

QUALITY HOUSES

ANNUAL REPORT **2019**



Quality Houses Public Company Limited

Vision and Mission

Vision

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

Mission

Product and Service Quality

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

Work Life Quality

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

Personnel

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

Social Quality

- Social quality of the project: Focus on pleasant and environmental friendly living place, as well as providing convenience and safety for customers.
- Social quality of the surrounding community: Support and be responsible for surrounding communities where the company and its subsidiaries operate, as well as general society.

Investment quality

- Improve efficiency of company's operation and investment in order to achieve a sustainable growth in profitability.

Q AVENUE



LADDAROM

Q PRIME



CASA VILLE



CASA PRESTO

CASA CITY



Q
1 SUKHUMVIT



CASA
CONDO

THE
TRUST
CONDO



Contents

Financial Highlights for the year 2017 – 2019	6
Message from the Board of Directors	8
Report of the Board of Directors' Responsibility for the Financial Statements	9
Report from the Audit Committee	10
Report from the Nomination and Remuneration Committee	13
Report from the Corporate Governance Committee	14
The Board of Directors and Executives	16
Nature of Business	28
The Company's Investment	34
Marketing and Competition	36
Revenue Structure	49
Risk Factors	51
Shareholders and Dividend Payment Policy	55
Management Structure	56
Corporate Governance	70
Corporate Social Responsibility	104
Internal Control and Risk Management	113
Connected Transactions	119
Explanation and Analysis of Financial Position and Performance	135
Financial Statements	146
Other References	213
Head Office and Project's Location	215

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

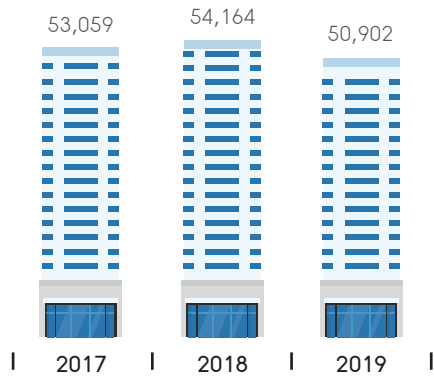
Financial Highlights for the year 2017-2019

(Unit : Million Baht)

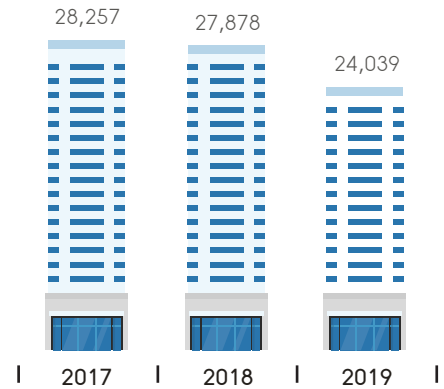
Summary of Financial Statements Information	2017	2018	2019
		(Restated)	
Total Assets	53,059	54,164	50,902
Total Liabilities	28,257	27,878	24,039
Shareholders' Equity	24,802	26,286	26,863
Net Sales	17,106	15,887	10,680
Total Revenues	18,102	16,148	10,949
Gross Profit	5,095	5,553	3,596
Net Profit	3,462	3,798	2,854

Financial Ratio	2017	2018	2019
		(Restated)	
Net Profit Margin (%)	19.1	23.5	26.1
Return on Equity (%)	14.5	14.9	10.7
Return on Assets (%)	6.5	7.1	5.4
Basic Earning per Share (Baht)	0.32	0.35	0.27
Dividend per Share (Baht)	0.20	0.22	Na
Debt to Equity Ratio (Time)	1.1	1.1	0.9
Time Interest Earned Ratio (Time)	5.6	4.5	4.6
Book Value per Share (Baht)	2.31	2.45	2.51

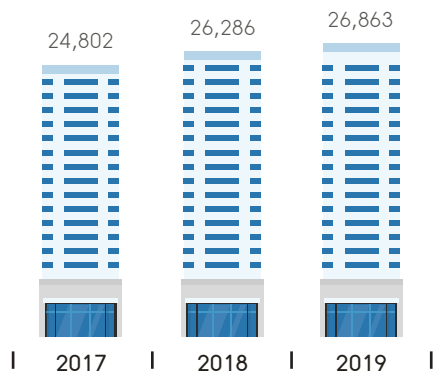
Total Assets
(Million Baht)



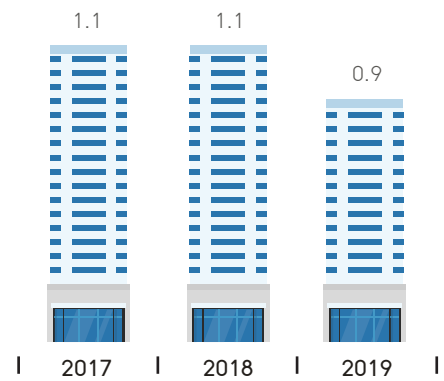
Total Liabilities
(Million Baht)



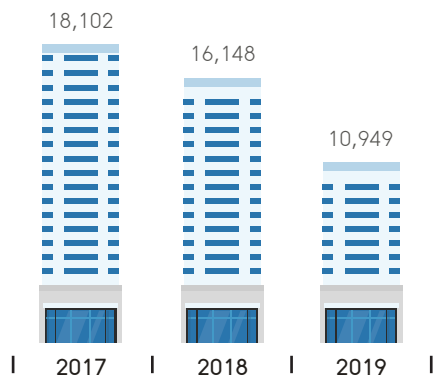
Shareholders' Equity
(Million Baht)



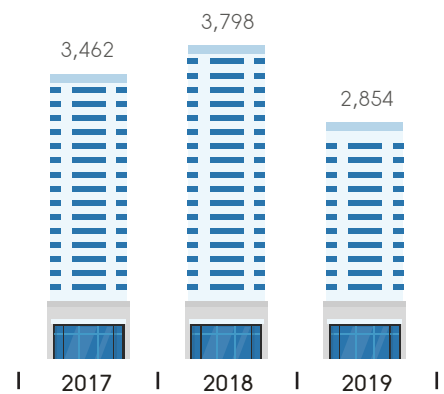
Debt to Equity Ratio
(Time)



Total Revenues
(Million Baht)



Net Profit
(Million Baht)



Message from the Board of Directors



Dear shareholders,

For the performance of 2019, the Company and its subsidiaries had revenue from core businesses at Baht 10,680 million, comprising of revenue from sales of real estate and revenue from rental business at 87% and 13%, respectively. The revenue from core businesses decreased from 2018 by 33%, following economic and demand slowdown as well as the impacts from the Bank of Thailand's loan-to-value (LTV) regulations governing mortgage lending with more stringent loan ratio to collateral value or higher minimum down payment. As a result, net profit was at Baht 2,854 million, decreasing from 2018 by 25%. However, the Company and its subsidiaries could control costs and expenses more efficiently. In addition, the Company and its subsidiaries' financial structure remained strong with interest bearing debt-to-equity ratio at 0.77x, down from 0.87x in 2018. The Company maintained TRIS Credit Rating at A- / Stable.

In 2019, the Company and its subsidiaries launched 5 new projects in Bangkok and vicinities (3 detached house projects and 2 townhouse projects) with total project value at Baht 7,137 million and closed 5 housing projects. The Company and its subsidiaries still conducted business under 4 main strategies, which were 1) Developing new and modern products to meet the needs of target customers, 2) Increasing product mix in each project in accordance with the needs of target customers in order to increase sales per project, 3) Focusing on closing projects with low inventories in order to reduce administrative expenses and 4) Conducting business with social and environmental responsibility.

The Company and its subsidiaries remain committed to developing quality products in order to deliver good quality of life to customers by inventing innovations and new technology used in the development of residential projects. The Company and its subsidiaries also focus on after-sale service and security in order to create long-term competitiveness and sustainable growth.

The Company continues to focus on operations based on good governance. In 2019, the Company achieved the CG score of "Excellent" level of recognition from the Corporate Governance Report of Thai Listed Companies (CGR) for four consecutive years.

Finally, the Board of Directors would like to thank the customers, shareholders, debenture holders, financial institutions, trading partners and other related parties for continued support. The Company continues to adhere to sustainable business practices under good corporate governance principles in order to balance the economic, social and environmental development for the highest benefits of all related parties.

(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, 2019 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 2019, 7 meetings were convened to independently discuss and consider various subjects. The list of Audit Committee's members and the details of their meetings were shown as follows:

Audit Committee		Position in the Audit Committee	Attendance / Total Meetings (Times)
1. Mr. Rachai	Wattanakasaem ⁽¹⁾	Chairman of Audit Committee	7/7
2. Mr. Suri	Buakhom	Member of Audit Committee	7/7
3. Mr. Adul	Vinaiphat	Member of Audit Committee	7/7
4. Mr. Chulasingh	Vasantasingh ⁽²⁾	Chairman of Audit Committee	2/4

Remarks : (1) Mr. Rachai Wattanakasaem was approved and appointed to be the Chairman of Audit Committee by the Board of Directors' Meeting No. 6/2019 held on September 24, 2019.

(2) Mr. Chulasingh Vasantasingh passed away on July 6, 2019

The Audit Committee performed duties as delegated by the Company's Board of Directors and as stipulated in the rules and regulations of the Stock Exchange of Thailand. The Audit Committee's performance in 2019 is summarized as follows:

- 1. Reviewing the Company's quarterly and yearly financial statements:** The Audit Committee collaborated with the internal auditor and the executives in providing the opinion that the Company's financial statement was prepared according to the generally accepted accounting principles and was disclosed accurately and completely.

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

In 2019, the Audit Committee held 4 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 conducted in order that the financial statements were well prepared for the changes on new or improved accounting standards. This brings about financial statement accuracy and reliability for the benefits of investors and users.

2. **Monitoring internal audit processes and considering annual audit plan:** The Audit Committee reviewed and approved the annual audit plan created by prioritizing the risk of significant business operation.

The Audit Committee acknowledged the audit result and commented on taking the preventive measures of internal control systems to prevent or decrease any possible risks as well as suggested to improve the internal audit process. The Audit Committee also emphasized on monitoring the improvement of business operation as recommended in the internal audit report to achieve the efficiency and effectiveness of internal audit system. In 2019, no significant deficiencies were found in the Company's internal control systems.

3. **Reviewing the adequacy of the risk management system:** The Audit Committee considered the adequacy of the risk management system. The Risk Management Committee was established in order to classify the risk type, define the criteria of risk assessment and evaluate the impact of each risk type by department. The Audit Committee considered that the Company has the appropriate and adequate risk management for the business operation.
4. **Monitoring the Company's compliance with the Securities and Exchange Law:** The Audit Committee monitored the Company's business conducts to ensure that they comply with the regulations of the Stock Exchange of Thailand, the regulations of the Securities and Exchange Commission and any other laws related to the business activity of the Company. 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 2019.
5. **Selecting the Company's external auditors and reviewing their remuneration:** The Audit Committee proposed and selected the Company's external auditors based on their knowledge, capabilities, independence, performance and service, as well as the appropriate remuneration. In 2019, 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 2019 Annual General Meeting
6. **Reviewing and providing opinions on related party transactions:** The Audit Committee ensured that the Company has established procedures and guidelines for every related party transactions in accordance with the government law and 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 Company performed fairly in compliance with government regulations.

7. **Emphasizing the Company's corporate governance:** The Audit Committee 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.
8. **Considering the Anti-Corruption Guidelines:** The Audit Committee acknowledged all activities and executions related anti-corruption measures of the Company. On November 4, 2019, the Company has been renewed the certification as a full member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The Audit Committee also provided guidance upon risk assessment in associate with company's "The Anti - Bribery and Corruption Policy".
9. **Performing the Audit Committee's duties properly:** The Audit Committee properly performed duties prudently and independently within the framework of Audit Committee Charter, and also regularly reviewed and appropriately revised the Audit Committee Charter in accordance with the current business situation.
10. **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 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's performance shall be regularly presented to the Board of Directors on a quarterly basis.

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 deficiency. Besides, the Company's business practices were conducted based on the Company's best benefits under the policies determined by the Board of Directors.



(Mr. Rachai Wattanakasaem)
Chairman of Audit Committee

Report from the Nomination and Remuneration Committee

Dear shareholders,

The Nomination and Remuneration Committee are appointed by the Board of Directors with 3-year term, comprising of Independent Directors and Non-executive Directors totaling 3 persons:

- | | | |
|----|-------------------------------|---|
| 1. | Mr. Adul Vinaiphath | Chairman of Nomination and Remuneration Committee |
| 2. | Mr. Rachai Wattanakasaem | Member of Nomination and Remuneration Committee |
| 3. | Mr. Adisorn Thananan-narapool | Member of Nomination and Remuneration Committee |

The Nomination and Remuneration Committee have duty and responsibility based on the Charter of the Nomination and Remuneration Committee with regard to human resource policy, director nomination, and employee remuneration policy. The Nomination and Remuneration Committee also consider corporate performance and directors' remuneration to get an approval from the Board of Directors before proposing to the shareholders' meeting for approval.

In fiscal year 2019, the Nomination and Remuneration Committee held a total of 4 meetings to consider and present agendas to the Board of Director for approval as follows:

1. Nominate the directors to replace those who completed their terms
2. Consider the Board of Director's remuneration for fiscal year 2019
3. Reconsider the Chief Executive Officer's KPI for fiscal year 2019
4. Consider the Board of Director's bonus for fiscal year 2018
5. Review and update the Charter of the Nomination and Remuneration Committee
6. Consider employee bonus for fiscal year 2019 and employee salary increase for fiscal year 2020
7. Consider the Nomination and Remuneration Committee's self-assessment for fiscal year 2019



(Mr. Adul Vinaiphath)
Chairman of Nomination and Remuneration Committee

Report from the Corporate Governance Committee

Dear shareholders,

The Corporate Governance Committee of Quality Houses Plc. is responsible for supporting the Board of Director to supervise the Company's policy, regulation and procedure, complying with the good corporate governance principle and corporate social responsibility.

Names of the Corporate Governance Committee and details of the Corporate Governance Committee Meeting in 2019 are as follows:

Name of the Corporate Governance Committee		Position of the Corporate Governance Committee	Meeting Attendance / Total Meeting (time)
1. Mr. Suri	Buakhom	Chairman of the Corporate Governance Committee	4/4
2. Mr. Rachai	Wattanakasaem	Member of the Corporate Governance Committee	4/4
3. Mrs. Suwanna	Buddhaprasart	Member of the Corporate Governance Committee	4/4
4. Ms. Apinya	Jarutrakulchai	Member of the Corporate Governance Committee	4/4
5. Mr. Korasuit	Piyambuit	Member and Secretary of the Corporate Governance Committee	4/4

In 2019, the Corporate Governance Committee acted according to the charter based on the Board of Director's assignment. Details of the operation are as follows:

(1) To acknowledge and reconsider suggestions from the Thai Institute of Directors (IOD) in order to improve the Company's corporate governance

The Corporate Governance Committee acknowledged and reconsidered the IOD's suggestions to improve the Company's corporate governance according to the Corporate Governance Report of Thai Listed Companies.

(2) To review the Corporate Governance Code 2017 and apply the Code with the Company's business

The Corporate Governance Committee approved an update on the Corporate Governance Policy based on the Corporate Governance Code 2017 by the Securities and Exchange Commission (SEC) and presented to the Board of Director to apply the Code with the Company's business.

Furthermore, the Company has been a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) since March 9, 2017 and has been certified to renew the CAC membership on November 4, 2019.

(3) To evaluate the operational results of the Board of Director and Sub-Committee

Complying with the good CG Code, the Corporate Governance Committee set an evaluation of operational results of the Board of Director (group and individual) and the Sub-Committee (group) in order to improve future operation. The Corporate Governance Committee also encouraged the directors to join IOD's training courses and other course from related institutions.

(4) To set the Company's development policy for sustainable growth

The Corporate Governance Committee approved the CSR policy to create sustainable growth. The committee also encouraged the employees to join the SET's training courses.

With intention to create business operation according to the good corporate governance principle, Quality Houses Plc.'s business supervision was evaluated as follows:

- **Evaluation result on the corporate governance 2019**

The Company received a CG Score of Excellent or 5 Stars in the evaluation program arranged by the Thai Institute of Directors (IOD). In addition, the Company also received a CG Score of Excellent in 2018.

- **Evaluation result on the quality of the Shareholders' Meeting 2019**

The Company received 99 points out of 100 points in the evaluation program arranged by the Thai Investors Association.

According to the evaluation, the Corporate Governance Committee has focused on the good CG Code and continued to improve the Company's CG principle in order to support sustainable growth for benefits of the shareholders and the whole society.



(Mr. Suri Buakhom)

Chairman of the Corporate Governance Committee

The Board of Directors and Executives

The Board of Directors

Mr. Boonsom	Lerdhirunwong	Chairman and Independent Director
Mr. Rachai	Wattanakasaem	Independent Director, Chairman of Audit Committee, Member of Nomination and Remuneration Committee and Member of Corporate Governance Committee
Mr. Adul	Vinaiphat	Independent Director, Chairman of Nomination and Remuneration Committee and Member of Audit Committee
Mr. Suri	Buakhom	Independent Director, Chairman of Corporate Governance Committee and Member of Audit Committee
Mr. Naporn	Sunthornchitcharoen	Director
Mr. Adisorn	Thananan-narapool	Director and Member of Nomination and Remuneration Committee
Mrs. Suwanna	Bhuddhaprasart	Director, Member of Risk management Committee and Member of Corporate Governance Committee
Mr. Achawin	Asavabhokin	Director
Mr. Chalerm	Kiettitanabumroong	Director and Chairman of Risk management Committee
Mr. Pravit	Choatewattanaphun	Director and Member of Risk management Committee
Ms. Apinya	Jarutrakulchai	Director, Member of Risk management Committee, Member of Corporate Governance Committee and Company Secretary

The Executives

Mr. Chalerm	Kiettitanabumroong	Chief Executive Officer
Mr. Pravit	Choatewattanaphun	Managing Director
Ms. Apinya	Jarutrakulchai	Senior Executive Vice President
Mr. Adisak	Srisook	Executive Vice President
Mr. Sommart	Promkunakorn	Executive Vice President
Ms. Orathai	Luengpaitoon	Vice President, Financial and Accounting Department

Mr. Boonsom Lerdhirunwong (66 years old)**Independent Director and Chairman of the Board of Directors** (appointed on September 21, 2015)**% of Shareholding (as at December 31, 2019)**

- None -

Education

- 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)****Training Course**

- 2019 Board Matters and Trends (BMT) 7/2019
Ethical Leaderships Program (ELP) 15/2019
- 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)

IOD Forum

- 2018 Digital Transformation : A Must for All Companies
- 2017 The Role of Chairman in Leading Strategic Risk Oversight Update COSO Enterprise Risk Management : Integrating with Strategy and Performance
- 2016 Corporate Governance VS Corporate Performance : Duty or Choice?

Others

- 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 3rd)
- 2006 Diploma, the Joint State Sector Course National Defense College (Class of 19th)

Working Experience in the 5 preceding years

During	Position	Company Name
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Listed Companies

2014 - Present	Independent Director and Chairman of Audit Committee	Home Product Center Plc.
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Other Organizations/Institutions

2015 - Present	President	Shinawatra University
2010 - Present	Director and Chairman of Executive Directors of Building and Infrastructure Committee	The Thai Red Cross Society
2015 - 2018	Chairman of the Board Directors	Thailand institute of Nuclear Technology

Mr. Rachai Wattanakasaem (72 years old)**Independent Director** (appointed on August 10, 2005)**Chairman of Audit Committee** (appointed on September 24, 2019)**Member of Nominating and Remuneration Committee** (appointed on June 23, 2008)**Member of Corporate Governance Committee** (appointed on December 20, 2016)**% of Shareholding (as at December 31, 2019)**

- None -

Education

- MBA (Honors Degree) Industrial Management II class, Pacific States University, California, U.S.A.

Training**Thai Institute of Directors Association (IOD)**

2019 Board Matters and Trends (BMT) 7/2019

2011 Role of the Compensation Committee (RCC)

2007 Directors Certification Program (DCP)

Working Experience in the 5 preceding years

During	Position	Company Name
Listed Company		
2015 – 2018	Independent Director, Member of Audit Committee and Member of Risk Management	Thai Rubber Latex Corporation (Thailand) Plc.
Non – Listed Company		
2018 – Present	Director	Yip In Tsoi & Jacks Co., Ltd
2014 – Present	Independent Director and Member of Audit Committee	Land and Houses Securities Plc.

Mr. Adul Vinaiphat (73 years old)**Independent Director** (appointed on March 30, 2018)**Chairman of Nomination and Remuneration Committee** (appointed on September 24, 2019)**Member of Audit Committee** (appointed on March 30, 2018)**% of Shareholding (as at December 31, 2019)**

- None -

Education

- Master of Arts (Economics), University of Texas at Austin, U.S.A.
- Bachelor of Economics, Thammasat University

Training**Thai Institute of Directors Association (IOD)**

- 2010 Financial Institutions Governance Program (FGP) (1/2010)
- 2007 Role of the Compensation Committee (RCC) (2/2007)
- 2005 Audit Committee Program (ACP) (7/2005)
- 2002 Directors Certification Program (DCP) (25/2002)

Others

- Senior Administrator Course, Office of the Civil Service Commission
- The National Defense College, Class 388
- Capital Market Academy Leadership Program, CMA14

Working Experience in the 5 preceding years

During	Position	Company Name
Listed Companies		
2017 - Present	Chairman of the Audit Committee	LH Financial Group Plc.
2013 - Present	Chairman of the Corporate Governance Committee	LH Financial Group Plc.
2010 - Present	Director	The Thai Package and Printing Plc.
2009 - Present	Independent Director and Chairman of the Nomination and Remuneration Committee	LH Financial Group Plc.
Non - Listed Company		
2016 - Present	Independent Director and Chairman of the Audit Committee	Land and Houses Fund Management Co., Ltd.
2009 - Present	Director and Chairman of the Executive Committee	Evergreen Plus Co., Ltd.
2007 - Present	Director	I.G.S Plc.
Other Organization/Institution		
2002 - Present	Director	The Thai Tapioca Development Institute Foundation (TTDI)

Mr. Suri Buakhom (75 years old)**Independent Director** (appointed on April 20, 2010)**Chairman of Corporate Governance Committee** (appointed on February 26, 2014)**Member of Audit Committee** (appointed on May 26, 2014)**% of Shareholding (as at December 31, 2019)**

- None -

Education

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

Training**Thai Institute of Directors Association (IOD)**

2019	Board Matters and Trends (BMT) 7/2019
	Ethical Leaderships Program (ELP) 15/2019
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)

Others

- 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 Company		
2009 - Present	Director and Member of Nominating Committee	Zhengxin Bank Co., Ltd.
Other Organization/Institution		
2013 - 2015	Data Center Development Subcommittee	NBTC

Mr. Naporn Sunthornchitcharoen (61 years old)**Director** (appointed on June 27, 2017)**% of Shareholding (as at December 31, 2019)**

100,000 Shares representing 0.00093%

Education

- MBA Thammasat University
- B.Eng. (Civil Engineering), Chiangmai University

Training**Thai Institute of Directors Association (IOD)**

2011 Financial Institutions Governance Program (FGP) 2/2011

2005 Directors Certification Program (DCP) 53/2005

2004 Directors Accreditation Program (DAP) 25/2004

Others

2006 National Defense College Class of 2006

Working Experience in the 5 preceding years

During	Position	Company Name
Listed Companies		
2017 - Present	Chairman of the Board of Directors and Chairman of the Executive Board	Land & Houses PLC.
2015 - Present	Member of the Nomination and Remuneration Committee	Home Product Center PLC.
2011 - Present	Director	LH Financial Group PLC.
2001 - Present	Director and Executive Director	Home Product Center PLC.
1994 - Present	Director	Quality Construction Products PLC.
Sep 2018 - Mar 2019	Member of the Nomination and Remuneration Committee	LH Financial Group PLC.
2011 - Jul 2018	Member of the Nomination and Remuneration Committee	LH Financial Group PLC.
2011 - Jun 2017	Executive Director	LH Financial Group PLC.
2013 - Aug 2017	Director, Executive Director and Managing Director (Operations)	Land & Houses PLC.
Non - Listed Companies		
2013 - Present	Director	Land and Houses Securities PLC.
2012 - Present	Director	Land and Houses U.S.A., INC.
2005 - Present	Director, Executive Director	Land and Houses Bank PLC.
	Director	Phuket Future Plan Co., Ltd.
	Director	Double Three Co., Ltd.
2004 - Present	Director	LH Real Estate Co., Ltd.
	Director	LH Asset Co., Ltd.
2002 - Present	Director	Land & Houses Property Fund 2
2000 - Present	Director	Land & Houses Property Fund 1
1995 - Present	Director	Land & Houses Northeast Co., Ltd.
	Director	Land & Houses North Co., Ltd.
	Director	LH Muang Mai Co., Ltd.
1993 - Present	Director	Siam Tanee Real Estate Co., Ltd.
1991 - Present	Director	Siam Tanee Property Co., Ltd.
1988 - Present	Director	Atlantic Real Estate Co., Ltd.
1986 - Present	Director	Pacific Real Estate Co., Ltd.
2005 - Jul 2018	Member of the Nomination and Remuneration Committee	Land and Houses Bank PLC.
2002 - Apr 2017	Director	Muang Mai Guthrie PLC.

Mr. Adisorn Thananan-narapool (65 years old)**Director** (appointed on May 9, 2003)**Member of Nominating and Remuneration Committee** (appointed on March 30, 2018)**% of Shareholding (as at December 31, 2018)**

1,101 Shares representing 0.00001%

Education

- 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

- 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.
Non – Listed Companies		
2013 – Present	Director	Land and Houses U.S.A., INC.
2005 – Present	Director	L&H Property Co., Ltd.
2004 – Present	Director	LH Asset Co., Ltd.
	Director	LH Real Estate Co., Ltd.
2002 – Present	Director	Land and Houses Property Fund II
2001 – Present	Director	LH Muang Mai Co., Ltd.
1991 – Present	Director	LH Mall & Hotel Co., Ltd.

Mrs. Suwanna Bhuddhaprasart (64 years old)**Director** (appointed on June 27, 2000)**Member of Corporate Governance Committee** (appointed on February 26, 2014)**Member of Risk management Committee** (appointed on February 26, 2014)**% of Shareholding (as at December 31, 2019)**

7,013,754 Shares representing 0.06546%

Education

- 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
Listed Companies		
2018 – Present	Director	Mandarin Hotel Plc.
2003 – Present	Director	Home Product Center Plc.
2011 – Aug 2017	Director	LH Financial Group Plc.
Non – Listed Companies		
2017 – Present	Director	Land and Houses Fund Management Co., Ltd.
	Director	L&H Property Co., Ltd.
2016 – Present	Director and Chief Executive Officer	LH Mall & Hotel Co., Ltd.
	Director	L&H Retail Management 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 (Chonburi 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.

Mr. Achawin Asavabhokin (44 years old)**Director** (appointed on December 26, 2017)

% of Shareholding (as at December 31, 2019)

- None -

Education

- Bachelor Degree of Finance, University of Pennsylvania, U.S.A.
- Bachelor Degree of Industrial engineering, University of Pennsylvania, U.S.A.

Training**Thai Institute of Directors Association (IOD)**

2014 Directors Certification Program (DCP)

Working Experience in the 5 preceding years

During	Position	Company Name
Listed Companies		
2018 - Present	Director	Land and Houses Plc.
2014 - Present	Director	Home Product Center Plc.
Other Organization/Institution		
2018 - Present	Senior Executive Vice President, Chief Marketing Officer	SCB Asset Management Co., Ltd.
2011 - 2018	Executive Vice President, Product & Foreign Fixed Income Group	SCB Asset Management Co., Ltd.

Mr. Chalerm Kiettitanabumroong (67 years old)**Chief Executive Officer****Director** (appointed on February 26, 2019)**Chairman of Risk management Committee** (appointed on February 26, 2019)**% of Shareholding (as at December 31, 2019)**

136,500 Shares representing 0.00127% (Shares held by spouse)

Education

- Master Degree of Business Administration (MBA), Chulalongkorn University
- Bachelor Degree of Civil Engineering, Chulalongkorn University

Training**Thai Institute of Directors Association (IOD)**

2005 Directors Certification Program (DCP) 54/2005
 Directors Diploma Examination 16/2005

Working Experience in the 5 preceding years

During	Position	Company Name
Listed Companies		
2017 – Dec 2018	President (Operation), Director & Executive Director	Land and Houses Plc.
2014 – Dec 2018	Risk Management and Sustainable Development Director	Land and Houses Plc.
2013 – Aug 2017	Senior Executive Vice President, Director & Chief Operation Officer	Land and Houses Plc.
2011 – Dec 2018	Director	Land and Houses Plc.
Non – Listed Companies		
2005 – Dec 2018	Director	Phuket Future Plan Co., Ltd.
	Director	Double Three Co., Ltd.
2004 – Dec 2018	Director	LH Real Estate Co., Ltd.
	Director	LH Asset Co., Ltd.
2001 – Dec 2018	Director	LH Muang Mai Co., Ltd.

Mr. Pravit Choatewattanaphun (62 years old)**Managing Director****Director** (appointed on April 20, 2010)**Member of Risk management Committee** (appointed on July 1, 2016)**% of Shareholding (as at December 31, 2019)**

- None -

Education

- 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	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 (Chonburi 2554) Co., Ltd.
2011 - Present	Director	Property Host Co., Ltd.
2010 - Present	Director	Q.House Precast Co., Ltd.
	Director	Casa Ville (Petchburi 2553) Co., Ltd.
2005 - Present	Director	Q.H. International Co., Ltd.
	Director	Casa Ville Co., Ltd.
2003 - Present	Director	Q.H. Management Co., Ltd.

