooperated well in light of energy conservation by installing new air-conditioners in replacement for the previous ones every time it was detected that the use of energy exceeded the standard of energy consumption; in addition, the quality of the used water supplies in buildings has been tested before draining to the public wastewater system, etc.;
- Waste water treatment system has been utilized in office buildings for rent, hotels and serviced apartment projects so as to treat waste liquid prior to releasing it to public pipes. The Company has made delivery of supplies of already treated wastewater to Environment and Laboratory Co., Ltd. for testing in order to ensure that the process of waste water treatment has been conducted in accordance with the established criteria
- Employees are encouraged to classify wastes before have them disposed;
- Training courses have been provided for the employees whose tasks are related to housekeeping, which include the properties of floor cleaning products that are suitable for each type of surface or materials, as well as the appropriate amount required to reduce both the residue and the amount of water used in cleaning; as a result, the amount of waste water affecting the environment has proven to be in decline;
- Only materials by the manufacturers who have proven to care about environment, and who have made efficient use of natural resources in aims at alleviating environmental impacts, are to be used. Verification may be conducted by examining their certified environment standards;
- Implemented "Smoke Free Hotel Project" to raise awareness on no-smoking by educating hotel customers, as well as, people in the community the benefits of not smoking, including, good health, good hygiene and environmentally friendly.

7. Participation in social/community development

- Participating in alliance with "Kidzania", the world-renowned edutainment center that provides great learning experience for children aged 4-14 years of age by role play and make-belief in a selection of occupations: Q. House has provided the project with a studio design hall (on 2nd floor of Kidzania, Siam Paragon), where children are to be provided with the opportunity to learn more about Interior Design, as well as various ways to decorate their own rooms;
- The lighting system has been installed surrounding the project area, as well as that of traffic lights in the public-roadway junction area for safety of customers and neighboring community residents;
- The employees of the Company and its subsidiaries, participated in blood donation campaign for the charitable benefits of the Thai Red Cross Society at 'Q. House Lumpini, 4 times annually
- In 2016, a group of hotels cooperated in producing English learning material from used calendar to be given to students of the schools of Border Patrol Police, under the name "PRAC & PLAY by Centre Point". The objective is to promote learning, provide equal opportunities of learning of students in far secluded area and decrease spending of the schools

8. Availability of innovations and distribution of innovations obtained from the operations that are responsible for the society, environment and stakeholders

Hotel business

- Changing the chlorine-based swimming pools to salt-based ones in light of reducing the use of chemical products and enhancing health benefits for the customers;

- Changing halogen lights to LED lights in order to reduce energy consumption in the rooms and customer service areas.

Business of real estate development for sales

- Using pre-cast concrete system to reduce construction time and to minimize impacts from construction work on surrounding communities, as well as decreasing the amount of garbage or waste from the construction work;
- Using alternative materials in construction instead of natural materials in aims at reducing impacts on environment and saving the installation time; for instance, the use of artificial wood or wooden-designed tiles instead of real wood, or that of ready-made stairs rather than wooden stairs, as well as selection of vinyl doors and windows in replacement for wood in order to alleviate the burden of natural materials consumption;
- Constructing more of central wastewater treatment tanks than the number specified by laws, as well as providing for minor wastewater treatment tanks in all households and buildings in order that wastewater can be treated prior to being released to public drainage systems;
- Architectural design work having been made in according to the principle of tropical architect design, with eaves projecting beyond the side of the building so as to help alleviate heat within the interiors, in addition to the use of thermal insulation and lightweight brick wall for heat prevention, etc, thus reducing consumption of electricity from air conditioners and electric fans;
- Strategically planned project layout in accordance with the principle of tropical architect design, with the focus being made upon directions of sunlight, wind, rainfall and seasonal climates; the house

structures located along the line of north and south directions are good for natural light to shine in, as well as for better ventilation and saving mechanical energy; cultivation of perennial plants and trees, as well as green landscape, creates peaceful ambience with a sense of comfort while simultaneously serving as a dust filter and reducing noise pollution; housing projects are also designed with energy-saving in mind based upon directions of sunlight and wind.

- Innovation for energy saving which uses natural light to save electricity. For instance, usage of Solar cells and lighting equipment in public areas, for example, light posts or street lights. The solar cell stores energy from sunlight and changes it to electricity to reduce usage of electricity and reduce public area costs for residence.

- Innovation for security
 1. Masterplan Innovation which plans for security from the design stage of houses, for example, clear segregation of public and private zones, clear planning for easy security monitoring or "Double Security" system which places access control on both floors
 2. Equipment Innovation which installs infrared beam sensor systems on top of the walls of the housing projects which alerts security when there are intruders, to increase the credibility of safety in risky areas such as wastelands
 3. Innovation for good health which installs small Hydroponics DIY kits in vacant areas of houses and big DIY kits as green houses in the public area for the residents' usage. There will also be informative sessions and activities from time to time.

INTERNAL CONTROL AND RISK MANAGEMENT

During the Board of Directors' Meeting No.1/2017 convened on February 27, 2017, which was attended by 3 Audit Committee members, the board of directors evaluate the internal control system, with usage of "Internal Control Environment Assessment Form", accessible from SEC website. They jointly considered and inquired certain information and intelligence from management to evaluate the Company's internal control system in 5 disciplines, including;

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring Activities

According to the board of directors' evaluation, the Company's internal control system has been found sufficiently and appropriately established with sufficient personnel to effectively implement the system. Including, an internal control system to supervise and monitor the business operations of subsidiaries and simultaneously preventing from any illegitimate utilization, by the board of directors or management, of both the Company and its subsidiaries' corporate resources and against conducting transactions with parties with potential conflicts and the likes. As for internal control in other subjects, the Board of Directors also had the opinion that there was sufficient control.

The independent directors and members of the Audit Committee had the same opinion with the board of directors.

The details of the 5 disciplines are summarized below:

1. Control Environment

The management team and employees have proven optimistic and in possession of positive attitudes rightfully in favor of the internal control criteria. The management team have placed the importance upon

business ethics and integrity; therefore, in the event that there stood a breach of the codes of conduct, thus affecting the elements of business ethics and integrity, the incidents were to be treated with fairness and transparency in response to the given circumstances and in accordance with the audit report on case-by-case basis.

In general, the Company's internal control system has been found suitable and efficient thus in favor of its implementation as a whole as exemplified in the following examples:

- The board of directors has managed to ensure that the Company have a set of well-defined business goals, all of which are assessable and practically utilized as guidelines for performance appraisal and business conducts by both the management team and employees at operational level;
- The board of directors has managed to ensure that the Company prescribe the duties and responsibilities of both the committees and executive officers in compliance with the law and the charter;
- The board of directors has proven knowledgeable in the Company's business operations and in possession of expertise of use accordingly, or at least resourceful enough to solicit professional pieces of advice and opinions by specialists and the likes with no difficulty; in addition, the board of directors is comprised of independent directors of note with knowledge, competency and trustworthiness all of who are able to independently operate as well;
- The Company has provided for an instrument of the organizational chart which is proven of great use to the Management team/executive officers' tasks in terms of both effectiveness and efficiency;
- Duties and responsibilities have been determined and assigned properly while authority thereof have been addressed in strictly legitimate manner, which allows for operations to have been as optimally

carried out within the organization as possible, i.e. among the board of directors, executive officers and management team, as well as the company employees at operational level;

- The Company has reviewed its operational goals so as to ensure that they be properly and prudently prescribed in addition to a well-defined paradigm of performance appraisal process, incentive scheme, as well as disciplinary actions upon tardiness and ineffectiveness when and where necessary, all of which are to be communicated and made known to the employees and their superiors (including executive officers and management team);
- The Company has defined and established the Code of Conduct in writing to be properly observed by both management team and employees, as well as monitoring their observance accordingly; this includes prohibiting the aforementioned groups from acquitting in such manner that may cause conflicts of interest with the Company's businesses, as well as preventing from any of corruptive behaviors and misconducts, with which failure to comply shall be addressed in form of disciplinary actions and such;
- The Company has defined and established 'the measure and guideline for anti-bribery and corruption policy', on top of such previously defined in code of conduct, in aims at providing measure and procedure for employees to understand and execute properly as described in the anti-bribery and corruption measure, as well as to communicate internally and externally to create awareness for all groups of interested person regarding to the aforementioned anti-bribery and corruption measure of the company;
- The Company has also prescribed the rules and regulations, as well as policies, all in writing, in dealing with risk-prone transactions including financial, procurement and administrative ones, etc., in aims at preventing from corruptions and

damages that could have incurred;

- The Company has managed to provide the operation control and monitoring systems for those in charge, including the Internal Audit Department, the latter of which retains autonomy in auditing and reporting directly to the Audit Committee, whose duties include making inspection in accordance with business risk priority, covering critical work processes within the Company and its subsidiaries.

The Audit Committee has supervised the internal audit work by giving approvals of the annual audit plans, acknowledging the audit results, providing opinions on how to implement the well-defined internal control system in order to prevent or reduce potential risks, as well as drawing up guidelines for reporting the follow-up results of revisions so that the internal audit work shall be proceeded properly and effectively. In 2016, no significant errors related to the internal control have been found.

2. Risk Assessment

The Company has placed the importance upon the issue of risk management and thus established "the Risk Management Committee" in association with the comprehensive risk categories so as to evaluate and follow up both the overview and the details of risk management plans pertaining to each individual unit within the Company on regular basis. In addition, the Company has managed to ensure that the systems of risk management report be implemented in proper and timely manner. The Company's executives have thus evaluated the situations and risks and analyzed the incidents which may have had impacts on, and caused damage to the Company. In response, the Company has prescribed the preventive and corrective measures against those risks while assiduously monitoring and following up with the incidents attributed to the risk factors, as well as implementing the measures in aims at reducing

the risks accordingly. Furthermore, the Risk Management Committee has approved the instrumentalization and initiated communications of risk management policy with the executive officers/management team and all staff members for their acknowledgement and actions to such an extent that it will have become integral a part to the organization as a whole. The Risk Management Committee also reports the performance on a regular basis to the Audit Committee. Note that the detailed information may be located in another chapter "Risk Factors".

The Company has proven to be in compliance with generally certified accounting standards, an act of which is of good use to its business operations, as well. In regard to this matter, the Company has specified a list of essential items of financial transactions by taking into account such important factors as users of those financial transactions, transaction size and business trends.

The Company's financial report reflects upon how its business operations and activities have been implemented in practice whereby a complete list of financial transactions are revealed, as well as the rights and obligations to be honored by the Company, all of which are accurately and completely manifested.

3. Control Activities

Managerial/executive control of operation signifies an important factor so as to ensure the Company and its shareholders that the guidelines stipulated by the Management be responded and observed by all employees as follows:

- The Company has determined the scope of authority, as well as financial limits and power of attorney, to be exercised by the management team at each level in writing and well-defined manner in the form of regulations on payment approval authority;

- The Company has allocated professional duties and responsibilities into 3 areas as follows:

- (1) Approval;
- (2) Recording of accounting transactions and information;
- (3) Asset management

- Safety control in light of IT system has been properly addressed whereby user levels are determined and categorized strictly in accordance with an employee's scope of duties and responsibilities; the rights to make use of certain programs have also been determined in compliance with the chain of command;

- In case of business transactions being carried out with the related parties, the Company has established a set of concise measures in light of monitoring and ensuring that the aforementioned activities be performed in compliance with the processes prescribed by the authorities while being strictly treated as a case of normal transactions conducted with external parties, thus upon the so-called arm's length basis, all for the Company's highest benefits;

- In the event that business transactions with the related parties are to be approved in such manner that they shall become bound with the Company on a long term basis, the Company has managed to audit and monitor on regular basis as to whether or not the terms and conditions upon which both or all parties have been agreed are being strictly observed;

- In the event that the Company has made investments in subsidiaries or associated companies, the Company shall ensure that their performances be analyzed and evaluated on a regular basis;

- The Company has established controlling measures in light of its business operations so as to ensure compliance with the related laws, thus aims to reduce operational risks and preserving the Company's great name and reputation.

4. Information and Communication

The Company has made a continually concentrated effort to develop and improve the information system in response to its business operation and expansion in light of facilitating employees' workflows, alleviating manual tasks, and enhancing work efficiency while being in compliance with government regulations.

The Company's IT system has proven use in providing support for multi-company business implementation, whereby payment controlling measures are strategically imposed upon the basis of budget system and that of authority being exercised within the scope of each individual job position. Receipt and payment systems are interconnected ranging from the front office departments to accounting departments so as to allow for accuracy and efficiency at work. In addition, the Company has managed to facilitate the entire process at each work station through the implementation of automatic report delivery made immediately to the executives and employees, including retail outlets, as well as that of SMS transmission carried out to the customers.

Regarding the issue of security/safety control, various systems have been designed to be connected to a central log-in server. This allows for a username (account) is to be automatically disabled upon the person's resignation, and in case of password being forgotten, a new one may be obtained upon request, and delivered via SMS at the authorized telephone number that had been provided for the Employee Affairs Department. For strengthened security, one time passwords are utilized for sensitive tasks.

In regard to data/information backup system, 3 actions are to be taken, including, 1. Information on daily activities shall be 'backed up' and maintained in a separate server; 2. The backup database shall

be taped, transferred and maintained to an external location outside the organization on daily basis; 3. Data and information shall be transmitted to a Data Backup Center every 30 minutes while the latest pieces of data and information thereof are examined via automatic e-mail messages and shall be transmitted to those in charge 9 times a day.

Pertaining to a variety of applications including Executive Information System (EIS), Extranet, Intranet, as well as the organization's main applications, they are to be replicated and transferred to a Data Backup Center on daily basis. Additionally, the 'disaster recovery' backup program is to be tested at Data Backup Center twice a year.

Work systems may be classified by business segments as follows:

1) Business of land and houses for sales and condominium units for sales

The information system covers the following areas: land agent/broker registration system (for transparency in land acquisition); land acquisition system; land deeds control system; construction-work request system (in response to planning of construction work, stock control and sales activities); supply-chain-based procurement system; supportive construction-work system including QCON and Pre-cast approaches, as well as construction quality control system; LG management system whereby, in light of enhancing construction work efficiency, all involved are to be on alert when and where LG projects become expired or closed, and whereby the 'payment' column is to be controlled by automatic budget-and-approval system.

In addition, the project information system has been developed so as to make storage of various pieces of important information and documentations ranging from land procurement to requesting for construction permits, construction process and selling until being transferred. Moreover, in previous

year, the data interface with factories manufacturing Precast was implemented, as well as after-sales service system addition.

In regard to sales and marketing, a variety of supportive systems are available as follows: the site inspection database system; property sales-and-trans-ference system whereby customers' personal identifications are to be located via automatic ID card scanners; various marketing systems such as CRM, "Friend Gets Friend", "Electronic Direct Mail", as well as the automatic thank-you notes delivered by means of SMS to the customers; advertisement media system also being utilized so as to prevent overlaps and redundancy while simultaneously measuring the ad-feedback result; and after-sales service. Furthermore, all information systems are interconnected with the accounting and financial system so as to ensure accuracy and eliminate redundancy. The systems are also automatically implemented such as in terms of report delivery via automatic e-mail correspondence, submitting purchase order and making payment automatically to retail outlets, as well as transmitting e-mail alerts to various agencies.

In addition, the Executive Information System (EIS) is also utilized to provide supports for executive decisions in light of business operations, whereby the EIS database shall be processed on daily basis. The EIS system also enables the Company to keep track of work in progress and project layouts, including presales and transfer revenues, in comparison with budgets.

2) Business of hotels and serviced apartment

The information system provides comprehensive support for hotel management and residential buildings for rent, whereby sales operations pertaining to all properties can be managed at

ease from a vantage point. The system capable in supporting passport scanners, whereby customers' contact details including names and addresses shall be auto-scanned into the system. In addition, the system is linked to various smart devices in aims at facilitating the following activities: issuance of master room keycards, the use of keycards for breakfast services and for the elevator control for tenants' safety. The system is also linked to PABX in order that the data of telephone call records may be retrieved and input into the automatic system, and that public utilities may be recorded on mobile and interfaced with the system, and that the system will also allow for the automatic credit-card payment system to be implemented.

In regard to CRM (Customer Relationship Management), online questionnaires have been used and been automatically transmitted to the tenants upon checking out. The information has proven beneficial in light of improving hotel service by means of information analysis program. Electronic direct mail system is also available and used in keeping customers and/or various groups' members posted in regard to the establishments-related promotional information and other promotions.

Meanwhile, the data are also linked to the Company's accounting and financial system and processed into the Executive Information System (EIS) on daily basis. The aforementioned data from the EIS then shall be automatically submitted to the executive officers on daily basis, every morning, in form of report, which shall be utilized so as to facilitate the executive decision-making process. Due to the fact that hospitality service industry requires professional readiness and preparation around the clock, the system therefore has also managed to automatically submit selections of important reports to executive officers stationing

at each hotel branch 3 times a day in response to the Business Continuity Planning (BCP) .

3) Business of office building for rent

The information system provides support for office building management, including contract execution, receiving contractual payments (other types of receipt included), as well as bill collection. The system is linked to the accounting and financial system. The Preventive Maintenance system has also been introduced so as to be utilized in terms of planning of repairs notification, as well as machinery and equipment maintenance.

4) Back Office operation

The information system provides support for the operation of all units within the organization as follows: budget system; procurement system; fixed asset system, thus allowing for a more convenient way to make an inventory counting of assets by means of QR Code scanning; durable articles requisition control system; controlling of petty cash withdrawal and payments; and the payment and receipt system. Budget control shall be implemented as approved by the Board of Directors, while hierarchical authority in association with making executive approval is being audited in conformity with the articles of association so as to ensure that the control system, the audit and "prevention of potential damage" be available at service when necessary. Loan service system is also available, with networks of information being linked to automatic financial management and accounting systems, thus allowing retailers to examine the details of payments for products and services through the Supply Chain system, as well as helping to reduce the number of incoming calls from retail outlets while simultaneously providing for the availability of the organization's telephone directory in light of administrative and payment control.

In regard to financial and accounting system, the system allows for bank statements to be retrieved and reconciled accordingly; in addition, retrospective accounting reports can be produced without any part of the database and information being revised. The system takes control of overseeing monetary flow of contractors' reimbursements and certain deductible items; with its cost-accounting system at work, comprehensive details are made possible to compile as well. Documentation is controlled using the barcode system.

Regarding personnel administration, the Company has made an effort to develop the system that allows for self-service implementation such as in medical reimbursement, timekeeping, records of leave, and pay slip documentation, all of which are to be managed and protected by means of onetime password utilization, the aforementioned password to be delivered via SMS to the initially specified telephone number.

5. Monitoring Activities

The Company has monitored the internal control system in use and conducted an evaluation accordingly; in addition, performance appraisal has also been carried out whereby practice guidelines are prescribed while the internal control system is monitored on a continual basis. This constitutes part of the normal business operation of the management team, supervisors and those involved in the process.

Furthermore, the Company has also evaluated the result of internal audit performed by the internal audit department, which is an independent department. The results are reported to the Audit Committee directly.

In the event that there are incidents or doubts in which gross misconduct, acts against the law or any other irregularities have been committed, which could

significantly affect the Company's reputation and financial status, the executives/management team are to report to the Board of Directors immediately, as well as properly providing corrective measures for the board of directors/the Audit Committee for their further consideration.

In 2016, the Audit Committee has convened 6 meetings so as to take into account and follow up on the financial status and operational results on a regular basis, as well as making significant recommendations which have had impacts on the "organization and executive officers" periodically, while simultaneously monitoring and ensuring that the corporate goals were to be attained. The internal control system would be continually reviewed and improved promptly in response to the ever-changing situations.

Furthermore, the Company's auditor, EY Office Company Limited, represented by Ms. Rossaporn Dej-Arkhom, who serves as the auditor for the financial statements of 2016, has not opined a note in the Auditor's Report that the Company had any defects related to the issue of internal control system.

The Company had appointed Mr. Korasuit Piyambuit as the Head of internal Audit of the company since November 1, 2001. He possesses qualifications and experiences in internal audit as well as accounting and finance, in addition he understands the activities and operations of the company, also has been trained with numerous courses related to internal audit and anti-corruption procedures. The Company had considered that he was suitable to perform in aforementioned role properly.

The consideration of appointment, withdrawing and transfer of the Head of Internal Audit will require an approval from the Audit Committee.



An architectural rendering of a modern residential development. The scene features two-story townhouses with light-colored facades and large windows. A central courtyard with a winding path, green lawns, and modern concrete benches is populated with people, including a family and a child. Several cars are parked in designated spaces. The sky is blue with a few birds flying. The overall atmosphere is bright and contemporary.

