

**Global**  
*House*

ANNUAL REPORT

**2016**



**SIAM GLOBAL HOUSE**

PUBLIC COMPANY LIMITED



# ASRS

ANNUAL REPORT 2016 | SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

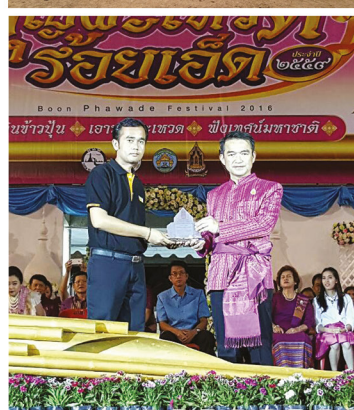


**ASRS**  
Global ASRS  
System



# GLOBAL CSR 2016

ANNUAL REPORT 2016 | SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED





# GLOBAL CRM 2016

ANNUAL REPORT 2016 | SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED





# GLOBAL CRM 2016

ANNUAL REPORT 2016 | SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED





# GLOBAL CRM 2016

ANNUAL REPORT 2016 | SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED





# Content

---

## ANNUAL REPORT 2016 | SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Message from the Chairman	008
Message from Chief Executive Officer	009
1. Financial Highlights	011
2. General Information	013
3. Nature of Business	017
4. Risk Factors	021
5. Shareholding Structure	024
6. Organization Chart	027
7. Management	028
8. Corporate Governance	042
9. Corporate Social Responsibility	051
10. Internal Control	054
11. Dividend policy	056
12. Related Transactions	057
13. Management Discussion and Analysis of Financial Status and Operating Results	062
14. Audit and Risk Management Committee's Report	065
15. Board of Directors' Responsibility for Financial Reporting	067
16. Board of Directors & Executives Profile	068
17. Financial Statement 2016	075
18. Other References	127

“

*In this regards, investors may obtain further information from form 56-1 at [www.sec.or.th](http://www.sec.or.th)*

”



# Message from Chairman

ANNUAL REPORT 2016 | SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Dear all stakeholders,

In year 2016, The economy of Thailand has continuously recover The private investment has increased. The public investment has continuously disburse and stimulate the economic with Shop Tax cuts project so made the customers have more purchasing power which is affected to material construction market has growth up to 3 – 4% in the year.

In year 2016, The operating of Siam Global House PCL has continuously grow and increased the number of branches up to 8 branches. The company has increased the channel of sale via social online and Lazada to promote the product. Moreover the company has joined TISI Shop project with Thai industrial standards institute. In year 2016, the company has increased profit up to 69.97% and the company will continuously increase the profit and the number of branches in year 2017.

In addition of increase the number of branch and development. The company has make Corporate Social Responsibility (CSR) by joined the Blood Donation project with The Thai Red Cross society, give a scholarship and educational for poor children, Natural Reforestation at Nan province etc.

I, as well as executives and employees of Siam Global House Public Company Limited proud to be one part of the company to develop the management system under the good corporate governance to continue the growth and sustainable including create a good return to shareholders and all stakeholders. Finally, I would like to thank all Shareholders, customers, business partners, financial institution as well as the sponsors that have trust and support the operations of the company well over.

Yours Sincerely,



(Mr. Apisit Rujikeatkamjorn)  
Chairman





# Message from Chief Executive Officer

ANNUAL REPORT 2016 | SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Dear all stakeholders,

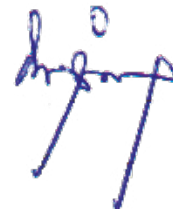
For the past overview of Thailand economy is rather weak which is affected by the low price of agriculture product. The purchasing power is slowdown and the private investment has limit to grow even though the government is trying to stimulate economic and regain consumer confidence by introduce measures to support.

Under the situation of rather weak economic, The company are moving forward to go with the plan from year 2015 by increased the number of branches up to 8 branches which made totally 45 branches by the end of year 2016. Most of the result of operating go along with the plan. For the target of year 2017, the company is continuously to increase the number of local branch up to 8 branches and foreignbranch at Phanom Penh, Cambodia which plan to grand opening by Quarter 4 and the company planned to open the distribution center(DC) in Quarter 2 this year as well. The distribution center are operating at Amphur Wang noi, Ayutthaya, proceed by setting up the Automated Storage&Retrieval System (ASRS) which help to manage product with efficiently, fast, accurately, increase new category and response customer needs.

For year 2016, the company has total sell up to 18,857 million baht, grow up to 11.82% and total profit up to 69.67% from last year which is affected by the plan and hardworking of the team. Apart from increase the number of branch, the company are stilling develop the product and services for customers including added benefit for registered customer.

In 2017, the company are operating under the pressure of economic in many ways. The director committee would like to thank all stakeholders, customers, business partners, financial institution as well as the sponsors that have trust and support the operations of the company well over and also would like to thank all the team and employee for hardworking to complete the goal.

Yours Sincerely,



(Mr. Anavat Suriyawanakul)  
Chief Executive Officer





# ANNUAL REPORT 2016

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED



ANNUAL REPORT 2016 | SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED



## 1. Financial Highlights for the year 2014 - 2016

(Unit : Million Baht)

Summary of Financial Statements Information	2016	2015	2014
<b>Income Statement</b>			
Net Sales	18,857.44	16,863.78	15,560.85
Total Revenues	19,474.11	17,410.93	16,058.99
Gross Profit	3,877.03	2,819.18	2,355.71
EBIT	2,022.39	1,240.87	1,009.91
Net Profit (Loss) (separate financial statement)	1,489.25	877.72	701.26
<b>Balance Sheet</b>			
Total Assets	27,944.58	23,033.73	21,173.60
Total Liabilities	11,698.76	8,118.81	7,090.78
Total Shareholders' Equity	16,245.82	14,914.91	14,082.82
<b>Financial Ratio</b>			
Gross Profit Margin(%)	20.56	16.72	15.14
Net Profit Margin(%)	7.65	5.04	4.37
Return on Equity(%)	9.56	6.05	5.75
Return on Assets(%)	5.84	3.97	3.77
Debt to Equity Ratio (time)	0.72	0.54	0.50
<b>Earnings per Share</b>			
Earnings per Share* (Baht / Share)	0.4071	0.2399	0.2013
Book Value per Share(Baht / Share)	4.4406	4.2806	4.6192
Common Stocks (shares)	3,658,492,121	3,484,281,006	3,048,750,120

Note: \* use weighted average of common shares

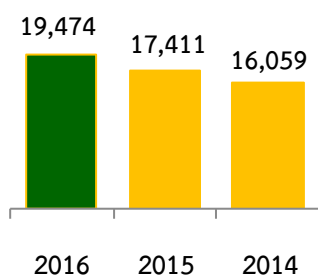
As at 11May 2016, the Company increased authorized capital to 3,658,495,056.00Baht according to the result of AGM 2016 and as at 31 December 2016, Paid-up Capital was 3,658,492,121.00Baht.



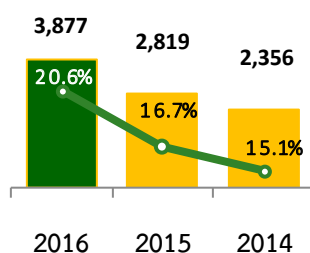
(Unit : Million Baht)

## Income Statement

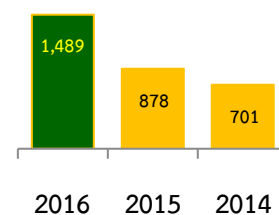
Total Revenue



Gross Profit &amp; Gross Profit Margin (%)

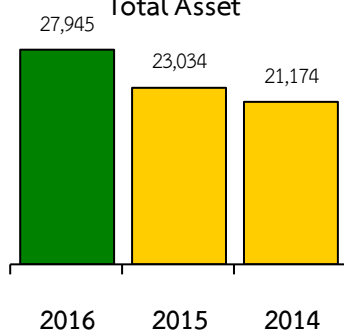


Net Profit

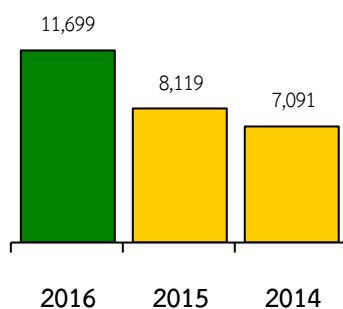


## Balance Sheet

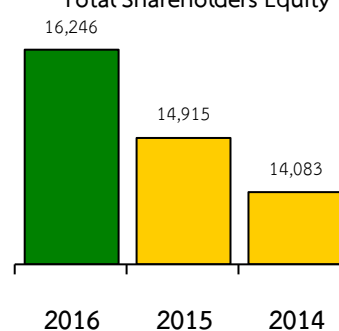
Total Asset



Total Liabilities

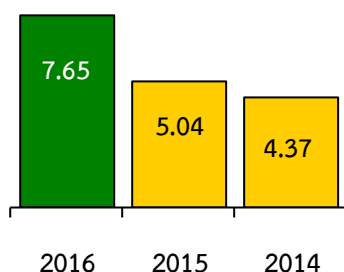
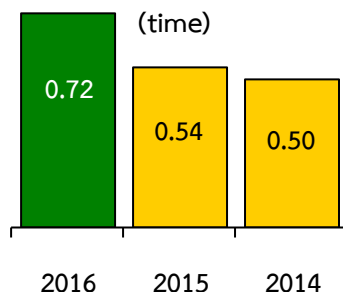
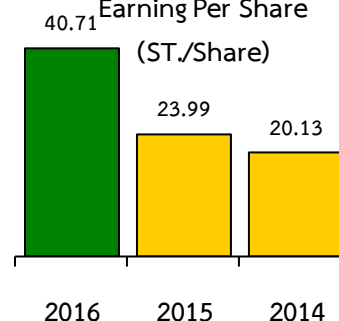


Total Shareholders' Equity



## Financial Ratio &amp; Earnings per Share

Net Profit Margin(%)

Debt to Equity Ratio  
(time)Earning Per Share  
(ST./Share)



## 2. General Information

Siam Global House Public Company Limited has established from the merge of two companies (Siam Global House Company Limited and Siam Global House KhonKaen Company Limited) on 8<sup>th</sup> June 2007 with initial registered capital of 700,000,000 million Baht. The main objective of the company is to operate a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products, in large warehouse stores under the trade name of “Global House”. The company opened its first branch in RoiEt. Operated by Mr.Witoon Suriyawankul who had experience in construction business over 20 years. Global House operates under the concept “All Inclusive for Your House”. “Global House” was the first of its kind which adopted “the modern trade Innovation system” to distribute construction materials, decorative items and gardening products. The store contains various categories of items more than 130,000 SKUs, over million items. All in the huge store warehouse under the same roof where feature average area of 18,000-32,000 sq.m in order to provide our customers the convenience of viewing, feeling, and selecting the product themselves.

### Siam Global House’s Information

Company’s Listed Name	:	Siam Global House Public Company Limited
Symbol	:	GLOBAL
Registration No	:	0107551000029
Type of Business	:	Selling goods and providing complete range of services relating to construction, decorations, tools, office equipment, and additional improvement of buildings, houses, and other places as One Stop Shopping.
Address	:	232 Moo 19, Rob Muang, Muang, Roi Et, Thailand 45000
Telephone	:	0-4351-9597
Fax	:	0-4351-1492, 0-4351-9649
Home Page	:	<a href="http://www.globalhouse.co.th">www.globalhouse.co.th</a>
Registered Capital	:	3,658,495,056.00 Baht
Paid-up Capital	:	3,658,492,121.00 Baht
Par Value	:	1 Baht



## Branches Information.

1	Roi Et	16	Chaiyaphum
	232 Moo 19 T.Robmung A.Muang Roi Et 45000		8 Moo 11 A.Muang Chaiyaphum 36000
2	KhonKaen	17	Surin
	377 Moo 21 Maliwan Rd. A.Muang KhonKaen 40000		88 Moo 13 T.ChaNeang A.Muang Surin 32000
3	UdonThani	18	Phitsanulok
	202 Moo 5 T.SamPrao A.muang UdonThani 41000		9/9 Moo 7 T.Wat Chan A.MuangPhitsanulok 65000
4	WiengKhumKam	19	Lamphun
	99/3 Moo 11 A.Sarapee Chiang Mai 50140		161 Moo 5A.MuangLamphun 51000
5	Rayong	20	Mukdahan
	137 Moo 4 T.Tub Ma A.Muang Rayong 21000		35/8 Chayangkun Rd. A.Muang Mukdahan 49000
6	Chon Buri	21	Phare
	25/74 Moo 3 T.BanSuan A.Muang Chon Buri 20000		158 Moo2 A. Sungmen Phare54130
7	NakhonPrathom	22	Lampang
	222 Moo 8 A.Muang Nakhon Prathom 73000		518 Moo 11 A.Muang Lampang 52000
8	RatchBuri	23	Nan
	280 Moo 2 T.ChedeeHak A.Muang RatchBuri 70000		288 Moo 11 T. ChaisatanA. Muang Nan 55000
9	Kalasin	24	Sukhothai
	193 Moo 10 T.Lam Phan A.Muang Kalasin 46000		88 Moo6 T.Bankluy A.Muang Sukhothai 64000
10	NakhonSawan	25	Ban Pai
	99/6 Moo 10 A.Muang Nakhon Sawan 60240		77 Moo 6 A. Ban Pai KhonKaen 40110
11	MahaSarakam	26	Kampangpetch
	28 Sarakam – Wapeeprathum Rd. Mahasarakam 44000		11 Moo 10 A.Muang Kampangpetch 62000
12	NongKhai	27	Ubonratchathani
	365 Moo 6 A.Muang NongKhai 43000		90 Moo 2 T.Nonpung A. Warinchumrab Ubonratthani 34190
13	Nakhonratchasrima	28	Ban Tad
	493 Moo 2 A.Muang NakhonRatchasrima 30000		823 Moo 4 A.Muang UdonThani 41000
14	SakhonNakhon	29	Lopburi
	444 Moo 9 A.Muang SakhonNakhon 47000		41/3 Moo 1 A. Muang Lop Buri 15000
15	NakhonPhanom	30	Trad
	147/3 Pracharuammit Rd. T.Nongyat A.Muang NakhonPhanom 48000		62 / 26 Moo 5 A. Muang Trad 23000



31	Chanthaburi	39	Pathumthani
	83 Moo 6 T.Kaovo A.Tamai Chanthaburi 22000		1/88 Moo 3 T.Bangphonuea A.Samkhok Pathumthani 12160
32	Nongbualamphu	40	Salaya
	240 Moo 9 T.Nongbua A. Muang Nongbualamphu 39000		8/8 M00 1 T.Songkanong A.Samphran Nakhonpathom 73210
33	Petchboon	41	Singburi
	333 Moo 12 T.Nangoa A. Muang Petchboon 67000		68 Moo 4 T.Tonpho A.Muang Singburi 16000
34	Buriram	42	Samutsongkram
	54 Moo 16 T.Kasung A.Muang Buriram 31000		99/1 Moo 11 T.Ladyai A.Muang Samutsongkram 75000
35	Nakhonnayok	43	Chiang Rai
	86/40 Moo10 A.Muang Nakhonnayok 26000		296 Moo 1 T.Thasai A.Muang Chiang Rai 57000
36	Yasothon	44	Suratthani
	364 Moo3 T.Tadthong A.Muang Yasothon 35000		17/5 Moo 2 T.Bangkung A.Muang Suratthani 84000
37	Bungkan	45	Kanchanaburi
	328 Moo 10 T.Bungkan A.Muang Bungkan 38000		116 Moo 8 T.Kaengsean A. Muang Kanchanaburi 71000
38	Pranburi	46	Nakhonsithammarat
	288 Moo 11 T. Chaisatan A.Muang Nan 55000		101/1 Moo 5 T.Phkphun A.Muang Nakhonsithammarat 80000

**Vision :**

The best distribution channel for building materials and home furnishings of ASEAN(A Better Choice for A Better Home)

**Mission :**

The Company will focus on the value of products and services according to the customers 'need of each area along with the management of cost and administrative expenses to appropriate level in order to deliver the value of products and services to the customers.

To achieve the vision of "A Better Choice for A Better Home".In addition the management under the principles of good governance and excellence of working process. The Company will focus on developing distribution channels, collaboration with the strategic partner along with the development of information technology and human resources to support business growth and the stakeholders.



## Objectives & Goals

Siam Global House Public Company Limited objective is to operate a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products, in large warehouse stores under the trade name of “Global House”. Global currently has 46 stores covering 4 regions; the central and the eastern 14 branches; NakhonPathom ,Ratchaburi, Rayong ,Lopburi, Chon Buri, Chanthaburi, Trad, Nakhonnayok, Pranburi, Salaya, Pathumtani, Singburi, Samutsongkram and Kanchanaburi. The northeastern 19 branches; Roi Et, KhonKaen, UdonThani, Kalasin , MahaSarakhm, NongKhai, Nakhon, Ratchasima, SakonNakhon, Nakhonphanom, Chaiyaphum ,Surin, Mukdahan ,Ban-Phai (KhonKaen), Ubonratchatani, Ban Tad (Udonthani) Nongbualamphu, Buriram, Yasothon, and Bungkan The northern 11 branches; Chiang Mai, NakhonSawan , Phitsanulok, Lumphoon, Phare, Lampang, Nan, Sukhothai, Kampangeth, Petchboon and ChiangRai. The Southern 2 branches; Suratthani and Nakhonsithammarat.

In addition to achieve “*The best distribution channel for building materials and home furnishings of ASEAN*”, the Company be in process of stores expansion to cover areas of Thailand ,including of distribution channel development to support the changing of life style. Currently, the Company is studying of opportunities to expand distribution channels to other countries in ASEAN.

The company’s objective is to become the leader in retail business of construction and home improvement segment in order to provide our customers with varieties products all at affordable in one store. And realized that the business growth is continuing must come from the growth of the business and expanding stores. Therefore, the Company is focus on serving of the customers’ needs. It will be considered for a review of products and services processes, sourcing of products, reasonable pricing, an efficient storage of goods and cost effective. As well as goods presentation in each store, that depends on consumers behavior. In addition, the Company aims to expand stores which coverage the provinces to response the consumers’ need. Now the Company operates 46 branches.



### 3. Nature of Business

“Global House” operates a retail business in construction and home improvement segment selling a wide range of product, from heavy construction material to light decorative products under the concept One Stop Shopping Home Improvement Center. Our target markets are retail customers, small distributor, and professionals. “Global House” divided products into 2 groups;

Building Material Group	Decorative items
Cements and Construction materials	Doors, Windows and Woods
Steels, Nails and Wires	Hardware
Roofs and Installation tools	Electrical Accessories
Tanks, Pipes, Water Systems and Gardening	Sanitary wares and Kitchens
	Ceramic Tiles and Decorative items
	Paints and Chemicals
	Furniture and Appliances

#### Revenue Structure

The Company’s revenues include of sales revenue and other income ,the detail are as follows;

(Unit: Million Baht)

Revenue Structure	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Sale Revenue	15,560.85	96.90	16,863.78	96.86	18,857.44	96.83
1. Building Material Group	5,623.15	35.02	6,780.19	38.94	5,879.69	30.19
2. Decorative items	9,937.70	61.88	10,083.59	57.92	12,977.75	66.64
Other Revenue	498.14	3.10	547.15	3.14	616.67	3.17
Total Revenue	16,058.99	100.00	17,410.93	100.00	19,474.11	100.00

Notes : Other revenue is the revenue service, rental, interest income and other income from gain and loss of foreign exchange, in store promotion of vendors

#### Product Lines and Services

The company distributes construction materials, decorative items and gardening products. All in large store warehouse under single roof under the name “Global House”. The store contains various categories of construction material and decorative item such as; construction material, roofing, steel, sanitary ware and ceramic tile, paint and chemical, electric and lighting, water system and plumbing, door and window, woodcraft and timber, furniture, tool, electric hardware, more than 90,000 SKUs. Each Global store features average area of 18,000 - 32,000 sq.m. and can accommodate more than 200 cars. The product can be divided into 2 categories.



Type of Goods	Example of Goods	Number of items
<b>1. Building Material Group</b>		
- Cement and Structure	Cement Portland, Cement Plaster	169
- Steel, Tack and Wire	Steel Round, Steel Deformed bars	1,657
- Tile and Equipment Installation	Ceramic Tile, Concrete Tile	5,738
- Tank, Waterspout, Water System and Gardening	Plastics Tank and Stainless Tank, Trough and Gardening Equipment	12,645
<b>2. Hardware and Decorative Group</b>		
- Doors, Windows, Woods and Equipment	Wood doors, PVC doors, Windows, Frame	10,087
- Tools	Steels Tools, Wood Tools etc.	24,339
- Electricity and Equipment	Switch, Plug, Cables, Lighting, Home Appliances	26,383
- Sanitary ware, bath and kitchen	Sanitary ware, Bathtub	16,746
- Ceramic, Floor material and wall	Ceramic flooring, Granites tiles	15,854
- Painting and Chemical material	Paints, Base, Oil	10,321
- Furniture Equipment	Flap, Connector, Lock equipment and Placeholder	9,134
- Furniture and Home ware	Closet, Chair, bed	6,100
<b>Total</b>	<b>139,173 Items</b>	

From our concept “All Inclusive for your House”, Global provided the categories of product more than 130,000SKUs. As a result of this, the company adopted “the modern trade Innovation system” to establish large warehouse store. Furthermore, we have divided our store into 2 sections;

**Area 1 : Shopping Area.** This is the place where the customers are able to walk and view the product freely with plenty of service mind staffs who are ready to help and support the customers with the right knowledge immediately.

**Area 2: Drive Through Area** This is the place where distributes construction material. We prepare many facilities such as forklifts and overhead cranes for customer service. Moreover, in the concept of Drive Through system, customers can drive their vehicles through the store to collect their order, from placing order and driving off the store with the product, all within 10 minute.

## Services

As a leading construction material and home improvement retailer we focus on being:

- **Fast** – we provide our customers with a grab & go service. We have a unit called “Speed Man” who is ready to help customer loading customers’ heavy purchased items into their vehicles. We also heavily invest our resource on improving the utilization of Information Technology to speed up our work processes, which ultimately aim to improve service quality.
- **Right** – because we understand that customers expect reliability from us, so we equipped all of our associates with the right knowledge of product and with the customer-oriented mind.
- **Cheap** – customers can expect quality products at a lower-than-market price from us.
- **Easy** – we want to provide an easy and welcoming atmosphere to all our customers.
- **Polite** – all our associates are there to help out our customers in a polite and professional manner.

**Special Order** – This service provide for the customers who demand the product that the company doesn't stock in the store.

**Satisfaction Guarantee and Return Policy** – The Company guarantees the satisfaction of customer. We offer the 30 days cash return policy for most of our product in the store. Customer just needs to bring the product and show the receipt (under the right terms and conditions).

**Delivery and Installation Service** – The Company provides delivery and installation services for the convenience of customers.

## Procurement and Management

## Procurement

Procurement is managed and operated by our experienced team of buyers located in RoiEt head office. The department always searches for new products by following the concepts below:

1. Offering from Manufacturers
2. Sourcing team study the market and source new products accordingly
3. On basis of Customers' preferences

## Sourcing

The company distributes construction materials, decorative items and gardening products. All in the huge store warehouse under the same roof. The products separate into 2 sections, purchasing domestic products about 80% and importing products about 20% of all purchasing the details are as follows:

1. The company purchased products from local manufacturers as the product line. We have many of suppliers for more than 500 suppliers. We have supported each other in advertising, public relation, promotion and grand opening event for the new branches.
2. The company also purchased products from Chinese and Vietnamese manufacturers totaling more than 200 suppliers. The import products are granite tiles, glass brick, spa bathtub, shower curtain, plywood, steel door, hardware, knob, lamp, insulation, switch and plug, etc.

House Brand Products.

The Company currently has 70 house brands products and over 10,000 items. We are providing more alternatives for customer. Global house has registered house brands of good quality product and reasonable price. With the efforts of our Procurement team, we could provide longer guarantee service and low cost products that could make the company become the leading player in the industry.