Ms. Apinya Jarutrakulchai (57 years old)**Senior Executive Vice President****Director** (appointed on August 10, 2018)**Member of Risk management Committee** (appointed on August 23, 2016)**Member of Corporate Governance Committee** (appointed on August 23, 2016)**Company Secretary****% of Shareholding (as at December 31, 2019)**

- None -

Education

- Master Degree of Business Administration (MBA), National Institute of Development Administration (NIDA)
- Bachelor of Business Administration, University of the Thai Chamber Commerce

Training**Thai Institute of Directors Association (IOD)**

2016 How to Develop Risk Management (HRP)
 Directors Accreditation Program (DAP)

Other

- TLCA CFO Professional Development Program (TLCA CFO CPD) 2019
- Fundamentals for Corporate Secretaries (FCS), Thai Listed Companies Association (TLCA)
- Strategic CFO in Capital Markets (Class of 1st), The Stock Exchange of Thailand (SET)

Working Experience in the 5 preceding years

During	Position	Company Name
Non - Listed Companies		
2018 - Present	Director	QH International Co., Ltd.
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 (Chonburi 2554) Co., Ltd.
	Director	Q.House Precast Co., Ltd.
	Director	Casa Ville (Petchburi 2553) Co., Ltd.
	Director	Casa Ville Co., Ltd.
	Director	Q.H. Management Co., Ltd.

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, 0-2677-7009; Website "www.qh.co.th". As of December 31, 2019, 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;

- **Year 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;
- **Year 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;
- **Year 1991 :** On September 11, 1991, the Company was listed on the Stock Exchange of Thailand;
- **Year 1992 :** The Company began operating the business of land and houses for sales;
- **Year 1993 :** The Company was transformed into a Public Company on June 28, 1993;
- **Year 1997 :** The Company encountered business difficulties during Thailand's financial crisis;
- **Year 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;
- **Year 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);
- **Year 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 (QHLPF). 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;

- **Year 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.

- **Year 2017 :** LH Financial Group Public Company Limited ("LHFG") issued new shares and sold to CTBC Bank Co., Ltd. ("CTBC") resulting in a lower shareholding of the Company of 13.74% from 21.34% of total registered and paid up capital.
- **Year 2018 :** Casa Ville (Chonburi 2554) Co.,Ltd. Opened the Centre Point Hotel Pattaya on December 2018.

2. Shareholding Structure of the Company

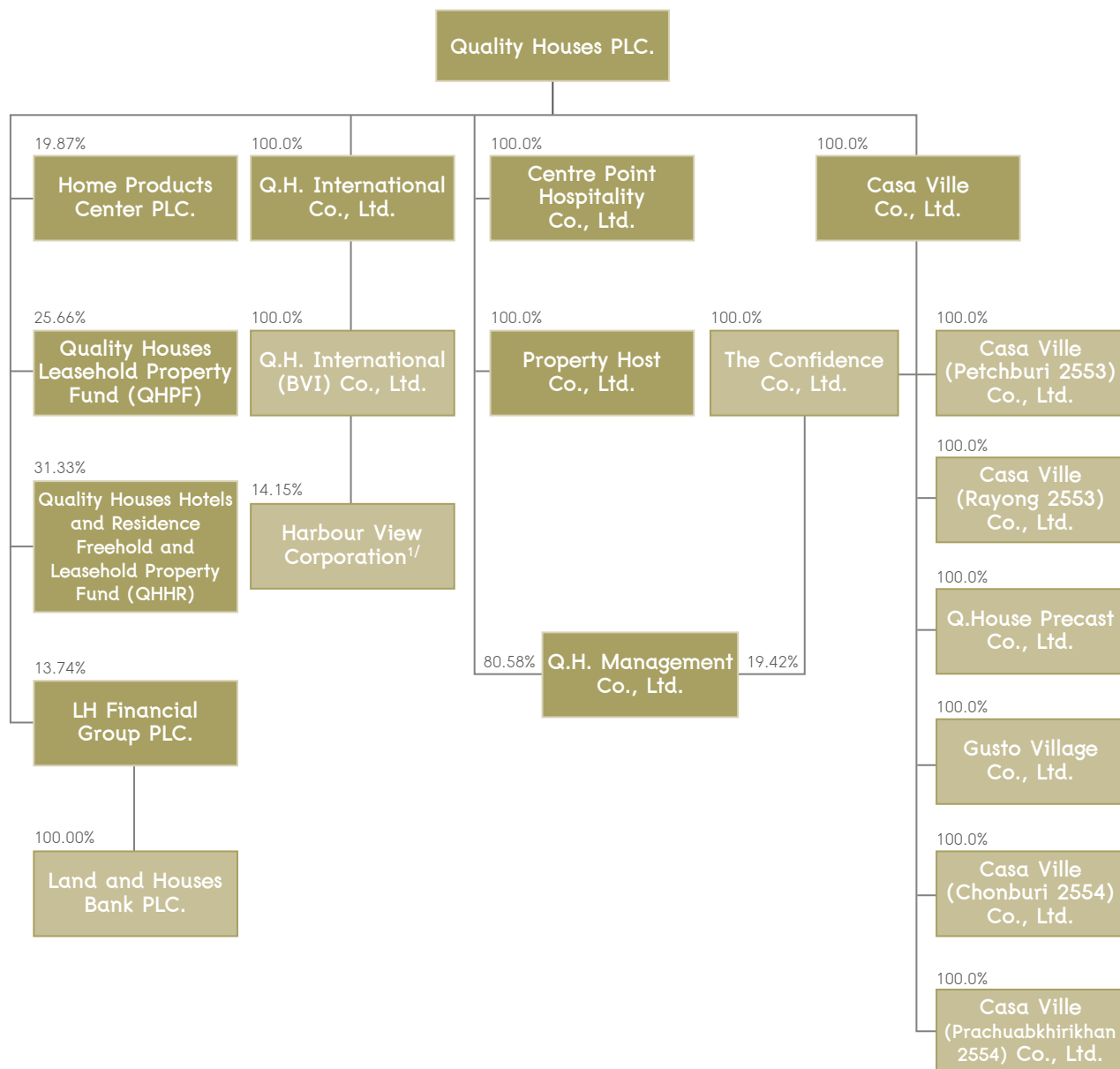
2.1 Overview of Business Operations of the Company, Subsidiaries and Associated Companies

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

1. Land and houses for sales business;
2. Residential condominium units for sales business;
3. Hotel business;
4. Office buildings for rent business;
5. Management service for real estates for rent business, including hotels, apartments, Office buildings for rent and houses for rent;
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)



Remarks : 1/ The remaining 85.85% of shares of Harbour View Corporation which are not identified as persons with potential conflicts are as follows

1. Glory Star 23.63%
2. IPEM 31.83%
3. RGR 30.39%

The Company has the policy to segregate the operations of the Company, its subsidiaries and associated company is summarized as follows,

2.2.1 Subsidiaries

The Company has invested in 13 subsidiaries as follows,

1. **The Confidence Co., Ltd.** : The Company holds 100% of its shares via Casa Ville Co., Ltd. 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. The remaining 19.42% is held by The Confidence Co., Ltd. At present, Q.H. Management Co., Ltd. does not conduct any businesses, as the business of infrastructure management and after sales service has been transferred to 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, condominium units and hotel business 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, 2019, 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, 2019, the Company has a shareholding of 13.74%. 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)** : QHPPF was established in December 2006. The Company has a long-term investment policy and a unit holding of 25.66%. 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)** : QHHR was established in July 2012. The company has a long-term investment policy on a unit holding of 31.33% of shares. Quality Houses Hotel and Residence Freehold and Leasehold Property Fund operates in hotel and serviced apartment 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 business, hotel business and office building rental business. The Company's and its subsidiaries business policy in the next 3 years 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	110.0	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	21,183.7	13.74
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. (At present, Q.H. Management Co., Ltd. does not conduct any businesses, as the business of infrastructure management and after sales service has been transferred to the Company and its subsidiaries.)	110.0	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 sale	1,000.0	100.00
2. Casa Ville (Rayong 2553) Co., Ltd.	Developing properties for sale	5.0	100.00
3. Casa Ville (Petchburi 2553) Co., Ltd.	Developing properties for sale	5.0	100.00
4. Q.House Precast Co., Ltd.	Manufacture and distribution precast concrete	5.0	100.00
5. Gusto Village Co., Ltd.	Developing properties for sale	500.0	100.00
6. Casa Ville (Prachuabkhirikhan 2554) Co., Ltd.	Developing properties for sale	5.0	100.00
7. Casa Ville (Chonburi 2554) Co., Ltd.	Developing properties for sale and hotel	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	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 Uint)

Company Name	Single Detached House Projects			
	Q House Avenue	Prukpirom/ Prukpirom Regent	Laddarom/ Laddarom Elegance	Vararom/ Vararom Premium
	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 Products

(Price per Unit)

Company Name	Single Detached House Projects			Townhouse 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.	✓		✓		
5. The Confidence Co., Ltd.			✓		✓
6. Gusto Village Co., Ltd.					✓

- Low-end products

(Price per Unit)

Company Name	Single Detached House Project	Townhouse 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. Quality Houses Plc.		✓	

- **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, Prachuap khirikhan, Chiangmai, Chiangrai, Nakornprathom and Chachoeng sao.

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:

(Price per Unit)

Company Name	High-end Products		Mid-end Products	Low-end Products	
	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 (Prachuap khirikhan 2554) Co., Ltd.				✓	
7. Gusto Village Co., Ltd.			✓		
8. Casa Ville (Rayong 2553) 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 of 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-section1);
- **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 13.74% of its shares (detail in Nature of Business section, topic 2.2.2 Associated Companies, sub-section 2).

- **Quality Houses Leasehold Property Fund ("QHPP").**

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 QHPP for 204.5 million units, or 25.66% of QHPP's total investment units, which amounted to 2,045.1 million Baht.

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 QHPP 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 2017, the Company and its subsidiary, Q.H. International Co., Ltd., extended the agreement as the Property Manager for another 3 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) hotels, 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:

1) 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.

2) 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 hotels 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.

3) 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,

1) 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.

2) 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- or long-term stay.

5. Environmental Impact

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

1) 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.

2) 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.

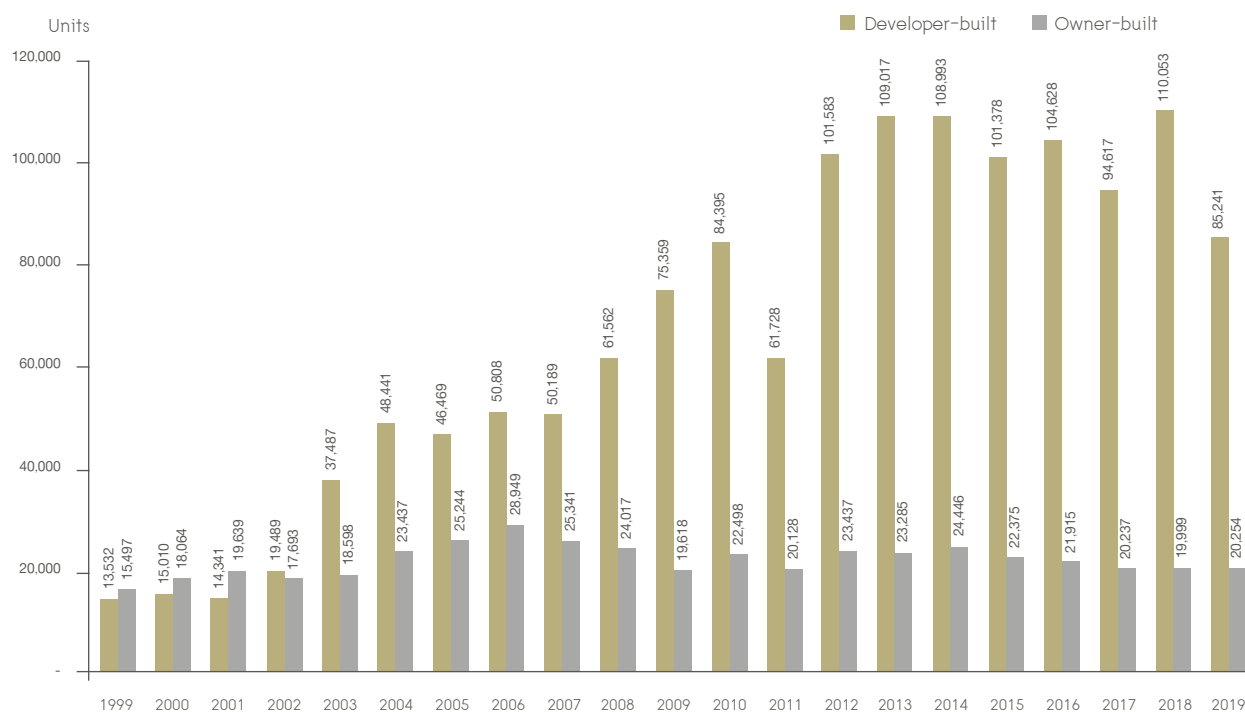
Industry Situation and Competition

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

1) Real estate for sales business

Newly registered residential property in 2018 was at 130,052 units, up 13% from 114,854 units in 2017. In particular, developer-built housing was at 110,053 units, up 16% YoY. Meanwhile, owner-built housing was at 19,999 units, down 1% YoY.

Newly registered residential property in 2019 was at 105,295 units, down 19% from 130,052 units in 2018. In particular, developer-built housing was at 85,241 units, down 23% YoY. Meanwhile, owner-built housing was at 20,054 units, flat YoY.



Source: Information Center, Government Housing Bank

Additional developer-built house registrations classified by types of housing from 2012 to 2019

Additional developer-built house registrations classified by types of housing									% changes from	% changes from
	2012	2013	2014	2015	2016	2017	2018	2019	2018 to 2017	2019 to 2018
Single Detached houses	10,887	13,869	13,056	11,837	12,736	12,129	15,563	14,484	+28%	-7%
Duplexes	1,069	2,470	2,820	2,366	1,895	2,535	2,101	2,632	-17%	+25%
Townhouses and commercial buildings	11,218	21,238	18,059	19,624	17,111	16,634	20,051	21,826	+21%	+9%
Condominiums	78,409	71,440	75,058	67,551	72,886	63,319	72,338	46,299	+14%	-36%
Total number of additional developer-built house registrations	101,583	109,017	108,993	101,378	104,628	94,617	110,053	85,241	+16%	-23%

Source: Information Center, Government Housing Bank

The number of newly registered developer-built housing in 2018 increased from 2017, mainly from single detached houses, townhouses and commercial buildings, and condominiums. However, the number of newly registered duplexes in 2018 decreased from 2017.

Based on the number of newly registered developer-built housing, the property market in 2019 slowed down from 2018, mainly from condominiums due to high household debt and the Bank of Thailand's new mortgage-lending rules effective from April 1, 2019 onwards resulting in tightened bank's lending conditions. In addition, global economic slowdown resulted in decreasing consumer demand.

For the property market outlook in 2020, the company forecasts that the property market will be flat from 2019 due to continued negative factors from 2019, particularly economic slowdown. Despite the Bank of Thailand's relaxation of the loan-to-value (LTV) regulation for mortgage, household debt remains at a high level and the number of housing inventory remains high. In addition, the trade war, the spread of COVID-19 virus in many countries and a slowdown in investment in condominiums of foreign investors remain the key risk factors. Moreover, developers are concerned with the new Land and Building Tax Act which could increase the cost of real estate business.

2) **Office buildings for rent business**

Total leasable area of rental office was at 8.97 million sq.m. in 2019, up by 0.158 million sq.m. from that in 2018, expanding into the central business district (CBD) by 0.070 million sq.m. and 0.088 million sq.m. in the non-central business district (Non-CBD).

The overall market for rental office in 2019 continued to expand. In particular, an increase in office supply was in line with an increase in office demand at 0.155 million sq.m., resulting in total occupied office area of 8.357 million sq.m. in 2019. Most office demand was from an expansion of E-Commerce Business, Tech & Online Business and Co-Working Operators of both local and international companies to new office buildings with good location near the mass transit lines. In addition, most of the new international companies focused on the location near the mass transit lines and quality of the office buildings. However, office demand also depends on the political situation and the global economy, which directly affect the rent decision of the international companies which are the major tenants.

As of 3Q19, average rental rate (for leasable area of 200-300 sq.m.) increased in all location from 3Q18. In particular, the average rental rate of Grade A office buildings in central business district (CBD) increased from THB1,009 /sq.m./month to THB1,057 /sq.m./month. The average rental rate of Grade A office buildings in non-central business district (Non-CBD) also increased from THB853 /sq.m./month to THB876 /sq.m./month. Meanwhile, the average rental rate of Grade B office buildings in central business district (CBD) increased from THB753 /sq.m./month to THB790 /sq.m./month. Similarly, the average rental rate of Grade B office buildings in non-central business district (Non-CBD) increased from THB689 /sq.m./month to THB720 /sq.m./month. The average rental rate in 4Q19 should continue to increase in all location at a slow pace due to limited supply whereas demand should continue to increase.

For the rental office market outlook in 2020, the company forecasts total leasable area to increase by 0.345 million sq.m. with an increase of 0.097 million sq.m. in CBD area and 0.248 million sq.m. in Non-CBD area. In addition, the company forecasts that the rental office market will continue to expand favorably in 2020 following an increase in office demand. Without political problems and global recession, the average rental rate should continue to increase gradually. In 2021–2023, the company forecasts total leasable area to increase around 1 million sq.m., mainly along the mass transit lines. New office buildings are likely to be equipped with significant facilities for the benefits of tenants including good quality of the buildings and complete facilities in order to differentiate the new buildings from the old buildings. Therefore, old rental office operators will continue to renovate old office buildings to be more modern with better quality in order to maintain existing customers and attract new customers.

However, customers who rent the new office buildings are mostly the group of customers who move or expand the office area from the old office buildings in order to improve office quality, facilities and location closer to the mass transit lines at a relatively similar rental rate. Therefore, the overall market for rental office will be more competitive due to significant increase in office supply.

Source : Information compiled by Quality Houses plc.

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

Total number of foreign tourist arrival in Thailand in 2019 recoded at 39.8 million persons, up 1.6 million or 4.2% from 38.2 million persons in 2018. Foreign tourist spending also increased as well. In addition, total number of foreign tourist arrival in Thailand increased from some regions such as East Asia, ASEAN countries, South Asia and America. In particular, the number of foreign tourist arrival from South Asia increased the most at 20.8%, mainly due to an increase in foreign tourists from India. In contrast, the number of foreign tourist arrival from Europe and Oceania decreased due to economic slowdown. Meanwhile, the number of foreign tourist arrival from the Middle East and Africa also decreased due to conflict within the region. Overall, the tourism sector in 2019 was highly affected from the trade war and global economic slowdown with high risk of recession from many negative factors. As a result, the Thai baht appreciated which directly affected the decision of foreign tourists to visit Thailand. The number of foreign tourist arrival in Thailand in 2020 is forecasted at 41.8 million persons, up around 2 million persons or 5% increase from 39.8 million persons in 2019. Foreign tourist spending is forecasted at 2.2 trillion Baht.

For the hotel market in 2019, total number of rooms was at 53,492 rooms, up by 3,261 rooms or 6.5% from 50,231 rooms in 2018. The mid-end hotels recorded the highest number of rooms in the market. In particular, most of the new hotels opened in 2019 were located in Sukhumvit and Pleonjit business districts, leading to more intense competition in these areas which had the highest number of rooms in the market.

An overall investment in Thailand based on the data from the Board of Investment (BOI) showed that foreign investors applied for the BOI's approval in 2019 for 991 projects with total value of THB 506,230 million, compared with 972 projects with total value of THB542,651 million in 2018. In particular, 2019 data showed an increase in the number of project by 19 projects or 1.9% YoY but total investment value declined by THB36,421 million or 6.7% YoY. China was the country with the highest investment value of BOI submission at THB261,706 million but the second highest number of BOI application at 203 projects. Meanwhile, Japan was the country with the second highest investment value of BOI submission at THB73,102 million but the highest number of BOI application at 227 projects. This data showed that China had invested in the businesses with higher investment value than Japan. In addition, Hong Kong was the country with the third highest number of BOI application at 67 projects totaling THB36,314 million.

The number of foreigners living in Bangkok with working permits in the companies with BOI privilege recorded at 102,618 persons in 11M19, up by 7,277 persons or 7.6% from 95,341 persons in 11M18. Target customers of rental condominium projects remained Japanese and other Asian customers since Japanese investors were No.1 foreign investors in Thailand. As of November 2019, the number of Japanese people with working permits was at 33,603 persons, following by Chinese and the Philippines at 30,653 and 20,382 persons, respectively. The number of Chinese with working permits increased the most at 18.2% YoY and continued to increase going forward since China was the country with the highest investment value of BOI submission.

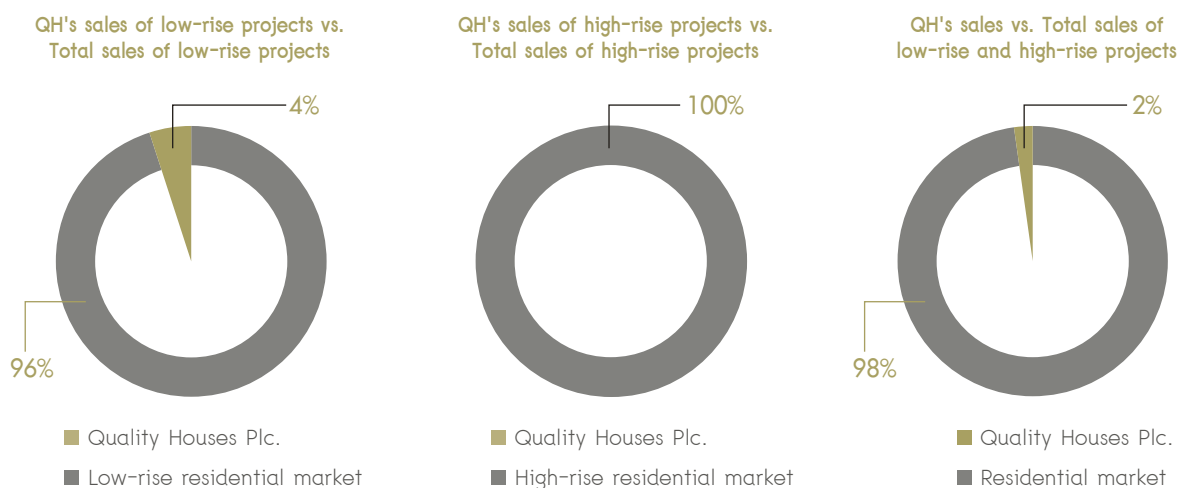
For rental residential market in 2019, total number of rental units was at 22,950 units, up 477 units or 2.1% from 22,473 units in 2018. Most of foreign customers continued to prefer living in serviced apartments. However, rental condominium market has grown faster and gained more market share of the rental residential market.

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

Market Share

The company reported a market share of sales of residential projects in Bangkok and Vicinities in 2019 as follows:

- For low-rise projects including detached house, semi-detached house and townhouse, the company reported a market share around 4%.
- For high-rise projects including condominium, the company had 0% market share.
- Overall, the company reported a market share of sales of residential projects in Bangkok and Vicinities in 2019 of around 2% as shown in the following diagrams.



Source : AGENCY FOR REAL ESTATE AFFAIRS and Quality Houses Plc.

Revenue Structure

Revenue structure of Quality Houses Public Company Limited and its subsidiaries

(Unit : Million Baht)

Revenue by Business ^{1/}		Operated by	2017		2018		2019	
			Revenues	%	Revenues	%	Revenues	%
(Restated)								
1. Real Estate Business								
1.1	Real Estate for Sales Business	Quality Houses Plc. and its subsidiaries ^{2/}	13,155	67	12,653	71	7,827	61
1.2	Residential Condominium for Sale Business	Quality Houses Plc. and its subsidiaries ^{3/}	2,717	14	1,946	11	1,464	11
1.3	Hotel Business	Quality Houses Plc., Centre Point Hospitality Co., Ltd. and Casa Ville (Chonburi 2554) Co., Ltd.	860	4	905	5	1,052	8
1.4	Office Building for Rent Business	Quality Houses Plc.	375	2	384	2	337	3
Total revenue from real estate businesses			17,107	87	15,888	89	10,680	83
2. Other income								
2.1	Share of profit from investments in associates	Quality Houses Plc.	1,642	8	1,776	10	1,927	15
2.2	Gain on change in shareholders' equity of associates ^{4/}	Quality Houses Plc.	712	4	-	-	-	-
2.3	Others	Quality Houses Plc. and its subsidiaries	283	1	261	1	269	2
Total of other Income			2,637	13	2,037	11	2,196	17
Total			19,744	100	17,925	100	12,876	100

Remarks : 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 (Petchburi 2553) Co., Ltd.

4/ Accounting profit from share dilution in LHFG due to capital increase to CTBC Bank 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, 2019	2017		2018		2019	
			Revenues	%	Revenues	%	Revenues	%
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	161	10	174	10	192	10
Sub-total			161	10	174	10	192	10
2. Hotel Business								
- Centre Point Hotel Pratunam, Centre Point Hotel Sukhumvit 10 and Centre Point Hotel Chidlom	Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	31.33	48	3	60	3	61	3
Sub-total			48	3	60	3	61	3
3. Construction material Business	Home Product Center Plc.	19.87	970	59	1,115	63	1,232	64
Sub-total			970	59	1,115	63	1,232	64
4. Investment Business	LH Financial Group Plc.	13.74	463	28	427	24	442	23
Sub-total			463	28	427	24	442	23
Total			1,642	100	1,776	100	1,927	100

Risk Factors

1. Financial Risks

Risk from investments, lending 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, 2019, 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, 2019, the subsidiary QHI (BVI) had lending to HVC, principal and interest receivables, of approximately US\$ 2.3 million and US\$ 0.04 million, respectively (2018: US\$ 2.3 million and US\$ 0.04 million ; 2017: US\$ 2.4 million and US\$ 0.1 million, respectively. Thus, the said subsidiary is at risk of losing all principal as HVC had continually operated at a loss; however, QHI (BVI) has already had provision for loss arising 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) US\$ 1.8 million from a financial institution in the proportion of 50% each. 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%. During 2017, HVC had already paid back both principal and interest owned to financial institutions and the Company withdrew such guarantees and reversed the provision for losses arising.

Risk from obligation Company issued debentures

As of December 31, 2019, the Company had debentures amounting to Baht 20,088 million, comprising of current portion of debentures due within one year at the amount of Baht 8,000 million and debentures-net of current portion at the amount of Baht 12,088 million. In addition, the Company had short-term loans from financial institutions at the amount of Baht 500 million. Interest bearing debt-to-equity ratio was at 0.77 times. If the Company is unable to achieve the sales target, it might affect the Company's debenture repayment. For instance, as of December 31, 2019, the Company and its subsidiaries has a total of 67 land and houses for sales projects with a remaining value of Baht 32,436 million; furthermore, there are 14 residential condominiums for sales projects with a remaining value of Baht 15,673 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.

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.

Risks 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

Risks from Pre-built Projects

The Company and its subsidiaries operate a business of real estate development for sales and for rent with main revenue generated from sales of land and houses. In 2017 – 2019, the Company's and its subsidiaries' revenue from sales of land and houses contributed 93%, 92% and 87% of total revenue from their real estate business for sales and for rent respectively. The Company and its subsidiaries has 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.

Risks 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 is 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 has 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 have 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, this helped reducing the loan amount request to the bank on the day of ownership transfer, which in turn reduced the default risk of the commercial banks' mortgage loans.

Shareholders and Dividend Payment Policy

1. Major shareholders

List of the top 10 shareholders at the book-closing date on August 28, 2019 are :

	Major shareholders	Number of shares	% of the paid-up capital
1.	LAND AND HOUSE PLC.	2,675,945,601	24.98
2.	THAI NDVR COMPANY LIMITED	952,745,282	8.89
3.	STATE STREET EUROPE LIMITED	326,712,369	3.05
4.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	229,996,652	2.15
5.	DHIPAYA INSURANCE PUBLIC COMPANY LIMITED	143,721,600	1.34
6.	BNY MELLON NOMINEES LIMITED	126,605,113	1.18
7.	J.P. MORGAN BANK LUXEMBOURG S.A. LEND	119,776,366	1.12
8.	NORTRUST NOMINEES LTD-CL AC	111,651,895	1.04
9.	PRUDENTIAL LIFE ASSURANCE (THAILAND) PUBLIC COMPANY LIMITED	110,657,100	1.03
10.	SCB DIVIDEND STOCK 70/30 LONG TERM EQUITY FUND	106,176,600	0.99
	Total of the top 10 shareholder	4,903,988,578	45.77
	Total of the shareholder	10,714,381,645	100.00

2. Dividend payment policy

The Company has a policy to pay dividends from the retained earnings and/or net profit to its shareholders. In considering the payments, the following factors are taken into consideration: the Company's operating results and financial position, liquidity, expansion plans and other management-related factors. Any dividend payment is subjected to the approval of the Company's Board of Directors and/or shareholders' meetings.

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, 2019, the Company's Board of Directors is comprised of 11 members as follows:

Executive Directors	3 persons
Non-executive Directors	4 persons
Independent Directors	4 persons equivalent to 36.36% of the total number of directors

The following are the members of the Board of Directors

	Name	Position	Date of Appointment
1.	Mr. Boonsom Lerthirunwong	Chairman and Independent Director	September 21, 2015
2.	Mr. Rachai Wattanakasaem	Independent Director	August 10, 2005
3.	Mr. Suri Buakhom	Independent Director	April 20, 2010
4.	Mr. Adul Vinaiphat	Independent Director	March 30, 2018
5.	Mr. Naporn Sunthornchitcharoen	Director	June 27, 2017
6.	Mr. Adisorn Thananan-narapool	Director	May 9, 2003
7.	Mrs. Suwanna Bhuddhaprasart	Director	June 27, 2000
8.	Mr. Achawin Asavabhokin	Director	December 26, 2017
9.	Mr. Chalerm Kiettitanabumroong ⁽¹⁾	Director	February 26, 2019
10.	Mr. Pravit Choatewattanaphun	Director	April 20, 2010
11.	Ms. Apinya Jarutrakulchai	Director	August 10, 2018

Remark : (1) Mr. Chalerm Kiettitanabumroong was approved and appointed as Director by the resolution of the Board of Directors' Meeting No. 1/2019 held on February 26, 2019, in replacement for Mr. Chadchart Sittipunt, who has ended and resigned from the position of Director effective from January 1, 2019 onward.

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 director selection process with high transparency. The Nomination 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 Nomination 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.