CASA CITY

CONNECTED PARTY TRANSACTIONS

1. Connected party transaction with persons with potential conflicts

The Company and its subsidiaries conducted a number of connected party transactions with persons with potential conflicts in the past year (please consult with the remarks included in the financial statement). The Company's and its subsidiaries connected party transactions details are summarized below:

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
1) Land and Houses Fund Management Co., Ltd.				
<ul style="list-style-type: none">QH and LH are the shareholders of LH Financial Group Plc. ("LHFG"), holding 21.34 % and 33.98 % of the total shares respectively (as of May. 4, 2016). Meanwhile, LHFG is the shareholder of Land and Houses Bank Plc., holding 100% of the total shares; and in turn, the LH Bank is holding 100% shares of Land and Houses Fund Management Co., Ltd.	Renting the office space in Q. House Sathorn Building			The Audit Committee was of opinion that, with such rental and service fees of the aforementioned office building's rental space, it was deemed reasonable to enter into the transaction. The prices, which have proven competitive enough in comparison with the offers made to other tenants with similar size of space, were also being offered within a fair market value price range.
	Summary of the Lease/Service Agreement.			
	1st Agreement: 4 years, 10 months and 4 days (Oct. 28, 2010 – Aug. 31, 2015) The total rental space was 240 square-meters at the rental rate (service fee included) of Baht 475 per square-meter per month.			
	2nd Agreement: 3 years (Sep. 1, 2012 – Aug. 31, 2015). The total rental space was 219 square-meters at the rental rate (service fee included) of Baht 450 per square-meter per month.			
	3rd Agreement: 3 years (Sep. 1, 2015 – Aug. 31, 2018). The total rental space was 459 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.			
	4th Agreement: 2 years and 11 months (Sep. 16, 2015 – Aug. 31, 2018). The total rental space was 477 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.			
	- Revenue from rental and service fee	7.63	4.88	
	- Deposit for rental and service fee	1.56	1.56	

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
2. Land and Houses Bank Public Company Limited				
<ul style="list-style-type: none">QH and LH are the shareholders of LH Financial Group Plc. ("LHFG"), holding 21.34 % and 33.98 % of the total shares respectively (as of May 4, 2016). Meanwhile, LHFG is the shareholder of Land and Houses Bank Plc. (LHBANK), holding 100% of the total shares.Mr. Anant Asavabhokhin, is a joint director of this company.	(A) Bank transaction: <ul style="list-style-type: none">Bank depositInterest incomeBank chargeRevenue from automobile salesAccrued expenses	2,190.14 14.67 1.64 - -	2,153.30 12.78 1.75 2.00 0.13	Bank transaction The Audit Committee was of the opinion that the opening of each type of bank accounts, rates of interest income and normal bank charges were normal and implemented in the same manner as other persons or companies as has been generally announced.
Remark: Below shown are the subsidiaries, with both direct and indirect shareholdings: Q.H. Management Co. Ltd., Q.H. International Co. Ltd., The Confidence Co. Ltd., Casa Ville Co. Ltd., Q House Precast Co. Ltd., Casa Ville (Petchburi 2553) Co. Ltd., Casa Ville (Rayong 2553) Co. Ltd., Casa Ville (Chonburi 2554) Co. Ltd., Casa Ville (Prachuabkhirikhan 2554) Co. Ltd., Property Host Co. Ltd., Gusto Village Co.,Ltd. and Centre Point Hospitality Co.,Ltd.	(B) Leasing of space in Q House Asoke Building. Term of Agreement: 3 years (Oct. 1, 2012 - Sep. 30, 2015). The total rental space was 71 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month. Later the company extended the rental agreement for another 3 years period (Oct. 1, 2015 - Sep. 30, 2018). The total rental space was 71 square-meters at the rental rate (service fee included) of Baht 630 per square-meter per month.			Rental of spaces in office buildings The Audit Committee was of the opinion that the rates of rentals and service fees of spaces for rent were reasonable and thus suitable for entering into transaction. In addition, the fees were found comparable to other operators with similar size of spaces, thus constituting those of fair market value as well.
	<ul style="list-style-type: none">Revenue from rental and service feesDeposit for rental and service feesAccount receivables	0.72 0.17 -	0.66 0.17 0.01	Service Fees for Landscape Maintenance and Gardening The Audit Committee was of the opinion that the service fees stipulated under the instrument of agreement/contract were in accordance with the ordinary course of business as usual, thus deemed reasonable and of the fair market value when compared to those of the same business nature
	(C) Leasing of space in Q House Sathorn Building. 1st Agreement: 3 years (Apr. 1, 2014 - Mar. 31, 2017). The total rental space was 2,665 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month. 2nd Agreement: 3 years (Apr. 1, 2014 - Mar. 31, 2017). The total rental space was 36 square-meters at the rental rate (service fee included) of Baht 600 per square-meter per month.			Sales promotion expenses incurred from the activities related to customers who bought properties The Audit Committee was of the opinion that the transactions of sales promotion expenses incurred from the activities related to customers who bought properties and had repaid principal and interest expenses, which is in accordance with the ordinary course of business as usual and also found to be in the approximate value to that of other sales promotion campaigns given to other real-estate customers. Thus, it was deemed proper and reasonable to carry out the aforementioned transactions

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
	- Revenue from rental and service fees	22.65	22.64	
	- Receivables (rental and service fees)	0.34	0.12	
	- Deposit for rental and service fees	4.47	4.47	
(D) Service fees for landscape maintenance and gardening.				
Q.H. Management Co., Ltd., a subsidiary whose shares are held both directly and indirectly in total of 100% by the Company, has provided landscape maintenance and gardening service to Land and Houses Bank Plc. (LHBANK).				
1st Agreement: (1 st Floor)				
Terms of Agreement: 1 year (Jan. 2015 - Dec. 2015), the service fee amounting to Baht 15,000 per month.				
2nd Agreement: (5 th and 24 th Floors) Terms of Agreement: 1 year (Jan. 2015 - Dec. 2015), the service fee amounting to Baht 1,500 per month.				
	- Revenue from the service fees	-	0.20	
	- Account receivables	-	0.02	
(E) Sales promotion expenses incurred from the activities related to customers who bought properties by QH and its subsidiaries.				
	- Sales promotion expenses (principal and interest expenses)	0.54	7.00	

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
3) Home Products Center Public Company Limited ("HMPRO")				
<ul style="list-style-type: none">LH is the joint major shareholder of QH and HMPRO, holding 24.98% (as of Sep. 8, 2016) and 30.23% (as of Sep. 15, 2016) respectively.QH is the major shareholder of HMPRO, holding 19.87% (as of Sep. 15, 2016).HMPRO's joint directors are: Mr. Anant Asavabhokhin, Mr. Chadchart Sittipunt and Mrs. Suwanna Bhuddhaprasart	<p>Purchasing products and services.</p> <ul style="list-style-type: none">- Value of purchased products and services.- Account payables from the purchase of products and services.- Marketing and publicity costs	24.59 0.90 3.21	32.37 6.52 -	<p>The Audit Committee was of the opinion that such transaction was deemed reasonable and based on the principle of fair market value. In addition, QH and its subsidiaries are entitled to opt for products and construction materials from other companies in the event that the rivals' offers are found more reasonably price.</p>
4) Quality Construction Products Public Company Limited ("Q-CON")				
<ul style="list-style-type: none">The major joint shareholder is LH, holding shares of both QH and Q-CON at the ratio of 24.98% (as of Sep. 8, 2016) and 21.16% (as of Apr. 5, 2016) respectively.	<p>Purchasing products</p> <ul style="list-style-type: none">- Value of purchased products and services.- Account payables from the purchase of products and services.- Account receivables from the purchase of products and services (advanced payment). <p>Remark: QH and its subsidiary (Q.H. International Co., Ltd.) held 25.78% and 1.45% of the total shares in Q-CON (as of Dec. 31, 2009) respectively. On Feb. 23, 2010, QH and its subsidiary had entered into business agreement upon the shares of Q-CON with SCG Construction Products Co., Ltd., the latter of whose shares were being held in total of 100% by Siam Cement Plc. The entire amount of payment was implemented and all shares were transferred on Feb. 24, 2010.</p>	50.06 6.70 0.10	63.11 10.19 0.27	<p>The Audit Committee was of the opinion that it was justifiable to enter into the aforementioned transactions since it was in accordance with the terms and conditions stipulated under the Q-CON Share Agreement. Both QH and its subsidiaries also benefited from the profit obtained from selling Q-CON shares. Meanwhile, both QH and its subsidiaries were still utilizing a larger number of light-weight bricks in construction of housing projects than contractually prescribed by the product sales agreement. In addition, the price range of the products appeared relatively similar to the fair market value at that time. Upon completion of the contractual period, QH and its subsidiary would be entitled to make purchase of the same products from other companies that might make more attractive offers in terms of pricing.</p>

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
	In addition, on Mar. 2, 2010, QH had signed the Product Sales Agreement with Q-CON, with the terms of Agreement being the period of 3 years. QH also agreed to purchase light-weight bricks at the minimum quantity and for the prices as prescribed in the aforementioned instrument, the obligation being incorporated as part of the terms and conditions of the Q-CON Share Agreement.			

5) L & H Property Co., Ltd. ("LHP")

1. The joint major shareholders are listed as follows:	(A) Grande Centre Point Hotel Terminal 21			The Audit Committee was of the opinion that it was justifiable and commercially beneficial to the business of hotel/residential buildings for rent to enter into such transactions, which constituted part of QH's business as usual. QH would benefit from being paid the remuneration for its services including project management tasks. In addition, all these activities are most likely to be of use in terms of enhancing corporate brand awareness among the target groups particularly for "Grande Centre Point". The service fees collected by the Company were mutually agreed upon by both parties in accordance with the market prices.
<ul style="list-style-type: none"> LH, holding shares of LHP and QH at 60% and 24.98% respectively (as of Sep. 8, 2016) Reco Resort Pte Ltd., a subsidiary of GIC, holding 40% of LHP shares and GIC hold 10.77% of QH (as of Sep. 8, 2016) 	1. Hiring contract for hotel management. 1.1. Hotel management fee is to be calculated at the rate of 2% of total income plus 4% of net income (Nov. 2011 - Dec. 2014)			
2. The joint directors include the following: Mr. Anant Asavabhokhin, Ms. Kanokvalee Viriyaprapaikit Mr. Adisorn Thananan-narapool	On Jan. 20, 2014, Quality Houses Plc. had made a written notification to terminate the project's service agreement effective from Jan. 1, 2014 so that project management would be re-assigned to Q.H. International Co., Ltd. ("QHI"); (QH holding the shares at 100%) for one-year contractual period (Jan. 1, 2014 - Dec. 31, 2014). Then in 2015, the contract was extended for another one year period (Jan. 1, 2015 - Dec. 31, 2015)			
	Later, L & H Property Co., Ltd and Q.H. International Co., Ltd terminated aforementioned management contract, the termination of such contract is effective from March 31, 2015 onwards.			

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
	- Service revenue.	-	11.34	
	<p>Quality Houses Plc. had transferred its staff members in Marketing department to Q.H. International Co., Ltd. ("QHI") effective from Jan. 1, 2014 whereas the latter would also be responsible for collecting payments of broker fees.</p> <p>Later, Q.H. International Co., Ltd had transferred its staff members in Marketing department to station in hotels, then the collecting payments of broker fees had been terminated from July 2014 onwards</p>			
	- Broker fees	-	-	
	<p>(B) Grande Centre Point Hotel Ratchadamri</p> <p>1. Hiring contract for hotel management</p> <p>Hotel management fee is to be calculated at the rate of 2% of total income plus 4% of net income.</p> <p>On Jan. 20, 2014, Quality Houses Plc. had made a written notification to revise the project management agreement so that project management would be re-assigned to Q.H. International Co., Ltd. ("QHI"); (QH holding the shares at 100%) for a one-year contractual period (Jan. 1, 2014 - Dec. 31, 2014). Then in 2015, the contract was extended for another one year period (Jan. 1, 2015 - Dec. 31, 2015)</p> <p>Later, L & H Property Co., Ltd and QH International Co., Ltd terminated aforementioned management contract, the termination of such contract is effective from</p>			

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
	March 31, 2015 onwards. - Service revenue.	-	11.11	
	Quality Houses Plc. had transferred its staff members in Marketing department to Q.H. International Co., Ltd. ("QHI") effective from Jan. 1, 2014 whereas the latter would also be responsible for collecting payments of broker fees. Later, Q.H. International Co., Ltd had transferred its staff members in Marketing department to station in hotels, then the collecting payments of broker fees had been terminated from July 2014 onwards - Broker fees.	-	-	

6) L & H Management Co., Ltd. ("LHM")

- | | | |
|---|--|--|
| <p>1. The joint major share- holders are LH, holding shares of QH and LH Mall & Hotel Co.,Ltd. ("LHMH") (previously "Pacific Real Estate Co. Ltd") at the ratio of 24.98% (as of Sep. 8, 2016) and 100% respectively. LHMH then holds share of LHM at the ratio of 99.93%</p> <p>2. Ms. Kanokvalee Viriyaprapaikit Mrs. Suwanna Bhuddhaprasart are joint directors in QH and LHM.</p> | <p>(A) Personnel recruitment fees. QHI has hired LHM for personnel recruitment and central administration for the period of 2 years (Jan. 1, 2013 - Dec. 31, 2014). Then in 2015, the contract was extended for another three year period (Jan. 1, 2015 - Dec. 31, 2017)</p> <p>Later on Jun. 1, 2015, Quality Houses Plc. had received a transfer of staffs from L & H Management Co., Ltd., so the aforementioned contract had been terminated.</p> <p>- Personnel management fees.
- Other receivable</p> <p>(B) Location service fees. Summary of Service Agreement
Terms of Agreement: 2 years (Jan. 1, 2013 - Dec. 31, 2014), based upon the calculation of the number of employees utilizing the space at the rate of Baht 5,500 per person per month (excluding VAT).</p> | <p>The Audit Committee was of the opinion that, with the fair market value being identified herewith, it is fair to enter into the said transactions accordingly.</p> <p>- 0.41
- 0.70</p> |
|---|--|--|

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
	From June 1, 2015 onwards Quality Houses Plc. had received a transfer of staffs from L & H Management Co., Ltd., so the aforementioned agreement had been terminated since.			
	- Service revenue	-	0.07	

7) Quality House Leasehold Property Fund ("QHPF")

<ul style="list-style-type: none"> QH is the major shareholder of QHPF, holding 25.66% of total shares (as of Oct 20, 2016). 	(A) Long-term leasehold right.			The Audit Committee was of the opinion that the distribution and/or giving of the leasehold right for land, building and the related equipment of the 2 projects, namely, Q. House Ploenchit and Q. House Lumpini, to QHPF have been carried out in accordance with the resolution of the Board of Directors' Meeting No.10/2006 convened on October 19, 2006.
	QH gives the leasehold right for land and building, as well as other relevant equipment of Q. House Ploenchit Project for 30 years (Dec. 8, 2006 - Dec. 7, 2036), for which QH received the rental fee of Baht 819M in full.			
	- Advance received from leasehold right	541.58	568.75	The transaction was carried out at fair market value whereby the Company
	- Rental revenue	27.17	27.17	has already made price comparison with that being offered by each prospective buyer and thus has selected the bidder who has offered the best proposals, as well as most attractive terms and conditions, including the highest return to the Company.
	(B) QH and QHI (QH holding 100% shares) were hired to manage 3 office buildings for rent, including Q. House Lumpini, Q. House Ploenchit and Wave Place.			The Audit Committee has taken into account the reports submitted at that time by 2 independent consultants, as well.
	- Management fees	38.72	29.13	
	- Other receivables.	2.70	4.98	
	(C) QH rented office spaces from Q. House Lumpini Building			Therefore, the Audit Committee has come to draw the conclusion that the aforementioned transaction was justifiable with the fair market value that also covered the rental fee rates and service fees payable to QHPF.
	- Space rental fee	31.67	32.01	
	- Accrued expenses	0.22	0.22	
	- Deposit for rental and service fees	6.76	6.71	

Notes: The estimated value of Q. House Ploenchit ("PJ") and the Q. House Lumpini ("LU") reported at that time by 2 were as follows:

	Unit: Million		
	PJ	LU	Total
CBRE	838	5,566	6,404
BKKAP	800	5,240	6,040

- CB Richard Ellis (Thailand) Co., Ltd. ("CBRE").
- Bangkok Property Appraisal Co., Ltd. ("BKKAP")

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
8) Mr. Pravith Choatewattanaphun and Miss Kunyavit Choatewattanaphun				
<ul style="list-style-type: none">Senior Executive Vice President	Purchasing and transferring the condominium unit of Q. Condo Asoke	-	7.76	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.
9) Mr. Pornthep Pipattangsakul				
<ul style="list-style-type: none">Director / Senior Executive Vice President (vacated the position as Director and Senior Executive Vice President on Jun. 27, 2016)	Purchasing and transferring the condominium unit of Q. Condo Asoke	-	8.47	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.
10) Mrs. Suwanna Bhuddhaprasart				
<ul style="list-style-type: none">Director	QH sold the corporate car to the director	1.12	-	The Audit Committee was of the opinion that such transaction was deemed to be reasonable and in accordance with the fair market value.
11) L & H Hotel Management ("LHH")				
<ul style="list-style-type: none">Joint major shareholders are LH and GIC which hold 24.98% and 10.77% of QH shares respectively (as of Sep. 8, 2016). LH and the Government of Singapore Investment Corporation (Realty) Pte Ltd. ("GICR") (both GICR and GIC have the same major shareholder) indirectly hold the shares through channel instrumentalization of LHP at the ratio of 60% and 40% respectively, while LHP holds 99.97% of LHH shares.The joint directors are listed as follows: Mrs. Suwanna Bhuddhaprasart Ms. Kanokvalee Viriyaprapaikit.	(A) Hiring contract for personnel management. Q. H. International Co., Ltd. ("QH" holding 100% shares) hired LHH to recruit personnel and manpower for the Centre Point Hotel Ploenchit (Jan. 1, 2014 - Dec. 31, 2014). Centre Point Hotel Ploenchit had been under renovation since May 2014, in addition, Land and Houses Property and Loan Fund-II demanded a new hotel operator, thereof QHI terminated aforementioned contract, effective from September 1, 2014 onwards.			The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
	(B) Space rental and document collection fees. Service fee can be calculated upon the basis of the number of employees utilizing the premises for Baht 5,500 per person per day as well as the documentation storage fees for Baht 5,400 per month (excluding VAT). Later LHH had removed its staffs from service area of QH, then the latter QH had terminated collection of space rental and document collection fees, effective from March 31, 2015 onwards - Service revenue	-	0.18	

12) Quality House Hotel and Residence Freehold and Leasehold Property Fund ("QHHR")

<ul style="list-style-type: none"> QH had sold the assets used in the operation of the Centre Point Hotel Projects in Pratunam, Sukhumvit 10 and Chidlom ("assets"), and proceeded to enable QHHR to enter into the property lease agreement for Centre Point Hotel Chidlom. 	<p>(A) Hotel leasing</p> <p>CPH has taken a lease and sublease of properties from QHHR for its hotel business, which included the Centre Point Hotel projects at Pratunam, Sukhumvit 10 and Chidlom.</p>			<p>The Audit Committee was of the opinion that the distribution of properties together with fixture and related equipment and/or providing for leasehold right and/or transferring of leasehold right over the properties to QHHR was implemented in accordance with the resolution of the Board of Directors' Meeting No.4/2012 dated Jun. 19, 2012, thus approving the Company and its subsidiary to distribute the real estate property, fixture and the related equipment and/or to give the leasehold right and/or to transfer the leasehold right of real estate property for the following (three) hotel operated by the Company: Centre Point Hotel Pratunam, Centre Point Hotel Sukhumvit 10 and Centre Point Hotel Chidlom.</p>
Accordingly, QH received payment in total of Baht 3,342 million as consideration. In addition, on July 18, 2012, the Company had made investment in QHHR for 31.33%, that is, 105.28 million units of QHHR at the unit price of Baht 10, amounting to Baht 1,053 million. As of Nov. 21, 2016, the investment made in QHHR by the Company accounted for 31.33% of total units.	<ul style="list-style-type: none"> - Rental fees - Accrued rental fees 	262.64	243.17	
		62.75	61.94	
<ul style="list-style-type: none"> The Centre Point Hospitality Co., Ltd. ("CPH") (QH holding 99.99% shares) has leased the property from QHHR for its hotel business. 	<p>(B) QH guaranteed the minimum rental income for QHHR from selling the assets to enable QHHR and CPH to make a lease agreement for such assets for the period of 3 years from the date on which QHHR invested in the asset at the amount not exceeding Baht 837 Million.</p> <p>On July 19, 2015, the aforementioned agreement of minimum guarantee for rental fees was terminated, and QH had completely paid such rental fees.</p>			

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee																				
		31 Dec 2016	31 Dec 2015																					
	<p>Remark: The estimated value of the Centre Point Hotel Pratunam ("CP1"), the Centre Point Hotel Sukhumvit 10 ("CP2") and the Centre Point Hotel Chidlom ("CP3") reported at that time by the 2 independent consultants were as follows:</p> <table> <tr> <td colspan="5">Unit: Million</td></tr> <tr> <td></td><td>CP1</td><td>CP2</td><td>CP3</td><td>Total</td></tr> <tr> <td>GAA</td><td>1,144</td><td>1,549</td><td>725</td><td>3,418</td></tr> <tr> <td>TAP</td><td>1,204</td><td>1,700</td><td>724</td><td>3,628</td></tr> </table> <p>- Grand Asset Advisory CO., Ltd. ("GAA"). - TAP Valuation Co., Ltd. ("TAP")</p>	Unit: Million						CP1	CP2	CP3	Total	GAA	1,144	1,549	725	3,418	TAP	1,204	1,700	724	3,628			In addition, these transactions were also collectively deemed reasonable and conducted within a fair price range due to the fact that QH had already taken into account the price comparison of quotations and the offers made by each and every one of the prospective buyers, and thus selected the bidder who offered the best proposals, terms and conditions, including the highest return to the Company. Furthermore, the appraisal reports produced at that time by 2 independent consultants were also taken into account by QH. Consequently, the Audit Committee was of the opinion that, during such period, the transactions were deemed reasonable and conducted within a fair price range.
Unit: Million																								
	CP1	CP2	CP3	Total																				
GAA	1,144	1,549	725	3,418																				
TAP	1,204	1,700	724	3,628																				

13) Land and Houses Freehold and Leasehold Property Fund ("LHPF")

<ul style="list-style-type: none"> Joint major shareholders are LH and GIC, holding 24.98% and 10.77% of QH shares respectively (as of Sep. 8, 2016), each also making investments in the investment units of LHPF in the equal amount of 15.0% (as of Nov. 21, 2016). 	<p>Below are the detailed accounts of lease agreements and building management contract produced by QH International Co., Ltd. ("QHI") ("QH" holding 100% shares):</p> <p>(A) Centre Point Sukhumvit-Thonglor Service Apartment Project.</p> <p>1. Property management contract (appointing of property management team).</p> <p>Service fees were calculated at 2% of total income plus 5.5% of profit obtained from the project operation.</p> <p>- Building management income 8.34 7.69</p> <p>- Building management fee 0.62 -</p> <p>- Service receivables 1.95 1.53</p> <p>- Other receivables 0.23 0.12</p> <p>- Other payables 0.02 0.06</p> <p>2. Personnel fees</p> <p>- Service revenue 1.70 1.66</p>	<p>The Audit Committee was of the opinion that it was deemed justifiable to enter into the aforementioned transactions and thus beneficial to the commerce of residential buildings for rent of QH and/or its subsidiaries as in business as usual, whereby QH and its subsidiaries would benefit from revenues generated by their services in building (project) management and brokerage in regard to all of the aforementioned projects.</p>
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Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
	3. Project management and administration contract			
	- Revenue from service fees	1.80	1.80	
	- Account receivables	-	0.16	
	- Advanced payment	0.01	0.01	
	(B) Centre Point Residence Promphong Residential Building for rent.			
	QH and its subsidiaries were hired to manage the building, to provide accounting service and to serve as an agent in locating tenants, as well as allowing LHPF to use the trademark "Centre Point Resident".			
	- Building management income	2.26	2.21	
	- Building management fees	0.29	-	
	- Personnel service revenue	0.78	0.94	
	- Other income	-	0.06	
	- Service receivables	0.33	0.52	
	(C) L & H Villa Sathorn House for Rent Project			
	QH and its subsidiaries were hired to manage the building, to provide accounting service and to serve as an agent in locate tenants, as well as allowing LHPF to use the trademark "Centre Point Resident".			
	- Building management Income	2.05	2.00	
	- Building management fees	0.15	-	
	- Personnel service revenue	0.72	0.75	
	- Service receivables	0.29	0.47	
	- Other receivables (broker fee)	-	-	

