



QUALITY
HOUSES

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

2015
Annual Report

Vision

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



Mission

Product and Service Quality
Create long-term competitive advantage by focusing on best quality of products and services for customers in all target segments

Focus on the innovations of new products and services that accurately respond to customer needs

Work Life Quality
Create work environment and culture, as well as improve employee benefits to achieve maximum performance

Personnel
Operate legally with transparency that can be monitored at every stage

Support and encourage employees to develop their potentials in various fields in accordance with their responsibilities

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

Social Quality
Social quality of the project:
Focus on pleasant and environmental friendly living place, as well as providing convenience and safety for customers

Social quality of the surrounding community :
Support and be responsible for surrounding communities where the company and its subsidiaries operate, as well as general society

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

OUR
PROJECTS



LADDAROM



Laddarom Elegance
Ratchapruk-Rattana Thibet



Q House Avenue
Phraram 5



Laddarom Elegance
Outer Ring Road-Sathorn



Q Twelve



Laddarom Elegance
Middle Ring Road-
Mahidol Junction



Q House Villa
Nakorn Ping



Laddarom
Watcharapol-Rattanakosin

PRUKPIROM



Laddarom
Chaipayruk-Chaengwattana



Prukpirom
Ratchapruk-Rattana Thibet



Laddarom
Bangna

VARAROM



Vararom Premium
Watcharapol-Chatu Chot



Vararom Premium
Kawila



Vararom Premium
City Hall

CASA



Casa Grand
Taksin-Praram 2



Casa Grand
Outer Ring Road-On Nuch



Casa Grand
Ratchaphruk-Pharam 5



Casa Grand
Sukhaphiban 5



Casa Grand
Sriracha



Casa Grand
Mitsumphan



Casa Legend
Kaset-Nawamintr



Casa Legend
Rachapruk-Pinklao



Casa Presto
Phraram 5-Ratchapruk



Casa Legend
Ban Bueng



Casa Presto
Wongwaen-Pinklao



Casa Premium
Ratchapruk-
Chaengwattana



Casa Ville
Ratchapruk-
Chaengwattana



Casa Premium
Ratchapruk-Phraram 5



Casa Ville
Ratchapruk-Phraram 5



Casa Premium
Phraram 2



Casa Ville
Rangsit-Klong 2



Casa Premium
On Nut-Outer Ring Road



Casa Ville
Ramintra-Hathairat

CASA
CITY

Casa Ville
Bangna-Teparak



Casa Ville
Watcharapol-Permsin



Casa Ville
Bangyai



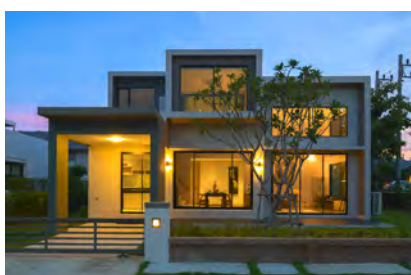
Casa Ville
Sukhumvit 103



Casa Ville
Ban Bueng
Casa Ville
Rayong



Casa Seaside
Rayong



Casa City
Sukhumvit-Samut Prakan



Casa City
Pracha Uthit 90



Casa City
Outer Ring Road-
Lamlukka



Casa City
Don Mueang



Casa City
Ratchaphruk-Phraram 5

THE TRUST



The Trust Ville
Ratchaphruk-
Rattanaibet



The Trust Ville
Rangsit Klong 4



The Trust Ville
Srinakarin - Praksa



The Trust Ville
Kanchanapisek
- Hathairat



The Trust Town
Srinakarin-Praksa

The Trust Townhome
Rangsit Klong 1



The Trust Townhome
Ratchaphruk-
Rattanaibet 2



Casa City
Watcharapol-Permsin



Casa City
Bangna



Casa City
Nakhon Prathom



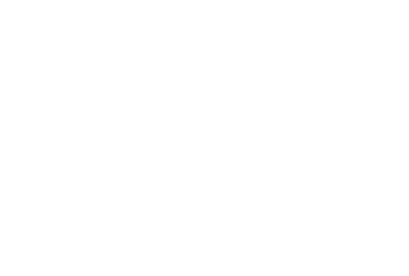
Gusto Grand
Ramkumhaeng



Gusto
Suksawat 26



Gusto
Bangna-Suvarnabhumi



Gusto
Teparak



Gusto
Suksawat



Gusto
Wongwean-Phraram 5

Gusto
Phahon Yothin-Saimai



The Trust Townhome
Outer Ring Road -
Kanchanaphisek



The Trust Town
Bo Win



The Trust
Ban Pho



Condominium



Q Condo
Asoke



Q Condo
Sukhumvit



Q Seaside
Hua Hin



Q House Condo
Phahon Yothin Chiangrai

CASA

Condominium



Casa Condo
@MRT T-Junction
Bangyai



Casa Condo
@CMU



Casa Condo
@Suandok



Casa Condo
Sriracha

THE TRUST

Condominium

The Trust Condo
Ngamwongwan



The Trust Condo
@BTS Erawan



The Trust Condo
Nakhon Prathom



The Trust Condo
North Pattaya



The Trust Condo
South Pattaya



The Trust Condo
Amata-Chonburi



The Trust Condo
Hua-Hin

THE POINT



The Point Condo
Laem Chabang



The Point Condo
Rangsit Klong 6

FINANCIAL HIGHLIGHTS

for the year 2013 -2015

Summary of Financial Statements Information

(Unit : Million Baht)

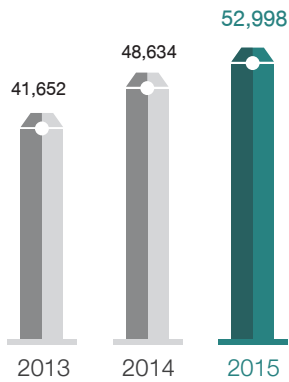
	2013	2014	2015
Total Assets	41,652	48,634	52,998
Total Liabilities	24,375	29,485	31,452
Shareholders' Equity	17,277	19,149	21,545
Net Sales	19,699	21,220	20,358
Total Revenues	19,999	21,377	20,556
Gross Profit	6,387	6,907	6,358
Net Profit	3,307	3,329	3,106

Financial Ratio

Net Profit Margin (%)	16.5	15.6	15.1
Return on Equity (%)	20.0	18.3	15.3
Return on Assets (%)	7.9	7.4	6.1
Basic Earning per Share (Baht)	0.36	0.31	0.29
Dividend per Share (Baht)	0.16	0.25519	n.a
Debt to Equity Ratio (Time)	1.4	1.5	1.5
Time Interest Earned Ratio (Time)	6.6	(0.8)	2.4
Book Value per Share (Baht)	1.88	2.09	2.01

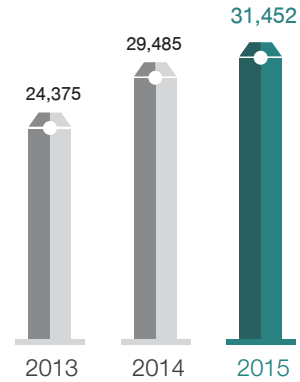
• Total Assets

Million Baht



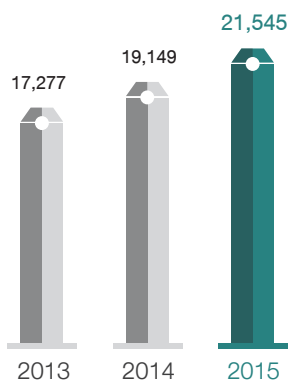
• Total Liabilities

Million Baht



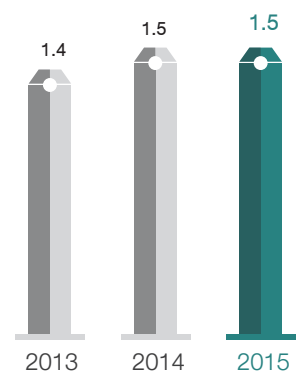
• Shareholders' Equity

Million Baht



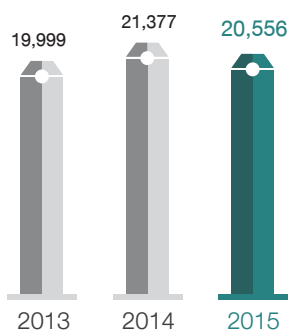
• Debt to Equity Ratio

Time



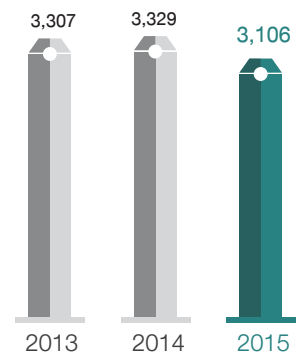
• Total Revenues

Million Baht



• Net Profit

Million Baht



MESSAGE

from The Board of Directors



Dear Shareholders,

The real estate industry in 2015 was still impacted by several factors such as political factor and economic condition both domestic and international, which has yet to recover. This in turn slow down consumer's decision-making to purchase residences. Worsened by the rise in household debts burden, which significantly contributed to more stringent loan policies among the commercial banks, especially upcountry. However, the residential projects near BTS routes still had high demand and continual growth. In the 4th quarter of 2015, the real estate business had recovered from the accelerated disbursement of the government budget, as well as from the government's measure to stimulate the real estate business, with the reduction of both transfer fee and mortgage fee and tax deduction of 20% of property value less than Baht 3 million for the period of 5 years, consequently total revenues of sale for real estate operators increased.

In 2015, the Company and its subsidiaries had an increase in assets, the interest bearing debt to equity ratio reduced

to 1.24 times, in comparison with 1.32 times in year 2014, while the shareholder's equity grew by 12.5%. Moreover, in 4th quarter of 2015, the Company and its subsidiaries had all-time highest profit since the Company had operated the business, due to the aforementioned government's measure to stimulate the real estate industry as well as the revenues recognized after the ownership transfer of one condominium project. At present, the Company and its subsidiaries have 88 projects in the development process in Bangkok and its greater area, as well as in upcountry, worth approximately Baht 62,000 million. During the past 30 years of our operations, the Company has focused in developing the quality of residences for both low-rise and the high-rise buildings continually, such as considering high quality construction material, developing new house style, utility space according to consumers' demand and also paying attention to after-sale services and the safety in the project.

In addition, the Company and its subsidiaries will continue to focus on good corporate governance so that investors, shareholders, and related parties can monitor and audit our performance.

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

A handwritten signature in black ink, appearing to read "B. Lerdhirunwong". The signature is fluid and cursive, with a long horizontal stroke at the end.

(Mr. Boonsom Lerdhirunwong)
Chairman and Independent Director

REPORT OF THE BOARD of Directors' Responsibility for the Financial Statements



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

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

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

The Board of Directors considers the Company's overall internal control system, including an audited result from the external auditor satisfactory, and that the financial statements of Quality Houses Public Company Limited as of December 31, 2015 reflects the financial performance and cash flows of the Company in accordance with generally accepted accounting principles and related regulations.



(Mr. Boonsom Lerdhirunwong)
Chairman and Independent Director

REPORT

from the Audit Committee

Dear Shareholders,

The Audit Committee of Quality Houses Public Company Limited composes of 3 independent directors. In 2015, it held nine meetings of discuss and provide independent opinions of the Company's operations. The list of Audit Committee's members and the details of its meetings were as follows:

Audit Committee	Position in the Audit Committee	Attendance/ Total Meetings (Times)
Mr. Chulasingh Vasantasingh*	Chairman of the Audit Committee	5/5
Mr. Rachai Wattanakasaem	Audit Committee	9/9
Mr. Suri Buakhom	Audit Committee	9/9
Mr. Adul Vinaiphat **	Chairman of the Audit Committee	3/3

Note

* Mr. Chulasingh Vasantasingh was approved and appointed to be Chairman of the Audit Committee by the Board of Directors' Meeting No.3/2015 held on May 18, 2015

** Mr. Adul Vinaiphat retired from his position as resolved by the Annual General Meeting of Shareholders No. 1/2015 held on April 17, 2015.

The Audit Committee performed its duties as delegated by the Company's Board of Directors and complied with the rules and regulations of the Stock Exchange of Thailand. Its performance of Year 2015 was summarized as follows:

1. Reviewing the Company's quarterly and yearly financial statement :

The Audit Committee reviewed the Company's quarterly and yearly financial statement with the internal auditor and management and provided the opinion that the Company's financial statement presented in conformity with the generally accepted accounting principles and with fair disclosure of information. And, the external auditors did not provide any specific opinion on such financial statement.

In 2015, the Audit Committee held four private meetings with the external auditors, without the presence of any Executives of the Company, in order to exchange opinions and acknowledge the significant comments as well as suggestions of the external auditors. The meetings were also held to prepare for timely revision arrangement of accounting standard

changes, in order to achieve the accuracy and creditability of the financial statement for the benefits of investors and users.

2. Monitoring internal audit's operations and reviewing annual audit plan :

The Audit Committee reviewed and approved the annual audit plan created by prioritizing the risk of significant operation systems.

The Audit Committee acknowledged the result of audit report and commented on increasing the precaution of internal control systems to prevent or decrease any possible risks, and suggested to improve the internal audit's operations. It also emphasized the follow up of any revisions of operation systems as recommended in the audit report in order to achieve the efficiency and effectiveness of internal audit system. In 2015, no significant flaws were found in the Company's internal control systems.

In 2015, the Risk Management Committee reported to the Audit Committee that the Risk Management Committee

determined the Company's operating risks according to types of business, together with the guidelines of risk management.

3. Monitoring the Company's compliance with the Securities and Exchange law :

The Audit Committee monitored the Company's business conducts to ensure that they complied with the Securities and Exchange law as well as the regulations of the Stock Exchange of Thailand, the regulations of the Securities and Exchange Commission and any other relevant laws. The secretary of the Audit Committee was assigned to regularly report such laws and regulations including any updated laws to the Audit Committee. The Audit Committee believed that in 2015, there was no significant incident of violations of any laws or regulations.

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

The Audit Committee selected and proposed the appointment of the Company's external auditors based on their expertise, independence, performance and service, as well as the appropriate remuneration.

In 2015, the Audit Committee recommended the appointment of EY Office Limited to be the Company's external auditors. The proposal was approved by the Board of Directors and was subsequently approved by shareholders at the 2015 Annual General Meeting of Shareholders.

5. Reviewing and providing opinions on related party transactions:

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

6. Emphasis on the Company's corporate governance :

The Audit Committee emphasized the Company's corporate governance to ensure that the Company business practices complied with rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission in terms of principles of good corporate governance. The Company established the Whistle Blowing system and promoted staff's compliance with such rules, regulations and Code of Conduct,

as well as encouraged staff's participation in the environmental reservation. The practice of Company's good corporate governance would enhance the Company recognition and trust among shareholders, investors and other stakeholders.

7. Considering the Anti-Corruption Policy :

The Company acknowledged "Declaration of Intent in View of Establishing Thailand's Private Sector Collective Action Coalition against Corruption" and activities in the implementation of an anti-corruption measure, also providing guidance upon risk assessment in associate with corporate corruption so that such risk as mentioned can be managed onwards.

8. The Audit Committee properly performed its duties :

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

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

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

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

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



(Mr. Chulasingh Vasantasingh)
Chairman of the Audit Committee



THE BOARD OF DIRECTORS and Executives

The Board of Directors

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

The Executives

Mr. Chadchart	Sittipunt	President and Chief Executive Officer
Mrs. Suwanna	Buddhprasart	Senior Executive Vice President
Mr. Pravit	Choatewattanaphun	First Executive Vice President
Mr. Pornthep	Pipattangsakul	First Executive Vice President
Mr. Pairoj	Wattanavarodom	First Executive Vice President
Mr. Sommart	Promkunakorn	Executive Vice President
Mr. Ravee	Mongkoltavee	Executive Vice President
Ms. Apinya	Jarutrakulchai	Executive Vice President
Ms. Orathai	Luengpaitoon	Vice President, Financial and Accounting Department

THE BOARD OF DIRECTORS and Executives

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



1. Mr. Boonsom Lerdhirunwong

Chairman and Independent Director

2. Mr. Chadchart Sittipunt

Director, President and Chief Executive Officer and
Chairman of Risk management Committee



3. Mr. Chulasingh Vasantasingh

Independent Director,
Chairman of Audit Committee and
Nominating and Remuneration Committee



4. Mr. Anant Asavabhokhin

Director



5. Mr. Adisorn Thananan-narapool

Director



6. Ms. Kanokvalee Viriyaprapaikit

Director and Nominating and
Remuneration Committee



7. Mr. Rachai Wattanakasaem

Independent Director,
Chairman of Nominating and
Remuneration Committee and
Audit Committee



8. Mr. Suri Buakhom

Independent Director, Chairman of
Corporate Governance Committee
and Audit Committee



9. Mr. Achanun Asavabhokhin

Director



10. Mrs. Suwanna Bhuddhprasart

Director, Senior Executive Vice
President, Risk management
Committee and Corporate
Governance Committee and
Company Secretary



11. Mr. Pravit Choatewattanaphun

Director and First Executive Vice President

12. Mr. Pornthep Pipattangsakul

Director, First Executive Vice President and
Risk management Committee



THE PROFILE of Directors and Executives

Mr. Boonsom Lerdhirunwong

Chairman and Independent Director

Age : 62 Years

Directorship : September 21, 2015 - present

Educational Profile

- Dr.Eng., Civil Engineering, INSA, Toulouse, France
- M.Eng, Civil Engineering, Chulalongkorn University
- B.Eng, Civil Engineering, Chulalongkorn University

Training for the Directors Courses

- Director Certification Program (DCP)
- Financial Statements for Directors (FSD)
- Audit Committee Program (ACP)
- Advanced Audit Committee Program (AAP)
- Successful Formulation & Execution of Strategy (SFE)
- The Role of Chairman Program (RCP)

Other Training

- National Defense College Class 19
- Courses for senior executives at Energy Science Class 3
- Corporate Governance : Effectiveness and Accountability in the Boardroom, Kellogg School of Management, Northwestern University, May 18-21 2014

Present Positions

1. Listed Company

Oct 2014 - Present : Independent Director and
Chairman of Audit Committee,
Home Product Center Public Co., Ltd.

2. Limited Company

None

3. Other Organizations/Institutions

2015 - Present : Chairman of Board, Thailand Institute of
Nuclear Technology (Public Organization)

2010 - Present : Director, Thai Red Cross Society

Working Experience in the 5 preceding years

2014 : Director and Chairman of Audit Committee,
PTT Plc.

2013 - 2014 : Chairman of Board, State Railway of Thailand

2012 - 2014 : Director and Member of Audit Committee,
PTT Plc.

2012 - 2013 : Director, State Railway of Thailand

2008 - 2013 : Dean of Engineering,
Chulalongkorn University

Shareholding Status

(Closing the share register on September 10, 2015) :
None

Mr. Chadchart Sittipunt

Director, President and Chief Executive Officer and Chairman of Risk management Committee

Age : 49 Years

Directorship : January 1, 2015 - present

Educational Profile

- B.S. Engineering (Civil Engineering) 1st Class Honors , Chulalongkorn University
- M.S. Civil Engineering (Structure), Massachusetts Institute of Technology, USA
- MBA Chulalongkorn University
- Ph.D.in Civil Engineering, University of Illinois at Urbana, Champaign ,USA

Training for the Directors Courses

- Director Certification Program : Program for Professional Director (DCP 70/2006), IOD
- Finance for Non-Finance Directors (FND 25/2006), IOD

Other Training

- Mahanakorn 4, Institute of Metropolitan Development, Navamindradhiraj University

Present Positions

1. Listed Company

June 2015 - Present : Director, Home Product Center Plc.

2. Limited Company

None

Working Experience in the 5 preceding years

- Aug - Dec 2014 : Independent Director,
The Member of The Audit Committee &
Member of Nominating and
Remuneration Committee, The
Chairman of the Risk Management
Committee, Land & Houses Plc.
- 2012 - 2014 : Minister of Transport
- 2012 : Deputy Minister of Transport
- Dec 2008 - Jan 2012 : Independent Director, The Member of
The Audit Committee & Member of
Nominating and Remuneration
Committee, Land & Houses Plc.
- 2005 - 2012 : Assistant to the President,
Office of Property Management,
Chulalongkorn University
- 1995 - 2012 : Faculty Member,
Faculty of Engineering,
Chulalongkorn University
- 2004 - 2011 : Director, Faculty of Engineering,
Chulalongkorn University
- 2003 - 2011 : Head of Fire Safety Research Center,
Faculty of Engineering,
Chulalongkorn University

Shareholding Status

(Closing the share register on September 10, 2015) :
None

Mr. Chulasingh Vasantasingh

Independent Director, Chairman of Audit Committee and Nominating and Remuneration Committee

Age : 65 Years

Directorship : April 17, 2015 - present

Educational Profile

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

Training for the Directors Courses

- Director Certification Program (DCP 35/2003)
- Finance for Non-Finance Director (FN 7/2003)
- Understanding the Fundamental of Financial Statements (UFS 1/2006)
- Audit Committee Program (ACP 17/ 2007)
- DCP Refresher Course (1/2008)
- Financial Institutions Governance Program (FGP 4/2012)

Other Training

- The National Defence Course, National Defence College, (Class of 388th)
- Politics and Governance in Democratic Systems for Executives Course, King Prajadhipok's Institute, Thailand
- Capital Market Academy Leadership Program (Class of 5th), Thailand
- Certificate in Top Executives in Energy Education Program, Thailand Energy Academy (Class of 1st), Thailand
- Top Executive Program in Commerce and Trade (TEPCOT) (Class of 5th)
- Poom Palung Pandin Program (Class of 1st), Chulalongkorn University

Present Positions

1. Listed Company

- 2014-present : Director, TPI Polene Plc.
: Independent Director and Chairman, Aqua Corporation Plc.
: Independent Director and Chairman of the Nominating Committee, Global Power Synergy Plc.

2. Limited Company

- 2014-present : Director and Chairman of the Audit Committee,
: Thanachart Insurance Co., Ltd.

3. Other Organizations / Institutions

- 2012 - present : Member of the Council of State
2004 - present : Director of Property Management,
: Chulalongkorn University
2015 - 2017 : Consultants, Chulalongkorn University Alumni Association
2011 : Professor, Chulalongkorn University

Working Experience in the 5 preceding years

- 2010 - 2014 : Independent Director and Chairman of the Krung Thai Bank Plc.
2010 - 2013 : Independent Director and Chairman of the Audit Committee, PTT Pcl.
: Independent Director and Chairman of the Audit Committee, Thai Airways Plc.
2009 - 2013 : Attorney General,
Office of the Attorney General
2005 - 2009 : Deputy Attorney General,
Office of the Attorney General

Shareholding Status

(Closing the share register on September 10, 2015) :
19,930 Shares representing 0.00019 % (Including shares held by spouse)

Mr. Anant Asavabhokhin

Director

Age : 65 Years

Directorship : October 21, 1983 – Present

Educational Profile

- B.S. Engineering (Civil work) Chulalongkorn University
- M.S.Industrial Engineering Illinois Institute of Technology Chicago, USA
- MBA Thammasat University

Training for the Directors Courses

- Director Certification Program : Program for Professional Director (DCP), IOD

Present Positions

1. Listed Company

- May 2014 – Present : Chairman, Land & Houses Plc.
- 2009 – Present : Chairman, LH Financial Group Plc.
- 1995 – Present : Chairman, Home Product Center Plc.