Authorized directors

As of December 31, 2019, the authorized directors of the Company are Mr. Chalerm Kiettitanabumroong or Mrs. Suwanna Bhuddhaprasart or Mr. Pravut Choatewattanaphun or Ms. Apinya Jarutrakulchai. 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 held 8 meetings per year from 2017 to 2019. 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 2017 to 2019 are shown in the following table:

			Meeting attendance / Total number of attendances (times)					
	Name	Position	Year 2017		Year 2018		Year 2019	
			Number of attendances	%	Number of attendances	%	Number of attendances	%
1.	Mr. Boonsom Lerdhirunwong	Chairman and Independent Director	8/8	100	8/8	100	8/8	100
	Mr. Chulasingh Vasantasingh ⁽¹⁾	Independent Director	8/8	100	8/8	100	3/4	75
2.	Mr. Rachai Wattanakasaem	Independent Director	8/8	100	8/8	100	8/8	100
3.	Mr. Suri Buakhom	Independent Director	8/8	100	8/8	100	8/8	100
4.	Mr. Adul Vinaiphath ⁽²⁾	Independent Director	-	-	6/6	100	8/8	100
	Ms. Kanokvalee Viriyaprapaikit ⁽²⁾	Director	8/8	100	1/1	100	-	-
5.	Mr. Naporn Sunthornchitcharoen ⁽³⁾	Director	4/4	100	7/8	88	8/8	100
	Mr. Achanan Asavabhokhin ⁽³⁾	Director	2/2	100	-	-	-	-
6.	Mr. Adisorn Thananan-narapool	Director	8/8	100	8/8	100	8/8	100
7.	Mrs. Suwanna Bhuddhaprasart	Director	8/8	100	8/8	100	8/8	100
8.	Mr. Achawin Asavabokin ⁽⁴⁾	Director	-	-	7/8	88	8/8	100
	Mr. Anant Asavabhokhin ⁽⁴⁾	Director	2/2	100	-	-	-	-

Name	Position	Meeting attendance / Total number of attendances (times)					
		Year 2017		Year 2018		Year 2019	
		Number of attendances	%	Number of attendances	%	Number of attendances	%
9. Mr. Chalerm Kiettitanabumroong ⁽⁵⁾	Director	-	-	-	-	8/8	100
Mr. Chadchart Sittipunt ⁽⁵⁾	Director	8/8	100	8/8	100	-	-
10. Mr. Pravit Choatewattanaphun	Director	8/8	100	8/8	100	8/8	100
11. Ms. Apinya Jarutrakulchai ⁽⁶⁾	Director	-	-	3/3	100	7/8	88
Mr. Suang Chaisurote ⁽⁶⁾	Director	8/8	100	4/4	100	-	-

Remarks : (1) Mr. Chulasingh Vasantasingh passed away on July 6, 2019

(2) Mr. Adul Vinaiphat was approved and appointed as Independent Director by the resolution of the Board of Directors' Meeting No. 2/2018 held on March 30, 2018, in replacement for Ms. Kanokvalee Viriyaprapaikit, who has resigned from the position of Director effective from March 12, 2018 onwards.

(3) Mr. Naporn Sunthornchitcharoen was approved and appointed as Director by the resolution of the Board of Directors' Meeting No. 4/2017 held on June 27, 2017, in replacement for Mr. Achanan Asavabhokhin, who has resigned from the position of Director effective from May 3, 2017 onwards.

(4) Mr. Achawin Asavabhokin was approved and appointed as Director by the resolution of the the Board of Directors' Meeting No. 8/2017 held on December 26, 2017, in replacement for Mr. Anant Asavabhokhin, who has resigned from the position of Director effective from May 22, 2017 onwards.

(5) Mr. Chalerm Kiettitanabumroong was approved and appointed as Director by the resolution of the Board of Directors' Meeting No. 1/2019 held on February 26, 2019, in replacement for Mr. Chadchart Sittipunt, who has ended and he also resigned from the position of Director effective from January 1, 2019 onward.

(6) Ms. Apinya Jarutrakulchai was approved and appointed as Director by the resolution of the Board of Directors' Meeting No. 5/2018 held on August 10, 2018, in replacement for Mr. Suang Chaisurote, who has resigned from the position of Director effective from July 1, 2018 onwards.

2. The Executives

2.1 The Executives

The Company's Executives as of December 31, 2019, are as follows:

Name	Position
1. Mr. Chalerm Kiettitanabumroong	Chief Executive Officer
2. Mr. Pravit Choatewattanaphun	Managing Director
3. Ms. Apinya Jarutrakulchai	Senior Executive Vice President
4. Mr. Sommart Promkunakorn	Executive Vice President
5. Mr. Adisak Srisook	Executive Vice President
6. Ms. Orathai Luengpaitoon	Vice President, Financial and Accounting Department

Remark : "Executive" is based on the definition from an announcement of the Securities and Exchange Commission

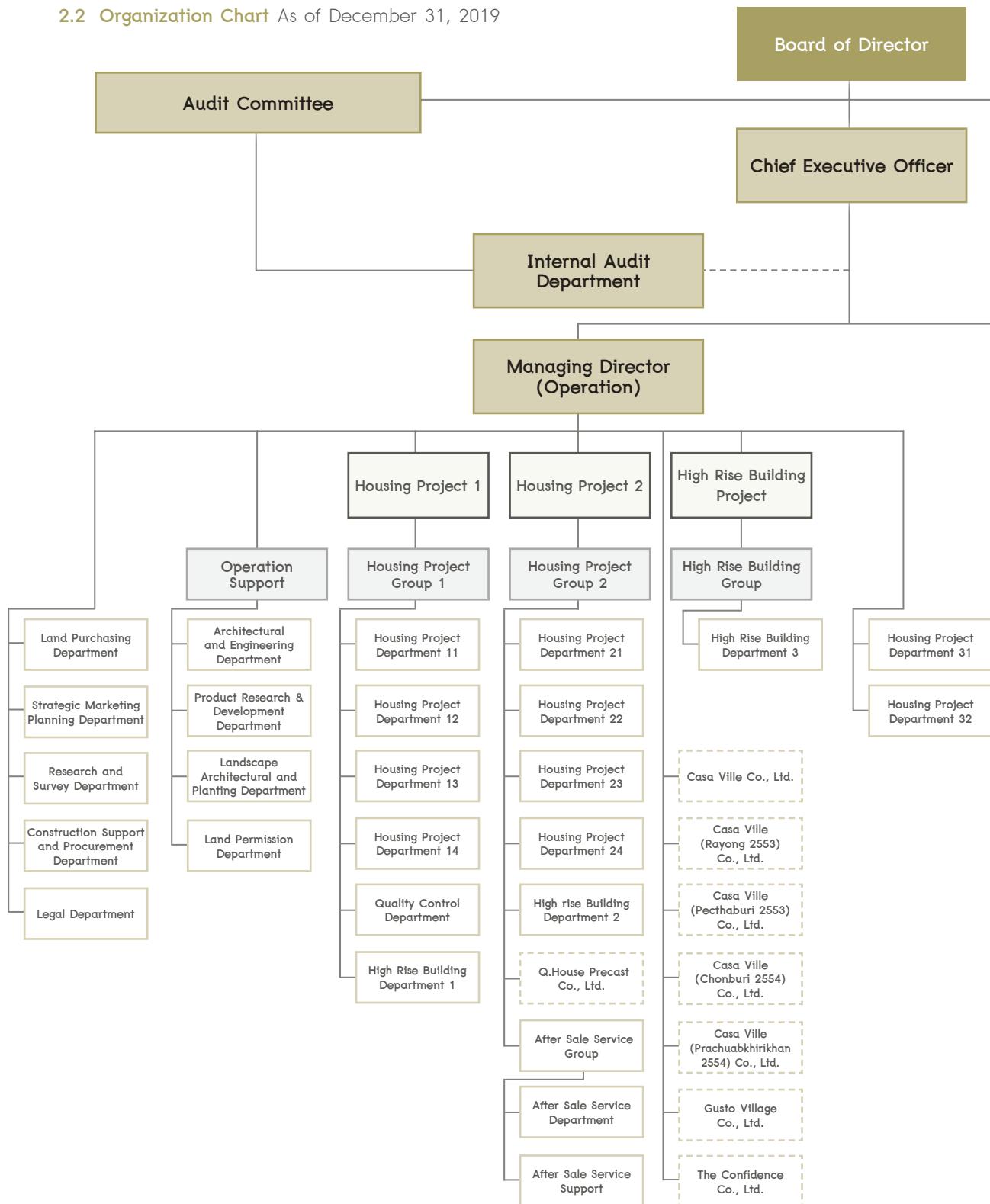
Training Courses for Directors and Executives

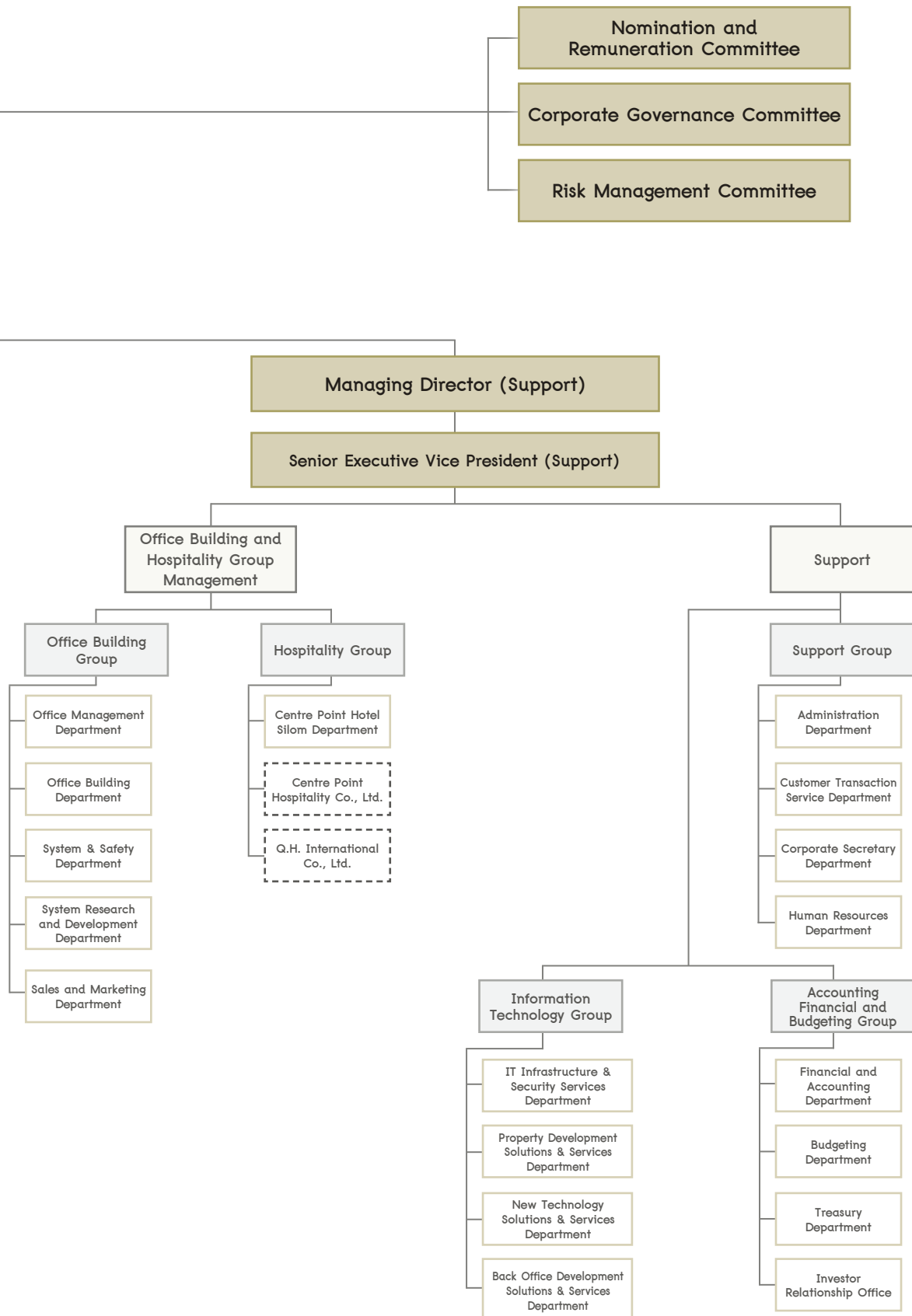
The Company has implemented a policy whereby the directors and executives are encouraged to undergo training courses so as to enhance their work-related knowledge on continual basis such as the ones awarded by the Thai Institute of Directors (IOD) and other renowned institutes.

Below shown is the list of directors and executives who have undergone training courses in 2019 :

Name of Directors and Executives		Training course
1. Mr. Boonsom	Lerdhirunwong	<ul style="list-style-type: none"> - Board Matters and Trends (BMT) 7/2019 - Ethical Leaderships Program (ELP) 15/2019
2. Mr. Rachai	Wattanakasaem	<ul style="list-style-type: none"> - Board Matters and Trends (BMT) 7/2019
3. Mr. Suri	Buakhom	<ul style="list-style-type: none"> - Board Matters and Trends (BMT) 7/2019 - Ethical Leaderships Program (ELP) 15/2019
4. Mr. Pravit	Choatewattanaphun	<ul style="list-style-type: none"> - Analytical Thinking
5. Ms. Apinya	Jarutrakulchai	<ul style="list-style-type: none"> - Analytical Thinking - Accounting for Income Tax Year 2019 (2019 DEFERRED TAX) Principles, Problems and Practices - New Land and Building Tax Act - TFRS Year 2020 - Leases to Financial Statements and Important Financial Ratios / Federation of Accounting Professions - TLCA CFO Professional Development Program 2019 / Thai Listed Companies Association
6. Mr. Adisak	Srisook	<ul style="list-style-type: none"> - Analytical Thinking - Advertising Laws Liability - Consumer Grievance Management
7. Mr. Sommart	Promkunakorn	<ul style="list-style-type: none"> - Analytical Thinking - Land Allocation Act - Advertising Laws Liability - Consumer Grievance Management

2.2 Organization Chart As of December 31, 2019





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 Nomination 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 Nomination 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.1/2019 held on April 18, 2019 a resolution has approved the Retainer and Attendance Fee effective from May 2019 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 Chairman'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 Nomination 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 38,000 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 Nomination and Remuneration Committee and the Chairman of the Corporate Governance Committee
- 2.2 The committee member's remuneration is Baht 30,000 per meeting

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

In years 2017 to 2019, the Company had a remuneration payment of Baht 24.33 million, Baht 24.43 million and Baht 26.48 million respectively. Details of remuneration categories are shown as follows:

(Unit : Thousand Baht)

Name	Position	Year 2017			Year 2018			Year 2019		
		Retainer	Attendance	Bonus ⁽¹⁾	Others	Retainer	Attendance	Bonus ⁽¹⁾	Others	Others
		Fee	Fee			Fee	Fee			
1. Mr. Boonsom Lerthiruwong Mr. Chulasingh Vasantasingh ⁽¹⁾	Chairman and Independent Director Independent Director, Chairman of Audit Committee and Member of Nomination and Remuneration Committee	600.0 480.0	350.0 595.0	1,615.2 1,292.2	- -	600.0 480.0	280.0 609.0	1,629.3 1,303.4	- -	1,808.3 1,446.6
2. Mr. Rachai Wattanakasaem ⁽²⁾	Independent Director, Chairman of Audit Committee and Member of Nomination and Remuneration Committee and Member of Corporate Governance Committee	480.0	735.0	1,292.2	-	480.0	742.0	1,303.4	-	1,446.6
3. Mr. Suri Buakhom	Independent Director, Chairman of Corporate Governance Committee and Member of Audit Committee	480.0	623.0	1,292.2	-	480.0	560.0	1,303.4	-	1,446.6
4. Mr. Abdul Vinaiphat ⁽³⁾	Independent Director, Chairman of Nomination and Remuneration Committee and Member of Audit Committee	-	-	-	-	362.7	308.0	-	-	1,093.0
Ms. Kanokvatee Viriyaprapaikit ⁽³⁾	Director and Member of Nomination and Remuneration Committee	480.0	420.0	1,292.2	-	94.7	84.0	1,303.4	-	285.3
5. Mr. Naporn Sunthornchitcharoen ⁽⁴⁾ Mr. Achanan Asavabhokhin ⁽⁴⁾	Director Director	245.3 162.7	84.0 140.0	- 1,292.2	- -	480.0 -	196.0 -	666.2 441.7	- -	1,446.6 -
6. Mr. Adisorn Thananan-narapool	Director and Member of Nomination and Remuneration Committee ⁽⁵⁾	480.0	280.0	1,292.2	-	480.0	336.0	1,303.4	-	1,446.6

Remarks : (1) Mr. Chulasingh Vasantasingh passed away on July 6, 2019

(2) Mr. Rachai Wattanakasaem was approved and appointed as Chairman of Audit Committee by the resolution of the Board of Directors' Meeting No. 6/2019 held on September 24, 2019.

(3) Mr. Abdul Vinaiphat was approved and appointed as Independent Director by the resolution of the Board of Directors' Meeting No. 2/2018 held on March 30, 2018, in replacement for Ms. Kanokvatee Viriyaprapaikit, who has resigned from the position of Director effective from March 12, 2018 onwards and was appointed as a Member of Audit Committee. He was appointed as a Member of Audit Committee. Later on, he was approved and appointed as Chairman of Nomination and Remuneration Committee by the resolution of the Board of Directors' Meeting No. 6/2019 held on September 24, 2019.

(4) Mr. Naporn Sunthornchitcharoen was approved and appointed as Director by the resolution of the Board of Directors' Meeting No. 4/2017 held on June 27, 2017, in replacement for Mr. Achanan Asavabhokhin, who has resigned from the position of Director effective from May 3, 2017 onwards.

(5) Mr. Achawin Asavabhokhin was approved and appointed as Director by the resolution of the Board of Directors' Meeting No. 8/2017 held on December 26, 2017, in replacement for Mr. Anant Asavabhokhin, who has resigned from the position of Director effective from May 22, 2017 onwards.

(Unit : Thousand Baht)

Name	Position	Year 2017				Year 2018				Year 2019			
		Retainer	Attendance	Bonus ⁽⁹⁾	Others	Retainer	Attendance	Bonus ⁽⁹⁾	Others	Retainer	Attendance	Bonus ⁽⁹⁾	Others
		Fee	Fee			Fee	Fee			Fee	Fee		
7. Mrs. Suwanna Bhuddhprasart	Director, Member of Corporate Governance Committee and Member of Risk Management Committee	480.0	448.0	1,292.2	-	480.0	336.0	1,303.4	-	480.0	352.0	1,446.6	-
8. Mr. Achawin Asavabhokin ⁽⁶⁾ Mr. Anant Asavabhokin ⁽⁶⁾	Director Director	- 188.0	- 140.0	- 1,292.2	-	488.0 -	168.0 -	21.7 510.5	-	480.0 -	234.0 -	1,446.6 -	-
9. Mr. Chalerm Kietitiranabumroong ⁽⁷⁾ Mr. Chadchart Sittipunt ⁽⁷⁾	Director and Chairman of Risk Management Committee Director and Chairman of Risk Management Committee	- 480.0	- -	- 1,292.2	-	- 480.0	-	-	-	404.0 -	-	-	-
10. Mr. Pravut Choetewattanaphun	Director and Member of Risk Management Committee	480.0	-	1,292.2	-	480.0	-	1,303.4	-	480.0	-	1,446.6	-
11. Ms. Apinya Jarutrakulchai ⁽⁸⁾ Mr. Suang Chaisurote ⁽⁸⁾	Director, Member of Corporate Governance Committee and Member of Risk Management Committee Director and Member of Risk Management Committee	- 480.0	- -	- 463.0	-	189.3 240.0	-	-	-	480.0 -	-	570.6 723.3	-
Total		5,516.0	3,815.0	15,000.0	-	5,814.7	3,619.0	15,000.0	-	5,570.7	3,410.0	17,500.0	-

Remarks : (6) Mr. Adisorn Thananan-narapool was approved and appointed as Member of Nomination and Remuneration Committee by the resolution of the Board of Directors' Meeting No. 2/2018 held on March 30, 2018, in replacement for Ms. Kanokvatee Viriyaprapaikit, who has resigned from the position of Member of Nomination and Remuneration Committee effective from March 12, 2018 onwards

(7) Mr. Chalerm Kietititanabumroong was approved and appointed as Director, CEO and Chairman of Risk Management Committee by the resolution of the Board of Directors' Meeting No. 1/2019 held on February 26, 2019, in replacement for Mr. Chadchart Sittipunt, who has ended and resigned from the position of Director effective from January 1, 2019 onward.

(8) Ms. Apinya Jarutrakulchai was approved and appointed as Director by the resolution of the Board of Directors' Meeting No.5/2018 held on August 10, 2018, in replacement for Mr. Suang Chaisurote, who has resigned from the position of Director effective from July 1, 2018 onwards

(9) Bonus according to the information disclosed each year was the compensation paid in the previous year as approved by the Annual General Meeting of shareholders. Bonus for 2019 has an outstanding balance of Baht 15 million by the resolution of the Board of Directors' Meeting No. 1/2020 held on February 26, 2020, waiting for shareholders' approval in the 2020 Annual General Meeting.

- **Remuneration of Executives**

From 2017 to 2019, 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 53.5 million, Baht 47.5 million and Baht 55.0 million, respectively, as detailed below;

(Unit : Million Baht)

Type of Remuneration	Year 2017	Year 2018	Year 2019
1. Salary	37.5	32.6	31.7
2. Bonus	14.5	14.0	22.8
3. Provident Fund	1.5	0.9	0.5
Total	53.5	47.5	55.0

(B) Other Remuneration

The Company and its subsidiaries has established the Provident Fund for employees whereby each employee voluntarily contributes 2-15% of his/her salary to the fund. The Company and its subsidiaries will also match the same contributes 3-6% 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.

5. Personnel

(A) As of the end of 2017 to 2019, the Company and its subsidiaries had 1,102 person, 1,123 person and 1,083 person, respectively, as detailed below ;

(Unit : person)

Business Line	Dec 31, 2017	Dec 31, 2018	Dec 31, 2019
1. Managing Director	29	30	7
2. Housing and Condominium Projects	656	616	587
3. Office buildings for rent and Hotels	319	367	371
4. Operational support	98	110	118
Total	1,102	1,123	1,083

(B) Labor disputes in the past 3 years (January 1, 2017 - December 31, 2019)

-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 year 2017 to 2019

(Unit : Million Baht)

Type of Remuneration	Year 2017	Year 2018	Year 2019
1. Salary	424.8	432.2	444.4
2. Bonus	216.6	251.9	160.2
3. Provident Fund	21.5	21.4	22.5
4. Others ^{1/}	78.8	73.6	122.9
Total	741.7	779.1	750.0

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

(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 1.5 "Support on innovation and business operation with responsibility", Sub-clause "Employees".

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 creating sustainable, added value to its shareholders, but focuses 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 with a "Good Corporate Governance Policy" and operated according to it stringently. In addition, the Company has also improved and added to Code of Conduct in order to cover various operational guidelines to meet international standards and be up to date. As a result, the conduct of directors, executives, and employees of Quality Houses Public Company Limited will be in compliance with generally accepted standards. The Board of Director has approved the corporate governance policy (latest edition) in the Board of Director Meeting (No. 6/2018) on September 25, 2018 based on good corporate governance code for listed companies in 2017 (CG Code) from the Securities and Exchange Commission.

This policy would focus on the principles for the Board of Director, who is the leader with highest responsibility for the company, to apply with the company's supervision in order to create value and long-term growth. In the Board of Director Meeting (No. 8/2019) on December 20, 2019, the Board of Director has reconsidered to apply the principles based on the CG Code with the company's business. Most of the principles have already been applied, but the remaining principles have been recorded as part of the Board of Director Meeting resolution.

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 is 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.

In 2019, the Board of Director has applied the CG Code as follows:

1.1 Acknowledgement of duty and responsibility of the Board of Directors as the Company leader to create sustainable value

Duty and responsibility of the Board of Directors

- 1) The Board of Director has abided by law, objective, company's rule and resolution from the shareholders' meeting with honesty and caution for the best of company's benefit.
- 2) The Board of Director has specified the policy, objective, target, strategy, business direction of the company and allocated important resources as well as monitored and supervised management to comply with the policy. The Board of Director has reconsidered the policy annually in order to maximize economic value and shareholders' wealth.

- 3) The Board of Director has abided by code of honesty and integrity.
- 4) The Board of Director has accountability to shareholders, working for the best of shareholders' benefit with transparent and reliable data distributing to investors.
- 5) The Board of Director comprises of directors who have knowledge and experience relevant to the business and are enthusiastic with the company's business.
- 6) The Board of Director intends to continuously operate the business.

The Board of Director has supervised directors and executives about the duty of care and the duty of loyalty, in line with law such as Securities and Exchange Act as well as resolution from the shareholders' meeting. In addition, the Board of Director also has an approval process of an important operation such as investment, transaction with significant impact on the company's business, transaction with related parties, acquisition/ divestment of assets and dividend payment, etc.

Codes of conduct

In order to preserve the good corporate governance, the Board of Director has created the written codes of conduct for the directors, executives and employees to follow. In the Board of Director Meeting (No. 6/2018) on September 25, 2018, the Board of Director has approved a revision of the company's CG Code and distributed through the company's website (www.qh.co.th) with regular observation.

The Board of Director has created a corporate governance policy as a reference for the directors with clear duty. In addition, the Board of Director has assigned duty to the management as follows:

- 1) Management comprises of CEO and selected executives who are responsible for the company's business direction and important decision making for the success of the company.
- 2) Management is responsible for providing business strategy and important policies as well as asking for the Board of Director's approval.
- 3) The CEO is the leader with highest responsibility on the company's performance, preserving the good CG Code and attractive working environment. The CEO has an authority to follow the policy without intervention from the Board of Director.
- 4) Management has a duty on the Board of Director and shareholder. In particular, management has to report to related parties on a regular basis such as report to the Board of Director for approval and other reports.

1.2 Objective and target of the business for sustainable growth

In order to preserve sustainable growth as an objective and target of the company and to create value to the company, customers, related parties and society as well as the company's unity, the Board of Director has set the standard as follows:

- (1) To set vision, mission and core value for precise company's objectives, using to create business model and communicate within the company for unity with an annual revision.
- (2) To set business model, creating value to the company, related parties and society taking into account:
 - Changing environment and other factors as well as encouraging employees to develop innovation and technology with appropriate application
 - Interest of customers and related parties
 - Readiness, expertise and competitiveness of the company

The Board of Director has affirmed that the company's objective and target as well as middle-term strategy and annual strategy are consistent with the company's main target, using appropriate innovation and technology as follows:

- (1) To supervise and revise business strategy and annual business plan with regard to the company's main objective and target, taking into account current environment, opportunity and acceptable risk. To supervise and revise the company's objective, target and strategy for the next 3-5 years for longer-term analysis with reasonable accuracy.
- (2) To supervise annual strategy and business plan with analysis on environment, other factors and risks affecting related parties along the value chain and the company's main target.
- (3) To supervise strategy, supporting new innovation and technology to increase competitiveness and meet the need of related parties on the back of responsibility to society and environment. Details of an application of innovation and technology have been released under the topic "Social Responsibility".
- (4) To supervise target, complying with business environment and potential by supervising both monetary and non-monetary target. To acknowledge the risk of supervising the target that could lead to unethical conduct.
- (5) To supervise communication of the company's objective and target through strategy and business plan within the company.
- (6) To supervise resource allocation and business operation as well as monitor the performance based on the company's strategy and annual business plan with a possibility of assigning a department to be responsible for monitoring the performance.

1.3 Strengthening an effective Board of Director

Structure of the Board of Director and Balance of power of non-executive directors

As of December 31, 2019, the Company was comprised of the following 11 directors:

- Executive Director 3 persons
- Non-Executive Director 4 persons
- Independent Director 4 persons equivalent to 36.36% of the total number of directors

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.

Separation of responsibility between the Chairman of the Board of Director and the CEO

The Chairman of the Board of Director is an independent director with different person as a CEO in order to precisely separate responsibility between supervision and regular management. The Chairman of the Board of Director supervises important issues and affirms that the Board of Director has focused reasonably on the strategy and business operation. On the other hand, the CEO is the leader of the management in order to take the approved strategy into action.

Roles and duties of Chairman and Chief Executive Officer

- 1) The Company's Chairman 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.

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 2018, an internal meeting of non-executive directors was held on February 27, 2018 and May 10, 2018 and in 2019, an internal meeting of non-executive directors was held on December 20, 2019.

Performance Evaluation of the Board of Directors and Sub-committees

The Company has a policy whereby the Board of Directors are to evaluate their own performance as a group and an Individual 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.

The Board of Directors have collectively assessed their own performances the year 2019, 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

The Company Secretary Department will submit the 2 forms of performance evaluation of the Board of Directors to all directors to evaluate the annual performance. 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
Equal or Lower than	50%	=	Needs Improvement

Details of Sub-Committee evaluation are discussed in No.2 Sum-Committee.

Supervision of Operation of Subsidiary and Associated Companies

Disclosed details in No.4 Supervision of Operation of Subsidiary and Associated Companies

The Board of Director Meeting and Directors' Attendance

In 2019, the Company scheduled all of the Board of Director Meetings in advance totaling 8 times. All of the committees attended the meetings more than 75% of the total number of meetings.

The Board of Director has a freedom to express opinion on the vision, mission, strategy, target, business plan and budget presented by the Company's management. The Board of Director also supervised and monitored the management's operation both short term and long term for best interest of the shareholders and related parties. Details are disclosed in The Board of Director Meeting (Management Structure Subitem 1: The Board of Director and Corporate Governance Subitem 2: Sub Committee).

Appointment of the Company Secretary

Disclosed details in Management Structure No.3 Company Secretary

1.4 Selection and development of Senior Executives and human resource management

Disclosed details in No.3 Selection and Appointment of Directors and CEO

1.5 Support on innovation and business operation with responsibility

The Board of Director has supervised the Company's operation with ethic as well as social and environment responsibility, taking into account other related parties and non-infringement. The Board of Director has supervised policy regarding operation and responsibility to related parties under the Corporate Governance Policy. In addition, the company has operated with responsibility to related parties as follows:

- **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 heath, 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 workplace welfare committee to improve the quality of life of the employees. The committee was assigned from employee representatives in each department of the Company to discuss and exchange information regarding employee welfare to improve employee welfare and enhance the working 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;
- In 2019, the Company and subsidiaries no had employees injured due to work resulting in absence of work.

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.