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
14) Harbour View Corporation ("HVC")				
• Q.H. International Co., Ltd. ("QHI") (QH holding 100% shares) holds 99% shares of Q. H. International (BVI) Co. Ltd. ("QHI (BVI)"), while QHI (BVI) holds 14.15% of HVC shares.	(A) Loan provision			The Audit Committee was of the opinion that the provision and guarantee of loans for HBV was justifiable in accordance with the proportion of shareholding.
	- Loans	36.92	37.20	
	- Interest income	2.52	2.31	
	- Accrued interest	9.29	6.78	
	(B) Loan guarantee			
	QH has served as the loan guarantor for HVC in proportion with shareholding in QHI (BVI) (21%), amounting to US\$ 1.3 million from the year 1997 to present. However, due to an increment in capital by HVC for the benefits of its current shareholders whereas QHI (BVI) has not made purchase thereof, the proportion of shareholding has been decreased to the current proportion of 14.15% while burden of guarantee remains unchanged. Such burden is also subjected to fluctuation depending upon HVC's ability to make repayment of both principal and interest accordingly. (details are as per Risk Factor section, topic 3.1 "Financial risk: Risk from Investment, lending and guarantees made to the related companies(HVC)).			
15) The Mandarin Hotel Public Company Limited				
• Ms. Piengchai Harnpanich is the major shareholder of The Mandarin Hotel Public Company Limited, holding 34.69% shares (as of Mar. 18, 2016), as well as serving in the positions of Chairman of the Board, CEO and Managing Director	Q.H.International Co.,Ltd. ("QHI") (QH holding 100% shares) has entered into building management contract.			The Audit Committee was of the opinion that it was deemed justifiable to enter into the aforementioned transactions and thus beneficial to the Company's operations in regard to the business as usual. The Company and its subsidiaries would benefit from income generated in light of the service charges obtained from the hotel property's tenants. In addition, all these activities are most likely to be of use in terms of enhancing corporate brand awareness of "The Mandarin Hotel Public Company Limited".
	Term of Agreement: 2 years (Oct 1, 2013 – Sep. 30, 2015), the service fee being 2% of total income and 4% of gross operational profit.			
• Ms. Piengchai Harnpanich is the mother of Mr. Anant Asavabhokhin, the latter of who is the director of QH	Later QHI extended the rental agreement for another one year period (Oct. 1, 2015 – Sep. 30, 2016), with the service			

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
	fee being 2% of total income, cancelling the 4% of gross operational profit.			
	- Project management fee	6.28	8.42	
	- Service expenses	-	0.12	
	- Other receivables	1.75	3.20	

16) Land and Houses Securities Public Company Limited

<ul style="list-style-type: none">QHand LH are the shareholders of LH Financial Group Plc. ("LHFG"), holding 21.34 % and 33.98 % of the total shares respectively (as of May 4, 2016). In addition, LHFG is the shareholder of Land and Houses Securities Public Company Limited, holding 99.8% shares.	(A) Renting the office space in House Sathorn Building			The Audit Committee was of opinion that, with such rental and service fees of the aforementioned office building's rental space, it was deemed reasonable to enter into the transaction. The prices, which have proven competitive enough in comparison with the offers made to other tenants with similar size of space, were also being offered within a fair market value price range.
	1st Agreement: 3 years (Apr. 1, 2014 – Mar. 31, 2017). , the total rental space being 577 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.			
	Later on February 16, 2015, the Company had received a transfer of rental agreement from Land and Houses Advisory Co., Ltd. of 30 square-meter, and requested to terminate the first agreement and new agreements (second and third one) were made.			
	2nd Agreement: 2 years and 1 month (Feb. 16, 2015 – Mar. 31, 2017), the total rental space being 607 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.			
	3rd Agreement: 2 years and 1 month (Feb. 16, 2015 – Mar. 31, 2017), the total rental space being 191 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.			
	- Revenue from rental and service fees	7.43	7.53	
	- Receivables from rental and service fees	0.17	0.17	
	- Deposit for rental and service fees	1.34	1.34	
	(B) Renting the office space in Q House Convent Building			
	Term of Agreement: 3 years (Apr 16, 2015 – Apr. 15, 2018). The total rental space was 400 square-meters			

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
	at the rental rate (service fee included) of Baht 550 per square-meter per month.			
	- Revenue from rental and service fees	3.17	2.27	
	- Receivables from rental and service fees	0.04	0.05	
	- Deposit for rental and service fees	0.66	0.66	

17) Land and Houses Advisory Co., Ltd.

<ul style="list-style-type: none"> QH and LH are the shareholders of LH Financial Group Public Company Limited ("LHFG"), holding 21.34 % and 33.98 % of the total shares respectively (as of May 4, 2016). In addition, LHFG is the shareholder of Land and Houses Securities Public Company Limited, holding 99.80% shares whereas Land and Houses Securities Public Company Limited are currently holding 99.99% shares of Land and Houses Advisory Co., Ltd. 	<p>Renting the office space in Q. House Sathorn Building</p> <p>1st Agreement: 3 years (Apr. 1, 2014 - Mar. 31, 2017), the total rental space being 30 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.</p> <p>On February 16, 2015, the company had transferred rental agreement to Land and Houses Securities Public Company Limited thereof the previous agreement was terminated and new agreements (second one) were made</p> <p>2nd Agreement: 2 years and 1 month (Feb. 16, 2015 - Mar. 31, 2017), the total rental space being 26 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.</p>			<p>The Audit Committee was of opinion that, with such rental and service fees of the aforementioned office building's rental space, it was deemed reasonable to enter into the transaction. The prices, which have proven competitive enough in comparison with the offers made to other tenants with similar size of space, were also being offered within a fair market value price range.</p>
	- Revenue from rental and service fees	0.17	0.18	
	- Deposit for rental and service fees	0.04	0.04	

Relationship	Nature of Transaction	Value (Baht million)		Opinion of the Audit Committee
		31 Dec 2016	31 Dec 2015	
18) LH Mall & Hotel Co., Ltd. (previously "Pacific Real Estate Co., Ltd.")				
• The joint major shareholders are as follows: Land and Houses Plc. ("LH") holding shares of QH and Pacific Real Estate Co., Ltd at 24.98% (as of Sep. 8, 2016) and 100% respectively. The joint directors and connected parties are Mr. Anant Asavabhokhin, Mr. Adisorn Thananan-narapool, Ms. Kanokvalee Viriyaprapa-ikit and Mrs. Suwanna Bhud-dhprasart	Q.H. International Co., Ltd. ("QHI") (QH holds 100% shares) entered into the following contracts:			The Audit Committee was of the opinion that it was justifiable and commercially beneficial to the business of hotel/residential buildings for rent to enter into such transactions, which constituted part of QH's business as usual. QH would benefit from being paid the remuneration for its services including project consultant tasks. In addition, all these activities are most likely to be of use in terms of enhancing corporate brand awareness among the target groups particularly for "Grande Centre Point". The service fees collected by the Company were mutually agreed upon by both parties in accordance with the market prices.
	1. Consulting contract hotel management under the brand "Grand Centre Point" for LH Mall & Hotel Co., Ltd. for a period of 9 months (Apr. 1, 2015 - Dec. 31, 2015)			
	- Consulting fee	-	7.20	
	2. Management contract for retail space (Q House Lumpini building) for a period of 7.5 months (May 15, 2016 - Dec. 31, 2016)			
	- Retail space management fee	2.70		
- Accrued expenses	0.77			
19) Siam Retail Development				
The joint director is Mr. Suang Chaisurote	QH bought the director's company car	0.70		The Audit Committee was of the opinion that such transaction was deemed to be reasonable and in accordance with the fair market value.

Opinions of the Audit Committee on Parties with Mutual Benefits and Connected Party Transactions

According to the Audit Committee, the structure of shareholding between the Company, its subsidiaries, associated companies and related companies does not have any conflict of interest between the Company, directors and executives of the Company; nor does the aforementioned paradigm necessarily entail any incident of nominee shares.

The Audit Committee has undergone a series of deliberation and come to conclude in favor that the connected transactions currently taking place between the Company and the parties/persons with potential conflicts as legally defined by the Announcement of the Securities and Exchange Commission (Ref: Gor.Jor.17/2008) on the Definition in the Announcement of the Issuance and Proposal of Securities dated December 15, 2008, have been conducted at fair market value. In addition, the Audit Committee and the Company shall jointly monitor and supervise the aforementioned operations (connected party transactions) which may occur in the future as well as ensuring that they be carried out at fair market value while simultaneously disclosing the types and value of those connected party transactions under the announcements and regulations of the Securities and Exchange Commission.

2. Measures or Procedures for Approving the Connected Party Transactions

Prior to entering into any connected party transactions, an official procedure is to be undergone whereby petitions for approval are submitted to the Audit Committee as to whether or not they be deemed suitable and in compliance with the law governing securities and stock exchange, regulations, announcements, orders or requirements of the Stock Exchange of Thailand. The Audit Committee shall cite the aforementioned topic and provide its collectively professional opinion during the Board of Directors' meeting or the shareholders' meeting for their consideration and approval, provided that parties with potential conflicts of interest or stakeholders of such connected transactions be not entitled to cast their votes in order to pass the resolution accordingly.

3. Policies and Possibilities of Future Connected Party Transactions

The Company and its subsidiaries have a policy to continue the connected party transactions as those at present and in the future depending upon the suitability and necessities for the business operations. In addition, a number of terms and conditions shall be prescribed in accordance with the nature of normal business operation which can be compared with the market prices. Alternatively, should the reference to market price be unavailable, the Company and its subsidiaries are to apply the cost prices plus the gross profits. Each and every connected party transactions shall be proposed to the Audit Committee for its consideration and approval to ensure that they be in accordance with the law governing securities and stock exchange, regulations, announcements, orders or requirements of the Stock Exchange of Thailand and the Office of Securities and Exchange Commission, as well as in compliance with the requirements on the disclosure of data of related transactions and acquisition or disposal of major assets of the Company or its subsidiaries.

In addition, should any of the connected party transactions carried out by the Company or its subsidiaries with parties

with conflict of interest or potential conflict of interest ever take place, the Company and its subsidiaries are to submit the aforementioned to the Audit Committee for its collectively professional opinion on the reasons, necessities and suitability of such commercial activities. In the event that the Audit Committee may be in possession of no specific expertise or knowledge of such potential transactions, the Company and its subsidiaries shall provide an independent expert or auditor of the Company and its subsidiaries accordingly so that professional opinions as well as all related data and information be presented to the Audit Committee for its consideration, whereupon the latter shall in turn make submission thereof to the Board of Directors and/or shareholders, during the Board of Directors' meeting and/or the shareholders' meeting for their consideration on case-by-case basis. The Company and its subsidiaries shall disclose the connected transaction in the Annual Report and Notes to the Financial Statements audited by the auditor of the Company and its subsidiaries.

4. Reasons that parties with potential conflict of interest hold more than 10% of the total shares in the subsidiaries or the associated companies and that the Company may have had the major shareholders who could become competitors

Quality Houses Public Company Limited has organized the structure of shareholding between the Company, its subsidiaries, associated companies and related companies to prevent any conflict of interest (between the Company, directors and executives of the Company). The Company shall not allow for the structure of shareholding or management of the group companies that include nominative-shares scheme. However, a party which might incur conflict of interest is Land and Houses Plc., the major shareholder of the Company holding 24.98% of the total shares (as of September 8, 2016) due to the following reasons

- Land and Houses Public Company Limited operates the businesses in real estate development for sales and rent which are of the same nature of business as the Company's
- Mr. Anant Asavabhokhin is a major shareholder

of Land and Houses Plc., holding 24.27% of the total shares (as of August 29, 2016), and also serves as the Chairman and the President of Land and Houses Public Company Limited, while Mr. Adisorn Thananan-narapool is a director and an executive director of Land and Houses Public Company Limited. As the representatives of Land and Houses Plc., which is the Company's major shareholder, both Mr. Anant Asavabhokhin and Mr. Adisorn Thananan-narapool are also joint directors of Quality Houses Public Company Limited, overseeing the Company's businesses among the total of 12 directors

- Land and Houses Public Company Limited was holding 30.23% of the total shares (as of September 15, 2016) in Home Products Center Public Company Limited, thus exceeding 10%. The Company was holding 19.87% of the total shares (as of September 15, 2016) in the aforementioned associated company for joint investment purpose. Home Products Center Public Company Limited has been the joint investment between the Company and other parties since the date of its incorporation in year 1995. During the initial stage, Q.H. International Co., Ltd. (the subsidiary whose 100 % of the total shares are held by the Company) was holding 30% of the total shares of Home Products Center Plc. Later in 2001, the Company bought all the shares, equal to 27% of the total shares of this associated company from Q.H. International Co., Ltd. in order to support the Company's businesses in light of the construction materials and interior decoration equipment, as well as serving to be part of the Company's long-term investment.

In order to prevent or minimize the conflict of interest which might incur from the fact that Land and Houses Public Company Limited is the major shareholder of the Company and that the executive director and directors of Land and Houses Public Company Limited are also joint directors of the Company, the following guidelines have been set:

1. The structure of shareholders of the Company includes the group of shareholders who are institutional investors and/or funds, all of which hold a total number of shares more than that being held by Land and Houses Public Company Limited; therefore, in case of any conflict of interest or potential conflict of interest which might cause any damages to the interest of shareholders, the aforementioned group of institutional investors and/or funds shall be able to cast their votes during the General Shareholders' Meeting in aims at preventing the incidents;
2. The Company's executive committee/management team is independent and autonomous to manage the Company's businesses and to make decision in all aspects. There is no director, executive director, executive or employee of Land and Houses Public Company Limited in the aforementioned entity; therefore, the business operations of both companies are totally separated;
3. Regarding the possibility of any connected transactions of the Company or its subsidiaries with parties with conflict of interest or potential conflict of interest to be occurring in the future, the Company and its subsidiaries shall request in advance for consideration and professional opinion from the Audit Committee, all of whose members are to be independent directors, so as to address the situation in terms of necessities and suitability of such transactions accordingly. In the event that the Audit Committee has no sufficient expertise thereof, the Company and its subsidiaries shall provide an independent expert or auditor of the Company and its subsidiaries so that professional opinions on the related data and information be given in turn to the Audit Committee for the latter's further consideration. This practice will also include any transactions that are critical to or have high impact on the Company's businesses.

EXPLANATION AND ANALYSIS OF FINANCIAL POSITION AND PERFORMANCE

Analysis of Performance

(A) Overview of Past Performance

Economic recovery was slow in 2016, as a result, investment in the real estate sector slowed down and number of new project launches decreased, along with having to clear inventory in existing projects. At the same time, consumers are facing increased levels of household debt, financial institutions are becoming more stringent in loans and real estate stimulus policy from the Government ended in April. Consequently, there was a slowdown in the industry.

For the performance of 2016, the Company and its subsidiaries had a total revenue from the core business of Baht 19,125 million, a decrease of Baht 1,233 million or 6% from 2015. Meanwhile, the total cost of sales was Baht 13,356 million, a decrease of Baht 644 million or 5% from 2015. Net profit was Baht 3,085 million and Baht 3,106 million, respectively, exhibiting a gross profit margin of 30% and 31% for 2016 and 2015, respectively.

(B) Performance by Business Group

The Company's and its subsidiaries' results of operation are based on the country's economic situation and can be categorized by types of businesses as follows:

(1) Revenue from Sales and Services

- Business of Real Estate for Sales

The Company and its subsidiaries recognizes the sales of real estate as revenue in the statement of comprehensive income once construction is completed under the contract and ownership have been transferred to the buyer after all payment have been received from the buyer (completion method).

In 2016, the Company and its subsidiaries had a revenue from sales of real estate of Baht 17,935 million, a decrease of Baht 1,279 million or 7% from 2015, as revenue from sales of land and houses increased by Baht 275 million or 2% and revenue from sales of condominium units decreased by Baht 1,554 million or 34% as compared to 2015. The decrease is because the Company and its subsidiaries only had 3 new condominium launches in 2016, as compared to 6 in 2015.

In 2016, the Company had 8 new housing projects worth Baht 9,046 million while completely selling out 5 housing projects and 2 condominium projects.

- Business of Real Estate for Rent

In 2016, the Company and subsidiaries had a revenue from rental and service fees of Baht 1,191 million, an increase of Baht 47 million or 4% as compared to 2015, this is due to

A. Hotel Business

In 2016, revenue from hotel business increased by Baht 58 million or 8% as compared to 2015, mainly from higher room rates.

B. Office Building for Rent Business

In 2016, revenue from office building for rent business decreased by Baht 11 million or 3% as compared to 2015, mainly from decreased occupancy rates.

(2) Other Revenue

In 2016, the Company and its subsidiaries' had a decrease of Baht 10 million or 5% as compared to 2015, as the Company and its subsidiaries' received a guarantee payment from a contractor who breached the conditions of services or construction contract in 2nd quarter of 2015.

(3) Sharing of Profit from Investment in Associated Companies

The Company had an increase in sharing of profit from investment in associated companies of Baht 363 million or 29% as compared to 2015, with details as follows:

Unit: Baht million

Company / Fund	2016	2015	Increase
Home Products Center Public Company Limited	820	697	123
Quality Houses Leasehold Property Fund	152	139	13
LH Financial Group Public Company Limited	576	353	223
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	47	43	4
Total	1,595	1,232	363

(4) Cost of Sales, Selling and Administrative Expenses, Financial Costs and Minimal Rental Assurance

A. Cost of Sales

In 2016 and 2015, the Company and its subsidiaries had a cost of real estate sales of Baht 12,607 million and Baht 13,276 million, or accounting for 94% and 95% of total cost of sales, respectively. While the remaining portion is from cost of sales from real estate for rent business of Baht 749 million and Baht 724 million, or accounting for 6% and 5% of total cost of sales, respectively.

B. Selling Expenses

In 2016, selling expenses decreased by Baht 300 million or 16% as compared to 2015, as advertising and public relations expenses decreased by Baht 103 million, sales and promotion expenses decreased by Baht 145 million, other selling expenses decreased by Baht 4 million, specific business tax decreased by Baht 45 million and transfer fees decreased by Baht 3 million. The aforementioned expenses change depending on the level of real estate sales.

C. Administrative Expenses

In 2016, administrative expenses increased by Baht 143 million or 7% as compared to 2015, as the Company increased provision for loss arising from litigations of Baht 162 million; and had an increase in provision for loss from project revaluation of Baht 36 million, maintenance of housing and public facilities expenses of Baht 55 million and other administrative expenses of Baht 9 million. On the other hand, employee's salaries and benefits

decreased by Baht 34 million, after-sales service expenses including project maintenance and security decreased by Baht 46 million, and provision for the loan to Harbour View Corporation ("HVC") decreased by Baht 39 million.

D. Financial Costs

In 2016, financial costs increased by Baht 6 million or 2% as compared to 2015 as the Company and its subsidiaries had completed condominium projects during the year, causing the interest expenses could not be capitalized as a project cost.

E. Reversal of Provision for Loss Arising from Minimum Rental Income Guarantee of the Projects

In 2016, provision for loss arising from guarantee of minimum rental income of the projects decreased by Baht 22 million or 100% as compared to 2015 as the Company's commitment to provide the minimum guarantee of rental income for QHHR from sales of properties and transfer of leasehold rights to building of 3 Centre Point hotels to QHHR had ended in July 2015. Accordingly, the Company has reversed such provision.

(5) Gross Profit Margin

The gross profit margin from real estate for sales business and real estate for rent business are detailed below:

	Unit: %	
Gross Profit Margin	2016	2015
Real estate for sales business	29.7	30.9
Real estate for rent business	37.1	36.7

Real Estate for Sales Business

In 2016, the Company and its subsidiaries' gross profit margin from real estate for sales business decreased to 29.7% as compared to 2015 which was at 30.9%, as the Company and its subsidiaries had a slight decrease in sales price in response to market conditions and renovations to existing projects to bolster sales of remaining units.

Real Estate for Rent Business

In 2016, the Company and its subsidiaries' gross profit margin for real estate for rent business increased by 37.1% as compared to 2015 which was at 36.7% as rental rates of office buildings for rent and room rates in hotel business increased in 2016.

(6) Operating Results

In 2016, the Company and its subsidiaries had revenue from real estate for sales business and real estate for rent business of Baht 19,126 million, a decrease of Baht 1,232 million or 6% as compared to 2015. Consequently, in 2016, the Company and its subsidiaries had a net profit of Baht 3,085 million, a decrease of Baht 21 million or 1% as compared to 2015. The main factors are from a decrease in gross profit of Baht 610 million, decrease in other revenue of Baht 10 million, decrease in reversal of provision for loss arising from minimum rental income guarantee of projects of Baht 22 million and increase in financial cost of Baht 6 million. On the other hand, there were an increase in gross profit margin from real estate for rent of Baht 22 million and increase in sharing of profit from investment in associated companies of Baht 363 million, decrease in selling and administrative expenses of Baht 157 million and decrease in income tax expenses of Baht 85 million.

(7) Return on Equity

The Annual General Meeting no.1/2016 held on April 18, 2016 approved a dividend payment from the operations in 2015 as cash dividend at the rate

of Baht 0.09 per share, totaling Baht 964 million. On September 19, 2016, the Company paid the dividend in cash at the rate of Baht 0.07 per share, totaling Baht 750 million from the operation result of first six months ending June 30, 2016 in accordance with the resolution of the Board of Directors' meeting on August 23, 2016.

Financial Position

(A) Assets

As of December 31, 2015 and 2016, the Company and its subsidiaries had total assets of Baht 52,997 million and Baht 53,014 million, respectively. As of the end of 2016, it was an increase of Baht 17 million or 0.03% as compared to 2015. Details of important assets are detailed below

(1) Cash and Cash Equivalent

The Company and its subsidiaries has a policy to hold cash as required. As of December 31, 2015 and 2016, the Company and its subsidiaries had cash and cash equivalent of Baht 2,837 million and Baht 2,888 million, respectively. As of the end of 2016, it was an increase of Baht 51 million or 2% as compared to 2015.

(2) Trade Account Receivables and Other Receivables

As of the end of 2015 and 2016, the Company and its subsidiaries had trade account receivables and other receivables of Baht 58 million and Baht 50 million respectively, a decrease of Baht 8 million or 14% to a shorter period of time spent in making repayments to the Company by certain trade receivables (unrelated businesses).

The Company and its subsidiaries has a policy to provide 30-day credit terms to their customers, with a specific unit to monitor customers' payment pattern so that the receivables are not overdue for more than one month. Most account receivables are overdue for not more than three months.

(3) Land and construction in progress/land and project development costs

Land and construction in progress/land and project development costs as of the end of 2015 and 2016 is Baht 37,276 million and Baht 37,651 million, respectively. As of the end of 2016, it was an increase of Baht 375 million or 1% as compared to 2015. The main reason was due to the increased investment and land acquisition, by the Company and its subsidiaries, to accommodate for future planned growth. Land and construction in progress/land and project development costs accounted for 70% and 71% of total assets in 2015 and 2016, respectively.

As of the end of 2015 and 2016, the Company and its subsidiaries had land and construction in progress accounted as current assets of Baht 29,098 million and Baht 28,835 million, respectively. Land and construction in progress is able to generate revenue for the Company and its subsidiaries in a period of 1 to 3 years,

depending on the type and size of the project. Land and construction in progress accounted for 88% and 89% of current assets in 2015 and 2016 respectively. As of the end of 2015 and 2016, the Company and its subsidiaries had land and project development cost accounted as non-current assets of Baht 8,178 million and Baht 8,816 million, respectively. Most of it are projects under development to be sold and vacant land awaiting development; therefore, it is not a revenue generating asset under this entry. These assets will take 1 to 2 years of development prior to generating revenue depending on time taken for required land allocation and construction permits, type and size of the project.