2. Limited Company

- 2005 – Present : Chairman,
Land and Houses Bank Plc.
- 1995 – Present : Director,
Q.H. International Co., Ltd.
- 1992 – Present : Director,
Siam Thani Property Co., Ltd.

Working Experience in the 5 preceding years

- 1988 – May 2014 : President and Chief Executive Officer,
Land & Houses Plc.
- 1994 – 2010 : Director,
Quality Construction Products Plc.

Shareholding Status

(Closing the share register on September 10, 2015) :

None

Mr. Adisorn Thananan-narapool

Director

Age : 61 Years

Directorship : May 9, 2003 – Present

Educational Profile

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

Training for the Directors Courses

- Director Certification Program : Program for Professional Director (DCP), IOD
- Director Accreditation Program : Governance training for listed company director (DAP), IOD

Other Training

- Capital Market Academy (CMA 2)

Present Positions

1. Listed Company

- Apr 2013 – Present : Managing Director, Land & Houses Plc.

2. Limited Company

- 2013 – Present : Director, Starmalls Inc., Philippines.
- 2010 – Present : Director and Chairman of Audit Committee,
Land and Houses Fund Management Co., Ltd.
- 2001 – Present : Director, L&H Property Co. ,Ltd.
: Director, Land and Houses Property Fund I
: Director, Land and Houses Property Fund II

Working Experience in the 5 preceding years

- 2002 – Mar 2013 : Director and
: Senior Executive Vice President,
Land & Houses Plc.

Shareholding Status

(Closing the share register on September 10, 2015) :

1,101 Shares representing 0.00001 %

Miss Kanokvalee Viriyaprapaikit

Director and Nominating and Remuneration Committee
Age : 50 Years

Directorship : August 9, 2001– Present

Educational Profile

- Bachelor of Finance, Chulalongkorn University
- Master Degree, Investment Banking, University of Wisconsin - Madison

Training for the Directors Courses

- Director Certification Program : Program for Professional Director (DCP),IOD
- Role of The Compensation Committee (RCC), IOD

Present Positions

1. Listed Company

None

2. Limited Company

2016 - Present : Director, LH Mall & Hotel Co., Ltd.

Working Experience in the 5 preceding years

2003 - 2015 : Director, Asia Asset Advisory Co., Ltd.

Shareholding Status

(Closing the share register on September 10, 2015) :

None

Mr. Rachai Wattanakasaem

Independent Director, Chairman of Nominating and Remuneration Committee and Audit Committee
Age : 68 Years

Directorship : August 10, 2005 - Present

Educational Profile

- MBA Industrial Management II class (Honors Degree), Pacific States University, California, USA

Training for the Directors Courses

- Directors Certification Program : Program for Professional Director (DCP), IOD
- Role of The Compensation Committee (RCC), IOD

Present Positions

1. Listed Company

2015 - Present : Director and Audit Committee,
Thai Rubber Latex Corporation (Thailand) Plc.

2. Limited Company

2014 - Present : Advisor to C.E.O., YIP IN TSOI Co., Ltd.

Working Experience in the 5 preceding years

2013 - 2015 : Advisor, Implimentation Computer Systems,
Thai Rubber Latex Corporation (Thailand) Plc.

2011 - 2013 : Advisor , Krungthai Bank Co., Ltd.

Shareholding Status

(Closing the share register on September 10, 2015) :

None

Mr.Suri Buakhom

Independent Director ,Chairman of Corporate Governance Committee and Audit Committee
Age : 71 Years

Directorship : April 20, 2010- Present

Educational Profile

- B.S. in Economics, Kasetsart University
- MBA, Thammasat University

Training for the Directors Courses

- Director Certification Program : Program for Professional Director (DCP), IOD
- Anti Corruption The Practical Guide (ACPG 12/2014), IOD

Other Training

- Diploma of Information Technology ,Harvard University
- National Defense College Class 4010

Present Positions

1. Listed Company

- 2013 - Present : Director and Chairman of Audit Committee , Bliss -Tel Plc.
- 2010 - Present : Chairman and Chairman of Audit Committee, Thaiwire Products Plc.

2. Limited Company

- 2003 - Present : Director and Nominating Committee, Zhengxin Bank Co., Ltd

Working Experience in the 5 preceding years

- 2013 : Data Center Development Subcommittee , National Broadcasting and Telecommunication Commission(NBTC)

Shareholding Status

(Closing the share register on September 10, 2015)
116,666 Shares representing 0.00109 %

Mr. Achanun Asavabhokhin

Director
Age : 35 Years

Directorship : April 11,2014 - Present

Educational Profile

- Bachelor's Degree, Political Science, Boston College, USA
- MBA, Tsinghua University, China

Training for the Directors Courses

- Director Certification Program : Program for Professional Director (DCP), IOD

Other Training

- Academy of Business Creativity (ABC), Sripatum University

Present Positions

1. Listed Company

None

2. Limited Company

None

3. Other Organizations / Institutions

2009 - Present : Private Property Investor

Working Experience in the 5 preceding years

- 2004 - 2005 : Securities Analyst, Asia Plus Securities Plc.

Shareholding Status

(Closing the share register on September 10, 2015) :
None

Mrs. Suwanna Bhuddhprasart

Director, Senior Executive Vice President, Risk management Committee,
Corporate Governance Committee and Company Secretary

Age : 60 Years

Directorship : June 27, 2000 – Present

Educational Profile

- Bachelor of Accounting, Chulalongkorn University
- MBA, Chulalongkorn University

Training for the Directors Courses

- Director Certification Program : Program for Professional Director (DCP), IOD
- Director Accreditation Program : Governance training for listed company director (DAP), IOD
- Financial Institutions Governance Program (FGP), IOD

Present Positions

1. Listed Company

- 2012 – Present : Director, LH Financial Group Plc.
- 2003 – Present : Director, Home Product Center Plc.

2. Limited Company

- 2013 – Present : Director,
Casa Ville (Cholburi 2554) Co., Ltd.
: Director, Property Host Co., Ltd.
- 2012- Present : Director, L&H Hotel Management Co., Ltd.
: Director, Centre Point Hospitality Co., Ltd.
- 2010 – Present : Director, Q House Precast Co., Ltd.
- 2008 – Present : Director, L&H Management Co., Ltd.

2003 – Present : Director, Q.H. Management Co., Ltd.
: Director, Casa Ville Co., Ltd.

2000 – Present : Director, Q.H .International Co., Ltd.
: Director, The Confidence Co., Ltd.

Working Experience in the 5 preceding years

2013 – Feb 2015 : Director, Casa Ville (Rayong 2553) Co., Ltd.
: Director,

Casa Ville (Phetchaburi 2553) Co., Ltd

: Director,

Casa Ville (Prajubkirikhan 2554) Co., Ltd.

2013 : Director, Land and Houses Bank Plc.

2011 – 2012 : Nominating and Remuneration Committee,
LH Financial Group Plc.

2005 – 2012 : Director and Nominating and
Remuneration Committee,
Land and Houses Bank Plc.

Shareholding Status

(Closing the share register on September 10, 2015) :
7,013,754 Shares representing 0.06546%

Mr. Pravit Choatewattanaphun

Director and First Executive Vice President

Age : 59 Years

Directorship : April 20, 2010 – Present

Educational Profile

- B.S. in Engineering, Chiang Mai University
- MBA, Thammasart University

Training for the Directors Courses

- Director Certification Program : Program for Professional Director (DCP), IOD

Present Positions

1. Listed Company

None

2. Limited Company

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

Working Experience in the 5 preceding years

- 2011– Feb 2015 : Director,
Casa Ville (Cholburi 2554) Co., Ltd.
: Director,
Casa Ville (Prajubkirikhan 2554) Co., Ltd.
2010 – Feb 2015 : Director,
Casa Ville (Rayong 2553) Co., Ltd.
2009 – Sep 2012 : Director, The Confidence Co., Ltd

Shareholding Status

(Closing the share register on September 10, 2015) :

None

Mr. Pornthep Pipattangsakul

Director , First Executive Vice President and

Risk management Committee

Age : 50 Years

Directorship : February 26, 2013 – Present

Educational Profile

- B.S. in Engineering, Chiang Mai University
- MBA, Chulalongkorn University

Training for the Directors Courses

- Director Certification Program : Program for Professional Director (DCP), IOD
- Financial Statements for Directors (FSD 24/2013), IOD

Other Training

- Advanced Certificate Course in Public Administration and Law for Executives, King Prajadhipok's Institute
- The Boss, Management & Psychology Institute.

Present Positions

1. Listed Company

None

2. Limited Company

- 2013 – Present : Director, Property Host Co., Ltd.
: Director, Q.H. Management Co., Ltd.
: Director,
Casa Ville (Rayong 2553) Co., Ltd.
: Director, Q.H. International Co., Ltd
: Director, The Confidence Co., Ltd.
Apr 2000 – Present : Director, Q House Precast Co., Ltd.
2005 – Present : Director, Casa Ville Co.,Ltd.

Working Experience in the 5 preceding years

- 2013 – Feb 2015 : Director, Gusto Village Co., Ltd.
: Director,
Casa Ville (Phetchaburi 2553) Co., Ltd.
: Director,
Casa Ville (Prajubkirikhan 2554) Co., Ltd.
: Director,
Casa Ville (Cholburi 2554) Co., Ltd.
2013 – Jul 2014 : Executive Vice President,
Quality Houses Plc.

Shareholding Status

(Closing the share register on September 10, 2015) :

None

NATURE OF BUSINESS



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

As of December 31, 2015, the Company has registered capital of Baht 10,714,426,091 and paid-up capital of Baht 10,714,381,645 or for 10,714,381,645 ordinary shares at the par value of Baht 1 per share

I. Company History and Significant Changes and Developments

The company history and significant changes and developments of "Quality Houses Public Company Limited" are summarized as follows:

1983	<ul style="list-style-type: none"> The Company was incorporated on October 21, 1983 with an initial registered capital of Baht 1.0 million. Its primary objective was to provide one-stop, integrated construction services of housing projects on customers' plots of land; 	
1990	<ul style="list-style-type: none"> The Company began operating the business of property development for rent, which is comprised of 2 categories: service apartments for rent and office buildings for rent; 	
1991	<ul style="list-style-type: none"> On September 11, 1991, the Company was listed on the Stock Exchange of Thailand; 	
1992	<ul style="list-style-type: none"> The Company began operating the business of land and houses for sales; 	
1993	<ul style="list-style-type: none"> The Company was transformed into a public company on June 28, 1993; 	
1997	<ul style="list-style-type: none"> The Company encountered business problems during Thailand's financial crisis; 	
1999	<ul style="list-style-type: none"> The Company entered into debt restructuring agreements with commercial banks and financial institutions and was able to comply with the terms and conditions of the agreement. In 2005, the Company had repaid the full amount of loan from fully loan repayments to those banks and financial institutions; 	
2001	<ul style="list-style-type: none"> The Company increased its capital and offered 20% of its total shares or Baht 812.0 million to the Government of Singapore Investment Corporation Pte Ltd. (GIC); 	
2006	<ul style="list-style-type: none"> The Company and its subsidiaries sold the properties together with the related equipments, and/or gave the leasehold rights, and/or transferred the property leasehold rights for 2 office buildings, i.e. Q.House Ploenjit and Q.House Lumpini, to the Quality Houses Leasehold Property Fund (QHLPF), such transaction of which was approved by the Securities and Exchange 	<p>Commission (SEC) on December 7, 2006. In addition, the Company also invested 25.66% or 204.5 million units, worth Baht 2,045.1 million in the Property Fund. Furthermore, the Fund Manager appointed Q.H. International Co., Ltd., a subsidiary of the Company, to be the property manager of such properties for 5 years with an option to renew the contract for not exceeding 5 years each;</p>
2012		<ul style="list-style-type: none"> The Company and its subsidiaries sold the properties together with related equipment and/or gave the leasehold rights and/or transferred the property leasehold rights for 3 hotel projects, i.e. the Centre Point Hotel Pratunam, the Centre Point Hotel Sukhumvit 10 and the Centre Point Hotel Chidlom, to the Quality Houses Hotel and Residences Freehold and Leasehold Property Fund (QHHR) ("The Fund"), such transaction of which was approved by the Securities and Exchange Commission (SEC) on July 2, 2012. In addition, the Company also invested 31.33% or 105.28 million units, worth Baht 1,050.28 million in the Property Fund. <p>After invested in those properties, QHHR was set to offer for rent or for lease the properties under its ownership and possession, and all of whose leasehold rights it has been granted, to Centre Point Hospitality Co., Ltd., a subsidiary of Quality Houses Plc. holds 100% of shares.</p> <p>The Centre Point Hospitality Co., Ltd. appointed Q.H. International Co., Ltd., a subsidiary of whose 100% shares are held by Quality Houses Plc., to manage the hotels and service apartments over the period of 3 years and the contract can be renewal with an option to renew the contract for not exceeding 3 years each.</p>

2. Shareholding Structure of the Company



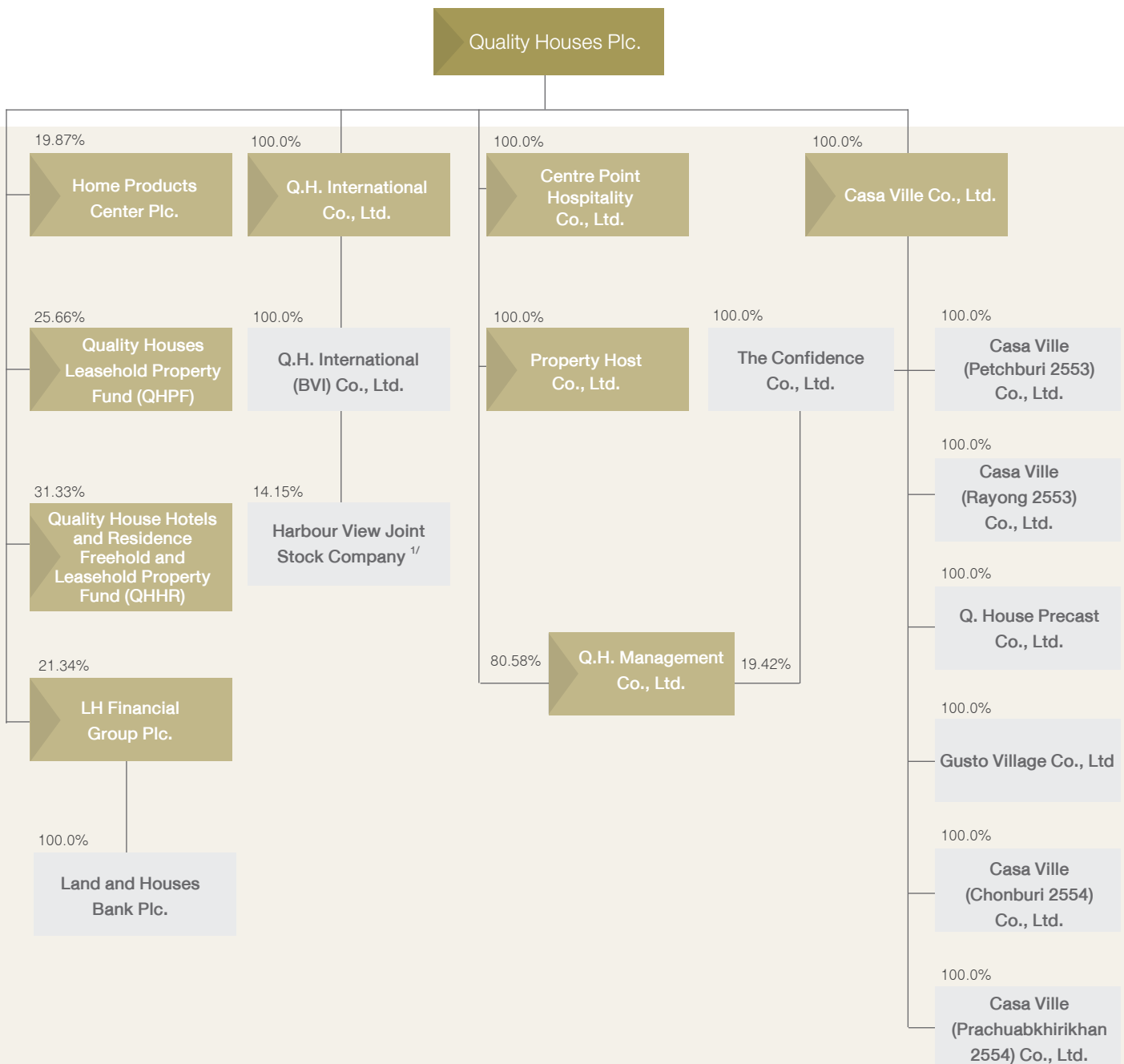
2.1 Overview of Business Operations of the Company, Subsidiaries and Associated Companies

Quality Houses Public Company Limited, its subsidiaries and associated companies have operated the business of real estate development for sales and for rent and have jointly invested with other companies and real estate property funds, the overview of whose business types may be classified as follows:

1. Land and houses for sales;
2. Condominium units for sales;
3. Hotel business;
4. Office building for rent;
5. Property management: Providing building/property management services for property for rent, including hotels, apartments, office buildings for rent and residential projects for rent;
6. Investment business;

(Details as per Marketing and Competition Section 1.1 "Nature of Products and Services", Sub-section (a) to (d).)

2.2 Structure of Shareholding (of the Company)



Remark: 1/ The remaining party of the shareholders who hold 85.85% of Harbour View Joint Stock Company shares and who are not identified as persons with potential conflicts are as follows:

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

According to corporate policy, the Company's business operations, as well as those of both subsidiaries and associated companies, may be categorized as follows:

2.2.1 Subsidiaries

The Company has made investments in the following (13 Subsidiaries):

- 1. The Confidence Co., Ltd.** : 100% of its shares are held by Casa Ville Co., Ltd., (which is a subsidiaries that the Company holds 100% of shares). At present, The Confidence Co., Ltd. is conducting the business of property development for sales, including land and houses, and condominium units for sales;
- 2. Q.H. Management Co., Ltd.** : The Company holds 80.58% of its shares, while the remaining portion of 19.42%, is held by The Confidence Co., Ltd. At present, Q.H. Management Co., Ltd. is conducting the business of public utility management particularly for the housing projects belonging to both the Company and its subsidiaries;
- 3. Casa Ville Co., Ltd.** : The Company holds 100% of its shares. At present, Casa Ville Co., Ltd. is conducting the business of property development for sales, including land and houses, and condominium units for sales;
- 4. Q.H. International Co., Ltd.** : The Company holds 100% of its shares. At present, Q.H. International Co., Ltd. is conducting the business of residential building management, hotel and office building for rent and making investments in various companies;
- 5. Q.H. International (BVI) Co., Ltd.** : 100% of its shares is held by Q.H. International Co., Ltd. At present, Q.H. International (BVI) Co., Ltd. is conducting business investments in Harbour View Joint Stock Company, which is comprised of the hotel and office building for rent businesses in Haiphong City, Vietnam, with its share ownership of 14.15%;
- 6. Casa Ville (Rayong 2553) Co., Ltd.** : The Company holds 100% of its shares via Casa Ville Co., Ltd. At present, Casa Ville (Rayong 2553) Co., Ltd. is conducting the business of property development for sales, including land and houses, and condominium units in Rayong province;
- 7. Casa Ville (Petchburi 2553) Co., Ltd.** : The Company holds 100% of its shares via Casa Ville Co., Ltd. At present, Casa Ville (Petchburi 2553) Co., Ltd. is conducting the business of property development for sales, including land and houses, and condominium units in Petchburi province;
- 8. Q. House Precast Co., Ltd.** : The Company holds 100% of its shares via Casa Ville Co., Ltd. with the business objectives so as to manufacture and sell ready-made concrete sheets to the Company and its subsidiaries' housing projects;
- 9. Gusto Village Co., Ltd.** : The Company holds 100% of its shares via Casa Ville Co., Ltd. with the objectives so as to operate the business of property development for sales, including land and houses in Bangkok and its greater area;
- 10. Casa Ville (Chonburi 2554) Co., Ltd.** : The Company holds 100% of its shares via Casa Ville Co., Ltd. with the objectives so as to operate the business of property development for sales, including land and houses, and condominium units in Chonburi province;
- 11. Property Host Co., Ltd.** : The Company holds 100% of its shares with the objective so as to operate property for rent business;
- 12. Casa Ville (Prachuabkhirikhan 2554) Co., Ltd.** : The Company holds 100% of its shares via Casa Ville Co., Ltd. At present, Casa Ville (Prachuabkhirikhan 2554) Co., Ltd. is conducting the business of property development for sales, including land and houses, and condominium units in Prachuabkhirikhan province;
- 13. Centre Point Hospitality Co., Ltd.** : The Company holds 100% of its share with the objective so as to run hotel and service apartment business operations.

2.2.2 Associated companies

The Company has invested in 2 associated companies and 2 property funds as per following details:

- 1. Home Product Center Plc.** : The Company had a long-term investment policy and, as of December 31, 2015, the Company was holding 19.87% of HMPRO shares. Home Product Center Plc. Co., Ltd. operates in retail business, the One Stop Shopping Home Center, selling products and providing services for construction, decoration, expansion, repair and improvement for home, residential unit, and building, under the trademark 'HomePro' to inspire as highest as possible a level of customer satisfaction, as well as provides rental space for rent.
- 2. LH Financial Group Plc.** : The Company holds 21.34% of its shares (as of December 31, 2015). LH Financial Group Plc. was established as a holding company with the business objective of making long-term investment by holding 100% shares in Land and Houses Bank, Plc., which operates the business of commercial banking services that provides services of deposits, mortgages, corporate loans and personal loans;
- 3. Quality Houses Leasehold Property Fund (QHPF)** : With a long-term investment policy in which, the Company holds 25.66% of QHPF shares was established in December 2006. Quality Houses Leasehold Property Fund operates in property for rent business and has registered as a closed-end Property Fund, with the capital of Baht 7,970 million in total. Properties in form of office buildings for rent invested by the Quality Houses Leasehold Property Fund include Q.House Lumpini, Q.House Ploenjit and Wave Place projects;
- 4. Quality Houses Hotel and Residence Freehold and Leasehold Property Fund (QHHR)** : This long-term investment in which the Company holds 31.33% of shares

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

2.2.3 Other Companies (Harbour View Joint Stock Company)

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

2.3 Objective of Business

The Company and its subsidiaries focus upon 3 core business operations: the land and houses and residential condominium units for sales; the hotel business, and; office buildings for rent. The Company's corporate policy on its main business operation during the next 3 year period (2016-2018) focus upon investments in the enterprising of qualified land and houses for sales, townhouses for sales and residential condominium units for sales with various price ranges in Bangkok, its greater area and upcountry, aiming to serve customers in all target segments, as well as focusing on safety and after service sales for customer's satisfaction.