In 2019, 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:

Analytical Thinking and Decision to systematically improve the thinking skills of employees which could be applied to solve, analyze, find causes and creative solutions to the problems in the Company in various situations.

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.

Work place safety officer training for supervisors – for lower and middle management to have supervisors acknowledge the principals of safety and activities required to improve work safety, so it can be implemented to improve safety in the organization in accordance to the Department of Labor Protection and Welfare's Requirement on Management, Safety, Sanitation and Environment of the Workplace of B.E. 2549. Moreover, the training will make supervisors, who are the closest to workers and taking care of work, understand their responsibility to improve safety.

Work place safety officer training for executives – for high-level executives to have executives be informed, to understand and to develop a mindset 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.

Tunnel – Precast and Precast – Precast construction standard training – for construction workers to have construction workers have standardized knowledge and understanding of the construction.

Microsoft Project and Project Server training to improve the utilization of the existing Microsoft Project in building management to be able to monitor and evaluate the past building processes.

Leadership Tutorial to train supervisors regarding work and human management, leading to successful target of the company's human management.

Land Allocation Act for employees to have knowledge in the Land Allocation Act and be able to proceed legally with land allocation request.

Advertising Laws and Responsibilities and Consumer Grievance Management to give employees the importance and responsibility for advertising that has to be clear and completely correct, without making customers misunderstand as well as being able to handle customer complaints.

Always a Good Time to let employees know about Vision & Mission, the Company's history, business under the Brand Centre Point including executives in the Centre Point Hotel as well as the Company's culture and Core Value to make the service more efficient.

Always Excellence for employees to apply knowledge and techniques for service from the training with clients correctly, professionally and sincerely.

First aid & CPR Training to provide employees with basic knowledge in helping tourists and be able to assess situations, make decisions and coordinate with emergency department of the hospital correctly and quickly in order for patients to receive the treatment correctly and quickly in accordance with the standard of emergency medical.

Basic Chinese Language and Culture: Due to the large number of Chinese customers currently visiting the hotel, the objective is for participants to understand Chinese people in terms of culture, behavior and language, which could result in impressive services for Chinese customers.

Basic Arabic Language and Culture: Since customers from the Middle East currently play a huge role in the world trade, tourism and are likely to increase in the future. In addition, Thailand is a top destination for tourism and medical treatment. Therefore, the Company pays more attention to Arabic language and culture to support growth of this tourist market and create good impression, which is the key success of the service business.

Basic Korean Language and Culture for participants to learn basic Korean language and culture in order to support Korean customers who have more important roles in the world, business, commerce and tourism.

Basic Indian Language and Culture to learn about Indian language and culture to support the market growth of this group of tourists.

Psychology of Communication for Work Success for employees to learn how to reduce miscommunication within departments and with customers as well as to increase skills in managing emotions for service and motivating customers.

"Strong Working with Psychology of Consciousness" for employees to work happily as well as be able to understand and control themselves. The participants will be able to apply these principles to daily lives with consciousness and concentration, leading to happier lives in the midst of pressure in the society.

Integrated Solution with TQM for employees to build problem solving skills that are more complex with a variety of solutions and be able to solve problems as well as to analyze errors to improve the work process in order to avoid repeated problems.

Infographic for employees to effectively make a lot of data easier to understand by using infographic, which is suitable for the current situation with a lot of information in a limited time.

Presentation Skill for Manager: "Professional Presentation" for employees to present data effectively in the meeting according to the goals so that the executives receive concise information to make the right decision.

Team building to foster good relationships within the organization and acknowledge the importance of coherence. The activities are group activities with seminars and visits to important destinations in the province of the activities.

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 news circulation project: The project has been established to be a channel for communication between the Company and Human Resources department to the management and employees so as to acknowledge internal news and changes from time to time. It will also be a channel for the Human Resources Department to communicate about the Company's policies, rules, regulations and charters for all management and employees to abide by. Communication is done via e-mail and intranet.

Employees' loyalty project: The project has been established towards the employees who have been in association with the Company for 10 years 20 years and 30 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	32	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	39	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	32	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 but 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 believe 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.

1.6 Supervision on appropriate risk management and internal control

- Risk management and internal control

Disclosed details in Internal Control and Risk Management

- Establishment of Audit Committee

Disclosed details in Corporate Governance Topic 2 Sub-Committee

- Conflict of interest and supervision on the use of internal information

1. Conflict of interest

Policy on related transactions

The Company has disclosed all related transactions according to the rules and treated the transactions as transactions with outsiders to avoid conflict of interest.

2. Supervision on the use of internal information

Policy on the use of internal information

1. No use of the company's internal information for personal benefit or providing any damages to the Company with intention. No distribution of the Company's internal information to customers, suppliers, service providers, competitors and outsiders, except general or public information.

2. No use of the Company's internal information for stock trading.
3. Directors and Executives have to report information regarding the Company's stock trading and holding according to the rules and regulations in the Board of Directors' Meeting.
4. The Company has a policy to prohibit the Company's executives from trading the Company's stocks 1 month ahead of a public release of the Company's financial statement in order to prevent the use of company's internal information for personal benefit.

- **Anti-corruption policy**

Disclosed details in Corporate Social Responsibility

1.7 Financial Reliability and information disclosure

The Board of Director is responsible for supervising the financial report system and disclosure of important information in a timely fashion according to regulation and principle. Information, which could affect decision making of related parties, is disclosed in the annual report, 56-1 report and the company's website "www.qh.co.th" such as name and biography of the Board of Director, Director's remuneration, Top 10 Shareholders, Corporate Governance, Financial Statement, Risks, Nature of Business, Management, Financial Position and Business Performance. In addition, the company's data can 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 member 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 statement 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 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, 2019 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

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 connected 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 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 Connected Transactions 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 Connected Transactions, 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 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, 2019

Name	Position	December 31, 2018		Change in 2019		December 31, 2019	
		Number of Shares	Portion (%)	Acquired (Shares)	Disposed (Shares)	Number of Shares	Portion (%)
1. Mr. Boonsom Lerdhirunwong	Chairman and Independent Director	-	-	-	-	-	-
2. Mr. Chulasingh Vasantasingh ⁽¹⁾	Independent Director, Chairman of Audit Committee and Member of Nomination and Remuneration Committee	-	-	-	-	-	-
Mrs. Pattra Vasantasingh	Spouse	19,930	0.00019	-	-	19,930	0.00019
3. Mr. Rachai Wattanakasaem ⁽²⁾	Independent Director, Chairman of Audit Committee, Member of Nomination and Remuneration Committee, and Member of Corporate Governance Committee	-	-	-	-	-	-
4. Mr. Suri Buakhom	Independent Director, Member of Audit Committee and Chairman of Corporate Governance Committee	-	-	-	-	-	-
5. Mr. Adul Vinaiphat ⁽³⁾	Independent Director, Chairman of Nomination and Remuneration Committee and Member of Audit Committee	-	-	-	-	-	-

Name	Position	December 31, 2018		Change in 2019		December 31, 2019	
		Number of Shares	Portion (%)	Acquired (Shares)	Disposed (Shares)	Number of Shares	Portion (%)
6. Mr. Naporn Sunthornchitcharoen	Director	100,000	0.00093	-	-	100,000	0.00093
7. Mr. Adisorn Thananan-narapool	Director and Member of Nomination and Remuneration Committee	1,101	0.00001	-	-	1,101	0.00001
8. Mrs. Suwanna Buddhaprasart	Director, Member of Corporate Governance Committee and Member of Risk Management Committee	7,013,754	0.06546	-	-	7,013,754	0.06546
9. Mr. Achawin Asavabhokin	Director	-	-	-	-	-	-
10. Mr. Chalerm Kietititanabumroong ⁽⁴⁾	Director, Chief Executive Officer and Chairman of Risk Management Committee	-	-	-	-	-	-
Mrs. Wipha Kietititanabumroong	Spouse	136,500	0.00127	-	-	136,500	0.00127
11. Mr. Pravit Choatewattanaphun	Director, Senior Executive Vice President and Member of Risk Management Committee	-	-	-	-	-	-
12. Ms. Apinya Jarutrakulchai	Director, Senior Executive Vice President, Member of Corporate Governance Committee and Member of Risk Management Committee	-	-	-	-	-	-
13. Mr. Adisak Srisook	Executive Vice President	33	0.00000	-	-	33	0.00000
14. Mr. Sommart Promkunakorn	Member of Risk Management Committee and Executive Vice President	-	-	-	-	-	-

Remarks :

(1) Mr. Chulasingh Vasantasingh, Independent Director, Chairman of the Audit Committee and Member of Nomination and Remuneration Committee, passed away on July 6, 2019.

(2) Mr. Rachai Wattanakasaem, Member of Audit Committee, was approved and appointed as Chairman of of Audit Committee by the resolution of the Board of Directors' Meeting No. 6/2019 held on September 24, 2019.

(3) Mr. Adul Vinaiphat, Member of Audit Committee, was approved and appointed as Chairman of Nomination and Remuneration Committee by the resolution of the Board of Directors' Meeting No. 6/2019 held on September 24, 2019.

(4) Mr.Chalerm Kietititanabumroong was approved and appointed as Director of the Board, Chief Executive Officer and Chairman of Risk Management Committee by the resolution of the Board of Directors' Meeting No. 1/2019 held on February 26, 2019, in replacement for Mr. Chadchart Sittipunt, Chief Executive Officer, has ended and he also resigned from the position of Director effective from January 1, 2019 onward.

Relationship with Investors

The Company recognizes the importance of disclosure of information with transparency, including the Company's performance 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 2019, the Company presented data as follows:

- International Roadshow to investors and fund managers for 2 times in Singapore and Hong Kong
- Local Roadshow to investors and fund managers for 4 times
- Site Visit and Company Visit with investors, fund managers and analysts for 7 times
- Company Presentation, including
 - Quarter Analyst Meeting for 4 times
 - 2019 Business Plan

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 in the "Contact the Investor Relations Officer" topic, or by email to vorapoj.h@qh.co.th

1.8 Support on participation and communication with shareholders

The Board of Director has a policy to encourage shareholders' participation in the Company's important decision making.

1. Support of the shareholders' participation in the Company's important decision making

- 1.1 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;
- 1.2 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;
- 1.3 The rights to receive share of profit;
- 1.4 The rights to take into account the topics of the approval of directors' remuneration and dividend payment;
- 1.5 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;
- 1.6 The rights to nominate a list of qualified candidates for the election of directors in accordance with the Company's rules and regulations;
- 1.7 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;
- 1.8 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;
- 1.9 All other rights as prescribed by law.

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 2019, the Company has arranged the Shareholders' Annual General Meeting on Thursday 18th April 2019 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 April 3, 2019 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 18, 2019 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 2019 in regard to the following:

- Proposing issues to be included as part of the agenda of the Annual General Meeting No.1/2019
- Nominating a list of qualified candidates for the election of directors in the Annual General Meeting No.1/2019
- Submitting inquiries prior to the Annual General Meeting No.1/2019

The criteria for the aforementioned, therefore, had also been published and disseminated on the Company's website since September 26, 2018, 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, 2018 to December 31, 2018. 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.

2. Implementation of the Meeting

In the Annual General Meeting No.1/2019, there were 12 directors attending the meetings from a total of 12, including 5 independent directors, 3 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.

Before the meeting started, the Chairman of the meeting welcomed and opened the meeting, announcing the number and proportion of the shareholders and representatives. Before any agendas got started, the Chairman of the meeting announced the voting and score counting methods as well as the number of persons with no voting right due to relevant interests.

During the meeting, the shareholders have the rights to express their opinions and ask questions in a timely fashion. The executives answered questions clearly and the meeting proceeded smoothly according to the Company's regulation following the agenda in the meeting invitation with unchanged agenda and no shareholders' argument against the score counting.

The Company used the reliable agent to count the voting and record the score for future inspection.

3. Disclosure of the meeting resolution and report on the shareholders' meeting

The Company has disclosed the resolution and voting from the shareholders' meeting through the Stock Exchange of Thailand's news system on April 18, 2019.

The meeting minute has recorded the names of all Directors who attended the meeting and precise resolution with voting score in every section, indicating the number of voting for Approve, Not Approve and Non-Voting. Shareholders with no voting right due to related personal interests with the issues would be recorded as well as the shareholders and representatives' questions and the Directors and Executives' answers.

In addition, the Company has sent a copy of report on the shareholders' meeting to the Stock Exchange of Thailand and uploaded on the Company's website www.qh.co.th on May 2, 2019 with a notification through the Stock Exchange of Thailand's news system.

2. Sub-committees

As of December 31, 2019, the Company's structure is comprised of 5 committees: the Company's Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee. Below shown is the summary of the name list and position of the directors in the Board of Directors and Committees:

Name			Director	Authorized Director	Independent Director	Audit Committee Independent Director	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee
1.	Mr. Boonsom	Lerdhirunwong	✓	-	✓	-	-	-	-
2.	Mr. Rachai	Wattanakasaem ⁽¹⁾	✓	-	✓	✓	✓	✓	-
3.	Mr. Suri	Buakhom	✓	-	✓	✓	-	✓	-
4.	Mr. Adul	Vinaiphat ⁽²⁾	✓	-	✓	✓	✓	-	-
5.	Mr. Naporn	Sunthornchitcharoen	✓	-	-	-	-	-	-
6.	Mr. Adisorn	Thananan-narapool	✓	-	-	-	✓	-	-

	Name	Director	Authorized Director	Independent Director	Audit Committee Independent Director	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee
7.	Mrs. Suwanna Bhuddhaprasart	✓	✓	-	-	-	✓	✓
8.	Mr. Achawin Asavabhokin	✓	-	-	-	-	-	-
9.	Mr. Chalerm Kiettitanabumroong ⁽³⁾	✓	✓	-	-	-	-	✓
10.	Mr. Pravitt Choatewattanaphun	✓	✓	-	-	-	-	✓
11.	Ms. Apinya Jarutrakulchai	✓	✓	-	-	-	✓	✓

Remarks : (1) Mr. Rachai Wattanakasaem, Member of Audit Committee, was approved and appointed as Chairman of Audit Committee by the resolution of the Board of Directors' Meeting No. 6/2019 held on September 24, 2019.

(2) Mr. Adul Vinaiphat, Member of Audit Committee, was approved and appointed as Chairman of Nomination and Remuneration Committee by the resolution of the Board of Directors' Meeting No. 6/2019 held on September 24, 2019.

(3) Mr. Chalerm Kiettitanabumroong was approved and appointed as Director of the Board, Chief Executive Officer and Chairman of Risk Management Committee by the resolution of the Board of Directors' Meeting No. 1/2019 held on February 26, 2019, in replacement for Mr. Chadchart Sittipunt, Chief Executive Officer, who has ended and he also resigned from the position of Director effective from January 1, 2019 onward.

As of December 31, 2019, the Company has 4 sub-committees to take into account its business-related matters, including:

- 1) Audit Committee;
- 2) Nomination 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, 2019. The name list and number of meeting attendances of each committee member in years 2017 to 2019 are shown as follows:

Name	Position	Meeting attendance / total number of meetings (times)		
		2017	2018	2019
1. Mr. Rachai Wattanakasaem ⁽¹⁾	Chairman of Audit Committee	6/6	7/7	7/7
Mr. Chulasingh Vasantasingh ⁽²⁾	Chairman of Audit Committee	5/6	7/7	2/4
2. Mr. Suri Buakhom	Member of Audit Committee	6/6	7/7	7/7
3. Mr. Abdul Vinaiphat ⁽³⁾	Member of Audit Committee	-	6/6	7/7

Remarks : (1) Mr. Rachai Wattanakasaem, Member of Audit Committee, was approved and appointed as Chairman of Audit Committee by the resolution of the Board of Directors' Meeting No. 6/2019 held on September 24, 2019.

(2) Mr. Chulasingh Vasantasingh, Chairman of the Audit Committee and Member of Nomination and Remuneration Committee, passed away on July 6, 2019.

(3) Mr. Abdul Vinaiphat was approved and appointed as Member of Audit Committee by the resolution of the Board of Directors' Meeting No. 2/2018 held on March 30, 2018.

- Mr. Rachai Wattanakasaem is a Member of Audit Committee with knowledge and professional experience in accounting or finance;
- Audit Committee Secretary : Ms. Chanya Thanaboonsombat.

The Audit Committee has convened 4 meetings in 2017, 4 meetings in 2018 and another 4 meetings in 2019 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 nominate and terminate 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 connected transactions or those which may incur conflicts 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

The Audit Committee has collectively conducted self-assessment as a group for the year 2019, 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 the excellent grade of corporate governance assessment.

2) Nomination and Remuneration Committee

The Nomination and Remuneration Committee is comprised of 3 members as of December 31, 2019. The name list and number of meeting attendances of each committee member in years 2017 to 2019 are shown as follows:

Name	Position	Meeting attendance / total number of meetings (times)		
		2017	2018	2019
1. Mr. Adul Vinaiphat ⁽¹⁾	Chairman of Nomination and Remuneration Committee	-	-	2/2
Mr. Chulasingh Vasantasingh ⁽¹⁾	Member of Nomination and Remuneration Committee	5/5	6/6	1/1
2. Mr. Rachai Wattanakasaem ⁽¹⁾	Member of Nomination and Remuneration Committee	5/5	5/6	4/4
3. Mr. Adisorn Thananan-narapool ⁽²⁾	Member of Nomination and Remuneration Committee	-	4/4	4/4
Ms. Kanokvalee Viriyaprapaikit ⁽²⁾	Member of Nomination and Remuneration Committee	5/5	1/1	-

Remarks : (1) Mr. Adul Vinaiphat was approved and appointed as Member of Nomination and Remuneration Committee by the resolution of the Board of Directors' Meeting No. 6/2019 held on September 24, 2019, in replacement for Mr. Chulasingh Vasantasingh, who passed away on July 6, 2019. Mr. Adul Vinaiphat also worked as Chairman of Nomination and Remuneration Committee in replacement for Mr. Rachai Wattanakasaem, effective from September 24, 2019 to comply with the good CG principles.

(2) Mr. Adisorn Thananan-narapool was approved and appointed as Member of Nomination and Remuneration Committee by the resolution of the Board of Directors' Meeting No. 2/2018 held on March 30, 2018, in replacement for Ms. Kanokvalee Viriyaprapaikit, who has resigned from the position of Member of Nominating and Remuneration Committee effective from March 12, 2018 onwards.

Authorities, duties and responsibilities of the Nomination 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.

Performance evaluation for Chief Executive Officers and Managing Director

The Nomination and Remuneration Committee shall conduct performance evaluation for the Chief Executive Officer and Managing Director, 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 Nomination and Remuneration Committee as a Group

The Nomination and Remuneration Committee has evaluated self-performance as a group in 2019, based on "The Nomination and Remuneration Committee Self-Assessment Form" prepared by the company under the principle of good corporate governance and the SET guidelines. There were 4 main areas having been taken into account as follows:

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

Average scores received for assessments made by the Nomination and Remuneration Committee for performance in 2019 was considered excellent.

3) Corporate Governance Committee

The Corporate Governance Committee is comprised of 5 members as of December 31, 2019. The name list and number of meeting attendances of each committee member in years 2017 to 2019 are shown as follows:

Name	Position	Meeting attendance / total number of meetings (times)		
		2017	2018	2019
1. Mr. Suri Buakhom	Chairman of Corporate Governance Committee	4/4	4/4	4/4
2. Mrs. Suwanna Bhuddhaprasart	Member of Corporate Governance Committee	4/4	4/4	4/4
3. Mr. Rachai Wattanakasaem	Member of Corporate Governance Committee	4/4	4/4	4/4
4. Ms. Apinya Jarutrakulchai	Member of Corporate Governance Committee	4/4	4/4	4/4
5. Mr. Korasuit Piyambuit	Member and Secretary of Corporate Governance Committee	4/4	4/4	4/4

Authorities and Duties of the Corporate Governance Committee

1. To determine and review the policies, requirements and work procedures to be in accordance with the principle of good corporate governance;
2. To determine policies and plans relating to the Corporate Social Responsibilities activities of the Company;
3. 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;

4. To carry out the internal evaluation under the corporate governance criteria in order to determine areas for improvement;
5. To represent the Company in communication and execution of corporate governance activities with the executives, employees and external units;
6. 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 2019, 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:

1. Structure and qualifications of the Corporate Governance Committee;
2. Roles, duties and responsibilities of the Corporate Governance Committee;
3. The Corporate Governance Committee's meetings.

Average scores received for assessments made by the Corporate Governance Committee for performance in 2019 was considered excellent.

4) Risk Management Committee

The Risk Management Committee is comprised of 6 members as of December 31, 2019. The name list and number of meeting attendances of each committee member in years 2017 to 2019 are shown as follows:

Name	Position	Meeting attendance / total number of meetings (times)		
		2017	2018	2019
1. Mr. Chalerm Kiettitanabumroong ⁽¹⁾	Chairman of Risk Management Committee	-	-	2/2
Mr. Chadchart Sittipunt ⁽¹⁾	Chairman of Risk Management Committee	1/1	3/3	-
2. Mrs. Suwanna Bhuddhaprasart	Member of Risk Management Committee	1/1	3/3	2/2
3. Mr. Pravit Choatewattanaphun	Member of Risk Management Committee	1/1	3/3	2/2
4. Ms. Apinya Jarutrakulchai	Member of Risk Management Committee	1/1	3/3	2/2

Name	Position	Meeting attendance / total number of meetings (times)		
		2017	2018	2019
5. Mr. Sommart Promkunakorn	Member of Risk Management Committee	0/1	3/3	2/2
6. Mr. Somsak Jirarungruangvong	Member of Risk Management Committee	1/1	3/3	2/2
Mr. Suang Chaisurote ⁽²⁾	Member of Risk Management Committee	1/1	1/1	-
Mr. Adisak Srisook ⁽³⁾	Member of Risk Management Committee	1/1	3/3	1/1

Remarks : (1) Mr. Chalerm Kiettitanabumroong was approved and appointed as Chairman of Risk Management Committee by the resolution of the Board of Directors' Meeting No. 1/2019 held on February 26, 2019, in replacement for Mr. Chadchart Sittipunt, Chief Executive Officer, who has ended and resigned from the position of Director effective from January 1, 2019 onward.

(2) Mr. Suang Chaisurote has resigned from the position of member of Risk Management Committee effective from July 1, 2018 onwards.

(3) Mr. Adisak Srisook has ended from the position of member of Risk Management Committee effective from August 23, 2019 onwards.

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 2019, based on "The Risk Management Committee Self-Assessment Form" prepared by the company under the principle of good corporate governance and the SET guidelines. There were 3 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's meetings.

Average scores received for assessments made by the Risk Management Committee for performance in 2019 was considered Very Good.

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 Managing Director 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 topic 2 "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 good 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 before appointed as an independent director.
- (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 conflicts 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 conflicts of interest except when the previous association has been terminated at least for more than two years before appointed as an independent director.

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 before appointed as an independent director.
- (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 conflicts 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 before appointed as an independent director.
- (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.

2) Directors and top executives

The appointment of the Company's directors or top executives, from Managing Director 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.

(3) Succession Plan of Chief Executive Officer , Managing Director and Executives

The Company has prepared a succession plan of Chief Executive Officer , Managing Director 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.

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 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.

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.

6 **Approval on 2017 CG Code**

The Board of Director has recognized a responsibility as the company's leader. Meanwhile, the Corporate Governance Committee has followed the CG Code to create sustainable value to the company.

In the Board of Meeting No.8/2019 on December 20, 2019, the Board of Director has revised and applied the CG Code to the company's business. Most of the principles have already been applied, but the remaining principles have been recorded as part of the Board of Director Meeting resolution.

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, briberies 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

To be in accordance with and meet the Company's anti-corruption objective, the Company established an Anti-Corruption Working Group comprising of representatives from all departments with the Chief Executive Officer as the chairman. On December 8, 2016, the Company completed and submitted the "Self-Evaluation Tool for Countering Bribery" form to be certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption.

On March 9, 2017 the council of Thailand's Private Sector Collective Action Coalition Against Corruption's resolved that "Quality Houses Public Company Limited" is a certified member. The certification has a validity period of 3 years from the date of certification resolution.

On November 4, 2019 the Company has been renewed the "Certification of Membership of the Private Sector Collective Action Coalition Against Corruption" for 3 years.

According to the Board of Directors' Meeting No.1/2015 held on February 24, 2015, the Board of Directors approved the 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 addition, the Board of Director has approved the "Anti-Corruption Policy" with latest update according to the resolution from the Board of Director Meeting No. 8/2018 on December 24, 2018

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 Directors, Executives and Employees shall not accept or ask for gifts or other benefits from trading partners, contractors, advisors and other related parties in all situations that could lead to unfair decision making or conflict of interests.
- 4.2 Directors, Executives and Employees shall avoid giving or accepting gifts or benefits from trading partners and related parties, except gifts for traditional festivals with reasonable prices unrelated to bonding or decision making. In addition, giving or accepting gifts with transparency and formal are acceptable.
- 4.3 Directors, Executives and Employees shall avoid giving or accepting unusual reception from related parties.

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 addition, employees must not ignore any corruption-related activities. Any intimidate activities leading to damages would be a disciplinary offense. 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. Rachai Wattanakasaem, Chairman of Audit Committee, Email: rachai.w@qh.co.th

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

Mr. Adul Vinaiphat Member of Audit Committee, Email: adul.v@qh.co.th

Such emails could be found on the Company's website

Protection of whistleblower or complainant

Whistleblower or complainant, including the company's employees, customers and sub-contractors or other related parties, shall be protected by law or the company's regulation.

Operating process after receiving clues / complaints

1. The Audit Committee sends the clues / complaints to an Internal Audit Department for preliminary inspection. Any intimidate activities leading to damages would be a disciplinary offense.
2. If the clues / complaints in No.1 are real, an Internal Audit Department will direct the clues / complaints to related departments, and the process will be monitored by an Internal Audit Department and presented to the Audit Committee for consideration.

Information and details of the Anti-Corruption Policy will be on the Company's website at www.qh.co.th topics Investor Relations / Corporate Governance / Anti-Corruption.

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 of 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

- 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 promotional packages available at the time, project locations, details of projects (house, condominium and townhouse) to be given at an initial stage to help them making subsequent buying decisions; in addition, the call center also serves as a strategic place towards which complaint and feedbacks may be directed as well.
- 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.
- 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.
- Training sessions for after-sales service staffs regarding roles and responsibilities with the customers in order to improve the quality of service for customers in all aspects.
- 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.
- 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.
- The public park and clubhouse of high-end home projects 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;
- 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.
- To help reducing the amount of dust in the air (PM 2.5), the Company has the measures and guidelines as follow:
 - Office buildings for rent installed fresh air intake filters to filter the dust that will enter the building for the health of the tenants
 - Office buildings for rent incorporated with Wattana District to organize a campaign "Prevention and Reduction of Small Dust in the Air" by spraying water with high-pressure water injection system on the roof of the buildings
 - The hotels sent staffs to attend the training at Bang Rak District Office regarding PM 2.5 dust issue in order to understand causes and prevention methods. The hotels also requested water trucks from Bang Rak District to clean the road in front and on the side of the buildings.
 - The housing projects fenced off the construction area next to the nearby community to reduce the impact on daily life and cleaned the road in the projects to reduce dust in the air.

7. Participation in social/community development

- 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

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.
- Security innovations that are taken into account from the beginning in designing project plans; for example, having clear and distinct zones for residents and outsiders, having easily monitored paths and roads and Double Security systems where there are 2 layers of Access Control.

Internal Control and Risk Management

During the Board of Directors' Meeting No.1/2020 convened on February 26, 2020, which was attended by 3 Audit Committee members, the board of directors evaluate the internal control system, with usage of "Internal Control Adequacy 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. Internal 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 as well as an internal control system to supervise and monitor the business operations of subsidiaries and prevent 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 related parties. 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. Internal 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 the 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 have managed to ensure that the Company has 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 have 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 have 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 with no difficulty. In addition, the Board of Directors are comprised of independent directors of note with knowledge, competency and trustworthiness 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 has 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 employees level;
- The Company has reviewed its operational goals to ensure that they are 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 monitored 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;
- The Company has established a written Anti-Corruption Policy to be used as a guideline, operations process for the operational personnel's adoption to be in alignment with anti-corruption measures. It also acts as a communication tool for use both inside and outside of the Company for all stakeholders to acknowledge the serious stance the Company has taken on anti-corruption.
- The Company has 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 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 2019, 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 must be implemented in proper and timely manner. The Company's executives have 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 monitored and followed up with the incidents attributed to the risk factors, as well as implemented the measures in aims at reducing the risks accordingly. Furthermore, the Risk Management Committee has approved the instrumentalization 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 become 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 is located in another chapter "Risk Factors".

The Company has proven to be in compliance with generally certified accounting standards, which is of good use to its business operations. 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 to ensure the Company and its shareholders that the guidelines stipulated by the Management must 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.

The objective of such allocation is intended to provide for delegation and cross examination.

- 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 must 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 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 must be analyzed and evaluated on a regular basis;
- The Company has established controlling measures in light of its business operations to ensure compliance with the related laws to reduce operational risks and preserve 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 could support 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 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) 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 are examined via automatic e-mail messages and shall be transmitted to those in charge 10 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 must be tested at Data Backup Center 4 times a year.

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 would report to the Board of Directors immediately, as well as properly provide corrective measures for the Board of Directors/the Audit Committee for their further consideration.

In 2019, the Audit Committee has convened 7 meetings to take into account, follow up on the financial status and operational results on a regular basis and make significant recommendations which had impacts on the "organization and executive officers" periodically, while simultaneously monitor and ensure that the corporate goals would 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. Rosaporn Decharkom, who serves as the auditor for the financial statements of 2019, has no opinion on 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 Ms.Chanya Thanaboonsombat as the Head of Internal Audit of the Company since August 1, 2018. She possesses qualifications and experiences in Internal Audit, IT Audit and Consulting Services. Additionally, she understands the activities and operations of the Company and also has been trained with numerous courses relating to Internal Audit and anti-corruption procedures. The Company had considered that she was suitable to perform property in aforementioned role.