## Marketing and Competition

### Competitors

We can divide our competitor into 2 groups:

#### 1. Home Improvement Stores for example:

1.1 *Home Pro* manages by Home Product Center Public Company Limited under an objective to operate a retailing business. The company distributes construction material, home improvement under the concept “One Stop Shopping Home Center”. Home Pro currently has more than 81 branches.

1.2 *Home Works* manages by CRC Power Retail Company Limited, which is the same board of Central Retail Corporation. The company also distributes construction material and home improvement. Home Works has 4 branches in Ratchapruek, Phuket, Pattaya and Petchkasem.

1.3 *Thai Watsadu* manages by CRC Power Retail Company Limited. The company distributes construction material, home improvement under the concept “One-Stop-Shopping Construction Material Suppliers for Thai”. Thai Watsadu has 42 branches.

1.4 *Home Hub* manages by Mr. Ongat Tangmitpracha. The company distributes construction material, home improvement under the concept “Home Hub Fast and Easy”. Home Hub has 5 branches. They establish on UbonRatchathani for 3 branches, KhonKaen and Udonthani.

1.5 *Do Home* manages by Ubonwatsadu Co Ltd,. The company distributes construction material, home improvement under the concept “One - Stop Shopping and Cheap at Do Home”. They have 8 branches and establish on UbonRatchathani, NakhonRatchasima, Pathumthanee (Rung Sit, Klong 7), KhonKaen, Udonthani Rama 2 Bangbuathong and Chiangmai.

1.6 *MEGA HOME* manage by Mega Home Center, the building materials distribution center and appliances. The major shareholder is Home Product Center Public Company Limited was operated 11 branches in Mae Sot ,Rangsit , NongKhai Boa Win Kabinburi, Arunprathed, Minburi, Rojana, Hat yai, NakhonRatchasima and NakhonPhanom.

1.7 *Baan & BEYOND* manage by CRC Thai WatsaduCo.,Ltd. It's department store for home and operated in year 2013, established in Chiangmai and Khon Kean.

#### 2. Specialty Stores for example:

2.1 *Small retail store*: Home mart, which have the objective to distribute the SCG product. However, the company still lack of the other products such as ceramic tile, paint, electrical equipment and pumping.

2.2 *Ceramic and Sanitary ware Center*: Boonthavorn, Decormart, Grand Home Mart, Inter Sanitary Ceramic, and IKEA they all focus on ceramic and sanitary ware product.

2.3 *Furniture and decorative*: such as Index Living Mall and SB Furniture. These companies sell decorative item, furniture, bed room set, living room set and kitchen accessories for high purchasing power customers.

2.4 *Electronic Appliances*: Power Buy, it is managed by Central Retail Corporation. Power Mall, it is managed by The Mall Group.

2.5 *Specialty Store*: such as paint store, pumping store, electrical equipment store hardware store etc. However, this kind of store still lack of diversity in product and operate under traditional trade concept.

## 4. Risk Factors

Risk factors that may affect to the Company's performance in the future are as follows.

### 1. Business Operation Risk

In the last year, the building material business was likely to gradually improve. Because of the government's policies to encourage investment and stimulate the economy such as the transportation infrastructure, that the government tried to accelerate investment. And not only the large projects but there were small and medium projects such as improvement of the road, irrigation dams and government buildings improvement which positive impact on the building material business. However, the market for building materials for individual consumers not able to improve well because of the economic had not recovered and the consumers slow down of spending.

The Company have realized on the risk and impact to the business operations and in order to business operating with target. The Company has determined the risk and risk management that may occur as follows.

#### 1) Expansion Risk

In 2016, the company has opened 8 new stores that totaling 46 branches coverage 43 provinces i.e. Roi-Et, KhonKaen (2 stores), Udonthani (2 stores), Chiang Mai, Rayong, Chonburi, Nakhonprathom (2 stores), Ratchaburi, Kalasin, Nakhonsawan, Mahasarakam, Nong Kai, Nakhonratchasima, SakonNakhon, NakhonPhanom, Chaiphum, Surin, Phitsanulok, Lamphun, Mukdahan, Phare, Nan, Lampang, Sukhothai, Kampangeth, Ubonratchathani, Lopburi, Trad, Chanthaburi, Nongbualamphu, Petchboon, Buriram, Nakhonnayok, Yasothon, Bungkan, Pranburi, Pathumthani, Singburi, Samutsongkram, Chiang Rai, Suratthani, Kanchanaburi and Nakhonsithammarat. Now, the Company still has 9 stores which have been under construction such as Patthalung, Loei, Uttaradit, PrachuapKhirikhan, Khonkean (Chumpha), SakonNakhon (Pangkhon), Ang Thong, Phuket and Phangnga (Kholak) which would be operate in 2017.

As, the investment in opening more new branch has to spend money around 300 - 400 million baht. So, the cost of high investment would be risk business if company could not complete the objective on time. The uncontrollable factors can also be effected any problem to company (for example, the business crisis in Thailand, the world business crisis, changed government in the country, and customer behavior).

In addition, to invest in new store, the company does probability research and analyze the environment of business and customer target in the area that company will get business into that area. Moreover, the company has more experience than 20 years of home improvement business. It is easy to find cheaper price than competitors about small cost of land and material of construction.

#### 2) Inventory Risk

As at December 31st, 2014, December 31st, 2015, and December 31st, 2016, the Company had inventory of 7,041.27 million Baht 7,579.40 million Baht and 10,249.66 million Baht respectively, or in percentage to total asset are 33.25%, 32.90% and 36.68%. In addition, the risks of inventory could be becoming damaged, lost, and obsolete. As for mitigation, the Company has plans and practices in place to manage inventory risks such as providing various channels and campaign (i.e. reduce price, buy one get another one for special price, and send coupon for complete any prize) to reduce slow moving stock.

In addition, the company installed the "Automated Storage & Retrieval System: ASRS" for stores that operated in the year 2016. ASRS is a warehouse management system be more efficient and reduced inventory by connecting IT with the management system of the company. **That reduces the inventory risk of the company.**

#### 3) Competition Risk

The Company operates a retail business with products relating to houses and residential places where there are both direct (i.e. Home Pro, Home Mart, Thai Watsadu, Home Hub, and Do Home) and indirect competitors such as retailing shops, department stores, specialty stores, and general small retail shops. As, they will have gained some market shares. The Company will be effected by miss some target or some sales. So to avoid the affect, the Company has differentiated strategy. We do also offer a variety of products (more than 130,000 items) and complete more range of services. Furthermore, the Company do also outsource from the vary supplier to reduce the lack of product



#### 4) Volatility of the Cost of Product

As, the cost of product can fluctuate from economic situation. This will caused some products that company sell in store. So, company has policy about vary price to control the product cost and do not have problem in inventory turnover. The company can also determine cheap price because it buys any product directed from the manufacturing

#### 5) Conflagration Risk

As, the conflagration can damage life and destroy any products. So, the company has policy of fire protection by set up the first aid tools to prevent the unexceptional from fire such as fire extinguisher and rubber tube for water which can find in the proper area around the store. The company also check those tools everyday. Moreover, we also specify and train our staffs about how to do when the conflagration is happened. In addition, the company have been done the Residential and Commercial Property Insurance to defend any caused that can effect to company. We have to concern about the money value from supplier every time because we have to assure that our company are in the protection zone.

#### 6) Natural Disasters

Due to the natural disasters occurred in last year. The management is aware of the building safety, stakeholders and inventory that the management assigned to engineering teams to inspect the strength of buildings every stores. In addition the Company has also insured cover the damage from natural disasters to the building and inventory.

#### 7) Customer's value and Obsolete Products Risk

The Company is the distributor of construction materials and furnishing products ,that some kind of goods will be popular for a while only .That the Company may not sell the obsolete goods. Therefore, the Company managed by transferred those products to other branches or made the in stores promotion to reduce amount of obsolete goods. Furthermore, the Company has authority to negotiate with the suppliers that can change the new products replace the obsolete products, which reduced the risk of changes in the value's customers and the obsolescence products

#### 8) Fraud

The company has a strong control framework in respect of potential fraud or other dishonest behavior, which is regularly reviewed by internal audit. A set of policies is in place to provide colleagues with clear guidance on behavior. In addition, there are 'whistle blowing' procedures in place to enable colleagues to raise concerns about possible improprieties on a confidential basis. Internal audit undertakes detailed investigations and highlights its findings to the Audit Committee.

### 2. Financial Risk

#### 1) Financial Risk

Although the Company will repayment the long term loan to the financial institutions, but still keep the relationship by continuing to use credit limit with several banks in order to increase the ability of negotiate.

In addition, the company policy is to sell our product mostly in cash and hence most of our revenue is in cash. As in 2014 was 99.75 %, in 2015 was 98.78% and in 2016 was 97.47%. The figures is showing a decreasing trend as the Company is paying a lot of attention giving credits and only consider reliable projects and customers. As at December 31, 2016 the Company has account receivable of 101.20 million Baht.

However, for the credit sales, the Company will consider only project that has reliable financial status, which the company has analyzed the result of operation and financial status or having the contractor place with a letter of guarantee as security against debt payment, etc. Besides, the receivables that are more than 6 months but not exceeding 12 months, the allowance for doubtful bad debts is set to be 50% and for the receivables that exceeding 12 months, the allowance for doubtful bad debts is normally set to be 100%. In 2016, the Company Recorded the allowance for doubtful account of 0.43 million Baht and the last year, the Company had not bed debt.

## 2) Foreign Currency Volatility

The products in store are both domestic and import from international. As the fluctuation of exchange rate will be gain some problem because we cannot predict the world situation. So to reduce the risk of exchange rate, the company has policy to follow the foreign currency volatility. In addition, the company has to control any risk within the fluctuation of foreign exchange rates by used any forward Contract from banks to defend any risk if occur. The Company had 2 forward contracts and as of December 31, 2016. The volume of monetary is 2,160 million baht and 56.34 million USD, credit used is 118.69 million Baht and 1.82 million USD. However, the Company not effected by exchange rate risk.

## 3. Risk from the major shareholder

### The Major Shareholders' Risk more than 25%

As at 31 December 2016 the Suriyawanakuls and SCG Distribution Co.,Ltd. are the major shareholders that totaling 2,473,971,211 shares or 67.63% of the total issued shares. Therefore the Suriyawanakuls and SCG Distribution Co.,Ltd. can control the resolution of the shareholders passed at all, the appointment directors or other matters that require the approval of a majority of the shareholders' meeting. Exception to the law or the Company determines to get 3 / 4 votes of AGM. So the other shareholders may not have enough votes to check and balance that proposed by major shareholders.



## 5. Shareholding Structure

### Security & Shareholders

As at December 31, 2016, the Company has the authorized capital of 3,658,495,056.00 Baht and the paid-up capital amount 3,658,492,121.00 Baht. There are common stock of 3,658,492,121 shares par values at 1 Baht per share.

The top ten of shareholders holding the shares on the closing date as of December 31, 2016

Rank	Name	Shares	Percentage (%)
1	The Suriyawanakuls	1,375,870,950	37.61
2	SCG Distribution Company Limited	1,098,100,261	30.02
3	Thai NVDR company Limited	93,034,907	2.54
4	Bualuang Long -Term Mutual Funds (LTF)	77,039,338	2.11
5	Mr.Jearanai Lerdrachkut	72,696,239	1.99
6	Mrs.Pitchaya Poonlarp	44,113,000	1.21
7	Mr. Boonyong Thanyawut	43,486,380	1.19
8	Bualuang Long - Term Mutual Funds (LTF) 75 / 25	42,159,714	1.15
9	Social Security Office	39,290,788	1.07
10	Bualuang Thosphol Mutual Funds	35,237,464	0.96
11	Others	737,463,080	20.15
<b>Total</b>		<b>3,658,492,121</b>	<b>100.00</b>

Note : Details of the Suriyawanakuls as following table.

## List of the “Suriyawanakuls”

Rank	Name			Shares	Percentage (%)
1	Ms.	Kunnatee	Suriyawanakul	430,179,645	11.76
2	Mr.	Kriengkrai	Suriyawanakul	425,000,915	11.62
3	Mr.	Kongphop	Suriyawanakul	143,999,998	3.94
4	Ms.	Chama	Suriyawanakul	142,800,000	3.90
5	Ms.	Kokrit	Suriyawanakul	141,750,000	3.87
6	Mrs.	Ratnawadee	Suriyawanakul	26,965,831	0.74
7	Mr.	Anavat	Suriyawanakul	18,492,711	0.51
8	Mrs.	Warunee	Suriyawanakul	16,535,522	0.45
9	Mr.	Witoon	Suriyawanakul	15,340,918	0.42
10	Ms.	Patumwan	Suriyawanakul	4,690,324	0.13
11	Mr.	Apilas	Suriyawanakul	3,389,200	0.09
12	Mrs.	Karuna	Suriyawanakul	1,959,999	0.05
13	Mr.	Wiboon	Suriyawanakul	1,835,018	0.05
14	Mr.	Yutthana	Suriyawanakul	1,420,998	0.04
15	Mr.	Pongsak	Suriyawanakul	753,513	0.02
16	Mr.	Pongkorn	Suriyawanakul	574,630	0.02
17	Mr.	Adisak	Suriyawanakul	84,818	0.00
18	Mr.	Jakapong	Suriyawanakul	60,599	0.00
19	Mr.	Pichit	Suriyawanakul	14,416	0.00
20	Mr.	Jarupol	Suriyawanakul	14,045	0.00
21	Mr.	Wittaya	Suriyawanakul	4,421	0.00
22	Mrs.	Nipapun	Suriyawanakul	3,429	0.00
Total				1,375,870,950	37.61

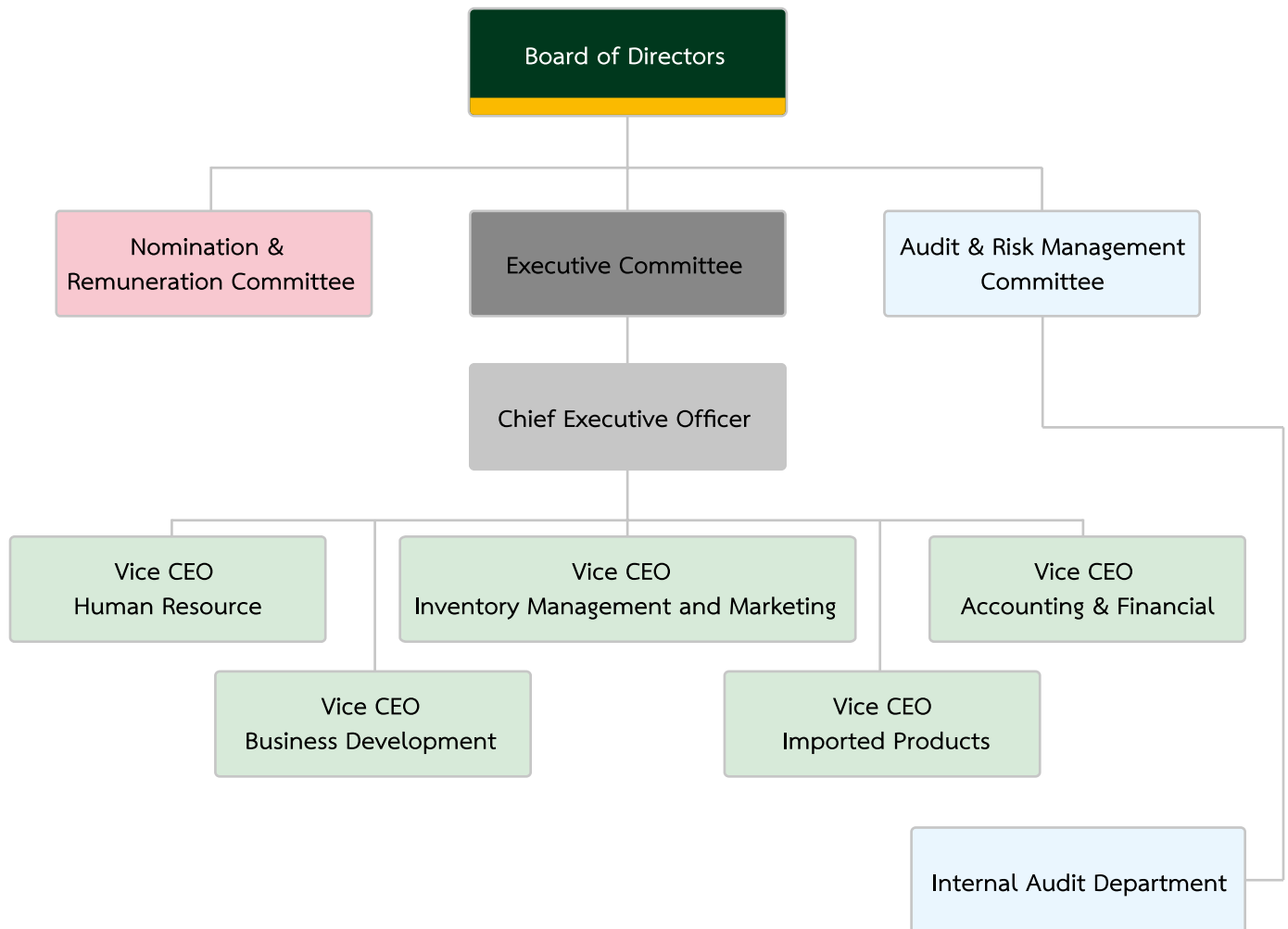


### Other Securities Issued

The Company issuance and offer of debenture amount 3,000 million Baht following the approval of the 1 / 2013 Extraordinary General Meeting of Shareholders held on 20 September 2013 at amount not exceeding 5,000 million Baht. And the approval of the Annual General Meeting of Shareholders held on 22 April 2015 to issuance and offering of the additional 3,000 million Baht ceiling of debenture, totaling 8,000 million Baht. Key details are as follow.

Name	: The Debenture of Siam Global House Pcl.1 / 2014
Type	: Unsubordinated and unsecured debentures
Offer Amount	: 3,000,000 Unit
Total	: 3,000 Million Baht
PAR Value	: 1,000 Baht
Offer Price	: 1,000 Baht
Issuance Date	: 27 February 2014
Tenor	: 3 Years
Maturity Date	: 27 February 2017
Coupon rate	: 3.85%
Coupon Payment	: Semi-annually
Repayment of Debentures	: Repayment of principal due on maturity date.

## 6. Organization Chart





## 7. Management

The management structure of the Company consist of the Board of Directors and 3 sub-committee ; Executive Committee , Audit and Risk Management Committee and Nomination and Remuneration Committee.

### Board of Directors

As at 31 December 2016, the Board of Directors has totaling 10 persons, consisting of 3 Directors who is management, and 8 Non-Executive Directors.

- The Board of Directors has balance sufficient and the appropriate structure as follow;
- Consist of 4 dependent directors which is 1 / 3 of all directors.
- The Audit Committee consist of 3 dependent directors which is dependent, acknowledge, experienced of reviewed financial statements and include of operated in Audit Committee duty.

Name		Position
1. Mr. Apisit	Rujikeatkamjorn	Chairman / Independent Director
2. Mr. Anavat	Suriyawanakul	Director / Executive Director
3. Mrs.Warunee	Suriyawanakul	Director / Executive Director
4. Assoc.Prof.Dr.Phongsak	Suriyawanakul	Director / Nomination & Remuneration Committee
5. Assoc. Prof. Phornsiri	Thivavarnvongs	Director / Independent Director Chairman of Audit & Risk Management Committee
6. Mr.Pornsak	Sakpunpanom	Director / Independent Director Audit & Risk Management Committee / Chairman of Nomination & Remuneration Committee
7. Dr.Vongsak	Swasdipanich	Director / Independent Director Audit & Risk Management Committee / Nomination & Remuneration Committee
8. Mr. Kajohndech	Saengsubhan	Director
9. Mr.Nithi	Phatrachok	Director / Executive Director
10. Mr.Aree	Chawalitchevinkul	Director

### Authorized Signatory Directors of the Company

1. Mr. Anavat Suriyawanakul signing and affixed there to with the Company's official seal or
2. Mr. Apisit Rujikeat kamjorn, Mrs. Warunee Suriyawanakul, and Mr. Nithi Phatrachok signing jointly two persons out of three and affixed there to with the Company's official seal.

### Functions and Responsibilities of the Board of Directors

1. To carry out activities prudently and in compliance with related governing laws, the objectives of the Company, and the corporate governance policies.

2. To protect the Company's interests and for the benefit of shareholders. To disclose accurate information related to the business to the public.

3. To consider policy, vision, work plans and key strategies, as well as ethical standards for business operations, and to supervise and monitor Management, to ensure that they perform duties efficiently and are in compliance with the Company's policies.

4. Consider and approve the structure of Authorization.

5. To monitor the operational results of the Company and any other key progress criteria, to monitor the implementation of internal control and audit systems; to comply with all regulations and related governing laws; and to ensure appropriate risk management.

6. To consider the corporate investment to expand business and to consider joint-venture investment with business partners and other related parties.

7. To ensure that financial reports are complete, accurate, reliable and timely, and are prepared in compliance with generally accepted accounting principles.

8. To carefully select and assign managing directors and determine their functions and responsibilities. However, the Director is unable to vote if himself or person have or may have conflict of interest in any other ways with the Company or its subsidiary.

The following instances requires to pass resolution in the Board's Meeting and the Shareholders meeting with votes exceeding three-in-four (3 / 4) of all shareholders with rights to votes who attend the meeting.

- Selling or transferring all or significant amount of shares
- Buying or receiving shares from other companies in the name of the Company
- Signing, changing, or canceling of lease of company in significant amount.
- Altering or changing of memorandum or regulations
- Fundraising, Fund reducing, issuing corporate bond, merging or closing.

#### Functions and Responsibilities of the chairman

1. To Support the implementation of either committee and subcommittee to complete the target of planned
2. Consideration and specify the committee's agenda and help the committee to get the right information before the meeting.
3. To lead the committee in the committee's meeting by control the right meeting including get the committee to shares their opinion to support the committee's decision.
4. To lead the shareholder's meeting to be in lines of the company's policy and laws including get the shareholders to share their opinion also answer the question as appropriate and clear
5. To build the good relationship between the Committee management and Committee

#### Term of Directors

According to the Article 19 of Company's Articles of Associations, one-third of the total number of the directors shall retire at each annual general meeting of shareholders. If the number of directors to retire from office is not a multiple of three, then the number nearest to one-third shall be applied. The longest directors in the Board will automatically be tired but may also be reelected. In addition to their term the directors will be retiring on follow;



1. Death
2. Resignation
3. Ineligible or illegal characteristic
4. Resign by vote of the shareholder's meeting
5. Resign by court order

### Board of Directors Meeting

The Board of Directors are scheduled of meeting in advance through out the year. In year 2016, there are the meeting 6 times.

### Sub - Committees

From the Second Meeting of the Board of Director (2 / 2012), the Board Director have made an adjustment to decrease the number of Sub - Committees from 5 committees to be 3 committees on 28 April 2011. This adjustment would be flexible to manage and useful for the company.

#### 1. Executive Committee

Name		Position
1. Mr. Anavat	Suriyawanakul	Chairman of the Executive Committee
2. Mrs. Warunee	Suriyawanakul	Executive Director
3. Mr. Nithi	Phatrachoke	Executive Director
4. Mr. Yutthana	Suriyawanakul	Vice - CEO - Import Products
5. Ms. Chutikan	Sriseangchan	Vice - CEO - Accounting & Financial
6. Mr. Warit	Jintanawan	Vice - CEO - Business Development

### Functions and Responsibilities of Executive Directors

1. Plan and manage company's operation according to the frameworks and policies assigned by the Board of Directors.
2. Lay out strategies and directions for the company under the framework and boundary of goals and objective of the business and / or policy of business.
3. Propose appropriate investment and fundraising plans to the Board of Directors and the Shareholder's meetings.
4. Consider and approve business consultants necessary to business operations.
5. Have authority in any resource allocation, procurement, leasing, renting, and utilization as approved by the Board of Directors.
6. Have the authority to approve asset purchases and procurement, expense on operation, expense of selling and administrative and capital expenditure according to the contracts. Detail of authorities is in accordance to the structure of Authorization.