THE COMPANY'S INVESTMENTS

1. The investments of Quality Houses Plc.

Company	Type of Business	Paid-up Capital (Million Baht)	Shareholding %
1. Subsidiary companies			
1.1 Q.H. International Co., Ltd.	Managing of serviced apartment , hotel and office building for rent and making investments in various companies	76.8	100.00
1.2. Casa Ville Co., Ltd.	Property development for sales	3,000.0	100.00
1.3 Q.H. Management Co., Ltd.	Managing utilities of housing projects of the Company and its subsidiaries	380.0	80.58
1.4 Property Host Co., Ltd.	Property for rent	5.0	100.00
1.5 Centre Point Hospitality Co., Ltd.	Hotels and serviced apartments	5.0	100.00
2. Associated companies			
2.1 Home Products Center Plc.	Supplier of construction materials and home decorations	13,151.2	19.87
2.2 LH Financial Group Plc.	Holding Business	13,638.7	21.34
2.3 Quality Houses Leasehold Property Fund	Investing in office building for rent	7,863.1	25.66
2.4 Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	Investing in hotel and serviced apartments	3,360.0	31.33

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

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

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

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

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

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

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

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



MARKETING AND COMPETITION

I. Marketing and Competition

1.1 Nature of products and services

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

A) Real Estate for Sales:

- Land and houses for sales

The Company and its subsidiaries have developed the land and houses for sales by taking the raw lands which are in good locations, subdividing the estate into plots, building houses on those land plots whilst developing a variety of infrastructures accordingly. At present, the Company and its subsidiaries focus upon developing projects in the locations in proximity to main roads that allow for better commutes in Bangkok and its greater area, as well as in other provinces including Chonburi, Petchburi, Chiangmai, Patumthani and Nakorn-pathom.

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

• High-end products

(Unit price)

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

• **Middle-end products**

(Unit price)

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

• **Low-end products**

(Unit price)

Company name	Detached House Project		Townhouse Project	
	The Trust Ville	Gusto	The Trust Town Home	
	Baht 3-5 million	Baht 2-3 million	Baht 1.8-4 million	
1. The Confidence Co., Ltd.	✓			✓
2. Gusto Village Co., Ltd.		✓		
3. Casa Ville Co., Ltd. (Chonburi 2554)				✓

- **Residential condominium units for sales**

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

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

(Unit price)

Company name	High-end products		Middle-end products	Low-end products	
	Q Condo	Q House Condo	Casa Condo	The Trust Condo	The Point Condo
	Baht 14-140 million	Baht 3-7 million	Baht 2-5 million	Baht 1.5-4 million	< 1
1. Quality Houses Plc.	✓		✓		
2. Casa Ville Co., Ltd.		✓	✓		
3. The Confidence Co.,Ltd.				✓	
4. Casa Ville Co., Ltd. (Petchburi 2553)	✓			✓	
5. Casa Ville Co., Ltd. (Chonburi 2554)				✓	✓
6. Casa Ville Co., Ltd. (Prachuap khirikhan 2554)				✓	

B) Business of Real Estate for rent:

- Hotel business

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

The assets used in operating the hotel business are divided into the following:

1. Ones used for long-term operation
2. Ones leased for business operation under the terms of agreement between 1-3 years.

- Business of office buildings for rent

The Company has constructed high-rise buildings on its own plots of land and on long-term leased land which are located

in central business district areas (CBD) and fully equipped with public utilities and telecommunication facilities in order to provide office space rental services to customers. In addition, the Company also emphasizes on the standard quality of the buildings, the quality services and the proper lay-out within the buildings to ensure more effective business operations.

C) Business of providing management service for real estate for rent

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

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

- Management of Centre Point Hotel Pratunam, Centre Point Hotel Sukhumvit 10 and Centre Point Hotel Chidlom for Quality Houses Hotel and Residence Freehold and Leasehold Property Fund;
- Management of Mandarin Hotel for the Mandarin Hotel Public Company Limited.

D) Investment business

The Company has invested directly and indirectly through its subsidiaries and property funds as follows:

- **Harbour View Joint Stock Company ("HVC")**: The Company has invested indirectly in HVC by holding 100% shares in Q.H. International Co., Ltd. (QHI), while in turn QHI owns 100% shares in Q. H. International (BVI) Co., Ltd. ("QHI (BVI)") and QHI (BVI) is in possession of 14.15% shares in HVC, the last of which operates a hotel and office building rental business in Haiphong, Vietnam;

- **Home Product Center Plc.** : Of which the Company holds 19.87% shares (detail in Section of Nature of Business, 2.2.2 "Associated Companies", Sub-section (1).);

- **LH Financial Group Plc.** : A holding company which has remained active in making long-term investments in the Land and Houses Bank Plc., holding 100% of shares; the Company holds 21.34% of its shares (detail in Section of Nature of Business, 2.2.2 "Associated Companies", Sub-section (2)).

- **Quality Houses Leasehold Property Fund ("QHPPF")**.The Company and its subsidiaries sold the property with components and relevant equipment and/ or transferred the office building leasehold rights of 2 projects, Q. House Ploenjit and Q. House Lumpini, to Quality Houses Leasehold Property Fund. The Company invested in QHPPF for 204.5 million unit, or 25.66% of QHPPF's total investment unit, which amounted to 2,045.1 million Baht.

In addition, the management company has appointed the Company and/or Q.H. International Co., Ltd., which was the

Company's subsidiary, to be the Property Manager for all properties in which QHPPF would invest for the period of 5 years. The parties of agreement are given an option to renew the contract for no greater than 5 years each (under the same condition, except the fees) depending upon the result of operation by the Property Manager. The annual fee is to be calculated with reference to the result of business operation of each project.

In the 4th quarter of 2011, the Company and its subsidiary, Q.H. International Co., Ltd., extended the agreement as the Property Manager for another 5 years. The parties of agreement were able to extend the period of agreement for no more than 5 years each under the same conditions as previous agreement.

- Quality Houses Hotel and Residence Freehold and Leasehold Property Fund

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

aforementioned entity's 105.3 million (investment) units worth Baht 1,053 million.

In addition, the Board of Directors has also adopted another resolution to grant one of the Company's subsidiaries "Centre Point Hospitality Co., Ltd.", whose shares amounting to not less than 99.99% being directly or indirectly held by the Company, to lease and sublease the aforementioned properties from QHHR over the period of 3 years commencing from the lease commencement date at the prescribed rates of rental and sublease fees. Centre Point Hospitality Co., Ltd. has also given a pledge to QHHR that it would lease and sublease from the latter following the completion of the lease and sublease period, whichever applicable, for the period of 3 years, were QHHR to desire accordingly; whereas the terms and conditions specified thereof were to be thoroughly the same as the currently existing ones, including an option to renew the lease and sublease terms for the other 3 years each, commencing from the lease and sublease expiry dates stated in the contracts. Furthermore, the resolution has also been given so as to approve that the Company entered into the process of guaranteeing that QHHR would observe all terms and conditions and thus act accordingly in honoring the agreements with the Crown Property Bureau, as the joint debtor. The initial total value of the aforementioned act of guarantee amounted to Baht 86.2 million.

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

1.2 Pricing policy

The Company and its subsidiaries have adopted the pricing policy in compliance with product types and market segmentation, as well as cost of production. Pricing strategies and tactics are to be determined appropriately and competitively.

1.3 Distribution and distribution channels

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

1) Land and houses for sales and residential building units for sales

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

2) Hotel business

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

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

- Online representative website: Given the current trend in which foreign customers are most likely to employ the Internet in making (room) reservation, the Company therefore provides another distribution channel through online representative website.

3) Office buildings for rent

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

1.4 Target customers and their characteristics

The Company and its subsidiaries cater to retail customers which many differ according to the business types as follows:

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

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

2) Business of real estate for rent, including:

- Office building for rent: The target customers include medium-to-large companies, Thai and foreign, which require office space in the prime locations.
- Hotel business: The main target customers include foreign business persons visiting Thailand for business or working with private companies and/or organizations, as well as foreign tourists who may be planning on short- or long-term stay.

1.5 Environmental impact

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

1. Business of real estate for sales

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

2. Business of real estate for rent

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

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

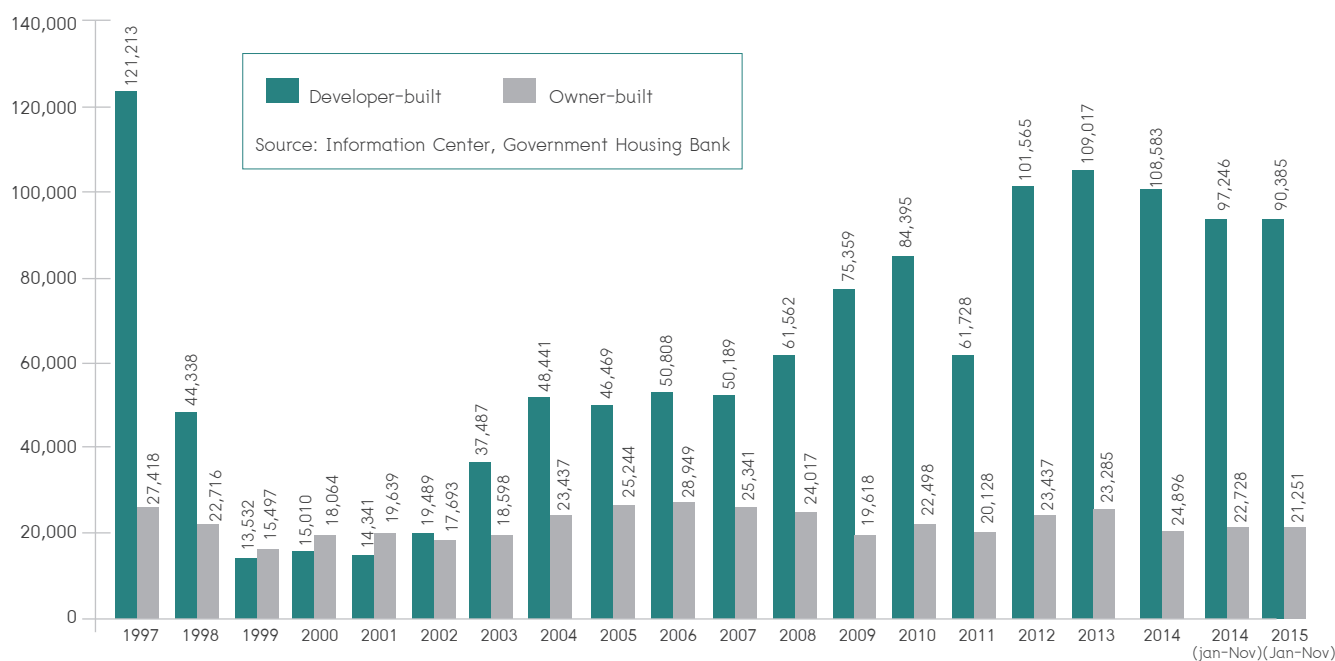
2. Industrial situation and competition

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

1. Real estate for sales

Regarding the residential projects having been completed in 2014, the total number of related house registrations in 2014 accounted for 133,479 units, increasing by 1% in comparison with 132,302 units in 2013. The aforementioned projects, which had been completed in 2014, were comprised of the following: the number of developer-built houses being 108,583 units, decreasing by 0.4%; and the number of owner-built counterparts amounting to 24,896 units, increasing by 7%, both in comparison with year 2013.

In addition, in 2015 from January through November the total number of related house registrations accounted for 111,636 units, decreasing by 7% when compared to that of 119,974 units in 2014. The aforementioned projects, which had been completed in 2015, were comprised of the following: the number of developer-built houses being 90,385 units, decreasing by 7%; and the number of owner-built counterparts amounting to 21,251 units, decreasing by 6%, both in comparison with that during the same period of the year 2014.



Additional developer-built house registrations classified by types of housing from 2009 to November 2015

Additional developer-built house registrations classified by types of housing	2009	2010	2011	2012	2013	2014	2014 (Jan-Nov)	2015 (Jan-Nov)	% of changes in 2014/2013	% of changes in 2015/2014 (Jan.-Nov)
Detached houses	10,863	11,403	13,999	10,887	13,869	13,443	11,975	11,889	-3%	-1%
Duplexes	1,000	1,366	1,381	1,069	2,470	2,776	2,667	1,970	+12%	-26%
Townhouses and commercial buildings	9,771	11,707	11,614	11,218	21,238	17,306	15,653	17,443	-19%	+11%
Condominiums	53,725	59,919	34,734	78,391	71,440	75,058	66,951	59,083	+5%	-12%
Total number of additional developer-built house registrations	75,359	84,395	61,728	101,565	109,017	108,583	97,246	90,385	-0.4%	-7%

Source: Information Center, Government Housing Bank

In comparison with the aforementioned data and information in year 2013, year 2014 witnessed the markets for the detached house, townhouse and commercial building facing a downturn, due to the political unrest ranging from January to May 2014, worsened by the rise in household debts burden, both of which significantly contributed to more stringent loan policies among the financial institutions. This in turn affected consumer's behavior in terms of confidence or lack thereof and their decision-making. However, duplex house market turned out to be increasing in number, the philosophy behind the incident being that, due to a surge in construction costs and the increased prices of plots of land, duplex house therefore served as an alternative to the detached type. The condominium market also increased in number from the opening of the extended section of BTS service to greater Bangkok area.

Compared with the 11-month period of the year 2014, the period from January to November 2015 witnessed a decrease in terms of the number of residential projects particularly for the detached house, duplex house and condominium due to the rise in household debts burden, which significantly contributed to more stringent loan policies among the financial institutions. This in turn affected consumer's behavior in terms of confidence or lack thereof and their decision-making process. Au contraire, townhouse and commercial building market turned out to be increasing in number, as actual demand for residential products.

Pertaining to the overall residential market trend in 2016, the Company estimates that the real estate/property business in general is most likely to recover and become robust due to the real estate supportive measure, as well as the dawn of clearer pictures in terms of investments in basic infrastructures by belonging to the public sector regarding the issues of mass transit system and upcoming roadway construction projects

2. Business of Office building for rent

In year 2015 there existed in the market a total number of rental office building space of 8.459 million square meters, increasing from the previous year by 0.156 million square

meters; due to the construction projects in the (CBD) central business district areas by 0.086 million square meters and (non-CBD) non-central business district areas by 0.070 million square meters.

The occupied office space accounted for approximately 7.718 million square meters, increasing by 0.198 million square meters when compared to year 2014. The majority of the occupancy was from both foreign and Thai companies; expansions within the currently existing office building, also new rental space, both taking place in the non-CBD zones, due to limited office space and high rental fee in the CBD. Note that the prospects reportedly took immense interest in venues near BTS stations.

By the end of the fourth quarter of 2015, the average rental rates were increased in each and every location in comparison with year end 2014. i.e., the average rental rate for A-grade office buildings in the CBD area surged from Baht 841 to Baht 897 per square meter per month whereas those top-tier counterparts in non-CBD area increased from Baht 635 to Baht 707 per square meter per month. Meanwhile, B-grade office buildings in the CBD area turned out to experience a rise in the average rental rate from Baht 604 to Baht 656 per square meter per month whereas the average rental rate of "B" Grade office buildings in non-CBD area increased from Baht 552 to Baht 613 per square meter per month.

Regarding the rental office building market trend in 2016, it has been estimated that the available rental space is likely to increase by 0.253 million square meters approximately, 0.191 million square meters of which is expected to derive from inventories within the non-CBD area, while the CBD counterpart is slated to be equal to 0.062 million square meters. Thus, the non-CBD area shall witness trend of fierce competition, particularly those of office buildings located near BTS stations, which took immense interest. The average rental rates are also expected to improve on each and every location, particularly those being located near BTS stations with more than 95% of the office space has already been leased out.

CBD : Central Business District – Silom, Sathorn, Surawongse, Rama IV, Ploenchit, Wireless, Down Town Sukhumvit, and Asoke Roads, etc

Non CBD : Up Town Sukhumvit, Petchburi, Rachadapisek, Paholyothin, Vibhavadee–rangsit, Rama III and Bangna–Trad Roads, etc

3. Residential building for rent / Hotel Business

In year end 2015, the number of residential buildings available for rent within the market accounted for 21,143 units, increasing 811 units or 3.99% from 20,332 units in the previous year (2014). In addition, year 2015 witnessed the launches of 14 new projects whereas some other projects initially slated to be on general release in the same year (2015) have been postponed. As a result, there are 7 projects in total expected to be launched in year 2016, some of which account for 376 units (rooms), the rest of the aforementioned seven having yet to be determined in terms of the number of rooms available for rent.

Taking into account the number of foreigners with work permit who have been working for BOI companies in relation with the temporary residential types in Bangkok, the accumulated number compiled in the end of December 2015 amounted to 89,872 (persons), increasing by 5,053 persons or by 5.96% in comparison with 84,819 persons in 2014. Note that the increased percentage of foreigners with work permit who were residing in Bangkok was higher than that of the residential units available for servicing. The market trend for residential buildings for rent or service apartments is likely to become less intensified. However, some of foreigners who have long term work and residence in Bangkok tend to move out to condominium for rent. Thus, the condominium for rent market increases and becomes active in playing a vital role in the market competition accordingly.

Japanese nationals and other tenants from Asia remained loyal as the main target

group of residential units for rent. In case of Japanese tenants, it was due to the fact that the Japanese investors represented the largest group of incoming investors to Thailand; in

December 2015, Japanese nationals with work permit who remained in the country accounted for 36,666 persons, followed suit by Chinese and Filipino counterparts respectively. It has been estimated that the number of foreigners working in Bangkok will gradually increase, particularly those going to invest in Cambodia, Myanmar, Laos, Vietnam, since Thailand is officially entering (AEC) ASEAN Economic Community in year 2016, the country will become investor's gateway to ASEAN countries.

In regard to hotel market, in year 2015, the total number of rooms available was 41,913 in comparison with 40,234 in year 2014, thus signifying an increase of 1,679 rooms or by 4.17% arising from 2014. The middle–range hotels had the highest rates of rooms available in the market. Most of new hotels launched in year 2015 are located in business district of Sukhumvit and Ploenchit. In addition, It has been expected that there will be new 2,827 units being launched in year 2016, thus increasing by 6.74%, with total of 44,740 hotel units by year end 2016.

Year 2015 witnessed tourism industry in its stagnant state, due to following external factors: decrease in Russian tourist arrivals, MERS virus spread, terrorism in Paris, also an internal factor : the explosion at the Ratchaprasong intersection in August, 3rd quarter of 2015, thus a decline in almost 600,000 foreign tourists in September 2015. However, in 2015 from October through December witnessed an improvement in number of foreign tourists due to certain security measures and other supportive campaigns from Ministry of Tourism and Government, regaining confidence in the prospective foreign visitors. In regard to number of foreign tourists, in year 2015, the total number of visitors to Thailand was 29.88 million (people), increasing 5.07 million (people) or 20.44%, in comparison with 24.81 million (people) in year 2014.

Pertaining to the overview of investment in Thailand, taking into account the information obtained from the Board of Investment of Thailand in year 2015, foreign investors submitted the request for investment promotion of 559 projects, accounting for Baht 106,540 million in total investment value in comparison with the same period of the

year 2014, during which there were petitions being made for 1,573 projects, amounting to Baht 1,022,996 million in total investment value, decreasing in projects by 64.5% or by 1,014 projects. While the investment value in 2015 has been in decline by Baht 916,456 million, accounting for 89.6%. The number of projects and investment value from foreign investors' submission in year 2015 was significantly reduced in comparison with the same period of year 2014. It is due to the fact that, there was a new investment promotion measure in effect from January 1, 2015. The new measure incurred benefit reductions for certain industries. As a result, in December 2014, there was a surge in the request of investment promotion being made for 757 projects, amounting to Baht 588,645 million investment value; which

was 48% of projects, or 57% of total investment value of complete year 2014. These projects were acceleratory petitioned by investors in December 2014 before new measure became active, in order to be eligible for same benefits as in year 2014. The new investment acceleration policy from BOI focused on promoting projects, which enrich Thai economic value and Thai industries, as well as supporting the country for research, development and product design. Thus, new measure goal is neither the number of projects nor the project value for money, but value for the country.

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

3. Market share

The Company's market share of residential in Bangkok and Greater areas as of the year 2015 is summarized as follow:

- For low-rise residential market including detached house, duplex and townhouse, the Company had an approximate market share of 9%

- For high-rise residential market including condominium, the Company had an approximate market share of 2%

From the aforementioned, the Company had around 5% of the market share of residential in Bangkok and Greater areas shown as follow:

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



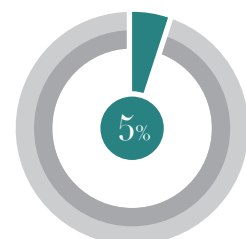
■ Quality Houses Plc.
 ■ Low-rise residential market

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



■ Quality Houses Plc.
 ■ High-rise residential market

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



■ Quality Houses Plc.
 ■ residential market

Source: AGENCY FOR REAL ESTATE AFFAIRS

REVENUE STRUCTURE

Revenue structure of Quality Houses Public Company Limited and its Subsidiaries

(Unit : Million Baht)

Revenue by Business ^{1/}	Operate by	2013		2014		2015	
		Revenues	%	Revenues	%	Revenues	%
1) Real Estate Business							
1.1 Real Estate for Sales Business	Quality Houses Plc. and its Subsidiaries ^{2/}	11,926	57	14,725	66	14,582	67
1.2 Residential Condominium for Sale Business	Quality Houses Plc. and its Subsidiaries ^{3/}	6,552	31	5,427	24	4,632	21
1.3 Serviced Apartment Business	Quality Houses Plc., Q.H. International Co.,Ltd. and Centre Point Hospitality Co., Ltd.	863	4	700	3	759	3
1.4 Office Building for Rent Business	Quality Houses Plc.	359	2	367	2	385	2
Total revenue from real estate businesses		19,700	94	21,219	95	20,358	93
2) Other income							
2.1 Gain on sales of properties and transfer of leasehold rights to building	Quality Houses Plc.	140	1	-	-	-	-
2.2 Share of profit from investments in associates	Quality Houses Plc.	943	4	1,060	4	1,233	6
2.3 Other	Quality Houses Plc. and its subsidiaries	159	1	158	1	197	1
Total of other Income		1,242	6	1,218	5	1,430	7
Total		20,942	100	22,437	100	21,788	100

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

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

^{3/} Subsidiaries are Casa Ville Co., Ltd., The Confidence Co., Ltd., Casa Ville (Prachuapkhirikhan 2554) Co., Ltd. and Casa Ville (Chonburi 2554) Co., Ltd.