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

Connected Transactions

1. Connected transaction with persons with potential conflicts

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

Relationship	Nature of Transaction	Value (Baht million)			Opinion of the Audit Committee
		31 Dec 17	31 Dec 18	31 Dec 19	
1) Land and Houses Fund Management Co., Ltd.					
<div>- QH and LH are the shareholders of LH Financial Group Plc. ("LHFG"), holding 13.74% and 21.88% of the total shares respectively (as of Sep 9, 2019). Meanwhile, LHFG is the shareholder of Land and Houses Bank Plc. ("LHBANK"), holding 100% of the total shares; and in turn, the LHBANK is holding 100% shares of Land and Houses Fund Management Co., Ltd.</div> <div>- Joint director is Mrs. Suwanna Bhuddhaprasart</div>	<div>Renting the office space in Q. House Sathorn Building</div> <div>Summary of the Lease/Service Agreement.</div> <div><u>1st Agreement</u> : 4 years, 10 months and 4 days (Oct 28, 2010 – Aug 31, 2015)</div> <div>The total rental space was 240 square-meters at the rental rate (service fee included) of Baht 475 per square-meter per month.</div> <div><u>2nd Agreement</u> : 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.</div> <div><u>3rd Agreement</u> : 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.</div> <div><u>4th Agreement</u> : 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.</div> <div><u>5th Agreement</u> : 3 years (Sep 1, 2018 – Aug 31, 2021). The total rental space was 936 square-meters at the rental rate (service fee included) of Baht 620 per square-meter per month in 1st – 2nd Year and Baht 640 per square-meter per month in 3rd Year.</div>				<div>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.</div>
	- Revenue from rental and service fee	7.67	8.13	8.99	
	- Deposit for rental and service fee	1.57	1.82	1.84	
	- Account receivables	0.11	0.14	0.15	

Relationship	Nature of Transaction	Value (Baht million)			Opinion of the Audit Committee
		31 Dec 17	31 Dec 18	31 Dec 19	
2) Land and Houses Bank Plc. ("LHBANK")					
- QH and LH are the shareholders of LH Financial Group Plc. ("LHFG"), holding 13.74% and 21.88% of the total shares respectively (as of Sep 9, 2019). Meanwhile, LHFG is the shareholder of Land and Houses Bank Plc. (LHBANK), holding 100% of the total shares	(A) Bank transaction:				<u>Bank transaction</u>
	- Bank deposit	3,065.87	2,819.05	1,749.67	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.
	- Interest income	25.61	13.13	13.88	
	- Bank charge	1.25	1.15	1.35	
- Accrued expenses	0.01	-	-		
- Mr. Adisorn Thanananarapool and Mr. Naporn Sunthornchitcharoen, are a joint director of this company.	(B) Leasing of space in Q House Asoke Building.				<u>Rental of spaces in office buildings</u> 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.
	<u>1st Agreement</u> : 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.				
	<u>2nd Agreement</u> : 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.				
	<u>3rd Agreement</u> : 3 years period (Oct 1, 2018 - Sep 30, 2021). The total rental space was 71 square-meters at the rental rate (service fee included) of Baht 720 per square-meter per month.				
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.	- Revenue from rental and service fees.	0.70	0.71	0.78	
	- Deposit for rental and service fees.	0.17	0.19	0.15	
	- Account receivables	-	-	-	
	(C) Leasing of space in Q House Sathorn Building.				
	<u>1st Agreement</u> : 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.				
	<u>2nd Agreement</u> : 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.				

Relationship	Nature of Transaction	Value (Baht million)			Opinion of the Audit Committee
		31 Dec 17	31 Dec 18	31 Dec 19	
2) Land and Houses Bank Plc. ("LHBANK")					
	<p><u>3rd Agreement</u> : 3 years (Apr 1, 2017 – Mar 31, 2020). The total rental space was 2,665 square-meters at the rental rate (service fee included) of Baht 620 per square-meter per month.</p> <p><u>4th Agreement</u> : 3 years (Apr 1, 2017 – Mar 31, 2020). The total rental space was 36 square-meters at the rental rate (service fee included) of Baht 690 per square-meter per month.</p> <ul style="list-style-type: none">- Revenue from rental and service fees- Receivables (rental and service fees)- Deposit for rental and service fees	26.03	29.18	29.36	<p><u>Sales promotion expenses incurred from the activities related to customers who bought properties</u></p> <p>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</p>
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 Aug 28, 2019) and 30.23% (as of Sep 11, 2019) respectively.- QH is the major shareholder of HMPRO, holding 19.87% (as of Sep 11, 2019).- HMPRO's joint directors are : Mr. Boonsom Lerdhirunwong, Mrs. Suwanna Bhuddhaprasart, Mr. Naporn Sunthornchitcharoen and Mr. Achawin Asavabhokin	<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.	2.98	0.40	2.10	<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 priced.</p>

Relationship	Nature of Transaction	Value (Baht million)			Opinion of the Audit Committee
		31 Dec 17	31 Dec 18	31 Dec 19	
4) Quality Construction Products Public Company Limited ("Q-CON")					
- The major joint shareholder is LH, holding shares of both QH and Q-CON at the ratio of 24.98% (as of Aug 28, 2019) and 21.16% (as of April 1, 2019) respectively.	Purchasing products. - Value of purchased products and services. - Account payables from the purchase of products and services.	47.15 13.16	45.32 8.64	43.02 3.49	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.
- Q-CON's joint director is Mr. Naporn Sunthornchitcharoen	<u>Remark:</u> 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. 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 Management Company Limited ("LHM")					
- The major joint shareholder is LH, holding shares of both QH and LH Mall & Hotel Company Limited ("LHMH") at the ratio of 24.98% (as of Aug 28, 2019) and 100%, respectively. LHMH holds 99.98% of LHM.	Advance payment. - Other training receivable	-	0.03	0.01	The Audit Committee was of the opinion that it was reasonable to enter into the aforementioned transactions at justifiable market price.
- Mrs. Suwanna Bhuddhaprasart is a joint director of QH and LHM.					

Relationship	Nature of Transaction	Value (Baht million)			Opinion of the Audit Committee
		31 Dec 17	31 Dec 18	31 Dec 19	

6) Quality House Leasehold Property Fund ("QHPPF")

<p>- QH is the major shareholder of QHPPF, holding 25.66% of total shares (as of Feb 27, 2020).</p>	(A) Long-term leasehold right.				<p>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 QHPPF have been carried out in accordance with the resolution of the Board of Directors' Meeting No. 10/2006 convened on October 19, 2006. The transaction was carried out at fair market value whereby the Company 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. The Audit Committee has taken into account the reports submitted at that time by 2 independent consultants, as well.</p> <p>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 QHPPF.</p>
	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 819 million in full.				
	- Advance received from leasehold right	541.58	487.25	460.08	
	- Rental revenue	27.17	27.17	27.17	
	(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.				
	- Management fees	62.72	62.98	64.80	
	- Other receivables	6.07	7.23	36.60	
	(C) QH rented office spaces from Q. House Lumpini Building				
	- Space rental fee	32.02	33.57	33.04	
	- Other payables	0.24	0.22	0.26	
	- Deposit for rental and service fees	7.20	7.20	7.20	
	Remarks : The estimated value of Q. House Ploenchit ("PJ") and the Q. House Lumpini ("LU") reported at that time by the independent consultants 2 were as follows:				

(Unit: Million Baht)

	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 17	31 Dec 18	31 Dec 19	

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

<p>- 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. Accordingly, QH received payment in total of Baht 3,342 million as consideration. In addition, on Jul 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 Feb 27, 2020, the investment made in QHHR by the Company accounted for 31.33% of total units.</p> <p>- The Centre Point Hospitality Co., Ltd. ("CPH") (QH holding 99.99% shares) has leased the property from QHHR for its hotel business.</p>	<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>- Rental fees</p> <p>- Accrued rental fees</p>	280.56	295.85	299.88	<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>
	<p>(B) QH guaranteed the minimum rental income for QHHR from selling the assets to 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>	68.28	71.26	74.21	

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:

	(Unit: Million Baht)			
	CP1	CP2	CP3	Total
GAA	1,144	1,549	725	3,418
TAP	1,204	1,700	724	3,628

- Grand Asset Advisory Co., Ltd. ("GAA").

- TAP Valuation Co., Ltd. ("TAP")

Relationship	Nature of Transaction	Value (Baht million)			Opinion of the Audit Committee
		31 Dec 17	31 Dec 18	31 Dec 19	
7) Quality House Hotel and Residence Freehold and Leasehold Property Fund ("QHHR")					
					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.

Relationship	Nature of Transaction	Value (Baht million)			Opinion of the Audit Committee
		31 Dec 17	31 Dec 18	31 Dec 19	
8) Land and Houses Freehold and Leasehold Property Fund ("LHPF")					
Joint major shareholders are LH, holding 24.98% of QH shares respectively (as of Aug 28, 2019) and also making investments in the Investment units of LHPF in the equal amount of 26.96% (as of Nov 13, 2019).	<p>Below shown 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 operating profit.</p> <p>- Building management income 8.18 8.60 7.67</p> <p>- Building management fee 0.62 0.62 0.62</p> <p>- Other receivables 2.17 2.20 1.96</p> <p>- Other payables - 0.02 0.02</p> <p>2. Personnel fees</p> <p>- Service revenue 1.80 2.03 2.19</p> <p>3. Project management and administration contract</p> <p>- Service revenue 1.80 1.92 1.92</p> <p>- Advanced payment 0.02 0.17 0.17</p> <p>(B) Centre Point Residence Promphong Residential Building for rent.</p> <p>QH and its subsidiaries were hired to manage the building, to provide accounting service and to serve as an agent in locating customers, as well as allowing LHPF to use the trademark "Centre Point Resident".</p> <p>- Building management income 2.26 2.36 2.45</p> <p>- Building management fees 0.32 0.36 0.36</p> <p>- Personnel service revenue 0.92 1.03 1.11</p> <p>- Service receivables 0.31 0.39 0.35</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.			

Relationship	Nature of Transaction	Value (Baht million)			Opinion of the Audit Committee
		31 Dec 17	31 Dec 18	31 Dec 19	
8) Land and Houses Freehold and Leasehold Property Fund ("LHPF")					
	(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 locating customers, as well as allowing LHPF to use the trademark "Centre Point Resident".				
	- Building management income	2.05	2.22	2.33	
	- Building management fees	0.14	0.14	0.14	
	- Personnel service revenue	0.85	0.95	1.02	
	- Service receivables	0.27	0.35	0.31	
9) 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	77.88	73.13	67.90	
	- Accrued interest	4.55	1.39	1.29	
	(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 1 "Financial risk: Risk from Investment, lending and guarantees made to the related companies (HVC)).				
	During 2017, HVC had already paid back both principal and interest owed to financial institutions and the Company withdrew such guarantees.				

Relationship	Nature of Transaction	Value (Baht million)			Opinion of the Audit Committee
		31 Dec 17	31 Dec 18	31 Dec 19	
10) The Mandarin Hotel Plc.					
- Ms. Piengchai Harnpanich is the major shareholder of The Mandarin Hotel Public Company Limited, holding 34.69% shares (as of Mar 14, 2019), 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. <u>Term of Agreement</u> : 2 years (Oct 1, 2013 – Sep 30, 2015), the service fee being 2% of total income and 4% of operating profit. Later QHI extended the rental agreement for another, with the service fee being 2% of total income, cancelling the 4% of operating profit.				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 customers. 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"
- Ms. Piengchai Harnpanich is the mother of Mr. Anant Asavabhokhin, who is the major shareholder of LH. LH is a major shareholder of QH.	- Project management fee	6.04	6.05	6.27	
	- Other receivables	1.23	1.30	1.27	
- Joint director is Mrs. Suwanna Bhuddhprasart.					
11) Land and Houses Securities Public Company Limited.					
- QH and LH are the shareholders of LH Financial Group Plc. ("LHFG"), holding 13.74% and 21.88% of the total shares respectively (as of Sep 9, 2019). In addition, LHFG is the shareholder of Land and Houses Securities Public Company Limited, holding 99.80% shares.	A) Renting the office space in Q. House Sathorn Building <u>1st Agreement</u> : 3 years (Apr 1, 2014 – Mar 31, 2017)., the total rental space was 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 leasehold rights 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. <u>2nd Agreement</u> : 2 years and 1 month (Feb 16, 2015 – Mar 31, 2017), the total rental space was 607 square-meters at the rental rate (service fee included) of Baht 550 per square-meters per month.				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.

Relationship	Nature of Transaction	Value (Baht million)			Opinion of the Audit Committee
		31 Dec 17	31 Dec 18	31 Dec 19	

11) Land and Houses Securities Public Company Limited.

	<p><u>3rd Agreement</u> : 2 years and 1 month (Feb 16, 2015 – Mar 31, 2017), the total rental space was 191 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.</p> <p><u>4th Agreement</u> : 3 years (Apr 1, 2017 – Mar 31, 2020), the total rental space was 607 square-meters at the rental rate of Baht 620 per square-meter per month.</p> <p><u>5th Agreement</u> : 3 years (Apr 1, 2017 – Mar 31, 2020), the total rental space was 191 square-meters at the rental rate of Baht 620 per square-meter per month.</p>				
	- Revenue from rental and service fees	8.08	8.32	8.40	
	- Receivables from rental and service fees	0.17	0.18	0.17	
	- Deposit for rental and service fees	1.51	1.51	1.52	
	B) Renting the office space in Q House Convent Building				
	<p><u>1st Agreement</u> : 3 years (Apr 16, 2015 – Apr 15, 2018). The total rental space was 400 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.</p> <p><u>2nd Agreement</u> : 1 year 1 month and 15 Days (Apr 16, 2018 – May 31, 2019) The total rental space was 400 square-meters at the rental rate (service fee included) of Baht 570 per square-meter per month.</p>				
	- Revenue from rental and service fees	3.11	3.12	1.31	
	- Receivables from rental and service fees	0.04	0.04	-	
	- Deposit for rental and service fees	0.66	0.69	-	

Relationship	Nature of Transaction	Value (Baht million)			Opinion of the Audit Committee
		31 Dec 17	31 Dec 18	31 Dec 19	
12) Land and Houses Advisory Co., Ltd.					
- QH and LH are the shareholders of LH Financial Group Plc. ("LHFG"), holding 13.74% and 21.88% of the total shares respectively (as of Sep 9, 2019). 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.	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.
	<u>1st Agreement</u> : 3 years (Apr 1, 2014 - Mar 31, 2017), the total rental space was 30 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.				
	On February 16, 2015, the company had transferred leasehold rights to Land and Houses Securities Public Company Limited thereof the previous agreement was terminated and new agreements (second one) were made				
	<u>2nd Agreement</u> : 2 years and 1 month (Feb 16, 2015 - Mar 31, 2017), the total rental space was 26 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.				
	<u>3rd Agreement</u> : 3 years (Apr 1, 2017 - Mar 31, 2020), the total rental space was 26 square-meters at the rental rate of Baht 620 per square-meter per month.				
	- Revenue from rental and service fees	0.19	0.19	0.19	
	- Deposit for rental and service fees	0.05	0.05	0.05	

Relationship	Nature of Transaction	Value (Baht million)			Opinion of the Audit Committee
		31 Dec 17	31 Dec 18	31 Dec 19	
13) LH Mall & Hotel Co.,Ltd. (previously) ("Pacific Real Estate Co., Ltd.") ("LHMH")					
The joint major shareholders are as follows:	Q.H. International Co., Ltd. ("QHI") (QH holds 100% shares) was contracted to manage the commercial area (Q.House Lumpini)				The Audit Committee was of opinion that such transaction was deemed to be reasonable and in accordance with the fair market value.
- Land and Houses Plc. ("LH") holding shares of QH and LH Mall & Hotel Co.,Ltd. at 24.98% (as of Aug 28, 2019) and 100% respectively. The joint directors and connected parties are Mr. Adisorn Thananan-narapool, Mr. Naporn Sunthornchitcharoen and Mrs.Suwanna Bhuddhaprasart	- Retail space management fee	4.49	3.24	-	
	- Accrued expenses	0.40	-	-	
14) Land and Houses Public Company Limited ("LH")					
- Land and Houses Plc. ("LH") is the major shareholder of QH, holding 24.98 % of the total shares (as of Aug 28, 2019). The joint directors are Mr. Naporn Sunthornchitcharoen, Mr. Adisorn Thananan-narapool and Mr. Achawin Asavabhokhin	Casa Ville Co.,Ltd. ("CSV") (QH holds 100% shares) sold land to LH. <u>Detail</u> : Land with no building,Title deed no. 8064, Land no. 33, Survey page 231, Total area 1-1-50 Rai (550 Square wah) located at Bang Len Subdistrict, Bang Yai District (Talad Kwan), Nonthaburi Province				The Audit Committee was of the opinion that such transaction was deemed to be reasonable and in accordance with the market prices of the surrounding areas.
	- Value of land sale	-	-	11.0	

Opinions of the Audit Committee on Parties with Mutual Benefits and Connected 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 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 transactions under the announcements and regulations of the Securities and Exchange Commission.

2. Measures or Procedures for Approving the Connected Transactions

Prior to entering into any connected 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 and the Securities and Exchange Commission. 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 Transactions

The Company and its subsidiaries have a policy to continue the connected 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 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 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 August 28, 2019) 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. Naporn Sunthornchitcharoen holds the position of Chairman of the Board of Directors and Chairman of the Executive Committee and Mr. Adisorn Thananan-narapool holds the position of Managing Director in Land and Houses Public Company Limited. Both are directors of Quality Houses Public Company Limited, in the capacity of a representative from Land and Houses Public Company Limited which is a major shareholder of the Company, from a total of 12 directors.
- Land and Houses Public Company Limited holds 30.23% in Home Products Center Public Company Limited (as of Sep 11, 2019) which is more than 10% and the Company holds 19.87% (as of Sep 11, 2019) in the affiliated company. The reason for holding such shares is to co-invest in the affiliated company since establishment in 1995. In the beginning, Q.H. International Company Limited (a wholly owned subsidiary of the Company) held shares in the affiliated company of 30%, then in 2001, the Company bought shares of the affiliated company from Q.H. International Company Limited which held 27%. This is to support businesses relating to construction and interior decorative and to be held as a 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 structure of Company's Board of Directors has a check-and-balance mechanism from independent directors. Currently, more than half of Company's Board of Directors are independent directors and executive directors from the Company,
3. Directors representing the major shareholder does not have the right to vote on transactions with potential conflict of interests with the major shareholder,
4. The Internal Audit Department reports directly to the Audit Committee and not the management; therefore, the Audit Committee has direct overseeing capabilities in transactions with potential conflict of interests,
5. The Company's executives can independently manage and make decisions on all matters. Moreover, there are no directors, executive committee members, executives or employees of Land and Houses Public Company Limited in the aforementioned group of executives; therefore, business is operated independently from each other,
6. 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 shall 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

For the performance of 2019, the Company and its subsidiaries had total revenue from core businesses of Baht 10,680 million, a decrease of Baht 5,207 million or 33% from 2018. Meanwhile, total cost of sale was Baht 7,083 million, a decrease of Baht 3,251 million or 31% from 2018. Net profits for 2019 and 2018 were Baht 2,854 million and Baht 3,798 million with gross profit margin of 33.7% and 35.0% for 2019 and 2018, 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

- Real Estate for Sales Business

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 2019, the Company and its subsidiaries had a revenue from sales of real estate of Baht 9,291 million, a decrease of Baht 5,308 million or 36% from 2018. This was due to a decrease in revenue from housing projects by Baht 4,826 million or 38% since there was an extra revenue from sales of land in the third quarter of 2018. Meanwhile, revenue from condominium projects decreased by Baht 482 million or 25% decrease compared to the same period of 2018

In 2019, the Company and its subsidiaries launched 5 new housing projects with total project value of Baht 7,137 million and closed 5 housing projects.

- Hotel Business

In 2019, revenue from hotel business increased by Baht 148 million or 16% increase compared to the same period of 2018. This was mainly due to an increase in revenue from Centre Point Hotel Pattaya which opened in the end of 2018.

- Office Building for Rent Business

In 2019, revenue from rental office building business decreased by Baht 47 million or 12% decrease compared to the same period of 2018. This was mainly due to a decrease in revenue from Q House Convent Building since its lease agreement was ended in May 2019.

(2) Sharing of Profit from Investment in Associated Companies

In 2019, the Company's share of profit from investments in associates under equity method increased by Baht 151 million or 9% compared to the same period of 2018. Details of the Company's profit sharing from associate companies are as follows:

(Unit : Baht million)

Company / Fund	2018	2019	Increase
Home Products Center Public Company Limited	1,115	1,232	117
LH Financial Group Public Company Limited	427	442	15
Quality Houses Leasehold Property Fund	174	192	18
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	60	61	1
Total	1,776	1,927	151

(3) Cost of Sales, Selling and Administrative Expenses and Financial Costs**A Cost of Sales**

Total cost of sales in 2019 decreased from the same period of 2018 by Baht 3,251 million or 31%, which was in line with the revenue in each business segment. Details are as follows:

(Unit : %)

Cost of sales by business segment	2017	2018	2019
Real estate for sales business	94	92	87
Hotel Business	5	6	11
Office Building for Rent Business	1	2	2

B Selling Expenses

In 2019, selling expenses decreased by Baht 241 million or 29% decrease compared to the same period of 2018. This was mainly due to a decrease in specific business tax and transfer fee, following a decrease in transfer of real estate compared to the same period of 2018.

C Administrative Expenses

In 2019, administrative expenses decreased by Baht 400 million or 19% decrease compared to the same period of 2018. This was mainly due to an increase in employee benefit provision of Baht 46 million, based on the Labor Protection Act (Issue 7) B.E. 2562 with an increase in rate of severance pay, compared to a provision of Baht 354 million in 2018 for impairment of housing and condominium projects.

D Finance Cost

In 2019, finance cost increased by Baht 34 million or 10% increase compared to the same period of 2018. This was mainly due to an increase in interest expense since the Company and its subsidiaries had higher number of complete condominium projects compared to the same period of 2018. As a result, this interest expense could not be capitalized as part of the project cost.

E Income Tax Expenses

In 2019, income tax expenses for the year ended 2019 decreased by Baht 246 million or 46% decrease compared to the same period of 2018. This expense varied with the operating results (excluding share of profit from investments in associates) of the Company and its subsidiaries.

(4) 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	2017	2018	2019
Real estate for sales business	29.2	34.8	33.5
Hotel Business	30.2	29.5	27.6
Office Building for Rent Business	52.6	53.5	57.8

(5) Operating Results

In 2019, the Company and its subsidiaries recorded a net profit of Baht 2,854 million, down by Baht 944 million or 25% decrease compared to the same period of 2018. This was mainly due to a decrease in gross profit from sales of real estate by Baht 1,969 million. Meanwhile, selling expenses decreased by Baht 241 million. Administrative expenses decreased by Baht 400 million and income tax expenses decreased by Baht 246 million. However, share of profit from investments in associates increased by Baht 151 million.

(6) Return on Equity

The Annual General Meeting no.1/2017 held on April 18, 2017 approved a dividend payment from the operations in 2016 as cash dividend at the rate of Baht 0.08 per share, totaling Baht 857 million. On August 8, 2017, the Board of Directors approved an interim dividend from the operation result of first six months ending June 30, 2017 and/or retained earnings of Baht 0.07 per share, totaling Baht 750 million.

The Annual General Meeting no.1/2018 held on April 18, 2018 approved a dividend payment from the operations in 2017 as cash dividend at the rate of Baht 0.13 per share, totaling Baht 1,393 million. On August 10, 2018, the Board of Directors approved an interim dividend from the operation result of first six months ending June 30, 2018 and/or retained earnings of Baht 0.08 per share, totaling Baht 857 million.

The Annual General Meeting no.1/2019 held on April 18, 2019 approved a dividend payment from the operations in 2018 as cash dividend at the rate of Baht 0.14 per share, totaling Baht 1,500 million. On August 13, 2019, the Board of Directors approved an interim dividend from the operation result of first six months ending June 30, 2019 and/or retained earnings of Baht 0.07 per share, totaling Baht 750 million.

Financial Position

(1) Assets

As of December 31, 2018 and 2019, the Company and its subsidiaries had total assets of Baht 54,164 million and Baht 50,902 million, respectively. As of the end of 2019, the Company and its subsidiaries' total assets decreased by Baht 3,262 million or 6% from 2018. Details of important assets are as follow:

- Cash and Cash Equivalent

The Company and its subsidiaries have a policy to hold cash needed. As of the end of 2018 and 2019, the Company and its subsidiaries had cash and cash equivalent of Baht 3,821 million and Baht 2,212 million, respectively. As of the end of 2019, the Company and its subsidiaries' cash and cash equivalent decreased by Baht 1,609 million or 42% from 2018.

- Trade Account Receivables and Other Receivables

As of the end of 2018 and 2019, the Company and its subsidiaries had trade account receivables and other receivables of Baht 58 million and Baht 98 million respectively, an increasing by Baht 40 million or 69%.

The Company and its subsidiaries have 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.

- 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 2018 and 2019 were Baht 35,450 million and Baht 33,641 million, respectively. As of the end of 2019, land and construction in progress/land and project development costs decreased by Baht 1,809 million or 5% as compared to 2018. Land and construction in progress/land and project development costs accounted for 65% and 66% of total assets in 2018 and 2019, respectively.

As of the end of 2018 and 2019, the Company and its subsidiaries had land and construction in progress accounted for current assets of Baht 25,805 million and Baht 25,040 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 86% and 91% of current assets in 2018 and 2019, respectively. As of the end of 2018 and 2019, the Company and its subsidiaries had land and project development cost accounted as non-current assets of Baht 9,645 million and Baht 8,601 million, respectively. Most of them were projects under development for sales and the rest were vacant land awaiting for development. Therefore, they were not the revenue generating assets under this entry. These assets would 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.

- **Investment in Associate Companies**

As of the end of 2018 and 2019, investment in associate companies under the cost method was unchanged at Baht 6,680 million. Meanwhile, under equity method, the investments were Baht 11,198 million and Baht 11,647 million in 2018 and 2019, respectively. Details are as follow:

(Unit : Baht million)

Investment in Associate Companies	December 31, 2018		December 31, 2019		Increase (Decrease)	
	Cost Method	Equity Method	Cost Method	Equity Method	Cost Method	Equity Method
Home Product Center Public Company Limited	760	4,173	760	4,421	-	248
LH Financial Group Public Company Limited	2,850	5,455	2,850	5,655	-	200
Quality Houses Leasehold Property Fund	2,017	1,221	2,017	1,225	-	4
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	1,053	349	1,053	34	-	(3)
Total	6,680	11,198	6,680	11,647	-	449

- **Investment in Subsidiaries**

Investment in Subsidiaries for the Company's separate financial statements under cost method as of the end of 2018 and 2019 was unchanged at Baht 3,124 million. Meanwhile, under equity method, the investments were Baht 7,623 million and Baht 8,003 million in 2018 and 2019, respectively.

- **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 3.1 Financial risk -- risk from investment, lending and guarantees made to the related companies Harbour View Corporation).

- **Real Estate for Investment**

The Company records real estate for investment net of accumulated depreciation and impairment allowance. As of the end of 2018 and 2019, real estate for investment were Baht 466 million and Baht 458 million, respectively. As of the end of 2019, real estate for investment decreased by Baht 8 million or 2% due to depreciation expenses during the year.

As of the end of 2018 and 2019, the Company's real estate for investment consist of 1 office building for rent, namely, Q. House Ploenjit, which was owned by the Company. In 2006, the Company granted the leasehold rights of Q. House Ploenjit to Quality Houses Leasehold Property Fund for 30 years with the right to extend the contract for another term of 30 years.

- **Land, Building and Equipment/Leasehold Rights**

As of the end of 2018 and 2019, land, building and equipment/leasehold rights were Baht 2,047 million and Baht 1,912 million, respectively. As of the end of 2019, land, building and equipment/leasehold rights decreased by Baht 135 million or 7% as compared to 2018, mainly due to depreciation expenses during the year.

As of the end of 2018 and 2019, the total value of land and construction in progress/land and project development costs/land, building and equipment/leasehold rights were Baht 37,963 million and Baht 36,011 million, respectively, which accounted for 70% and 71% of total assets of the Company and its subsidiaries in 2018 and 2019, 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 amounting to Baht 967 million and Baht 878 million, respectively.

In order to the setting of 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".

(2) Liquidity

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

(Unit : Baht million)

Cashflow	2017	2018	2019
Cash flow from (used in) operational activities	4,172	2,363	2,149
Cash flow from (used in) investment activities	1,184	1,044	1,497
Cash flow from (used in) financing activities	(4,435)	(3,396)	(5,255)

In 2018, the Company and its subsidiaries contributed net cash flow from operational activities of Baht 2,363 million due to the slow down of land investment of the Company and its subsidiaries since 2016. In 2017, the Company and its subsidiaries reported net cash flow from operational activities of Baht 4,172 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.

In 2018, the Company and its subsidiaries had net cash flow from investment activities of Baht 1,045 million, mainly came from the dividend gain from associates of Baht 1,293 million and interest income of Baht 15 million. Moreover, the Company and its subsidiaries had an investment in property, plant and equipment with an increase of Baht 262 million from previous year. In 2017 the Company and its subsidiaries delivered net cash flow from investment of Baht 1,184 million, mainly due to dividend receive from associated companies of Baht 1,206 million and interest income of Baht 28 million, the decrease of guarantee from deposit with financial institutions in amount of Baht 16 million. Moreover, the Company and its subsidiaries increased in operating equipment investment with value of Baht 16 million and granted long term loan to related business increased by Baht 45 million.

In 2018, the Company and its subsidiaries used net cash flow in financing activities of Baht 3,396 million as the Company and its subsidiaries issued Baht 6,500 million debentures, while redeeming Baht 8,300 million, the increase of short-term loan of Baht 1,300 million, paying dividends of Baht 2,250 million, paying interest of Baht 640 million and paying financial fees of Baht 6 million. While in 2017, the Company and its subsidiaries used net cash flow in financing activities of Baht 4,435 million as the Company and its subsidiaries issued Baht 5,500 million debentures, while redeeming Baht 6,500 million, repaying short-term loans from financial institutions and other short-term loans of Baht 1,000 million, paying dividends of Baht 1,607 million, paying interest of Baht 822 million and paying financial fees of Baht 6 million.

In 2019, the Company and its subsidiaries recorded net cash flow from operating activities of Baht 2,149 million since the Company and its subsidiaries had decreased operating profit and delayed investment in land acquisition. Meanwhile, the Company and its subsidiaries recorded net cash flow from operating activities of Baht 2,363 million in 2018 since the Company and its subsidiaries started to invest in land acquisition after a slowdown in investment in land acquisition since 2016.