7. Approval of expense on operation, expense of selling and administrative and capital expenditure according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.

8. Approval of loans from banks, corporations, and/or other institutions according to the budget approved by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.

However, the Executive Director is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

## 2. Audit and Risk Management Committees

Name		Position
1. Assoc. Prof. Phornsiri	Thivavarnvongs	Chairman of Audit & Risk Management Committee
2. Mr.Pornsak	Sakpunpanom	Member of Audit & Risk Management Committee
3. Dr.Vongsak	Swasdipanich	Member of Audit & Risk Management Committee

**Note :** Assoc. Prof. Phornsiri Thivavarnvongs, have well knowledge about accounting and financial management.

## Roles of Audit and Risk Management Committee

### Functions and Responsibilities of the Audit Committee

1. To review the accuracy and sufficiency of the financial reports of the company.
2. To review the company to ensure that the internal control and internal audit systems are suitable and effective, and to review the independence of internal audit section, including approving the appointment, transference, or termination of internal audit section s supervisors (heads) or those of other workgroups responsible for internal audit.
3. To review the company to ensure that their operations are in accordance with securities laws and SET legal requirements, rules and regulations, as well as other laws that may be related to the company s business.
4. To consider, propose, and appoint independent persons who shall be assigned as the company s auditors, to propose their remuneration, and to participate in a meeting with the auditors at least once a year without management team.
5. To review connected transactions and any other transaction that may cause potential conflicts of interest in accordance with SET laws and SET regulations in order to ensure that those items are reasonable and of utmost benefits to the company.
6. To publicize the audit committee report signed by the chairman of the audit committee in company annual report; the report should include the following details:
  - 6.1 Opinions on accuracy, completeness and credibility of the company's financial reports;
  - 6.2 Opinions on sufficiency of the company s internal control system;
  - 6.3 Opinions on the company s compliance with securities and SET laws and SET regulations, or business laws related to the company and its subsidiaries;

6.4 Opinions on suitability of external auditors of the company;

6.5 Opinions on transactions of possible conflicts of interest;

6.6 The number of audit committee meetings, and attendance of each audit committee member;

6.7 Opinions or observation by the audit committee during their auditing practice according to charter; and

6.8 Other transactions that shareholders and public investors should be informed under the scope of work and responsibilities assigned by the company's board of directors.

7. To take care of any other action assigned by the board of directors with the consent of audit committee

#### Functions and Responsibilities of the Risk Management Committee

1. To determine and principles and framework for proper risk management to the Board of Directors.
2. To consider and analyze all risks and problems that may arise
3. To consider and approve risk management plans
4. To report to the Board of Director about the risks and plans in place that may affect the corporate objectives and operation
5. To monitor the risk in each function of operation
6. To monitor risk of false reports including internal and external reports and documentation
7. To monitor that the business operates and govern in compliance with governing laws and regulations.

However, the Risk Management Committee is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary.

### 3. Nomination and Remuneration Committees

Name		Position
1. Mr.Pornsak	Sakpunpanom	Chairman of the Nomination and Remuneration Committees (Independent Directors)
2. Assoc.Prof.Dr.Pongsak	Suriyawanakul	Member of Nomination and Remuneration Committee
3. Dr.Vongsak	Swasdipanich	Member of Nomination and Remuneration Committee (Independent Directors)

#### Functions and Responsibilities of the Nomination and Remuneration Committees

##### Selection of Directors

The Company appointed the Nomination and Remuneration Committee to determine selection of appropriate person to be nominated as the Director or Managing Director, by considering persons who have knowledge, capability and experience as required by the Company. Criteria for selection of the Directors are as follows:



1. The Nomination and Remuneration Committee nominate and select appropriate persons and consider appropriate remuneration. The Board of Directors consists of at least 5 directors (More than half of the number must be residence of Thailand and must have all the criteria and requirement of the laws and regulations. The Directors can be major shareholders.)

2. Propose the nomination to the shareholders meeting in compliance to regulations and corporate procedures as follows:

2.1 Each shareholder has the vote equivalent to one vote per one share held.

2.2 Each shareholder shall use all his/her voting rights under (2.1) to elect one person or more as the Director, but is not capable to share his/her varied voting rights to any person.

2.3 The person who receives the highest votes in a descending order would be elected as directors accordingly to the number of Directors allowed in such meeting. In the event of any persons who have been elected in the lower order received equal votes but there will be over the number of allowance, the Chairman of such meeting shall have a casting vote.

3. In the shareholder annual meeting, one third of directors must be retired. In case one third of the number is impossible, use the nearest to one third of number of directors. The retired directors may be reelected. The longest directors in the Board will automatically be tired but may also be reelected.

4. In the case where a director demands to resign, that person need to submit resignation letter to the company and will be considered effective once reached.

5. In the event that Directorial positions become vacant due to other reasons apart from the completion of term, the Nomination and Remuneration Committee nominate and select the new Director in accordance with the criteria of selection. The persons must have knowledge, capability and experience as required by the Company, and must not have the prohibited qualification under the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. Upon approval, the Nomination and Remuneration Committee will propose to the Shareholders Meeting in order to be adopted for the appointing as the Directors of the Company. In case the remaining term of the director is less than 2 months, the new appointed director will have the same remaining term as director replaced. Resolutions of the Board of Directors as per above must be accompanied by a vote of not less than three in four of the remaining number of Directors.

6. Nominate names of directors to the Board and elect a Chairman in the meeting and select one or more Vice Chairman as appropriate. Vice Chairman received duties from the Chairman.

### Determination of Remunerations

The remuneration for Directors, Committees, Sub-Committee, Managing Directors, and employees are proposed from consideration at the Board's meeting and/or Shareholders meeting. The roles and responsibilities are as follows:

1. Propose methods and/or principles of determining remuneration to the Shareholders meeting for resolution. Remunerations are considered according to the resolution unless any changes are made in at the Shareholders meeting. The Company also makes some allowance and welfare for Directors in accordance to Company's regulations.

2. Propose methods and / or principles of determining remuneration and welfare for Sub-Committee appointed by the Board taking into consideration of their roles and responsibilities.

3. Propose methods and / or principles of determining remuneration and welfare for the Chairman of Executive Directors and Executive Directors taking into consideration of their roles and responsibilities.

4. Propose methods and / or principles of determining remuneration and welfare for the employees taking into consideration of their roles and responsibilities.

5. Consider and finalize the budget for adjusted salaries and other monetary incentives

6. In the consideration of determining the remuneration and welfare, The Nomination and Remuneration Committee are delegated to call meetings and related documentations from related bodies within the organization for consideration.

7. Any expenses in determining the remuneration and welfare, including the consultancy fees and / or other administrative expense, will be the obligation of the Company.

8. Perform and tasks and assignments assigned by the Board of Directors.

However, the Nomination and Remuneration Committee is unable to approve transaction that himself or person have or may have conflict of interest in any other ways with the Company or its subsidiary.

## Independent Directors

### Definition and Qualification of Independent Directors

Under the criteria of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand, the company defined qualification of Independent Directors as follows:

1. Are restricted in the number of shares they may hold to not greater than 1% of the voting shares in the Company, its affiliates, its associated companies, or its juristic persons that may impose conflicts of interest

(implicitly including related persons as stated in Section 258 of the SEC's Act B.E. 2535.)

2. Have no management participation in the Company, its affiliates, or its associated companies; and are not employees or regularly paid consultants, or persons who have control over the Company, its affiliates, or its associated companies or its juristic persons that may impose conflicts of interest.

3. Have no business relationship with the Company, its affiliates, or its associated companies; and do not have any loss or gain, directly or indirectly, in the finance or management of the Company, its affiliates, or its associated companies; or its juristic persons that may impose conflicts of interest, for at least 2 years before accepting the duty of Independent Director.

4. Have no close relatives, or persons related in a way that may lead to a lack of independence from the management or major shareholders of the Company, its affiliates, or its associated companies, or its juristic persons that may impose conflicts of interest.

5. Must not be appointed to protect the interest of any director or major shareholders.

6. Must not be any directors of company's affiliates or its associated companies.

7. Capable, talented and knowledgeable, with backgrounds and experience deemed beneficial to the Company and report result of duty performing as assigned by the Board of Directors, not under the control of the Executive or major shareholders of the Company, including related person or close relatives of such person.

## Selection of Independent Directors

The Board of Directors search and select names of Independent Director with requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations, and propose to the Board's Meeting and/or Shareholders meeting for resolution.

## Executive Officers

Name		Position
1. Mr.Anavat	Suriyawanakul	Chief Executive Officer Vice CEO - Inventory Management and Marketing
2. Mrs.Warunee	Suriyawanakul	Vice CEO - Human Resource
3. Mr.Yuttana	Suriyawanakul	Vice CEO - Imported Products
4. Ms. Chutikan	Sriseangchan	Vice CEO - Accounting and Financial
5. Mr.Warit	Jintanawan	Vice CEO - Business Development.

## Authority of Chief Executive Officer

The Managing Director has authority to manage the Company as assigned by the Board of Directors and shall strictly and carefully manages the Company according to the framework and corporate governing policy, and maintain the best interest of the Company and shareholders. Roles and responsibilities are detailed as follows:

1. Manage, monitor, and control normal operations of the company
2. Manage the company as assigned by the Board of Directors
3. Manage and oversee the overall operation of the company according to the policy stipulated by the Board of Directors
4. Approval of expense on operation, expense of selling and administrative and capital expenditure according to the plans and budget stipulated by the Board of Directors. Detail of authorities is in accordance to the structure of Authorization.
5. Have the authority to approve asset purchases and procurement, expense on operation, expense of selling and administrative and capital expenditure according to the contracts. Detail of authorities is in accordance to the structure of Authorization.
6. Consider, plan, and prioritize business strategies and fundraising for the company to propose for approval to the Board of Directors.
7. Have the authority to employ, dismiss, and lay off any employee at any level.
8. Have the authority to open and close any of company's saving account at any institutions to facilitate the operation of the company.
9. Propose for approval any appropriate consultants necessary for the company to the Board of Directors.

However, the Managing Director is unable to approve transaction that himself or person who may have conflict of interest in any other ways with the Company or its subsidiary. Any other roles other than stated above are out of Authorization, except for being entrusted at the Board of Directors' meeting in a case-by-case manner.



Structure of Authorization is detailed as follows :

Position	Movables		Real Estate		Purchase for Tools Operation per Month
	Per Purchase	Per Sale	Per Purchase	Per Sale	
Board of Executive Directors Committee	50,000,000	50,000,000	300,000,000	100,000,000	According to Normal Business Operation
Chief Executive Officer	10,000,000	10,000,000	10,000,000	10,000,000	According to Normal Business Operation
Vice Chief Executive Officer	500,000	500,000	500,000	500,000	According to Normal Business Operation

**Note :** As the quantity of procured goods for sell and for internal use vary with the demand of customers and the need for internal use, together with cost of goods, may results in an exceptional high quantity of order. As a consequence, it is not feasible to specify the exact financial amount. However, the principles and framework of practice of the company are followed.

### Secretary of the Board of Directors

On 15 February 2012, the Board of Directors has resolution to appoint Ms.Siriwan Na-Nan manager of Audit Department as the secretary of the Board of Directors.

### Authority of Secretary of the Board of Directors:

1. Arrange and maintain documents as follow;
  - Directors registration
  - Notice calling for the Board of Directors Meeting, Minutes of the Board of Directors Meeting and the Annual Report of the Company
  - Notice calling for the Shareholders Meeting and Minutes of the Shareholders Meeting.
2. Maintain the report on interests which have been reported by the directors or executives.
3. Manage other matters as stipulated by the Capital Market Supervisory Board.
4. Facilitate for activities of the Board of Directors.
5. Coordinate with relevant person in order to be in compliance with the resolution of the Board of Directors.

### Nomination of Directors and Executive officers

The Company appointed the Nomination and Remuneration Committee to determine selection of appropriate person to be nominated as the Director or Managing Director that selected the person who has knowledge and experience.

### Criteria for Selection of the Directors are as follows:

1. The Board of Directors consists of at least 5 Directors, not exceeding 15 Directors are appointed in the Shareholders' Meeting, (More than half of the number must be residence of Thailand and must have all the criteria and requirement of the laws and regulations).
2. The appointment of Directors at the shareholders' meeting in compliance to regulations and corporate procedures as follows:

2.1 Each shareholder has the vote equivalent to one vote per one share held.

2.2 Each shareholder shall use all his/her voting rights under (2.1) to elect one person or more as the Director, but is not capable to share his/her varied voting rights to any person.

2.3 The person who receives the highest votes in a descending order would be elected as directors accordingly to the number of Directors allowed in such meeting. In the event of any person who has been elected in the lower order received equal votes but there will be over the number of allowance, the Chairman of such meeting shall have a casting vote.

3. In the shareholder annual meeting, one third of directors must be retired. In case one third (1 / 3) of the number is impossible, use the nearest to one third of number of directors. The retired directors may be reelected. The longest directors in the Board will automatically be tired but may also be reelected.

4. In the case where a director demands to resign, that person need to submit resignation letter to the company and will be considered effective once reached.

5. In the event where a director is voted to dismiss prior to the completion term, the votes must be more than three in four (3/4) of the shareholders attending the meeting with the right to vote.

#### **Criteria and Selection of Audit and Risk Management Committee as follows:**

Audit and Risk Management Committee must be the Director of the Company appointed by the Board of Directors and must have the requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. It must also consist of at least 3 persons with at least 1 person with knowledge, capability and experience in Accounting and Finance.

#### **Criteria and Selection of Nomination and Remuneration Committee as follows:**

Nomination and Remuneration Committee must be the Directors of the Company appointed by the Board of Directors and must have the requisite qualifications in compliance with the rules of the Securities Exchange Commission and Stock Exchange of Thailand, the relevant laws, rules or other regulations. It must also consist of at least 3 persons with at least 1 Independent Director.

#### **Criteria and Selection of Executive Directors as follows:**

Executive Directors must be the Directors of the Company appointed by the Board of Directors. The Board of Directors considers the number of the Executive Directors and the Board of Director will appoint one Chairman of Executive Director.

#### **Remuneration for Directors and the Executive Officers**

##### **Cash Remuneration**

The resolution of the Annual General Meeting of Shareholders 2016 on 21 April, 2016 approved on the remuneration for the directors with amount of not exceeding Baht 10,000,000. The directors' remuneration consists of the monthly remuneration only directors who is not employees of the Company, remuneration per meeting attendance and bonus at the rate not exceed of 0.50% of dividend paid to shareholders. Details of remuneration payment for the Board of Directors and sub-committee for the year 2016 are as follows.

**Monthly Remuneration**

- Chairman 50,000 Baht / Person / Monthly
- Independent Director  
/ Director 25,000 Baht / Person / Monthly

**Remuneration of the BOD 's Meeting**

- Chairman 35,000 Baht / Person / Time
- Directors 30,000 Baht / Person / Time

**Remuneration of the Sub Committee's Meeting**

- Chairman 25,000 Baht / Person / Time
- Directors 20,000 Baht / Person / Time

**Detail of Remuneration Directors 2016**

(Unit:Baht)

Directors		Position	Meeting Allowances	Monthly Remuneration	Bonus	Total
Mr. Apisit	Rujikeatkamjorn	Chairman	210,000.00	600,000.00	439,634.00	1,249,634.00
Mr. Witoon	Suriyawanakul*	Director/ Nomination & Remuneration Committee	50,000.00	2,006,666.66	-	2,056,666.66
Mr. Anavat	Suriyawanakul	Director / Executive Director	180,000.00	5,851,200.00	1,380,000.00	7,411,200.00
Mrs. Warunee	Suriyawanakul	Director / Executive Director	150,000.00	4,579,200.00	1,080,000.00	5,809,200.00
Assoc.Prof.Dr. .Pongsak	Suriyawanakul*	Director/ Nomination & Remuneration Committee	90,000.00	193,333.33	-	283,333.33
Assoc.Prof. Phornsiri	Thivavarnvongs	Director / Chairman of Audit Committee	330,000.00	300,000.00	330,000.00	960,000.00
Mr. Surasak	Chuntori*	Director / Audit Committee/ Nomination & Remuneration Committee	90,000.00	62,500.00	330,000.00	482,500.00
Mr. Pornsak	Sakpunpanom	Director / Audit Committee / Chairman of Nomination & Remuneration Committee	325,000.00	300,000.00	330,000.00	955,000.00
Dr. Vongsak	Swasdipanich*	Director / Audit Committee/ Nomination & Remuneration Committee	150,000.00	193,333.33	-	343,333.33
Mr. Kajondech	Saengsuphan	Director	150,000.00	300,000.00	330,000.00	780,000.00
Mr. Nithi	Phatrachoke	Director / Executive Director	180,000.00	300,000.00	330,000.00	810,000.00
Mr. Aree	Chavaltichevinkul	Director	180,000.00	300,000.00	330,000.00	810,000.00

**Note :** During the year 2016 ,there were 2 directors resigned, Mr. witoon Suriyawanakul and Mr. Surasak Chantori And there were 2 new directors, Assoc.Prof.Dr. Pongsak Suriyawanakul and Dr. Vongsak Swasdipanich.



### Executive Remuneration.

The executive remuneration consists of salary, bonus, provident fund, social security and other remuneration. The criteria used to pay based on the knowledge, experience and performance by compared with companies in the same business.

Remuneration of Executives Officers	2014		2015		2016	
	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)
Salary	5	22,020,000.00	5	23,865,000.00	5	19,292,666.66
Bonus	5	2,625,063.96	5	2,917,200.00	5	4,261,000.00
Provident Fund	5	660,600.00	5	715,950.00	5	567,108.00
Social Security	5	45,000.00	5	45,000.00	5	38,250.00
Others	5	3,272,400.00	5	3,272,400.00	5	2,812,983.34
<b>Total</b>		<b>28,623,063.96</b>		<b>30,815,550.00</b>		<b>26,972,008.00</b>

**Note :** During the year 2016 the executive resigned ,namely Mr.WitoonSuriyawanakul on 28 March 2016

### Remuneration for Non-Monetary Term

In 2011, IAS 19 : Employee Benefits announce that company have to keep Additional Expense

in reserve for the employees who will be retired and / or quit (These payments are the policy by Department of Labor Protection and Welfare). The Additional Expense in the year 2016 the company reserve amount 1,216,374 Baht

### Human Resource

#### The Amount of Staffs during year 2014 -2016

Employees	31 December2014	31 December2015	31 December2016
Amount of employees- Head Office	599	485	558
Amount of employees- Branch	4,152	5,117	6,188
<b>Total (persons)</b>	<b>4,751</b>	<b>5,602</b>	<b>6,746</b>
<b>Stores</b>	<b>32</b>	<b>38</b>	<b>46</b>

**Note :** The amount of staffs had included staff of new stores that will operate next year.

### Change in Number of Employee with Significance

By the end of 2014, the number of employees of the Company has increased from the previous year.

This is due to the expanding branch from 32 stores at the end of year 2014 to 38 stores at the end of year 2015 and to 46 stores at the end of year 2016 .The amount of staffs at the end of year 2014, 2015 , 2016 were 4,751 persons, 5,602 persons and 6,746 persons respectively.For the past 3 years,the Company has no significant labor disputes.

## Staffs Remuneration.

(Unit : Thousand Baht)

Staffs Remuneration	2014		2015		2016	
	Staffs (person)	Amount	Staffs (person)	Amount	Staffs (person)	Amount
Salary	4,803	591,630	5,966	693,931	6,998	848,745
Bonus	2,568	43,408	3,292	43,977	-	63,610
Provident Fund	4,753	13,739	4,386	30,900	5,252	39,917
Social Security	4,803	26,183	5,694	56,790	6,976	76,480
<b>Total</b>		<b>674,960</b>		<b>825,598</b>		<b>1,028,752</b>

**Note :** The Bonus of year, 2016 was booked in Accrued Expenses account which not allocate, so the company could not count the actual number of staffs who got paid from company. The number of employees in 2016 which include employees who resigned

## Human Resource Management Policy

Siam Global House Public Company Limited give priority to “The value of human resources” according to the company policy and practices in the business for long time. In addition to the developing the ability of work and increase their ability to operate business. The company has also focused and pay attention to create environment of workplace for the employees’ healthy , that lead to the creation of good performance by 5 parts as follow;

### 1. The structure of employees.

The company give priority to the public and people who disadvantaged around the store location. Then the company promote the employment in the area , through the process of recruitment by board. Including of the student’s supporting in order to training for workforce.

### 2. The rights and equality of employees.

The company adheres to the principle of respect equality and the ability of employees to the company’s code of conduct by instilling employees since starting of work. Comprehensive of human rights. The company focus on quality of employees’ life by providing the training and opportunity in the company’s activities. It also supports the employees to develop their skill continuously.

### 3. The compensation and benefits management.

The company manage compensation and benefits under the merit system and focus on the ability of each employee. Including career path with the self- improvement. The welfare, the company base on appropriate and benefit of most employees which accordance with situation and capabilities of company.

### 4. The management of occupational health and safety.

The company adhering to the policy of health and safety at work of employees and targeted “Accidents to zero”. The regulatory measures cover safety established business partner , third party and surrounding community.

### 5. The employees development.

The company continue to improve and develop curriculum and employees development in accordance with the environment and business practices. In order to provide employees with knowledge and ability to effective performance. The company has set guidelines for employee development to enhance performance such as follows;

- E-learning system for self – learning continuously.
- Skill Base system for employees in each function of work.
- The development by on the job training and mentor.
- The trainee management project by learning the function and actual work.
- The executive program development by selecting the potential employees to training in the learning center at head office.

#### Information of employees training for the year 2016

Employees Level	Employees (Persons)	Training Hour (Hour)	Average Hour/Person (Hour)
Management Level	264	5,589	21.17
Operation Level	1,705	25,250	14.81
Total	2,051	30,839	15.04



## 8. Corporate Governance

The Company realizes the importance of the good Corporate Governance, the transparent management system and accountability in order to confidence of shareholders , investors and stakeholders. Therefore, the Board of Directors had set the manual Code of Conduct for committee, executive officer and employees and published through [www.globalhouse.co.th/investor/inv\\_corpor](http://www.globalhouse.co.th/investor/inv_corpor)

### The Policy of Corporate Governance

The company strictly performs business under the rules and regulations of the Stock Exchange of Thailand and can be categorized into 5 groups :

#### 1. Rights of Shareholders

The Board of Directors of the Company gives the importance to the right of shareholders by not performing any act that violates or lessens the rights, and to facilitate the exercise of rights on various matters.

Shareholders will be protected under the basic rights as follows:

- (1) The Company invites shareholders to propose meeting agenda in advance to be submit the AGM 2016 from October2,2015 to January15,2016.
- (2) Shareholders will be provided with information relating the annual Shareholders Meeting such as date, time, place, and the agenda in advance prior to the Meeting. Meeting calling notices including related. information and meeting's agenda will be sent to Shareholders at least 7 days prior to the Meeting according to the company's rules or 14 days prior depending on the agenda and / or as stipulated by the laws.
- (3) The Company has a policy to accommodate the shareholders and institutional shareholders to attend the meeting. Therefore, the Company has chosen meeting venue location with access by convenient transportation for shareholders attending the meeting
- (4) The Company will provide guidelines regarding the meeting. The information will be posted on the Company's Website for Shareholders' decision-making.
- (5) The company facilitates Shareholders in attendance of the Meeting and in using the right to vote. The company will ensure every Shareholder has equal opportunity to attend the Meeting.
- (6) In the general meeting of shareholders, the company will treat every Shareholder fairly and give opportunity for Shareholders to comment and ask questions.
- (7) In case of the shareholders cannot attend the meeting that they can appoint Independent Directors to be their proxy .The annual general meeting of shareholders for the year 2016,the Company has provided Assoc.Prof Phornsiri Thivavarnvongs, Mr. Pornsak Sakpunpanom.
- (8) After the general meeting of Shareholders, the company will consistently keep the Shareholders informed on the information related to the Company through the Company's Website or the Stock Exchange ofThailand's website within 14 days.
- (9) The Company informed the performance to shareholders through the Company website or the Stock Exchange of Thailand.