The structure of Share of profit from investments in associates

(Unit : Million Baht)

Project	Operated by	% Owned by the Company as at Dec. 31,2015	2013		2014		2015	
			Income	%	Income	%	Income	%
1. Office building for rent Business	Quality Houses Leasehold Property Fund	25.66	122	13	129	12	139	11
- Q. House Lumpini Building, Q.House Ploenjit Building and Wave Place Building								
Sub-total			122	13	129	12	139	11
2. Hotel Business	Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	31.33	32	3	29	3	44	3
- Centre Point Hotel Pratunam, Centre Point Hotel Sukhumvit 10, Centre Point Hotel Chidlom								
Sub-total			32	3	29	3	44	3
3. Construction material Business	Home Product Center Plc.	19.87	606	64	648	61	697	57
Sub-total			606	64	648	61	697	57
4. Investment Business	LH Financial Group Plc.	21.34	183	20	254	24	353	29
Sub-total			183	20	254	24	353	29
Total			943	100	1,060	100	1,233	100

RISK FACTORS



1. Financial Risk



Risk from investments, lending, and guarantees made to the related companies Harbour View Joint Stock Company Harbour View Joint Stock Company ("HVC") is a related company since Q.H. International (BVI) ("QHI(BVI)"), is a subsidiary company (in which the Company holds 100% shares through its subsidiary company, Q.H. International Co., Ltd.), having 14.15% shares in HVC (previously, it held 21% of shares).

As of December 31, 2015, the net investment after the allowance for impairment of investment in HVC amounted was zero, in comparison with the investment cost of Baht 33 million. The Company reserved an allowance for loss impairment of the aforementioned investment in full amount due to the fact that HVC, which operated hotel businesses and rental office buildings in Haiphong, Vietnam, had continually operated at loss.

In the end of 2014 and 2015, the subsidiary company "QHI(BVI)" lent HVC the amount of principals and interest receivables, US\$ 1 million and US\$ 0.2 million respectively (details in the Section: Connected Party Transaction, Item (24) Harbour View Joint Stock Company). In consequence, the aforementioned subsidiary company appears to be risk-prone towards losing the total loan because HVC has

continually operated at loss. Nevertheless, QHI(BVI) has made a provision for such debts. In addition, the Company has guaranteed the loans for HVC since 1997 because each shareholder is obligated to provide financial support for HVC in proportion to its accumulation. Consequently, both "QHI (BVI)" and one of the shareholders have been committed to a loan (principal and interest) of US\$ 3 million from a financial institution and jointly guaranteed the loan in the proportion of 50% each, or equivalent to US\$ 1.5 million. However, the liabilities that the Company and its subsidiaries had to provide financial support for HVC, was depended on the percentage of ownership of "QHI(BVI)", which was equivalent 21%. Subsequently, there was a capital increase to the existing shareholders in the same proportion, whereas the subsidiary company ("QHI (BVI)") did not exercise this right issuing because of the operation loss, thus the percentage of shares being held at year end of 2007 being reduced to 14.15%. Due to the fact that the Company has bearing debts to be paid in loan guaranteed contract for HVC; amounted to Baht US\$ 1.5 million or Baht 58 million (as of December 31, 2015), the Company has fully reserved aforementioned debts for full amount.

Risk of obligation to issuance of the Company's bond

As of December 31, 2015, the Company had short-term loans from financial institutions and debentures amounting to Baht

26,796 million, which is comprised of Baht 1,898 million short-term loan, of Baht 6,912 million debentures due within one year, as well as Baht 17,986 million debentures net of the current portion due within one year. The interest bearing debt to equity ratio was 1.24 times, which meant that if the Company cannot achieve its sales target, there might be some impacts on debenture repayment. However, in practice the Company remained optimistic and thus expected to achieve its goals as planned in terms of income generation. For instance, as of December 31, 2015, the Company and its subsidiaries operated the total of 69 projects of land and houses for sales with the remaining transfer value of Baht 42,748 million; furthermore, the other 19 projects of residential condominium units for sales with the remaining sales value of Baht 19,474 million have been achieved as well. These are sources of the company's future revenue. Meanwhile, the Company has proven robust in terms of generating continually stable income particularly from the hotel business and office building for rent, both of which would enhance its cash flow. In addition, the Company and its subsidiaries have kept the long-term credit intact and ready for use, if any, under the loan agreement at Baht 2,687 million in total (as of December 31, 2015), which might possibly serve as a source of funding for the Company as well.

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

Risks of interest rate fluctuation and access to capital

The Company and its subsidiaries were required to spend a large amount of fund in property development, the part of which was derived from loans obtained from financial and banking institutions and issuance of debentures. In

consequence, the market interest rates have played a vital role in creating impacts upon the Company's cost of funds required for its operations and project development.

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

2. Business Risk

Risk incurred from pre-built home construction

The Company and its subsidiaries operate a business of property development for sales and for rent with the major revenue being generated from the sales of land and houses. In 2014 and 2015, the Company's and its subsidiaries' revenue from sales of land and houses contributed 69% and 72% of total revenue from their real estate business for sales and for rent respectively. The Company and its subsidiaries have had the operational policies whereby to complete housing constructions prior to selling the houses (pre-built). As a result, the Company requires high working capital for such construction, and has risks in case of the pre-built houses cannot be completely sold.

However, the Company and its subsidiaries have established preventive measures to reduce and prevent the aforementioned elements of risk, by dividing construction period into phases, and controlling inventories by proper construction planning in accordance with the market demands, as well as conducting an analysis on customer demands based on historical data of project sales. With such preventive measures, the Company and its subsidiaries can construct pre-built house to cater customer demands and well recognized. Furthermore, The Company and its subsidiaries are major real estate developers with a time-honored, proven track record in the real estate industry, also widely recognized and well accepted among customer target segments in term of quality, price and service, which help reducing the risk in term of inventories.

Risk incurred from pre-sale home construction (pre-sale)

The Company and its subsidiaries had a policy whereby to have sell the residences prior to the completion of construction (pre-sale) for the lower- to medium-priced ranges, as well as condominium buildings. The pre-sale approach was aimed at increasing sales opportunity and accelerating the liquidity of the Company's subsidiaries. However, there existed a risk in terms of controlling construction costs since the selling prices were to be established earlier prior to the construction. In consequence, the Company and its subsidiaries have adopted preventive measures against such risk by entering into a turnkey construction contract with the contractor and making a deal for construction material cost in advance for a period of 6-12 months, in case of the Company and its subsidiaries have to provide such material. Furthermore, since the pre-sale houses are relatively smaller in size and shorter construction period than higher-priced projects, the Company has managed to control its cost for a certain period of time.

In addition, the Company has also adopted the Pre-caste, Prefabrication and Tunnel methods in the residential projects with a price range lower than Baht 3 million and in 2-3-storey

townhouses to shorten the construction period and to ensure the most optimal cost control.

Risk incurred from high competition

At present, there remains high competition between the companies in the real estate development business due to the increased number of new developers and the new launching projects by major developers, resulting in rapidly increasing supplies in the market. In addition, various marketing strategies and tactics have been introduced incessantly in order to enhance the property sales, thus the situation becoming more high competition. With the time-honored proven track record and major status in the field, as well as the grand prestige for a series of top-tier, middle-level and low-level residential projects, the Company and its subsidiaries having remained robust in the market and equipped with the competitive advantage in terms of reputation, trustworthiness, quality and standards. Furthermore, the Company and its subsidiaries have been adding more innovations, with product diversities and differentiators than other competitors in the market, in order to cater well to the consumers' requirements, as well as focusing on effective after sale services.

3. Risk Incurred from Production

Risk from shortage of contractors and skilled labor

Housing construction and development project significantly depends upon qualified contractors and skilled labors, particularly for the residential projects being marketed by the Company and its subsidiaries, all of which belong to mid-level to high-end products of superior quality. The number of qualified contractors and skilled labor for construction of the houses or public infrastructure of the projects within the market appears to be relatively sporadic and thus may not be able to properly satisfy the corporate needs of both the Company and its subsidiaries, especially when the real estate industry keeps growing on continual basis.

The shortage of contractors and skilled labor may become the obstacle to production, to the sales growth as well as quality control. However, the Company and its subsidiaries have a policy to recruit a horde of promising contractors to work for the Company and its subsidiaries, as well as interminably providing knowledge and skills development, as well as a good relationship to both existing alliances and the newcomers.

In addition, the Company and its subsidiaries also provide financial supports for the contractors as occasion arises to ensure liquidity. The Company and its subsidiaries have adjusted the construction method, introducing the use of Pre-cast, Prefabrication and Tunnel, in order to reduce dependency upon human labor and to shorten the construction period.

Risk from the construction material cost

The construction material cost is one of the major construction costs, which the risk could increase due to the rise and fluctuation of construction material cost. However, the company has preventive measures against such risk by entering into a turnkey labor cost contract with the contractor and making a deal for some types of construction material cost in advance. While the company shall contact the major supplier or distributor for major construction materials. With

such measures, the company gain the negotiation power and can arrange a better term for cost and quantity. Furthermore the company also has policy to speed up the project development and sale, in order to reduce risk from the construction material cost.

4. Risk from mortgage loan by commercial bank

Due to the economic slowdown, as well as household debts burden, the commercial banks have more stringent mortgage loan policies, with high risk disapproving the mortgage. As a result, the customer who has reserved the houses and condominium units cannot transfer the unit ownership, which affect the company's income. However, the company has preventive measures for such risk, by evaluating the basic qualifications and abilities of customer in mortgage payment, and then submits such information to the bank for credit consideration before the reservation. Furthermore, the company has increase the down payment amount for residential units, which cost less than Baht 10 Million, from 10% to 15% of sale amount. In consequence, the number of loan request to the bank on the day of ownership transfer has been reduced, which in turn reduce the risk from bank loans.

SHAREHOLDER AND DIVIDEND Payment Policy

Major shareholders

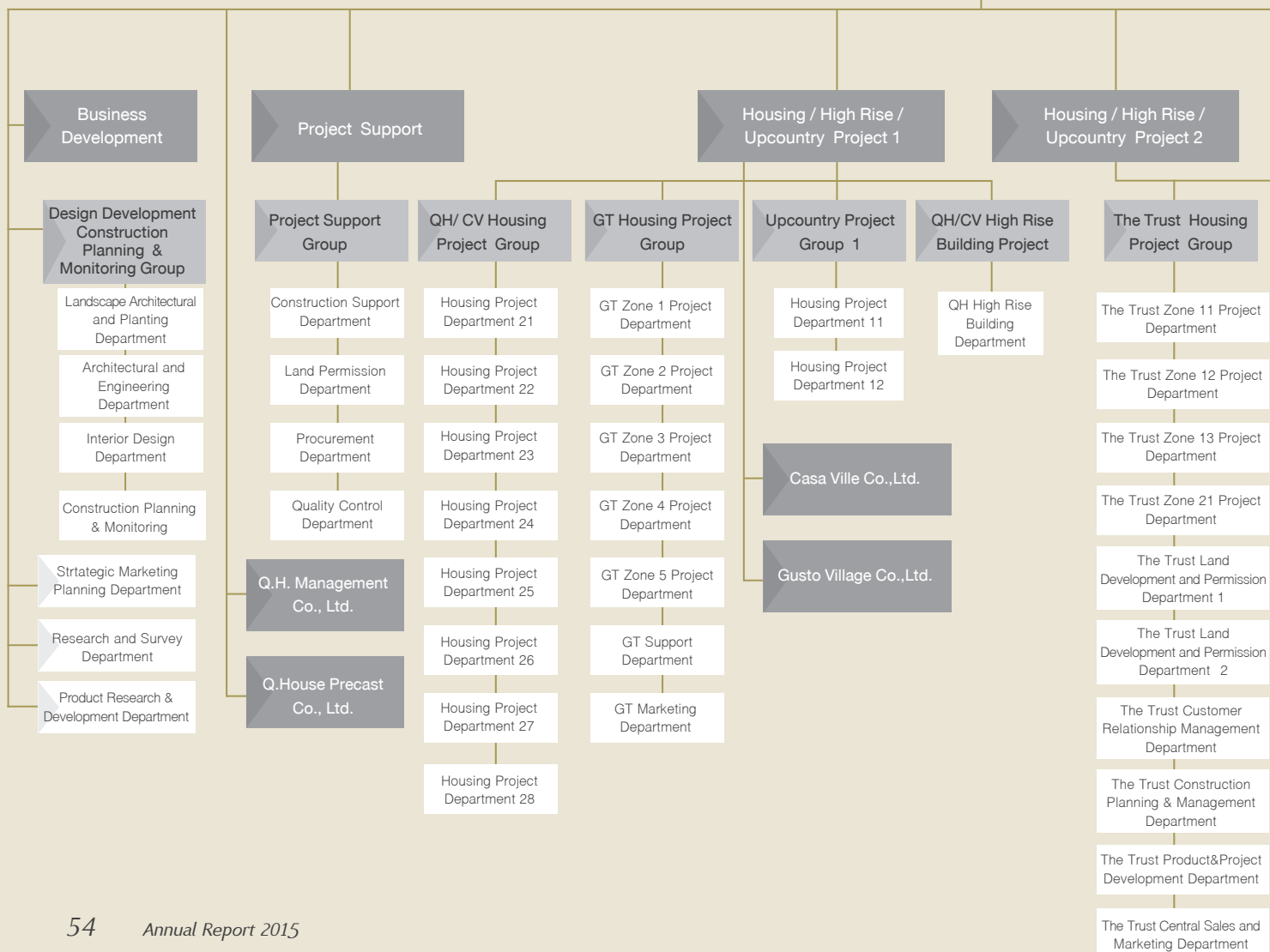
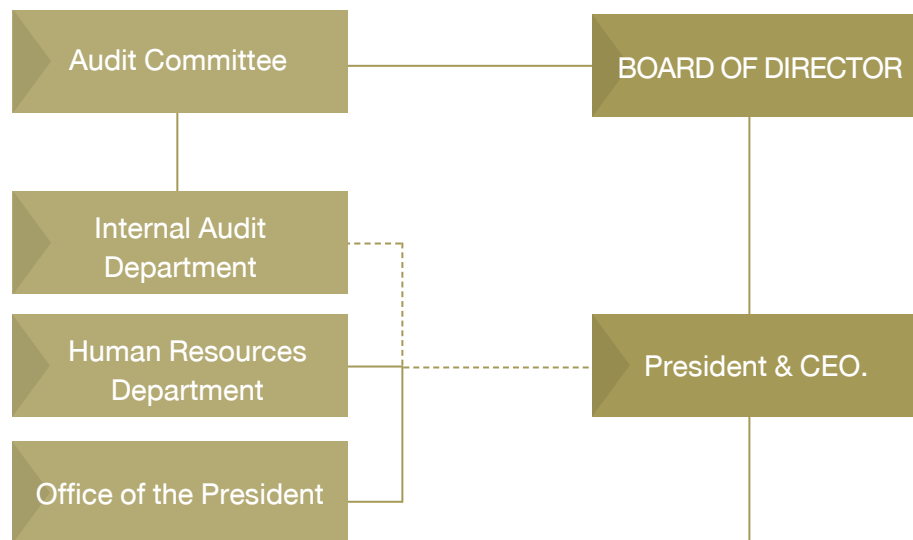
List of the top 10 shareholders at the book-closing date on September 10, 2015 are :

Individual/Juristic person	Number of shares	% of the paid-up capital
1 Land and Houses Plc.	2,675,945,601	24.98
2 GIC PRIVATE LIMITED – C	1,154,421,450	10.77
3 Thai NVDR Company Limited	551,891,522	5.15
4 Krungsri Dividend Stock LTF	493,528,933	4.61
5 N.C.B.TRUST LIMITED–NORGES BANK 11	304,221,700	2.84
6 Krungsri Dividend Stock Fund	244,936,766	2.29
7 Mr.Taweechat Jurangkool	193,000,000	1.80
8 CHASE NOMINEED LIMITED	179,471,988	1.68
9 Ms. Piengchai Harnpanich	112,421,748	1.05
10 CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LDN BRANCH A/C CLIENT NRBS	104,227,600	0.97
Total of the top 10 shareholder	6,014,067,308	56.13
Total of the shareholder	10,714,381,645	100.00

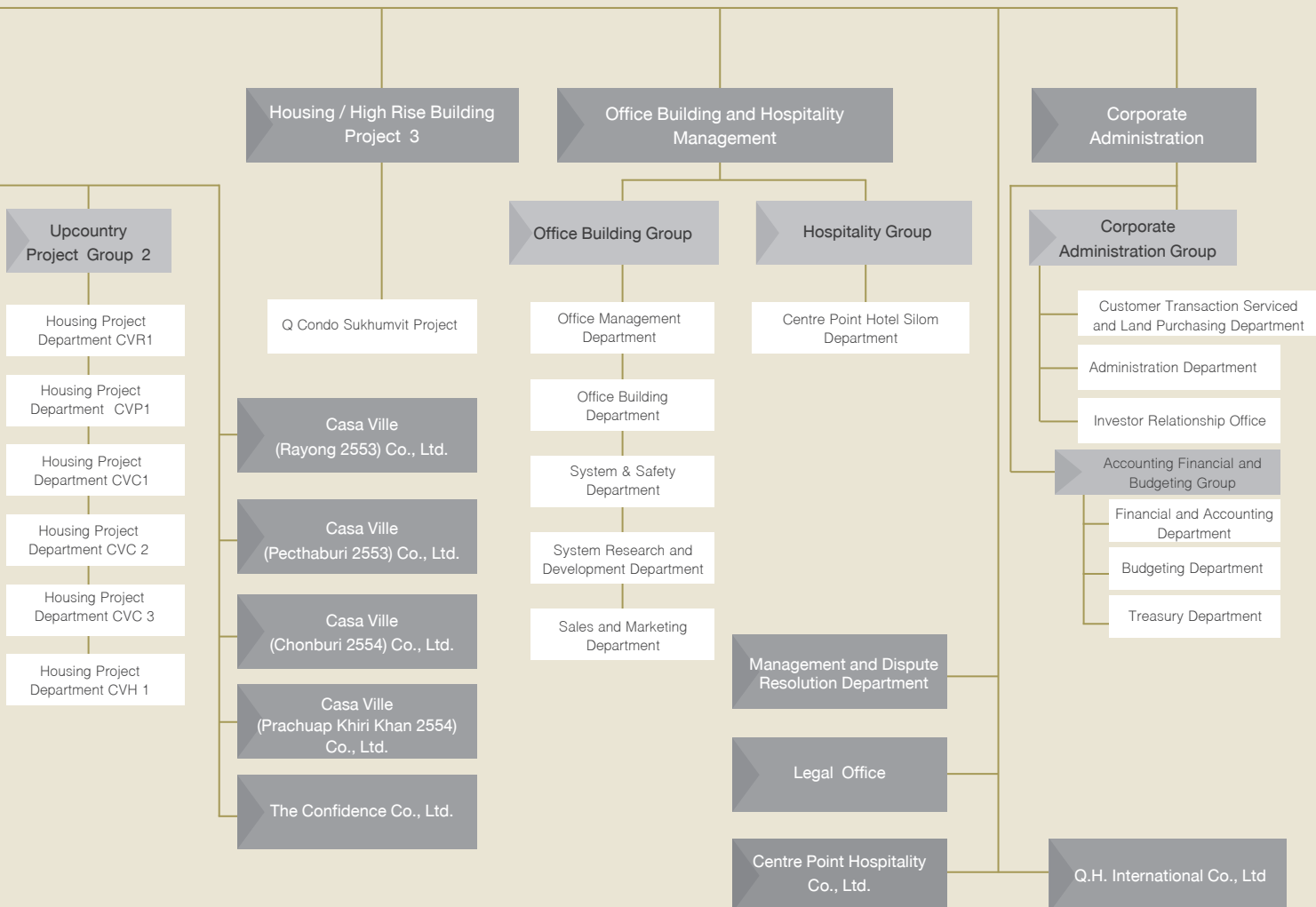
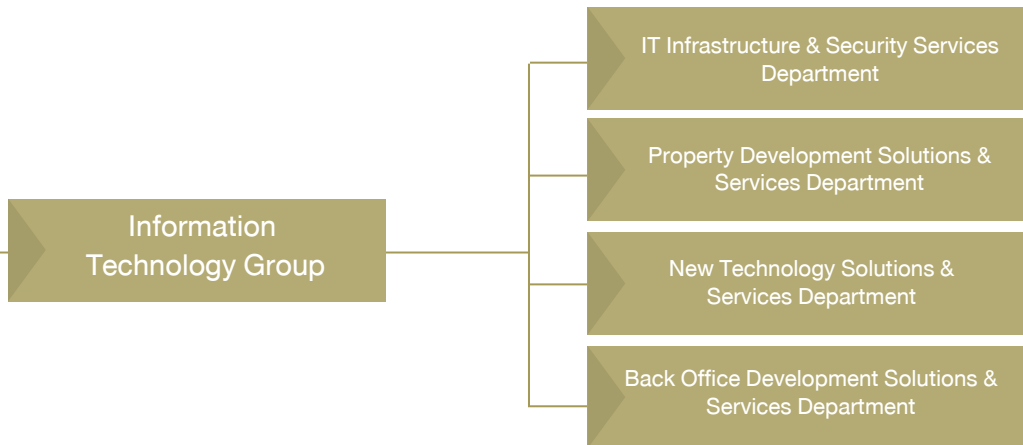
Dividend payment policy

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

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



ORGANIZATION Chart





MANAGEMENT STRUCTURE

I. The Board of Directors

As of December 31, 2015, the Company's Board of Directors is comprised of 12 members as follows:

Executive Directors: 4 persons;

Non-executive Directors: 4 persons;

Independent Directors: 4 persons, equivalent to 1 in 3 of the total number of directors.