In 2019, the Company and its subsidiaries had net cash flow from investing activities of Baht 1,497 million, mainly from the dividend received from associate companies of Baht 1,452 million, decrease in restricted deposits at financial institutions of Baht 108 million and interest income of Baht 15 million. In addition, the Company and its subsidiaries had higher investment in property, plant and equipment by Baht 262 million.

In 2019, the Company and its subsidiaries had net cash flow used in financing activities of Baht 5,255 million due to debenture issuance of Baht 7,500 million, repayment of debenture due of Baht 9,100 million, decrease in short-term loans of Baht 800 million, dividend payment of Baht 2,250 million, interest payment of Baht 596 million and financial fee payment of Baht 9 million. In addition, the Company and its subsidiaries had net cash flow used in financing activities of Baht 3,396 million in 2018 due to debenture issuance of Baht 6,500 million, repayment of debenture due of Baht 8,300 million, increase in short-term loans of Baht 1,300 million, dividend payment of Baht 2,250 million, interest payment of Baht 640 million and financial fee payment of Baht 6 million.

(3) 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 consider 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 which is mostly by issuing debentures to financial institutions and individuals with a maturity date of 3 to 5 years. As of the end of the year 2017, the ratio of debentures to total loans equaled 100% and As of the end of the year 2018, the ratio of debentures to total loans equaled 94% and the ratio of Bill of Exchange (B/E) equaled to 6% with low interest rate to manage average interest rate. As of the end of the year 2019, the ratio of debentures to total loans equaled 98% and the remaining 2% was from short-term loans from financial institutions. The details of loans are described in topic (4) Liabilities.

As of the end of 2017 to 2019, the Company and its subsidiaries had proportion of short-term to long-term loans and that of short-term to long-term liabilities as follows:

(Unit : %)

Proportion of Loans	December 31, 2017	December 31, 2018	December 31, 2019
Short-term loans	35	45	41
Long-term loans	65	55	59
Total	100	100	100

(Unit : %)

Proportion of Liabilities	December 31, 2017	December 31, 2018	December 31, 2019
Short-term liabilities	42	51	45
Long-term liabilities	58	49	55
Total	100	100	100

As of the end of 2017 to 2019, the Company and its subsidiaries had a liabilities to shareholder equity ratio of 1.14 times, 1.06 times and 0.89 times, respectively. The decrease is due to a repayment of a portion of the short-term loans coupled with an increase in shareholders' equity from 2017'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 2017 to 2019, the Company and its subsidiaries had total liabilities to shareholders' equity in accordance with the terms and conditions of debenture issuance at 0.93 times, 0.87 times and 0.79 times, respectively.

(4) Liabilities

As of the end 2017 to 2019, the Company and its subsidiaries liabilities mostly consist of short-term loans from financial institutions/banks and debentures of Baht 23,490 million, Baht 22,987 million and Baht 20,588 million, respectively, equivalent to 83%, 82% and 86% of total liabilities, as detailed below;

(Unit : Baht million)

Loans	December 31, 2017	Increase in Loans	Repayment	December 31, 2018	Increase in Loans	Repayment	December 31, 2019
Short-term loans from financial institutions/ short-term loans	-	15,700	(14,403)	1,297	10,000	(10,797)	500
Unsecured debentures	23,490	6,500	(8,300)	21,690	7,500	(9,102)	20,088
Total	23,490	22,200	(22,703)	22,987	17,500	(19,899)	20,588

The Company turned land and building with value of Baht 4,879 million as fiscal ending 31 December 2017 (2018 and 2019 : none) to be secured loan with financial institutions which had unused credit line of long term loan in amount of Baht 1,303 million (2018 and 2019 : none).

As of the end of the 2017 to 2019, the Company and its subsidiaries had total liabilities of Baht 28,257 million, Baht 27,878 million and Baht 24,039 million, respectively. As of the end of 2019, total liabilities comprised Baht 10,861 million of current liabilities and Baht 13,178 million of long-term liabilities.

(5) Shareholders' Equity

As of December 31, 2019, the Company and its subsidiaries had an increase in shareholders' equity from 2018 (as of December 31, 2018) of Baht 577 million or 2% from the following reasons;

- The Company and its subsidiaries reported a net profit for the year of Baht 2,854 million
- The decrease in others of equity in amount of Baht 27 million due to negative in net profit sharing in associated companies - net tax income.

- In May 2019, the Company paid dividends of Baht 1,500 million in accordance with the resolution of Annual General Meeting of Shareholders No. 1/2019 held on April 18, 2019. Additionally, in September 2019 the Company paid interim dividends of Baht 750 million for the operation result during 6-month period ended June 30, 2019 and/or retained earning in accordance with the resolution of Company's Board of Directors meeting held on August 13, 2019.

(6) Commitments

As of December 31, 2017, December 31, 2018 and December 31, 2019, 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 :

(Unit : Baht million)

Item	December 31, 2017	December 31, 2018	December 31, 2019
Contracts for construction projects	3,333	1,384	741
Contracts to purchase land for future projects	445	461	48

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

As of December 31, 2017, December 31, 2018 and December 31, 2019, the Company and its subsidiaries had a required minimum lease payment in the future under the operating lease contracts as detailed below;

(Unit : Baht million)

Payable (within)	December 31, 2017	December 31, 2018	December 31, 2019
Within 1 year	18	15	25
Over 1 and up to 5 years	45	39	28
Over 5 years	7	-	-

- 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 (an 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, 2017, December 31, 2018 and December 31, 2019, the subsidiaries had a required minimum lease payment in the future under the aforementioned lease contracts as detailed below;

(Unit : Baht million)

Payable (within)	December 31, 2017	December 31, 2018	December 31, 2019
Within 1 year	92	168	168
Over 1 and up to 3 years	-	260	92

- As of December 31, 2018 and December 31, 2019, the Company and its subsidiaries had commitments in respect of various service agreements in the amount of Baht 48 million and Baht 45 million, respectively.
- As of December 31, 2017, December 31, 2018 and December 31, 2019, the Company and its subsidiaries had servitude land in total amount of 38 rais, 50 rais and 53 rais, respectively. The mentioned amount of land in projects with servitude land was already included in project costs.

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 2019, 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 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

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

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

Recognition 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 5.1 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 systems 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 10 and 19 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 Note 24 and Note 35 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.

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



Rosaporn Decharkom
 Certified Public Accountant (Thailand) No. 5659
 EY Office Limited
 Bangkok: 26 February 2020

Statement of financial position

Quality Houses Public Company Limited and its subsidiaries

As at 31 December 2019

(Unit : Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2019	31 December 2018	1 January 2018	31 December 2019	31 December 2018	1 January 2018
			(Restated)			(Restated)	
Assets							
Current assets							
Cash and cash equivalents	7, 8	2,211,512,016	3,820,877,422	3,809,085,843	921,853,336	1,791,823,720	2,183,156,444
Trade and other receivables	7, 9	97,941,711	57,545,747	57,100,062	34,873,584	20,413,677	19,750,025
Land and construction in progress	10	25,040,436,655	25,804,881,760	25,549,895,066	13,144,046,932	12,723,629,438	10,027,533,607
Advance for construction work		5,231,996	24,483,075	142,475,369	4,231,996	20,551,096	97,566,241
Advance for construction material		68,791,615	60,856,101	27,730,077	54,007,482	43,882,189	10,756,165
Cost to obtain contracts with customers	4, 11	12,414,328	20,624,643	24,231,200	12,414,328	20,624,643	24,231,200
Other current assets		70,358,888	76,139,262	63,163,998	7,603,532	9,333,510	7,993,625
Total current assets		27,506,687,209	29,865,408,010	29,673,681,615	14,179,031,190	14,630,258,273	12,370,987,307
Non-current assets							
Restricted deposits at financial institutions	12, 35	4,970,332	112,777,821	111,824,335	-	107,858,625	106,955,747
Investments in subsidiaries	13	-	-	-	8,003,163,655	7,622,858,705	6,442,374,640
Investments in associates	14	11,646,857,970	11,198,095,407	10,793,059,432	11,646,857,970	11,198,095,407	10,793,059,432
Other long-term investments	15	1,998	1,998	1,998	1,998	1,998	1,998
Long-term loans to and interest receivables							
- related parties	7	-	-	-	9,931,881,618	12,334,978,353	14,469,088,007
Investment properties	16	457,934,726	466,249,665	474,564,604	457,934,726	466,249,665	474,564,604
Property, plant and equipment	17	1,610,159,227	1,651,094,856	479,928,590	200,557,863	205,661,481	211,212,788
Leasehold rights	18	302,189,920	396,061,915	499,882,558	302,189,920	396,061,915	499,882,558
Land and project development costs	19	8,601,353,946	9,645,058,313	10,345,107,662	4,424,164,891	4,942,754,036	5,280,787,925
Deposits for lease of land and building		32,914,819	41,674,185	50,433,552	32,914,819	41,674,185	50,433,552
Deposits for purchase of land		5,000,000	115,214,660	111,312,290	-	115,214,660	111,312,290
Deferred tax assets	28	665,951,051	629,286,464	502,659,923	170,353,129	151,994,814	125,278,965
Other non-current assets	7	67,893,336	43,446,470	36,086,950	12,066,981	12,065,546	12,907,175
Total non-current assets		23,395,227,325	24,298,961,754	23,404,861,894	35,182,087,570	37,595,469,390	38,577,859,681
Total assets		50,901,914,534	54,164,369,764	53,078,543,509	49,361,118,760	52,225,727,663	50,948,846,988

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

Statement of financial position (continued)

Quality Houses Public Company Limited and its subsidiaries As at 31 December 2019

(Unit : Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2019	31 December 2018	1 January 2018	31 December 2019	31 December 2018	1 January 2018
			(Restated)			(Restated)	
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institutions	20	500,000,000	-	-	500,000,000	-	-
Trade and other payables	7, 21	630,486,665	1,179,166,436	1,097,159,231	428,504,581	860,255,769	569,403,595
Current portion of unsecured debentures	22	8,000,000,000	9,100,000,000	8,300,000,000	8,000,000,000	9,100,000,000	8,300,000,000
Short-term loans	20	-	1,297,310,896	-	-	1,297,310,896	-
Short-term loans from and accrued interest							
- related party	7	-	-	-	-	10,502,014	-
Income tax payable		81,167,974	312,636,515	155,012,108	48,857,496	124,121,116	36,016,454
Short-term provisions	24	608,267,079	584,425,281	520,312,344	238,827,682	200,676,492	153,633,345
Advance received from customers		85,362,747	552,429,900	660,677,229	58,078,758	517,069,238	593,236,878
Deposits for rental and service	7	73,670,603	90,919,198	91,435,675	63,661,635	79,798,527	79,441,113
Retention guarantees		412,970,500	453,661,237	494,972,902	256,110,360	265,962,656	212,501,809
Current portion of rental income							
received in advance	7	27,224,000	27,224,000	27,224,000	27,224,000	27,224,000	27,224,000
Other current liabilities	7	441,171,084	624,830,300	565,522,402	190,973,832	284,598,375	241,038,378
Total current liabilities		10,860,320,652	14,222,603,763	11,912,315,891	9,812,238,344	12,767,519,083	10,212,495,572
Non-current liabilities							
Unsecured debentures, net of current portion	22	12,088,105,440	12,590,126,659	15,190,021,893	12,088,105,440	12,590,126,659	15,190,021,893
Provision for long-term employee benefits	23	225,131,915	158,944,869	136,118,360	147,956,826	105,275,419	85,324,700
Long-term provisions	24	431,787,242	446,310,957	530,913,006	16,544,591	16,792,566	152,215,404
Rental income received in advance,							
net of current portion	7	432,856,645	460,023,312	487,189,979	432,856,645	460,023,312	487,189,979
Deferred tax liabilities	28	295,726	369,580	384,940	-	-	-
Total non-current liabilities		13,178,176,968	13,655,775,377	16,344,628,178	12,685,463,502	13,172,217,956	15,914,751,976
Total liabilities		24,038,497,620	27,878,379,140	28,256,944,069	22,497,701,846	25,939,737,039	26,127,247,548

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

Statement of financial position (continued)

Quality Houses Public Company Limited and its subsidiaries As at 31 December 2019

(Unit : Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2019	31 December 2018	1 January 2018	31 December 2019	31 December 2018	1 January 2018
			(Restated)			(Restated)	
Shareholders' equity							
Share capital							
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	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	10,714,381,645	10,714,381,645
Share premium		379,246,114	379,246,114	379,246,114	379,246,114	379,246,114	379,246,114
Retained earnings							
Appropriated - statutory reserve	25	1,071,442,609	1,071,442,609	1,071,442,609	1,071,442,609	1,071,442,609	1,071,442,609
Unappropriated		14,784,995,905	14,181,143,277	12,638,756,139	14,784,995,905	14,181,143,277	12,638,756,139
Other components of shareholders' equity		(86,649,359)	(60,223,021)	17,772,933	(86,649,359)	(60,223,021)	17,772,933
Total shareholders' equity		26,863,416,914	26,285,990,624	24,821,599,440	26,863,416,914	26,285,990,624	24,821,599,440
Total liabilities and shareholders' equity		50,901,914,534	54,164,369,764	53,078,543,509	49,361,118,760	52,225,727,663	50,948,846,988

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

Statement of comprehensive income

Quality Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2019

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
			(Restated)		(Restated)
Profit or loss:					
Revenues					
Revenue from sales of real estate	7, 26	9,291,237,562	14,599,227,871	4,830,446,446	5,783,429,602
Revenue from hotel operations	26	1,051,823,302	904,528,426	215,182,147	214,341,555
Revenue from office rental operations	7, 26	336,582,771	383,780,578	336,582,771	383,780,578
Other income					
Interest income	7	15,413,858	15,146,293	315,814,037	455,329,893
Income from forfeiture of booking and down payments		6,970,030	8,179,125	2,298,971	2,271,709
Others	7	247,131,795	237,704,090	79,446,917	60,456,215
Total revenues		10,949,159,318	16,148,566,383	5,779,771,289	6,899,609,552
Expenses					
Cost of real estate sold	7	6,180,045,812	9,518,695,830	3,137,033,460	3,795,954,894
Cost of hotel operations	7	761,017,118	637,456,987	117,761,018	122,104,482
Cost of office rental operations	7	142,155,334	178,344,792	142,155,334	178,344,792
Selling expenses		584,675,468	825,265,336	288,748,735	298,819,976
Administrative expenses	7	1,670,736,265	2,070,538,311	927,222,600	913,275,344
Total expenses		9,338,629,997	13,230,301,256	4,612,921,147	5,308,499,488
Profit before share of profit from investments					
in associates, finance cost and income tax expenses		1,610,529,321	2,918,265,127	1,166,850,142	1,591,110,064
Share of profit from investments in subsidiaries	13	-	-	380,304,950	1,177,279,137
Share of profit from investments in associates	14	1,927,276,325	1,776,244,288	1,927,276,325	1,776,244,288
Profit before finance cost and income tax expenses		3,537,805,646	4,694,509,415	3,474,431,417	4,544,633,489
Finance cost	7	(390,040,893)	(356,446,118)	(451,994,165)	(523,366,804)
Profit before income tax expenses		3,147,764,753	4,338,063,297	3,022,437,252	4,021,266,685
Income tax expenses	28	(293,903,958)	(540,208,056)	(168,576,457)	(223,411,444)
Profit for the year		2,853,860,795	3,797,855,241	2,853,860,795	3,797,855,241

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

Statement of comprehensive income (continued)

Quality Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2019

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
			(Restated)		(Restated)
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Share of other comprehensive income of associates					
- net of income tax	14, 28	(26,426,338)	(77,995,954)	(26,426,338)	(77,995,954)
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(26,426,338)	(77,995,954)	(26,426,338)	(77,995,954)
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial losses - net of income tax	23, 28	-	(5,451,135)	-	(8,656,062)
Share of other comprehensive income of subsidiaries					
- net of income tax	13, 28	-	-	-	3,204,927
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		-	(5,451,135)	-	(5,451,135)
Other comprehensive income for the year		(26,426,338)	(83,447,089)	(26,426,338)	(83,447,089)
Total comprehensive income for the year		2,827,434,457	3,714,408,152	2,827,434,457	3,714,408,152
Earnings per share:	29				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.27	0.35	0.27	0.35

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

Statement of changes in shareholders' equity

Quality Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Consolidated financial statements										(Unit : Baht)
	Note	Issued and paid-up share capital	Share premium	Other components of equity						Total
				Retained earnings		Share of other comprehensive income of associates	Total other components of shareholders' equity	Total		
				Appropriated – statutory reserve	Unappropriated					
Balance as at 31 December 2017										
- as previously reported		10,714,381,645	379,246,114	1,071,442,609	12,619,371,179	1,294	17,771,639	17,772,933	24,802,214,480	
Cumulative effect of change in accounting policies due to the adoption of new financial reporting standard										
	4	-	-	-	19,384,960	-	-	-	19,384,960	
Balance as at 31 December 2017 – as restated		10,714,381,645	379,246,114	1,071,442,609	12,638,756,139	1,294	17,771,639	17,772,933	24,821,599,440	
Profit for the year (restated)		-	-	-	3,797,855,241	-	-	-	3,797,855,241	
Other comprehensive income for the year (restated)		-	-	-	(5,451,135)	-	(77,995,954)	(77,995,954)	(83,447,089)	
Total comprehensive income for the year (restated)		-	-	-	3,792,404,106	-	(77,995,954)	(77,995,954)	3,714,408,152	
Dividend paid	32	-	-	-	(2,250,016,968)	-	-	-	(2,250,016,968)	
Balance as at 31 December 2018 – as restated		10,714,381,645	379,246,114	1,071,442,609	14,181,143,277	1,294	(60,224,315)	(60,223,021)	26,285,990,624	
Balance as at 31 December 2018										
- as previously reported		10,714,381,645	379,246,114	1,071,442,609	14,164,643,563	1,294	(60,224,315)	(60,223,021)	26,269,490,910	
Cumulative effect of change in accounting policies due to the adoption of new financial reporting standard										
	4	-	-	-	16,499,714	-	-	-	16,499,714	
Balance as at 31 December 2018 – as restated		10,714,381,645	379,246,114	1,071,442,609	14,181,143,277	1,294	(60,224,315)	(60,223,021)	26,285,990,624	
Profit for the year		-	-	-	2,853,860,795	-	-	-	2,853,860,795	
Other comprehensive income for the year		-	-	-	-	-	(26,426,338)	(26,426,338)	(26,426,338)	
Total comprehensive income for the year		-	-	-	2,853,860,795	-	(26,426,338)	(26,426,338)	2,827,434,457	
Dividend paid	32	-	-	-	(2,250,008,167)	-	-	-	(2,250,008,167)	
Balance as at 31 December 2019		10,714,381,645	379,246,114	1,071,442,609	14,784,995,905	1,294	(86,650,653)	(86,649,359)	26,863,416,914	

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

(Unit : Baht)

Statement of changes in shareholders' equity (continued)

Quality Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2019

(Unit : Baht)

		Separate financial statements									
		Other components of equity									
		Surplus on changes in value of available-for-sale investments					Share of other comprehensive income of associates				
Note	Issued and paid-up share capital	Share premium	Retained earnings		Unappropriated reserve	Total other components of shareholders' equity	Total	Other comprehensive income			
			Appropriated	- statutory reserve				Share of other comprehensive income	Total other components of shareholders' equity		
Balance as at 31 December 2017											
- as previously reported	10,714,381,645	379,246,114	1,071,442,609		12,619,371,179	1,294	17,772,933	17,771,639			24,802,214,480
Cumulative effect of change in accounting policies due to the adoption of new financial reporting standard	4	-	-	-	19,384,960	-	-	-			19,384,960
Balance as at 31 December 2017 - as restated	10,714,381,645	379,246,114	1,071,442,609		12,638,756,139	1,294	17,772,933	17,771,639			24,821,599,440
Profit for the year (restated)	-	-	-	-	3,797,855,241	-	-	-			3,797,855,241
Other comprehensive income for the year (restated)	-	-	-	-	(5,451,135)	-	(77,995,954)	(77,995,954)			(83,447,089)
Total comprehensive income for the year (restated)	-	-	-	-	3,792,404,106	-	(77,995,954)	(77,995,954)			3,714,408,152
Dividend paid	32	-	-	-	(2,250,016,968)	-	-	-			(2,250,016,968)
Balance as at 31 December 2018 - as restated	10,714,381,645	379,246,114	1,071,442,609		14,181,143,277	1,294	(60,223,021)	(60,224,315)			26,285,990,624
Balance as at 31 December 2018											
- as previously reported	10,714,381,645	379,246,114	1,071,442,609		14,164,643,563	1,294	(60,223,021)	(60,224,315)			26,269,490,910
Cumulative effect of change in accounting policies due to the adoption of new financial reporting standard	4	-	-	-	16,499,714	-	-	-			16,499,714
Balance as at 31 December 2018 - as restated	10,714,381,645	379,246,114	1,071,442,609		14,181,143,277	1,294	(60,223,021)	(60,224,315)			26,285,990,624
Profit for the year	-	-	-	-	2,853,860,795	-	-	-			2,853,860,795
Other comprehensive income for the year	-	-	-	-	-	-	(26,426,338)	(26,426,338)			(26,426,338)
Total comprehensive income for the year	-	-	-	-	2,853,860,795	-	(26,426,338)	(26,426,338)			2,827,434,457
Dividend paid	32	-	-	-	(2,250,008,167)	-	-	-			(2,250,008,167)
Balance as at 31 December 2019	10,714,381,645	379,246,114	1,071,442,609		14,784,995,905	1,294	(86,649,359)	(86,650,653)			26,863,416,914

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

Statement of cash flows

Quality Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2019

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
Cash flows from operating activities				
Profit before tax	3,147,764,753	4,338,063,297	3,022,437,252	4,021,266,685
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	6,096,526,920	9,443,710,539	3,032,715,671	3,703,834,510
Depreciation	128,211,999	68,225,881	22,355,193	25,008,668
Amortisation of leasehold rights	94,475,798	104,359,590	94,475,798	104,359,590
Amortisation - others	8,759,367	8,759,367	8,759,367	8,759,367
Unrealised exchange losses	6,211,828	551,219	-	-
Share of profit from investments in subsidiaries	-	-	(380,304,950)	(1,177,279,137)
Share of profit from investments in associates	(1,927,276,325)	(1,776,244,288)	(1,927,276,325)	(1,776,244,288)
Income from forfeiture of booking and down payments	(6,970,030)	(8,179,125)	(2,298,971)	(2,271,709)
Interest income	(15,413,858)	(15,146,293)	(315,814,037)	(455,329,893)
Gain on sales of equipment	(1,002,855)	(1,954,518)	(654,420)	(239,436)
Provision for loss arising from litigation	43,709,002	174,718,149	28,128,376	16,427,932
Reversal of provision for loss arising from litigation	(29,636,850)	(112,381,005)	-	(4,911,576)
Provision for loss on diminution in value of projects	-	354,037,615	-	62,853,829
Reversal of provision for loss on diminution in value of projects	(82,694,021)	(85,349,954)	(15,996,649)	(15,466,373)
Provision for housing maintenance	83,192,564	106,168,798	38,999,266	40,728,055
Provision for long-term employee benefits	70,179,971	18,005,259	45,930,332	11,072,915
Transfer deferred financial fees to finance cost	7,100,531	6,576,765	7,100,531	6,576,765
Interest expenses	366,443,168	333,614,177	431,758,359	504,384,055

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

Statement of cash flows (continued)

Quality Houses Public Company Limited and its subsidiaries For the year ended 31 December 2019

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
Profit from operating activities before changes in operating assets and liabilities	7,989,581,962	12,957,535,473	4,090,314,793	5,073,529,959
Decrease (increase) in operating assets				
Trade and other receivables	(46,607,791)	(996,904)	(14,459,907)	(663,652)
Land and construction in progress	(2,650,465,968)	(5,278,521,866)	(1,607,296,706)	(3,109,199,624)
Advance for construction work	19,251,078	117,992,294	16,319,100	77,015,145
Advance for construction material	(7,935,515)	(33,126,024)	(10,125,293)	(33,126,024)
Other current assets	26,434,165	5,362,796	9,940,294	2,266,672
Land and project development costs	(1,238,179,009)	(4,571,752,493)	(1,059,432,867)	(2,785,832,824)
Deposits for purchase of land	(5,000,000)	(115,214,660)	-	(115,214,660)
Other non-current assets	(24,446,867)	(7,359,520)	(1,435)	841,629
Increase (decrease) in operating liabilities				
Trade and other payables	(518,409,473)	112,731,535	(401,480,890)	321,576,505
Advance received from customers	(487,263,790)	(127,234,869)	(483,858,175)	(101,062,598)
Deposits for rental and service	(17,248,595)	(516,477)	(16,136,893)	357,414
Retention guarantees	(40,690,737)	(41,311,665)	(9,852,296)	53,460,847
Other current liabilities	(243,009,982)	23,987,570	(94,472,621)	56,661,015
Paid for litigation compensation	(28,595,867)	(146,939,194)	(28,376,351)	(146,939,194)
Paid for long-term employee benefits	(3,992,925)	(8,728,200)	(3,248,925)	(8,728,200)
Cash flows from (used in) operating activities	2,723,420,686	2,885,907,796	387,831,828	(715,057,590)
Cash paid for income tax	(574,554,415)	(522,594,269)	(262,198,392)	(159,858,615)
Net cash flows from (used in) operating activities	2,148,866,271	2,363,313,527	125,633,436	(874,916,205)

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

Statement of cash flows (continued)

Quality Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2019

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
Cash flows from investing activities				
Decrease (increase) in restricted deposits at financial institutions	107,807,490	(953,486)	107,858,625	(902,878)
Dividends received from associates	1,452,087,424	1,293,212,358	1,452,087,424	1,293,212,358
Decrease in long-term loans to related parties	-	-	2,404,000,000	2,136,200,000
Interest income	15,413,858	15,146,293	314,910,772	453,239,547
Increase in leasehold rights (net of disposals)	(603,803)	(538,947)	(603,803)	(538,947)
Increase in property, plant and equipment (net of disposals)	(77,958,576)	(262,449,856)	(8,282,216)	(10,902,984)
Net cash flows from investing activities	1,496,746,393	1,044,416,362	4,269,970,802	3,870,307,096
Cash flows from financing activities				
Increase in short-term loans from financial institutions	500,000,000	-	500,000,000	-
Increase (decrease) in short-term loans	(1,300,000,000)	1,300,000,000	(1,300,000,000)	1,300,000,000
Increase (decrease) in short-term loans from related parties	-	-	(10,500,000)	10,500,000
Cash received from issuance of debentures	7,500,000,000	6,500,000,000	7,500,000,000	6,500,000,000
Cash paid for redemption of debentures	(9,100,000,000)	(8,300,000,000)	(9,100,000,000)	(8,300,000,000)
Dividend paid	(2,250,008,167)	(2,250,016,968)	(2,250,008,167)	(2,250,016,968)
Cash paid for financial fees	(9,121,750)	(6,472,000)	(9,121,750)	(6,472,000)
Cash paid for interest expenses	(595,848,153)	(639,449,342)	(595,944,705)	(640,734,647)
Net cash flows used in financing activities	(5,254,978,070)	(3,395,938,310)	(5,265,574,622)	(3,386,723,615)
Net increase (decrease) in cash and cash equivalents	(1,609,365,406)	11,791,579	(869,970,384)	(391,332,724)
Cash and cash equivalents at beginning of year	3,820,877,422	3,809,085,843	1,791,823,720	2,183,156,444
Cash and cash equivalents at end of year	2,211,512,016	3,820,877,422	921,853,336	1,791,823,720

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

Statement of cash flows (continued)

Quality Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2019

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
Supplemental cash flows information				
Non-cash transactions				
Transfer of land and project development costs to property, plant and equipment	-	938,114,001	-	-
Transfer of land and project development costs to land and construction in progress	2,426,605,897	4,145,111,428	1,722,744,534	3,050,805,264
Transfer of deposit for purchase of land to land and project development costs	115,214,660	111,312,290	115,214,660	111,312,290
Interest expenses recorded as cost of projects and property, plant and equipment	201,823,792	272,421,731	136,603,138	102,939,172
Actuarial losses - net of income tax	-	(5,451,135)	-	(5,451,135)
Decrease in share of other comprehensive income of associates - net of income tax	(26,426,338)	(77,995,954)	(26,426,338)	(77,995,954)

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

Notes to consolidated financial statements

Quality Houses Public Company Limited and its subsidiaries

For the year ended 31 December 2019

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 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of 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	
			2019	2018
			%	%
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.	Hotel operations	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			

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			%	%
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 and hotel operations	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 Group has been eliminated from the consolidated financial statements.

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

3. New financial reporting standards

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

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

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

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

The Group adopted TFRS 15 using the full retrospective method of adoption. The Group elect to apply the practical expedient of not restate completed contracts as at 1 January 2018 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy.

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

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

The management of the Group expect the adoption of these accounting standards to result in the following adjustment.

- Recognition of credit losses – The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

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

TFRS 16 Leases

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

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

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

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

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

As described in Note 3, during the current year, the Group has adopted TFRS 15 using the full retrospective method of adoption. The cumulative effect of the change in accounting policy is presented as a separate item in the statement of changes in shareholders' equity.

The amounts of the adjustments affecting the statement of financial position and the statement of comprehensive income are summarised below:

(Unit : Thousand Baht)

	Increase (decrease)			
	Consolidated financial statements		Separate financial statements	
	31 December 2018	1 January 2018	31 December 2018	1 January 2018
Statement of financial position				
Assets				
Cost to obtain contracts with customers	20,625	24,231	20,625	24,231
Deferred tax assets	(4,125)	(4,846)	(4,125)	(4,846)
Total assets	16,500	19,385	16,500	19,385
Shareholders' equity				
Retained earnings - Unappropriated	16,500	19,385	16,500	19,385
Total shareholders' equity	16,500	19,385	16,500	19,385

(Unit : Thousand Baht)

Profit for the year ended 31 December 2018		
	Increase (decrease)	
	Consolidated financial statements	Separate financial statements
Statement of comprehensive income		
Profit or loss:		
Sales of real estate	(192,853)	(58,421)
Selling expenses	(189,247)	(54,814)
Income tax expenses	(721)	(721)
Profit for the year	(2,885)	(2,885)
Earnings per share (Baht):		
Basic earnings per share	(0.000269)	(0.000269)

The nature of these adjustments are described below:

- Commission paid to obtain a contract with customers – The Group has determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Group immediately recorded commission as selling expenses when the transaction occurred.
- Promotion expenses specified as consideration paid to customers – The Group recognised the amount of consideration paid as a reduction of revenues. Previously, the amounts was recognised as selling expenses.