#### 2. Equitable Treatment of Shareholders

The company has the policy to treat the shareholders as equitable and share the opinion about the company's operate by set the independent committee to take care of the minority shareholders who can give an advice, share the opinion and complaint to the independent committee who can considerate the appropriate in each topics. For example: In case of complaint, the independent committee will find out the fact and find the



appropriate way to solves the complaint. However, the shareholders still can questions to complete the agenda including nominate the person to be candidate through <http://www.globalhouse.co.th>

The director has set the confidential information measure from the insider including board of directors and executive, employee and employee of related companies (including spouse and minor child) to use the confidential information that haven't been disclosure to buy, sell or transfer securities of the company in 30 days before financial statements has present to The Securities and Exchange commission or before the confidential information has disclosure to public and also define punish for disclosure of company's information or use the confidential information for personal gain and also give the knowledge and understanding to the Board of Directors and executives about duty to report to the securities and exchange commission (SEC) according to section 59 of the Act 2535 (1992) securities and exchange including inform and condition information to the securities and exchange commission (SEC) for board of directors and executives as inform.

In 2016,the directors and executives of the Company not trading by using inside information and not violate the rules of the trading according to the Securities and Exchange Commission Thailand.

### 3. Roles of Stakeholders

The company has considerate for the rights of all stakeholders involved the company including internal stakeholders who is shareholders, employee and board of director or external stakeholders who is competitor, Partners, customers, community and society etc. The company realized that the support and get the feedback as well as build a good relationship to the stakeholders will be good benefit for the operation and develop the company to grow and expand in the future. The company has provide the group to get the rights in Equitable including comply with provision of the laws and regulation related as below.

- (1) Shareholders : The company focus on being a good representation to satisfy the shareholders by considerate about the growth of company value over the long term with the good control system and internal audit with clean disclosure information.
- (2) Employee : The company are supporting the development of the potential of human resource for maximum benefit because the company has considerate that the employee is one of the primary resources that are critical in the development of the organization to grow therefore, the company are treat the employee all equally and fairly without discrimination by give the rewards and welfare proper
- (3) Employee : The company are supporting the development of the potential of human resource for maximum benefit because the company has considerate that the employee is one of the primary resources that are critical in the development of the organization to grow therefore, the company are treat the employee all equally and fairly without discrimination by give the rewards and welfare proper
- (4) Competitor : Treat the competition have a code of ethics with great competitiveness by avoiding competition with dishonest way to destroy rivals.
- (5) Customers : The company are concentrate to give a great service and satisfy for customers. Supply of goods and services quality. Trade with customers with honesty and fairness.
- (6) Community Society and Environment : The company recognizes the importance of maintaining the environment of the surrounding community with campaign to save energy and the operate is not contrary to the traditions or damage to society.
- (7) Creditor : The company strictly comply with any conditions required by creditors. Effectively utilize loans for the right purposes, monitor the payback of loans to creditors by the due date and completely observe loan conditions according to the agreement.

The Company promoting good governance practices in the following.

## Anti – Corruption

The company is committed to protecting and promoting the anti-corruption which is regarded as a crucial policy to strictly conduct business with integrity, honesty, transparency and accountability so as to create good values and corporate image. The company has expressed intention in the project of Collective Action Coalition against Corruption in the year 2015. And in the Board of directors meeting no.6/2016 held on 21 December 2016, resolved to approve the Anti-Corruption Policy. That prescribed the company's personnel must comply with the "Anti-Corruption Policy" and not be involved in all forms of corruption, whether direct or indirect. Including defined the definitions according to the Anti-Corruption Policy, duties and responsibilities, practice guidelines and penalties which were promulgated throughout the company, acknowledged and implemented by the directors ,executives and employees. The company put the policy and practice guidelines as follows:

The Company has set anti - corruption policy and the guidelines are as follows:

1. Directors, executives and employees at all levels of the Company must comply with Anti - Corruption policy and do not act or involved in the corruption. Whether directly or indirectly.
2. Prohibiting executives and employees demanding or receiving any benefits from trade partners or any other persons who do business with the Company.
3. The executives and employees of the Company avoid giving or receiving gift from person to contact for trade partner. Except to traditional or local trade.
4. The executives and employees avoid the reception party or accepting from trade partner. Those who do business or negotiating with the Company. Except there is reasonable cause and the regular entertainment in general.
5. The employees should not neglect or ignore, when found the corruption with the Company. Then need to notify supervisors or persons who responsible. Through various defined and to cooperate in the investigation.
6. The Company will ensure fairness and protect employees who refuse or inform the corruption. The protective measures for complainants as defined in the code of conduct regarding the complaints and suggestions.
7. Those who act corruption that violation of regulations on business ethics and best practices. Which be considered by disciplinary regulations may also punished by law. If the actions is illegal.
8. The Company recognizes the importance of disseminating knowledge and understanding of the other person to perform with the company or may impact on the company, that comply with the anti – corruption policy.
9. The Company is set to be evaluated, compliance policy of anti-corruption by the unit responsible for monitoring and report to Audit Committee. To ensure that the implementation of the policy get response from the person concerned.
10. The Company is committed to create and maintain a corporate culture that corruption is unacceptable all transactions with government and the private sector.

In order to implement concrete anti-corruption actions and demonstrate its commitment to tackle all forms of corruption, the company has proceed as follows:

- The company is publishing and communications the Anti-Corruption Policy to directors ,executives and employees as well as stakeholders to acknowledge on the company's website [http://globalhouse.co.th/investor/inv\\_corpor](http://globalhouse.co.th/investor/inv_corpor)
- The Company set the training about knowledge of anti - corruption. The practical on orientation day of new employees every 1<sup>st</sup> and 16<sup>th</sup> of months.

### Monitoring of the compliance and report.

Directors, executives and employees are responsible for acknowledge and understanding that good corporate governance policy. And guidance in practice for promote effective implementation, administration and good governance. The Company has set communication channels to complaint from stakeholders that directly to the Board Director (Whistle Blowing) via the company's website in the topic of Good Corporate Governance <http://globalhouse.co.th/whistle> or E-mail [board@globalhouse.co.th](mailto:board@globalhouse.co.th)

### 4. Disclosure and Transparency

The Company realized the importance of disclosure with transparency including financial reports and general information complied with regulation of SEC and SET. As well as other information that affects to price of securities and decision making of investors and stakeholders. The Company will disclose information to shareholders or investors through SET and SEC including the Company's website, newspapers for the shareholders access to information equally.

The Company assigned the Investor Relation to response about disclosure information for the stakeholders, that can be contacted by 043-519777, 043-519596 Fax 043-519649 or the Company website [http://globalhouse.co.th/contact/contact\\_inv](http://globalhouse.co.th/contact/contact_inv) or E – mail : [IR@globalhouse.co.th](mailto:IR@globalhouse.co.th)

By the year 2016, the Company has a disclosure channel as below;

- (1) Via company's website [http://globalhouse.co.th/investor/mian\\_inv](http://globalhouse.co.th/investor/mian_inv) as company's news, Annual Report, Shareholders' meeting, news to inform to SET, information on corporate governance, Board Structure, Shareholders Structure. In addition, shareholders, investors and stakeholders can shares their opinion and propose agenda, question and nominate someone with the qualifications committee positions prior to the meeting invitation is sent through the website.
- (2) Visit the investor's trade in all year 2016, the company allows investors both in Thailand and Aboard to meet with executives and visit the various branches totaling 27 times including attended in the Opportunity day 1 time.
- (3) In 2016, the Company attended the conference and Road show as arranged of both domestic and international totaling 10 times which organized in Thailand and abroad.

### 5. Responsibility of Board of Directors

Duty of Directors to consider and approve the company's operate information such as vision and mission, strategy, risk planning and budget of the company and also supervise the management of target based on Legal requirements and ethical business for the benefit of the company and all concerned parties.

- (1) The company has a policy on corporate governance affidavit which has to be approved by Board of directors. The guideline for Directors, Executives and employee to provide a review of the policy on a regular basis.
- (2) The company has a policy to run the business with clean, right and fair by define business ethic in written and disclosure to directors, executives and employee to be upheld and strictly complied with the policy.
- (3) The company has define the policy about conflict of interest on the principle that any decision to conduct business activities shall be only made to the maximum benefit of the company and avoid the activities which can be conflict of interest by define someone who related with specify to consider and must inform the company about relationship or the association in the list and must not participate in considering the issue including no authority to approve the transaction.

The Audit director will present to the director about related and conflict transaction which considered suitable carefully and also the company has strictly conduct the criteria of The stock exchange of Thailand in terms of pricing and condition to someone who may have a conflict of interest, virtual items with external parties and submit a report on the period of the stock exchange of Thailand and will be disclosed in financial statements, Annual Report and Annual information form (56-1)

- (4) The company focuses on providing a good internal control system by provides a manual on rules and procedure in writing and define segregation the duties and responsibilities, powers of the operational and management issues.

The director assigned the audit director to have a responsibilities to review the suitability and effectiveness of internal control systems provided by the company including prepare and review of all operational aspects of control systems, financial reporting, follow the rules, regulatory policies and corporate governance practices.

The company has provided the internal control department who monitors the system of internal control and report directly to the board of directors. The director assigned the audit director to have a responsibilities to

review the suitability and effectiveness of internal control systems provided by the company including prepare and review of all operational aspects of control systems, financial reporting, follow the rules, regulatory policies and corporate governance practices. The company has provided the internal control department who monitors the system of internal control and report directly to the board of directors.

- (5) The Company has set policy of quorum to vote on the Board of Directors meeting that required minimum 2/3 of all directors. In addition,the non- executive directors can convene among themselves.
- (6) The Board of Directors set policy for CEO is not holding a position in others listed company in order to devote more time for duties effectively.
- (7) The Board of Directors has determined that each directors to position on listed company for a maximum of 5 companies in order to perform their duties properly.
- (8) Supporting the directors to attend the training or seminar courses of Thai Institute of Directors.

### The Board of Director Meeting

The Company holds the Board's meeting at least once every 3 months and addition meeting asrequired. The meeting's agenda is specified in advance and results are followed up regularly. Meeting calling notices including related information and meeting's agenda will be sent to the Board at least 7 days prior to the Meeting to allow sufficient time for the Board to prepare before the meeting. And in every meeting, Directors are able to comment independently and all comments are recorded in writing to ensure transparency and audit ability.



## Statistics of the meetings for the year 2016

Name		Attend / Total Meeting (times)			
		Board of Directors' Meeting	Audit Committee's Meeting	Nomination & Remuneration Committee's Meeting	Executive Committee's Meeting
1. Mr. Apisit	Rujikeatkamjorn	6/6			
2. Mr. Anavat	Suriyawanakul	6/6			5/5
3. Mrs. Warunee	Suriyawanakul	5/6			5/5
4. Prof.Dr. Pongsak	Suriyawanakul	3/6			
5. Assoc.Pro Phornsiri	Thivavarnvongs	6/6	6/6		
6. Mr. Pornsak	Sakpunpanom	6/6	6/6	1/1	
7. Dr. Vongsak	Swsadipanich	3/6	3/6		
8. Mr. Kajohndech	Saengsubhan	5/6			
9. Mr. Nithi	Patarachoke	6/6			3/5
10. Mr. Aree	Chavalitcheevinkul	6/6			

## The directors retired during year 2016

1. Mr. Witoon	Suriyawanakul	2/6		1/1	2/5
2. Mr. Surasak	Chuntori	1/6	2/6	1/1	

## Board of Director's Self-Assessment

The Board conducts Self-Assessment, which consists of 3 types of assessment; Self-assessment of the entire Board, Self-assessment of each Director individually, and assessment of one another between in Board of Directors. The self-assessment assists and improves the Board to reevaluate the performance, problems, and obstacles arose in the past.

## Training Program for the Board of Directors and Executive Officers

1. The Board of Directors promote and support directors to attend training course or seminars in order to accumulate knowledge that will benefit the Company annually at least 1 person. The Board of Directors assigned the Secretary of the Board of Directors to collaborate and notify directors of upcoming training courses and seminars.
2. The Company has policy to organize orientation to every newly direct or in order to acknowledge the roles, duty and responsibility and nature of business. By presenting information, manual of the code of conduct and Company's Articles of Association. Including training programs for newly directors held by Thai Institute of Directors (IOD).
3. The Board of Directors assigns the Chairman of the Executive Directors to acknowledge about the development plans and prepare a succession plan in case incapable of performing duties.
4. The Board of Directors form Directors' development project and the Chairman of Executive Director report back the progress every year and assess in conjunction with the succession plan.

In 2016, 1 directors had attended the training programs and seminars as follow;

Name	Training / Seminar	Date
Mr. Pornsak Sakpunpanom	- CG Forum 1 / 2016 “Ethics : Conscious Corporate Governance” by The Stock Exchange of Thailand	10 February 2016
	- The Directors Meeting of Corporate Governance Code	13 September 2016

### Internal Information Monitoring

The Company realized the importance of controlling the use of inside information, especially the information that undisclosed to public which may affect to price securities. By defining a policy on code of conduct manual as follow;

1. The Board of Directors has define stipulation to prevent the wrongfully use of inside information by individual concerned that including directors , executive officers and employees (including spouse and minor child).By using the inside information was undisclosed for buy , sales or transfer the securities within 30 days before disclosure information to SEC or the publicly.

2. The Company assigned the Accounting and Financial department submit the financial reports to SET and SEC that reviewing by the Audit Committee and the Board of Directors in order to insure that the information will not be disclosed to public prematurely.

3. Informing to directors and executive officers for disclosure of shareholding to SEC according to the Article no.59 and penalties under the Public Limited Companies Act B.E 1992.

## Details of Company's shareholding of the Directors and Executive Officers as at 31 December 2016

No.	Name	Position	A number of shareholding		
			31 Dec 2016	31 Dec 2015	Increase / (Decrease)
1.	Mr. Apisit Rujikeatkamjorn	Chairman	-	-	-
2.	Mr. Anavat Suriyawanakul	Director / Executive Director	18,492,711	424,612,107	(406,119,396)
	Spouse and minor children		168,715,831	25,681,744	143,034,087
3.	Mrs. Warunee Suriyawanakul	Director / Executive Director	16,535,522	165,748,117	(149,212,595)
	Spouse and minor children		15,340,918	548,872,684	(569,531,766)
4.	Assoc. Prof. Dr. Pongsak Suriyawanakul	Director / Nomination & Remuneration Committee	753,513	717,632	35,881
	Spouse and minor children		1,959,999	1,866,666	93,333
5.	Assoc. Pro. Phornsiri Thivavarnvongs	Director / Audit Committee	-	-	-
6.	Mr. Pornsak Sakpunpanom	Director/ Audit Committee Nomination & Remuneration Committee	-	-	-
7.	Dr. Vongsak Swasdippanich	Director / Audit Committee Nomination & Remuneration Committee	-	-	-
8.	Mr. Kajohndech Saengsubhan	Director	-	-	-
9.	Mr. Nithi Patarachoke	Director / Executive Director	-	-	-
10.	Mr. Aree Chawalitchewingul	Director	-	-	-
11.	Mr. Yutthana Suriyawanakul	Vice - CEO	1,420,998	1,353,332	67,666
12.	Ms. Chutikan Srisaengchan	Vice - CEO	1,000,000	1,010,057	(10,057)
13.	Mr. Warit Jintanawan	Vice - CEO			

**Note :** The numbers of shares that increase in 2016 mostly from the stock dividend payment.

### The Internal Audit Department.

The Company has established the Internal Audit Department in order to promote the procedure of good governance that reviewing and follow up the result of work performance to the Management and reporting the result of the operation to the Audit Committee directly.

Moreover, the Audit Committee consider and appoint the auditor which the resolution of the shareholders in 2016 approved to appoint the auditor from MR & Associate Co., Ltd., by Mr. Pisit Cheewaruengrot, an auditor License 2803 or Mr. Methee Rattanasrimetha, an auditor License 3425 or Mr. Akadet Pliensakul, an auditor License 5389 or Mr. Korramann Jaturapornprom, an auditor License 6210 as the auditor of the Company for the year 2016. The auditors does not have relationship with the Company / executive officers / major shareholders.

### Whistleblowing Policy.

The Company has policy to take care of the stakeholders such as shareholders, customers, suppliers and other parties that able to comment about products ,services ,operating including fraud case or misconduct of employee and executive officers through the Company's website in order to investigate on timely. By assignment to the Internal Audit Department and Secretary Office received the comments.

- The comment of operating, products or services,the Secretary Office will examine and gathering the facts from concerned parties then reporting directly to CEO.
- The fraud whistleblower or misconduct of employees or executive officers, the Internal Audit Department will examine and gathering the facts from concerned parties then reporting directly to CEO and the Audit Committee which consider significant of the comments and propose to the Board of Directors .The company will keep record of the whistleblower confidential.

### Control of Subsidiaries and Associated Companies' Business Operations

Global House International("GBI") from by a partnership between Global House Public Company Limited and SCG Distribution Co.,Ltd. The objective for investment in building materials retailsand home decorate products in Asian. The investment of GBI focus on shareholding and participate with local partners. Theknowledge and expertise in business management of GBI with local partner.

The Board of Director has appointed directors and executives to position in GBI for managing and policies same as the Company.

### The Board Diversity Policy

The Board of Directors has prescribed that the structure of Board should consist of directors with various qualifications in terms of skills , experience, expertise that is beneficial to the Company and gender. The Board of Director consist of one female independent director for board diversity; Assoc.PhornsiriThivavarnwongs who has knowledge and expertise in accounting and financial.



## 9. Corporate Social Responsibility

The Company has realized the importance of social responsibilities for many years. The Company has operated social responsibility with concerns on all related parties including shareholders, trading partners, customers and employees which adheres to the principle of social responsibility and set guidelines are as follows;

### 1. Business with Fairness

The Company has operated its business with fairness and understanding on characteristics ,competition and stakeholders of business ; consisting of customers, suppliers and competitors including maintaining in political neutrality to create long-term confidence. This will effect to the long-term benefits on both the Company and the relevant parties.

### 2. Good corporate Governance

The Company encourages the good corporate governance by providing the efficient management system with roles and responsibilities to manage equality and fairness, transparency in order to increase the confidence of the shareholders, stakeholders and all relative parties.

### 3. Anti-Corruption.

The Company joined the Anti-Corruption Organization of Thailand by signing the declaration of intend to the Collective Action Coalition on August 14,2015 and currently process to obtain to certification.

The company is publishing and communications the Anti-Corruption Policy to directors,executives andemployees as well as stakeholders to acknowledge on the company's website [http://globalhouse.co.th/investor/inv\\_corpor](http://globalhouse.co.th/investor/inv_corpor) In addition, the Company has provided a channel to inform or complaint, through the Company's website and secretary.

### 4. Respect for Human Rights and the Treatment of Workers Fairly

The Company support and respect for human rights and the treatment of workers fairly by realized on the human resource is the important factor for business. The Company adheres 3 principles ; respecting for rights' working by human rights, providing of social protections, providing of the occupational health and work safety.

In 2016, the Company supports the employment of disabled people and provided the proper function of the capabilities and potential employees. In addition to provide the area to sell lottery for the disables without cost in order to support and encourage to career for themselves.

Transaction	31 Dec 2016
Disabled Employees	57
To provide the area to sell lottery without cost	6
Total	63
Total Employees	6,746

## 5. Consumer Responsibility

The Company realized on responsibility of customers by the employee must inform products' detail and services based on fact for customers. The recommendations, risks and prevention from using products including the refund of products within 30 days.

## 6. Environmental Care

The Company realized on importance of environment and set business policies both environment care by approach the Sustainable Resource Use including reducing and the climate change mitigation and adaption. The Company designed the building' structure that high roof and air flow surroundings, including the installation of thermal insulation throughout the building.

Furthermore, to campaign the conservation of energy, nature and environment that the Company has changed the equipment in the service zone and office zone such as; installation Evaporative Cooling System, LED High Bay, Channel of Roof lighting, Separating of office rooms including, the size of receipt paper from A4 to A5 which the Company saved 70%-80% on electricity consumption.

## 7. Community and Social Development

The Company realizes that strong and continuous improvement community and society is significant to the operation of its business by committed to creating a sustainable society for 20 years ago. The Company is deemed a part of the community and set the policies in education, employment, health care and social investment to joined communities' development

## 8. To publish the innovation for social responsibility

The Company realized on social responsibility by monitoring on business operation did not cause of risk or impact to social and environment including, chanced to communities or stakeholders able to inform or complaint which may impact to the communities by providing a channel to get information and taking immediately action to correct. And reported the results to executive manager.

## Corporate Social Responsibility : CSR

In year 2016, the Company continues to support activities for social benefits; donation of money and goods or corporate with government or private sector through our stores totaling 120 transaction amount 2,166,826.72 Baht as follow;

- 1) **Education and Youth Development** : The Company realized the importance of education and youth development to support the educational and activities in several area as following;
  - (1) Providing the scholarships to 2 poor students in Roiet and Kalasin province for study in bachelor degree level, Nursing course of Christian University. The study period was 2015-2018.
  - (2) Donation to the school that need televisions, water dispenser and storage tank and supported equipment construction materials for improvement building and library to schools in local areas
  - (3) Supporting youth development activities such as the knowledge camp to country of Rotaract Club of Kasetsart University, the project of leadership potential development "Rotary Youth" and International Youth weightlifting competition.
- 2) **Religion** : Participating in building the temple and religious ceremonies with government sector to maintain the Buddhism.

- 3) **Government Official** : The Company supported in many activities with Government Official such as
  - The Civil - State project for strengthen security in schools. The Company supplies electricity to support the Institute of Skill Development.
  - The Police Station that the Company provides equipment, construction materials and things for improvement the landscape of police station, construction of public toilets and traffic work.
- 4) **Traditional and Local Activities** : Co-sponsored in traditional and local activities for cultural traditions conservation and good relationships with the community such as UbonratchathaniCandel Festival,Lai Reua Fai Festival – NakhonPhanom , Boon Phawade Festival.
- 5) **Helping Disabled and Disadvantaged Persons** : A part of raising donations from the faithful customers and employees in our stores with “The project of your 1 Baht for create dream and opportunity ” to the school for the blind in Roiet, by placing donation boxes in our stores which collected donations up to 530,000 Baht. In addition, supported the wheel chairs for the disabled, the gifts for Disable Person International Day in 2016.
- 6) **Blood Donation** : The Company coordinate with Thai Red Cross and Provincial Hospitalsto provide blood donors and prepared the places. In 2016, 1,297 employees participated which totaling 477,600 cc. of blood, eyes and other organs donated 16 persons. In addition, the Company has obtain the honor certificate by Thai Red Cross Society as the providing area to blood donation for help humans consistently over 5 years.
- 7) **Environmental Activities** : The Company provides a collaborate and support environment all along . In the year 2016, the executives and employees cooperated with government official for planting trees and forest to honor the king and the queen.



## 10. Internal Control

### The opinion of the Board of Directors

The Board of Directors assigned to the Audit & Risk Management Committee that consist of 3 independent directors who not employees of the Company and their responsibilities for reviewed the accuracy of financial report and effectiveness of internal control system.

The Board of Director meeting 1/2016 on 20 February 2016, the directors and the Audit Committee evaluated the adequacy of internal control system. The Board of Directors' opinion that the internal control system was adequate and appropriated to nature of business and accordance with COSO (The Committee of Sponsoring Organization of the Tread way Commission) as follow;

#### 1. Organization and Environment

The committee agreed that the company has clear organization chart and specified scope of authority and responsibility of each department. There is clearly state of business goal. The Management and administrator considered and defined business target and strategies, which can be adapted accordingly to environment.

The Board of Directors approved the code of conduct manual and published to website and intranet of the Company in order to be guideline for directors executives and staffs to adhere. For the policy of employees, the company was training all employees to develop skill and reviewed operation to be in the same line. Furthermore, also educated employees to love organization and provide best environment and welfares, as well as defined standard of performance assessment and fairly compensation.