The name list of the board of directors and the date of appointment:

Name	Position	Date of Appointment
1. Mr. Boonsom Lerdhirunwong	Chairman and Independent Director	September 21, 2015
2. Mr. Chadchart Sittipunt	Director	January 1, 2015
3. Mr. Chulasingh Vasantasingh	Independent Director	April 17, 2015
4. Mr. Anant Asavabhokhin	Director	October 21, 1983
5. Mr. Adisorn Thananan-narapool	Director	May 9, 2003
6. Ms. Kanokvalee Viriyaprapaikit	Director	August 9, 2001
7. Mr. Rachai Wattanakasaem	Independent Director	August 10, 2005
8. Mr. Suri Buakhom	Independent Director	April 20, 2010
9. Mr. Achanun Asavabhokhin	Director	April 11, 2014
10. Mrs. Suwanna Bhuddhaprasart	Director	June 27, 2000
11. Mr. Pravitt Choatewattanaphun	Director	April 20, 2010
12. Mr. Pornthep Pipattangsakul	Director	February 26, 2013

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

In general practice, each director shall remain in the position for the term of 3 years each. According to the Company's regulations, one-third of the total number of directors on the Board is to be retired at every Annual General Meeting. If the number of directors is not equal to a multiple of three, the number of director closest to one-third, shall be retired.

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

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

Director selection criteria and process for appointment of new Director

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

The Company has established a policy for such matter whereby its shareholders are provided with the opportunity to nominate the qualified candidate through the company's website, alternatively stakeholders can submit the letter to the

Corporate Secretary, and the list of candidates to be forwarded to The Nominating and Remuneration Committee. The committee then shall take into account those with proper qualifications and thus make selection and nomination, and make submission of the list of qualified candidates to the Board of Directors for their consideration. In the end, the name list of the candidates shall be proposed to the shareholders for their consideration during the shareholders' meeting.

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

Director qualifications

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

The Company has not prescribed the number of positions to be held in any of its other boards of directors; nor has it done so pertaining to the positions to be held in other companies, because the Company is confident in each of the selected members of the Board of Directors and trusts that he/she

must have carefully taken into account the matter of time constraints and the likes prior to making such important decision, and that his/her work experience, knowledge, skills and competency in various disciplines must by all means be of use in terms of establishing the Company's business policy and in terms of providing solutions to problems which may arise, while simultaneously being in compliance with the corporate standards.

Authorities, duties and responsibilities of the Board of Directors

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

- (4) Nominating the new directors in replacement for those who are leaving at the end of the term.
- (5) Nominating the auditor and determining the auditor's remuneration.
- (6) Consider the transactions with possible conflicts of interest which require approval from the shareholders.
- (7) Others.

Authority of the Board of Directors

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

Executive and authorized directors

The authorized directors of the Company are Mr. Chadchart Sittipunt, or Mrs. Suwanna Bhuddhaprasart, or Mr.Pravit Choatewattanaphun, or Mr. Pornthep Pipattangsakul. To validate the document, two out of the four authorized (to sign) on behalf of the company must sign together and affix the Company seal.

Board of Directors' Meeting

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

The details of the Board of Directors' Meetings being held from 2014 to 2015 are shown in the following table:

Name	Position	Meeting attendance / Total number of attendances (times)			
		Year 2014		Year 2015	
		No. of attendances	%	No. of attendances	%
1. Mr. Apisak Tantivorawong *	Chairman and Independent Director	8/8	100	4/4	100
2. Mr. Boonsom Lerdhirunwong *	Chairman and Independent Director	-	-	2/2	100
3. Mr. Rutt Phanijsphand **	Director	8/8	100	-	-
4. Mr. Chadchart Sittipunt **	Director	-	-	8/8	100
5. Mr. Adul Vinaiphath ***	Independent Director	8/8	100	2/2	100
6. Mr. Chulasingh Vasantasingh ****	Independent Director	-	-	6/6	100
7. Mr. Anant Asavabhokhin	Director	7/8	88	8/8	100
8. Mr. Adisorn Thananan-narapool	Director	8/8	100	8/8	100
9. Ms. Kanokvalee Viriyaprapakit	Director	8/8	100	8/8	100
10. Mr. Rachai Wattanakasaem	Independent Director	8/8	100	8/8	100
11. Mr. Suri Buakhom	Independent Director	8/8	100	8/8	100
12. Mr. Krit Phanratanamala ****	Independent Director	2/2	100	-	-
13. Mr. Achanan Asavabhokhin ****	Director	5/6	83	8/8	100
14. Mrs. Suwanna Bhuddhaprasart	Director	8/8	100	8/8	100
15. Mr. Pravit Choatewattanaphun	Director	8/8	100	8/8	100
16. Mr. Pornthep Pipattangsakul	Director	8/8	100	8/8	100

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

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

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

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

2. The Executives

2.1 The executive group

The Company's Executive as of December 31, 2015, are as follows:

Name	Position
1. Mr. Chadchart Sittipunt *	President and Chief Executive Officer
2. Mrs. Suwanna Bhuddhaprasart	Senior Executive Vice President
3. Mr. Pravit Choatewattanaphun	First Executive Vice President
4. Mr. Pornthep Pipattangsakul	First Executive Vice President
5. Mr. Pairoj Wattanavarodom	First Executive Vice President
6. Mr. Ravee Mongkoltavee	Executive Vice President
7. Mr. Sommart Promkunakorn	Executive Vice President
8. Ms. Apinya Jarutrakulchai **	Executive Vice President
9. Ms. Orathai Luengpaitoon ***	Vice President, Financial and Accounting Department

- Remarks: * Mr. Chadchart Sittipunt was approved and appointed as Director, President, and Chief Executive Officer by the resolution of the Board of Directors' Meeting No.8/2014 convened on December 22, 2014 in replacement for Mr. Rutt Phanijphand, who has resigned from the position of Director effective from January 1, 2015 onwards.
- ** Ms. Apinya Jarutrakulchai was appointed as Executive Vice President, effective from October 16, 2015 onwards.
- *** Ms. Orathai Luengpaitoon was appointed as Vice President, Financial and Accounting Department, effective from September 9, 2015 onwards.

Training courses for directors and executives

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

Below shown is the list of directors and executives who have undergone training courses in 2015:

Names of directors and/or executives	Training course
1. Mr. Pornthep Pipattangsakul	- Advanced Certificate, Public Administration and Private Law (Class :14 th), King Prajadhipok's Institute
2. Mr. Chadchart Sittipunt	- Mahanakorn 4 , Institute of Metropolitan Development, Navamindradhiraj University

3. The Corporate Secretary

The Company's Board of Directors' meeting No.3/2008 held on March 21, 2008, has given a resolution to appoint Mrs. Suwana Bhuddhaprasart as the Corporate Secretary effective from March 22, 2008 onwards. The Corporate Secretary has responsibilities to ensure that the activities performed by the Board of Directors be in compliance with relevant legislations, regulations and orders relating to the new version of Securities and Exchange Act. The Company has determined the roles and major responsibilities of the Corporate Secretary as follows:

- 1) To provide basic consultancy and advice for directors in regard to legal issues and legislations, rules and regulations of the Company, including significant changes therein, so that the Board of Directors shall be able to operate smoothly with sufficient information whereby to take into account and make decisions with great care and honesty with responsibilities;
- 2) To prepare and compile the following documents:
 - List of Directors Registration;
 - The Board of Directors' Meeting: Invitation to Meeting,

Minutes of the Board of Directors Meeting and Annual Reports of the Company;

- Shareholders' Meeting: Invitation to Meeting and Minutes of the Shareholders' Meeting;
- 3) To supervise the disclosure of information and informational reports under the responsibilities of the supervisory units in light of corporate governance and ensure that they be in compliance with governmental rules and regulations;
 - 4) To maintain reports on the interest of the directors or executives and to submit copies of the aforementioned reports to the Chairman and the Chairman of the Audit Committee for their examination within 7 days commencing from the date upon which the Company has received the documents;
 - 5) To provide a system for keeping documents and related pieces of evidence in an accurate and verifiable manner;
 - 6) To make business contacts and communicate with the shareholders in regard to their rights and the company-related news.

4. Remuneration for directors and executives

(A) Monetary compensation

- Remuneration for Directors

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

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

Remuneration for directors may be divided into two segments as follows:

1. Monthly remuneration (Retainer)

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

2. Attendance Fee

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

During the annual general meeting of shareholders (1st/2558 (2015)) held on April 17, 2015, a resolution has been passed to approve the monthly remuneration and attendance fee for the directors effective from May 2015 onwards with the following details:

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

1. President's remuneration : Baht 50,000 per month
2. Director's remuneration : Baht 40,000 per month

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

1. The Chairman's remuneration is Baht 35,000 per meeting. The term "Chairman" denotes the chairman of each board/ committee, namely: the Chairman of the Board of Directors; the Chairman of the Audit Committee; the Chairman of the Nominating and Remuneration Committee; the Chairman of the Corporate Governance Committee and the Chairman of the Executive Committee.
2. The directors' remuneration for each meeting is equal to Baht 28,000. Note that attendance fee shall not be made payable to the director who is also an executive director in whatever case may be.

In years 2014 and 2015, the Company had made payment of remuneration for Baht 24.1 million and Baht 24.0 million respectively. Details of remuneration categories are shown as follows:

(Unit: Thousand Baht)

Name	Position	Year 2014				Year 2015			
		Monthly retainer	Attendance fee	Bonus	Others	Monthly retainer	Attendance fee	Bonus	Others
1. Pol. Gen. Pow Sarasin *	Chairman	-	-	257.6	-	-	-	-	-
2. Mr. Apisak Tantivorawong *	Chairman and Independent Director	600.0	280.0	1,020.8	-	376.7	140.0	1,530.3	-
3. Mr. Boonsom Lerdhirunwong *	Chairman and Independent Director	-	-	-	-	150.0	70.0	-	-
4. Mr. Rutt Phanijphand **	Director and Chairman of Risk Management Committee	480.0	-	1,259.4	-	-	-	1,224.2	-
5. Mr. Chadchart Sittipunt **	Director and Chairman of Risk Management Committee	-	-	-	-	480.0	-	-	-
6. Mr. Adul Vinaiphat	Independent Director, Chairman of Audit Committee and Nominating and Remuneration Committee	480.0	665.0	1,259.4	-	141.3	217.0	1,224.2	-
7. Mr. Chulasingh Vasantasingh ***	Independent Director, Chairman of Audit Committee and Nominating and Remuneration Committee	-	-	-	-	338.7	427.0	-	-
8. Mr. Anant Asavabhokhin	Director	480.0	196.0	1,259.4	-	480.0	224.0	1,224.2	-
9. Mr. Adisorn Thananan-narapool	Director	480.0	224.0	1,259.4	-	480.0	224.0	1,224.2	-
10. Ms. Kanokvalee Viriyaprapaikit	Director and Nominating and Remuneration Committee	480.0	420.0	1,259.4	-	480.0	364.0	1,224.2	-
11. Mr. Rachai Wattanakasaem	Independent Director, Chairman of Nominating and Remuneration Committee and Audit Committee	480.0	665.0	1,259.4	-	480.0	651.0	1,224.2	-
12. Mr. Suri Buakhom	Independent Director, Audit Committee and Chairman of Corporate Governance Committee	480.0	504.0	1,259.4	-	480.0	630.0	1,224.2	-
13. Mr. Krit Phanratanamala ****	Independent Director and Audit Committee	134.7	84.0	1,259.4	-	-	-	343.5	-
14. Mr. Achanan Asavabhokhin ****	Director	346.7	140.0	-	-	480.0	224.0	884.2	-
15. Mrs. Suwanna Buddhaprasart	Director, Corporate Governance Committee and Risk Management Committee	480.0	-	1,259.4	-	480.0	-	1,224.2	-
16. Mr. Pravit Choatewattanaphun	Director	480.0	-	1,259.4	-	480.0	-	1,224.2	-
17. Mr. Suang Chaisurote ****	Director	-	-	40.0	-	-	-	-	-
18. Mr. Pornthep Pipattangsakul *****	Director	480.0	-	1,087.6	-	480.0	-	1,224.2	-
	Total	5,881.3	3,178.0	15,000.0	-	5,806.7	3,171.0	15,000.0	-

Remarks: * Mr. Apisak Tantivorawong was approved and appointed as an independent director and Chairman of the Company by the resolution of the Board of Directors' Meeting No.3/2013 convened on May 28, 2013 in replacement for Pol. Gen. Pow Sarasin, the Company's Chairman, who passed away on March 7, 2013. Mr. Boonsom Lerdhirunwong was approved and appointed as an independent director and Chairman of the Company by the resolution of the Board of Directors' Meeting No.6/2015 convened on September 21, 2015 in replacement for Mr. Apisak Tantivorawong, who has resigned from an independent director and Chairman of the Company from August 17, 2015 onwards.

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

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

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

***** Mr. Pornthep Pipattangsakul was approved and appointed as the Director of the Board by the resolution of the Board of Directors' Meeting No.1/2013 held on February 26, 2013, in replacement for Mr. Suang Chaisurote, who had resigned from the position of Director on January 15, 2013

- Remuneration for Executives

In 2014 and 2015, the total remuneration for the top 4 executives below Chief Executive Officer and that for any person holding equivalent position as the fourth executives, including those at the level of Executive Vice President upward amounted to Baht 65.4 million and Baht 55.9 million respectively. The details of the remuneration types may be summarized as follows:

(Unit: Million Baht)

Type of remuneration	Year 2014	Year 2015
Salary	49.2	38.3
Bonus	14.4	15.9
Provident Fund	1.9	1.7
Total	65.4	55.9

(B) Other remuneration

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

5. Personnel

(A) At the end of 2014 and 2015, there were 1,408 and 1,358 employees under the Company and its subsidiaries' payroll system respectively. They may be mainly grouped by the Company's business lines as follows:

(Unit: person)

Business line	Dec. 31, 2014	Dec. 31, 2015
1. Managing Director	60	41
2. Housing projects	918	879
3. Office buildings for rent and residential condominium units for rent	329	330
4. Operational support	101	108
Total	1,408	1,358

(B) Labor disputes in the past 3 years (Jan. 1, 2013 - Dec. 31, 2015)

-None-

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

The Company and its subsidiaries provide remuneration for employees in a fair manner according to their duties, responsibilities and annual performance appraisal. Payments include salary, annual bonus, and provident fund. Below shown are the details of the total amount of compensation for employees in years 2014 and 2015:

(Unit: Million Baht)

Type of remuneration	Year 2014	Year 2015
1. Salary	490.2	520.2
2. Bonus	226.4	222.0
3. Provident fund	20.2	22.0
4. Others ^{1/}	88.9	77.4
Total	825.7	841.6

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

(D) Policy on human resource development

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





CORPORATE GOVERNANCE



I. Corporate Governance Policy



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

The Company has established the guidelines for business operation based on the principle of good corporate governance, ethics and morality in the forms of Good Corporate Governance Policy and Ethical Code of Conducts and thus has remains interminably true to such professionalism. In addition, the Company has also improved and added the Code of Conducts in order to cover various operational guidelines to be on par with international standards in a timely manner. As a result, the conduct of directors, executives, and employees of Quality Houses Plc. will be in compliance with generally accepted standards and based upon appropriate ethics and values. The Board of Directors

has approved the latest policy on corporate governance during the Board of Director meeting No.1/2016 held on February 26, 2016.

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

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

The details of corporate governance policy are shown as follows:

1.1 Shareholders' rights

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

1. Basic rights of shareholders

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

2. Shareholders' rights to attend the shareholders' meeting

The Company has instrumentalized the policy whereby to facilitate the participatory process by all shareholders in each and every category, both major and minor, as well as institutional shareholders, in light of the Company's shareholders' meeting.

In 2015, the Company has arranged the Shareholders' Annual General Meeting on Friday April 17, 2015 at 10:30 am., for which it had assigned Thailand Securities Depository Co., Ltd. to dispatch on March 30, 2015 to the shareholders the written invitations to the Shareholders' Meeting, and to publicize and disseminate the aforementioned documents along with detailed particulars of each of the meeting agenda (both in Thai and English) on the Company's website ("www.qh.co.th") on March 12, 2015 so that the shareholders would afford time studying those pieces of information 30 days prior to the event.

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

The Company has placed importance upon all shareholders so that they were provided with the opportunity to participate in the Annual General Meeting for Shareholders in 2015 in regard to the following:

- Proposing issues under concern to be included as part of the agenda;
- Nominating a list of qualified candidates for the election of directors;
- Submitting enquiries in advance prior to the Annual General Meeting of Shareholders in 2015.

The criteria for the aforementioned, therefore, had also been published and disseminated on the Company's website since September 30, 2014, whereby the duration of time for the additional agenda, the list of qualified candidates and the enquiries, was to be designated as from October 1, 2014 to December 31, 2014. However, there existed no information thereof having been directed towards the Company whatsoever.

Preparation of the Invitation Letter

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

Meeting Implementation

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

During the meeting, the shareholders were provided with the opportunity to give opinions and enquiries within a reasonable timeframe, the points of which the Company's executives were to address in clear and concise in return.

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

Preparation of Shareholders' Meeting Report

The report documented resolutions clearly and accurately and specified the vote counting result as to how many votes there were in regard to the shareholders who had provided consent or not, and those who abstained, not to mention in the event that certain shareholders were not entitled to vote due to themselves being stakeholders with possible conflicts of interest. In addition, the report also included the name list of all of the participatory directors. All information regarding the matter, annually, would become available for the shareholders on the Company's website "www.qh.co.th" over the course of 14 days, as well.

1.2 Equitable treatment for the shareholders

In the 2015 Annual General Meeting of shareholders, there were 12 directors attending the meetings from the total number of 12, including 4 independent directors, 4 executive directors and 4 non-executive director. In addition, the certified auditor of the Company and the legal consultant have been invited to attend the Annual General Meeting as an observer. All shareholders attending the meetings had equal rights in all aspects.

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

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

- 1) Submitting to the shareholders the proxy form B and the invitation letter to the meeting with an attachment of Power of Attorney form, including the clear instructions and steps to take in regard to the matter. As for the proxy form A and C, the Company had provided them on the Company's website www.qh.co.th ;
- 2) The Power of Attorney form earlier mentioned would also allow for the directions to be planned and made in advance by the shareholders as to the manner by which their proxies would give consent or not or simply abstain accordingly;
- 3) Proposing that two independent directors were to serve with the power of attorney on behalf of the absent shareholders who might find it inconvenient to appoint their own proxies, thus whereby the details of the aforementioned independent directors would be specified in the Power of Attorney form.

Monitoring of the use of internal information

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

1. The Company's internal information shall be kept confidential and not be used either for personal benefits or in such a way that is to incur damages to the Company ; nor shall it be disseminated to the customers, vendors, competitors or other parties save for its signifying that which is intended for normal business operations or for public use;
2. The Company's classified information shall not be used for stock trading purposes;
3. The directors and executives shall accurately and entirely report stock trading transactions / their possession of the Company's securities in accordance with the rules and regulations prescribed, as well as submitting the report of all of the aforementioned transactions during the Board of Directors' Meeting;

4. The Company has a policy to prohibit its executive officers to trade stocks belonging to the Company for the period of one month prior to each of the public announcements of its financial statement being made so as to serve as measures against their misuse of the Company's internal information for their own benefits;

Conflicts of interest

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

1.3 Roles of stakeholders

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

Employees

The Company has realized that employees signify one of the key factors to the Company's continual success and incessant proliferation. Therefore, the Company has taken the policy to treat and responsible for the employees as following:

- 1) To provide appropriate the short term employee benefits in accordance with each employee's knowledge, responsibilities, performance and corporates' profitability.
- 2) To support and promote, as well as enhance knowledge and skill sets of the employees for career growth and stability.
- 3) To support the attendance of the employees in the company's work direction and problem resolution

- 4) To create work environment with safety for health, hygiene, bodies and properties
- 5) To reward and punish the employees based on the righteousness, justice and honesty
- 6) To operate according to legal and regulations in accordance with labor laws and employee welfares
- 7) To manage employees without unfair and wrong acts, which impact the career growth and stability the of employees
- 8) To treat employees on the basis of the human rights, as well as individual rights

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

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

Employee welfare

- The Company has established the committee to improve quality of life for the employees, assigned from employee representatives in each department of the Company so as to have another channel for exchanging information between the employees and the managements regarding to work environments, to improve and develop for better environments for

- the employees, as well as to enhance the work atmosphere;
- To provide uniforms for receptionists and sales representatives on housing projects, office building for rent projects, hotels and serviced apartment projects;
- To provide welfare of medical expense reimbursement in the case of outpatients;
- To provide life insurances, group accident insurances and group health insurances (in case of in-patients);
- To provide welfare of flower basket to visit employees in cases of work-related illness and child delivery;
- To establish a provident fund as morale in return for the employees' dedication to their works;
- To place importance upon the matter of employees' welfare and health, thus providing for nursing rooms in which with professional nurses are available for consultancy and giving first-aid advice to its employees, as well as conducting annual physical checkups;
- To provide for other elements of its employee welfare system, some of which cover the benefits for their family members, such as funeral service allowances in case of the employees and family members (spouses and children); welfare of scholarships for employees' children, etc.;
- To monitor the work environments, in order to provide good hygiene for the employees during operation, such as checking the cleanliness of the drinking water station in the office space, maintaining and changing the air filter in air conditioning system regularly, as well as installing the sanitizer machine for the toilet seating;
- To adjust parts of its regulations to justify the employees, in the case that employee cannot complete the allocated annual leave, such leave balance can be accumulated;
- To promote the sanitation, related to the health of employee, introducing sport/exercise as a channel that the employees can attend this activity, in addition

promoting the hobbies for employees with the sport club, such as soccer club, badminton club and running club;

Personnel development Training

In accordance with the Company's policy on personnel development in response to its ongoing business expansion and sustainable development on long-term basis, the Company has established a series of training sessions and operational plan pertaining to human resources development for both of its executive officers and staff members. Corporate guidelines have been strategically established so as to help develop proper knowledge, skill sets and competency among employees in each level while a number of campaigns are in incessant development so as to encourage the Company's executives and employees to realize and learn how to make effective use of resources and to indirectly conserve the environment.

Training

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

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

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

Consideration for soil information, foundation problem and resolution – for the Construction Group employees: They are to be provided to gain comprehension in the elements of foundation work which is critical for building and residential construction, thus that engineers and project developers of the company are to be provided with seminars from expertise, in order to learn experiences and techniques, including the proper resolution for foundation issues

Proactive Leadership – for middle management team – Proactive Leadership is to be provided to develop middle-management level in terms of strategic thinking, attitude, as well as operational process. Middle management is critical to the Company in terms of linking the corporate policies and new missions with others within the chain of command and helping translate those notions into practice. The course is expected to help train them to properly manage their tasks and subordinates, as well as streams of conscience, so as in aims at creating benefits in terms of positive results and furthering business development.