5. Significant accounting policies

5.1 Revenue recognition

(a) Revenue from sales of real estate

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

(b) Revenue from hotel operations

Revenue from hotel operations mainly comprises room sales, food and beverage sales and revenue from auxiliary activities. Revenue is recognised at a point in time upon completion of the service. Sales are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts.

(c) Revenue from office rental

Rental of units in office buildings are recognised on an accrual basis over the period of contracts.

(d) Interest income

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

(e) Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 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. 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.

Providing free product, Premium, such as furniture and decoration, the Group provides premium to customers free of charge when customers register to transfer houses or condominium units. The management of the Group considers that these premiums is fixture of a house or condominium unit is the main burden that the Group has to deliver to the customer under the contract. Therefore, the cost of these product is part of the cost of sales of the project.

Selling expenses as specific business tax, transfer fee are recognised as expense when sales.

5.3 Cash and cash equivalents

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

5.4 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.

5.5 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. |

5.6 Cost to obtain a contract

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

5.7 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 subsidiaries and associates are accounted for using the equity method.

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.

5.8 Investment properties

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

5.9 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	-	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.

5.10 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.

5.11 Borrowing costs

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

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

5.12 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.

5.13 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.

5.14 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.

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.

5.15 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.

5.16 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the investment properties, property, plant and equipment, 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 Group 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.

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

Defined benefit plans

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labour law. The Group treats 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. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

5.18 Provisions

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

5.19 Income tax

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

Current tax

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

Deferred tax

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

The Group recognises 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 Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.20 Fair value measurement

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

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

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

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

6. Significant accounting 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:

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

The Group records 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.

Litigation

The Group has 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.

7. Related party transactions

7.1 During the years, the Group 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 financial statements		Separate financial statements		Transfer pricing policy
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	307	446	2.50% to 3.35% per annum (2018:2.50%to4.10%per annum)
Material cost	-	-	75	112	Market price
Interest expenses	-	-	-	1	2.93% and savings rate + 0.25%
Land easement fee	-	-	-	166	Contract value
Land easement charge	-	-	33	-	Contract value
<u>Transactions with associates</u>					
Material cost	2	-	1	-	Market price
Rental expenses	333	329	33	34	Contract value
Building management income	65	63	26	19	Contract value
Office rental income	57	57	57	57	Contract value
Interest income	14	13	8	8	0.25% to 1.30% per annum (2018:0.25%to1.30%per annum)
Dividend income	1,452	1,293	1,452	1,293	As declared
Bank charges	1	1	1	1	Market price
<u>Transactions with related companies</u>					
Material cost	43	45	26	20	Market price
Other service expenses	-	3	-	-	Contract value
Office rental income	19	20	19	20	Contract value
Building management income	22	22	2	2	Contract value
Other service income	4	4	-	-	Contract value
Revenue from sales of real estate	11	-	-	-	Compare to trading price in the vicinity

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deposits at financial institution (shown under cash and cash equivalents)				
Associate				
Land and Houses Bank Plc.	1,749,672	2,819,047	824,249	1,337,574
Trade and other receivables - related parties				
<u>Trade accounts receivable - related parties</u>				
Subsidiaries	-	-	-	18
Associates	456	467	456	467
Related companies (Common directors or common shareholders)	495	529	495	529
Total trade accounts receivable - related parties	951	996	951	1,014
<u>Other receivables - related parties</u>				
Subsidiaries	-	-	1,502	1,177
Associates	36,596	7,229	16,139	689
Related companies (Common directors or common shareholders)	3,895	4,270	-	-
Total other receivables - related parties	40,491	11,499	17,641	1,866
Total	41,442	12,495	18,592	2,880
Deposits for rental and service - related parties (shown under other non-current assets)				
Associate	7,204	7,202	7,204	7,202
Trade and other payables - related parties				
<u>Trade accounts payable - related parties</u>				
Subsidiaries	-	-	6,336	32,176
Associates	938	68	521	67
Related companies (Common directors or common shareholders)	3,486	8,640	2,253	4,464
Total trade accounts payables - related parties	4,424	8,708	9,110	36,707
<u>Other payables - related parties</u>				
Subsidiaries	-	-	348	721
Associates	258	217	258	217
Related companies (Common directors or common shareholders)	16	18	-	-
Total other payables - related parties	274	235	606	938
Total	4,698	8,943	9,716	37,645
Deposits for rental and service - related parties				
Associates	6,036	6,076	6,036	6,076
Related companies (Common directors or common shareholders)	3,404	4,066	3,404	4,066
Total	9,440	10,142	9,440	10,142

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accrued expenses - related parties (shown under other current liabilities)				
Subsidiaries	-	-	937	426
Associates	74,216	71,266	-	-
Total	74,216	71,266	937	426
Rental income received in advance - related party				
Associate (Note 7.3)				
Current portion	27,224	27,224	27,224	27,224
Non-current portion	432,857	460,023	432,857	460,023
Total	460,081	487,247	460,081	487,247

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements		Interest policy
	2019	2018	2019	2018	(% p.a.)
Long-term loans to and interest receivables - related parties					
<u>Subsidiary</u>					
Casa Ville Co., Ltd.	-	-	9,931,882	12,334,978	2.50% - 3.03% (2018: 2.50% - 3.35%)
<u>Related party</u>					
Harbour View Corporation	69,192	74,520	-	-	LIBOR+3.00%, 4.00% and 8.00% (2018: LIBOR+3.00%, 4.00% and 8.00%)
Total	62,192	74,520	9,931,882	12,334,978	
Less: Allowance for doubtful account	(69,192)	(74,520)	-	-	
Net	-	-	9,931,882	12,334,978	
Short-term loans from and accrued interest payables - related party					
<u>Subsidiary</u>					
Centre Point Hospitality Co., Ltd.	-	-	-	10,502	Savings rate + 0.25%
Total	-	-	-	10,502	

Loans to related parties and loans from related parties

As at 31 December 2019 and 2018, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit : Thousand Baht)

Consolidated financial statements

	1 January 2019	Increase	Decrease	31 December 2019
Long-term loan to and interest receivables - related party				
<u>Related party</u>				
Harbour View Corporation	74,520	-	(5,328)	69,192
Less: Allowance for doubtful account	(74,520)	-	5,328	(69,192)
Net	-	-	-	-

(Unit : Thousand Baht)

Separate financial statements

	1 January 2019	Increase	Decrease	31 December 2019
Long-term loan to and interest receivables - related party				
<u>Subsidiary</u>				
Casa Ville Co., Ltd.	12,334,978	3,695,077	(6,098,173)	9,931,882
Short-term loan to and interest payable - related parties				
<u>Subsidiaries</u>				
Q.H. International Co., Ltd.	-	190,099	(190,099)	-
Centre Point Hospitality Co., Ltd.	10,502	20	(10,522)	-
	10,502	190,119	(200,621)	-

Directors and management's benefits

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

(Unit : Million Baht)

Consolidated and separate financial statements

	2019	2018
Short-term employee benefits	60	60
Post-employment benefits	3	2
Total	63	62

7.2 The Group has the following long-term agreements with property funds in which it or its related companies hold investment units.

(Unit : Million Baht)

		Contract amount	
	Counterparty	2019	2018
a) Agreement to lease immovable properties - Q. House Ploenchit Project	Quality Houses Leasehold Property Fund	819	819
b) Agreement relating to the lease and sublease of building and assets - Centre Point Hotel Pratunam, Sukhumvit 10 and Chidlom	Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	504*	504*

* Contract amount is not included variable rental fee.

7.3 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 on a straight line over the period of the lease contract.

8. Cash and cash equivalents

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	3,776	4,179	1,491	1,785
Bank deposits	2,207,736	3,816,698	920,362	1,790,039
Total	2,211,512	3,820,877	921,853	1,791,824

As at 31 December 2019, bank deposits in current accounts, saving accounts and fixed deposits carried interests between 0.10% and 1.30% per annum (2018: between 0.10% and 1.30% per annum).

9. Trade and other receivables

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade receivables – related parties (Note 7)</u>				
Aged of receivables				
Up to 3 months	951	996	951	1,014
Total trade receivables – related parties	951	996	951	1,014
<u>Trade receivables – unrelated parties</u>				
Aged of receivables				
Up to 3 months	37,760	26,676	9,467	11,312
3 – 6 months	1,070	598	8	4
6 – 12 months	190	–	–	–
Total trade receivables – unrelated parties, net	39,020	27,274	9,475	11,316
Total trade receivables – net	39,971	28,270	10,426	12,330
<u>Other receivables</u>				
Other receivables – related parties (Note 7)	40,491	11,499	17,641	1,866
Other receivables – unrelated parties	17,480	17,777	6,807	6,218
Total other receivables	57,971	29,276	24,448	8,084
Total trade and other receivables – net	97,942	57,546	34,874	20,414

10. Land and construction in progress

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Construction material	17,719	15,626	–	–
Land	10,139,675	10,418,646	6,084,433	5,886,044
Interest cost	1,425,723	1,549,430	571,092	575,952
Construction under development	14,028,532	14,475,086	6,543,333	6,332,441
Total	25,611,649	26,458,788	13,198,858	12,794,437
Less: Provision for loss on diminution in value of projects	(571,212)	(653,906)	(54,811)	(70,808)
Land and construction in progress – net	25,040,437	25,804,882	13,144,047	12,723,629

During the current year, the Group included borrowing costs of Baht 172 million as cost of "Land and construction in progress" (the Company only: Baht 107 million) (2018: Baht 226 million, the Company only: Baht 91 million). These were determined by applying a capitalisation rate of 0.9% (the Company only: 0.6%) (2018: 1.2%, the Company only: 0.4%).

Movements in the provision for loss on diminution in value of projects during the years ended 31 December 2019 and 2018 are summarised below.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Balance at beginning of year	653,906	377,116	70,808	58,162
Additional provision during the year	-	297,645	-	28,112
Transfer from land and project development costs	-	64,495	-	-
Provision reversal according to revenue recognition during the year	(82,694)	(85,350)	(15,997)	(15,466)
Balance at end of year	571,212	653,906	54,811	70,808

During the year 2018, the Group arranged for an independent valuer to appraise the fair value of the Group's land and construction in progress for low turnover projects, using the market approach and/or the hypothetical development method. The Group recorded the provision for loss on diminution in value of projects amounting to Baht 298 million (The Company only: Baht 28 million).

Additional information of the Group's projects.

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Total estimated sales value of projects on hand of which contracts have been signed	118,051	120,438	52,378	50,363
Total value of contracts signed according to the letters reserving plots of land and structures thereon	70,992	73,917	25,521	25,989
Percentage of total estimated sales value of projects	60%	61%	49%	52%
Total value of contracts signed according to the letters reserving plots of land and structures thereon not yet recognised as income	469	1,597	328	1,462

11. Cost to obtain contracts with customers

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
Balance at beginning of year	20,625	24,231	20,625	24,231
Increase	5,410	2,334	5,410	2,334
Amortise	(13,621)	(5,940)	(13,621)	(5,940)
Balance at end of year	12,414	20,625	12,414	20,625

12. Restricted deposits at financial institutions

These represent fixed deposits pledged with the banks to secure credit facilities and the Court.

13. Investments in subsidiaries

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

(Unit : Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding		Cost		Carrying amounts based on equity method	
	2019	2018	2019 (%)	2018 (%)	2019	2018	2019	2018
Casa Ville Co., Ltd.	3,000,000	3,000,000	100	100	2,999,999	2,999,999	7,705,596	7,382,044
Q.H. International Co., Ltd.	25,000	25,000	100	100	25,000	25,000	220,792	173,925
Property Host Co., Ltd.	5,000	5,000	100	100	5,000	5,000	4,541	4,662
Centre Point Hospitality Co., Ltd.	5,000	5,000	100	100	4,999	4,999	44,656	33,667
The Confidence Co., Ltd.*	1,000,000	1,000,000	-	-	-	-	-	-
Q.H. Management Co., Ltd. (and 19% held through The Confidence Co., Ltd.)	110,000	110,000	81	81	88,635	88,635	27,579	28,561
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 (Prachuapkhirkhan 2554) Co., Ltd.*	5,000	5,000	-	-	-	-	-	-
Total					3,123,633	3,123,633	8,003,164	7,622,859

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

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

13.2 Share of comprehensive income

During the year, the Company has summarised its share of profit (loss) from investments in subsidiaries in separate financial statement as follows.

(Unit : Thousand Baht)

Separate financial statements				
Company's name	Share of profit (loss) from investments in subsidiaries		Share of other comprehensive income of subsidiaries	
	2019	2018	2019	2018
Casa Ville Co., Ltd.	323,552	1,123,435	-	3,979
Q.H. International Co., Ltd.	46,867	54,766	-	(1,009)
Property Host Co., Ltd.	(121)	(24)	-	-
Centre Point Hospitality Co., Ltd.	10,989	10,926	-	235
Q.H. Management Co., Ltd.	(982)	(11,824)	-	-
Total	380,305	1,177,279	-	3,205

14. Investments in associates

14.1 Details of associates

(Unit : Thousand Baht)

Consolidated and separate financial statements								
Company's name	Nature of business	Country of incorporation	Shareholdings		Cost		Carrying amounts based on equity method	
			2019	2018	2019	2018	2019	2018
			(%)	(%)				
Quality Houses Leasehold Property Fund ⁽¹⁾	Investment in immovable properties	Thailand	26	26	2,017,695	2,017,695	1,224,654	1,221,223
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund ⁽²⁾	Investment in immovable properties	Thailand	31	31	1,052,800	1,052,800	346,498	349,006
Home Product Center Plc.	Trading	Thailand	20	20	759,959	759,959	4,420,788	4,172,656
LH Financial Group Plc. (held 100% in Land and Houses Bank Plc.)	Holding company	Thailand	14*	14*	2,849,800	2,849,800	5,654,918	5,455,210
Total					6,680,254	6,680,254	11,646,858	11,198,095

⁽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.

* The management determined that the Company has significant influence over LH Financial Group Plc. even though the Company holds less than 20% of its shares. This is because the Company has key representative on the Board of Director of that company.

14.2 Share of comprehensive income and dividend received

During the years, the Company has summarised its share of profit (loss) from investments in associates as follows.

(Unit : Thousand Baht)

Company's name	Consolidated and separate financial statements			
	Share of profit from investments in associates		Share of other comprehensive income of associates	
	2019	2018	2019	2018
Quality Houses Leasehold Property Fund	192,400	173,960	-	-
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	60,976	60,114	-	-
Home Product Center Plc.	1,232,280	1,115,169	(17,330)	1,289
LH Financial Group Plc.	441,620	427,001	(9,096)	(79,285)
Total	1,927,276	1,776,244	(26,426)	(77,996)

(Unit : Thousand Baht)

Company's name	Dividend received during the years	
	2019	2018
Quality Houses Leasehold Property Fund	188,969	180,584
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	63,484	61,168
Home Product Center Plc.	966,818	862,297
LH Financial Group Plc.	232,816	189,163
Total	1,452,087	1,293,212

14.3 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	
	2019	2018
Quality Houses Leasehold Property Fund	2,741	2,679
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	995	879
Home Product Center Plc.	41,808	39,718
LH Financial Group Plc.	3,958	3,958
Total	49,502	47,234

14.4 Summarised significant financial information of associates

Summarised information about financial position

(Unit : Million Baht)

	Quality Houses Leasehold Property Fund		Quality Houses Hotel and Residence Freehold and Leasehold Property Fund		Home Product Center Plc.		LH Financial Group Plc.	
	2019	2018	2019	2018	2019	2018	2019	2018
Total assets	9,807	9,644	4,780	4,690	52,072	54,811	240,731	245,933
Total liabilities	394	393	5	4	30,911	34,897	199,569	206,224
Net assets	9,413	9,251	4,775	4,686	21,161	19,914	41,162	39,709
Shareholding percentage (%)	26	26	31	31	20	20	14	14
Share of net assets	2,415	2,374	1,496	1,468	4,205	3,957	5,655	5,455
Unrealised gains on revaluation of investments	(231)	(226)	(395)	(379)	-	-	-	-
Unrecognised gains on sales of assets	(523)	(523)	(601)	(601)	-	-	-	-
Record depreciation and amortisation of assets	(436)	(404)	(154)	(139)	-	-	-	-
Goodwill	-	-	-	-	216	216	-	-
Carrying amounts of associates based on equity method	1,225	1,221	346	349	4,421	4,173	5,655	5,455

Summarised information about comprehensive income

(Unit : Million Baht)

For the year ended 31 December								
	Quality Houses Leasehold Property Fund		Quality Houses Hotel and Residence Freehold and Leasehold Property Fund		Home Product Center Plc.		LH Financial Group Plc.	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	1,251	1,207	302	297	67,424	66,050	12,272	10,899
Profit	897	879	292	670	6,200	5,613	3,214	3,108
Other comprehensive income	-	-	-	-	(87)	6	(66)	(577)
Total comprehensive income	-	-	-	-	6,113	5,619	3,148	2,531

Quality Houses Leasehold Property Fund

On 13 February 2020, the meeting of the Investment Committee of Quality Houses Leasehold Property Fund approved the payment of a dividend of Baht 0.2430 per unit to its unitholders from the operating results for the period as from 1 November 2019 to 31 December 2019, a total of Baht 194 million, which is to be paid on 12 March 2020.

Quality Houses Hotel and Residence Freehold and Leasehold Property Fund

On 13 February 2020, 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 0.1980 per unit from the operating results for the period as from 1 October 2019 to 31 December 2019, a total of Baht 67 million, which is to be paid on 12 March 2020.

Home Product Center Public Company Limited

On 25 February 2020, 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 2019 to December 2019. The dividend will be paid by cash at the rate of Baht 0.2100 per share or in the total amount not exceeding Baht 2,762 million. The payment of cash dividend shall be made within 8 May 2020. As the meeting of the Board of Directors of Home Product Center Plc. held on 27 August 2019 has the resolution to approve interim dividend payment to the shareholders as cash dividend of Baht 0.1700 per share. The interim dividend was paid on 25 September 2019. As a result, total dividend per share for the year 2019 is Baht 0.3800 per share.

15. Other long-term investments

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
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

16. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

(Unit : Thousand Baht)

	Consolidated and separate financial statements	
	2019	2018
Office building for rent		
Cost	888,957	888,957
Less: Accumulated depreciation	(373,271)	(358,877)
Less: Allowance for diminution in value	(57,751)	(63,830)
Net book value - net	457,935	466,250

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

(Unit : Thousand Baht)

	Consolidated and separate financial statements	
	2019	2018
Net book value at beginning of year	466,250	474,564
Depreciation charged	(8,315)	(8,314)
Net book value at end of year	457,935	466,250

As at 31 December 2019, the net book value of rental income received in advance from lessee is Baht 460 million (2018: Baht 487 million), and the fair value of the investment properties has been determined based on valuations performed by an accredited independent valuer was Baht 857 million (2018: Baht 866 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.

17. 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 2018	329,989	92,430	19,583	558,945	68,607	-	1,069,554
Additions	-	222	168	18,043	1,631	300,175	320,239
Transfer in (out)	135,160	214,210	578,984	283,581	-	(273,821)	938,114
Disposals/write-off	-	-	-	(15,093)	(4,774)	(26,354)	(46,221)
31 December 2018	465,149	306,862	598,735	845,476	65,464	-	2,281,686
Additions	-	6,350	71	15,617	4,816	54,016	80,870
Transfers in (out)	-	10,210	29,277	13,966	-	(53,453)	-
Disposals/write-off	-	-	-	(27,997)	(12,425)	-	(40,422)
31 December 2019	465,149	323,422	628,083	847,062	57,855	563	2,322,134
<u>Accumulated depreciation</u>							
1 January 2018	5,223	32,395	8,876	404,609	56,649	-	507,752
Depreciation for the year	161	8,784	2,314	42,708	5,944	-	59,911
Depreciation on disposals/write-off	-	-	-	(14,761)	(4,184)	-	(18,945)
31 December 2018	5,384	41,179	11,190	432,556	58,409	-	548,718
Depreciation for the year	852	19,288	17,011	79,423	3,323	-	119,897
Depreciation on disposals/write-off	-	-	-	(26,772)	(11,741)	-	(38,513)
31 December 2019	6,236	60,467	28,201	485,207	49,991	-	630,102
<u>Allowance for impairment loss</u>							
1 January 2018	81,873	-	-	-	-	-	81,873
31 December 2018	81,873	-	-	-	-	-	81,873
31 December 2019	81,873	-	-	-	-	-	81,873
<u>Net book value</u>							
31 December 2018	377,892	265,683	587,545	412,920	7,055	-	1,651,095
31 December 2019	377,040	262,955	599,882	361,855	7,864	563	1,610,159
Depreciation for the year							
2018 (Baht 23 million included in cost of operations, and the balance in administrative expenses)							59,911
2019 (Baht 84 million included in cost of operations, and the balance in administrative expenses)							119,897

(Unit : Thousand Baht)

Separate 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 2018	255,664	10,146	16,564	296,432	28,043	-	606,849
Additions	-	-	-	11,890	-	-	11,890
Disposals/write-off	-	-	-	(6,195)	(1,530)	-	(7,725)
31 December 2018	255,664	10,146	16,564	302,127	26,513	-	611,014
Additions	-	-	-	6,373	3,370	-	9,743
Disposals/write-off	-	-	-	(18,266)	(7,080)	-	(25,346)
31 December 2019	255,664	10,146	16,564	290,234	22,803	-	595,411
<u>Accumulated depreciation</u>							
1 January 2018	4,557	10,138	8,363	267,605	23,100	-	313,763
Depreciation for the year	-	1	828	13,724	2,141	-	16,694
Depreciation on disposals/write-off	-	-	-	(6,025)	(952)	-	(6,977)
31 December 2018	4,557	10,139	9,191	275,304	24,289	-	323,480
Depreciation for the year	-	1	828	11,823	1,388	-	14,040
Depreciation on disposals/write-off	-	-	-	(17,999)	(6,541)	-	(24,540)
31 December 2019	4,557	10,140	10,019	269,128	19,136	-	312,980
<u>Allowance for impairment loss</u>							
1 January 2018	81,873	-	-	-	-	-	81,873
31 December 2018	81,873	-	-	-	-	-	81,873
31 December 2019	81,873	-	-	-	-	-	81,873
<u>Net book value</u>							
31 December 2018	169,234	7	7,373	26,823	2,224	-	205,661
31 December 2019	169,234	6	6,545	21,106	3,667	-	200,558
Depreciation for the year							
2018 (Baht 5 million included in cost of operations, and the balance in administrative expenses)							16,694
2019 (Baht 4 million included in cost of operations, and the balance in administrative expenses)							14,040

As at 31 December 2019, certain plant and equipment items of the Group 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 389 million (the Company only: Baht 269 million) (2018: Baht 369 million, the Company only: Baht 272 million).

During the year 2018, a subsidiary included borrowing costs of Baht 32 million as cost of "Property, plant and equipment" (2019: Nil). These was determined by applying a capitalisation rate of 1.2% (2019: Nil).

18. Leasehold rights

(Unit : Thousand Baht)

Consolidated and separate financial statements

Projects	2019	2018
Q. House Convent	-	337,762
Q. House Sathorn	507,231	507,218
Q. House Asoke	629,518	629,493
Centre Point Hotel Silom	1,037,602	1,036,949
Total	2,174,351	2,511,422
Less: Accumulated amortisation	(1,872,161)	(2,115,360)
Leasehold rights - net	302,190	396,062

Movements of leasehold rights account during the year ended 31 December 2019 and 2018 are summarised below.

(Unit : Thousand Baht)

Consolidated and separate financial statements

	2019	2018
Net book value as at beginning of year	396,062	499,883
Acquisitions during the year - at cost	653	559
Disposals during the year - net book value at disposal rate	(49)	(20)
Amortisation for the year (included in cost of office rental operations)	(94,476)	(104,360)
Net book value as at end of year	302,190	396,062

On 1 June 1989, the Company entered into agreements to lease land and develop building at Q House Convent for a period of 30 years. At the termination date of the agreements, the Company agreed to transfer all rights in property development to the lessor. The Company registered the transfer of rights in such building to the lessor on 31 May 2019 (Termination date).

19. Land and project development costs

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Land	7,828,513	8,910,812	3,835,355	4,466,237
Interest cost	217,137	198,617	202,485	180,743
Construction under development	723,320	703,245	531,706	441,155
Total	8,768,970	9,812,674	4,569,546	5,088,135
Less: Provision for loss on diminution in value of projects	(167,616)	(167,616)	(145,381)	(145,381)
Land and project development costs - net	8,601,354	9,645,058	4,424,165	4,942,754

During the current year, the Group included borrowing costs of Baht 30 million as cost of "Land and project development costs" (the Company only: Baht 30 million) (2018: Baht 15 million, the Company only: Baht 12 million). These were determined by applying a capitalisation rate of 0.9% (the Company only: 0.6%) (2018: 1.2%, the Company only: 0.4%).

Movements in the provision for loss on diminution in value of projects during the years ended 31 December 2019 and 2018 are summarised below.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Balance at beginning of year	167,616	175,719	145,381	110,639
Additional provision during the year	-	56,392	-	34,742
Transfer to land and construction in progress	-	(64,495)	-	-
Balance at end of year	167,616	167,616	145,381	145,381

During the year 2018, the Group arranged for an independent valuer to appraise the fair value of the Group's land and project development costs for land held for development, using the market approach. The Group recorded the provision for loss on diminution in value of projects amounting to Baht 56 million (the Company only: Baht 35 million).

During the year 2018, a subsidiary has transferred land and project development costs to property, plant and equipment totaling Baht 938 million due to change in use.

20. Short-term loans

(Unit : Thousand Baht)

	Interest rate		Consolidated and Separate financial statements	
	2019 (% p.a.)	2018 (% p.a.)	2019	2018
Short-term loans from financial institutions				
Promissory notes	1.55	-	500,000	-
Short-term loans				
Bills of exchange	-	1.85	-	1,300,000
Less: Prepaid interest			-	(2,689)
Net			-	1,297,311

21. Trade and other payables

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade payables - related parties (Note 7)	4,424	8,708	9,110	36,707
Trade payables - unrelated parties	499,303	987,700	325,805	692,114
Other payables - related parties (Note 7)	274	235	606	938
Other payables - unrelated parties	50,049	75,816	16,547	23,790
Accrued interest	76,437	106,707	76,437	106,707
Total trade and other payables	630,487	1,179,166	428,505	860,256

22. Unsecured debentures

Consolidated and separate financial statements

Type of debenture	Interest rate	Age	Maturity date	Number of debenture (Unit)		Amount (Thousand Baht)	
				2019	2018	2019	2018
Unsubordinated and unsecured debentures							
- No. 4/2014	Fixed rate of 4.38% p.a.	5 years	8 August 2019	-	2,000,000	-	2,000,000
- No. 2/2015							
- Tranche II	Fixed rate of 3.07% p.a.	4 years	26 June 2019	-	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	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
- No. 1/2017	Fixed rate of 2.69% p.a.	3 years	11 May 2020	4,000,000	4,000,000	4,000,000	4,000,000
- No. 2/2017	Fixed rate of 2.20% p.a.	3 years	21 November 2020	1,500,000	1,500,000	1,500,000	1,500,000

				Consolidated and separate financial statements			
				Number of debenture (Unit)		Amount (Thousand Baht)	
Type of debenture	Interest rate	Age	Maturity date	2019	2018	2019	2018
Unsubordinated and unsecured debentures							
- No. 1/2018	Fixed rate of 2.16% p.a.	3 years	5 March 2021	3,000,000	3,000,000	3,000,000	3,000,000
- No. 2/2018	Fixed rate of 2.46% p.a.	3 years	25 June 2021	1,000,000	1,000,000	1,000,000	1,000,000
- No. 3/2018	Fixed rate of 2.97% p.a.	2 years	12 November 2020	2,500,000	2,500,000	2,500,000	2,500,000
- No. 1/2019	Fixed rate of 2.85% p.a.	3 years	8 May 2022	3,500,000	-	3,500,000	-
- No. 2/2019	Fixed rate of 2.30% p.a.	3 years	27 November 2022	4,000,000	-	4,000,000	-
Total debentures - at face value				20,100,000	21,700,000	20,100,000	21,700,000
Less: Unamortised portion of deferred transaction costs						(11,895)	(9,873)
Debentures - net						20,088,105	21,690,127
Less: Current portion of debentures						(8,000,000)	(9,100,000)
Debentures - net of current portion						12,088,105	12,590,127

Movements in debentures accounts during the years ended 31 December 2019 and 2018 are summarised below.

(Unit : Thousand Baht)

			Consolidated and separate financial statements	
			2019	2018
Balance at beginning of year			21,700,000	23,500,000
Add: Issuance of debentures during the year			7,500,000	6,500,000
Less: Redemption of debentures during the year			(9,100,000)	(8,300,000)
Balance at end of year			20,100,000	21,700,000

All of unsecured debentures include covenants and restrictions. These pertain to, among other things, dividend payment and the maintenance of certain financial ratios.

23. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, is as follows.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Provision for long-term employee benefits				
at beginning of year	158,945	136,118	105,275	85,325
Included in profit or loss:				
Current service cost	18,834	11,958	12,132	6,587
Interest cost	5,566	4,055	3,685	2,543
Past service cost	45,780	-	30,114	-
Included in other comprehensive income:				
Actuarial losses arising from				
Demographic assumptions changes	-	1,794	-	1,380
Financial assumptions changes	-	3,666	-	2,315
Experience adjustments	-	1,354	-	7,125
Benefits paid/transfer-out during the year	(3,993)	-	(3,249)	-
Provision for long-term employee benefits at end of year	225,132	158,945	147,957	105,275

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 46 million (The Company only: Baht 30 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

As at 31 December 2019, the Group expected to pay Baht 10 million of long-term employee benefits during the next year (the Company only: Baht 8 million) (2018: Baht 2 million, the Company only: Baht 1 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit was 12 years (the Company only: 12 years) (2018: 12 years, the Company only: 12 years).