#### 2. Risk Management

The committee agree that the company has regularly considered and risk assessment that impact on operations. The Management committee have meeting with all relevant departments every months to acknowledge and follow up the result of operation and closely tracking for setting risk management to control the risk to be at acceptable level

#### 3. Operational Control

The committee agree that the company has specified the scope of authority and detail of approval in each level clearly. There is completely separated duty and responsibility for approval, account booking and information technology for examine each other.

#### 4. Information Technology and Communication System

The committee agree that the company emphasis on Information Technology. There is development and improvement about operational system for more efficient and support internal control system.

For the communication between executive officers and employees, the company has developed internal communication channels for more effectively, for employees are aware of policies and procedures in order to operate in the same line.



## 5. Monitoring System

The committee agree that the company has specified to meeting with all relevant departments every months to acknowledge and follow up regularly. Furthermore ,specifying to Internal Audit Department directly reported audit's result and evaluated of internal control system of units to Management Committee and Audit and Risk Management Committee so that internal auditors can perform independently

The committee's opinion of the internal control system all 5 components is sufficient, appropriate and provided staffs to perform on internal control to be effective. The management has focused on the understanding of internal control with training on supervisors to optimize the performance.

The Executive Committee assigned to the Account and Financial department to audit and accurate of the Company's assets regularly. In addition, the auditing of financial statements of the year 2016 the certified auditor has no comment about the internal control system.

### The opinion of Audit and Risk Management Committee.

The Audit and Risk Management Committee agree with the Board of Directors that the internal control system has adequate and appropriate with the Company' business , satisfactory level , acceptable of risk management, accounting system and accuracy of financial reports and complied with the regulations related to the Company's business.

### Internal Audit Manager

The Audit and Risk Management Committee had appointed Ms.Siriwan Na-Nan to be the Internal Audit Manager. She has educated and experienced in internal audit and trained related courses of internal audit. Including also understanding of the Company's operations. As a result, it is appropriate to appoint her to perform such duties.

The Audit and Risk management Committee is responsible for approving the appointment , removal and transfer of the Internal Audit manager.

## 11. Dividend Policy

The Company has the policy to pay dividend to shareholders not less than 30% of the net profit of each year after deducting the legal reserve. However, the consideration for dividend payment will take other factors into account such as result of operation and financial status of the Company, Liquidity, Expansion of Business and other factors relating to the management of the Company. Each dividend payment is required to obtain approval from shareholders and Board of Directors.

### The dividend payment for the year 2012 -2015

Year	2012	2013	2014	2015
Earnings per share (Baht / Share)	0.3369	0.3437	0.2302	0.2519
Dividend per share (Baht / Share)	0.1852	0.1852	0.1587	0.0956
Proportion of dividends payment of net profit (%)	68.88	57.56	72.60	39.93

Note : The earning per share above is basic earnings per share which based on the financial statements of each year, that did not adjust the number of shares of previous years due to increasing of capital for stocks dividend payment

## 12. Related Transactions

In 2016, the Company had significant business transactions with related parties (related by having common shareholding or co -directors), which have been concluded on commercial terms and bases agree upon in the ordinary course of business between the Company and those companies. The Company had related transaction between 2014-2016 as follows;

(Unit : Million Baht)

Name of Company / Relationship	Transactions	2016	2015	2014
<b>1. Inter Concrete Industry Co.,Ltd.</b>				
- 2 co-directors and major shareholder 40.41% of capital register. 1) Mr. Anavat Suriyawanakul 2) Mrs. Warunee Suriyawanakul	Sales	11.19	7.51	9.32
	Account	0.77	0.97	1.50
	Receivable			
	(As of 31 Dec)			
<i>Audit Committee 's Opinions : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market price.</i>				
<b>2. Siam Global Engineering Co.,Ltd.</b>				
- 1 co-directors Mr. Anavat Suriyawanakul - and 2 co-directors are shareholders 17.50% of capital register; 1) Mr. Anavat Suriyawanakul 2) Mrs. Warunee Suriyawanakul	Sales	36.14	67.74	1.05
	Purchase	-	-	4.43
	Account	34.98	2.51	0.02
	Receivable			
	Purchase Assets	244.66	58.77	16.40
	Other Payables	75.21	3.04	-
	(As of 31 Dec)			
<i>Audit Committee 's Opinions : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market price.</i>				
<b>3. Petch Nam Nueng Non- juristic</b>				
- 1 co-director Mrs. Warunee Suriyawanakul	Rental	0.24	0.24	0.24
<i>Audit Committee 's Opinions : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and negotiated agreement price.</i>				

(Unit : Million Baht)

Name of Company / Relationship	Transactions	2016	2015	2014
<b>4. Thip Fiber- Cement Co.,Ltd</b>				
- Subsidiaries of The Siam Cement PCL.	Purchase	220.23	593.81	502.75
	Account Payable	-	8.06	16.18
	Sales promotion income	25.89	22.44	15.14
	Other income	1.55	-	-
	Accrued sale promotion income	5.88	6.10	3.43
	(As of 31 Dec)			

*Audit Committee 's Opinions.: The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.*

<b>5. SCG Sourcing Co.,Ltd.</b>				
- Subsidiary of SCG Distribution Co.,Ltd	Sales	1.06	13.10	12.39
	Purchase	-	-	87.52
	Account Receivable	-	1.04	2.40
	(As of 31 Dec)			

*Audit Committee 's Opinions : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.*

<b>6. Sosooco and Group(2008) Co.,Ltd</b>				
- Subsidiaries of The Siam Cement PCL.	Purchase	160.98	164.04	186.27
	Account Payable	10.81	7.83	2.62
	sale promotion income	12.48	18.24	16.36
	Accrued Sale promotion income	3.23	2.76	3.31
	(As of 31 Dec)			

*Audit Committee 's Opinions : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.*

<b>7. Thai-German Ceramic Industry PCL.</b>				
- Subsidiaries of The Siam Cement PCL.	Purchase	236.43	222.83	229.55
	Account Payable	22.89	12.27	13.54
	Sale promotion income	20.05	16.78	17.61
	Accrued sale promotion income	3.53	2.79	2.42
	(As of 31 Dec)			

*Audit Committee 's Opinions : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.*



(Unit : Million Baht)

Name of Company / Relationship	Transactions	2016	2015	2014
<b>8. SCG Logistic Management Co., Ltd</b>				
• Subsidiary of SCG Distribution Co.,Ltd	Purchase	162.23	52.73	13.71
	Account Payable	-	-	1.11
	Warehouse Rental	-	-	0.54
	(As of 31 Dec)			

*Audit Committee 's Opinions : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.*

<b>9. Thai Ceramic Co.,Ltd.</b>				
- Subsidiaries of The Siam Cement PCL.	Purchase	202.64	160.05	182.61
	Account Payable	19.17	13.94	7.99
	Sale promotion income	1.90	1.28	1.54
	Accrued sale promotion income	0.40	0.20	0.19
	(As of 31 Dec)			

*Audit Committee 's Opinions : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.*

<b>10. Siam Sanitary ware Industry Co.,Ltd</b>				
- Subsidiaries of The Siam Cement PCL.	Account Payable	10.70	7.55	5.34
	Purchase	-	-	37.92
	Sales promotion income	2.28	1.85	1.26
	Accrued sale promotion income	0.30	0.89	0.25
	(As of 31 Dec)			

*Audit Committee 's Opinions : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.*

<b>11. The Nawaplastic Industries (Saraburi ) Co., Ltd.</b>				
- Subsidiaries of The Siam Cement PCL	Purchase	189.76	117.15	77.65
	Account Payable	-	-	4.63
	Sales promotion income	1.71	1.27	0.24
	Accrued sale promotion Income	1.66	1.25	0.24
	(As of 31 Dec)			

*Audit Committee 's Opinions : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.*

(Unit : Million Baht)

Name of Company / Relationship	Transactions	2016	2015	2014
<b>12. Siam Kraft Industry Co.,Ltd.</b> - Subsidiaries of The Siam Cement PCL	Other income Account Receivable (As of 31 Dec)	0.17 - 	0.54 - 	0.81 0.06 
<i>Audit Committee 's Opinions : The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.</i>				
<b>13. SCG Cement-Building Materials Co.,Ltd</b> - Subsidiary of SCG Distribution Co.,Ltd	Purchase Account Receivable Management Fee (As of 31 Dec)	420.19 19.23 8.84 	- - 9.20 	- - - 
<i>Audit Committee 's Opinions.: The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.</i>				
<b>14. AESCON Co.,Ltd.</b> - Director is a member of family.	sales Purchase Account Receivable Other Payables (As of 31 Dec)	165.39 1,108.04 27.22 149.29 	- - - - 	- - - - 
<i>Audit Committee 's Opinions.: The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market prices.</i>				
<b>15. Souvanny Home Center Public Company Limited.</b> - Associate of Global House International Co.,Ltd.	sales Other income Account Receivable (As of 31 Dec)	44.68 3.00 15.23 	0.13 - - 	- - - 
<i>Audit Committee 's Opinions.: The transactions are under normal business practices as well as the same price with other business that unrelated. The Audit Committee has considered that the transactions is reasonable and market price.</i>				

### Audit Committee Commendations

From the meeting of the Audit Committee No.1 / 2016 on 20 February 2016, audit committee commented on the related transaction between the company and person which may cause conflict of interest or will cause conflict of interest in the future follow Notification of Capital Market Supervisory Board. The meeting resolved unanimously that these related transaction was reasonable and fair price and benefit the company's business. Transaction prices are charged at fair market price like the transactions with other outside parties and no objective to siphon profits between the company and that person.

### Procedure to Approve the Related Transaction

From the meeting of the Board No.4/2008 on 11 August 2008, the board approved on the case of entering into any deal or contract between the company and director, manager or any related person which may cause conflict. Transaction prices are charged at fair market price like the transactions with other outside parties and no objective to siphon profits between the company and that person. In the case of normal deal, administrative section can process normally under the Meeting's resolution. Moreover, the company will prepare the summary report for the higher than 10 million Bath deal for every quarter and also report to the meeting for not-over 10 million Bath deal every quarter.

In the case of related transaction which may cause conflict, the audit committee will give opinion on the necessity of related transaction. If the audit committee does not have the expertise to consider the transaction, the Company will provide an independent expert or the Company's auditor to give opinion on that transaction to use as guidance for the Board, the audit committee or the shareholders. Moreover, the Company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET, the person who has conflict of interest in the connected transaction will not have the right to vote.

### Guidelines for Treating Future Related Transactions

If the company have to make the transaction with person who may cause conflict of interest or will cause conflict of interest in the future, the company will give policies on the necessity of related transaction and the appropriate pricing of that transaction and consider the conditions to be in line with the general business in this industry and compare the price with the transaction done with a third party or the market price. In addition, the company will provide an independent expert or the company's auditor to give opinion on that transaction to use as guidance for the Board.

The future related transaction must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET and not approve any transaction which may cause conflict of interest. In the case of related transaction between Siam Global House Public Company Limited and person who may cause conflict in the future, the audit committee will give opinion on the necessity of related transaction. If the audit committee does not have the expertise to consider the transaction, the Company will provide an independent expert or the Company's auditor to give opinion on that transaction to use as guidance for the Board, the audit committee or the shareholders. Moreover, the Company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET. The information was shown on 56-1 and 56-2 document.

### Investor protection

In the order to protect the investor, the transaction which may cause conflict of interest in the future has to review by the audit committee in the meeting.. Moreover, the company must comply with the laws concerning securities and exchange, rules, notification, order and regulation of the SET and follow the rule of transaction disclosure.

### 13. Management Discussion and Analysis

#### Overview of Business Operating Results

The business operation results have grown significantly over the past three years (2014 - 2016) as a result of business expansion (opening new stores and growth of existing stores). Although the previous year, the economy has been affected by turbulences in politics and natural disasters but had not impact to the business operations and everything went according to plans. The company expand new branches continuously from 32 stores in the end of year 2014 to 46 stores in the end of year 2016. Such as Petchboon, Buriram, Nakonnayok, Yasothorn, Bungkan Pranburi (Prachuabkirikan), Salaya, Pathumthani, Singburi, Samutsongkram, Chiang Rai, Suratthani, Kanchanaburi and Nakhonsithammarat. respectively.

The operating results for the year 2016 the Company has net profit is Baht 1,489.25 million that increase by Baht 611.53 million or 69.67% compared to the year 2015, which the main result of the increase of gross profit margin from house brand strategy, negotiations with suppliers and the increase of sales from new stores. The overall performance during 2014 - 2016 are as follow.

#### Business Operation Results

##### Revenue

The Company's total revenue since 2014 - 2016 has grown from 16,058.99 million Baht in 2014, 17,410.93 million Baht in 2015 and 19,474.11 million Baht in 2016. These figures are reflections of branches expansion continuously.

##### Costs and Expense of Sales and Administration

The proportions of costs of sales to the revenues from 2014 - 2016 were 82.22%, 80.66% and 76.92% respectively. Administrative expenses from 2014 - 2016 were 1,843.95 million Baht 2,125.47 million Baht and 2,471.31 million Baht respectively, due to increasing of employees and stores that increase from 32 stores in 2014 to 46 stores in 2016.

##### Gross Profit Margin and Net Profit Margin

The Company's gross profit margin in 2014 - 2016 was 15.14%, 16.72% and 20.56% respectively and the net profit margins for the year 2014 - 2016 comparing to the revenues of the Company were 4.37%, 5.04% and 7.65% respectively.

##### Total Assets

The total assets of the Company from 2014 - 2016 were 21,173.60 million Baht 23,033.73 million Baht and 27,944.59 respectively. Significant changes are as follows:

1. Cash and cash equivalent as at 31st December 2014 was 282.55 million Baht , as at 31st December 2015 was 297.43 million Baht, and as at 31st December 2016 was 168.99 million Baht.



2. Account receivables as at 31st December 2014 was 18.90 million Baht, as at 31st December 2015 Was 34.92 million Baht, and as at 31st December 2016 was 101.20 million Baht. Show that, there was the increasing of account receivable in 2014 - 2016. However, the company has the policy to strict on giving credits and collection to reduce any risk of lately payment.

3. Inventory as at 31st December 2014 was 7,041.27 million Baht, as at 31st December 2015 was 7,579.40 million Baht and as at 31 December 2016 was 10,249.66 million Baht. The significant increase in inventory was the result of expansion.

4. Land, Building and equipment as at 31st December 2014 was 13,159.72 million Baht, as at 31st December 2015 was 13,677.31 million Baht and as at 31 December 2016 was 15,733.36 million Baht. The significant increase in inventory was the result of expansion. In addition, the company had revaluation of properties in 2014 followed of TAS 16 (Revised 2009) Property, Plant and Equipment. As a result, the company's total asset was increased.

### Liabilities

The total liability as at 31st December 2014 was 7,090.78 million Baht, as at 31st December 2015 was 8,118.81 million Baht and 31 December 2016 was 11,698.76 million Baht. The debt ratios over the three years were 0.50, 0.54 and 0.72 respectively. In year 2014, the Company issuance debenture amount 3,000 million Baht in order to operating and expanding instead of long term loans from financial institutions.

### Shareholders' Equity

The Company has shareholders' equity as at 31st December 2014 was 14,082.82 million Baht, as at 31st December 2015 was 14,914.91 million Baht and as at 31 December 2016 was 16,245.82 million Baht. In the year 2016 the Company has increase the registered capital amount 3,658,495,056.00 Baht and paid-up capital of 3,658,492,121.00 Baht. In 2016, the Company made net profit from operating of 1,489.25 million Baht and the Company reserved 75.00 million Baht in compliance with laws. As a result, as at 31 December 2016, the Company has the appropriated retained earnings and in compliance with the laws of 303.18 million Baht and had inappropriate retained earnings of 3,636.19 million Baht, which means the shareholder's equity increased comparing to 2015 approximately by 8.92%

### Factors that may affect the Company's performance in the future.

The key factors that may affect to the Company's performance in the future consist of 4 cases as follow;

#### 1. The fluctuations of the domestic economy.

Currently, the opinion of academics and economic' experts shown the economics of Thailand may be slow down by several factors, especially the drought in several regions of country that may affect to investment and including the reduction of public spending. During the past, the Company has been monitoring the situation and analyzed the impact on sales continuously. The Company trust on the strength of financial status of the Company that will support long term plans to expand business cover the country and ASEAN. In addition, the Company is establishing a distribution center in Ayutthaya province. In order to improve supply chain management which enhance the company's profitability in long term.

## 2. The fluctuations of exchange rate

The Company has imported goods for sales and the fluctuation of exchange rates is a key factor in business operation. The monthly executive meeting was tracked economic and financial situation in order to risk assess and impact from exchange rate along with setting of risk prevention continuously.

## 3. Competition in the industry.

The last 3 years, the acceleration of expansion of competitors including of new entrepreneurs in business that make higher competition. The Company focus on products presentation about building materials to appropriate for target customers along with the policy “All inclusive for your house”. In addition, the Company will continue focus on making a difference of service and knowledge of the staffs in order to retain the customers in long term.

## 4. Human resource recruitment.

The Company is currently in period of expansion to cover the country. The Company realized that the human resources, staff development and maintenance for the long term is importance. The Company has improved training courses and set human resources management policy collaborated with strategic partner “SCG Distribution Co.Ltd.”. The Company ensure that be able to recruit and develop staffs to support business expansion.

## Audit Fee

The resolution of Annual General Meeting of shareholders 2016 approved and appointed Mr. Pisit Chewaruengroje, Certified Public Accountant Registration No.2803 or Mr. Methee Ratanasrimetha, Certified Public Accountant Registration No.3425 or Mr. Akadet Pliensakul, Certified Public Accountant Registration No.5389 or Mr. Korramann Jaturapornprom, Certified Public Accountant Registration No.6210 of M.R. & Associates Company Limited to be the Company's auditors for the year 2016 with 2,600,000.00 Baht.

Transaction / Year	2014	2015	2016
Audit Fee	2,000,000.00	2,300,000.00	2,600,000.00
Non Audit Fee	110,749.99	121,300.00	130,040.00

## 14. Audit and Risk Management Committee's Report

### Dear Shareholders

The Audit and Risk Management Committee of the Company consists of 3 independent directors. All committees have abilities, qualifications and independent according to the regulations of the Stock Exchange of Thailand by having;

- |  |   |
|--|---|
| 1. Assoc. Prof. Phornsiri Thivavarnvongs | Chairman of Audit and Risk Management Committee |
| 2. Mr. Pornsak Sakpunpanom               | Member of Audit and Risk Management Committee   |
| 3. Dr. Vongsak Swasdipnich               | Member of Audit and Risk Management Committee   |

For the year 2016, the Audit Committee has performed the duty according to the scope of responsibility as stipulated in the charter of the Audit Committee and according to the assignment from the Company's Board of Directors. There were 6 meetings. The Essence of the Work Performed in year 2016 :

1. Having considered and review the quarterly financial report of the company and the annual financial statements for the year 2016 with the top managing director in company (Vice Chief Executive Officer in Accounting & Financial) before such were disclosed to the Stock Exchange of Thailand and the Office of the Securities and Stock Exchange Commission. The financial report of the Company is reliable, accurate and complete according to the generally accepted accounting principle and has sufficiently and timely disclosed material information.
2. Having review the related transactions between the person who relate with the company, the Audit and Risk Management Committee agree that all transactions are normal condition of trading, there are no transfer of benefit. Company is also revealed the financial statement to the public.
3. Having review the company's internal control system, the Audit and Risk Management Committee agree that the company has sufficient and efficient internal control system which cover the organization and environment, risks management , operational control , Information Technology and Communication system and the monitoring system.
4. Having performed of internal audit that the Audit and Risk Management Committee is review audit's plan 2016 and acknowledge audit's operating. They have given suggestion to internal audit department for more efficiency performance.
5. Having review the performance to be comply with the laws on Securities and Stock Exchange ,the rule of Stock Exchange or the laws relevant to the business proceeding of the company. The Audit and Risk Management Committee agree that the company has not performed any act in violation to the laws on Securities and Stock Exchange, the rules of the Stock Exchange or the laws relevant to the business of the Company.

6. Having considered the selection and nomination of company's independent auditor and determination of the audit fee to propose in 2016 to the Company's Board of Directors for the request for approval from the meeting of shareholders. The candidates are Mr. Pisit Chewaruangroch , Certified Public Accountant (Thailand) No. 2803 or Mr. Methee Ratanasrimetha Certified Public Accountant (Thailand) No. 3425 or Mr. Akadet Pliensakul Certified Public Accountant (Thailand) No. 5389 or Mr. Korramann Jaturapornprom Certified Public Accountant (Thailand) No. 6210 of M&R ASSOCIATES CO.,LTD as the auditors of the Company for the year 2016 and approved the auditor fee of 2,600,000 Baht for the Company's Financial Statements.
7. Having convened with the independent auditors to discuss key issues in the preparation of the financial statements and acknowledge audit issues and recommendation from auditors. The meeting had no attendance of the management.

The Audit and Risk Management Committee has opinions from the review of the Company's operations in the year 2016 ,that the Company has followed the relevant laws and regulations that according to the good corporate governance and sufficient internal control system for business operations.

In the year 2016 , The Audit Committee was attended seminar "CG Forum 1/206 Ethics : Conscious Corporate Governance" courses that provided by The Stock Exchange of Thailand to develop and a better understanding of the role of Good Corporate Governance , Internal Controls to be effective.



(Assoc. Prof. Phornsiri Thivavarnvongs)  
Chairman of Audit & Risk Management Committee  
Siam Global House Public Company Limited  
20 February 2017



## 15. Board of Directors' Responsibility for Financial Reporting

The Board of Directors is responsible for overall financial statements of Siam Global House Public Company Limited and its subsidiaries and any financial information shown in the Annual Report. The financial statement was prepared in accordance with the accounting standard as generally accepted. The Company chooses appropriate accounting policy and always acts accordingly together with careful discretion and the best estimation for such arrangements. This includes adequate disclosures of necessary information in remarks and appendix of the financial statements.

The Board of Directors maintains the efficiency of the internal audit control system in order to be reasonably confident that records of any accounting information are accurate, through, complete and enough to maintain the Company's assets. It is also aimed at substantially identify and acknowledge weaknesses to prevent malfeasance or inappropriate performances.

In this regard, the Board of Directors of the Company has appointed an Audit & Risk Management Committee, comprising the Independent Directors who are not Executives. The Audit Committees shall have the responsibilities relating to the quality of the report on financial statement and internal control system. The opinion of the Audit Committee with regards to these subjects appeared in the report of the Audit Committee as shown in the Annual Report.

The financial statement of the Company have been examined by external auditor ,M.R.&AssociatesCo.,Ltd.. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Directors considered that, in general, the internal control system of the Company has achieved satisfactory level. It can also reasonably ensure the reliability of the Company and its subsidiaries' accounting system as of December 31, 2016.



(Mr. Apisit Rujikeatkamjorn)

Chairman of the Board

Siam Global House Public Company Limited

20 February 2017

# 16

Board of Directors



ANNUAL REPORT 2016 | SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED



**Mr. Apisit Rujikeatkamjorn (71 Years)**

**Position :** Chairman / Independent Director

Appointed as the Director on 26 February 2008

**Education ;**

- Master of Engineering, LAMA UNIVERSITY TEXAS
- Bachelor of Engineering Program in Civil Engineering, KhonKaen University

**Director Training ;**

- Director Accreditation Program 21/2004 and 27/2004 (IOD)
- Finance for Non-Finance Director 24/2005
- Understanding the Fundamental of Financial Statements Program 5/2006
- Audit Committee Program 22/2008
- The Role of Chairman Program 26/2011
- Director Certification Program 166/2012
- Training in 2016 : (None)

**The Brief Working Experience in 5 years.**

2008 -Present	Chairman, Siam Global House PCL.
2015 - Present	Chairman, Global House International Co.,LTD
	Chairman, D.T.C.EnterpriseCo.,LTD
	Chairman, O.P.G.TechCo.,LTD
2014 - Present	Vice-President, Asia Green Energy, PCL.
	Chairman , Asia Bio Mass , Co., LTD.
2012 – Present	Chairman, Sea Oil, PCL.
2011 - Present	Chairman , Eco Lighting, Co.,LTD.