(4) Investment in Associated Companies

As of the end of 2015 and 2016, investments in associated companies under the cost method was constant at Baht 6,680 million. Whereas, under the equity method, the investments were Baht 9,071 million and Baht 9,637 million, respectively, as detailed below

Unit: Baht million

Investment in Associated Companies	December 31, 2016		December 31, 2015		Increase (Decrease)	
	Cost Method	Equity Method	Cost Method	Equity Method	Cost Method	Equity Method
Quality Houses Leasehold Property Fund	2,017	1,245	2,017	1,267	-	(22)
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	1,053	365	1,053	400	-	(35)
Home Product Center Public Company Limited	760	3,692	760	3,574	-	118
LH Financial Group Public Company Limited	2,850	4,335	2,850	3,830	-	505
Total	6,680	9,637	6,680	9,071	-	566

(5) Investment in Subsidiaries

As of the end of 2015 and 2016, investment in subsidiaries in the separate financial statement of the Company under the cost method was decreases from Baht 3,393 million to Baht 3,341 million for the reason that during the year 2016 one of the company's subsidiaries called up additional paid-up share capital and decreased in the register capital of Baht 52 million.

(6) Other Long Term Investments

Q. H. International (BVI) Co., Ltd., a subsidiary of the Company, invested in Harbour View Corporation in the proportion of 14.15% (more details in Risk Factor section, topic 1 Financial risk – risk from investment, lending and guarantees made to the related companies Harbour View Corporation).

(7) Real Estate for Investment

The Company records real estate for investment net of accumulated depreciation and impairment allowance. As of the end of 2015 and 2016, real estate for investment was Baht 491 million and Baht 483 million, respectively. As of the end of 2016, it was a decrease of Baht 8 million or 2% due to depreciation expenses during the year.

As of the end of 2015 and 2016, the Company's real estate for investment consist of 1 office building for rent, namely, Q. House Ploenjit Project, which was owned by the Company. In 2006, the Company granted the leasehold rights of Q. House Ploenjit Project to Quality Houses Leasehold Property Fund for 30 years (ending on December 8, 2036) with the right to extend the contract for another term of 30 years.

(8) Land, Building and Equipment/Leasehold Rights

As of the end of 2015 and 2016, land, building and equipment/leasehold rights was Baht 1,261 million and Baht 1,124 million, respectively. As of the end of 2016, it was a decrease of Baht 137 million or 11% as compared to 2015, mostly due to depreciation expenses and amortization of leasehold rights during the year.

As of the end of 2015 and 2016, the total value of land and construction in progress/land and project development costs/land, building and equipment/leasehold rights was Baht 39,028 million and Baht 39,258 million, respectively, which accounted for 74% and 74% of total assets of the Company and its subsidiaries in 2015 and 2016, respectively. They are short-term and long-term revenue generating assets of the Company and its subsidiaries and are recognized as net cost after being deducted by the provision for loss from project revaluation, which is Baht 344 million and Baht 347 million, respectively.

In order to set the provision for loss from project revaluation, the Company and its subsidiaries uses

the book value to compare with the appraised value by independent appraisers. In the case that the book value is higher than the appraised value, the higher difference would be recorded as an expense provision for loss from project revaluation in the financial statement under the account "administrative expenses".

(B) Providing Financial Assistance to Associated and Related Companies

The Company has a contingent debt obligation from the loan guarantee given to Harbour View Corporation equivalent to 50% of its total debt from a commercial bank. As of December 31, 2016, the Harbour View Corporation has total outstanding liabilities of principal and accrued interest to the bank based on the un-audited financial statements prepared by its management, amounting to US\$ 2 million and US\$ 1 million respectively (2015: US\$ 2 million and US\$ 1 million respectively). However, as of December 31, 2016, the Company has set aside provision of Baht 58 million for loss arising from such guarantee (2015: Baht 58 million) in its account. (Detail in Section 1 Financial risk – risk from investment, lending and guarantees made to the related companies Harbour View Corporation).

(C) Liquidity

Cash flow from financial activities in the past is shown as follows:

Cashflow	Unit: Baht million	
	2016	2015
Cash flow from (used in) operational activities	3,090	942
Cash flow from (used in) investment activities	947	599
Cash flow from (used in) financing activities	(3,986)	(162)

In 2016, the Company and its subsidiaries had net cash flow from operational activities of Baht 3,090 million as the Company and its subsidiaries slowed down the acquisition of land, while focusing on developing current land and speeding up sales of current projects. On the other hand, in 2015, the Company and its subsidiaries

had net cash flow from operational activities of Baht 942 million as the Company and its subsidiaries were acquiring land to accommodate development of new projects in the future.

In 2016, the Company and its subsidiaries had net cash flow from investment activities of Baht 947 million, mostly from receiving Baht 1,058 million in dividends from associated companies and receiving Baht 17 million in interests. In addition, the Company and its subsidiaries purchased equipment for operations of Baht 18 million, investment in leasehold rights of Baht 16 million and increase in saving account with additional guarantee of Baht 94 million. While in 2015, the Company and its subsidiaries had net cash flow from investment activities of Baht 599 million, mostly from receiving Baht 681 million in dividends from associated companies and receiving Baht 15 million in interests. In addition, the Company and its subsidiaries purchased equipment for operations of Baht 74 million, investment in leasehold rights of Baht 17 million and increase in saving account with additional guarantee of Baht 6 million.

In 2016, the Company and its subsidiaries used net cash flow in financing activities of Baht 3,986 million as the Company and its subsidiaries issued Baht 6,500 million debentures, while redeeming Baht 6,912 million, repaying short-term loans from financial institutions and other short-term loans of Baht 900 million, paying dividends of Baht 1,714 million, paying interest of Baht 955 million and paying financial fees of Baht 5 million. While in 2015, the Company and its subsidiaries used net cash flow in financing activities of Baht 162 million as the Company and its subsidiaries receiving funds of Baht 2,400 million from issuing debentures, while repaying short-term loans of Baht 100 million, repaying long-term loans of Baht 697 million, paying dividends of Baht 706 million, paying interest of Baht 1,049 million and paying financial fees of Baht 10 million.

(D) Source of Funds

Suitability of Capital Structure

As the Company and its subsidiaries operate the business of real estate for sales and rent, the appropriateness of the

capital structure must take into account the source of funding, the proportion of funds from loans and shareholders' equity, as well as the management of the level of assets, liabilities and shareholders' equity.

Most of the Company's and its subsidiaries' total assets are short-term and medium-term revenue generating assets of 1 to 3 years. Therefore, the Company and its subsidiaries would manage its source of funds, namely, long-term investments will use long-term loan sources, while short-term investments will use short-term loan sources, for an appropriate capital structure.

The Company and its subsidiaries has a policy to utilize long-term loan sources by issuing debentures to financial institutions and individuals with a maturity date of 3 to 5 years. As of the end of the year 2015 and 2016, the ratio of debentures to total loans equaled 93% and 96% respectively. Other sources of funding included long-term loans from banks or financial institutions and short-term promissory notes with low interest rates in order to manage the interest cost to be at an average low rate. At the end of 2015 and 2016, the ratio of these loans to total loans was equal to 7% and 4% respectively. The details of loans are described in topic (5) Liabilities.

As of the end of 2015 and 2016, the Company and its subsidiaries had the proportion of short-term to long-term loans and that of short-term to long-term liabilities as follows

Unit: %

Proportion of Loans	31 December 2016	31 December 2015
Short-term loans	29	33
Long-term loans	71	67
Total	100	100

Unit: %

Proportion of Liabilities	31 December 2016	31 December 2015
Short-term liabilities	37	40
Long-term liabilities	63	60
Total	100	100

To ensure the appropriate capital structure, the Company and its subsidiaries increased the ratio of non-current liabilities to total liabilities to be more than the ratio of current liabilities to total liabilities. At the end of 2016, the Company and its subsidiaries has sourced of funds from long-term debentures of Baht 6,500 million to repay short-term loans from financial institutions, short-term unsecured debentures which were due within one year and short-term loans.

Additionally, as of the end of 2015 and 2016, the Company and its subsidiaries had a liabilities to shareholder equity ratio 1.46 times and 1.31 times, respectively. The decreased ratio is due to the short-term loan repayment made and an increase in shareholders' equity from 2016's performance.

According to the terms and conditions of debenture issuance, the Company must maintain the ratio of liabilities to shareholder equity in the consolidated financial statement of the Company to not be more than 2:1 as of the end of the accounting period of each quarter. In this regard, liabilities do not include the advanced receipt, rental income received in advance, deposit from customers, and liabilities guarantees by the Company with third parties and its subsidiaries, of which the liabilities are presented in their financial statement. Therefore, as of the end of 2015 and 2016, the Company and its subsidiaries had total liabilities to shareholders' equity in accordance with the terms and conditions of debenture issuance at 1.27 times and 1.13 times, respectively.

(E) Liabilities

As of the end 2016, the Company and its subsidiaries mostly consist of short-term loans from financial institutions/ banks and debentures of Baht 25,487 million equivalent to 85% of total liabilities, as detailed below

Unit: Baht million							
Loan	December 31, 2014	Increase in loans	Repayment	December 31, 2015	Increase in loans	Repayment	December 31, 2016
Short-term loans from financial institutions/ short-term loans/	1,992	19,400	(19,494)	1,898	9,950	(10,850)	998
Long-term loan	697	-	(697)	-	-	-	-
Unsecured debentures	22,503	7,000	(4,605)	24,898	6,500	(6,909)	24,489
Total	25,192	26,400	(24,796)	26,796	16,450	(17,759)	25,487

The Company and its subsidiaries mortgaged lands, leasehold rights with buildings, and part of leasehold rights as collateral to secure the loan agreements.

As of the end of the 2015 and 2016, the Company and its subsidiaries had total liabilities of Baht 31,452 million and Baht 30,075 million, respectively. As of the end of 2016, total liabilities comprised Baht 11,083 million of current liabilities and Baht 18,992 million of long-term liabilities.

(F) Shareholders' Equity

As of December 31, 2016, the Company and its subsidiaries had an increase in shareholders' equity from 2015 (As of December 31, 2015) of Baht 1,394 million or 6% from

- The Company had a net profit for the year of Baht 3,085 million
- The loss from the financial estimate in accordance with the actuarial calculation net of income tax of Baht 4 million
- Other components of shareholders' equity increased by Baht 27 million due to profit from

share of other comprehensive income of associated companies – net of income tax

- In May 2016, the Company paid dividends of Baht 964 million in accordance with the resolution of Annual General Meeting of Shareholders No. 1/2016 held on April 18, 2016. Additionally, in September 2016 the Company paid interim dividends of Baht 750 million for the operation result during 6-month period ended June 30, 2016 in accordance with the resolution of Company's Board of Directors meeting held on August 23, 2016.

(G) Commitments

As of December 31, 2015 and 2016, the Company and its subsidiaries had the following outstanding commitments and contingent liabilities as detailed below

- The Company and its subsidiaries had outstanding commitments with respect to contracts to purchase lands and to develop future projects as follows:

Item	Unit: Baht million	
	December 31, 2016	December 31, 2015
Contracts for construction projects	4,039	6,390
Contracts to purchase land for future projects	-	1,457

- The Company and its subsidiaries have entered into lease agreements to lease land and buildings in terms of approximately 30 years and to lease motor vehicles and equipment in terms between 1 to 3 years

As of December 31, 2015 and 2016, the Company and its subsidiaries had a required minimum lease payment in the future under the aforementioned operating lease contracts as detailed below:

Payable (within)	Unit: Baht million	
	December 31, 2016	December 31, 2015
Within 1 year	24	27
Over 1 and up to 5 years	50	62
Over 5 years	17	28

- One of the subsidiary had entered into lease and sublease agreements to lease assets from Quality Houses Hotel and Residence Freehold and Leasehold Property Fund (associated company) with a lease term of 3 years with the right to renew for another 3 years per time. afterwards the lease is extendable every 3 years from lease expiry date. While fix rental rate and variable rental will be in accordance with the conditions of the agreement

As of December 31, 2015 and 2016, the subsidiaries had a required minimum lease payment in the future under the aforementioned lease contracts as detailed below

Payable (within)	Unit: Baht million	
	December 31, 2016	December 31, 2015
Within 1 year	168	168
Over 1 and up to 3 years	92	260

- As of the end of 2015 and 2016, the Company and its subsidiaries had commitments in respect of various service agreements totaling Baht 9 million and Baht 3 million, respectively
- The Company has a contingent debt obligation from the loan guarantee given to Harbour View Corporation equivalent to 50% of its total debt from a commercial bank. As of December 31, 2016, the Harbour View Corporation has total outstanding liabilities of principal and accrued interest to the bank based on the un-audited financial statements prepared by its management, amounting to US\$ 2 million and US\$ 1 million respectively (2015: US\$ 2 million and US\$ 1 million respectively). However, as of December 31, 2016, the Company has set aside provision of Baht 58 million for loss arising from such guarantee (2015: Baht 58 million) in its account

As of December 31, 2015 and 2016, the Company and its subsidiaries had servitude over land of approximately 36 rai and 37 rai respectively. The cost of such land was included in the cost of projects

Major Factors and Influences on Future Financial Position or Performance

None

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Quality Houses Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Quality Houses Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of 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 Quality Houses 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 Quality Houses Public Company Limited and its subsidiaries and of Quality Houses Public Company Limited as at 31 December 2016, 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 under the Royal Patronage of His Majesty the King 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 of revenue from sales of real estate

The Group has disclosed its accounting policy relating to recognition of revenue from sales of real estate in Note 4.1 to the financial statements. Revenue from sales of real estate is the most significant account in the statements of comprehensive income and it is a key performance indicator to which the management and the users of the financial statements pay particular attention. In addition, the Group has a number of property development projects for sale and a large number of property sales agreements. There are therefore risks with respect to the occurrence of revenue, and the relevance of revenue to the business.

I examined the recognition of revenue from sales of real estate of the Group by:

- Assessing and testing the Group's IT system and its internal controls with respect to the cycle of revenue from sales of real estate by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.

- Applying a sampling method to select land and house sale agreements or condominium sale agreements to assess whether recognition of revenue from sales was consistent with the conditions of the relevant agreements, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Performing analytical procedures on disaggregated data to detect possible irregularities in revenue from sale of real estate transactions throughout the period, particularly for accounting entries made through journal vouchers.

Provision for loss on diminution in value of land and construction in progress and land and project development costs

The Group presented details of land and construction in progress, land and project development costs and provision for loss on diminution in value of projects in Notes 9 and 17 to the financial statements. In determining the loss on diminution in value of land and construction in progress and land and project development costs, management had to exercise judgement with respect to the nature of the project, the economic situation and the competitive environment in the market. There is thus a risk with respect to the amount of provision for land and construction in progress and land and project development costs.

I gained an understanding and assessed the method and assumptions that the management used in determination of provision for diminution in value of real estate project by

- Gaining an understanding of the basis used in determining the provision for diminution in value of land and construction in progress and land and project development costs, reviewing the consistency of the use of such basis, and the rationale for the recognition of specific provisions.
- Comparing data on project holding periods and movements in real estate project unit sales and reviewing the gross profit margins of projects in which units were sold during the current year to identify projects with indicators of lower than normal unit turnover.

- Comparing cash receipts from sales transactions after the date of the financial statements with the cost of land and construction in progress and land and project development costs.
- Comparing the net book value of land and construction in progress and land and project development costs with the expected net realisable values from sales of units in the projects.

Provision for loss arising from litigation

As discussed in Notes 23 and 24 to the financial statements, the Group had contingent liabilities arising from litigation claims as a result of litigation cases. As the cases are not yet finalised, the management needs to exercise significant judgement and take into account related laws and regulations in assessing the effects of the litigation, in order to determine the corresponding liabilities. However, the actual outcomes of the litigation may differ from the estimates. There are therefore risks with respect to the recognition of provision for the contingent liabilities with respect to the litigation.

I inquired with the Group's management and legal department regarding the procedures followed to collate and monitor lawsuits filed and pending as at the date of the financial statements, reviewed legal consultation fees to check the completeness of the litigation notified by the Group, inquired about the details and progress of cases and the methods applied by the management in estimating liabilities from litigation, and assessed the judgement exercised by the management in estimating these liabilities. To carry out these procedures, I performed the following procedures.

- Reviewed the relevant conditions and provisions of agreements, together with the claims and objections submitted by the Group and counterparties to the court for the purpose of providing background into the disputes
- Reviewed the relevant supporting documentation used by management to determine the provision for loss arising from litigation, and sent confirmation letters to the legal consultant whose services were used by the Group requesting written reports on case details and status, and legal opinions on the possible effects of the litigation on the Group.

I also assessed the legal consultant's competence, experiences, independence and objectivity in accordance with relevant auditing standards, and I considered whether the legal principles and regulations and leading cases referred to by the legal consultant were relevant to the Group's litigation.

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.

The engagement partner on the audit resulting in this independent auditor's report is Miss Rosaporn Decharkom.



Rosaporn Decharkom
Certified Public Accountant (Thailand) No. 5659

EY Office Limited
Bangkok: 27 February 2017

Quality Houses Public Company Limited and its subsidiaries

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	6,7	2,887,781,981	2,836,947,820	1,153,559,607	1,210,927,248
Trade and other receivables	6,8	49,727,680	57,861,078	14,004,050	12,057,593
Land and construction in progress	9	28,835,496,952	29,098,195,429	8,299,537,900	8,516,852,248
Advance for construction work		516,056,828	933,415,398	207,631,271	167,762,297
Advance for construction material		2,713,366	2,775,716	1,804,935	1,574,784
Other current assets		57,443,514	99,597,963	10,011,133	15,509,493
Total current assets		32,349,220,321	33,028,793,404	9,686,548,896	9,924,683,663
Non-current assets					
Restricted deposits at financial institutions	10, 34	127,572,824	33,881,097	122,761,165	29,142,420
Investments in subsidiaries	11	–	–	3,341,191,600	3,393,027,300
Investments in associates	12	9,636,693,724	9,071,248,567	6,680,253,816	6,680,253,816
Other long-term investments	13	1,998	1,998	1,998	1,998
Long-term loans to and interest receivables					
– related party	6	–	–	18,896,274,522	20,855,694,494
Investment properties	14	482,879,543	491,194,483	482,879,543	491,194,483
Property, plant and equipment	6, 15	524,087,354	575,823,778	220,464,897	235,553,027
Leasehold rights	16	599,648,422	685,555,333	599,648,422	685,555,333
Land and project development costs	17	8,815,594,403	8,177,557,070	4,145,827,865	2,497,854,866
Deposits for lease of land and building		59,192,919	67,952,285	59,192,919	67,952,285
Deposits for purchase of land		–	504,519,093	–	504,519,093
Deferred tax assets	27	380,825,401	319,496,461	125,586,966	113,900,507
Other non-current assets	6	38,587,080	41,517,551	13,091,258	16,125,772
Total non-current assets		20,665,083,668	19,968,747,716	34,687,174,971	35,570,775,394
Total assets		53,014,303,989	52,997,541,120	44,373,723,867	45,495,459,057

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

Quality Houses Public Company Limited and its subsidiaries

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	18	-	300,000,000	-	300,000,000
Trade and other payables	6, 19	1,061,606,803	1,352,149,157	564,436,850	601,553,464
Current portion of unsecured debentures	21	6,500,000,000	6,912,000,000	6,500,000,000	6,912,000,000
Short-term loans	18	998,092,460	1,597,932,197	998,092,460	1,597,932,197
Short-term loan from and accrued interest					
- related party	6	-	-	-	111,062,954
Income tax payable		139,880,743	153,976,203	12,047,532	20,203,036
Short-term provisions	23	449,194,834	380,122,872	122,020,446	117,166,375
Advance received from customers		630,494,605	672,939,272	357,687,405	460,669,266
Deposits for rental and service	6	96,044,224	98,295,345	79,333,761	79,854,858
Retention guarantees		567,614,611	512,148,829	177,654,725	166,099,159
Current portion of rental income received in advance	6	27,224,000	27,224,000	27,224,000	27,224,000
Other current liabilities	6	612,759,630	664,578,318	246,007,812	236,354,190
Total current liabilities		11,082,911,910	12,671,366,193	9,084,504,991	10,630,119,499
Non-current liabilities					
Unsecured debentures, net of current portion	21	17,988,678,618	17,986,509,360	17,988,678,618	17,986,509,360
Long-term loans from and accrued interest					
- related parties	6	-	-	-	315,982,680
Provision for long-term employee benefits	22	127,684,986	109,579,091	83,358,848	69,350,711
Long-term provisions	23	360,693,875	142,870,241	197,286,208	132,670,241
Rental income received in advance, net of					
current portion	6	514,356,645	541,523,312	514,356,645	541,523,312
Deferred tax liabilities	27	400,300	481,855	-	-
Total non-current liabilities		18,991,814,424	18,780,963,859	18,783,680,319	19,046,036,304
Total liabilities		30,074,726,334	31,452,330,052	27,868,185,310	29,676,155,803

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

Quality Houses Public Company Limited and its subsidiaries

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2016

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2016	2015	2016	2015
Shareholders' equity					
Share capital	24				
Registered					
10,714,426,091 ordinary shares of Baht 1 each		10,714,426,091	10,714,426,091	10,714,426,091	10,714,426,091
Issued and fully paid-up					
10,714,381,645 ordinary shares of Baht 1 each		10,714,381,645	10,714,381,645	10,714,381,645	10,714,381,645
Share premium		379,246,114	379,246,114	379,246,114	379,246,114
Retained earnings					
Appropriated - statutory reserve	25	949,456,411	829,094,036	949,456,411	829,094,036
Unappropriated		10,886,263,693	9,640,139,281	4,462,453,093	3,896,580,165
Other components of shareholders' equity		10,229,792	(17,650,008)	1,294	1,294
Total shareholders' equity		22,939,577,655	21,545,211,068	16,505,538,557	15,819,303,254
Total liabilities and shareholders' equity		53,014,303,989	52,997,541,120	44,373,723,867	45,495,459,057