Providing consultancy and create motivation to develop team for sustainability – for the Middle-level Executives Group: The course is intended for executives to be able to use phycology including techniques in human resource management properly in any circumstances, in addition the department under the trainee is to be ensured with smooth operation and happiness to the corporate employees.

Seminar for Macro economies and trend of real estate industry in 2015 – for Senior Executives Group: The course is intended for senior executives to realize the trend of Macro economies in 2015, as well as the trend of real estate industry, in order to be able to adjust and plan properly for related operations. Furthermore, the course enhance the knowledge and understanding of the impact of economies to the real estate business by stimulating the attendances to be aware of and to use those information to develop strategies for sale, investment and real estate construction, as well as employment and suitable project expenses.

Managerial Psychology - for executives - The course is intended to enhance executive officers' skills in terms of managerial psychology and allow them to manage a variety of personnel either their colleagues or subordinates, each of whose attitudes vary on individual basis; the idea is that, through this instrument, the trainee will be able to ensure that smooth operation be implemented by their colleagues and subordinates with highest efficiency (effectiveness).

Personnel development and work environment campaigns

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

Five-S Activity The Company has continually provided supports in terms of establishing "Five-S Activity" campaign so as to enhance proper hygiene and sanitation, as well as healthy habits at work. In addition, the campaign is also expected to help increase work efficiency and productivity, as well as strengthening the principle of customer service, while strategically promoting healthy environment at work and the effective use of resources. Training sessions are to be provided along with a series of monitoring and evaluation to be conducted twice a year.

Training courses provided by external academic institutes

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

Internal e-magazine project

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

Employees' loyalty project

The project has been established towards the employees who have been in association with the Company for 10 and 20 years respectively. The Company is delighted to present to the aforementioned loyal personnel souvenirs for their professional dedication and efforts at work; it is also hoping that the project will help boost morale at workplace and sustain a series of ongoing assiduous efforts for all involved.

Table illustrating the number of hours spent in training by chain of command

Level	Average time spent in training (Hour: Person: Year)	Objectives of personnel development
Employee	120	To provide knowledge and various skill sets relating to business operations in practice, as well as better understanding in their roles, duties and robust corporate culture, while making best efforts at work.
Middle management	120	To provide knowledge and various skill sets integral to team management and strategic planning, as well as allowing for systemic and effective implementation so as in accordance with the Company's policies.
Executive	111	To enable the executives to manage both operations and workforce under command in compliance with the Company's policies; the executives should also be able to become more visionary in terms of business administration and ready for the continual growth and expansion in the future.

Customers

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

- 1) To cater customer/consumer needs with quality of products and excellent services.
- 2) To expose information of product and service completely with righteousness and truthfulness.
- 3) To provide insurance for product and service under reasonable terms.
- 4) Not to deliver product and service to customer, as being aware that such product and service has defects, and damages which can harm the customers.
- 5) To provide customer service system not only to be convenient the customers for any complaints but also to be fast respond to the customer.
- 6) To keep low production costs same the standard of quality and services.
- 7) To increase value-added to customer benefits continuously
- 8) To notify customer in advance, in case of agreement for customer term cannot be made, in order to consider altogether for resolution and damage control

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

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

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

Business partners

The Company and its subsidiaries have adhered to the value of business practices that uphold honesty, transparency and equality on the basis of fair competition for the highest collective benefits, whereas business partners must not impair the Company's reputations and must not breach the laws, good morals and traditions. The purchase of products and operational procedures must be transparent and can be audited, and the business partner agreements must strictly be complied. The Company has used the Supply Chain system when ordering products to reduce steps, time and documents in the transaction allowing partners time to prepare and deliver products within agreed time frame.

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

Competitors

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

- 1) Providing competition under fair business practice;
- 2) Avoiding illegal channels to get the inside information of competitor;
- 3) Avoiding the immoral means of tarnishing competitor's reputation or dishonest and unfair actions.

Banks, financial institutions, holders of debentures and loan creditors

The Company adheres to the value of providing good practice for banks, financial institutions, debenture holders and loan creditors with honesty, and it always repays principal and interest on a timely basis. The Company also strictly follows the conditions and rules that are specified in the lending contract and other agreements. Whenever the problems arise which may affect the banks, financial institutions and lenders, or whenever the Company is not able to comply with the conditions stated in the loan agreement, the Company will issue a written document to clarify the situation to the banks, the financial institutions and the lenders in advance, followed by a meeting in which the solutions will be mutually determined. In addition, the Company also adheres to the rules of good corporate governance, for instance:

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

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

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

1. The telephone contact to the company's call center (1388)
2. Direct E-mail sent to each member of the Audit Committee (E-mail address for each aforementioned member can be checked in the company's website)

3. The Company's website: "www.qh.co.th" (for after sale services, recommendations/ complaints)
4. E-mail address: info@qh.co.th;
5. Submission of matters directly by hand or by post to the Corporate Secretary at the address shown below:
Quality Houses Plc.
No. 1, Q. House Lumpini Building, 7th Floor,
Thungmahamek Sub-district, Sathorn District,
Bangkok 10120

1.4 Information Disclosure and transparency

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

Remuneration for directors and executives

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

Board of Directors' report on financial transactions

The Board of Directors has realized on the quality of the Company's financial statement by getting the review of both quarterly and annual financial reports from the Audit Committee can assured that they have acquired accurate and complete information. In addition, the Company has made presentation of the report on the Committee's responsibilities for the preparation and disclosure of the Company's financial report in the Annual Report together with the financial budget certified by an auditor so as to reveal that the Company's financial statement has been prepared according to generally certified accounting standards, and that the auditor has not taken note of anything irregular whatsoever.

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

Report on the Board of Directors' responsibilities for financial report

The financial statement of Quality Houses Plc. has been prepared under the Board of Director's policy in accordance with generally certified accounting standards. All accounts are recorded with great care together with a great deal of deliberation made in the preparation of the instrument so as to reflect upon the Company's actual performance.

The Board of Directors has realized on the quality of the Company's financial statement; therefore, due diligence has been properly performed upon financial transactions and financial information, and certain significant information has also been sufficiently and properly revealed as per details in the remarks included in the Financial Statement for the benefits of the shareholders and investors.

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

By virtue of the availability of the aforementioned internal control system and the administrative structure, as well as the audition results by the unconditionally certified auditor, the Board of Directors has come to the conclusion that the Financial Statement of Quality Houses Plc. dated December 31, 2015, are accurately and properly presented in regard to the Company's financial results, balance sheet and cash flow, according to the generally certified accounting standards.

Connected transactions and conflicts of interests

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

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

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

Report on stake holding of directors

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

1) Directors and executives must report their stake holding and/or that of their related parties, to the Company by utilizing the form of reporting as prescribed by the Company;

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

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

Report of Changes in Shareholding of the Directors/Executives as of December 31, 2015

Name	Position	Dec. 31, 2014		Changes in 2015		Dec. 31, 2015	
		Number of shares	Proportion(%)	Acquisition (shares)	Distribution (shares)	Number of shares	Proportion (%)
1. Mr. Apisak Tantivorawong	Chairman and Independent Director	-	-	-	-	-	-
2. Mr. Chadchart Sittipunt*	Director, President, Chief Executive Officer and Chairman of Risk Management Committee	-	-	-	-	-	-
3. Mr. Anant Asavabhokhin	Director	-	-	-	-	-	-
4. Mr. Chulasingh Vasantasingh	Independent Director, Chairman of Audit Committee and Nominating and Remuneration Committee	-	-	-	-	-	-
Mrs. Pattra Wasantasing	Spouse	-	-	-	-	19,930	0.00019
5. Mr. Adisorn Thananan-narapool	Director	944	0.00001	157	-	1,101	0.00001
6. Ms. Kanokvalee Viriyaprapaikit	Director and Nominating and Remuneration Committee	-	-	-	-	-	-
7. Mr. Rachai Wattanakasaem	Independent Director, Audit Committee and Chairman of Nominating and Remuneration Committee	-	-	-	-	-	-
8. Mr. Suri Buakhom	Independent Director, Audit Committee and Chairman of Corporate Governance Committee	100,000	0.00109	16,666	-	116,666	0.00109
9. Mr. Achanan Asavabhokhin	Director	-	-	-	-	-	-
10. Mrs. Suwanna Buddhaprasart	Director, Senior Executive Vice President, Corporate Governance Committee and Risk Management Committee	6,011,790	0.06546	1,001,964	-	7,013,754	0.06546
11. Mr. Pravit Choatewattanaphun	Director and First Executive Vice President	-	-	-	-	-	-
12. Mr. Pornthep Pipattangsakul	Director, Risk Management Committee and First Executive Vice President	100,004	0.00109	16,667	-	116,671	0.00109
13. Mr. Pairoj Wattanavarodom	Risk Management Committee and First Executive Vice President	-	-	-	-	-	-
14. Mr. Sommart Promkunakorn	First Executive Vice President and Risk Management Committee	-	-	-	-	-	-
15. Mr. Ravee Mongkoltavee	Executive Vice President	325,005	0.00354	54,167	-	379,172	0.00354
16. Ms. Apinya Janutrakulchai	Executive Vice President, Corporate Governance Committee and Risk Management Committee	-	-	-	-	-	-

Remarks : The number of shares obtained during the year are from the share dividends by the resolution of the Annual General Shareholders' Meeting No.1/2015 held on April 17, 2015

Relationship with investors

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

In 2015, the Company has presented corporate information as following events:

- 4 oversea road shows ;
- 1 domestic road show ;
- 39 of the site visitings and company visits for investors and analysts ;
- The company has organized its own meetings as followings
 - Organizing 4 Analyst Meetings to clarify the annual and quarterly operating results to investors and analysts;
 - Organizing 1 Press release of 2015 Business plan.
 - Organizing 1 site visitting for investors and analysts at Chonburi and Chachoengsao
 - Organizing 1 site visitting for investors and analysts at Q Condo Sukhumvit
- The company has participated in several conference activities with the business sector, including:
 - Corporate Day organized by DBS Vickers (Thailand) Co., Ltd.;
 - Thailand 1*1 Conference 2015 organized by JP Morgan
 - Property Day organized by Bualuang Securities Plc
 - Property Day organized by TISCO Securities Co., Ltd;
 - CEO Day organized by Phatra Securities Plc.and SET;
 - Opportunity Day with SET organized by the Stock Exchange of Thailand;

In addition, the Company has also assigned the Investor Relations Office to assume responsibilities for the dissemination of financial data affecting the prices of the

Company's securities as well as other important data. Investor Relations Office operates under the supervision of Mrs. Suwanna Buddhaprasart, Director and Senior Executive Vice President. Investors may contact the Investor Relations Office at:

- "www.qh.co.th" in Section "Information on the Company", and in Section "Information Request" on the topic of "Contact the Investor Relations Officer", or by;
- E-mail: arpaporn.e@qh.co.th and supaphan@qh.co.th

1.5 Responsibilities of the Board of Directors

Corporate governance policy

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

Business ethics

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

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

Leadership and vision

Members of the Board of Directors of the Company have possessed knowledge, skills and competency, as well as work experiences, obtained from various fields. The roles, duties and responsibilities between the Board of Directors and the Management are clearly divided. The Board of Directors' meetings have been convened regularly so that due diligence be performed and approval be given in regard to the Company's visions, strategies, goals, policies, business plans and budgets, as well as following up on the administrative tasks of the management team and ensure that they be in accordance with the corporate goals.

Balance of power of non-executive directors

As of December 31, 2015, the Company was comprised of the following 12 directors :

Executive Director : 4 persons;

Non-executive Director

(shareholder's representative) : 4 persons;

Independent Director : 4 persons (equivalent to one-third of the total number of directors).

Aggregation or segregation of positions

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

Board of Directors' Meetings

The Board of Directors has its independence in giving approval of the issues proposed by the management team in regard

to the Company's visions, missions, strategies, goals, business plans and budgets. The Board also allows for the mechanism to take place whereby both short-term and long-term operations by the management team can be supervised and monitor in accordance with the Company's goals and business plans for utmost benefits of shareholders and in consideration of interests of all stakeholders. The details of meeting attendances of the Board of Directors and subcommittees are shown in Section: Management Structure; Sub-clause 1 "The Board of Directors", and Sub-clause 2 "Sub-committee".

Internal meeting of non-executive directors

Non-executive directors have convened internal meeting to discuss certain issues in which they took interest with no presence of the management team. In 2015, an internal meeting of non-executive directors was held on September 21, 2015, and in 2014, an internal meeting of non-executive directors was held on December 22, 2014.

Board of Directors' performance evaluation

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

In the Board of Directors' Meeting No.1/2016 convened on February 26, 2016, the Board of Directors have collectively assessed their own performances the year 2015, using 2 assessment form, "the "Board of Directors' Group Self-Assessment Form" and "the "Board of Directors' Individual Self-Assessment Form". These 2 forms were prepared by the company under the principle of corporate governance and the SET guidelines. The topics in each assessment form are listed as follows:

1. The Board of Directors' Group Self-Assessment Form comprises of following 6 main areas:

- 1) Structure and qualifications of Directors
- 2) Roles, duties and responsibilities of the Board of Directors
- 3) Board of Directors' meetings
- 4) Performance of the Board of Directors
- 5) Relationship with the Management
- 6) Self-development of directors and development of executives

2. The Board of Directors' Individual Self-Assessment Form comprises of following 3 main areas:

- 1) Structure and qualifications of Directors
- 2) Board of Directors' meetings
- 3) Roles, duties and responsibilities of the Board of Directors

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

During the first Board of Directors' meeting each year, the Chairman of the Corporate Governance Committee will provide two kinds of performance evaluation form to each member for the annual self-assessment. After the assessment was completed, the form is returned to the Secretary of the

Corporate Governance, who collects the evaluation score of each member, and concludes the Board of Directors' assessment results, then reports to the Corporate Governance Committee for acknowledgement. So that the Chairman of the Corporate Governance will report the evaluation results to the Board of Directors. The criteria of performance evaluation grade is as follows

Greater than	85%	=	Excellent
Greater than	75%	=	Very Good
Greater than	65%	=	Good
Greater than	50%	=	Fair
Equal or lower than	50%	=	Need Improvement

2. Sub-committees

As of December 31 2015, the Company's structure is comprised of 5 Committees: the Company's Board of Directors; the Audit Committee; the Nominating and Remuneration Committee; the Corporate Governance Committee, and; the Risk Management Committee. Below shown is the summary of the name list and positions of the directors in the Board of Directors and Committees:

Name		Director	Executive director with the authorized signature	Audit committee	Independent director	Nominating and remuneration committee	Corporate governance committee	Risk management committee
1. Mr. Boonsom Lerdhirunwong*		✓			✓			
2. Mr. Chadchart Sittipunt**		✓	✓					✓
3. Mr. Chulasingh Vasantasingh ***		✓		✓	✓	✓		
4. Mr. Anant Asavabhokhin		✓						
5. Mr. Adisorn Thananan-narapool		✓						
6. Ms. Kanokvalee Viriyaprapaikit		✓				✓		
7. Mr. Rachai Wattanakasaem		✓		✓	✓	✓		
8. Mr. Suri Buakhom		✓		✓	✓		✓	
9. Mr. Achanan Asavabhokhin		✓						
10. Mrs. Suwanna Bhuddhaprasart		✓	✓				✓	✓
11. Mr. Pravit Choatewattanaphun		✓	✓					
12. Mr. Pornthep Pipattangsakul		✓	✓					✓

- Remarks
- * Mr. Boonsom Lerdhirunwong was approved and appointed as an independent director and Chairman of the Company by the resolution of the Board of Directors' Meeting No.6/2015 convened on September 21, 2015 in replacement for Mr. Apisak Tantivorawong, who has resigned from an independent director and Chairman of the Company from August 17, 2015 onwards.
 - ** Mr. Chadchart Sittipunt was approved and appointed as Director, President, Chief Executive Officer and Chairman of Risk Management Committee by the resolution of the Board of Directors' Meeting No.8/2014 convened on December 22, 2014 in replacement for Mr. Rutt Phanijphand, who has resigned from the position of Director effective from January 1, 2015 onwards.
 - *** Mr. Chulasingh Vasantasingh was approved and appointed as independent director of the Board by the resolution of the Annual General Shareholders' Meeting No.1/2015 held on April 17, 2015, and was approved and appointed as the Chairman of the Audit Committee by the resolution of the Board of Directors' Meeting No.3/2015 convened on May 18, 2015

As of December 31, 2015, the Company has 4 sub-committees to take into account its business-related matters, including:

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

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

1) The Audit Committee

The Audit Committee is comprised of 3 independent directors as of December 31, 2015. The name list and number of meeting attendances of each committee member in years 2014 and 2015 are shown as follows:

Name	Position	Meeting attendance / Total no. of attendances (times)	
		2014	2015
Mr. Adul Vinaiphath***	Chairman of Audit Committee	7/7	3/3
Mr. Chulasingh Vasantasingh *	Chairman of Audit Committee	-	5/5
Mr. Rachai Wattanakasaem	Audit Committee	7/7	9/9
Mr. Krit Phanratanamala****	Audit Committee	1/1	-
Mr. Suri Buakhom**	Audit Committee	5/5	9/9

- Remarks:
- Mr. Rachai Wattanakasaem is an audit committee member with knowledge and professional experience in accounting or finance;
 - Audit Committee Secretary: Mr. Korasuit Piyambuit;
 - * Mr. Chulasingh Vasantasingh was approved and appointed as the Chairman of the Audit Committee by the resolution of the Board of Directors' Meeting No.3/2015 convened on May 18, 2015
 - ** Mr. Suri Buakhom was approved and appointed as the Audit Committee by the resolution of the Board of Directors' Meeting No.3/2014 convened on May 26, 2014
 - *** Mr. Adul Vinaiphath, whose term of office had expired by the resolution of the Annual General Meeting of Shareholders No.1/2015 held on April 17, 2015
 - ****Mr. Krit Phanratanamala's term had come to an end by the resolution of the Annual General Meeting of Shareholders No.1/2014 convened on April 11, 2014.

The Audit Committee has convened 4 meetings in 2014 and the other 4 in 2015 with the Company's auditors without the presence of the Company's management team.

Scope of authorities and duties of the Audit Committee

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

1. To review and ensure that the Company's financial reports have been prepared accurately and adequately;
2. To review and ensure that the Company have implemented proper and effective internal controls and internal audit systems; with independency and to give approval of the appointment, transfer and termination of the office of the chief of the internal audit unit or any other units responsible for internal audit;
3. To review and ensure that the Company have complied with the Securities and Exchange Act, the Stock Exchange's regulations and related laws of the Company's businesses;
4. To consider, select and nominate an independent professional to act as the Company's auditor; and to propose the remuneration for the position; and to attend meetings with the auditor for at least twice a year with no presence of the management team;
5. To consider the matter of the compliance with laws and with the Stock Exchange of Thailand's regulations in light of related/connected transactions or those which may incur conflicts of interest so as to ensure that those activities were reasonably performed for utmost benefits to the Company;
6. Prepare and disclose the Audit Committee report and have it revealed as part of the Company's annual report. The Audit Committee report, which is to be signed by the Chairman of the Audit Committee, must be comprised of the following items:
 - (A) Comments about the accuracy, completeness and reliability of the Company's financial statements;
 - (B) Comments about the adequacy of the internal control system in the Company;

- (C) Comments about the Company's compliance with the applicable law and regulations i.e.: the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and other laws that relate to the Company's business;
 - (D) Comments about the suitability of the Company's auditors;
 - (E) Comments on transactions which might incur conflicts of interest;
 - (F) Number of the Audit Committee meetings and the attendances of each committee member;
 - (G) Comments or observations in general that the Audit Committee derived during their performing of duties under "The Charter of the Audit Committee";
 - (H) Other transactions which the committee considered that the Company's shareholders and public investors should be acknowledged within the boundaries of their duties and responsibilities assigned by the Board of Directors.
7. To perform other duties assigned by the Board of Directors with the consent of the Audit Committee.

Self-Assessment by Audit Committee

During the Audit Committee Meeting No.1/2016 held on February 25, 2016, the Audit Committee has collectively conducted self-assessment as a group for the year 2015, using the "Audit Committee's Self-Assessment Form" prepared by the company under the principle of corporate governance and the SET guidelines. There were 5 main areas having been taken into account as follows:

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

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

2) Nominating and Remuneration Committee

The Nominating and Remuneration Committee is comprised of 3 independent directors as of December 31, 2015. The name list and number of meeting attendances of each committee member in years 2014 and 2015 are shown as follows:

Name	Position	Meeting attendance / Total number of attendances (times)	
		2014	2015
Mr. Rachai Wattanakasaem	Chairman of Nominating and Remuneration Committee	7/7	6/6
Mr. Adul Vinaiphatt*	Nominating and Remuneration Committee	7/7	2/6
Mr. Chulasingh Vasantasingh **	Nominating and Remuneration Committee	-	4/6
Ms. Kanokvalee Viriyaprapaikit	Nominating and Remuneration Committee	7/7	6/6

Remarks : * Mr. Adul Vinaiphatt, whose term of office had expired by the resolution of the Annual General Shareholders' Meeting No.1/2015 held on April 17, 2015

** Mr. Julasing Wasantasing was approved and appointed as the Nominating and Remuneration Committee by the resolution of the Board of Directors' Meeting No.3/2015 convened on May 18, 2015

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

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

New Committee Orientation

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

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

Key Succession plan

The Company has prepared the key succession plan with a proper and transparent instrument of recruitment and selection scheme. The Nominating and Remuneration Committee shall prepare the successive plan for senior management positions for the Board of Directors' approval.

Performance evaluation for Executive Officers and Chief Executive Officer

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

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

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

The Nominating and Remuneration Committee has evaluated self-performance as a group in 2015, based on "The Nominating and Remuneration Committee Self-Assessment Form" prepared by the company under the principle of corporate governance and the SET guidelines. There were 4 main areas having been taken into account as follows:

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

Average scores received for assessments made by the Nominating and Remuneration Committee for performance in 2015 was considered excellent

3) Corporate Governance Committee

Corporate Governance Committee is comprised of 4 members as of December 31, 2015. The name list and number of meeting attendances of each committee in years 2014 and 2015 are shown as follows:

Name	Position	Meeting attendance / Total number of attendances (times)	
		2014	2015
Mr. Suri Buakhom	Chairman of Corporate Governance Committee	4/4	4/4
Mrs. Suwanna Bhuddhaprasart	Corporate Governance Committee	4/4	4/4
Mr. Somchai Warunpantulak*	Corporate Governance Committee and Corporate Governance Secretary	4/4	2/2
Mr. Korasuit Piyambuit	Corporate Governance Committee	4/4	4/4
Ms. Apinya Jarutrakulchai*	Corporate Governance Committee	-	1/1

Remark: * Ms. Apinya Jarutrakulchai was appointed as the Corporate Governance Committee, by the resolution of the Board of Directors' Meeting No.7/2015 convened on November 24, 2015 in replacement for Mr. Somchai Warunpantarak, who has resigned from the position on September 1, 2015.