**Shareholding : (None)**



**Mr. Anavat Suriyawanakul (56 Years)**

**Position :** Director / Executive Director / CEO

Appointed as the Director on 26 February 2008

**Education ;**

- Secondary Education

**Director Training ;**

- Director Accreditation Program 68/2008 (IOD)
- Training in 2016 : (None)

**The Brief Working Experience in 5 years.**

1997 - Present	Director / Executive Director
	Vice-CEO Inventory Management and Marketing
	Siam Global House PCL.
	Director
	Siam Global Engineering Co.,Ltd.
	Inter Concrete Industry Co.,Ltd.
	Global Concrete Co.,Ltd.
2015- Present	Siam Global Asset Co.,Ltd.
	Director, Global House International Co.,LTD
2016- Present	CEO , Siam Global House PCL.

**Shareholding : 0.51%**



**Mrs. Warunee Suriyawanakul (56 Years)**

**Position :** Director / Executive Director

Appointed as the Director on 26 February 2008

**Education ;**

- Secondary Education

**Director Training;**

- Director Accreditation Program 68/2008 (IOD)
- Training in 2016 : (None)

**The Brief Working Experience in 5 years.**

1997 - Present	Director / Executive Director Vice-CEO Human Resource, Siam Global House PCL.
	Director, Inter Concrete Industry Co., Ltd.
2015 - Present	Director, Global House International Co.,LTD

**Shareholding : 0.45%**



**Assoc.Prof.Dr. Pongsak Suriyawanakul (60 Years)**

**Position :** Director / Nomination & Remuneration Committee

Appointed as the Director on 11 May 2016

**Education;**

- Ph.D. (Integrated Eng.) Ohio University, USA.
- MS (Transportation Eng) Iowa State University, USA.
- Bachelor of Engineering Program in Civil Engineering, KhonKaen University.

**Director Training;**

- The company has provide the Director Accreditation Program of IOD in the year 2017 for director.

**The Brief Working Experience in 5 years.**

2016 - Present	Director / Nomination & Remuneration Committee , Siam Global House PCL.
2010 - 2012	Director Siam Global House PCL.
2007 - 2016	Vice Chancellor, Kasetsart University Chalermphrakiat Sakonnakhon Province Campus

**Shareholding : 0.02%**



**Mr. Kajohnet Sangsuban (63 Years)**

**Position :** Director

Appointed as the Director on 23 November 2012

**Education ;**

- B.Eng. (Civil Engineering), Chulalongkorn University.
- Advanced Management Program(AMP) Harvard University USA.

**Director Training ;**

- Director Accreditation Program 10 / 2004 (IOD)
- Finance for Non-finance Directors Program 7 / 2003 (IOD)
- Training in 2016 : (None)

**The Brief Working Experience in 5 years**

2012 - Present	Director Siam Global House PCL.
2015 - Present	Director, Global House International Co.,LTD
2010 - Present	Chairman Quality Construction PCL.
2008 - Present	Chairman, Thai - German Ceramic Industry, PCL.
2001 - 2010	Vice President, The Federation of Thai Industries.

**Shareholding : (None)**



**Mr. Nithi Patarachoke (53 Years)**

**Position :** Director / Executive Director

Appointed as the Director on 23 November 2012

**Education;**

- Master of Finance and Operations Management University of Chicago, USA
- Bachelor of Engineering Chulalongkorn University
- Advanced Management Program (AMP) Harvard University, USA

**Director Training ;**

- Training in 2016 (None)

**The Brief Working Experience in 5 years**

2012 - Present	Director / Executive Director Siam Global House PCL.
2015 - Present	Director, Global House International Co.,LTD
2006 - Present	Vice - President, Thailand Management Association
2010 - 2013	Managing Director SCG Logistic Management Co., LTD.

**Shareholding : (None)**



**Mr. Aree Chavalitcheewingul (53 Years)**

Position : Director

Appointed as the Director on 7 November 2014

**Education ;**

- M.Eng (Industrial Engineering and Management) Asian Institute of Technology
- B.Eng (Electrical Engineering, Honors) Chiang Mai University
- Advanced Management Program (AMP) Harvard University USA

**Director Training;**

- Training in 2016 (None)

**The Brief Working Experience in 5 years**

2014 - Present	Director, Siam Global House PCL.
2015 - Present	Director, Global House International Co.,LTD
2011 - Present	Director, Quality ConstructionPCL.
2008 - Present	Director / Executive Director Thai - German Ceramic Industry PCL.
2017 - Present	President, SCG Building Materials Co.,Ltd.

**Shareholding : (None)****Assoc. Prof. Phonsiri Thivavarnvongs (64 Years)**

Position : Director / Independent Director / Chairman of Audit &amp; Risk Management Committee

Appointed as the Director on 26 February 2008

**Education ;**

- M.B.A. (Finance) UNIVERSITY OF WISCONSIN AT MADISON U.S.A.
- Bachelor of Accountancy(First-Class Honors with Gold Medal Award), Faculty of Commerce and Accountancy, Chulalongkorn University

**Director Training;**

- Director Accreditation Program 17 / 2002 (IOD)
- Training in 2016 (None)

**The Brief Working Experience in 5 years**

2008 - Present	Director / IndependentDirector / Chairman of Audit & Risk Management Committee Siam Global House PCL.
2007 - Present	Associate Professor, administrator and consultant, independent study of students in MBA, Khon Kean University
1981 - Present	Associate Professor of Accounting and Business Administration, Khon Kean University
2009 - 2012	Dean of ASEAN University

**Shareholding : (None)**



**Mr. Pornsak Sakpanpanom (69 Years)**

**Position :** Director / Independent Director / Audit & Risk Management Committee / Chairman of Nomination & Remuneration Committee

Appointed as the Director on 4 April 2013

**Education;**

- Mater Degree of Thai Barrister at Law, The Thai Bar Institute.
- Bachelor of Laws (Honors), Thammasat University

**Director Training ;**

- Director Accreditation Program 111/2014 (IOD)
- Training in 2016 : 2 Courses;
  - 1) CG Forum 1 / 2016 : “Ethics : Conscious Corporate Governance”
  - 2) Corporate Governance Code

**The Brief Working Experience in 5 years**

2013- Present	Director/ Independent Director / Audit & Risk Management Committee/ Chairman of Nomination & Remuneration Committee  Siam Global House PCL.
2009- Present	Director , Siam Apiwat Co., Ltd.

**Shareholding : (None)**



**Dr. Vongsak Swasdipani (65 Years)**

**Position :** Director / Independent Director / Audit & Risk Management Committee / Nomination & Remuneration Committee

Appointed as the Director on 11 May 2016

**Education ;**

- D.Litt.PA , St.Clements University, UK.
- MPA. Public Affairs, Kentucky State University, USA.
- Bachelor of Art (Political Science), Chiang Mai University.

**Director Training ;**

The company has provide the Director Accreditation Program of IOD in the year 2017 for director

**The Brief Working Experience in 5 years**

2016 - Present	Director / Independent Director / Audit & Risk Management Committee / Nomination & Remuneration Committee
2011 - 2013	Vice Minister of the Ministry of Interior
2008 - 2011	Director General of Department
2005 - 2008	Provincial Governor of Ratchaburi
2002 - 2005	Provincial Governor of Nong Khai

**Shareholding : (None)**

## Profile of Executive

**Mr. Yutthana Suriyawanakul (46 Years)**

**Vice CEO - Imported Products**

### Education / Training

- Master of Business Administration, Texas University
- Bachelor of Engineering Program in Industrial Engineering, KasetsartUniversity
- Director Accreditation Program 68 / 2008 (IOD)

### The Brief Working Experience in 5 years

- 2012 – Present : Vice CEO - Imported Products Siam Global House PCL.
- 2008 - 2012 : Director / Executive Director of Siam Global House PCL.

**Shareholding : 0.04%**

**Ms. Chutikan Srisaengchan (47 Years)**

**Vice CEO - Accounting & Financial**

### Education / Training

- Master of Business Administration, KhonKaen University
- Bachelor of Accountancy, Thammasat University
- Director Accreditation Program รุ่น 68 / 2008

### The Brief Working Experience in 5 years

- 2012 – Present : Vice CEO – Accounting & Financial of Siam Global House PCL.
- 2008 - 2012 : Director / Executive Director of Siam Global House PCL.

**Shareholding : 0.03%**

**Mr. Warit Jintanawan (43 Year)**

**Vice CEO - Business Development**

### Education / Training

- Master of Engineering, University of Illinois, USA
- B.Eng. (Civil Engineering), Chulalongkorn University

### The Brief Working Experience in 5 years

- 2016 - Present : Vice CEO – Business Development of Siam Global House PCL.
- 2016 - Present : Director of Global House International Co.,Ltd
- 2014 - 2016:Sourcing Business Director of SCG Building Materials Co., Ltd.
- 2013 - 2014 :Marketing and Branding Manager - Vietnam of SCG Building Materials Co., Ltd.

**Shareholding : (None)**

# 17

## Financial Statement 2016



ANNUAL REPORT 2016 | SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Financial Statements

For the Year Ended December 31, 2016

and Report of Certified Public Accountant

*M.R. & ASSOCIATES CO., LTD.*

*Certified Public Accountants*



**REPORT OF CERTIFIED PUBLIC ACCOUNTANT**

To the Shareholders and Board of Directors of Siam Global House Public Company Limited

**Opinion**

I have audited the financial statements in which the equity method is applied of Siam Global House Public Company Limited (the Company), which comprise the statement of financial position in which the equity method is applied as at December 31, 2016, and the statement of comprehensive income in which the equity method is applied, statement of changes in equity in which the equity method is applied and statement of cash flows in which the equity method is applied for the year then ended, and notes to the financial statements in which the equity method is applied, including a summary of significant accounting policies. I have also audited the separate financial statements of Siam Global House Public Company Limited, which comprise the separate statement of financial position as at December 31, 2016, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In my opinion, accompanying financial statements present fairly, in all material respects, the financial position of Siam Global House Public Company Limited as at December 31, 2016, and its financial performance and its 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 Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 judgment, 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.

**Valuation of Merchandises**

As mentioned in the Note 3, the Company's merchandises are valued at the lower of cost and net realizable value. The Company's merchandises as at December 31, 2016 amounted to Baht 10,249 million (representing 88% of total current assets and 37% of total assets)

In past, net realizable value of certain merchandises used to be under their cost. The Company reviewed their merchandises values as at December 31, 2016 by comparing their cost against their net realizable value. Any loss was charged to expense for the year.

My audit procedures were designed to assure the accuracy of the carrying value of the merchandises as

at December 31, 2016 including inquiry and understanding the policy for loss on decline in value of merchandises, and testing calculation of such loss by comparison the value of their cost against their net realizable value.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual registration statement and annual report, but does not include the financial statements and my auditor's report thereon. The annual registration statement and annual report are 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 will 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 identified above when it becomes available 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 registration statement and annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to audit committee.

### Responsibilities of Management and Audit Committee 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Audit committee is responsible for overseeing the Company'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 judgment 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 Company'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 Company'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 Company 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.

I communicate with audit committee 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 audit committee 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 our independence, and where applicable, related safeguards.

From the matters communicated with audit committee, I determine those matters that were of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. I describe the matter in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Pisit Chiwaruangroch

(Mr. Pisit Chiwaruangroch)  
Certified Public Accountant  
Registration No. 2803

M.R. & ASSOCIATES CO., LTD.  
Bangkok  
February 20, 2017

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## FINANCIAL STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016 AND 2015

## ASSETS

		In Baht			
		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2016	2015	2016	2015
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		168,994,765	297,428,572	168,994,765	297,428,572
Temporary investments		-	200,352,947	-	200,352,947
Trade and other accounts receivable					
- Related parties	4	93,490,122	18,878,469	93,490,122	18,878,469
- Others	5	1,050,641,177	702,200,629	1,050,641,177	702,200,629
Merchandises	6	10,249,663,768	7,579,402,876	10,249,663,768	7,579,402,876
Other current assets		1,078,345	506,226	1,078,345	506,226
<b>Total current assets</b>		<b>11,563,868,177</b>	<b>8,798,769,719</b>	<b>11,563,868,177</b>	<b>8,798,769,719</b>
<b>NON-CURRENT ASSETS</b>					
Investment in joint venture	7	384,658,659	379,008,221	376,150,000	376,150,000
Property, plant and equipment	4, 8, 12	15,733,360,153	13,677,306,162	15,733,360,153	13,677,306,162
Intangible assets	9	5,011,570	7,617,580	5,011,570	7,617,580
Deferred tax assets	10	18,320,344	13,332,275	18,320,344	13,332,275
Other non-current assets					
- Leasehold rights	11	237,016,941	151,381,148	237,016,941	151,381,148
- Deposits at financial institutions under pledge		-	279,062	-	279,062
- Others		10,851,527	8,889,150	10,851,527	8,889,150
<b>Total non-current assets</b>		<b>16,389,219,194</b>	<b>14,237,813,598</b>	<b>16,380,710,535</b>	<b>14,234,955,377</b>
<b>TOTAL ASSETS</b>		<b>27,953,087,371</b>	<b>23,036,583,317</b>	<b>27,944,578,712</b>	<b>23,033,725,096</b>

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

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## FINANCIAL STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016 AND 2015

## LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht			
		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2016	2015	2016	2015
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans					
from financial institutions	12	4,819,206,870	1,723,634,219	4,819,206,870	1,723,634,219
Trade and other accounts payable					
- Related parties	4	330,442,621	64,135,634	330,442,621	64,135,634
- Others	13	2,327,812,977	2,121,991,195	2,327,812,977	2,121,991,195
Current portion of debentures	14	3,000,000,000	-	3,000,000,000	-
Current portion of accrued rental					
expenses	11	7,445,917	7,319,917	7,445,917	7,319,917
Income tax payable		163,787,325	120,261,365	163,787,325	120,261,365
<b>Total current liabilities</b>		<b>10,648,695,710</b>	<b>4,037,342,330</b>	<b>10,648,695,710</b>	<b>4,037,342,330</b>
<b>NON-CURRENT LIABILITIES</b>					
Debentures	14	-	3,000,000,000	-	3,000,000,000
Accrued rental expenses	11	4,833,450	4,411,736	4,833,450	4,411,736
Deferred tax liabilities	10	978,260,006	1,023,955,816	978,260,006	1,023,955,816
Liability for post-employment					
benefits	15	66,973,683	53,102,078	66,973,683	53,102,078
<b>Total non-current liabilities</b>		<b>1,050,067,139</b>	<b>4,081,469,630</b>	<b>1,050,067,139</b>	<b>4,081,469,630</b>
<b>Total liabilities</b>		<b>11,698,762,849</b>	<b>8,118,811,960</b>	<b>11,698,762,849</b>	<b>8,118,811,960</b>

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



## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## FINANCIAL STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016 AND 2015

## LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht			
		Financial statements in which the equity method is applied		Separate financial statements	
	Note	2016	2015	2016	2015
<b>SHAREHOLDERS' EQUITY</b>					
Share capital					
Authorized share capital	16	3,658,495,056	3,484,285,851	3,658,495,056	3,484,285,851
Issued and paid-up share capital	16	3,658,492,121	3,484,281,006	3,658,492,121	3,484,281,006
Share premium	17	4,739,295,827	4,739,295,827	4,739,295,827	4,739,295,827
Retained earnings					
Appropriated for legal reserve	18	303,182,751	228,182,751	303,182,751	228,182,751
Unappropriated		3,644,787,887	2,374,561,131	3,636,193,562	2,371,687,043
Other components of shareholders' equity		3,908,565,936	4,091,450,642	3,908,651,602	4,091,466,509
<b>Total shareholders' equity</b>		<b>16,254,324,522</b>	<b>14,917,771,357</b>	<b>16,245,815,863</b>	<b>14,914,913,136</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		27,953,087,371	23,036,583,317	27,944,578,712	23,033,725,096

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

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME

AS AT DECEMBER 31, 2016 AND 2015

		In Baht			
		Financial statements in which the equity method is applied		Separate financial statements	
Note		2016	2015	2016	2015
<b>REVENUES</b>	4				
Net sales		18,857,440,599	16,863,775,622	18,857,440,599	16,863,775,622
Other income	19	616,667,350	547,154,719	616,667,350	547,154,719
<b>Total revenues</b>		<b>19,474,107,949</b>	<b>17,410,930,341</b>	<b>19,474,107,949</b>	<b>17,410,930,341</b>
<b>EXPENSES</b>	20				
Cost of goods sold	4	14,980,409,718	14,044,596,865	14,980,409,718	14,044,596,865
Selling expenses		1,036,276,488	853,081,948	1,036,276,488	853,081,948
Administrative expenses	4	1,435,030,494	1,272,386,468	1,435,030,494	1,272,386,468
Finance costs		169,057,811	144,474,167	169,057,811	144,474,167
<b>Total expenses</b>		<b>17,620,774,511</b>	<b>16,314,539,448</b>	<b>17,620,774,511</b>	<b>16,314,539,448</b>
<b>Share of Profit of Joint Venture</b>		<b>5,720,237</b>	<b>2,874,088</b>	<b>-</b>	<b>-</b>
<b>Profit before Income Tax</b>		<b>1,859,053,675</b>	<b>1,099,264,981</b>	<b>1,853,333,438</b>	<b>1,096,390,893</b>
<b>Income Tax Expense</b>	10	<b>364,081,704</b>	<b>218,673,814</b>	<b>364,081,704</b>	<b>218,673,814</b>
<b>PROFIT FOR THE YEAR</b>		<b>1,494,971,971</b>	<b>880,591,167</b>	<b>1,489,251,734</b>	<b>877,717,079</b>

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

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME

AS AT DECEMBER 31, 2016 AND 2015

		In Baht			
		Financial statements in which the equity method is applied		Separate financial statements	
Note		2016	2015	2016	2015
<b>OTHER COMPREHENSIVE INCOME</b>	21				
Items that will not be reclassified subsequently to profit or loss					
- Actuarial gain on defined benefit plan		633,496	2,523,459	633,496	2,523,459
Items that will be reclassified subsequently to profit or loss					
- Gain on remeasurement of investments		164,860	251,956	164,860	251,956
- Gain on sale of investments recognized in profit and loss		(416,816)	-	(416,816)	-
		(251,956)	251,956	(251,956)	251,956
- Share of other comprehensive loss of joint venture (currency translation differences)		(69,799)	(15,867)	-	-
		(321,755)	236,089	(251,956)	251,956
<b>Other comprehensive income for the year</b>		311,741	2,759,548	381,540	2,775,415
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		1,495,283,712	883,350,715	1,489,633,274	880,492,494
<b>Basic Earnings per Share</b>	22	0.4086	0.2407	0.4071	0.2399

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

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

AS AT DECEMBER 31, 2016 AND 2015

Financial statements in which the equity method is applied (In Baht)

	Note	Other components of shareholders' equity							Total shareholders' equity	
		Retained earnings			Share of other comprehensive loss of joint venture					
		Issued and paid-up share capital	Share premium	Appropriated for legal reserve	Unappropriated	Revaluation surplus on property	Fair value changes in investments	comprehensive loss of joint venture		
Balance as at January 1, 2016		3,484,281,006	4,739,295,827	228,182,751	2,374,561,131	4,091,214,553	251,956	(15,867)	4,091,450,642	14,917,771,357
Profit for the year		-	-	-	1,494,971,971	-	-	-	-	1,494,971,971
Other comprehensive income (loss) for the year		-	-	-	633,496	-	(251,956)	(69,799)	(321,755)	311,741
Total comprehensive income (loss) for the year		-	-	-	1,495,605,467	-	(251,956)	(69,799)	(321,755)	1,495,283,712
Stock dividends		16	174,211,115	-	(174,211,115)	-	-	-	-	-
Dividends		16	-	-	(158,730,547)	-	-	-	-	(158,730,547)
Appropriation for legal reserve		18	-	-	75,000,000	-	-	-	-	-
Transfer to retained earnings										
Depreciation		8	-	-	181,054,586	(181,054,586)	-	-	(181,054,586)	-
Sold land		8	-	-	1,508,365	(1,508,365)	-	-	(1,508,365)	-
Balance as at December 31, 2016			3,658,492,121	4,739,295,827	303,182,751	3,908,651,602	-	(85,666)	3,908,565,936	16,254,324,522

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

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**AS AT DECEMBER 31, 2016 AND 2015**

Financial statements in which the equity method is applied (In Baht)

	Note	Retained earnings			Other components of shareholders' equity				Total	shareholders' equity
		Issued and paid-up share capital	Share premium	Appropriated for legal reserve	Unappropriated	Revaluation surplus on property	Fair value changes in investments	Share of other comprehensive loss of joint venture		
Balance as at January 1, 2015										
Profit for the year		-	-	-	880,591,167	-	-	-	-	880,591,167
Other comprehensive income (loss) for the year		-	-	-	2,523,459	-	251,956	(15,867)	236,089	2,759,548
Total comprehensive income (loss) for the year		-	-	-	883,114,626	-	251,956	(15,867)	236,089	883,350,715
Sale of investments										
Stock dividends	16	435,530,886	-	-	(435,530,886)	-	-	-	(210)	(210)
Dividends	16	-	-	-	(48,396,055)	-	-	-	-	(48,396,055)
Appropriation for legal reserve	18	-	-	44,000,000	(44,000,000)	-	-	-	-	-
Transfer to retained earnings - depreciation	8	-	-	-	194,401,894	(194,401,894)	-	-	(194,401,894)	-
Balance as at December 31, 2015		3,484,281,006	4,739,295,827	228,182,751	2,374,561,131	4,091,214,553	251,956	(15,867)	4,091,450,642	14,917,771,357

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



**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**AS AT DECEMBER 31, 2016 AND 2015**

Separate financial statements (In Baht)								
Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total shareholders' equity
			Appropriated for legal reserve	Unappropriated	Revaluation surplus on property	Fair value changes in investments	Total	
<b>Balance as at January 1, 2016</b>								
Profit for the year	-	-	-	1,489,251,734	-	-	-	1,489,251,734
Other comprehensive income (loss) for the year	-	-	-	633,496	-	(251,956)	(251,956)	381,540
Total comprehensive income (loss) for the year	-	-	-	1,489,885,230	-	(251,956)	(251,956)	1,489,633,274
Stock dividends	16	174,211,115	-	-	(174,211,115)	-	-	-
Dividends	16	-	-	-	(158,730,547)	-	-	(158,730,547)
Appropriation for legal reserve	18	-	-	75,000,000	(75,000,000)	-	-	-
Transfer to retained earnings								
Depreciation	8	-	-	-	181,054,586	(181,054,586)	-	-
Sold land	8	-	-	-	1,508,365	(1,508,365)	-	-
<b>Balance as at December 31, 2016</b>	<b>3,658,492,121</b>	<b>4,739,295,827</b>	<b>303,182,751</b>	<b>3,636,193,562</b>	<b>3,908,651,602</b>	<b>-</b>	<b>3,908,651,602</b>	<b>16,245,815,863</b>

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

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**AS AT DECEMBER 31, 2016 AND 2015**

		Separate financial statements (in Baht)						
Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total shareholders' equity
			Appropriated for legal reserve	Unappropriated	Revaluation surplus on property	Fair value changes in investments	Total	
<b>Balance as at January 1, 2015</b>	3,048,750,120	4,739,295,827	184,182,751	1,824,971,552	4,285,616,447	210	4,285,616,657	14,082,816,907
Profit for the year	-	-	-	877,717,079	-	-	-	877,717,079
Other comprehensive income for the year	-	-	-	2,523,459	-	251,956	251,956	2,775,415
Total comprehensive income for the year	-	-	-	880,240,538	-	251,956	251,956	880,492,494
Sale of investments	-	-	-	-	-	(210)	(210)	(210)
Stock dividends	435,530,886	-	-	(435,530,886)	-	-	-	-
Dividends	-	-	-	(48,396,055)	-	-	-	(48,396,055)
Appropriation for legal reserve	-	-	44,000,000	(44,000,000)	-	-	-	-
Transfer to retained earnings - depreciation	-	-	-	194,401,894	(194,401,894)	-	(194,401,894)	-
<b>Balance as at December 31, 2015</b>	<b>3,484,281,006</b>	<b>4,739,295,827</b>	<b>228,182,751</b>	<b>2,371,687,043</b>	<b>4,091,214,553</b>	<b>251,956</b>	<b>4,091,466,509</b>	<b>14,914,913,136</b>