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

Quality Houses Public Company Limited and its subsidiaries

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Sales of real estate	6	17,934,825,232	19,214,113,132	5,110,378,615	5,437,569,363
Rental and service income	6	1,190,616,220	1,144,066,327	558,424,835	561,895,821
Other income					
Dividend income	6, 11, 12	-	-	2,138,240,321	1,521,219,490
Interest income	6	17,163,212	14,728,150	816,292,345	892,069,755
Income from forfeiture of booking and down payments		14,031,175	17,941,553	2,240,783	1,133,406
Others	6	156,345,643	164,773,903	39,820,748	36,407,731
Total revenues		19,312,981,482	20,555,623,065	8,665,397,647	8,450,295,566
Expenses					
Cost of real estate sold	6	12,606,752,156	13,276,127,796	3,612,755,532	3,775,306,162
Cost of rental and services	6	749,185,472	724,329,743	291,843,679	295,128,010
Selling expenses		1,536,444,589	1,836,759,469	436,897,387	479,591,492
Administrative expenses	6	2,155,015,890	2,012,376,737	938,162,457	852,770,175
Reversal of provision for loss arising from guarantee of minimum rental income of projects	23	-	(22,404,569)	-	(32,628,012)
Total expenses		17,047,398,107	17,827,189,176	5,279,659,055	5,370,167,827
Profit before share of profit from investments in associates, finance cost and income tax expenses		2,265,583,375	2,728,433,889	3,385,738,592	3,080,127,739
Share of profit from investments in associates	12	1,595,071,772	1,232,573,094	-	-
Profit before finance cost and income tax expenses		3,860,655,147	3,961,006,983	3,385,738,592	3,080,127,739
Finance cost	6	(335,467,424)	(329,232,029)	(878,103,253)	(955,281,612)
Profit before income tax expenses		3,525,187,723	3,631,774,954	2,507,635,339	2,124,846,127
Income tax expenses	27	(440,213,679)	(525,311,031)	(100,387,831)	(128,807,694)
Profit for the year		3,084,974,044	3,106,463,923	2,407,247,508	1,996,038,433
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Share of other comprehensive income of associates – net of income tax	12, 27	27,879,800	(4,147,787)	-	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods – net of income tax</i>		27,879,800	(4,147,787)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial losses – net of income tax	22, 27	(4,200,477)	-	(6,725,425)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods – net of income tax		(4,200,477)	-	(6,725,425)	-
Other comprehensive income for the year		23,679,323	(4,147,787)	(6,725,425)	-
Total comprehensive income for the year		3,108,653,367	3,102,316,136	2,400,522,083	1,996,038,433
Earnings per share:	28				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.29	0.29	0.22	0.19

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

Quality Houses Public Company Limited and its subsidiaries

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements							
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity			
			Appropriated – statutory reserve	Unappropriated	Other comprehens			
					Surplus on changes in value of available-for-sale investments	Share of other comprehensive income of associates	Total other components of shareholders' equity	
Balance as at 1 January 2015	9,183,767,553	379,246,114	729,292,114	8,869,884,821	1,294	(13,503,515)	(13,502,221)	19,148,688,381
Profit for the year	-	-	-	3,106,463,923	-	-	-	3,106,463,923
Other comprehensive income for the year	-	-	-	-	-	(4,147,787)	(4,147,787)	(4,147,787)
Total comprehensive income for the year	-	-	-	3,106,463,923	-	(4,147,787)	(4,147,787)	3,102,316,136
Stock dividend (Note 31)	1,530,614,092	-	-	(1,530,614,092)	-	-	-	-
Dividend paid (Note 31)	-	-	-	(705,793,449)	-	-	-	(705,793,449)
Unappropriated retained earnings transferred to statutory reserve	-	-	99,801,922	(99,801,922)	-	-	-	-
Balance as at 31 December 2015	10,714,381,645	379,246,114	829,094,036	9,640,139,281	1,294	(17,651,302)	(17,650,008)	21,545,211,068
Balance as at 1 January 2016	10,714,381,645	379,246,114	829,094,036	9,640,139,281	1,294	(17,651,302)	(17,650,008)	21,545,211,068
Profit for the year	-	-	-	3,084,974,044	-	-	-	3,084,974,044
Other comprehensive income for the year	-	-	-	(4,200,477)	-	27,879,800	27,879,800	23,679,323
Total comprehensive income for the year	-	-	-	3,080,773,567	-	27,879,800	27,879,800	3,108,653,367
Dividend paid (Note 31)	-	-	-	(1,714,286,780)	-	-	-	(1,714,286,780)
Unappropriated retained earnings transferred to statutory reserve	-	-	120,362,375	(120,362,375)	-	-	-	-
Balance as at 31 December 2016	10,714,381,645	379,246,114	949,456,411	10,886,263,693	1,294	10,228,498	10,229,792	22,939,577,655

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

Quality Houses Public Company Limited and its subsidiaries

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements						
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	Total	
			Appropriated – statutory reserve	Unappropriated	Surplus on changes in value of available-for-sale investments		
Balance as at 1 January 2015	9,183,767,553	379,246,114	729,292,114	4,236,751,195	1,294	14,529,058,270	
Profit for the year	-	-	-	1,996,038,433	-	1,996,038,433	
Other comprehensive income for the year	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	-	
Stock dividend (Note 31)	1,530,614,092	-	-	(1,530,614,092)	-	-	
Dividend paid (Note 31)	-	-	-	(705,793,449)	-	(705,793,449)	
Unappropriated retained earnings transferred to statutory reserve	-	-	99,801,922	(99,801,922)	-	-	
Balance as at 31 December 2015	10,714,381,645	379,246,114	829,094,036	3,896,580,165	1,294	15,819,303,254	
Balance as at 1 January 2016	10,714,381,645	379,246,114	829,094,036	3,896,580,165	1,294	15,819,303,254	
Profit for the year	-	-	-	2,407,247,508	-	2,407,247,508	
Other comprehensive income for the year	-	-	-	(6,725,425)	-	(6,725,425)	
Total comprehensive income for the year	-	-	-	2,400,522,083	-	2,400,522,083	
Dividend paid (Note 31)	-	-	-	(1,714,286,780)	-	(1,714,286,780)	
Unappropriated retained earnings transferred to statutory reserve	-	-	120,362,375	(120,362,375)	-	-	
Balance as at 31 December 2016	10,714,381,645	379,246,114	949,456,411	4,462,453,093	1,294	16,505,538,557	

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

Quality Houses Public Company Limited and its subsidiaries

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	3,525,187,723	3,631,774,954	2,507,635,339	2,124,846,127
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Decrease in land and construction in progress as a result of transfer to cost of sales	12,488,238,300	13,192,515,231	3,581,673,685	3,778,803,732
Depreciation	78,919,614	81,972,585	30,065,890	34,767,643
Amortisation of leasehold rights	101,926,514	100,057,057	101,926,514	100,057,057
Amortisation - others	8,759,366	8,759,367	8,759,366	8,759,367
Unrealised exchange gain	(611,365)	(4,378,788)	(215,700)	(194,482)
Share of profit from investments in associates	(1,595,071,772)	(1,232,573,094)	-	-
Income from forfeiture of booking and down payments	(14,031,175)	(17,941,553)	(2,240,783)	(1,133,406)
Interest income	(17,163,212)	(14,728,150)	(816,292,345)	(892,069,755)
Dividend income	-	-	(2,138,240,321)	(1,521,219,490)
Gain on sales of equipment	(1,014,669)	(459,691)	(863,727)	(268,877)
Provision for loss arising from litigation	219,213,046	57,531,312	66,005,379	47,331,312
Reversal of provision for loss arising from loan guarantee	-	(2,700,000)	-	(2,700,000)
Provision for loss on diminution in value of projects	35,566,593	-	26,606,093	-
Allowance for doubtful account for long-term loans and interest receivables	-	42,125,850	-	-
Reversal of provision for loss on diminution in value of projects	(27,386,447)	(38,606,066)	(25,886,447)	(38,606,066)
Reversal of provision for loss arising from guarantee of minimum rental income of projects	-	(22,404,569)	-	(32,628,012)
Provision for long-term employee benefits	14,880,138	14,091,171	7,626,197	7,506,479
Transfer deferred financial fees to finance cost	7,104,098	5,210,939	7,104,098	5,210,939
Interest expenses	307,094,855	304,019,597	857,910,916	941,470,867
Profit from operating activities before changes in operating assets and liabilities	15,131,611,607	16,104,266,152	4,211,574,154	4,559,933,435
Decrease (increase) in operating assets				
Trade and other receivables	8,744,763	22,119,901	(1,730,757)	8,638,041
Land and construction in progress	(8,636,867,733)	(9,543,759,461)	(2,108,043,528)	(2,375,663,130)
Advance for construction work	417,358,570	168,683,674	(39,868,974)	(21,557,797)
Advance for construction material	62,350	6,357,653	(230,151)	3,248,500
Other current assets	62,733,501	2,127,643	5,498,360	2,255,683
Land and project development costs	(3,110,571,027)	(5,123,373,168)	(2,316,615,080)	(2,073,920,055)
Deposits for purchase of land	-	(496,071,093)	-	(504,519,093)
Other non-current assets	2,930,471	6,141,628	3,034,514	6,905,232
Increase (decrease) in operating liabilities				
Trade and other payables	(262,043,043)	314,014,629	(8,617,303)	175,506,901
Advance received from customers	(55,580,159)	13,873,759	(127,907,745)	(24,774,362)
Deposits for rental and service	(2,251,121)	(6,010,466)	(521,097)	(2,712,528)
Retention guarantees	55,465,782	(32,227,581)	11,555,566	(44,706,908)
Other current liabilities	15,221,488	133,128,703	12,482,853	20,116,791
Paid for loss arising from guarantee of minimum rental income of projects	-	(46,456,466)	-	(46,456,466)
Paid for litigation compensation	(1,389,412)	(670,000)	(1,389,412)	(670,000)
Paid for long-term employee benefits	-	(7,622,000)	-	(7,350,000)
Cash flows from (used in) operating activities	3,625,426,037	1,514,523,507	(360,778,600)	(325,725,756)
Cash paid for income tax	(535,248,567)	(572,589,975)	(118,548,438)	(124,751,581)
Net cash flows from (used in) operating activities	3,090,177,470	941,933,532	(479,327,038)	(450,477,337)

Quality Houses Public Company Limited and its subsidiaries

STATEMENTS OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Increase in restricted deposits at financial institutions	(93,691,727)	(6,307,906)	(93,618,745)	(6,222,044)
Cash paid for purchase of investment in a subsidiary	-	-	(19,208,800)	-
Cash received from capital reduction of a subsidiary	-	-	71,044,500	-
Dividends received from subsidiaries	-	-	1,080,733,905	840,000,000
Dividends received from associates	1,057,506,416	681,219,490	1,057,506,416	681,219,490
Decrease (increase) in long-term loans to related parties	-	-	1,958,900,000	(1,171,712,274)
Interest income	17,163,212	14,728,150	816,812,317	894,792,696
Increase in leasehold rights (net of disposals)	(16,019,603)	(16,882,720)	(16,019,603)	(16,882,720)
Increase in property, plant and equipment (net of disposals)	(17,853,581)	(74,087,353)	(5,799,093)	(25,121,101)
Net cash flows from investing activities	947,104,717	598,669,661	4,850,350,897	1,196,074,047
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(300,000,000)	(700,000,000)	(300,000,000)	(700,000,000)
Increase (decrease) in short-term loans	(600,000,000)	600,000,000	(600,000,000)	600,000,000
Increase (decrease) in short-term loan from related company	-	-	(110,201,508)	38,210,364
Repayment of long-term loans	-	(697,000,000)	-	(697,000,000)
Increase (decrease) in long-term loans from related parties	-	-	(306,259,463)	10,000,000
Cash received from issuance of debentures	6,500,000,000	7,000,000,000	6,500,000,000	7,000,000,000
Cash paid for redemption of debentures	(6,912,000,000)	(4,600,000,000)	(6,912,000,000)	(4,600,000,000)
Cash paid for financial fees	(4,934,843)	(9,867,540)	(4,934,843)	(9,867,540)
Cash paid for interest expenses	(955,226,403)	(1,049,185,411)	(980,708,906)	(1,059,878,987)
Dividend paid	(1,714,286,780)	(705,793,449)	(1,714,286,780)	(705,793,449)
Net cash flows used in financing activities	(3,986,448,026)	(161,846,400)	(4,428,391,500)	(124,329,612)
Net increase (decrease) in cash and cash equivalents	50,834,161	1,378,756,793	(57,367,641)	621,267,098
Cash and cash equivalents at beginning of year	2,836,947,820	1,458,191,027	1,210,927,248	589,660,150
Cash and cash equivalents at end of year	2,887,781,981	2,836,947,820	1,153,559,607	1,210,927,248
Supplemental cash flows information				
Non-cash transactions				
Stock dividend	-	1,530,614,092	-	1,530,614,092
Transfer of land and project development costs to land and construction in progress	2,991,555,904	7,044,437,472	1,155,397,249	2,654,093,854
Transfer of deposit for purchase of land to land and project development costs	504,519,093	552,264,429	504,519,093	-
Interest expenses recorded as cost of projects	619,799,449	765,902,187	83,874,281	144,087,716
Actuarial losses - net of income tax	(4,200,477)	-	(6,725,425)	-
Increase (decrease) in share of other comprehensive income of associates - net of income tax	27,879,800	(4,147,787)	-	-
Transfer of provision for long-term employee benefits to accrued expenses	(2,024,840)	-	(2,024,840)	-

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

Quality Houses Public Company Limited and its subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2016

1. General information

Quality Houses Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the property development. The registered office of the Company is at 7th Floor, Q. House Lumpini Building, No. 1 South Sathorn Road, Tungmahamek, Sathorn, 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 28 September 2011, 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 Quality Houses Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			2016	2015
			%	%
Casa Ville Co., Ltd.	Real estate development	Thailand	100	100
Q.H. International Co., Ltd.	Managing of serviced apartment	Thailand	100	100
Property Host Co., Ltd.	Lease of land	Thailand	100	100
Centre Point Hospitality Co., Ltd.	Lease of residential building	Thailand	100	100
The Confidence Co., Ltd.*	Real estate development	Thailand	-	-
Q.H. Management Co., Ltd.	Managing of public utilities of	Thailand	81	81
(19% held through The Confidence Co., Ltd.)	real estate business and land owner			
Q.H. International (BVI) Co., Ltd.**	Holding company	British Virgin Island	-	-
Casa Ville (Rayong 2553) Co., Ltd.*	Real estate development	Thailand	-	-
Casa Ville (Petchburi 2553) Co., Ltd.*	Real estate development	Thailand	-	-
Q. House Precast Co., Ltd.*	Manufacture and distribution of precast concrete	Thailand	-	-
Gusto Village Co., Ltd.*	Real estate development	Thailand	-	-
Casa Ville (Chonburi 2554) Co., Ltd.*	Real estate development	Thailand	-	-
Casa Ville (Prachuapkhirikhan 2554) Co., Ltd.*	Real estate development	Thailand	-	-

* 100% held through Casa Ville Co., Ltd.

** 100% held through Q.H. International Co., Ltd.

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

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

3. New financial reporting standards

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

During the year, the Company and its subsidiaries has adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenue recognition

a) Sales of real estate

Sales of land and houses and sales of residential condominium units are recognised as revenue when the significant risks and rewards of ownership of the goods have passed to the buyer, whereby construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

b) Rental and services income

Rental of units in office buildings and residential buildings and related services income are recognised on an accrual basis over the period of contracts.

c) Interest income

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

d) Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cost of real estate sold

In determining the cost of land and 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 and houses sold on the basis of the salable area and to residential condominium units sold on the basis of the salable area weighted to the selling price of the unit, and then recognised as costs in profit or loss concurrently with revenue from sales.

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

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 Trade accounts receivable

Trade accounts receivable 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.

4.5 Land and construction in progress/Land and project development cost

Land and construction in progress/Land and project development cost are stated at cost less provision for loss on diminution in value of projects. The details of cost calculation are as follows:

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

4.6 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method, net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.7 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 loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 15 – 60 years. Depreciation of the investment properties is included in determining income.

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.

4.8 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Land improvement	-	10	years
Leasehold improvement	-	5 – 20	years
Buildings and building improvement	-	5 – 60	years
Equipment and operating equipment	-	1 – 5	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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 is included in profit or loss when the asset is derecognised.

4.9 Leasehold rights and amortisation

Leasehold rights are stated at cost less accumulated amortisation. The Company amortises leasehold rights on a straight-line basis over the leasehold period.

The amortisation is included in determining income.

4.10 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.

4.11 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in determining income.

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 associates 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 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 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional

currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.15 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the investment properties, property, plant and equipment, land and project development costs 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates 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.

4.16 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

4.17 Provisions

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

4.18 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by

relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements 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 judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

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.

Impairment of equity investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

Provision for diminution in value of land and construction in progress and land and project development costs

The Company and its subsidiaries record provision for diminution in value of land and construction in progress and land and project development costs when there have been significant or prolonged declines in the fair value below their cost. The management determines the devaluation of land and construction in progress and land and project development costs based on their net realisable value. The determination of such devaluation requires management to make subjective judgements and estimates.

Property, plant and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the buildings and equipment 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 for impairment on a periodical basis and record impairment when it is determined that their recoverable amount is lower than the carrying amounts. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

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.

Project development costs estimation

In calculating cost of land and houses sold and cost of residential condominium units sold, the Company and its subsidiaries have 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.

Provision for loss arising from loan guarantees

In recording provision for loss arising from guarantees of loans to related companies, the management estimates the expenses expected to be incurred as a result of providing such guarantees based on the ability of those companies to make payment of their debts to the creditors, and records the provision according to the proportion of guarantee provided.

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.

Provision for public utilities maintenance/housing maintenance

In estimating the Company's and subsidiaries' provision for public utilities maintenance/housing maintenance, the management considers historical data and/or currently available information about the costs of various types of repairment work.

Provision for guarantee of minimum rental income

In recording provision for guarantee of minimum rental income of projects, the management estimates the operating results of projects based on historical data on rental income and related expenses together with currently available information, then record the amount that is expected to be paid to the Fund as provision.

Compensation for Housing Estate Juristic Persons

The Company and its subsidiaries estimate the compensation for Housing Estate Juristic Persons using the rate specified by the regulator and the budgeted public utilities costs as a basis for the calculation.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management has exercised judgement to assess of the results of the litigation and recorded certain provision as at the end of reporting period. However, actual results could differ from the estimates.

6. Related party transactions

- 6.1 During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	805	884	3.43% to 4.63% and MLR per annum
Dividend income	-	-	1,081	840	As declared
Other service expenses	-	-	36	33	Market price
Material cost	-	-	5	-	Market price
Interest expenses	-	-	15	15	3.53% to 4.40% and MLR minus certain rates per annum
Rental and service income	-	-	2	6	Market price
<u>Transactions with associates</u>					
Material cost	25	32	8	8	Wholesale price charged by the related company to third parties
Rental expenses	294	275	32	32	Contract value
Building management income	39	29	10	9	1% - 2% of property revenue and 2.4% - 7% of net property profit
Rental and service income	51	50	51	50	Market price
Reverse of provision for loss arising from guarantee of minimum rental income of projects	-	(22)	-	(33)	Contract value
Interest income	15	13	9	8	0.25% to 1.55% per annum
Dividend income	-	-	1,058	681	As declared
Purchases of assets	-	2	-	-	Market price
Other service expenses	4	7	3	-	Contract value
Bank charges	2	2	1	1	Market price
<u>Transactions with related companies</u>					
Material cost	50	63	18	16	Market price
Other service fees	3	1	-	-	Contract value
Rental and service income	18	15	18	15	Market price
Building management income	22	44	2	2	Contract value
Sales of real estate	-	16	-	16	Market price
Other service income	3	11	-	-	Contract value
Purchase of asset	1	-	1	-	Market price
Sale of asset	1	-	1	-	Market price

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deposits at financial institution (shown under cash and cash equivalents)				
Associate				
Land and Houses Bank Plc.	2,190,133	2,153,295	956,306	927,159
Trade and other receivables - related parties				
<u>Trade accounts receivable - related parties</u>				
Subsidiaries	-	-	65	132
Associates	344	142	344	124
Related companies (Common directors or common shareholders)	227	388	227	388
Total trade accounts receivable - related parties	571	530	636	644
<u>Other receivables - related parties</u>				
Advance:				
Associate	-	700	-	-
Other receivables:				
Subsidiaries	-	-	584	386
Associates	2,700	4,975	837	1,511
Related companies (Common directors or common shareholders)	4,624	6,118	73	72
Total other receivables - related parties	7,324	11,793	1,494	1,969
Total	7,895	12,323	2,130	2,613
Deposits for rental and service (shown under other non-current assets)				
Associate	6,758	6,715	6,758	6,715
Trade and other payables - related parties				
<u>Trade accounts payable - related parties</u>				
Subsidiaries	-	-	11,005	8,216
Associates	900	6,522	234	1,864
Related companies (Common directors or common shareholders)	6,695	10,189	3,048	3,203
Total trade accounts payables - related parties	7,595	16,711	14,287	13,283
<u>Other payables - related parties</u>				
Subsidiary	-	-	331	371
Related companies (Common directors or common shareholders)	22	63	-	-
Total other payables - related parties	22	63	331	371
Total	7,617	16,774	14,618	13,654
Deposits for rental and service - related parties				
Subsidiaries	-	-	714	714
Associate	4,649	4,643	4,649	4,643
Related companies (Common directors or common shareholders)	3,609	3,607	3,609	3,607
Total	8,258	8,250	8,972	8,964

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accrued expenses - related parties (shown under other current liabilities)				
Subsidiary	-	-	19	984
Associates	62,984	62,298	216	225
Related companies (Common directors or common shareholders)	770	-	-	-
Total	63,754	62,298	235	1,209
Rental income received in advance - related party				
Associate (Note 6.3)				
Current portion	27,224	27,224	27,224	27,224
Non-current portion	514,357	541,523	514,357	541,523
Total	541,581	568,747	541,581	568,747

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Interest policy
	2016	2015	2016	2015	(% p.a.)
Long-term loans to and interest receivables - related parties					
<u>Subsidiary</u>					
Casa Ville Co., Ltd.	-	-	18,896,275	20,855,694	3.43% - 4.10%
<u>Related party</u>					
Harbour View Corporation (Formerly known as "Harbour View Joint Stock Company") (Common directors)	41,842	42,126	-	-	LIBOR+2.00%, LIBOR+3.00% and 8.00%
Total	41,842	42,126	18,896,275	20,855,694	
Less: Allowance for doubtful account	(41,842)	(42,126)	-	-	
Net	-	-	18,896,275	20,855,694	
Short-term loan from and accrued interest - related party					
<u>Subsidiary</u>					
Q.H. International Co., Ltd.	-	-	-	111,063	4.10%
Long-term loans from and accrued interest - related parties					
<u>Subsidiaries</u>					
Q.H. Management Co., Ltd.	-	-	-	265,966	3.90%, 4.40% and MLR-1.00%
Centre Point Hospitality Co., Ltd.	-	-	-	50,017	4.10%
Total	-	-	-	315,983	

Loans to related parties and loans from related parties

As at 31 December 2016 and 2015, the balance of loans between the Company and those related companies and the movement are as follows:

are as follows.