Authorities and Duties of the Corporate Governance Committee

1. To determine and review the policies, requirements and work procedures to be in accordance with the principle of good governance;
2. To determine policies and plans relating to the Corporate Social Responsibilities activities of the Company;
3. To monitor the progress of the corporate governance and the social responsibilities work plans; and to give recommendations and necessary supports to related work teams in order to achieve the set objectives of each plan;
4. To carry out the internal evaluation under the corporate governance criteria in order to determine areas for improvement;
5. To represent the Company in communication and execution of corporate governance activities with the executives, employees and external units;
6. To perform any other duties as assigned by the Board of Directors with consent from the Corporate Governance Committee.

Self-Assessment of the Corporate Governance Committee as a Group

The Corporate Governance Committee has evaluated self-performance as a group in 2015, based on "The Corporate Governance Committee Self-Assessment Form" prepared by the company under the principle of corporate governance and the SET guidelines. There were 3 main areas having been taken into account as follows:

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

Average scores received for assessments made by the Corporate Governance Committee for performance in 2015 was considered excellent

4) Risk Management Committee

Risk Management Committee is comprised of 7 members as of December 31, 2015. The name list and number of meeting attendances of each committee in years 2014 and 2015 are shown as follows:

Name	Position	Meeting attendance / Total number of attendances (times)	
		2014	2015
Mr. Rutt Phanijphand*	Chairman of Risk Management Committee	3/3	-
Mr. Chadchart Sittipunt*	Chairman of Risk Management Committee	-	2/2
Mrs. Suwanna Bhuddhaprasart	Risk Management Committee	3/3	1/2
Mr. Pornthep Pipattangsakul	Risk Management Committee	3/3	2/2
Mr. Pairoj Wattanavarodom	Risk Management Committee	3/3	0/2
Mr. Somsak Jirungruangvong	Risk Management Committee	3/3	0/2
Mr. Sommart Promkunakorn**	Risk Management Committee	-	1/2
Mr. Somchai Warunpuntarak***	Risk Management Committee	-	1/1
Ms. Apinya Jarutrakulchai****	Risk Management Committee	-	1/1

Remarks : * Mr. Chadchart Sittipunt was approved and appointed as Director, President, and Chief Executive Officer and Chairman of the Risk Management Committee by the resolution of the Board of Directors' Meeting No.8/2014 convened on December 22, 2014 in replacement for Mr. Rutt Phaniijphand, who has resigned from the position of Director effective from January 1, 2015 onwards.

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

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

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

Authorities and Duties of the Risk Management Committee

1. To determine criteria, policies and processes of evaluation and management of risks which have impacts on the Company;
2. To evaluate, analyze and prioritize the risks and to determine guidelines and strategies for risk management so that the risks shall be at an acceptable level under proper cost schemes;
3. To follow up and evaluate the risk management and to report the result of risk evaluation to the Audit Committee;
4. To make decisions and to give advice on major problems occurred in the risk management process.

Self-Assessment of the Risk Management Committee as a Group

The Risk Management Committee has evaluated self-performance as a group in 2015, based on "The Risk Management Committee Self-Assessment Form" prepared by the company under the principle of corporate governance and the SET guidelines. There were 6 main areas having been taken into account as follows:

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

Average scores received for assessments made by The Risk Management Committee for performance in 2015 was considered excellent

The Process of Performance Evaluation of the Sub-Committee

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

3. Nomination and appointment of directors and top executives

The Nomination and Remuneration Committee shall prescribe the qualifications of those who will be appointed for the positions of director or top executives of the Company from Chief Executive Officer up so as to be in compliance with the good governance policy and within the scope of

authorities and duties of the Nomination and Remuneration Committee as stipulated in the Charter. The details are presented in Section 2) Nomination and Remuneration Committee. In addition, the Company also provides an opportunity for shareholders to nominate the qualified candidates through the channel of the Nomination and Remuneration Committee in light of taking into account a set of qualifications prior to the further submission for resolutions in the shareholder meeting.

1) Independent directors

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

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

management or authorized persons who have control over the Company or its subsidiaries.

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

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

- (E) Independent directors must not be or had not been auditors of the Company, parent company, subsidiaries, associated companies or parties with possible conflicts of interest. Independent directors must not be or had not been major shareholders, directors that are not

independent directors, the management, or managing partners of auditors' company in which auditors of the Company, parent company, subsidiaries, associated companies or parties with possible conflicts of interest, belong to, except when the previous association has been terminated for at least for more than two years prior to submission to request for permission from SEC.

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

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

2) Directors and top executives

The appointment of the Company's directors or top executives, from Chief Executive Officer up, shall be done through the

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

Roles and duties of Chairman and Chief Executive Officer

- 1) The Company's Chief Executive Officer is responsible as leader of the Board of Directors, serving as chairman of the Board of Directors' Meeting and that of the Shareholders' Meeting.
- 2) The Chairman, elected by the Board of Directors, presides over the meeting and ensures that various issues under concern be properly taken into consideration, and that the Board of Directors be properly focusing on the right ones in regard to the revision and approval of the strategies earlier proposed by the management team, as well as ensuring that the aforementioned strategies be implemented.
- 3) The Chief Executive Officer, appointed by the Board of Directors, serves as leader of his or her management team in ensuring the implementation of the strategies already approved while ably regulating the actions within the framework stipulated by the Board of Directors.
- 4) The Chairman shall visualize the Company's overview of how the directors are operating; in addition, Chairman shall inspire confidence in the Company's business operation by which the Board of Directors and/or the Committees, who are comprised of personnel of high caliber, are able to effectively work as a group; while also ensuring that all directors, executive or non-executive, be eagerly supported in their implementations both in terms of business administration and supervision.
- 5) The Chief Executive Officer, as an executive, must be most well informed about and most committed to the Company, as well as being unique and different from other top executives in the sense that, with his or her leadership

and outstanding vision, he or she is able to capture the Company's overview as an organization at its best.

- 6) The Company clearly distinguishes between Chief Executive Officer and Chairman; both must be able to compromise and trust each other, being respectful to each other in order to provide mutual support in light of the Company's business operation.

4. Supervision of the subsidiaries' and associated companies' operation

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

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

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

5. Supervision of the use of inside information

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



CORPORATE

Social Responsibility

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

- The Company has the policy not to take any action which may result in tarnishing reputation of the country and/or cause damages to natural resources and the environment;
- The Company shall not provide cooperation or support for any person who operate illegal businesses or who pose a threat to the society and/or homeland security;
- The Company has implanted on continual basis social awareness and a sense of responsibility for communities and Thai society as a whole, within the Company and among employees at all levels;
- The Company operates and takes control so as to insure that all are in compliance with the related laws.

1. Fair business operation

- The Company selects contractors and subcontractors based on equality and fairness with no discrimination in terms of physical traits, mental condition, nationality, religion, gender, age, education or other issues, hence the opportunity for fair competition without prejudice;
- The Company provides appropriate assistance to its trading partners. For instance, if the material prices increase higher than those specified in the contract, the Company will make price adjustment or provide financial assistance to the contractors;
- The Company adheres to the value of acting toward financial and banking institutions, debentures holders and loan creditors with honesty, and it always repays principal and interest on a timely basis. The Company also strictly follows the conditions and rules that are specified in the lending contract and in other agreements. Whenever the problems arise which may affect the banks,

financial institutions and lenders, or whenever the Company is not able to comply with the conditions stated in the loan agreement, the Company will issue a written document to clarify the situation to the banks and financial institutions and the lenders in advance. Then it will be followed by a meeting to get the solutions;

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

2. Anti-corruption activities

The Company has emphasized to and promoted honest and transparent business operation, as well as strictly complied with law. In addition, the Company realizes that apart from

negative impacts on business operation, reputation and image of the Company, briberies and corruptions are also the obstacles for sustainable growth of the Company.

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

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

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

In order to achieve the Company objectives of the Anti-Bribery and Corruption, the Company established "Anti-Bribery and Corruption working team" consisting of the

representatives from each business unit and having the Managing Director as the Chairman of the working team

The measure and guideline on Anti-Bribery and Corruption cover the following operation of the Company:

1. The Company has conducted bribery and corruption risk assessment and set out the measures that match the risks and comply with internal control system;
2. The Company has defined the operational process that is adequate for implementation according to the policy which can prevent bribery and corruption in business operation;
3. The Company has provided orientation and training to the personnel in order to let them realize and understand about the policy, measures and procedures on anti-bribery and corruption;
4. The Company has established internal control system in order to ensure the efficiency and effectiveness of the Anti-bribery and corruption policy that covers the process of financial and accounting data collection, as well as other processes involving Company's operation;
5. The Company has conducted the reporting, monitoring and reviewing on the anti-bribery and corruption policy compliance, with a proper process to ensure that the policy is complete, adequate and up-to-date;
6. The Company has provided secure communicating channel for its employees and all stakeholders, in order to request for suggestion, report the suspected behaviors, recommend or file complaints about bribery and corruption, with the right protection measure for aforementioned people;
7. The Company has provided the communication of the anti-bribery corruption for internal and external, in order to let all stakeholders learn more about the policy, including the notification to subsidiaries, associates and other companies under the Company's control, as well as the business representatives, to adopt the anti-bribery and corruption policy of the Company;

Guideline for Anti-bribery and Corruption

The Company has the following guidelines according to anti-bribery and corruption policy:

1) Political Aid

- 1.1 The Company remains in its politically neutral state, and no supports for any political party in particular;
- 1.2 In the event that the Company may have intent to provide political supports in the name of democracy, such action shall not fail to comply with the legal codes (laws) related to the issue; nor shall the Company be doing so as in expectation of being provided with special treatment. Corporate procedures in light of the matter must be strictly observed;
- 1.3 The employees are free to participate in political activities under the Thai Constitutional laws, the Company's property or anything including tools, equipment, etc., belonging to the Company, shall not be cited to strategically produce satisfactorily political results or benefits; in addition, good care must be taken to ensure that no miscomprehension be made in regard to the Company's non-partisan, good principle.

2) Donation for charity

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

organizations, all of which must also be in possession of official certificate and verifiable in entity; implementations are to be made according to the Company's rules and regulations.

3) Monetary support

- 3.1 Being a sponsor signifies one of public relations instruments rightfully adopted by the Company
- 3.2 The employee must ensure with good care that, in case of donation, it be made strictly for charity purpose in order that the Company's sponsorship shall not be misused as another means of avoiding being labeled as giving bribes, and so that actions have been taken with transparency in accordance with the laws;
- 3.3 The employee must ensure with good care that the Company's money or property spent or used in providing supports for certain projects be credited to the Company's name only, and that the aforementioned actions must have been taken strictly for the benefits of the Company's reputation and positive brand image, etc.

4) Gifts/presents, service fees and other expenses

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

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- 4.4 Giving and receiving gifts/presents may be done with transparency in public.

Whistle-blowing and Protection of Whistleblowers

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

In order that all stakeholders are to be treated equally and in fairness, the Company has established a series of channels through which petitions and complaints, as well as suggestions and feedbacks, may be directed in the event that due to the Company's business operations or to its employees' possible misconducts related with suspicious behaviors deemed bribery and corruption.

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

- Sending an email directly to each of the Audit Committee members as follow:
 - Mr. Julsing Wasantasing, Chairman of Audit Committee,
Email: chulasingh.v@qh.co.th
 - Mr. Rachai Wattanakasaem, Audit Committee,
Email : rachai.w@qh.co.th
 - Mr. Suri Buakhom, Audit Committee,
Email: suri.b@qh.co.th
- Each e-mail to the Audit Committee members, will be uploaded on the Company's website

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

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

Risk Assessment

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

1. The head of each business unit specified risk and possibilities of corruption in each process of business unit transaction.
2. The head of each business unit specified the impact occurring to the Company from the risk identified in 1.
3. Propose the information from 1 and 2 to the management division/ Anti- Bribery and Corruption working team.
4. Communicate the Anti-Bribery and Corruption Policy to relevant parties to know and conform to .
5. Control and monitor the practitioner to strictly implement the Anti- Bribery and Corruption Policy.
6. Specify the revision on the risk management policy of anti-bribery and corruption at least once a year as well as revising the existing policy to suit for preventing or reducing risk at the acceptable level.

Internal Control and Auditing System and Financial Reporting

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

Training and Communication

The Company has distributed to all stakeholders, with information displayed on both internet and intranet website

of the Company, in order to acknowledge Company's determination to operate the business with transparency and free from bribery and corruption,

1. Communication

- 1.1 The Company has provided the communication about the anti-bribery and corruption policy and measures to the relevant parties, comprising of Directors, Executives, employees, subsidiaries, associates and other companies under the Company's control and all relevant stakeholders for acknowledgement;
- 1.2 The Company has provided the communication about the penalty in the violation of anti-bribery and corruption policy and measure, as well as the communication about the policy stated that even though the Company would lose business opportunities; the Directors, Executives and employees who refuse to commit bribery and corruption shall not be demoted, punished or received negative results;
- 1.3 The Company has disclosed the anti-bribery and corruption policy and measures of the Company to public.

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

2. Training

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

In 2015, the company sent an executive to attend the training courses of Anti Corruption The Practical Guide Association of Thai Institute of Directors (IOD).

Supervision for Compliance

In order to ensure the implementation of the anti-bribery and corruption policy and measures throughout the organization, with well-defined supervision, the Company has set out the roles and responsibilities for the following persons or organizations;

Corporate Governance Committee:

- To prepare the anti-bribery and corruption policy and measures that are up-to-date, matched with the environment and risk factors. The policy and measures shall be reviewed at least once a year;
- To consider the report about the operations according to the anti-bribery and corruption policy and measures

Audit Committee:

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

Management Team:

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

Human Resource Department:

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

Internal Audit Department:

- To review the internal control system, internal audit, as well as bribery and corruption risk assessment before reporting to the Audit Committee, including notifying and following up the result from the relevant departments in order to ensure that the Management team has already solved such issues.
- To provide preliminary suggestion about the anti-bribery and corruption policy and measures, as well as to coordinate or discuss with other departments involved in providing, complete, proper and clear recommendations.

Punishment

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

3. Respect for human rights

Nowadays, the problems of human rights become more severe and have impacts on the society and on the freedom of occupation and business operations. The Company has had the policy to counter any violations of human rights in conformity with the legal state society. That is, people shall

have rights and freedom under the provisions of law. The Company's guidelines in this regard are as follows:

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

4. Fair treatment towards employees

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

- Providing appropriate compensation in accordance with each employee's knowledge, ability, responsibility and performance;
- Encouraging, developing and enhancing knowledge and ability of employees for their achievement and security in their career;
- Supporting participation of the employees in determining the directions in working and problem solving in the Company;
- Taking care of work environment for life and properties safety and good health for the life, health, and the employees;

- The reward and punishment for employees must be based on righteousness and fairness, and must be made honestly;
- Adhering to the laws and other regulations regarding legal laws and employees' welfare;
- Managing the employees by avoiding any unfair and wrong acts which may affect the job achievement and career security of the employees;
- Treating the employees based on the dignity of human beings, and respect their individual human rights and duties.

5. Responsibility towards the consumers

The Company's guidelines are shown as follows:

Hotel business

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

Real estate for sales

- After the customers have moved into the new home for 1-3 months, the Maintenance Service team will be sent to meet with them to provide instructions for home equipment maintenance at home, as well as checking the overall conditions of their residences;
- "Thank you Party" for the customers is organized, with snacks, food and drink, as well as souvenirs, being provided; the customers also being able to invite their friends to the party (in order to create good relationship between the Company and its customers);
- In regard to high-end home projects, the design will focus on maximum privacy for customers, such as by using Double Security system so as to prevent any of the external party's intrusions;
- "Home Automation "design is in use, by which the light will be turned on and off automatically for more convenience, safety, and energy saving, as well as environmental friendliness; alternatively, the system may be controlled through other types of controller as well;
- Strict security system at the entrance of the project is being in use: visitors are to be checked thoroughly, and they are also required to exchange ID cards for the rights to enter the project. Visitor's card must be properly stamped every time prior to exiting the project, which helps increase customers' confidence in the project's security system;
- Meeting sessions are held for the tenants in order to provide the opportunity for their opinions, feedbacks and suggestions to be heard, as well as participating in finding solutions to problems upon the premises; bulletin boards are made available for public relations purposes, and suggestion boxes are strategically being placed in return for tenants' opinions, feedbacks and suggestions; all for peace and order within the community with an aim to alleviate the situations of complaint in the future;
- The building designs for condominium projects are in compliance with environmental standards and laws. Both the designs and reports on environmental impacts of the

projects are submitted in order to obtain permissions. In addition, the Environmental Impact Analysis (EIA) reports are prepared as specified by the law. Other rules and regulations are also strictly observed;

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

6. Environmental conservation

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

its employees for the benefits of the Thai society, community and environment as follows:

- Office buildings for rent, hotels and serviced apartment projects have cooperated well in light of energy conservation by installing new air-conditioners in replacement for the previous ones every time it was detected that the use of energy exceeded the standard of energy consumption; in addition, the quality of the used water supplies in buildings has been tested before draining to the public wastewater system, etc.;
- Waste water treatment system has been utilized in office buildings for rent, hotels and serviced apartment projects so as to treat waste liquid prior to releasing it to public pipes. The Company has made delivery of supplies of already treated wastewater to Environment and Laboratory Co., Ltd. for testing in order to ensure that the process of waste water treatment has been conducted in accordance with the established criteria;
- Employees are encouraged to classify wastes before have them disposed;
- Training courses have been provided for the employees whose tasks are related to housekeeping, which include the properties of floor cleaning products that are suitable for each type of surface or materials, as well as the appropriate amount required to reduce both the residue and the amount of water used in cleaning; as a result, the amount of waste water affecting the environment has proven to be in decline;
- Only materials by the manufacturers who have proven to care about environment, and who have made efficient use of natural resources in aims at alleviating environmental impacts, are to be used. Verification may be conducted by examining their certified environment standards;

7. Participation in social/ community development

- Participating in alliance with "Kidzania", the world-renowned edutainment center that provides great learning

experience for children aged 4-14 years of age by role play and make-belief in a selection of occupations : Q. House has provided the project with a studio design hall (on 2nd floor of Kidzania, Siam Paragon), where children are to be provided with the opportunity to learn more about Interior Design, as well as various ways to decorate their own rooms;

- The lighting system has been installed surrounding the project area, as well as that of traffic lights in the public-roadway junction area for safety of customers and neighboring community residents;
- Center Point Hotel Group has hosted several events to raise the funds for Na Kittikoon Foundation; which takes care group of Autistic children, such events are listed as follows:
 - Na Kittikoon Foundation Gallery @ Centre Point
 - Mini Marathon & Art Gallery by Na Kittikoon
 - Art purchasing for Calendar 2016 - Na Kittikoon
 - Art purchasing for E Birthday Card - Na Kittikoon
- The employees of the Company and its subsidiaries, participated in blood donation campaign for the charitable benefits of the Thai Red Cross Society at 'Q. House Lumpini, 4 times annually

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

Hotel business

- Changing the chlorine-based swimming pools to salt-based ones instead in light of reducing the use of chemical products and enhancing health benefits for the customers;
- Changing halogen lights to LED lights in order to reduce energy consumption in the rooms and customer service areas.

Business of real estate development for sales

- Using pre-cast concrete system to reduce construction time and to minimize impacts from construction work on surrounding communities, as well as decreasing the amount of garbage or waste from the construction work;
- Using alternative materials in construction instead of natural materials in aims at reducing impacts on environment and saving the installation time; for instance, the use of artificial wood or wooden-designed tiles instead of real wood, or that of ready-made stairs rather than wooden stairs, as well as selection of vinyl doors and windows in replacement for wood in order to alleviate the burden of natural materials consumption;
- Constructing more of central wastewater treatment tanks than the number specified by laws, as well as providing for minor wastewater treatment tanks in all households and buildings in order that wastewater can be treated prior to being released to public drainage systems;
- Architectural design work having been made in according to the principle of tropical architect design, with eaves projecting beyond the side of the building so as to help alleviate heat within the interiors, in addition to the use of thermal insulation and lightweight brick wall for heat prevention, etc, thus reducing consumption of electricity from air conditioners and electric fans;
- Project layout also being strategically planned in accordance with the principle of tropical architect design, with the focus being made upon directions of sunlight, wind, rainfall and seasonal climates; the house structures located along the line of north and south directions are good for natural light to shine in, as well as for better ventilation and saving mechanical energy; cultivation of perennial plants and trees, as well as green landscape, creates peaceful ambience with a sense of comfort while simultaneously serving as a dust filter and reducing noise pollution; housing projects are also designed with energy-saving in mind based upon directions of sunlight and wind.



INTERNAL CONTROL and Risk Management



During the Board of Directors' Meeting No.1/2016 convened on February 26, 2016 in which 3 Audit Committee members have carried out participation, the board of directors managed to evaluate the internal control system, with usage of "Internal Control Environment Assessment Form" ,accessible from SEC website, taking into account certain pieces of relevant information and intelligence as well as a number of enquiries obtained from a group of executive officers. Below shown are the five disciplines of the Company's internal control system having undergone the process of evaluation accordingly:

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

According to the board of directors' evaluation, the Company's internal control system has been found sufficiently established and properly maintained in light of its implementations pertaining to relevant issues. Accordingly, the Company has also succeeded in providing for a sufficient number of personnel in regard to taking control of the aforementioned

in entirely efficient manner while properly maintaining the status of ably supervising and monitoring its subsidiaries' business operations and simultaneously preventing from any illegitimate utilization of both the Company and its subsidiaries' corporate resources and against conducting transactions with parties with potential conflicts and the likes. As for internal control in other subjects, the Board of Directors also had the opinion that there was sufficient control.

The independent directors and members of the Audit Committee had the same opinion with the board of directors. Below shown are the five disciplines of the internal control system:

1. Internal Control Environment



The management team and employees have proven optimistic and in possession of positive attitudes rightfully in favor of the internal control criteria. The management team have placed the importance upon business ethics and integrity; therefore, in the event that there stood a breach of the codes of conduct, thus affecting the elements of business ethics and integrity, the incidents were to be treated with fairness

and transparency in response to the given circumstances and in accordance with the audit report on case-by-case basis.