Significant actuarial assumptions are summarised below.

	Consolidated and separate financial statements	
	2019	2018
	(% p.a.)	(% p.a.)
Discount rate	2.8	2.8
Salary increase rate	6.0	6.0
Turnover rate	0 - 25.0	0 - 25.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below.

(Unit : Thousand Baht)

As at 31 December 2019						
	Discount rate		Salary increase rate		Turnover rate	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%	Increase 10%	Decrease 10%
Consolidated financial statements	(14,994)	16,252	18,394	(13,946)	(8,462)	9,779
Separate financial statements	(9,408)	10,151	11,444	(8,862)	(4,965)	5,745

(Unit : Thousand Baht)

As at 31 December 2018						
	Discount rate		Salary increase rate		Turnover rate	
	Increase 0.5%	Decrease 0.5%	Increase 1%	Decrease 1%	Increase 10%	Decrease 10%
Consolidated financial statements	(8,946)	9,706	9,355	(8,726)	(5,667)	6,181
Separate financial statements	(5,655)	6,116	5,896	(5,515)	(3,375)	3,665

24. Provisions

(Unit : Thousand Baht)

Consolidated financial statements					
	Provision for public utility maintenance	Provision for housing maintenance	Compensation for Housing Estate Juristic Persons	Litigation	Total
As at 1 January 2018	276,560	92,398	151,354	530,913	1,051,225
Increase during the year	59,904	106,169	21,813	174,718	362,604
Utilised	(39,131)	(58,090)	(19,984)	(146,939)	(264,144)
Reversed during the year	(1,972)	-	(4,596)	(112,381)	(118,949)
As at 31 December 2018	295,361	140,477	148,587	446,311	1,030,736
Increase during the year	38,090	83,193	15,181	43,709	180,173
Utilised	(38,330)	(49,032)	(25,257)	(28,596)	(141,215)
Reversed during the year	-	-	(3)	(29,637)	(29,640)
As at 31 December 2019	295,121	174,638	138,508	431,787	1,040,054
2019					
Current	295,121	174,638	138,508	-	608,267
Non-current	-	-	-	431,787	431,787
	295,121	174,638	138,508	431,787	1,040,054
2018					
Current	295,361	140,477	148,587	-	584,425
Non-current	-	-	-	446,311	446,311
	295,361	140,477	148,587	446,311	1,030,736

(Unit : Thousand Baht)

Separate financial statements					
	Provision for public utility maintenance	Provision for housing maintenance	Compensation for Housing Estate Juristic Persons	Litigation	Total
As at 1 January 2018	76,858	34,111	42,664	152,215	305,848
Increase during the year	20,961	40,728	9,567	16,428	87,684
Utilised	(1,754)	(16,545)	(5,762)	(146,939)	(171,000)
Reversed during the year	-	-	(152)	(4,911)	(5,063)
As at 31 December 2018	96,065	58,294	46,317	16,793	217,469
Increase during the year	17,554	39,000	7,273	28,128	91,955
Utilised	(6,215)	(18,025)	(1,435)	(28,376)	(54,051)
As at 31 December 2019	107,404	79,269	52,155	16,545	255,373
2019					
Current	107,404	79,269	52,155	-	238,828
Non-current	-	-	-	16,545	16,545
	107,404	79,269	52,155	16,545	255,373
2018					
Current	96,065	58,294	46,317	-	200,676
Non-current	-	-	-	16,793	16,793
	96,065	58,294	46,317	16,793	217,469

Provision for public utilities maintenance/housing maintenance

In estimating the Group's 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.

Compensation for Housing Estate Juristic Persons

The Group estimates the compensation for Housing Estate Juristic Persons using the rate specified by the law and regulations and the budgeted of public utilities as a basis for the calculation.

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. At present, the statutory reserve has fully been set aside.

26. Revenue from contracts with customers**26.1 Disaggregated revenue information**

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
Type of goods or service:				
Revenue from sales of real estate	9,291,238	14,599,228	4,830,446	5,783,430
Revenue from hotel operations	1,051,823	904,528	215,182	214,342
Other service income	60,940	70,743	60,940	70,743
Other income	237,401	224,826	77,213	58,584
Total revenue from contracts with customers	10,641,402	15,799,325	5,183,781	6,127,099
Timing of revenue recognition:				
Recognise revenue at a point in time	10,343,061	15,503,756	5,045,628	5,997,772
Recognise revenue over time	298,341	295,569	138,153	129,327
Total revenue from contracts with customers	10,641,402	15,799,325	5,183,781	6,127,099

Set out below is a reconciliation of the revenue from contracts with customers with the amounts disclosed in Note 30 relating to the segment information:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
Revenue from external customers	10,641,402	15,799,325	5,183,781	6,127,099
Inter-segment revenue	168,331	248,431	-	-
	10,809,733	16,047,756	5,183,781	6,127,099
Adjustments and eliminations	(168,331)	(248,431)	-	-
Total revenue from contracts with customers	10,641,402	15,799,325	5,183,781	6,127,099

26.2 Revenue recognised in relation to contract balances

During the current year, amounts of Baht 379 million (the Company only: Baht 360 million) (2018: Baht 218 million, the Company only: Baht 190 million) that were included in advances received from customers at the beginning of the year were recognised as revenue.

26.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2019, revenue totaling Baht 469 million (the Company only: Baht 328 million) (2018: Baht 1,597 million, the Company only: Baht 1,462 million) is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unsatisfied (or partially unsatisfied). The Group expects to satisfy these performance obligations within 1 year.

27. Expenses by nature

Significant expenses classified by nature are as follows.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Purchase of land and payment of construction during the year	4,288,377	8,998,649	2,934,544	6,061,896
Changes in land and construction in progress	764,445	(254,987)	(420,417)	(2,696,096)
Changes in land and project development costs	1,043,705	700,049	518,589	338,034
Salaries and wages and other employee benefits	781,196	808,362	493,364	514,957
Depreciation	128,212	68,226	22,355	25,009
Amortisation expenses	94,476	104,360	94,476	104,360
Rental expenses from operating lease agreements	374,877	375,626	56,338	61,133

28. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
Current income tax:				
Current income tax charge	330,642	665,439	186,934	247,963
Deferred tax:				
Adjustment in respect of deferred tax of previous year	-	48	-	-
Relating to origination and reversal of temporary differences	(36,738)	(125,279)	(18,358)	(24,552)
Income tax expense reported in the statement of comprehensive income	293,904	540,208	168,576	223,411

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax on actuarial losses	-	(1,363)	-	(2,164)
Deferred tax on share of other comprehensive income of subsidiaries	-	-	-	801
Deferred tax on share of other comprehensive income of associates	(6,588)	(19,821)	(6,588)	(19,821)
	(6,588)	(21,184)	(6,588)	(21,184)

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

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
Accounting profit before tax	3,147,765	4,338,063	3,022,437	4,021,267
Applicable tax rate	0 - 20%	0 - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	629,553	867,613	604,487	804,252
Effects of:				
Change in value of investments accounted for the equity method	(99,353)	(104,890)	(171,405)	(343,700)
Exempt income and non-deductible expenses	(236,250)	(222,400)	(264,461)	(237,026)
Additional expenses deduction allowed	(46)	(115)	(45)	(115)
Total	(335,649)	(327,405)	(435,911)	(580,841)
Income tax expense reported in the statement of comprehensive income	293,904	540,208	168,576	223,411

The components of deferred tax assets (liabilities) are as follows.

(Unit : Thousand Baht)

	Statement of financial position			
	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
Deferred tax assets (liabilities)				
Provision for loss on diminution in value of projects	183,787	196,794	72,349	75,548
Allowance for diminution in value of investment properties	11,550	12,766	11,550	12,766
Allowance for impairment of property, plant and equipment	16,374	16,374	16,374	16,374
Provision for long-term employee benefits	45,027	31,789	29,591	21,055
Provision for public utility maintenance	59,025	59,072	21,481	19,213
Provision for housing maintenance	34,927	28,096	15,854	11,659
Provision for contingent liabilities arising from litigation	86,357	89,262	3,309	3,359
Borrowing cost of projects	161,549	153,414	5,968	-
Recognition of installment income	10,890	11,728	-	-
Cost to obtain contracts with customers	(2,483)	(4,125)	(2,483)	(4,125)
Accumulated depreciation of investment properties and amortisation of leasehold rights	(1,288)	(2,267)	(1,288)	(2,267)
Income from rental of land	(296)	(370)	-	-
Unutilised tax losses	61,740	37,181	-	-
Others	(1,504)	(797)	(2,352)	(1,587)
Deferred tax assets, net	665,655	628,917	170,353	151,995

(Unit : Thousand Baht)

Statement of financial position				
	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
Reflected in the statements of financial position as follows:				
Deferred tax assets	665,951	629,287	170,353	151,995
Deferred tax liabilities	(296)	(370)	-	-
Deferred tax assets, net	665,655	628,917	170,353	151,995

As at 31 December 2019, the Group had deductible temporary differences totaling Baht 126 million (the Company only: Nil) (2018: Baht 93 million, the Company only: Nil). 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.

29. Earnings per share

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

For the year ended 31 December				
	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
Profit for the year (Thousand Baht)	2,853,861	3,797,855	2,853,861	3,797,855
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)	0.27	0.35	0.27	0.35

30. Segment information

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

For management purposes, the Group are organised into business units based on its products and services and have four reportable segments as follows.

- Real estate business segment which consists of sales of land and houses and condominium units.
- Hotel business segment relates to service of residential buildings.
- Rental business segment relates to rental of office 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 Group's 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 Group's operating segments for the years ended 31 December 2019 and 2018, respectively.

(Unit : Million Baht)

For the year ended 31 December 2019								
	Real estate business							
	Sales of land and houses	Sales of condominium units	Hotel business	Rental business	Other business	Total reportable segments	Other transactions and eliminations	Consolidated
Revenue from external customers	7,827	1,464	1,052	337	91	10,771	-	10,771
Inter-segment revenue	129	-	-	-	39	168	(168)	-
Interest income	4	1	1	-	9	15	-	15
Interest expenses	(146)	(183)	(37)	-	-	(366)	-	(366)
Depreciation and amortisation	(29)	(1)	(128)	(65)	(6)	(229)	-	(229)
Reversal of provision for loss on diminution in value of projects	55	28	-	-	-	83	-	83
Segment profit (loss)	1,226	33	(11)	156	66	1,470	-	1,470
Other income								9
Selling expenses								(2)
Administrative expenses								(244)
Share of profit from investments in associates								1,927
Finance cost								(12)
Income tax expenses								(294)
Profit for the year								2,854
Segment total assets								
Investments in associates accounted for the equity method	-	-	346	1,225	10,076	11,647	-	11,647
Additions to non-current assets other than financial instruments and deferred tax assets	1,378	8	77	-	7	1,470	-	1,470

(Unit : Million Baht)

For the year ended 31 December 2018 (restated)

	Real estate business					Total reportable segments	Other transactions and eliminations	Consolidated
	Sales of land and houses	Sales of condominium units	Hotel business	Rental business	Other business			
Revenue from external customers	12,652	1,947	905	384	89	15,977	-	15,997
Inter-segment revenue	209	-	-	-	39	248	(248)	-
Interest income	5	-	1	-	-	6	-	6
Interest expenses	(162)	(168)	(3)	-	-	(333)	-	(333)
Depreciation and amortisation	(33)	(1)	(63)	(70)	(6)	(173)	-	(173)
Reversal of provision for loss on diminution in value of projects	65	20	-	-	-	85	-	85
Segment profit	2,538	12	39	169	61	2,819	-	2,819
Other income								9
Selling expenses								(6)
Administrative expenses								(249)
Share of profit from investments in associates								1,776
Finance cost								(11)
Income tax expenses								(540)
Profit for the year								3,798
Segment total assets								
Investments in associates accounted for the equity method	-	-	349	1,221	9,628	11,198	-	11,198
Additions to non-current assets other than financial instruments and deferred tax assets	4,830	19	281	-	8	5,138	-	5,138

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

(Unit : Million Baht)

	Real estate business		Hotel business	Rental business	Other business	Total reportable segments	Unallocated assets	Consolidated
	Sales of land and houses	Sales of condominium units						
Segment assets								
As at 31 December 2019	23,820	12,463	1,562	693	-	38,538	12,364	50,902
As at 31 December 2018	27,111	13,879	1,630	778	-	43,398	10,766	54,164

Geographic information

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

31. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Group and their employees 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 2019 amounting to approximately Baht 23 million (the Company only: Baht 14 million) (2018: Baht 22 million, the Company only: Baht 14 million) were recognised as expenses.

32. Dividends

Dividends declared in 2019 and 2018 consist of the following:

	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
Year 2019				
Interim dividend for the operating results of six-month period ended 30 June 2019 and/or retained earnings	Meeting of the Board of Directors on 13 August 2019	750,004	0.07	11 September 2019
Dividend from the operating results of the year 2018	Annual General Meeting of the Shareholders on 18 April 2019	1,500,004	0.14	10 May 2019
Total dividend paid		2,250,008	0.21	

	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
Year 2018				
Interim dividend for the operating results of six-month period ended 30 June 2018 and/or retained earnings	Meeting of the Board of Directors on 10 August 2018	857,149	0.08	7 September 2018
Dividend from the operating results of the year 2017	Annual General Meeting of the Shareholders on 18 April 2018	1,392,868	0.13	15 May 2018
Total dividend paid		2,250,017	0.21	

33. Commitments and contingent liabilities

The Group has the following outstanding commitments and contingent liabilities.

33.1 The Group has the following outstanding commitments in respect of agreements to purchase of land and construction of projects.

(Unit : Million Baht)

	As at 31 December	
	2019	2018
Construction contracts	741	1,384
Agreements to purchase land for development of future projects	48	461

33.2 The Group has 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 Group has future minimum lease payments required under these operating leases contracts as follows.

(Unit : Million Baht)

	As at 31 December	
	2019	2018
Payable:		
in up to 1 year	25	15
in over 1 and up to 5 years	28	39

33.3 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

	2019	2018
Payable:		
in up to 1 year	168	168
in over 1 and up to 3 years	92	260

33.4 As at 31 December 2019, the Group had commitments in respect of various service commitments totaling Baht 45 million (2018: Baht 48 million)

33.5 As at 31 December 2019, the Group had servitude over land of approximately 53 rai (2018: 50 rai) of which the cost is included in the cost of projects.

34. Bank guarantees

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

(Unit : Million Baht)

As at 31 December

	2019	2018
Letters of guarantee for arrangement and maintenance of public utilities	2,553	2,352
Letters of guarantee for electricity usage	14	16
Other letters of guarantee	48	48
Total	2,615	2,416

35. Litigations

- 35.1 Between the years 2012 and 2019, customers sued the Company and its subsidiaries for compensatory damages from purchase of land and houses of the projects, as at 31 December 2019, totaling Baht 1,400 million (2018: Baht 1,082 million). The lawsuits are currently in the judicial process. For reasons of prudence, the Company and its subsidiaries have set aside provisions totaling Baht 390 million (2018: Baht 407 million), which the Company and its subsidiaries deemed appropriate, for the loss arising from these litigations.
- 35.2 Between the year 2014 and 2017, a contractor company sued the Company as defendant for payment of outstanding payables and compensatory damages, as at 31 December 2019, totaling Baht 135 million (2018: Baht 163 million). The lawsuit is currently in the judicial process. However, the management believes that there will be no material impact to the Company (2018: The Company set aside provision totaling Baht 1 million).
- 35.3 Between the year 2014 and 2019, Housing Estate Juristic Persons sued the Company and its subsidiary as a defendant/co-defendant for a breach of agreement under the Land Development Act B.E. 2543 and for non-payment of public utilities maintenance and service fees of customers, demanding compensatory damages of the Company and its subsidiary, as at 31 December 2019, totaling Baht 482 million (2018: Baht 164 million). The lawsuits are currently in the judicial process. For reasons of prudence, the Company and its subsidiary have set aside provisions of Baht 38 million (2018: Baht 38 million) for the loss arising from these litigations, which the Company and its subsidiary deem to be an appropriate amount.
- 35.4 During the year 2018, a group of land sellers sued the Company as a defendant for compensation for land expropriation totaling Baht 25 million (2018: Baht 25 million). On 17 September 2019, both parties entered into a compromise agreement and approved by the court. The Company paid for compensation totaling Baht 17 million in October 2019, therefore the lawsuit was dismissed. The Company recognised the expense in the current year.
- 35.5 Customers sued the Company and its subsidiary in 2011, seeking compensatory damages and to return land and houses, with aggregate claims, as at 31 December 2019, amounting to Baht 15 million (2018: Baht 15 million). The lawsuit has now been finalised at the Supreme Court, and the Company and its subsidiaries are to accept the return of the land and houses and make payments to the plaintiffs in accordance with the judgement. The subsidiary has placed a cheque for Baht 13 million with the Court as a bond since 21 June 2018, in accordance with the judgement of the Court of Appeal. The subsidiary is currently in the process of executing the judgement and set additional provision of Baht 4 million in the current year.

36. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows.

(Unit : Million Baht)

Consolidated and separate financial statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investments in associates	49,502	-	-	49,502
Investment properties	-	-	857	857
Liability for which fair value are disclosed				
Unsecured debentures	-	20,272	-	20,272

(Unit : Million Baht)

Consolidated and separate financial statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investments in associates	47,234	-	-	47,234
Investment properties	-	-	866	866
Liability for which fair value are disclosed				
Unsecured debentures	-	21,706	-	21,706

37. Financial instruments

37.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, accounts receivable, loans to, investments, deposits, accounts payable, retention guarantees, 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 Group is 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 does not expect to incur material financial losses. In addition, the Group does 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 Group's 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 2019 and 2018, 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 2019						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years				
Financial assets						
Cash and cash equivalents	-	-	1,933	279	2,212	0.10 - 1.30
Trade and other receivables	-	-	-	98	98	-
Restricted deposits at financial institutions	5	-	-	-	5	0.60 - 0.80
Deposits of lease of land and building	-	-	-	33	33	-
Financial liabilities						
Trade and other payables	500	-	-	-	500	1.55
Short-term loans	-	-	-	630	630	-
Deposits for rental and services	-	-	-	74	74	-
Retention guarantees	-	-	-	413	413	-
Unsecured debentures	8,000	12,088	-	-	20,088	2.16 - 2.97

(Unit : Million Baht)

As at 31 December 2018						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years				
Financial assets						
Cash and cash equivalents	-	-	3,187	634	3,821	0.10 – 1.30
Trade and other receivables	-	-	-	58	58	-
Restricted deposits at financial institutions	113	-	-	-	113	0.85 – 1.05
Deposits of lease of land and building	-	-	-	42	42	-

(Unit : Million Baht)

As at 31 December 2018

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years				
Financial liabilities						
Trade and other payables	-	-	-	1,179	1,179	-
Short-term loans	1,297	-	-	-	1,297	1.85
Deposits for rental and services	-	-	-	91	91	-
Retention guarantees	-	-	-	454	454	-
Unsecured debentures	9,100	12,590	-	-	21,690	1.96 - 4.38

Foreign currency risk

As at 31 December 2019 and 2018, the Group had no material financial instruments which denominated in foreign currency.

37.2 Fair values of financial instruments

The methods and assumptions used by the Group 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, deposits, retention guarantees 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 Group's 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 2019		As at 31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liability				
Unsecured debentures	20,088	20,272	21,690	21,706

During the current year, there were no transfers within the fair value hierarchy.

38. 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. As at 31 December 2019, the Group's debt-to-equity ratio was 0.89:1 (2018: 1.06:1) and the Company's was 0.84:1 (2018: 0.99:1).

39. Event after reporting period

On 26 February 2020, the meeting of the Company's Board of Directors passed a resolution to approve a dividend payment at a rate of Baht 0.2000 per share from the operating result of the year 2019 or a total of approximately Baht 2,143 million. The Company paid an interim dividend of Baht 0.0700 per share to its shareholders on 11 September 2019 and will pay a final dividend of Baht 0.1300 per share or a total of approximately Baht 1,393 million within May 2020.

The above dividend payment is to be proposed to the Annual General Meeting of the Company's shareholders for approval.

40. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2018 have been reclassified to conform to the current year's classification but with no effect to previously reported profit or shareholders' equity. The reclassifications are as follows:

(Unit : Thousand Baht)

	For the year ended 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<u>Statement of comprehensive income</u>				
Revenues				
Rental and service income	-	1,288,309	-	598,122
Revenue from hotel operations	904,528	-	214,341	-
Revenue from office rental operations	383,781	-	383,781	-
Expenses				
Cost of rental and services	-	815,802	-	300,449
Cost of hotel operations	637,457	-	122,104	-
Cost of office rental operations	178,345	-	178,345	-

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2020.

Remuneration for the Auditor

1. Audit Fee

The Company and its subsidiaries paid an audit fee to the auditor of Baht 6,070,000 in 2017 Baht 6,270,000 in 2018 and Baht 6,540,000 in 2019 respectively. The Company has not other expenses relating to the reviewing of financial statements in 2017 to 2019.

2. Non-Audit Fee

In 2017 to 2019, 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

No. 93, Stock Exchange of Thailand Building,

Ratchadaphisek Road, Dindaeng Sub-District, Dindaeng District, Bangkok 10400

Tel : 0-2009-9000

Fax : 0-2009-9991

2. The Auditor

2.1 Ms. Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516 and/or

2.2 Mr. Chayapol Suppasertanon

Certified Public Accountant (Thailand) No. 3972 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 and/or

2.5 Ms. Sumana Punpongsanon

Certified Public Accountant (Thailand) No. 5872

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. 1/2016, Tranche 2 (QH214A)

No. 1/2017 (QH205A)

No. 2/2017 (QH20NA)

No. 2/2019 (QH22NA)

CIMB Thai Bank Public Company Limited

No. 44, Langsuan Building, Langsuan Road, Lumpini, Patumwan, Bangkok 10330

Tel : 0-2626-7503-4, 0-2626-7506

Fax : 0-2626-7543

3.2 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited

No. 1/2018, (QH213A)

No. 2/2018, (QH216A)

No. 3/2018, (QH20NB)

No. 1/2019, (QH225A)

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.

1350/279-283 Thairong Tower, 16th Floor,

Pattanakarn Road, Suan Luang, Bangkok 10250

Tel : 0-2719-4500

Fax : 0-2719-5070-71

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 : 0-2677-7009

Housing Projects

Call 1388 for all projects

Bangkok and Vicinities

Q.House Avenue Phraram 5	Bangkuvieng, Bangkrui, Nonthaburi
Prukpirom Ratchaphruk-Rattanathibet	Omkret, Pak Kret, Nonthaburi
Laddarom Elegance Outer Ring Road-Sathorn	Bang Khae, Bang Khae, Bangkok
Laddarom Tiwanon	Ban Mai, Muang Patumtanee, Patumtanee
Laddarom Wong Wean-Ramintra	O Ngoen, Sai Mai, Bangkok
Laddarom Phuttamonthon Sai 1-Bang Khae	North Bang Khae, Bang Khae, Bangkok
Vararom Premium Watcharapol-Chatu Chot	O Ngoen, Sai Mai, Bangkok
Casa Grand On Nut-Outer Ring Road	Dok Mai, Prawet, Bangkok
Casa Grand Ratchaphruk-Phraram 5	Bang Len, Bang Yai, Nonthaburi
Casa Grand Sukhaphiban 5	Sai Mai, Bangkok
Casa Legend Kaset-Nawamintr	Tha Raeng, Bang Khen, Bangkok
Casa Legend Ratchaphruk-Pinklao	Wat Chaiyaphruk, Taling Chan (Bang Yai), Bangkok
Casa Legend Phraram 5-Ratchaphruk	Bangkanoon, Bang Kruai (Bang Yai), Nonthaburi
Casa Premium Ratchapruk-Chaengwattana	Khleng Khoi, Pak Kret, Nonthaburi
Casa Premium Ratchaphruk-Phraram 5	Bang Krang, Muang 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, Bangkrui, Nonthaburi
Casa Presto Pracha Uthit 90	Naiklongbangplakod, Prasamutjedi, Samutprakan
Casa Ville Rangsit-Klong 2	Klongrangsit, Thanyaburi, Patumtanee
Casa Ville Bangna-Teparak	Bangphli Yai, Bangphli, Samutprakan
Casa Ville Ramkamhaeng-Outer Ring Road 2	Khleng Song Ton Nun, Lat Krabang, Bangkok
Casa Ville Ramintra-Wongwaen 2	Tharang, Bangkhen, Bangkok
Casa Ville Watcharapol-Permsin	O Ngoen, Sai Mai, Bangkok
Casa Ville Bangyai	Bangrak-Banmai Road, Bang Mae Nang, Bang Yai, Nonthaburi

Housing Projects

Call 1388 for all projects

Bangkok and Vicinities

Casa Ville Pracha Uthit 90	Naiklongbangplakod, Prasamutjedi, Samutprakan
Casa Ville Wongwaen Chatu Chot	Samwa Tawantok, Klongsamwa, Bangkok
Casa Ville Pinklao Srirat	Saraklang, Bangkok, Nonthaburi
Casa Ville Wong Wean-Ramintra	O Ngoen, Sai Mai, Bangkok
The Trust Ville Ratchaphruk-Rattana Thibet	Wat Yai-Khun Mahatthai Road, Omkret, Pak Kret, Nonthaburi
The Trust Srinakarin-Praksa	Praksa Road, Praksa, Muang Samutprakan, Samutprakan
The Trust Suvarnabhumi-Teparak	Bang Chalong, Bang Phli, Samutprakan
Casa City Sukhumvit-Samut Prakan	Khlong Ta Khet East side, Sukhumvit Road, Paknam, Muang, Samutprakan
Casa City Pracha Uthit 90	Naiklongbangplakod, Prasamutjedi, Samutprakan
Casa City Don Mueang	Si Kan, Donmuang, Bangkok
Casa City Don Mueang-Si Saman	Si Kan, Donmuang, Bangkok
Casa City Kanlapaphruk-Sathorn	Bang Wa, Phasi Charoen, Bangkok
Casa City Ratchaphruk-Phraram 5	Banglen, Bang Yai, Nonthaburi
Casa City Phraram 5-Pinklao	Bangsrithong, Bangkok, Nonthaburi
Casa City Ramkamhaeng-Misteen	Rat Phatthana, Saphansung, Bangkok
Casa City Watcharapol Permsin 2	O Ngoen, Sai Mai, Bangkok
Casa Waterside Phraram 5	Bangkanoon, Bangkok, Nonthaburi
The Trust Townhome Rangsit Klong 1	Rangsit-Nakhon Nayok Road, Prachathipat, Thanyaburi
Gusto Bangna-Suvarnabhumi	Sisa Chorakhe Yai, Bang Sao Thong, Samutprakan
Gusto Wongwean-Phraram 5	Bangmuang, Bang Yai, Nonthaburi
Gusto Petchkasem-Taweewattana	Taweewattana, Bangkok
Gusto Ratchaphruk-Phraram 5	Bang Krang, Muang, Nonthaburi
Gusto Petkasem 69-Kanjanapisek	Nongkham, Nongkham, Bangkok
Q District King Kaew-Suvarnabhumi	Racha Thewa, Bang Phli, Samutprakan
Q District Don Mueang-Song Prapha	Sikan, Donmuang, Bangkok
Q District Suksawat-Wongwaen Phraram 3	Bangjak, Phrapradaeng, Samutprakan
Q District West Gate	Bangrakpattana, Bangbuathong, Nonthaburi
Q Prime Sukhumvit 77	On Nut, Suanluang, Bangkok

Housing Projects

Call 1388 for all projects

Provinces

Laddarom Elegance City Hall	San Phi Suea, Muang, Chiangmai
Q.House Villa Nakorn Ping	Watgate, Muang, Chiangmai
Vararom Premium Kawila	Watgate, Muang, Chiangmai
Vararom Premium City Hall	San Phi Suea, Muang, Chiangmai
Vararom Premium Kaewnawarath	San Pu Loëi, Doi Saket, Chiangmai
Casa Grand Sriracha	Surasak, Sriracha, Chonburi
Casa Grand Mitsumphan	Ban Puek, Muang, Chonburi
Casa Legend Ban Bueng	Ban Bueng, Chonburi
Casa Ville Ban Bueng	Ban Bueng, Chonburi
Casa Ville Rayong	Noenphra, Muang Rayong, Rayong
Casa Seaside Rayong	Taphong, Muang Rayong, Rayong
The Trust Ban Pho	Klong prawet, Ban Pho, Chachoengsao

Condominium Projects

Call 1388 for all projects

Bangkok and Vicinities

Q Condo Sukhumvit	Klongtoey, Bangkok
Casa Condo @MRT T-Junction Bangyai	Rattanathibet Road, Sao thong Hin, Bang Yai, Nonthaburi
The Trust Condo Ngamwongwan	Ngamwongwan Road, Banglane, Nonthaburi
The Trust Condo @BTS Erawan	Sukhumvit Road, Pak Nam, Muang, Samutprakan
The Point Condo Rangsit Klong 6	Rangsit-Nakhon Nayok Road, Rangsit, Thanyaburi, Patumtanee

Provinces

Q Seaside Hua Hin	Phet Kasem Road, Cha Am, Petchaburi
Q House Condo Phahon Yothin Chiangrai	Rim Kok, Muang, Chiangrai
Casa Condo @CMU	Suthep, Muang Chiang Mai, Chiangmai
Casa Condo Sriracha	Surasak, Sriracha, Chonburi
The Trust Condo Nakhon Prathom	Sanamchandra, Muang Nakhonpathom, Nakhonpathom
The Trust Condo South Pattaya	Nongprue, Bang Lamung, Chonburi
The Trust Condo Amata-Chonburi	Nong Mai Daeng, Muang Chonburi
The Trust Condo Hua-Hin	Hua-Hin, Hua-Hin, Prachuapkhirikhan
The Point Condo Laem Chabang	Thung Sukhla, Si Racha, Chonburi

Hotel / Serviced Apartment Projects

Centre Point Hotel Pratunam	Soi Somprasong 3, (Petchburi 15) Petchburi Road, Bangkok	Tel : 0-2653-6690
Centre Point Hotel Sukhumvit 10	Sukhumvit 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
Centre Point Sukhumvit-Thonglor	Soi Sukhumvit 55 (Thonglor), Sukhumvit Road, 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 : 0-2234-7500-4
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

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