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

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## STATEMENTS OF CASH FLOWS

AS AT DECEMBER 31, 2016 AND 2015

	In Baht			
	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit for the year	1,494,971,971	880,591,167	1,489,251,734	877,717,079
Adjustments for				
Depreciation and amortization	808,490,033	720,771,008	808,490,033	720,771,008
Expenses for post-employment benefits	14,756,895	13,696,233	14,756,895	13,696,233
Interest income	(2,370,734)	(2,673,892)	(2,370,734)	(2,673,892)
Interest expense	167,965,978	140,854,549	167,965,978	140,854,549
Increase in allowance for doubtful accounts	432,589	17,395	432,589	17,395
Unrealized gain on exchange rate	(927,074)	(2,344,211)	(927,074)	(2,344,211)
Gain on sale of investments	(416,816)	(101,277)	(416,816)	(101,277)
Gain on sale of fixed assets	(2,249,294)	(1,109,563)	(2,249,294)	(1,109,563)
Loss on write off fixed assets	-	3,988,455	-	3,988,455
Income from insurance claim	(1,994,438)	-	(1,994,438)	-
Share of profit of joint venture	(5,720,237)	(2,874,088)	-	-
Income tax expense	364,081,704	218,673,814	364,081,704	218,673,814
	2,837,020,577	1,969,489,590	2,837,020,577	1,969,489,590
<b>Changes in operating assets and liabilities</b>				
Trade and other accounts receivable	(416,567,281)	(133,138,799)	(416,567,281)	(133,138,799)
Merchandises	(2,670,260,892)	(538,137,690)	(2,670,260,892)	(538,137,690)
Deposits at financial institutions under pledge	279,062	(200)	279,062	(200)
Other non-current assets	(1,962,377)	(5,624,975)	(1,962,377)	(5,624,975)
Trade and other accounts payable	242,012,203	501,835,680	242,012,203	501,835,680
Payment of post-employment benefits	(93,421)	(997,470)	(93,421)	(997,470)
Income tax paid	(371,397,996)	(248,517,718)	(371,397,996)	(248,517,718)
<b>Net cash from (used in) operating activities</b>	<b>(380,970,125)</b>	<b>1,544,908,418</b>	<b>(380,970,125)</b>	<b>1,544,908,418</b>

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

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	In Baht			
	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Interest received	2,370,734	2,673,892	2,370,734	2,673,892
Proceeds from insurance claim	517,043	6,116,166	517,043	6,116,166
Increase in temporary investments	-	(400,000,000)	-	(400,000,000)
Proceeds from sale of investments	200,517,807	200,011,940	200,517,807	200,011,940
Proceeds from sale of equipment	8,057,692	2,603,996	8,057,692	2,603,996
Increase in investment in joint venture	-	(376,150,000)	-	(376,150,000)
Increase in property, plant and equipment	(2,635,779,835)	(1,201,828,055)	(2,635,779,835)	(1,201,828,055)
Increase in computer software	(2,098,113)	(1,952,771)	(2,098,113)	(1,952,771)
Increase in leasehold rights	(90,100,507)	(81,804,318)	(90,100,507)	(81,804,318)
<b>Net cash used in investing activities</b>	<b>(2,516,515,179)</b>	<b>(1,850,329,150)</b>	<b>(2,516,515,179)</b>	<b>(1,850,329,150)</b>
<b>Cash flows from financing activities</b>				
Interest paid	(167,790,607)	(136,351,120)	(167,790,607)	(136,351,120)
Increase in bank overdrafts and short-term loans from financial institutions	3,095,572,651	505,051,438	3,095,572,651	505,051,438
Dividends paid	(158,730,547)	(48,396,055)	(158,730,547)	(48,396,055)
<b>Net cash from financing activities</b>	<b>2,769,051,497</b>	<b>320,304,263</b>	<b>2,769,051,497</b>	<b>320,304,263</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(128,433,807)</b>	<b>14,883,531</b>	<b>(128,433,807)</b>	<b>14,883,531</b>
Cash and cash equivalents at beginning of year	297,428,572	282,545,041	297,428,572	282,545,041
<b>Cash and cash equivalents at end of year</b>	<b>168,994,765</b>	<b>297,428,572</b>	<b>168,994,765</b>	<b>297,428,572</b>

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

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

In Baht

Financial statements in which the equity method is applied		Separate financial statements	
2016	2015	2016	2015
82,943,113	65,842,765	82,943,113	65,842,765
19,635,557	35,297,763	19,635,557	35,297,763
66,416,095	196,288,044	66,416,095	196,288,044
168,994,765	297,428,572	168,994,765	297,428,572

**Supplementary disclosures of cash flow information:**

**a. Cash and cash equivalent at end of year**

Cash in hand	82,943,113	65,842,765	82,943,113	65,842,765
Current accounts at banks	19,635,557	35,297,763	19,635,557	35,297,763
Saving deposits at banks	66,416,095	196,288,044	66,416,095	196,288,044
	<u>168,994,765</u>	<u>297,428,572</u>	<u>168,994,765</u>	<u>297,428,572</u>

**b. Non-cash transaction**

Purchases of property, plant and equipment for which no cash has been paid	294,744,112	63,900,248	294,744,112	63,900,248
---	-------------	------------	-------------	------------

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



## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements

December 31, 2016 and 2015

**1. GENERAL**

Siam Global House Public Company Limited, “the Company”, is incorporated in Thailand. The Company was listed on the Stock Exchange of Thailand on August 19, 2009.

The Company is engaged in merchandising of construction and decoration materials and equipment in Thailand.

The registered office is 232 Moo 19, Tambol Robmuang, Amphur Muang, Roi-Et. As at December 31, 2016, the Company has a total of 46 branches operating in other provinces (December 31, 2015: 38 branches).

**2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

The accompanying financial statements are prepared in Thai Baht in the Thai language in accordance with the financial reporting standards in Thailand. Accordingly, the accompanying financial statements are intended solely to present the financial position, results of operations and cash flows in accordance with the financial reporting standards in Thailand.

Except as disclosed in the accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

The Company disclosed information for the year ended December 31, 2015 for being the comparative information in the financial statements for the year ended December 31, 2016 in the form of corresponding figures.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

*Revision and issuance of new accounting standards, financial reporting standards, and interpretations*

The Federal of Accounting Professions (FAP) issued several Notifications regarding the revision and issuance of new Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC), and Thai Financial Reporting Interpretation (TFRIC) with the effective for the accounting period beginning on or after January 1, 2016. Adoption of the new and revised TAS and TFRS as well as TSIC and TFRIC did not have any material effect to the financial statements of the Company.

FAP issued several Notifications regarding the revision and issuance of new TAS, TFRS, TSIC, and TFRIC with the effective for the accounting period beginning on or after January 1, 2017 whereby the Company has not yet adopted in the preparation of the accompanying financial statements and have no policy to early adopt before the effective period, which are as follows:

TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructurings
TAS 105 (revised 2016)	Accounting for investments in Debt and Equity Instruments
TAS 107 (revised 2016)	Presentation and Disclosures of Financial instruments
TFRS 2 (revised 2016)	Share-based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases – Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosures

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

TSIC 31 (revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 "Financial Reporting in Hyperinflationary Economies"
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies

Management of the Company has preliminarily assessed and believed that there will be no material effect to the financial statements of the Company upon adoption of the aforesaid new and revised TAS and TFRS as well as TSIC and TFRIC.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Foreign Currencies

##### Foreign Currency Transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

##### Foreign entity

Assets and liabilities of foreign entity are translated to Thai Baht at the exchange rates ruling at the end of reporting period (the closing rate).

Revenues and expenses of foreign entity are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

Differences arising on foreign currency translation or conversion are recognized as other comprehensive income or loss and separately presented as other component of equity until the subject foreign currency investment is disposed.

**Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Cash at banks which have restrictions in use are presented separately as “Deposits at financial institutions under pledged” under non-current assets in the statement of financial position.

**Trade Accounts Receivable and Allowance for Doubtful Accounts**

Trade accounts receivable is stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**Merchandises**

Merchandises are valued at the lower of cost (moving average method) and net realizable value. Net realizable value is the selling price in the ordinary course of business, less marketing, distribution and other expenses which are necessary for sale of goods.

An allowance for loss is made for all deteriorated, damaged, obsolete and slow-moving inventories.

**Investment in joint venture**

Investment in joint venture in the separate financial statements is accounted for using the cost method. Investment in joint venture in the financial statements in which the equity method is applied is accounted for using the equity method.

**Property, Plant and Equipment****Owned assets**

Equipment is stated at cost less accumulated depreciation and impairment losses.

Land and land improvement and building and building improvement are stated at revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

**Leased assets**

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

**Revalued assets**

Revaluations are performed by independent professional valuation agents with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognized in other comprehensive income unless it offsets a previous decrease in value recognized in profit or loss in respect of the same asset. A decrease in value is recognized in profit or loss to the extent it exceeds an increase previously recognized in the other comprehensive income in respect of the same asset.

**Depreciation**

Depreciation computed on cost or revalued amount is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows :

Land improvements	10	years
Buildings	20	years
Building improvements	5	years
Furniture, fixtures and office equipment	5, 10 and 20	years
Computer equipment	3	years
Transportation	5	years

No depreciation is provided on land and assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**Computer software**

Computer software is stated at cost less accumulated amortization and impairment losses.

**Amortization**

Amortization is charged to profit or loss on a straight-line basis over the estimated useful life of 5 years.

**Leasehold rights**

Leasehold rights are stated at cost less accumulated amortization and impairment losses.

**Amortization**

Amortization is recognized in profit or loss on a straight-line basis over the term of the leases.

**Impairment of Assets**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of an asset's net selling price or value in use) are estimated. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Company recognizes the impairment losses by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in profit or loss. The reversal of impairment losses recognized in prior years is recorded as part of



**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, a reversal of an impairment loss on a revalued asset should be recognized in profit or loss to the extent that it reverses an impairment loss on the same asset that previously was recognized as an expense in profit or loss.

**Employee benefits****Provident fund**

Obligations for contributions to provident fund are recognized as an expense in profit or loss as incurred.

**Post-employment benefits**

The Company's obligations in respect of post-employment benefits are calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefits are discounted to determine their present value. The calculation is performed by an independent actuary using the projected unit credit method. Expenses from the estimated liability for post-employment benefits are recognized in profit or loss and comprise of current service cost, interest cost and past service cost. Actuarial gain or loss is recognized in other comprehensive income.

**Provisions**

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

**Warranties**

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

**Revenue Recognition**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Revenue is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Interest and other income are recognized on an accrual basis.

**Expenses****Operating leases**

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

### Notes to the financial statements (Continued)

December 31, 2016 and 2015

#### Finance costs

Interest expense and similar costs are charged to profit or loss in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in profit or loss using the effective interest rate method.

#### Use of Estimates

In order to prepare financial statements in conformity with financial reporting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational and financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the statement of reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

#### Income Tax

Income tax expense for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 4. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties controlled by the Company or have power control over the Company, directly or indirectly, or have significant influence over the financial or operating policies of the company.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

The related parties consisted of:

Company and party	Relationships	Percentage of Holding	
		2016	2015
The Siam Cement Public Company Limited	Parent company of SCG Distribution Co., Ltd.	-	-
SCG Distribution Co., Ltd.	Major shareholder	30	30
SCG Sourcing Co., Ltd., SCG Logistics Management Co., Ltd., SCG Trading Co., Ltd., SCG Trading Guangzhou Co., Ltd., and SCG Cement-Building Materials Company Limited	Subsidiary of SCG Distribution Co., Ltd.	-	-
Thai-German Ceramic Industry Public Company Limited, Tip Fibre-Cement Co., Ltd., Siam Fiberglass Co., Ltd., Sosuco and Group (2008) Co., Ltd., The Nawaplastic Industries (Saraburi) Co., Ltd., Siam Kraft Industry Co., Ltd., Thai Paper Co., Ltd., Phoenix Pulp & Paper Public Company Limited, Thai Ceramic Co., Ltd., Siam Sanitary Ware Industry Co., Ltd., Thai Containers Group Co., Ltd., Nawa Plastic Industries Co., Ltd., The Concrete Products and Aggregate Co., Ltd., Siam Kubota Corporation Co. Ltd., Siam Kubota Leasing Co., Ltd., The Siam Forestry Co., Ltd., SCG Cement Co., Ltd., SCGP Excellence Training Center Co., Ltd. and SCG Landscape Co., Ltd.	Subsidiaries of The Siam Cement Public Company Limited	-	-

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

Company and party	Relationships	Percentage of Holding	
		2016	2015
Global Concrete Co., Ltd.	Co-shareholders and director	-	-
Siam Global Engineering Co., Ltd.	Co-shareholders and director	-	-
Siam Global Asset Co., Ltd.	Co-shareholders and director	-	-
Wiboon Panich Roi-Et Partnership Ltd.	Co-shareholders and director	-	-
Inter Concrete Industry Co., Ltd.	Co-shareholders and director	-	-
AESCON Co., Ltd.	Director is a member of family	-	-
Global House International Co., Ltd.	Joint venture	-	-
Souvanny Home Center Public Company Limited (Incorporated in Lao People's Democratic Republic)	Associate of Global House International Co., Ltd.	-	-
Global House Franchise (Myanmar) Co., Ltd. (Incorporated in Republic of the Union of Myanmar)	Subsidiary of Global House International Co., Ltd.	-	-
Petch Nam Nueng Non-juristic body of persons (by Khun Warunee Suriyawanakul)*	-	-	-
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive otherwise) of the Company.	-	-

\* Represents the Company's shareholder and director

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

The pricing policies for particular types of transactions are explained further below:

Type of Transactions	Pricing Policies
Revenue from sales of goods	Market price (wholesale price)
Sale promotion income	Vary on purchase volume
Other income	Agreed price
Purchase of merchandises	Market prices
Management fee expense	Agreed price
Rental expense	Negotiated agreement
Purchase of fixed assets	Market price

Significant transactions for the years ended December 31, 2016 and 2015 with related parties were as follows :

	In Thousand Baht	
	2016	2015
<b>Revenue from sales of goods</b>		
AESCON Co., Ltd.	165,387	-
Souvanny Home Center Public Company	44,679	134
Siam Global Engineering Co., Ltd.	36,139	67,742
Inter Concrete Industry Co., Ltd.	11,190	7,511
SCG Sourcing Co., Ltd.	1,059	13,097
Others	4,533	4,716
<b>Total</b>	<b>262,987</b>	<b>93,200</b>



## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

	In Thousand Baht	
	2016	2015
<b>Sale promotion income</b>		
Tip Fibre-Cement Co., Ltd.	25,893	22,438
Thai-German Ceramic Industry Public Company Limited	20,051	16,776
Sosuco and group (2008) Co., Ltd.	12,478	18,238
Others	5,889	4,393
Total	64,311	61,845
<b>Other income</b>		
Souvanny Home Center Public Company	3,000	-
Tip Fibre-Cement Co., Ltd.	1,553	-
Siam Kraft Industry Co., Ltd.	168	543
Others	894	509
Total	5,615	1,052
<b>Purchase of merchandises</b>		
SCG Cement-Building Materials Company Limited	420,192	-
Thai-German Ceramic Industry Public Company Limited	236,428	222,826
Tip Fibre-Cement Co., Ltd.	220,226	593,808
Thai Ceramic Co., Ltd.	202,635	160,049
The Nawaplastic Industries (Saraburi) Co., Ltd.	189,763	117,147
SCG Logistics Management Co., Ltd.,	162,234	52,732
Sosuco and group (2008) Co., Ltd.	160,979	164,045
Others	84,564	62,709
Total	1,677,021	1,373,316
<b>Management fee expense</b>		
SCG Cement-Building Materials Company Limited	8,844	9,196
<b>Rental expense</b>		
Petch Nam Nueng - Non-juristic body of persons	240	240
<b>Purchase of fixed assets</b>		
AESCON Co., Ltd.	1,108,041	-
Siam Global Engineering Co., Ltd.	244,656	58,768
Others	4,181	4,851
Total	1,356,878	63,619

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

	In Thousand Baht	
	2016	2015
<b>Remuneration of key management</b>		
Short-term benefit		
Salary, bonus and others		
- employment management	26,972	30,816
- non-employment management	4,214	4,820
Meeting remuneration	2,085	1,515
Total short-term benefits	33,271	37,151
Expenses for post-employment benefits	1,216	2,067
Total	34,487	39,218

Balances as at December 31, 2016 and 2015 with related parties were as follows:

	In Thousand Baht	
	2016	2015
<b>Trade and other accounts receivable</b>		
<b>Trade accounts receivable</b>		
Siam Global Engineering Co., Ltd.	34,975	2,507
AESCON Co., Ltd.	27,218	-
Souvanny Home Center Public Company	15,228	-
Inter Concrete Industry Co., Ltd.	760	966
SCG Sourcing Co., Ltd.	-	1,038
Others	213	333
	78,394	4,844
<b>Other accounts receivable (Accrued sale promotion income)</b>		
Tip Fibre-Cement Co., Ltd.	5,879	6,096
Thai-German Ceramic Industry Public Company Limited	3,534	2,788
Sosuco and group (2008) Co., Ltd.	3,230	2,763
Others	2,453	2,387
	15,096	14,034
Total	93,490	18,878

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

The trade accounts receivable are aged as follows:

	In Thousand Baht	
	2016	2015
Current	46,018	3,695
Overdue:		
- Not over 3 months	27,266	1,145
- Over 3 months to 6 months	1,506	4
- Over 6 months to 12 months	3,604	-
Total	78,394	4,844

**Trade and other accounts payable****Trade accounts payable**

Thai-German Ceramic Industry Public Company Limited	22,892	12,269
SCG Cement-Building Materials Company Limited	19,230	-
Thai Ceramic Co., Ltd.	19,171	13,937
Sosuco and group (2008) Co., Ltd.	10,807	7,834
Siam Sanitary Ware Industry Co., Ltd.	10,696	7,547
Tip Fibre-Cement Co., Ltd.	-	8,058
Others	23,139	11,452
	105,935	61,097

**Other accounts payable**

AESCON Co., Ltd.	149,294	-
Siam Global Engineering Co., Ltd.	75,214	3,039
	224,508	3,039
Total	330,443	64,136

**Agreement with related party**

The Company entered into a rental agreement with a related party (Petch Nam Nueng - Non-juristic body of persons) for a period of 5 years expiring in June 2017. The Company is committed to pay a monthly rental of Baht 20,000. The Company must comply with conditions indicated in the agreement.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

## 5. TRADE AND OTHER ACCOUNTS RECEIVABLE - OTHERS

	In Thousand Baht	
	2016	2015
<b>Trade accounts receivable</b>	23,244	30,079
Less allowance for doubtful account	(435)	-
Net	22,809	30,079
<b>Other accounts receivable</b>		
- Value added tax receivables	519,522	334,050
- Accrued sale promotion income	213,688	163,933
- Deposits for purchase of merchandises	135,350	92,853
- Input value added tax	98,021	48,824
- Others	61,251	32,462
	1,027,832	672,122
Total	1,050,641	702,201

As at December 31, 2016 and 2015, the Company had outstanding balance of trade accounts receivable - others, aged as follows:

	In Thousand Baht	
	2016	2015
Current	14,193	19,761
Overdue:		
- Not over 3 months	7,683	8,493
- Over 3 months to 6 months	665	1,557
- Over 6 months to 12 months	536	268
- Over 12 months	167	-
Total	23,244	30,079
Less allowance for doubtful accounts	(435)	-
Net	22,809	30,079

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

## 6. MERCHANDISES

	In Thousand Baht	
	2016	2015
Merchandises	9,980,207	7,487,204
Goods in-transit	269,457	92,199
Total	10,249,664	7,579,403

## 7. INVESTMENT IN JOINT VENTURE

On February 25, 2015, the Company and SCG Distribution Co., Ltd. established “Global House International Co., Ltd.” (“GBI”) to engage as a holding company.

The registered office address of GBI is located at 1 Siam Cement Road, Bang Su, Bangkok.

	Ownership interest (%)	In Thousand Baht		
		Paid-up capital	Equity Method	Cost method
Global House International Co., Ltd.				
At December 31, 2016	50	752,300	384,659	376,150
At December 31, 2015	50	752,300	379,008	376,150

At the board of directors meeting of GBI held on April 21, 2015, the directors passed a resolution for GBI to established Global House Franchise (Myanmar) Co., Ltd. (“GBF”, GBI owned by 100%), engaging in franchise business in construction material distribution in Republic of the Union of Myanmar. GBF had authorized share capital Kyats 185 million (18,500 ordinary shares at Kyats 10,000 par value). As at December 31, 2015, GBI has been paid share capital amounted to Kyats 106 million (equivalent to Baht 3 million).

On September 13, 2015, GBI enter into Shares Sale and Purchase agreement for joint venture with Souvanny Trading Import-Export Sole Co., Ltd. (“Souvanny”), engaging in merchandising of construction material in Lao People’s Democratic Republic by investing in existing share capital of 56 million shares at Kip 3,000 per share totaling Kip 168,000 million (equivalent to Baht 738.1 million) from the existing shareholders, GBI owned by 40% in Souvanny. On December 11, 2015, Souvanny was allowed to list the Company’s securities on the Stock Exchange of Lao under the name of Souvanny Home Center Public Company. Resulting the ownership interest of GBI in Souvanny decrease from 40% to 34%.



## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

Consolidated financial information of GBI were as follows:

	In Thousand Baht	
	2016	2015
<u>As at December 31,</u>		
Total current assets	23,689	13,084
Total non-current assets	745,874	745,053
Total current liabilities	230	120
<u>For the period ended December 31,</u>		
Total revenue	11,853	7,066
Profit for the year	11,440	5,748

During the year 2016, GBI received dividend income from Souvanny Home Center Public Company amounted to U.S. Dollars 309,013 (equivalent to Baht 10.8 million).

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

## 8. PROPERTY, PLANT AND EQUIPMENT

	In Thousand Baht				
	Land and land improvements (Appraisal)	Buildings and building improvements (Appraisal)	Furniture, fixtures and equipment (Cost)	Transportation (Cost)	Construction in progress and advance for purchase of land (Cost)
					Assets for development (Appraisal)
					Total
Cost/Appraisal					
Balance as at January 1, 2015	7,000,536	6,159,247	974,422	219,727	293,993
Additions	226,812	10,127	127,251	26,040	865,700
Transfers – net	116,322	621,903	82,889	-	(842,952)
Disposals	(1,515)	(18,501)	(28,326)	(1,176)	-
Balance as at December 31, 2015	7,342,155	6,772,776	1,156,236	244,591	316,741
Additions	552,893	5,722	143,760	47,782	2,116,547
Transfers – net	162,770	1,105,533	274,405	-	(1,542,623)
Disposals	(6,978)	(9,779)	(10,360)	(13,998)	(166)
Balance as at December 31, 2016	8,050,840	7,874,252	1,564,041	278,375	890,499
					1,453,652
					17,286,151
					2,866,704
					85
					(41,281)
					20,111,659

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

	In Thousand Baht						
	Land and land improvements (Appraisal)	Buildings and building improvements (Appraisal)	Furniture, fixtures and equipment (Cost)	Transportation (Cost)	Construction in progress and advance for purchase of land (Cost)	Assets for development (Appraisal)	Total
Accumulated depreciation							
Balance as at January 1, 2015	468,847	1,796,470	531,533	128,207	-	16,798	2,941,855
Depreciation charge for the year	79,660	437,737	161,786	32,017	-	2,115	713,315
Transfers – net	-	-	(2,290)	-	-	-	(2,290)
Disposals	(249)	(14,512)	(28,098)	(1,176)	-	-	(44,035)
Balance as at December 31, 2015	548,258	2,219,695	662,931	159,048	-	18,913	3,608,845
Depreciation charge for the year	92,298	479,641	191,026	34,474	-	2,121	799,560
Transfers – net	-	-	-	-	-	-	-
Disposals	(1,341)	(5,760)	(9,182)	(13,823)	-	-	(30,106)
Balance as at December 31, 2016	639,215	2,693,576	844,775	179,699	-	21,034	4,378,299
Net book value							
At December 31, 2015	6,793,897	4,553,081	493,305	85,543	316,741	1,434,739	13,677,306
At December 31, 2016	7,411,625	5,180,676	719,266	98,676	890,499	1,432,618	15,733,360

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

The gross carrying amounts of fully depreciated fixed assets that are still in use as at December 31, 2016 and 2015 amounted to Baht 1,433.5 million and Baht 902.9 million, respectively.