(Unit: Thousand Baht)

Consolidated financial statements

	1 January 2016	Increase	Decrease	31 December 2016
Long-term loan to and interest receivables – related party				
<u>Related party</u>				
Harbour View Corporation	42,126	–	(284)	41,842
Less: Allowance for doubtful account	(42,126)	–	284	(41,842)
Net	–	–	–	–

	(Unit: Thousand Baht)			
	Separate financial statements			
	1 January 2016	Increase	Decrease	31 December 2016
Long-term loans to and interest receivables – related parties				
<u>Subsidiaries</u>				
Casa Ville Co., Ltd.	20,855,694	8,889,454	(10,848,873)	18,896,275
Centre Point Hospitality Co., Ltd.	–	20,026	(20,026)	–
Total	20,855,694	8,909,480	(10,868,899)	18,896,275

Short-term loan from and accrued interest – related party

<u>Subsidiary</u>				
Q.H. International Co., Ltd	111,063	75,286	(186,349)	–
Long-term loans from and accrued interest – related parties				
<u>Subsidiaries</u>				
Q.H. Management Co., Ltd.	265,966	31,097	(297,063)	–
Centre Point Hospitality Co., Ltd.	50,017	72,015	(122,032)	–
Total	315,983	103,112	(419,095)	–

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)		
Consolidated and separate financial statements		
	2016	2015
Short-term employee benefits	62	61
Post-employment benefits	1	9
Total	63	70

Guarantee obligations with related parties

The Company and a subsidiary has outstanding guarantee obligations with their related parties and provision of financial support to its subsidiaries, as described in Notes 20 and 32.5.

- 6.2 The Company and its subsidiary have the following long-term agreements with property funds in which it or its related companies hold investment units.

(Unit: Million Baht)

	Counterparty	Contract amount	
		2016	2015
a) Agreement to lease immovable properties	Quality Houses Leasehold Property Fund	819	819
- Q. House Ploenchit Project			
b) Agreement relating to the lease and sublease	Quality Houses Hotel and Residence	504*	504*
of building and assets - Centre Point Hotel	Freehold and Leasehold Property Fund		
Pratunam, Sukhumvit 10 and Chidlom			

* Contract amount is not included variable rental fee.

- 6.3 On 21 November 2006, the Company entered into an agreement to lease immovable properties of Q. House Ploenchit project to Quality Houses Leasehold Property Fund, whereby the Company agreed to lease land, building and other related equipment to the Fund and in return received 30 years' rental for the land, building, public utilities and other related equipment of the project totaling Baht 819 million. The Company recorded this rental fees as "Rental income received in advance" in the statements of financial position, and it will be recognised as income over the period of the lease contract.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	6,586	12,417	1,920	2,069
Bank deposits	2,881,196	2,024,531	1,151,639	658,858
Bills of exchange	-	800,000	-	550,000
Total	2,887,782	2,836,948	1,153,559	1,210,927

As at 31 December 2016, bank deposits in current accounts, saving accounts, fixed deposits and bills of exchange carried interests between 0.10% and 1.30% per annum (2015: between 0.10% and 1.30% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade receivables – related parties (Note 6)</u>				
Aged of receivables				
Up to 3 months	571	530	636	644
Total trade receivables – related parties	571	530	636	644
<u>Trade receivables – unrelated parties</u>				
Aged of receivables				
Up to 3 months	25,003	25,332	9,013	8,639
3 – 6 months	672	1,386	2	40
6 – 12 months	–	753	–	49
Over 12 months	–	30	–	30
Total	25,675	27,501	9,015	8,758
Less: Allowance for doubtful debts	–	–	–	–
Total trade receivables – unrelated parties, net	25,675	27,501	9,015	8,758
Total trade receivables – net	26,246	28,031	9,651	9,402
<u>Other receivables</u>				
Advance to related parties (Note 6)	–	700	–	–
Other receivables – related parties (Note 6)	7,324	11,093	1,494	1,969
Other receivables – unrelated parties	16,157	18,037	2,859	687
Total other receivables	23,481	29,830	4,353	2,656
Total trade and other receivables – net	49,727	57,861	14,004	12,058

9. Land and construction in progress

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Construction material	5,488	11,497	–	–
Land	12,115,681	13,724,900	4,624,544	4,783,405
Interest cost	1,927,397	1,946,783	638,806	739,926
Construction under development	14,864,354	13,511,325	3,106,611	3,089,831
Total	28,912,920	29,194,505	8,369,961	8,613,162
Less: Provision for loss on diminution				
in value of projects	(77,423)	(96,310)	(70,423)	(96,310)
Land and construction in progress – net	28,835,497	29,098,195	8,299,538	8,516,852

During the current year, the Company and its subsidiaries included borrowing costs of Baht 578 million as cost of "Land and construction in progress" (the Company only: Baht 75 million) (2015: Baht 715 million, the Company only: Baht 139 million). These were determined by applying a capitalisation rate of 2.4% (the Company only: 0.3%) (2015: 2.9%, the Company only: 0.6%).

Movements in the provision for loss on diminution in value of projects during the years ended 31 December 2016 and 2015 are summarised below

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Balance at beginning of year	96,310	134,916	96,310	134,916
Additional provision during the year	8,500	-	-	-
Provision reversal according to revenue recognition during the year	(27,387)	(38,606)	(25,887)	(38,606)
Balance at end of year	77,423	96,310	70,423	96,310

The Company and its subsidiaries have mortgaged certain plots of land and structures thereon with net book values as at 31 December 2016 amounting to Baht 3,269 million (the Company only: Baht 3,269 million) (2015: Baht 2,693 million, the Company only: Baht 2,693 million) as collateral for credit facilities granted by banks.

Additional information of the Company's and its subsidiaries' projects.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Total estimated sales value of projects on hand of which contracts have been signed	129,585	133,515	43,971	47,011
Total value of contracts signed according to the letters reserving plots of land and structures thereon	75,968	72,834	23,814	26,778
Percentage of total estimated sales value of project	59%	55%	54%	57%
Total value of contracts signed according to the letters reserving plots of land and structures thereon not yet recognised as income	5,782	8,605	2,137	3,551

10. Restricted deposits at financial institutions

These represent fixed deposits pledged with the banks to secure credit facilities and the Court.

11. 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		Shareholdings		Cost	
			Percentage			
	2016	2015	2016	2015	2016	2015
			(%)	(%)		
Casa Ville Co., Ltd.	3,000,000	3,000,000	100	100	2,999,999	2,999,999
Q.H. International Co., Ltd.	25,000	76,836	100	100	25,000	76,836
Property Host Co., Ltd.	5,000	5,000	100	100	5,000	5,000
Centre Point Hospitality Co., Ltd.	5,000	5,000	100	100	4,999	4,999
The Confidence Co., Ltd.*	1,000,000	1,000,000	-	-	-	-
Q.H. Management Co., Ltd. (and 19% held through The Confidence Co., Ltd.)	380,000	380,000	81	81	306,193	306,193
Q.H. International (BVI) Co., Ltd.**	30,796	30,796	-	-	-	-
Casa Ville (Rayong 2553) Co. Ltd.*	5,000	5,000	-	-	-	-
Casa Ville (Petchburi 2553) Co. Ltd.*	5,000	5,000	-	-	-	-
Q. House Precast Co., Ltd.*	5,000	5,000	-	-	-	-
Gusto Village Co., Ltd.*	500,000	500,000	-	-	-	-
Casa Ville (Chonburi 2554) Co., Ltd.*	5,000	5,000	-	-	-	-
Casa Ville (Prachuapkhirikhan 2554) Co., Ltd.*	5,000	5,000	-	-	-	-
Total					3,341,191	3,393,027

* 100% held through Casa Ville Co., Ltd.

** 100% held through Q.H. International Co., Ltd.

(Unit: Thousand Baht)

Company's name	Separate financial statements	
	Dividend received during the year	
	2016	2015
Casa Ville Co., Ltd.	1,050,000	840,000
Q.H. International Co., Ltd.	30,734	-
Total	1,080,734	840,000

Q.H. International Co., Ltd.

On 24 September 2015, the Extraordinary General Meeting of Shareholders passed a resolution to approve a decrease in the registered capital from Baht 96 million to Baht 25 million by cancelling 710,445 ordinary shares with a par value of Baht 100 each.

On 29 September 2016, Q.H. International Co., Ltd. additionally called up 20% of 960,445 ordinary shares, or a total of Baht 19 million. As a result, Q.H. International Co., Ltd.'s paid-up share capital increased from Baht 77 million to Baht 96 million and is fully paid up. On the same day, Q.H. International Co., Ltd. decreased its share capital by cancelling 710,445 ordinary shares and returned the capital of Baht 71 million to its shareholders.

Q.H. International Co., Ltd. registered the change in its registered capital to Baht 25 million with the Ministry of Commerce on 30 September 2016.

Q.H. Management Co., Ltd.

On 24 September 2015, the Extraordinary General Meeting of Shareholders approved the decrease in the registered capital from Baht 380 million to Baht 110 million by cancelling the 2,700,000 registered ordinary shares with a par value of Baht 100 each.

Q.H. Management Co., Ltd. decreased its share capital by cancelling 2,700,000 ordinary shares, returned the capital of Baht 270 million to its shareholders and registered the change in its registered capital to Baht 110 million with the Ministry of Commerce on 2 February 2017.

12. Investments in associates

12.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholdings		Cost		Carrying amounts	
			percentage				based on equity method	
			2016	2015	2016	2015	2016	2015
			(%)	(%)				
Quality Houses Leasehold Property Fund ⁽¹⁾	Investment in immovable properties	Thailand	26	26	2,017,695	2,017,695	1,245,364	1,266,995
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund ⁽²⁾	Investment in immovable properties	Thailand	31	31	1,052,800	1,052,800	364,989	399,828
Home Product Center Plc.	Trading	Thailand	20	20	759,959	759,959	3,691,429	3,574,107
LH Financial Group Plc. (held 100% in Land and Houses Bank Plc.)	Holding company	Thailand	21	21	2,849,800	2,849,800	4,334,912	3,830,319
Total					6,680,254	6,680,254	9,636,694	9,071,249

⁽¹⁾ Carrying amounts are based on the equity method, and presented net of unrealised gain on sales of buildings and transfers of leasehold rights to land by Q. House Lumpini project to the Fund.

⁽²⁾ Carrying amounts are based on the equity method, and presented net of unrealised gains on sales of properties of Centre Point Hotel Pratunam and Centre Point Hotel Sukhumvit 10, and the transfer of leasehold rights to the building of Centre Point Hotel Chidlom to the Fund

(Unit: Thousand Bah)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholdings		Cost	
			percentage			
			2016	2015	2016	2015
			(%)	(%)		
Quality Houses Leasehold Property Fund	Investment in immovable properties	Thailand	26	26	2,017,695	2,017,695
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	Investment in immovable properties	Thailand	31	31	1,052,800	1,052,800
Home Product Center Plc.	Trading	Thailand	20	20	759,959	759,959
LH Financial Group Plc. (held 100% in Land and Houses Bank Plc.)	Holding company	Thailand	21	21	2,849,800	2,849,800
Total					6,680,254	6,680,254

12.2 Share of comprehensive income and dividend received

During the years, the Company has summarised its share of profit (loss) from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows.

(Unit: Thousand Baht)

Company's name	Consolidated financial statements				Separate financial statements	
	Share of profit from		Share of other comprehensive			
	investments in associates		income from investment in		Dividend received	
	during the year		associates during the year		during the year	
	2016	2015	2016	2015	2016	2015
Quality Houses Leasehold Property Fund	152,204	139,126	-	-	173,835	151,952
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	47,279	43,605	-	-	82,118	77,907
Home Product Center Plc.	820,208	696,866	2,630	(16,986)	705,516	440,940
LH Financial Group Plc.	575,380	352,976	25,250	12,838	96,037	10,420
Total	1,595,071	1,232,573	27,880	(4,148)	1,057,506	681,219

12.3 Fair value of investments in listed associates

In respect of investments in associates that are listed companies on the Stock Exchange of Thailand, their fair values are as follows.

(Unit: Million Baht)

Company's name	Fair values as at 31 December	
	2016	2015
Quality Houses Leasehold Property Fund	2,331	2,086
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	1,169	863
Home Product Center Plc.	26,391	17,769
LH Financial Group Plc.	5,006	4,802
Total	34,897	25,520

12.4 Summarised financial information

Summarised information about financial position

(Unit: Million Baht)

	Quality Houses Leasehold Property Fund		Quality Houses Hotel and Residence Freehold Leasehold Property Fund		Home Product Center Plc		LH Financial Group Plc.	
	2016	2015	2016	2015	2016	2015	2016	2015
Total assets	9,253	9,157	4,134	3,586	51,746	46,991	212,147	199,667
Total liabilities	352	364	1	1	34,225	30,088	191,832	181,716
Net assets	8,901	8,793	4,133	3,585	17,521	16,903	20,315	17,951
Shareholdings percentage (%)	26	26	31	31	20	20	21	21
Share of net assets	2,284	2,256	1,295	1,123	3,475	3,358	4,335	3,830
Unrealised gains on revaluation of investments	(178)	(161)	(216)	(29)	-	-	-	-
Unrecognised gains on sales of amortisation of assets	(523)	(523)	(601)	(601)	-	-	-	-
Record depreciation and amortisation of assets	(338)	(305)	(113)	(93)	-	-	-	-
Goodwill	-	-	-	-	216	216	-	-
Carrying amounts of associates based on equity method	1,245	1,267	365	400	3,691	3,574	4,335	3,830

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December							
	Quality Houses Hotel							
	Quality Houses		and Residence Freehold		Home Product		LH Financial	
	Leasehold Property		and Leasehold		Center Plc		Group Plc.	
	Fund		Property Fund					
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	1,117	1,096	264	264	61,144	56,243	11,064	9,777
Profit	786	681	810	250	4,125	3,499	2,697	1,652
Other comprehensive income	-	-	-	-	13	(79)	118	61
Total comprehensive income	-	-	-	-	4,138	3,420	2,815	1,713

Quality Houses Leasehold Property Fund

On 24 February 2017, the meeting of the Investment Committee of Quality Houses Leasehold Property Fund approved the payment of a dividend of Baht 0.162 per unit to its unitholders from the operating results for the period as from 1 November 2016 to 31 December 2016, a total of Baht 129 million, which is to be paid on 23 March 2017.

Quality Houses Hotel and Residence Freehold and Leasehold Property Fund

On 24 February 2017, the meeting of the Investment Committee of Quality Houses Hotel and Residence Freehold and Leasehold Property Fund approved to the payment of a dividend of Baht 0.131 per unit from the operating results for the period as from 1 October 2016 to 31 December 2016, a total of Baht 44 million, which is to be paid on 23 March 2017.

Home Product Center Public Company Limited

On 27 February 2017, the meeting of the Board of Directors of Home Product Center Plc. passed the resolution to propose to Annual General Meeting of the shareholders for approval of dividend payment from operating results from July 2016 to December 2016. The dividend will be paid by cash at the rate of Baht 0.15 per share or in the total amount not exceeding Baht 1,973 million. The payment of cash dividend shall be made within 3 May 2017. As the meeting of the Board of Directors of Home Product Center Plc. held on 30 August 2016 has the resolution to approve interim dividend payment to the shareholders as cash dividend of Baht 0.12 per share. The interim dividend was paid on 28 September 2016. As a result, total dividend per share for the year 2016 is Baht 0.27 per share.

LH Financial Group Plc.

On 29 March 2016, LH Financial Group Public Company Limited ("LHFG") entered into a memorandum of understanding in relation to a share subscription agreement ("SSA MOU") with CTBC Bank Co., Ltd. ("CTBC"). Under the SSA MOU, LHFG agrees in principle to issue 7,545 million new ordinary shares ("Shares") through a private placement to CTBC and CTBC agrees in principle to subscribe to the Shares at Baht 2.20 per share (the "Transaction"), provided that certain conditions precedent are met. Moreover, the price and the Transaction are subject to change or cancellation should due diligence uncover material adverse findings related to the business or financial position of LHFG.

On the same day, a meeting of the Board of Directors of the Company passed a resolution to approve a memorandum of understanding in relation to the shareholders agreement ("SHA MOU") with Land and Houses Public Company Limited ("LH") and CTBC, in order to stipulate the respective rights and obligations as the shareholders of LHFG upon the completion of the Transaction. The SHA MOU was executed by the Company, LH and CTBC on 29 March 2016.

Upon the completion of the Transaction, CTBC will hold 35.6 percent of the issued and paid-up share capital of LHFG and the Company's shareholding in LHFG will be diluted to 13.7 percent.

On 8 June 2016, LHFG and CTBC entered into the share subscription agreement ("SSA") whereby key terms and conditions were in accordance with the SSA MOU. On the same day, a meeting of the Board of Directors of the Company passed a resolution to approve the shareholders agreement ("SHA") with LH and CTBC. On 8 June 2016, the Company, LH and CTBC entered into the SHA, of which the key terms and conditions were in accordance with the SHA MOU.

On 23 December 2016, a meeting of the Board of Directors of LHFG has passed a resolution to agree the extension of the co-investment with CTBC period from 31 December 2016 to 30 September 2017 for the flexibility of the operational processes period.

On 20 February 2017, the meeting of the Board of Director of LHFG passed resolutions to propose to the Annual General Meeting of shareholders for approval of dividend payments from its operating results for the year ended 31 December 2016 by paying a cash dividends of Baht 0.052 per share, or not exceeding Baht 709 million. The payment of cash dividend shall be made within 19 May 2017.

13. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Investments in marketable equity securities	2	2	2	2
Investment in other company				
(Held by Q.H. International (BVI) Co., Ltd.)				
Harbour View Corporation				
(Registered in Vietnam)	32,599	32,599	-	-
Less: Allowance for impairment of investment	(32,599)	(32,599)	-	-
Investment in other company - net	-	-	-	-
Total other long-term investments	2	2	2	2

As described in Note 32.5, the Company has an outstanding obligation in respect of loan guarantees provided on behalf of Harbour View Corporation, equal to 50% of that company's obligations to a bank. For prudent reasons, as at 31 December 2016, the Company has set aside a provision of Baht 58 million (2015: Baht 58 million) for losses arising from the guarantees and believes that such provision should be appropriated under current situation.

14. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)		
Consolidated and separate		
financial statements		
	2016	2015
Office building for rent		
Cost	888,957	888,957
Less: Accumulated depreciation	(330,089)	(315,695)
Less: Allowance for diminution in value	(75,989)	(82,068)
Net book value – net	<u>482,879</u>	<u>491,194</u>

A reconciliation of the net book value of investment properties for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)		
Consolidated and separate		
financial statements		
	2016	2015
Net book value at beginning of year	491,194	499,509
Depreciation charged	(8,315)	(8,315)
Net book value at end of year	<u>482,879</u>	<u>491,194</u>

As at 31 December 2016, the net book value of rental income received in advance from lessee is Baht 542 million (2015: Baht 569 million), and the fair value of the investment properties has been determined based on valuations performed by an accredited independent valuer was Baht 848 million (2015: Baht 856 million). The fair value has been determined using the income approach. Key assumptions used in the valuation are yield rate, inflation rate, long-term vacancy rate and long-term growth in rental rates which has been determined based on rental information of tenants of building of Quality Houses Leasehold Property Fund that leased the building from the Company.

15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvement	Leasehold improvement	Buildings and building improvement	Equipment and Operating Equipment	Motor vehicles	Assets under installation	Total
<u>Cost</u>							
1 January 2015	329,737	17,572	16,852	493,417	79,227	136,624	1,073,429
Additions	252	5,379	1,696	38,486	11,741	20,098	77,652
Transfer in (out)	-	67,442	(49)	85,058	8	(154,241)	(1,782)
Disposals/write-off	-	-	-	(69,298)	(6,114)	-	(75,412)
31 December 2015	329,989	90,393	18,499	547,663	84,862	2,481	1,073,887
Additions	-	1,404	64	20,045	785	-	22,298
Transfers in (out)	-	-	-	(31)	31	-	-
Disposals/write-off	-	-	-	(9,997)	(8,179)	-	(18,176)
31 December 2016	329,989	91,797	18,563	557,680	77,499	2,481	1,078,009
<u>Accumulated depreciation</u>							
1 January 2015	4,688	10,083	6,128	353,279	42,444	-	416,622
Depreciation for the year	211	7,084	879	52,524	12,960	-	73,658
Depreciation on disposals/ write-off	-	(2)	-	(68,170)	(5,918)	-	(74,090)
31 December 2015	4,899	17,165	7,007	337,633	49,486	-	416,190
Depreciation for the year	162	7,455	925	49,804	12,259	-	70,605
Depreciation on disposals/ write-off	-	-	(2)	(9,662)	(5,082)	-	(14,746)
31 December 2016	5,061	24,620	7,930	377,775	56,663	-	472,049
<u>Allowance for impairment loss</u>							
1 January 2015	81,873	-	-	-	-	-	81,873
31 December 2015	81,873	-	-	-	-	-	81,873
31 December 2016	81,873	-	-	-	-	-	81,873
<u>Net book value</u>							
31 December 2015	243,217	73,228	11,492	210,030	35,376	2,481	575,824
31 December 2016	243,055	67,177	10,633	179,905	20,836	2,481	524,087
Depreciation for the year							
2015 (Baht 18 million included in cost of rental and services, and the balance in administrative expenses)							73,658
2016 (Baht 15 million included in cost of rental and services, and the balance in administrative expenses)							70,605

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and land improvement	Leasehold improvement	Buildings and building improvement	Equipment and Operating Equipment	Motor vehicles	Assets under installation	
<u>Cost</u>							
1 January 2015	255,664	10,146	13,784	340,447	30,909	1,680	652,630
Additions	-	-	1,696	21,131	5,334	-	28,161
Transfers in (out)	-	-	-	(99)	-	(1,680)	(1,779)
Disposals/write-off	-	-	-	(66,615)	(3,131)	-	(69,746)
31 December 2015	255,664	10,146	15,480	294,864	33,112	-	609,266
Additions	-	-	64	8,975	765	-	9,804
Disposals/write-off	-	-	-	(5,643)	(7,694)	-	(13,337)
31 December 2016	255,664	10,146	15,544	298,196	26,183	-	605,733
<u>Accumulated depreciation</u>							
1 January 2015	4,485	9,377	6,066	295,840	18,374	-	334,142
Depreciation for the year	72	759	728	20,063	4,831	-	26,453
Depreciation on disposals/ write-off	-	-	-	(65,810)	(2,945)	-	(68,755)
31 December 2015	4,557	10,136	6,794	250,093	20,260	-	291,840
Depreciation for the year	-	1	774	16,865	4,111	-	21,751
Depreciation on disposals/ write-off	-	-	-	(5,584)	(4,612)	-	(10,196)
31 December 2016	4,557	10,137	7,568	261,374	19,759	-	303,395
<u>Allowance for impairment loss</u>							
1 January 2015	81,873	-	-	-	-	-	81,873
31 December 2015	81,873	-	-	-	-	-	81,873
31 December 2016	81,873	-	-	-	-	-	81,873
<u>Net book value</u>							
31 December 2015	169,234	10	8,686	44,771	12,852	-	235,553
31 December 2016	169,234	9	7,976	36,822	6,424	-	220,465
Depreciation for the year							
2015 (Baht 6 million included in cost of rental and services, and the balance in administrative expenses)							26,453
2016 (Baht 5 million included in cost of rental and services, and the balance in administrative expenses)							21,751

As at 31 December 2016, certain plant and equipment items of the Company and its subsidiaries were 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 308 million (the Company only: Baht 247 million) (2015: Baht 261 million, the Company only: Baht 232 million).

16. Leasehold rights

(Unit: Thousand Baht)

Projects	Consolidated and separate financial statements	
	2016	2015
Q. House Convent	337,762	336,356
Q. House Sathorn	507,115	500,095
Q. House Asoke	625,774	621,147
Centre Point Hotel Silom	1,035,941	1,033,021
Total	2,506,592	2,490,619
Less: Accumulated amortisation	(1,906,944)	(1,805,064)
Leasehold rights - net	599,648	685,555

Movements of leasehold rights account during the year ended 31 December 2016 and 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2016	2015
Net book value as at beginning of year	685,555	768,729
Acquisitions during the year - at cost	16,077	16,883
Disposals during the year - net book value at disposal rate	(57)	-
Amortisation for the year (included in cost of rental and related services)	(101,927)	(100,057)
Net book value as at end of year	599,648	685,555

17. Land and project development costs

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Land	7,688,563	7,114,914	3,622,399	2,063,301
Interest cost	280,996	264,748	185,774	180,527
Construction under development	957,260	882,053	448,294	338,060
Total	8,926,819	8,261,715	4,256,467	2,581,888
Less: Provision for loss on diminution in value of projects	(111,225)	(84,158)	(110,639)	(84,033)
Land and project development costs - net	8,815,594	8,177,557	4,145,828	2,497,855

During the current year, the Company and its subsidiaries included borrowing costs of Baht 42 million (the Company only: Baht 9 million) (2015: Baht 51 million, the Company only: Baht 5 million) as cost of "Land and project development costs". These were determined by applying a capitalisation rate of 2.4% (the Company only: 0.3%) (2015: 2.9%, the Company only: 0.6%).

Movements in the provision for loss on diminution in value of projects during the years ended 31 December 2016 and 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Balance at beginning of year	84,158	84,158	84,033	84,033
Additional provision during the year	27,067	-	26,606	-
Balance at end of year	111,225	84,158	110,639	84,033

The Company and its subsidiaries have mortgaged certain plots of land and structures thereon with net book values as at 31 December 2016 amounting to Baht 309 million (The Company only: Nil) (2015: Baht 563 million, the Company only: Nil) as collateral for credit facilities granted by banks both short-term and long-term loans.

18. Short-term loans from financial institutions/Short-term loans

(Unit: Thousand Baht)

	Interest rate		Consolidated and separate financial statements	
	2016	2015	2016	2015
	(% p.a.)	(% p.a.)		
Short-term loans from financial institutions				
Promissory notes	-	2.26	-	300,000
Short-term loans				
Bills of exchange	1.65	1.66	1,000,000	1,600,000
Less: Prepaid interest			(1,908)	(2,068)
Net			998,092	1,597,932

On 26 February 2016, a meeting of the Company's Board of Directors approved the issuance and offer of up to Baht 8,000 million of bills of exchange, by way of public offering and/or private placement and/or institutional investors/major investors in accordance with relevant notifications of the Securities and Exchange Commission and/or the Office of the Securities and Exchange Commission and/or the Board of Governors of the Stock Exchange of Thailand or other relevant laws in force at the time of issue. The bills may be issued in one tranche or offered for sales from time to time as a revolving issue.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables - related parties (Note 6)	7,595	16,711	14,287	13,283
Trade payables - unrelated parties	826,238	1,093,940	344,651	359,850
Other payables - related parties (Note 6)	22	63	331	371
Other payables - unrelated parties	38,120	23,304	15,536	9,918
Accrued interest	189,632	218,131	189,632	218,131
Total trade and other payables	1,061,607	1,352,149	564,437	601,553

20. Long-term loans

Most of the loan agreements include covenants and restrictions. These pertain to, among other things, dividend payment, increases and reductions of share capital, the provision of guarantees to loans or aval to promissory notes of any other persons or companies, conducting any merger or acquisition with other companies, and the maintenance of certain financial ratios.

In addition, the Company and a subsidiary agreed to provide assurances to the lenders of subsidiaries, whereby there are certain covenants pertaining to, among other things, the maintenance of its level of shareholding in the subsidiaries, the provision of financial support to the subsidiaries if its lacks capital for development of its projects, the deferral of the application of any rights to demand payment of loans from the subsidiaries or the enforcement of rights over collateral, for as long as the subsidiaries has not made full repayment of credit facilities to the banks.

The Company and its subsidiaries have mortgaged certain plots of land and related buildings thereon, to secure these loans, in accordance with the loan agreements.

As at 31 December 2016, the long-term loan facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 1,432 million (2015: Baht 2,687 million).

21. Unsecured debentures

Type of debenture	Interest rate	Age	Maturity date	Consolidated and separate financial statements			
				Number of debenture (Unit)		Amount (Thousand Baht)	
				2016	2015	2016	2015
Unsubordinated and unsecured debentures							
• No. 2/2011							
• Tranche II	Years 1 – 3: Fixed rate of 5.00% p.a. Years 4 – 5: Fixed rate of 5.30% p.a.	5 years	25 August 2016	–	1,400,000	–	1,400,000
• No. 1/2012	Fixed rate of 4.59% p.a.	4 years	27 April 2016	–	2,212,000	–	2,212,000
• No. 2/2012							
• Tranche I	Fixed rate of 4.16% p.a.	3 years 6 months	23 February 2016	–	800,000	–	800,000
• Tranche II	Fixed rate of 4.55% p.a.	5 years	23 August 2017	2,000,000	2,000,000	2,000,000	2,000,000
• No. 1/2013							
• Tranche I	Fixed rate of 3.63% p.a.	3 years	9 May 2016	–	500,000	–	500,000
• Tranche II	Fixed rate of 4.16% p.a.	5 years	9 May 2018	2,500,000	2,500,000	2,500,000	2,500,000
• No. 2/2013	Fixed rate of 4.25% p.a.	3 years	22 November 2016	–	2,000,000	–	2,000,000
• No. 1/2014	Fixed rate of 3.80% p.a.	3 years	4 April 2017	2,000,000	2,000,000	2,000,000	2,000,000
• No. 2/2014	Fixed rate of 3.82% p.a.	3 years	8 August 2017	1,970,000	1,970,000	1,970,000	1,970,000
• No. 3/2014	Fixed rate of 3.84% p.a.	3 years	25 July 2017	530,000	530,000	530,000	530,000
• No. 4/2014	Fixed rate of 4.38% p.a.	5 years	8 August 2019	2,000,000	2,000,000	2,000,000	2,000,000
• No. 1/2015	Fixed rate of 3.18% p.a.	3 years	20 February 2018	4,000,000	4,000,000	4,000,000	4,000,000
• No. 2/2015							
• Tranche I	Fixed rate of 2.71% p.a.	3 years	26 June 2018	1,800,000	1,800,000	1,800,000	1,800,000
• Tranche II	Fixed rate of 3.07% p.a.	4 years	20 June 2019	1,200,000	1,200,000	1,200,000	1,200,000
• No. 1/2016							
• Tranche I	Fixed rate of 1.96% p.a.	3 years	25 April 2019	3,400,000	–	3,400,000	–
• Tranche II	Fixed rate of 2.22% p.a.	5 years	25 April 2021	600,000	–	600,000	–
• No. 2/2016	Fixed rate of 2.58% p.a.	3 years	29 November 2019	2,500,000	–	2,500,000	–
Total debentures – at face value				24,500,000	24,912,000	24,500,000	24,912,000
Less: Unamortised portion of deferred transaction costs						(11,321)	(13,491)
Debentures – net						24,488,679	24,898,509
Less: Current portion of debentures						(6,500,000)	(6,912,000)
Debentures – net of current portion						17,988,679	17,986,509

Movements in debentures accounts during the years ended 31 December 2016 and 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	2016	2015
Balance at beginning of year	24,912,000	22,512,000
Add: Issuance of debentures during the year	6,500,000	7,000,000
Less: Redemption of debentures during the year	(6,912,000)	(4,600,000)
Balance at end of year	24,500,000	24,912,000

All of unsecured debentures include covenants and restrictions. These pertain to, among other things, dividend payment and the maintenance of certain financial ratios

22. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the company is as follows.

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Provision for long-term employee benefits at beginning of year		109,579	103,110	69,351	69,194
Included in profit or loss:					
Current service cost		11,369	10,798	5,405	5,293
Interest cost		3,511	3,293	2,221	2,214
Included in other comprehensive income:					
Actuarial losses /(gains) arising from					
Demographic assumptions changes		(530)	-	(243)	-
Financial assumptions changes		3,108	-	1,834	-
Experience adjustments		2,673	-	6,816	-
Benefits paid/transfer-out during the year		(2,025)	(7,622)	(2,025)	(7,350)
Provision for long-term employee benefits at end of year		127,685	109,579	83,359	69,351

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows.

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Cost of sales		2,206	2,000	890	812
Selling and administrative expenses		12,674	12,091	6,736	6,695
Total expenses recognised in profit or loss		14,880	14,091	7,626	7,507

The Company and its subsidiaries expect to pay Baht 8.7 million of long-term employee benefits during the next year (the Company only: Baht 8.7 million) (2015: Baht 1.9 million, the Company only: Baht 1.9 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit was 13 years (the Company only: 13 years) (2015: 13 years, the Company only: 13 years).

Significant actuarial assumptions are summarised below.

	Consolidated and separate financial statements	
	2016	2015
	(% p.a.)	(% p.a.)
Discount rate	3.0	3.2
Salary increase rate	6.0	6.0
Turnover rate	0 - 25.0	0 - 15.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below.

(Unit: Thousand Baht)

	As at 31 December 2016					
	Discount rate		Salary increase rate		Turnover rate	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	1%	1%	10%	10%
Consolidated financial statements	(7,576)	8,256	16,564	(14,283)	(5,042)	5,518
Separate financial statements	(4,477)	4,856	9,722	(8,458)	(2,737)	2,975

(Unit: Thousand Baht)

	As at 31 December 2015					
	Discount rate		Salary increase rate		Turnover rate	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	1%	1%	10%	10%
Consolidated financial statements	(6,521)	7,379	15,833	(13,339)	(4,947)	5,725
Separate financial statements	(3,686)	4,145	8,974	(7,630)	(2,543)	2,926

23. Provisions

(Unit: Thousand Baht)

Consolidated financial statements							
	Provision for public utility maintenance	Provision for housing maintenance	Compensation for Housing Estate Juristic Persons	Loan guarantee	Guarantee of minimum rental income	Litigation	Total
As at 1 January 2015	182,474	42,814	116,127	61,000	52,730	27,709	482,854
Increase during the year	41,784	73,929	24,936	-	-	57,531	198,180
Utilised	(23,519)	(58,959)	(19,463)	-	(20,102)	(670)	(122,713)
Reversed during the year	-	-	-	(2,700)	(32,628)	-	(35,328)
As at 31 December 2015	200,739	57,784	121,600	58,300	-	84,570	522,993
Increase during the year	73,007	102,671	29,682	-	-	219,213	424,573
Utilised	(18,084)	(97,995)	(13,873)	-	-	(1,389)	(131,341)
Reversed during the year	(5,615)	-	(721)	-	-	-	(6,336)
As at 31 December 2016	250,047	62,460	136,688	58,300	-	302,394	809,889

2016

Current	250,047	62,460	136,688	-	-	-	449,195
Non-current	-	-	-	58,300	-	302,394	360,694
	250,047	62,460	136,688	58,300	-	302,394	809,889

2015

Current	200,739	57,784	121,600	-	-	-	380,123
Non-current	-	-	-	58,300	-	84,570	142,870
	200,739	57,784	121,600	58,300	-	84,570	522,993

(Unit: Thousand Baht)

Separate financial statements							
	Provision for public utility maintenance	Provision for housing maintenance	Compensation for Housing Estate Juristic Persons	Loan guarantee	Guarantee of minimum rental income	Litigation	Total
As at 1 January 2015	80,448	14,989	45,403	61,000	52,730	27,709	282,279
Increase during the year	1,586	18,235	2,027	-	-	47,331	69,179
Utilised	(13,227)	(22,197)	(10,098)	-	(20,102)	(670)	(66,294)
Reversed during the year	-	-	-	(2,700)	(32,628)	-	(35,328)
As at 31 December 2015	68,807	11,027	37,332	58,300	-	74,370	249,836
Increase during the year	19,364	25,735	5,432	-	-	66,005	116,536
Utilised	(10,758)	(24,977)	(5,401)	-	-	(1,389)	(42,525)
Reversed during the year	(4,541)	-	-	-	-	-	(4,541)
As at 31 December 2016	72,872	11,785	37,363	58,300	-	138,986	319,306

2016

Current	72,872	11,785	37,363	-	-	-	122,020
Non-current	-	-	-	58,300	-	138,986	197,286
	72,872	11,785	37,363	58,300	-	138,986	319,306

2015

Current	68,807	11,027	37,332	-	-	-	117,166
Non-current	-	-	-	58,300	-	74,370	132,670
	68,807	11,027	37,332	58,300	-	74,370	249,836

24. Share capital

During 2015, the Company reversed the provision for loss from the minimum rental income guarantee amounting to Baht 33 million as such guarantee expired during the year. The amount included the proportion of the Company's interest in Quality Houses Hotel and Residence Freehold and Leasehold Property Fund amounting to Baht 10 million; as a result, the carrying amount based on equity method of the Fund was decreased.

On 17 April 2015, the Annual General Meeting of the Company's shareholders passed the resolutions with respect to the Company's share capital, as follows.

1) Dividend payment

Approved the payment of a stock dividend of not exceeding 1,531 million ordinary shares at a par value of Baht 1 each, a total value of Baht 1,531 million, to the Company's shareholders, at a rate of 1 dividend share for every 6 existing shares, or equivalent to Baht 0.16667 per share, and approved the payment of a cash dividend of Baht 0.01852 per share, or a total of not exceeding than Baht 170 million. The payment of such stock dividend and cash dividend was made on 15 May 2015.

2) Decrease of registered capital

Approved the decrease of the registered capital of the Company by cancelling the registered ordinary shares remaining after the stock dividend allocation of 17,139 ordinary shares with a par value of Baht 1 each, previously made in accordance with the resolution of the Annual General Shareholders Meeting No. 1/2555.

3) Increase of registered capital

Approved the increase of the registered capital from the previous registered capital of Baht 9,184 million to be the new registered capital of Baht 10,714 million by issuing an additional 1,531 million ordinary shares at the par value of Baht 1 each to support the payment of a stock dividend.

The Company registered the change of its share capital with the Ministry of Commerce on 15 May 2015.

Reconciliation of number of ordinary shares

(Unit: Shares)

	For the year ended 31 December	
	2016	2015
<u>Registered ordinary shares</u>		
Number of ordinary shares at beginning of year	10,714,426,091	9,183,784,692
Decrease during the year	-	(17,139)
Increase during the year	-	1,530,658,538
Number of ordinary shares at end of year	10,714,426,091	10,714,426,091
<u>Issued and paid-up ordinary shares</u>		
Number of ordinary shares at beginning of year	10,714,381,645	9,183,767,553
Increase during the year	-	1,530,614,092
Number of ordinary shares at end of year	10,714,381,645	10,714,381,645

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.

26. Expenses by nature

Significant expenses classified by nature are as follows.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Purchase of land and payment of construction during the year	12,982,091	16,107,518	5,043,414	4,628,779
Changes in land and construction in progress	262,698	(4,148,875)	217,314	(1,428,378)
Changes in land and project development costs	(638,037)	1,317,485	(1,647,943)	574,905
Salaries and wages and other employee benefits	811,600	839,937	424,374	424,604
Depreciation	78,920	81,973	30,066	34,768
Amortisation expenses	101,927	100,057	101,927	100,057
Rental expenses from operating lease agreements	345,883	333,886	56,355	58,459

27. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current income tax:				
Current income tax charge	501,814	531,038	110,393	93,893
Deferred tax:				
Adjustment in respect of deferred tax of previous year	(1,240)	11,658	-	-
Relating to origination and reversal of temporary differences	(60,360)	(17,385)	(10,005)	34,915
Income tax expense reported in the statement of comprehensive income	440,214	525,311	100,388	128,808

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax on actuarial losses	1,050	-	1,681	-
Deferred tax on share of other comprehensive income of associates	(5,875)	(3,126)	-	-
	(4,825)	(3,126)	1,681	-

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit before tax	3,525,188	3,631,775	2,507,635	2,124,846
Applicable tax rate	0 - 20%	0 - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	705,038	726,355	501,527	424,969
Effects of:				
Change in value of investments accounted for the equity method	213,380	167,208	-	-
Exempt income and non-deductible expenses	(478,217)	(368,973)	(400,850)	(296,021)
Additional expenses deduction allowed	(289)	(140)	(289)	(140)
Others	302	861	-	-
Total	(264,824)	(201,044)	(401,139)	(296,161)
Income tax expense reported in the statement of comprehensive income	440,214	525,311	100,388	128,808

The components of deferred tax assets (liabilities) are as follows.

(Unit: Thousand Baht)

	Statement of financial position			
	Consolidated		Separate financial	
	financial statements		statements	
	2016	2015	2016	2015
Deferred tax assets (liabilities)				
Provision for loss on diminution in value of projects	50,027	48,483	36,213	36,069
Allowance for diminution in value of investment properties	15,198	16,415	15,198	16,415
Allowance for impairment of property, plant and equipment	16,374	16,374	16,374	16,374
Provision for long-term employee benefits	25,942	21,915	17,077	13,870
Provision for public utility maintenance	50,010	40,147	14,574	13,761
Provision for housing maintenance	12,492	11,557	2,357	2,205
Provision for contingent liabilities arising from litigation	63,359	16,914	30,677	14,874
Borrowing cost of projects	107,794	96,556	-	-
Recognition of installment income	30,827	48,478	-	8,826
Accumulated depreciation of investment properties and amortisation of leasehold rights	(4,619)	(5,795)	(4,619)	(5,795)
Income from rental of land	(400)	(482)	-	-
Others	13,421	8,452	(2,264)	(2,698)
Net deferred tax assets	380,425	319,014	125,587	113,901
Reflected in the statements of financial position as follows:				
Deferred tax assets	380,825	319,496	125,587	113,901
Deferred tax liabilities	(400)	(482)	-	-
Deferred tax assets, net	380,425	319,014	125,587	113,901

As at 31 December 2016 the Company and its subsidiaries had deductible temporary differences totaling Baht 74 million (the Company only: Baht 58 million) (2015: Baht 74 million, the Company only: Baht 58 million). No deferred tax assets had been recognised on these amounts as the Company and its subsidiaries considered that the temporary differences will not be utilised in the future.

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.

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit for the year (Thousand Baht)	3,084,974	3,106,464	2,407,248	1,996,038
Weighted average number of ordinary shares (Thousand shares)	10,714,382	10,714,382	10,714,382	10,714,382
Basic earnings per share (Baht per share)	0.29	0.29	0.22	0.19

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 Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows.

- Real estate business segment which consists of sales of land and houses and condominium units.
- Rental and service business segment which consists of rental of office buildings and residential buildings.
- Others segment which consists of providing management services for buildings and investing business.

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 is measured consistently with operating profit or loss in the financial statements. However, the Company's and its subsidiaries' income taxes are managed on a Group basis and are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015, respectively.

(Unit: Million Baht)

	For the year ended 31 December 2016							
	Real estate business		Rental and service business				Other	
	Sales of					Total	transactions	
	Sales of land	condominium	Office	Residential	Other	reportable	and	
	and houses	units	buildings	buildings	business	segments	eliminations	Consolidated
Revenue from external customers	14,857	3,078	374	817	64	19,190	-	19,190
Inter-segment revenue	237	-	2	-	35	274	(274)	-
Interest revenue	5	-	-	1	-	6	-	6
Interest expense	(152)	(155)	-	-	-	(307)	-	(307)
Depreciation and amortisation	(48)	(3)	(73)	(56)	(7)	(187)	-	(187)
Reversal of provision for loss on diminution in value of projects	27	-	-	-	-	27	-	27
Segment profit	1,744	247	152	28	27	2,198	-	2,198
Other income								15
Selling expenses								(34)
Administrative expenses								(235)
Share of profit from investments in associates								1,595
Finance cost								(14)
Income tax expense								(440)
Profit for the year								3,085
Segment total assets								
Investments in associates accounted for the equity method	-	-	1,245	365	8,026	9,636	-	9,636
Additions to non-current assets other than financial instruments and deferred tax assets	6,786	2,240	14	15	7	9,062	-	9,062

(Unit : Million Baht)

For the year ended 31 December 2015								
	Real estate business		Rental and service business			Other		
	Sales of					Total	transactions	
	Sales of land	condominium	Office	Residential	Other	reportable	and	
	and houses	units	buildings	buildings	business	segments	eliminations	Consolidated
Revenue from external customers	14,582	4,632	385	759	86	20,444	-	20,444
Inter-segment revenue	215	34	6	-	28	283	(283)	-
Interest revenue	4	1	-	1	-	6	-	6
Interest expense	(170)	(129)	-	-	-	(299)	-	(299)
Depreciation and amortisation	(50)	(3)	(71)	(56)	(8)	(188)	-	(188)
Reversal of provision for loss on diminution in value of projects	39	-	-	-	-	39	-	39
Reversal of provision for loss arising from guarantee of minimum rental income of projects	-	-	-	22	-	22	-	22
Segment profit	1,613	836	165	35	64	2,713	-	2,713
Other income								10
Selling expenses								(38)
Administrative expenses								(274)
Share of profit from investments in associates								1,233
Finance cost								(13)
Income tax expense								(525)
Profit for the year								3,106
Segment total assets								
Investments in associates								
accounted for the equity method	-	-	1,267	400	7,404	9,071	-	9,071
Additions to non-current assets other than financial instruments and deferred tax assets	5,021	547	17	19	13	5,617	6	5,623

The following table presents segment assets of the Company's and its subsidiaries' operating segments as at 31 December 2016 and 2015.

(Unit : Million Baht)

	Real estate business		Rental and service business			Total		
	Sales of					Total	Unallocated	
	Sales of land	condominium	Office	Residential	Other	reportable	assets	
	and houses	units	buildings	buildings	business	segments		Consolidated
Segment assets								
As at 31 December 2016	26,287	14,927	908	412	-	42,534	10,480	53,014
As at 31 December 2015	28,114	13,738	970	458	-	43,280	9,718	52,998

Geographic information

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

Major customers

For the years 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

30. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees, and the Company and subsidiaries contributed to the fund monthly at the rates of 3 - 6% of basic salary. The fund, which is managed by Land and House Fund Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 22 million (the Company only: Baht 11 million) (2015: Baht 22 million, the Company only: Baht 11 million) were recognised as expenses.