As at December 31, 2016, certain part of the Company's land and structures are mortgage as collateral for the credit facilities granted from a local financial institution as described in Note 12.

The Company engaged Noble Property Valuation Co., Ltd., an independent professional appraisal firm, to reappraise the Company's land and land improvements, buildings and building improvements and assets for development. The appraisal reports were dated on various dates in February 2014, using the Market Approach for land, Replacement Cost for land improvements, buildings and building improvements and Market Approach and Replacement Cost for assets for future development.

## Revaluation surplus on property

	In Thousand Baht		
	Revaluation surplus on property	Tax expense	Net
At January 1, 2015	5,357,021	(1,071,405)	4,285,616
Transfer to retained earnings	(243,002)	48,601	(194,401)
At December 31, 2015	5,114,019	(1,022,804)	4,091,215
Transfer to retained earnings			
Depreciation	(226,318)	45,264	(181,054)
Sold land	(1,886)	377	(1,509)
At December 31, 2016	4,885,815	(977,163)	3,908,652

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

## 9. INTANGIBLE ASSETS

	In Thousand Baht		
	Computer software	Computer Software Under Installation	Total
Cost			
Balance as at January 1, 2015	18,461	1,390	19,851
Additions	40	1,913	1,953
Balance as at December 31, 2015	18,501	3,303	21,804
Additions	1,239	859	2,098
Transfers – net	2,467	(2,467)	-
Balance as at December 31, 2016	22,207	1,695	23,902
Accumulated amortization			
Balance as at January 1, 2015	9,483	-	9,483
Amortization charge for the year	4,703	-	4,703
Balance as at December 31, 2015	14,186	-	14,186
Amortization charge for the year	4,704	-	4,704
Balance as at December 31, 2016	18,890	-	18,890
Net book value			
At December 31, 2015	4,315	3,303	7,618
At December 31, 2016	3,317	1,695	5,012

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

## 10. INCOME TAX

Details of deferred tax assets and deferred tax liabilities as at December 31, 2016 and 2015 were as follows :

	In Thousand Baht	
	2016	2015
<b>Deferred tax assets</b>		
Employee benefits	13,395	10,620
Leasehold rights	4,473	2,346
Allowance for doubtful accounts	452	366
Total	<u>18,320</u>	<u>13,332</u>
<b>Deferred tax liabilities</b>		
Revaluation surplus on property	977,163	1,022,804
Taxable depreciation over book depreciation	881	1,051
Derivative assets	216	101
Total	<u>978,260</u>	<u>1,023,956</u>

## Income tax expense

	In Thousand Baht			
	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
Income tax expense	414,924	271,558	414,924	271,558
Movement in temporary difference	(50,842)	(52,884)	(50,842)	(52,884)
Net	<u>364,082</u>	<u>218,674</u>	<u>364,082</u>	<u>218,674</u>
Reconciliation of income tax expense				
Profit before income tax	<u>1,859,054</u>	<u>1,099,265</u>	<u>1,853,333</u>	<u>1,096,391</u>
Income tax using the corporate tax rate	371,811	219,853	370,667	219,278
Additional deductible expenses for tax purposes	(5,099)	-	(5,099)	-
Share of profit of joint venture	(1,144)	(575)	-	-
Others	(1,486)	(604)	(1,486)	(604)
Total	<u>364,082</u>	<u>218,674</u>	<u>364,082</u>	<u>218,674</u>



## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

## 11. LEASEHOLD RIGHTS AND ACCRUED RENTAL EXPENSES

	In Thousand Baht	
	2016	2015
<b>Leasehold rights</b>		
Leasehold rights paid to landlord	166,619	112,546
Land improvement paid to third party	78,779	42,752
Total	245,398	155,298
Less accumulated amortization	(8,381)	(3,917)
Net	237,017	151,381
<b>Accrued rental expenses</b>		
Rental expenses up to December 31,	37,121	16,403
Rental paid up to December 31,	(24,842)	(4,671)
Net	12,279	11,732
<b>Shown under</b>		
Current liabilities	7,446	7,320
Non-current liabilities	4,833	4,412
Total	12,279	11,732
<b>Non-cancellable operating lease commitments</b>		
Within 1 year	12,244	7,320
After 1 year but within 5 years	88,634	54,486
Over 5 years	713,373	549,853
Total	814,251	611,659

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

## 12. CREDIT FACILITIES

As at December 31, 2016, the Company has agreement with certain local financial institutions for the following credit facilities :

	In Thousand	
	U.S. Dollars	Baht
Multi-type working capital	-	5,470,000
Short-term loan	-	5,830,000
Long-term loan	-	1,599,000
Bank overdraft	-	120,000
Letter of credit and trust receipts	10,000	2,580,030
Forward contract	53,340	2,160,000
Letter of guarantee	-	13,600
Total	63,340	17,772,630

The credit facilities are secured by mortgage certain part of the Company's land and structures.

## Bank overdrafts and short-term loans from financial institutions

	In Thousand Baht	
	2016	2015
Bank overdrafts	6	855
Trust receipts	519,201	322,779
Short-term loans from financial institutions	4,300,000	1,400,000
Total	4,819,207	1,723,634

Short-term loans from financial institutions comprise of promissory notes from various local banks and bear interest ranging from 1.77% to 1.92% per annum in 2016 and 2.02% to 2.03% per annum in 2015.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

## 13. TRADE AND OTHER ACCOUNTS PAYABLE - OTHERS

	In Thousand Baht	
	2016	2015
Trade accounts payable	1,931,548	1,838,144
Other accounts payable		
Retention	118,059	38,518
Accrued bonus	105,650	82,951
Accrued expenses	84,167	74,924
Accrued interest expense	42,213	46,541
Others	46,176	40,913
	396,265	283,847
Total	2,327,813	2,121,991

## 14. DEBENTURES

On February 27, 2014, the Company issued a series of debentures to specific investors amounting to Baht 3,000 million (divided into 3,000,000 units at Baht 1,000 per unit) and bears interest at 3.85% p.a. with maturity on February 27, 2017. Interest is payable semi-annually.

Under the condition of the issuances of debentures, the Company has to comply with the specified condition by maintain Net Debt to Equity Ratio at the rate not exceeding 2:1.

## 15. LIABILITY FOR POST-EMPLOYMENT BENEFITS

The Company has used an option to recognize post-employment benefits, as at January 1, 2011 amounted to approximately Baht 5.5 million as expense in profit or loss on a straight-line basis over five years starting from January 1, 2011. The Company has recorded past service cost as expense in profit or loss for the year ended December 31, 2015 amounted to Baht 1.1 million.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

Movements of liability for post-employment benefits for the years ended December 31, 2016 and 2015 are as follows :

	In Thousand Baht	
	2016	2015
Liability for post-employment benefits as at January 1,	53,102	43,558
Current service cost	12,911	10,828
Interest cost	1,846	1,772
Past service cost	-	1,096
Expense recognized in profit or loss	14,757	13,696
Transaction recognized in other comprehensive income		
- Actuarial gain	(792)	(3,154)
Employee benefits paid during the year	(93)	(998)
Liability for post-employment benefits as at December 31,	66,974	53,102

Actuarial gain recognized in other comprehensive income arising from :

	In Thousand Baht	
	2016	2015
Change in financial assumptions	2,654	-
Change in demographic assumptions	-	-
Experience adjustments	(3,446)	(3,154)
Total	(792)	(3,154)

Significant assumptions used in calculation of liability for post-employment benefits are as follows :

- Discount rate 3.5% per annum in 2016 (4% per annum in 2015)
- Salary increase rate 6.8% - 7% per year
- Employee turnover rate 5% per year
- Mortality rates Based on Thai Mortality Table (year 2008)
- Disability rates 15% of Thai Mortality Table (year 2008)

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

## Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	In Thousand Baht	
	Increase	Decrease
Defined benefit obligation at December 31, 2016		
Discount rate (1% change)	(8,187)	10,250
Salary increase rate (1% change)	10,045	(8,214)
Employee turnover rate (1% change)	(9,383)	11,764

## 16. SHARE CAPITAL AND DIVIDENDS

## Share capital

	In Baht Par Value	In Thousand Shares / In Thousand Baht			
		2016		2015	
		Number	Amount	Number	Amount
Authorized					
At January 1,					
- ordinary shares	1	3,484,286	3,484,286	3,048,754	3,048,754
Decrease	1	(5)	(5)	(4)	(4)
Increase	1	174,214	174,214	435,536	435,536
At December 31,					
- ordinary shares	1	3,658,495	3,658,495	3,484,286	3,484,286
Issued and fully paid-up					
At January 1,					
- ordinary shares		3,484,281	3,484,281	3,048,750	3,048,750
Stock dividend		174,211	174,211	435,531	435,531
At December 31,					
- ordinary shares		3,658,492	3,658,492	3,484,281	3,484,281

At the annual general meeting of the shareholders of the Company held on April 22, 2015, the shareholders passed the following resolutions:

a) decrease authorized share capital from Baht 3,048,753,544 (3,048,753,544 ordinary shares at Baht 1 par value) to Baht 3,048,750,120 (3,048,750,120 ordinary shares at Baht 1 par value). The Company registered the capital decrease with the Ministry of Commerce on May 1, 2015;

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

### Notes to the financial statements (Continued)

December 31, 2016 and 2015

b) increase authorized share capital from Baht 3,048,750,120 (3,048,750,120 ordinary shares at Baht 1 par value) to Baht 3,484,285,851 (3,484,285,851 ordinary shares at Baht 1 par value). The 435.5 million new ordinary shares reserved for stock dividend. The Company registered the capital increase with the Ministry of Commerce on May 6, 2015.

At the annual general meeting of the shareholders of the Company held on April 21, 2016, the shareholders passed the following resolutions:

a) decrease authorized share capital from Baht 3,484,285,851 (3,484,285,851 ordinary shares at Baht 1 par value) to Baht 3,484,281,006 (3,484,281,006 ordinary shares at Baht 1 par value). The Company registered the capital decrease with the Ministry of Commerce on May 4, 2016;

b) increase authorized share capital from Baht 3,484,281,006 (3,484,281,006 ordinary shares at Baht 1 par value) to Baht 3,658,495,056 (3,658,495,056 ordinary shares at Baht 1 par value). The 174.2 million new ordinary shares reserved for stock dividend. The Company registered the capital increase with the Ministry of Commerce on May 11, 2016.

### Dividends

At the annual general meeting of the shareholders of the Company held on April 22, 2015, the shareholders approved the appropriation of dividends of Baht 0.16 per share, amounting to Baht 483.9 million, from the profit of 2014. The dividend paid by stock dividend on the basis of 7 ordinary shares for 1 stock dividend amounting to Baht 435.5 million (435.5 million ordinary shares at Baht 1 par value) and cash dividend of Baht 48.4 million on May 8, 2015. The Company registered the increase in paid-up share capital with the Ministry of Commerce on May 8, 2015.

At the annual general meeting of the shareholders of the Company held on April 21, 2016, the shareholders approved the appropriation of dividends of Baht 0.10 per share, amounting to Baht 332.9 million, from the net profit of 2015. The dividend paid by stock dividend on the basis of 20 ordinary shares for 1 stock dividend amounting to Baht 174.2 million (174.2 million ordinary shares at Baht 1 par value) and cash dividend of Baht 158.7 million on May 18, 2016. The Company registered the increase in paid-up share capital with the Ministry of Commerce on May 18, 2016.

### 17. SHARE PREMIUM

The share premium is set up under the provision of Section 51 of the Public Companies Act B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). The share premium is not available for dividend distribution.



## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

## 18. LEGAL RESERVE

The legal reserve is set up under the provisions of Section 116 of the Public Companies Act B.E. 2535. Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

## 19. OTHER INCOME

	In Thousand Baht	
	2016	2015
Sale promotion income	409,811	328,535
Transportation income	72,977	60,657
Gain on exchange rate	9,372	37,910
Other	124,507	120,053
Total	616,667	547,155

## 20. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	In Thousand Baht	
	2016	2015
Changes in merchandises	(2,670,261)	(538,138)
Purchase of merchandises	16,980,665	14,237,434
Employee costs	1,132,485	948,272
Depreciation and amortization	808,490	720,771
Finance costs	169,058	144,474
Utility expenses	134,491	113,871
Marketing, advertising and sale promotion expenses	93,183	70,581
Management remuneration	34,487	39,218

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

## 21. OTHER COMPREHENSIVE INCOME

	In Thousand Baht		
	Financial statement in which the equity method		
	is applied		
	2016		
	Amount	Tax expense	Net
<u>Items will not be reclassified subsequently to profit or loss</u>			
Actuarial gain on defined benefit plan	792	158	634
<u>Items will be reclassified subsequently to profit or loss</u>			
Gain on remeasurement of investments	165	-	165
Gain on sale of investments recognized in profit and loss	(417)	-	(417)
	(252)	-	(252)
Share of other comprehensive loss of joint venture (currency translation differences)	(70)	-	(70)
Other comprehensive income for the year	470	158	312
	In Thousand Baht		
	Financial statement in which the equity method		
	is applied		
	2015		
	Amount	Tax expense	Net
<u>Items will not be reclassified subsequently to profit or loss</u>			
Actuarial gain on defined benefit plan	3,154	631	2,523
<u>Items will be reclassified subsequently to profit or loss</u>			
Gain on remeasurement of investments	252	-	252
Share of other comprehensive loss of joint venture (currency translation differences)	(16)	-	(16)
Other comprehensive income for the year	3,390	631	2,759

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

	In Thousand Baht		
	Separate financial statements		
	2016		
	Amount	Tax expense	Net
<u>Items will not be reclassified subsequently to profit or loss</u>			
Actuarial gain on defined benefit plan	792	158	634
<u>Items will be reclassified subsequently to profit or loss</u>			
Gain on remeasurement of investments	165	-	165
Gain on sale of investments recognized in profit and loss	(417)	-	(417)
Other comprehensive income for the year	540	158	382
	In Thousand Baht		
	Separate financial statements		
	2015		
	Amount	Tax expense	Net
<u>Items will not be reclassified subsequently to profit or loss</u>			
Actuarial gain on defined benefit plan	3,154	631	2,523
<u>Items will be reclassified subsequently to profit or loss</u>			
Gain on remeasurement of investments	252	-	252
Other comprehensive income for the year	3,406	631	2,775

## 22. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2016 and 2015 are determined by dividing the profit by the weighted average number of ordinary shares outstanding during the years, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the increase in share capital arising from the issue of a stock dividend of 174.2 million shares on May 18, 2016. The number of ordinary shares of the prior year has been adjusted as if the stock dividend had been issued at the beginning of the earliest period reported as follows :

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

	In Thousand Baht / In Thousand Shares			
	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
Profit for the year	1,494,972	880,591	1,489,252	877,717
Number of ordinary shares outstanding	3,658,492	3,658,492	3,658,492	3,658,492
Basic earnings per share (Baht)	0.4086	0.2407	0.4071	0.2399

## 23. PROVIDENT FUNDS

The Company has established contributory provident funds for their employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at the rate of 3% of their basic salaries and by the Company at the same rate. The provident funds are registered with the Ministry of Finance as juristic entities under the Provident Fund Act B.E. 2530 and are managed by licensed Fund Managers.

## 24. SEGMENT INFORMATION

The Company is engaged in merchandising of construction and decoration materials and equipment in Thailand, therefore, management considers that the Company had only one business segment.

The Company's segment revenues based on the geographic location of customers for the years ended December 31, 2016 and 2015 were as follows:

	In Thousand Baht			
	Financial statements in which the equity method is applied		Separate financial statements	
	2016	2015	2016	2015
Thailand	18,780,769	16,846,843	18,780,769	16,846,843
Lao People's Democratic Republic	44,071	134	44,071	134
Republic of the Union of Myanmar	32,601	16,799	32,601	16,799
Total	18,857,441	16,863,776	18,857,441	16,863,776

## 25. FAIR VALUE MEASUREMENT

This standard applies when another TFRS requires or permits fair value measurements or disclosures about fair value measurement and requires disclosures about fair value measurements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal market is the market with the greatest volume and level of activity for the asset or liability. Market participants comprise buyers and sellers in

**SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED**

## Notes to the financial statements (Continued)

December 31, 2016 and 2015

the principal or most advantageous market for the asset or liability whereby market participants are independent of each other, knowledgeable and having a reasonable understanding, able to enter into a transaction for the asset or liability, and willing to enter into a transaction for the asset or liability.

To increase the consistency and comparability in fair value measurements and related disclosures in the financial statements, the fair value hierarchy is categorized into 3 levels with respect of the inputs to valuation techniques used to measure the fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (“Level 1 inputs”), secondary priority to other observable inputs (“Level 2 inputs”), and the lowest priority to unobservable inputs (“Level 3 inputs”).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

As at December 31, 2016 and 2015, the Company had the following assets and liabilities that are measured at fair value (both on a recurring or non-recurring basis) in the statements of financial position;

- Temporary investment amounting to Baht – million for 2016 and Baht 200.4 million for 2015 (level 1),
- Land and land improvements, buildings and building improvements and assets for developments (level 2) (See Note 8),
- Derivative assets (Shown under other current assets) amounting to Baht 1.1 million for 2016 and Baht 0.5 million for 2015 (level 2).

However, the Company has financial assets and liabilities not measured at fair value in the statements of financial position as at December 31, 2016 and 2015 but for which the fair value is disclosed in Note 26.

**26. DISCLOSURE FOR FINANCIAL INSTRUMENTS****Financial risk management policies**

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not issue derivative financial instruments for trading purposes.

**Foreign currency risk**

The Company is exposed to foreign currency risk relating to purchases of goods which are denominated in foreign currencies.

As at December 31, 2016, the Company has an outstanding balance of short-term forward purchase contract of U.S. Dollars 5.9 million (equivalent to Baht 211.7 million) and Yuan 5.2 million (equivalent to Baht 26.5 million). The above contract matures in December 2017. The outstanding unhedge foreign currency liabilities due within one year amounted to U.S. Dollars 1.2 million and Yuan 11.3 million.

Management believes that said foreign currency risk is minimal.

**Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

### Notes to the financial statements (Continued)

December 31, 2016 and 2015

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset at the reporting date.

#### Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

#### Fair value

Cash and cash equivalents and trade and other accounts receivable - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments (level 2).

Bank overdraft and short-term loans from financial institutions and trade and other accounts payable - the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments (level 2).

Fair value of debentures amounts to Baht 3,009 million (Level 1).

### 27. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that they have an appropriate financial structure and preserves the ability to continue their business as a going concern.

As at December 31, 2016 and 2015, the Company's debt-to-equity ratio were 0.72 : 1 and 0.54 : 1, respectively.

### 28. COMMITMENTS

As at December 31, 2016, the Company had:

- a) commitment to purchase land from third parties amounting to Baht 0.1 million and construction agreements for building and machinery with two related parties and a local company amounting to Baht 518.8 million, and
- b) unused letters of credit totaling U.S. Dollars 8.2 million (equivalent to Baht 295.7 million) and CNY 29.4 million (equivalent to Baht 153.1 million).

### 29. EVENT AFTER THE REPORTING PERIOD

- a) On January 12, 2017, the Company had signed the joint venture agreement with a group of local investors in Cambodia by establish Global House Cambodia Co., Ltd. ("GBC") to operate modern trade retail stores and related businesses to distribute building materials and home improvement products in Cambodia and Global House Estate Co., Ltd. ("ESTATE") to own lands in Cambodia.
- b) At the Board of Directors' meeting held on February 20, 2017, the Board of Directors passed the resolution to pay the dividend for the 2016 operations totaling Baht 788.6 million to the shareholders. The dividend will be paid by stock dividends on the basis of 20 ordinary shares for 1 stock dividend amounting to Baht 182.9 million (182.9 million ordinary shares at Baht 1 par value) and cash dividend of Baht 605.7 million. The dividend payment will be further proposed to the Annual General Meeting of the Company's shareholders for approval in April 2017.



## SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Notes to the financial statements (Continued)

December 31, 2016 and 2015

## 30. OTHER

At the Board of Directors' meeting held on November 11, 2016, the Board of Directors passed the resolution on change the accounting policy on valuation of the Company's property, plant and equipments from Revaluation model to Cost model starting from January 1, 2017.

The change will be made to conform with the further operations of the Company and reflect the actual cost.

The change will effect as follows :

	In Million Baht	
	(Decrease)	
	December 31, 2016	January 1, 2016
<u>Statements of financial position</u>		
Property, plant and equipments	(4,886)	(5,114)
Deferred tax liabilities	(977)	(1,023)
Other component of shareholders' equity	(3,909)	(4,091)

	In Million Baht
	Increase (decrease)
<u>Statement of comprehensive income</u> <u>for the year ended December 31, 2016</u>	
Other income	2
Selling expenses	(226)
Profit before income tax	228
Income tax expense	46
Profit for the year	182
Basic earnings per shares (Baht)	0.0498

<u>Statement of change in shareholders' equity</u>	
- <u>Revaluation surplus on property</u>	
As at January 1, 2016	4,091
Transfer to retained earnings during the year	
- Depreciation expense	(181)
- Sold land	(1)
As at December 31, 2016 and January 1, 2017	3,909

### 31. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Company's Board of Directors on February 20, 2017.

## 18. Other References

<b>Regulator</b>	:	<b>The Securities and Exchange Commission</b>
Address	:	333/3 Vibhadi- Rangsit Road, Chomphon ,Chatuchak Bangkok 10900
Telephone	:	02-695-9999
Fax	:	02-695-9660
<b>Regulator</b>	:	<b>The Stock Exchange of Thailand</b>
Address	:	93The Stock Exchange of Thailand Building, Rachadapisek Road,Dindaeng Bangkok 10400
Telephone	:	02-009-9726-50
Fax	:	02-009-9807-8
<b>Share Registrar</b>	:	<b>Thailand Securities Depository Company Limited</b>
Address	:	93The Stock Exchange of Thailand Building, Rachadapisek Road,Dindaeng Bangkok 10400
Telephone	:	02-009-9000
Fax	:	02-009-9991
<b>Auditor</b>	:	<b>M.R.&amp; ASSOCIATES Co.,LTD</b>
Address	:	705-706 Chaopaya Tower 89 ,SoiWatSuanPlue , CharoenkrungRoad,Bangrak, Bangkok 10500
Telephone	:	02-630-7500
Fax	:	02-630-7506
<b>Bond Registrar</b>	:	<b>The Debenture of Siam Global House PCL.1/2014</b>
Address	:	Krung Thai Bank Plc. 35 Sukhumwit Rd., North Klongtoey ,Wattana , Bangkok 10110
Telephone	:	02-298-0821 ext 108
Fax	:	02-298-0835

# ANNUAL REPORT 2016

บริษัท สยามโกลบอลเฮ้าส์ จำกัด (มหาชน)

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

232 หมู่ที่ 19 ตำบลรอบเมือง อำเภอเมืองร้อยเอ็ด จังหวัดร้อยเอ็ด 45000

232 Moo 19, Tumbon Rob Muang, Amphur Muang Roi-et, Roi-et, 45000

[www.globalhouse.co.th](http://www.globalhouse.co.th)

Call Center 1160