31. Dividends

Dividends declared in 2016 and 2015 consist of the following:

	Approved by	Total dividends (Thousand Baht)	dividends per share (Baht)	Paid on
Year 2016				
Interim dividend for the operating results of six-month period ended 30 June 2016	Meeting of the Board of Directors on 23 August 2016	750,003	0.07000	19 September 2016
Dividend from the operating results of the year 2015	Annual General Meeting of the Shareholders on 18 April 2016	964,284	0.09000	17 May 2016
Total cash dividend paid		1,714,287	0.16000	
Year 2015				
Interim dividend for the operating results of six-month period ended 30 June 2015 and/or retained earnings	Meeting of the Board of Directors on 24 August 2015	535,704	0.05000	22 September 2015
Dividend from the operating results of the year 2014	Annual General Meeting of the Shareholders on 17 April 2015	170,089	0.01852	15 May 2015
Total cash dividend paid		705,793	0.06852	
Stock dividend from the operating results of the year 2014	Annual General Meeting of the Shareholders on 17 April 2015	1,530,614	0.16667	15 May 2015
Total dividend paid		2,236,407	0.23519	

32. Commitments and contingent liabilities

The Company and its subsidiaries have the following outstanding commitments and contingent liabilities.

- 32.1 The Company and its subsidiaries have the following outstanding commitments in respect of agreements to purchase of land and construction of projects.

(Unit: Million Baht)

	As at 31 December	
	2016	2015
Construction contracts	4,039	6,390
Agreements to purchase land for development of future projects	-	1,457

- 32.2 The Company and its subsidiaries have entered into several lease agreements to lease land and buildings, for terms of approximately 30 years, and to lease motor vehicles and equipment, with terms of generally between 1 and 3 years.

The Company and its subsidiaries have future minimum lease payments required under these operating leases contracts as follows.

(Unit: Million Baht)

	As at 31 December	
	2016	2015
Payable:		
in up to 1 year	24	27
in over 1 and up to 5 years	50	62
in over 5 years	17	28

- 32.3 A subsidiary has entered into lease and sublease agreements to lease buildings and related assets from Quality Houses Hotel and Residence Freehold and Leasehold Property Fund (associated company), with terms of 3 years, and provided assurance that it would continue leasing them for another 3 years. The agreements to lease and sublease can be extended for further periods of 3 years each time, counting from their expiry dates, with a fixed rental fee and variable rental fee in accordance with the conditions stipulated in the agreements.

The subsidiary has the following future minimum lease payments required under the lease agreements.

(Unit: Million Baht)

	As at 31 December	
	2016	2015
Payable:		
in up to 1 year	168	168
in over 1 and up to 3 years	92	260

- 32.4 As at 31 December 2016, the Company and its subsidiaries had commitments in respect of various service commitments totaling Baht 3 million (2015: Baht 9 million).
- 32.5 The Company has contingent liabilities in respect of loan guarantees provided on behalf of Harbour View Corporation at an amount equal to 50% of that company's obligations to a bank. As at 31 December 2016, that company had outstanding principal and accrued interest to the bank, based on the unaudited financial statements prepared by its management, of USD 2 million and USD 1 million, respectively (2015: USD 2 million and USD 1 million, respectively). However, as at 31 December 2016, the Company had set aside provision of Baht 58 million for losses arising from such guarantees in its accounts (2015: Baht 58 million).
- 32.6 As at 31 December 2016, the Company and its subsidiaries had servitude over land of approximately 37 rai (2015: 36 rai) of which the cost is included in the cost of projects

33. Bank guarantees

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

(Unit: Million Baht)

	As at 31 December	
	2016	2015
Letters of guarantee for arrangement and maintenance of public utilities	1,707	2,107
Letters of guarantee for electricity usage	18	18
Other letters of guarantee	50	50
Total	1,775	2,175

34. Litigations

- 34.1 Between the years 2012 and 2016, customers sued the Company and its subsidiaries for compensatory damages from purchase of land and houses of the projects, as at 31 December 2016, totaling Baht 315 million (2015: Baht 265 million). The lawsuits are currently in the judicial process. For reasons of prudence, the Company and its subsidiaries have set aside provisions totaling Baht 121 million (2015: Baht 13 million), which the Company and its subsidiaries deemed appropriate, for the loss arising from these litigations.
- 34.2 During the year 2010, Housing Estate Juristic Person sued the Company for housing estate subsidy and public utility maintenance, as at 31 December 2016, totaling Baht 32 million and Baht 102 million, respectively (2015: Baht 32 million and Baht 102 million, respectively). The lawsuits are currently in the judicial process. For reasons of prudence, the Company has set aside provisions totaling Baht 133 million (2015: Baht 71 million) which the Company deemed appropriate, for the loss arising from these litigations. On 3 June 2016, the Company pledged fixed deposit amounting to Baht 105 million to secure to the court.
- 34.3 During the year 2011, the customers sued the Company and its subsidiary for compensatory damages and requested for the return of land and houses, with aggregated claim, as at 31 December 2016, amounting to Baht 15 million (2015: Baht 15 million). The lawsuits are currently in the judicial process. However, the management believes that there will be no material impact to the Company and its subsidiary.

- 34.4 Between the year 2014 and 2016, a contractor company sued the Company as defendant for payment of outstanding payables and compensatory damages, as at 31 December 2016, totaling Baht 34 million (2015: Baht 28 million). The lawsuit is currently in the judicial process. For reasons of prudence, the Company and its subsidiary have set aside provisions totaling Baht 1 million (2015: Nil) for losses arising from these litigations, which the Company and its subsidiary deem to be an appropriate amount.
- 34.5 Between the year 2014 and 2016, a Housing Estate Juristic Person sued a subsidiary as defendant for breach of agreement in accordance with the Land Development Act B.E. 2543 and requested compensatory damages for the project of the subsidiary, as at 31 December 2016, totaling Baht 78 million (2015: Baht 48 million). The lawsuits are currently in the judicial process. For reasons of prudence, the Company and its subsidiary has set aside provision of Baht 48 million (2015: Nil) for the loss arising from these litigations, which the Company and its subsidiary deem to be an appropriate amount.
- 34.6 During the year 2014, an individual sued a subsidiary seeking the revocation of a name and a legal act relating to land which is owned by the plaintiff, and to have the title to that land, which has an official appraisal value of Baht 23 million. The lawsuit is currently in the judicial process. However, the management believes that there will be no material impact to the subsidiary.

35. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows.

at fair value using different levels of inputs as follows.

(Unit: Million Baht)				
Consolidated and separate financial statements				
As at 31 December 2016				
Level 1	Level 2	Level 3	Total	
Assets for which fair value are disclosed				
Investments in associates	34,897	-	-	34,897
Investment properties	-	-	848	848
Liability for which fair value are disclosed				
Unsecured debentures	-	25,550	-	25,550

(Unit: Million Baht)

Consolidated and separate financial statements				
As at 31 December 2015				
Level 1	Level 2	Level 3	Total	
Assets for which fair value are disclosed				
Investments in associates	25,520	-	-	25,520
Investment properties	-	-	856	856
Liability for which fair value are disclosed				
Unsecured debentures	-	25,564	-	25,564

36. Financial instruments

36.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, accounts receivable, loans to, investments, accounts payable, short-term loans, long-term loans and debentures. The financial risks associated with these financial instruments and how they are managed in described below.

Credit risk

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

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at financial institutions, short-term loans, debentures and long-term borrowings. Most of these financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	As at 31 December 2016					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years				
<u>Financial assets</u>						
Cash and cash equivalents	-	-	2,434	454	2,888	0.10 - 1.30
Trade and other receivables	-	-	-	50	50	-
Restricted deposits at financial institutions	111	-	17	-	128	0.38 - 1.35
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	1,062	1,062	-
Short-term loans	998	-	-	-	998	1.65
Unsecured debentures	6,500	17,989	-	-	24,489	1.96 - 4.55

(Unit: Million Baht)

	As at 31 December 2015					
	Fixed interest rates					
	Within		Floating	Non-interest		
	1 year	1-5 years	interest rate	bearing	Total	Interest rate
						(% p.a.)
<u>Financial assets</u>						
Cash and cash equivalents	800	-	1,598	439	2,837	0.10 - 1.30
Trade and other receivables	-	-	-	58	58	-
Restricted deposits at financial institutions	-	17	17	-	34	0.30 - 1.83
<u>Financial liabilities</u>						
Short-term loans from financial institutions	300	-	-	-	300	2.26
Trade and other payables	-	-	-	1,352	1,352	-
Short-term loans	1,598	-	-	-	1,598	1.66
Unsecured debentures	6,912	17,987	-	-	24,899	2.71 - 5.30

Foreign currency risk

As at 31 December 2016 and 2015, the Company and its subsidiaries had no material financial instruments which denominated in foreign currency.

36.2 Fair values of financial instruments

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows.

- For financial assets and liabilities which have short-term maturity, including cash and cash at financial institutions, accounts receivable, accounts payable and short-term loans, their carrying amounts in the statement of financial position approximate their fair value.
- For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.

Since the majority of the Company's and its subsidiaries' financial instruments bear floating interest rates, their fair value except unsecured debentures are not expected to be materially different from the amounts presented in the statement of financial position. The estimated fair value of unsecured debentures, in comparison with the related amounts carried in the statement of financial position, is as follows.

(Unit: Million Baht)

	As at 31 December 2016		As at 31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial liability</u>				
Unsecured debentures	24,500	25,500	24,912	25,564

During the current year, there were no transfers within the fair value hierarchy.

37. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in long-term loan agreements and a covenant of debentures, which requires the Company to maintain a debt-to-equity ratio of not more than 2:1 and 2:1, respectively (2015: 2:1 and 2:1, respectively).

No changes were made in the objectives, policies or processes during the years end 31 December 2016 and 2015.

38. Event after reporting period

On 27 February 2017, the meeting of the Company's Board of Directors passed a resolution to approve a dividend payment at a rate of Baht 0.15 per share from the operating result of the year 2016 or a total of Baht 1,607 million. The Company paid an interim dividend of Baht 0.07 per share to its shareholders on 19 September 2016 and will pay a final dividend of Baht 0.08 per share or a total of Baht 857 million within May 2017.

The above dividend payment is to be proposed to the Annual General Meeting of the Company's shareholders for approval.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2017.

REMUNERATION FOR THE AUDITOR

1. Audit Fee

The Company and its subsidiaries paid an audit fee to the auditor of Baht 6,250,000 in 2015 and Baht 6,070,000 in 2016 respectively. The Company has not other expenses relating to the reviewing of financial statements in 2015 and 2016.

2. Non-Audit Fee

In 2015 and 2016, there were no other fees paid since the company had not used any other services from the auditor.

OTHER REFERENCES

1. The Securities Registrar

Thailand Securities Depository Company Limited

Head Office

No. 93, 14th Floor, Stock Exchange of Thailand Building,
Ratchadaphisek Road, Dindaeng Sub-District,
Dindaeng District, Bangkok 10400
Tel: 0-2009-9000 Fax: 0-2009-9991

Branch

2nd Floor, Capital Market Academy Building, 2/7 Moo 4
(North Park Project), Vibhavadee-Rangsit Road,
Tungsohong Sub-District, Laksi District, Bangkok 10210
Tel: 0-2596-9000 Fax: 0-2832-4994-6

2. The Auditor

2.1 Mr. Sophon Permsirivallop

Certified Public Accountant (Thailand)
No. 3182 and/or

2.2 Ms. Rungnapa Lertsuwankul

Certified Public Accountant (Thailand)
No. 3516 and/or

2.3 Ms. Pimjai Manitkajohnkit

Certified Public Accountant (Thailand)
No. 4521 and/or

2.4 Ms. Rosaporn Decharkom

Certified Public Accountant (Thailand)
No. 5659

EY Office Limited

No. 193/136-137, 33rd Floor, Lake Rajada Office
Complex, New Rajadapisek Road, Bangkok 10110
Tel: 0-2264-0777 Fax: 0-2264-0789-90

3. Debenture Registrar

3.1 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited

No. 1/2014 (QH174A)

Siam Commercial Bank Company Limited

3rd Floor, Building 2, 1060 New Pechaburi Road,
Makhasan, Rachathevi, Bangkok 10400
Tel : 0-2256-2323, 0-2256-2325-9
Fax 0-2256-2406

3.2 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited

No. 2/2014, (QH178B)
No. 3/2014, (QH177A)
No. 1/2015, (QH182A)
No. 1/2016, Tranche 1 (QH194A)
No. 1/2016, Tranche 2 (QH214A)
No. 2/2016 (QH19NA)

CIMB Thai Bank Public Company Limited

Langsuan Building 44 Langsuan Road, Lumpini,
Patumwan, Bangkok 10330
Tel : 0-2626-7503-4, 0-2626-7506
Fax : 0-2626-7543

3.3 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited

No. 2/2012 , Tranche 2 (QH178A)
No. 1/2013 , Tranche 2 (QH185A)
No. 4/2014 , (QH198A)
No. 2/2015 , Tranche 1 (QH186A)
No. 2/2015 , Tranche 2 (QH196A)

Bank of Ayudhya Public Company Limited
1222 Rama III Road, Bang Phongphang
Yan Nawa, Bangkok 10120
Tel : 0-2296-5692
Fax: 0-2683-1389

4. Appraisal Company

Grand Asset Advisory Co.,Ltd.
1350/279 Thairong Tower, 16th Floor,
Pattanakarn Road, Suan Luang, Bangkok 10250
Tel : 0-2719-4500 Fax : 0-2719-5070-71

TAP Valuation Co.,Ltd.
121/101 RS Tower Building, 37th Floor,
Rachadaphisek Road, Dindaeng, Bangkok 10400
Tel : 0-2642-2712-14, 0-2641-3631-35
Fax : 0-2642-2711



HEAD OFFICE AND PROJECTS LOCATION

Head Office

Quality Houses Public Company Limited

6th -7th Floor , Q. House Lumpini
Building , No.1 South Sathorn Road,
Tungmahamek, Sathorn, Bangkok 10120
Tel : 0-2677-7000 or 0-2343-8888
Fax : 0-2677-7003

Housing Projects Call 1388 for all projects

Q.House Avenue Phraram 5	Bangkuvieng, Bangkruai, Nonthaburi
Q Twelve	Taling Chan, Taling Chan, Bangkok
Q.House Villa Nakorn Ping	Watgate, Muang, Chiang Mai
Prukpirom Ratchapruk-Rattanathibet	Omkret, Pak Kret, Nonthaburi
Laddarom Elegance Ratchapruk-Rattanathibet	Omkret, Pak Kret, Nonthaburi
Laddarom Elegance Outer Ring Road-Sathorn	Bang Khae, Bang Khae, Bangkok
Laddarom Bangna	Bangkaew, Bang Phli , Samutprakarn
Laddarom Elegance Middle Ring Road-Mahidol Junction	Middle Ring Road, Mahidol Junction, Thasala, Mueang, Chiangmai
Vararom Premium Watcharapol-Chatu Chot	Orgern, Saimai, Bangkok
Vararom Premium Kawila	Watgate, Mueang, Chiang Mai
Vararom Premium City Hall	San Phi Suea, Mueang, Chiang Mai
Vararom Premium Kaewnawarath	San Pu Loei, Doi Saket, Chiang Mai
Casa Grand Taksin-Praram 2	Chom Thong, Chom Thong, Bangkok
Casa Grand Outer Ring Road-On Nuch	Dok Mai, Prawet, Bangkok
Casa Grand Ratchapruk-Phraram 5	Bang Len, Bang Yai, Nonthaburi
Casa Grand Sukhaphiban 5	Sai Mai, Bangkok
Casa Grand Sriracha	Surasak, Sriracha, Chon Buri
Casa Grand Mitsumphan	Ban Puek, Mueang Chon Buri, Chon Buri
Casa Legend Kaset-Nawamintr	Tha Raeng, Bang Khen, Bangkok
Casa Legend Rachapruk-Pinklao	Wat Chaiyapruk, Taling Chan (Bang Yai) , Bangkok
Casa Legend Phraram 5-Ratchapruk	Bangkanoon, Bang kruai, Nonthaburi
Casa Legend Ban Bueng	Ban Bueng , Chon Buri

Housing Projects Call 1388 for all projects

Casa Premium Ratchapruk-Chaengwattana	Khlong Khoi, Pak Kret, Nonthaburi
Casa Premium Ratchapruk-Phraram 5	Bang Krang, Mueang Nonthaburi, Nonthaburi
Casa Premium Phraram 2	Tha Kham, Bang Khun Thian, Bangkok
Casa Premium On Nut-Outer Ring Road	Dokmai, Prawet, Bangkok
Casa Presto Wongwaen-Pinklao	Sala Klang, bangkruai, Nonthaburi
Casa Ville Rangsit-Klong 2	Klongrangsit, Thanyaburi, Pathumthani
Casa Ville Ramintra-Hathairat	Bueng Kham Phroi, Lam Luk Ka, Pathum Thani
Casa Ville Bangna-Teparak	Bangphli Yai, Bangphli, Samut Prakan
Casa Ville Ramkamhaeng-Outer Ring Road 2	Khlong Song Ton Nun, Lat Krabang, Bangkok
Casa Ville Watcharapol-Permsin	Ngoen, Saimai, Bangkok
Casa Ville Bangyai	Bangrak-Banmai Road, Bang Mae Nang, Bang Yai, Nonthaburi
Casa Ville Ban Bueng	Ban Bueng, Chonburi
Casa Ville Rayong	Noenphra, Mueang Rayong, Rayong
Casa Seaside Rayong	Taphong, Mueang Rayong, Rayong
The Trust Ville Ratchapruk-Rattanaibet	Wat Yai - Khun Mahatthai Road, Omkret, Pak Kret, Nonthaburi
The Trust Ville Rangsit-Klong 4	Rural Road 3017, Lat Sawai, Lum Lukka, Pathum Thani
The Trust Srinakarin-Praksa	Praksa Road, Praksa, Mueang Samut Prakan, Samut Prakan
The Trust Suvarnabhumi-Teparak	Bang Chalong, Bang Phli, Samutprakarn
Casa City Sukhumvit-Samut Prakan	Khlong Ta Khet East side, Sukhumvit Road, Paknam, Mueang, Samutprakarn
Casa City Pracha Uthit 90	Nai Khlong Bang Pla Kot, Phra Samut Chedi, Samut prakan
Casa City Outer Ring Road-Lamlukka	Bueng Kham Phroi, Lam Luk Ka, Pathum Thani
Casa City Outer Ring Road-Lamlukka 2	Bueng Kham Phroi, Lam Luk Ka, Pathum Thani
Casa City Don Mueang	Thoetrachan Road, Sikan, Don Mueang, Bangkok
Casa City Don Mueang-Si Saman	Si Kan, Don Mueang, Bangkok
Casa City Kanlapaphruek-Sathorn	Bang Wa, Phasi Charoen, Bangkok
Casacity Watcharapol-Permsin	Orgern, Saimai, Bangkok
Casa City Bangna	Bangkaew, Bang Phli, Samutprakarn
Casa City Ratchapruk-Phraram 5	Bang Len, Bang Yai, Nonthaburi

Housing Projects Call 1388 for all projects

The Trust Townhome Rangsit-Klong 1	Rangsit-Nakhon Nayok Road, Prachathipat, Thanyaburi, Pathum Thani
The Trust Town Srinakarin-Praksa	Praksa Road, Mueang Samut Prakan, Samut Prakan
The Trust Townhome Ratchaphruk-Rattanathibet 2	Wat Yai-Khun Mahatthai Road, Omkret, Pak Kret, Nonthaburi
The Trust Town Bo Win	Wat Phan Sadet Nai, Bo Win, Sri Racha, Chon Buri
The Trust Ban Pho	Khlong prawet , Ban Pho, Chachoengsao
Gusto Suksawat 26	Bangpakok, Rat Burana, Bangkok
Gusto Teparak	Bang Phli Yai, Bang Phli , Samut Prakan
Gusto Bangna-Suvarnabhumi	Sisa Chorakhe Yai, Bang Sao Thong , Samut Prakan
Gusto Phahon Yothin-Saimai	Saimai Road, Saimai , Bangkok
Gusto Wongwean-Phraram 5	Bang Muang , Bang Yai , Nonthaburi
Gusto Petchkasem-Taweewattana	Thawiathana, Bangkok
Gusto Ratchapruk-Phraram 5	Bang Krang, Mueang , Nonthaburi
Q District Kaew-Suvarnabhumi	Racha Thewa, Bang Phli, Samut Prakan

Condominium Projects Call 1388 for all projects

Q Condo Sukhumvit	Khlong Toei, Bangkok.
Q Seaside Hua Hin	Phet Kasem Road, Cha Am, Petchaburi
Q House Condo Phahon Yothin Chiangrai	Rim Kok, Mueang, Chiang Rai
Casa Condo @MRT T-Junction Bangyai	Rattanathibet Road, Sao thong Hin , Bang Yai, Nonthaburi
Casa Condo @CMU	Suthep, Mueang Chiang Mai, Chiang Mai
Casa Condo @Suandok	Suthep, Mueang Chiang Mai, Chiang Mai
Casa Condo Sriracha	Surasak, Sriracha, Chonburi
The Trust Condo Ngamwongwan	Ngamwongwan Road, Banglane, Nonthaburi
The Trust Condo @BTS Erawan	Sukhumvit Road, Pak Nam, Mueang, Samut prakan
The Trust Condo Nakhon Pathom	Sanamchandra, Mueang Nakhon Pathom, Nakhon Pathom
The Trust Condo South Pattaya	Nongprue, Bang Lamung, Chon Buri
The Trust Condo Amata-Chonburi	Nong Mai Daeng, Mueang Chon Buri
The Trust Condo Hua-Hin	Hua-Hin, Hua-Hin, Prachuap Khiri Khan
The Point Condo Rangsit Klong 6	Rangsit-Nakhon Nayok Road, Rangsit, Thanyaburi, Pathum Thani

Hotel / Serviced Apartment Projects

Centre Point Hotel Pratunam	Soi Somprasong 3, Petchburi Road, Bangkok	Tel : 0-2254-1373-7
Centre Point Hotel Sukhumvit 10	Sukhumvit Soi 10, Bangkok	Tel : 0-2653-1783
Centre Point Hotel Silom	Charoenkrung Road, Bangrak, Bangkok	Tel : 0-2266-0521-49
Centre Point Hotel Chidlom	Langsuan Road, Bangkok	Tel : 0-2657-2400-21
Centre Point Sukhumvit-Thonglor	Sukhumvit Road, Soi Sukhumvit 55 (Thonglor), Bangkok	Tel : 0-2365-8300

Office Building for Rent Projects

Q. House Convent	1 st Floor, Q. House Convent Building, No. 38 Convent Road, Silom, Bangrak, Bangkok	Tel : 0-2234-8448-51
Q. House Asoke	16 th Floor, Q. House Asoke Building, No. 66 Sukhumvit 21, North Klongtoey, Wattana, Bangkok	Tel : 0-2264-2245-7
Q. House Sathorn	Ground Floor, Q. House Sathorn Building, No. 11 South Sathorn Road, Tungmahamek, Sathorn, Bangkok	Tel : 0-2679-1621-2
Q. House Ploenjit	5 th Floor, Q. House Ploenjit Building, No. 598 Ploenjit Road, Lumpini, Pathumwan, Bangkok	Tel : 0-2254-1020-1
Q. House Lumpini	7 th Floor, Q. House Lumpini Building, No.1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok	Tel : 0-2677-7177





Quality Houses Public Company Limited

7th Floor, Q.house Lumpini Building, No.1,
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