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

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

addition to a well-defined paradigm of performance appraisal process, incentive scheme, as well as disciplinary actions upon tardiness and ineffectiveness when and where necessary, all of which are to be communicated and made known to the employees and their superiors (including executive officers and management team);

- The Company has defined and established the Code of Conduct in writing to be properly observed by both management team and employees, as well as monitoring their observance accordingly; this includes prohibiting the aforementioned groups from acquitting in such manner that may cause conflicts of interest with the Company's businesses, as well as preventing from any of corruptive behaviors and misconducts, with which failure to comply shall be addressed in form of disciplinary actions and such;
- The Company has defined and established 'the measure and guideline for anti-bribery and corruption policy', on top of such previously defined in code of conduct, in aims at providing measure and procedure for employees to understand and execute properly as described in the anti-bribery and corruption measure, as well as to communicate internally and externally to create awareness for all groups of interested person regarding to the aforementioned anti-bribery and corruption measure of the company
- The Company has also prescribed the rules and regulations, as well as policies, all in writing, in dealing with risk-prone transactions including financial, procurement and administrative ones, etc., in aims at preventing from corruptions and damages that could have incurred;
- The Company has managed to provide the operation control and monitoring systems for those in charge, including the Internal Audit Department, the latter of which retains autonomy in auditing and reporting directly to the Audit Committee, whose duties include making inspection in accordance with business risk priority, covering critical work processes within the Company and its subsidiaries.

The Audit Committee has supervised the internal audit work by giving approvals of the annual audit plans, acknowledging the audit results, providing opinions on how to implement the well-defined internal control system in order to prevent or reduce potential risks, as well as drawing up guidelines for reporting the follow-up results of revisions so that the internal audit work shall be proceeded properly and effectively. In 2015, no significant errors related to the internal control have been found.

2. Risk Assessment

The Company has placed the importance upon the issue of risk management and thus established "the Risk Management Committee" in association with the comprehensive risk categories so as to evaluate and follow up both the overview and the details of risk management plans pertaining to each individual unit within the Company on regular basis. In addition, the Company has managed to ensure that the systems of risk management report be implemented in proper and timely manner. The Company's executives have thus evaluated the situations and risks and analyzed the incidents which may have had impacts on, and caused damage to, the Company. In response, the Company has prescribed the preventive and corrective measures against those risks while assiduously monitoring and following up with the incidents attributed to the risk factors, as well as implementing the measures in aims at reducing the risks accordingly. Furthermore, the Risk Management Committee has approved the instrumentalization and initiated communications of risk management policy with the executive officers/management team and all staff members for their acknowledgement and actions to such an extent that it will have become integral a part to the organization as a whole. The Risk Management Committee also reports the performance on a regular basis to the Audit Committee. Note that the detailed information may be located in another chapter "Risk Factors".

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

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

3. Control Activities

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

- The Company has determined the scope of authority, as well as financial limits and power of attorney, to be exercised by the management team at each level in writing and well-defined manner in the form of regulations on payment approval authority;
- The Company has allocated professional duties and responsibilities into 3 areas as follows:
 - (1) Approval;
 - (2) Recording of accounting transactions and information;
 - (3) Asset management.

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

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

use of certain programs have also been determined in compliance with the chain of command;

- In case of business transactions being carried out with the related parties, the Company has established a set of concise measures in light of monitoring and ensuring that the aforementioned activities be performed in compliance with the processes prescribed by the authorities while being strictly treated as a case of normal transactions conducted with external parties, thus upon the so-called arm's length basis, all for the Company's utmost benefits;
- In the event that business transactions with the related parties are to be approved in such manner that they shall become [legally] bound with the Company on long term basis, the Company has managed to audit and monitor on regular basis as to whether or not the terms and conditions upon which both or all parties have been agreed are being strictly observed;
- In the event that the Company has made investments in subsidiaries or associated companies, the Company shall ensure that their performances be regularly analyzed and evaluated on regular basis;
- The Company has established controlling measures in light of its business operations so as to ensure that they be in compliance with the related laws, thus in aims at reducing the operational risks and preserving the Company's great name and reputation.

4. Information and Communication

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

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

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

In regard to data/information backup system, the following is to be implemented:

1. Information on daily activities shall be 'backed up' and maintained in another server;
2. The backup database shall be taped, transferred and maintained to an external location outside the organization on daily basis;
3. Data and information shall be transmitted to Data Backup Center every 30 minutes while the latest pieces of data and information thereof are being examined so that automatic e-mail messages shall be re-transmitted to those in charge 9 times a day.

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

Work systems may be classified by business segments as follows:

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

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

In addition, the project information system has been developed so as to make storage of various pieces of important information and documentations ranging from land procurement to requesting for construction permits, construction process and selling until being transferred. Moreover, in previous year, the data interface with factories manufacturing Precast was implemented, as well as after-sales service system addition.

In regard to sales and marketing, a variety of supportive systems are available as follows: the site inspection database system; property sales-and-transference system whereby customers' personal identifications are to be located via automatic ID card scanners; various marketing systems such as CRM, "Friend Gets Friend", "Electronic Direct Mail", as

well as the automatic thank-you notes delivered by means of SMS to the customers; advertisement media system also being utilized so as to prevent overlaps and redundancy while simultaneously measuring the ad-feedback result; and after-sales service. Furthermore, all information systems are interconnected with the accounting and financial system so as to ensure accuracy and eliminate redundancy. The systems are also automatically implemented such as in terms of report delivery via automatic e-mail correspondence, submitting purchase order and making payment automatically to retail outlets, as well as transmitting e-mail alerts to various agencies.

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

2) Business of residential buildings for rent (service apartment/hotel businesses)

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

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

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

3) Business of office building for rent

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

4) Back Office operation

The information system provides supports for the operation of all units within the organization as follows: budget system; procurement system; fixed asset system, thus allowing for a

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

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

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

5. Monitoring Activities

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

The Company has also evaluated the result of internal audit performed by an independent consultancy unit and reported the audit results to the Audit Committee directly.

In the event that there existed incidents or doubts in which gross misconducts had been committed against the law or any other irregularities, which could have significantly affected the Company's reputation and financial status, the executives/management team were to report the board of directors immediately, as well as properly providing corrective measures for the board of directors/the Audit Committee for their further consideration.

In 2015, the Audit Committee has convened 9 meetings so as to take into account and follow up on the financial status and operational results on regular basis, as well as making

significant recommendations which have had impacts on the "organization and executive officers" periodically, while simultaneously monitoring and ensuring that the corporate goals were to be attained. The internal control system would be continually reviewed and improved promptly in response to the ever-changing situations.

Furthermore, the Company's auditor, EY Office Limited, represented by Ms. Rossaporn Dej-Arkhom, who serves as the auditor of year 2015 financial statements, has 'not' taken note in the Auditor's Report that the Company had any defects related to the issue of internal control system whatsoever.

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

The consideration of appointment, withdrawn and transfer of the Head of internal audit will require an approval from the Audit Committee.



CONNECTED PARTY Transactions

1. Connected party transaction with persons with potential conflicts

The previous year witnessed the Company and its subsidiaries conducting a number of connected party transactions with persons with potential conflicts (please consult with the remarks included in the financial statement). Below shown is the summary of connected party transactions carried out by the Company and its subsidiaries during the aforementioned period:

Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee
		Dec. 31, 2015	Dec. 31, 2014	
1) Land and Houses Property and Loan Fund - II ("LHPF II")				
<p>1. Major shareholders include the following:</p> <ul style="list-style-type: none"> - Land and Houses Plc. ("LH") and its subsidiaries jointly hold 50% of investment units of LHPF II, with LH signifying the major shareholder of QH, thus holding 24.98% of its shares. - Reco Group : the Group has the Government of Singapore Investment Corporation Pte Ltd. (GIC) as an indirect major shareholder with 100% of shares in its possession. The Reco Group also holds 50% of investment units in LHPF II while GIC signifies a major shareholder of QH holding 10.77% of its shares. In addition, GIC is also a major shareholder of LH holding 16.55% of the latter's shares. <p>2. Below shown is the list of LHPF II's joint directors : Mr. Anant Asavabhokhin</p>	<p>Q.H. International Co., Ltd., ("QHI") (QH holding 100% of its shares) produced lease agreements, provided building management services as well as other services as per the following details:</p> <p>1. Leasing of the hotel buildings or service apartments, including fixtures, furniture, system-work and equipment in light of the following projects:</p> <p>1.1. Centre Point Hotel Ploenchit (formerly known as "Centre Point Hotel & Residence Wireless Road"). Terms of lease agreement: 4 months (Jan. 1, 2014 - Apr. 30, 2014).</p> <ul style="list-style-type: none"> - Property rental fee. - Revenue from building management service fees. - Accrued expenses. - Other receivables. <p>Summary of property leasing agreement shall be presented as follows: The subsidiaries shall make payment of remuneration for the property rental fee to the Fund in accordance with the following:</p> <ul style="list-style-type: none"> - Year 2013 (Jan. 1 - Dec. 31) : 96% of monthly income (net) or not less than Baht 4.41M per month, to be deducted with the add-back costs on monthly basis. 			<p>The Audit Committee has taken into consideration and thus come to the conclusion that the entering into such business transactions (namely, connected party transactions) (also implemented within a profitable price range) constituted a commercially reasonable act and therefore has proven beneficial to the operations by the Company and its subsidiaries as something to be considered a business as usual. In consequence, the Company and its subsidiaries are prone to receiving commercial benefits of incomes from rentals and service charges obtained from customers of the property-for-rent business and those derived from the service charges acquired from the hotel business. In addition, all these activities are most likely to be of use in terms of enhancing corporate brand awareness among the target groups particularly for both "Centre Point Hotel Ploenchit" and "Center Point Sukhumvit - Thonglor". The Audit Committee was of the opinion that it would be rational to carry out these transactions as it would yield reasonable rates of return to the Company.</p>
		-	17.02	
		-	1.75	
		-	-	
		-	3.69	

Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee
		Dec. 31, 2015	Dec. 31, 2014	
	<p>The add-back costs include property tax, signboard tax, depreciation, building insurance premium, as well as other expenses at the rate of 2% of total revenue.</p> <p>- Note that on August 1, 2014, the written notification has been drawn up so as to terminate the contract of Centre Point Hotel Ploenchit service due to the aforementioned project being under renovation and on account of the transition (change) of its project management team; the termination of such contract is effective from September 1, 2014 onwards.</p> <p>2. Providing building management service and other services.</p> <p>LHPF II has terminated the service agreement as of March 22, 2012 with the aforementioned project already sold to LHPF, the details of whose service to be provided are as follows :</p> <p>2.1 Center Point Residence Phromphong (Apartment for rent).Terms of Agreement: 2 years (Jan. 1, 2011 - Dec. 31, 2012).</p> <p>- Other receivables.</p>	-	0.30	

2) Land and Houses Fund Management Co., Ltd.

- QH and LH are the shareholders of LH Financial Group Plc. ("LHFG"), holding 21.34 % and 33.98 % of the total shares respectively (as of May. 7, 2015). Meanwhile, LHFG is the shareholder of Land and Houses Bank Plc., holding 100% of the total shares; and in turn, the LH Bank is holding 100% shares of Land and Houses Fund Management Co., Ltd.	<p>Renting the office space in Q. House Sathorn Building for business purpose.</p> <p>Summary of the Lease/Service Agreement.</p> <p><u>1st Agreement</u> : 4 years, 10 months and 4 days (Oct. 28, 2010 – Aug. 31, 2015) The total rental space was 240 square-meters at the rental rate (service fee included) of Baht 475 per square-meter per month.</p> <p><u>2nd Agreement</u> : 3 years (Sep. 1, 2012 – Aug. 31, 2015). The total rental space was 219 square-meters at the rental rate (service fee included) of Baht 450 per square-meter per month.</p> <p><u>3rd Agreement</u> : 3 years (Sep. 1, 2015 – Aug. 31, 2018). The total rental space was 459 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.</p> <p><u>4th Agreement</u>: 2 years and 11 months (Sep. 16, 2015 – Aug. 31, 2018). The total rental space was 238.50 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.</p>			The Audit Committee was of opinion that, with such rental and service fees of the aforementioned office building's rental space, it was deemed reasonable to enter into the transaction. The prices, which have proven competitive enough in comparison with the offers made to other tenants with similar size of space, were also being offered within a fair market value price range.
- Mr. Adisorn Thananan-narapool is a joint director of this company.				
	- Revenue from rental and service fees.	4.88	3.43	
	- Deposit for rental and service fees.	1.56	0.64	

Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee
		Dec. 31, 2015	Dec. 31, 2014	
3) Land and Houses Bank Plc.				
<p>- QH and LH are the shareholders of LH Financial Group Plc. ("LHFG"), holding 21.34 % and 33.98 % of the total shares respectively (as of May 7, 2015). Meanwhile, LHFG is the shareholder of Land and Houses Bank Plc. (LHBANK), holding 100% of the total shares.</p> <p>- Mr. Anant Asavabhokhin, is a joint director of this company.</p> <p>Remark : Below shown are the subsidiaries, with both direct and indirect shareholdings : QH Management Co. Ltd., QH International Co. Ltd., The Confidence Co. Ltd., Casa Ville Co. Ltd., Q House Precast Co. Ltd., Casa Ville (Petchburi 2553) Co. Ltd., Casa Ville (Rayong 2553) Co. Ltd., Casa Ville (Chonburi 2554) Co. Ltd., Casa Ville(Prachuabkhirikhan 2554) Co. Ltd., Property Host Co. Ltd., (and Centre Point Hotel and Residence Co. Ltd.</p>	<p>(A) Bank transaction :</p> <p>- Bank deposit.</p> <p>- Interest income.</p> <p>- Bank charge.</p> <p>- Revenue from automobile sales.</p> <p>- Accrued expenses.</p>	2,153.30	905.98	<p><u>Banking transaction</u></p> <p>The Audit Committee was of the opinion that the opening of each type of bank accounts, rates of interest income and normal bank charges were normal and implemented in the same manner as other persons or companies as has been generally announced.</p> <p><u>Rental of spaces in office buildings</u></p> <p>The Audit Committee was of the opinion that the rates of rentals and service fees of spaces for rent were reasonable and thus suitable for entering into transaction. In addition, the fees were found comparable to other operators with similar size of spaces, thus constituting those of fair market value as well.</p> <p><u>Service Fees for Landscape Maintenance and Gardening</u></p> <p>The Audit Committee was of the opinion that the service fees stipulated under the instrument of agreement/contract were in accordance with the ordinary course of business as usual, thus deemed reasonable and of the fair market value when compared to those of the same business nature.</p>
	<p>(B) Leasing of space in Q House Asoke Building.</p> <p>Term of Agreement: 3 years (Oct. 1, 2012 – Sep. 30, 2015). The total rental space was 71 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.</p> <p>Later the company extended the rental agreement for another 3 years period (Oct. 1, 2015 – Sep. 30, 2018). The total rental space was 71 square-meters at the rental rate (service fee included) of Baht 630 per square-meter per month.</p>			
	<p>- Revenue from rental and service fees.</p> <p>- Deposit for rental and service fees.</p> <p>- Account receivables</p>	0.66	0.65	
	<p>(C) Leasing of space in Q House Sathorn Building.</p> <p><u>1st Agreement</u> : 3 years (Apr. 1, 2014 – Mar. 31, 2017). The total rental space was 2,665 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.</p> <p><u>2nd Agreement</u> : 3 years (Apr. 1, 2014 – Mar. 31, 2017). The total rental space was 36 square-meters at the rental rate (service fee included) of Baht 600 per square-meter per month.</p>			
	<p>- Revenue from rental and service fees.</p> <p>- Receivables (rental and service fees).</p> <p>- Deposit for rental and service fees.</p>	22.64	16.67	
	<p>(D) Service fees for landscape maintenance and gardening. Q.H. Management Co., Ltd., a subsidiary whose shares are held both directly and indirectly in total of 100% by the Company, has provided landscape maintenance and gardening service to Land and Houses Retail Bank Plc. (LHBANK).</p>			
		0.12	0.09	
		4.47	4.47	

Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee
		Dec. 31, 2015	Dec. 31, 2014	
	<p>1st Agreement: (1st Floor) Terms of Agreement: 1 year (Jan. 2015 – Dec. 2015), the service fee amounting to Baht 15,000 per month</p> <p>2nd Agreement : (5th and 24th Floors) Terms of Agreement: 1 year (Jan. 2015 – Dec. 2015), the service fee amounting to Baht 1,500 per month</p> <ul style="list-style-type: none"> - Revenue from the service fees - Account receivables. <p>(E) Sales promotion expenses incurred from the activities related to customers who bought properties by QH and its subsidiaries.</p> <ul style="list-style-type: none"> - Sales promotion expenses (principal and interest expenses) 	0.20	0.19	<p>Sales promotion expenses incurred from the activities related to customers who bought properties</p> <p>The Audit Committee was of the opinion that the transactions of sales promotion expenses incurred from the activities related to customers who bought properties, in regard to the repaid principal and interest expenses, were in accordance with the ordinary course of business as usual and also found to be in the approximate value to that of other sales promotion campaigns given to other real-estate customers. Thus, it was deemed proper and reasonable to carry out the aforementioned transactions.</p>
		0.02	0.02	
		7.00	3.90	
4) Home Products Center Plc. ("HMPRO")				
<ul style="list-style-type: none"> - LH is the major shareholder of QH and HMPRO, holding 24.98% and 30.23% (as of Sep. 10, 2015) respectively. - QH is the major shareholder of HMPRO, holding 19.87% (as of Sep. 10, 2015). - HMPRO's joint directors are listed as follows: Mr. Anant Asavabhokhin, Mr. Chadchart Sittipunt, and Mrs. Suwanna Bhuddhapasart 	<p>Purchasing products and services.</p> <ul style="list-style-type: none"> - Value of purchased products and services. - Account payables from the purchase of products and services. 	32.37	48.43	<p>The Audit Committee was of the opinion that such transaction was deemed reasonable and based on the principle of fair market value. In addition, QH and its subsidiaries are entitled to opt for products and construction materials from other companies in the event that the rivals' offers are found more reasonably priced.</p>
		6.52	5.11	
5) Quality Construction Products Plc. ("Q-CON")				
<p>The major joint shareholder is LH, holding shares of both QH and Q-CON at the ratio of 24.98% (as of Sep. 10, 2015) and 21.16% (as of Apr. 1, 2015) respectively.</p>	<p>Purchasing products.</p> <ul style="list-style-type: none"> - Value of purchased products and services. - Account payables from the purchase of products and services. - Account receivables from the purchase of products and services (advanced payment). 	63.11	72.23	<p>The Audit Committee was of the opinion that such transaction was deemed reasonable and based on the principle of fair market value. In addition, QH and its subsidiaries are entitled to opt for products and construction materials from other companies in the event that the rivals' offers are found more reasonably priced.</p>
		10.19	13.62	
		0.27	0.27	

Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee
		Dec. 31, 2015	Dec. 31, 2014	
6) L & H Property Co., Ltd. ("LHP")				
1. The joint major shareholders are listed as follows: - LH, holding shares of LHP and QH at 60% and 24.98% respectively (as of Sep. 10, 2015). - Reco Resort Pte Ltd., a subsidiary of GIC, holding 40% of LHP shares and GIC hold 10.77% of QH (as of Sep. 10, 2015).	<p>(A) Grande Centre Point Hotel Terminal 21</p> <p>1. Hiring contract for hotel management.</p> <p>1.1. Hotel management fee is to be calculated at the rate of 2% of total income plus 4% of gross profit (Nov. 2011 - Dec. 2014.).</p> <p>On Jan. 20, 2014, Quality Houses Plc. had made a written notification to terminate the project's service agreement effective from Jan. 1, 2014 so that project management would be re-assigned to Q.H. International Co., Ltd. ("QHI"; QH holding the shares at 100%) for a one-year contractual period (Jan. 1, 2014 - Dec. 31, 2014). Then in 2015, the contract was extended for another one year period (Jan. 1, 2015 - Dec. 31, 2015)</p>			The Audit Committee was of the opinion that it was justifiable and commercially beneficial to the business of hotel/residential buildings for rent to enter into such transactions, which constituted part of QH's business as usual. QH would benefit from being paid the remuneration for its services including project management tasks. In addition, all these activities are most likely to be of use in terms of enhancing corporate brand awareness among the target groups particularly for "Grande Centre Point". The service fees collected by the Company were mutually agreed upon by both parties in accordance with the market prices.
2. The joint directors include the following: Mr. Anant Asavabhokhin, Ms. Kanokvalee Viriyaprapaikit and Mr. Adisorn Thananannarapool.	<p>Later, L & H Property Co., Ltd and Q.H. International Co., Ltd. terminated aforementioned management contract, the termination of such contract is effective from March 31, 2015 onwards.</p> <p>- Service revenue. 11.34 23.25</p> <p>- Service receivables. - 4.71</p> <p>- Other payables. - -</p> <p>Quality Houses Plc. had transferred its staff members in Marketing department to Q.H. International Co., Ltd. effective from Jan. 1, 2014 whereas the latter would also be responsible for collecting payments of broker fees.</p>			

Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee
		Dec. 31, 2015	Dec. 31, 2014	
	<p>Later, Q.H. International Co., Ltd. had transferred its staff members in Marketing department to station in hotels, then the collecting payments of broker fees had been terminated from July 2014 onwards</p> <p>- Broker fees.</p>	-	0.13	
	<p>(B) Grande Centre Point Hotel Ratchadamri.</p> <p>1. Hiring contract for hotel management.</p> <p>Hotel management fee is to be calculated at the rate of 2% of total income plus 4% of net income. On Jan. 20, 2014, Quality Houses Plc. had made a written notification to revise the project management agreement so that project management would be re-assigned to Q.H. International Co., Ltd. ("QHI"; QH holding the shares at 100%) for a one-year contractual period (Jan. 1, 2014 - Dec. 31, 2014). Then in 2015, the contract was extended for another one year period (Jan. 1, 2015 - Dec. 31, 2015)</p> <p>Later, L & H Property Co., Ltd. and Q.H. International Co., Ltd. terminated aforementioned management contract, the termination of such contract is effective from March 31, 2015 onwards.</p> <p>- Service revenue.</p> <p>- Service receivables.</p>	11.11	18.18	
	<p>Quality Houses Plc. Co., Ltd. had transferred its staff members in Marketing department to Q.H. International Co., Ltd. effective from Jan. 1, 2014 whereas the latter would also be responsible for collecting payments of broker fees.</p> <p>Later, Q.H. International Co., Ltd had transferred its staff members in Marketing department to station in hotels, then the collecting payments of broker fees had been terminated from July 2014 onwards</p> <p>- Broker fees.</p>	-	0.35	

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

1. The joint major shareholders are LH, holding shares of QH and LH Mall & Hotel Co.,Ltd. ("LHMH") (previously "Pacific Real Estate Co. Ltd") at the ratio of 24.98%	(A) Personnel recruitment fees. QHI has hired LHM for personnel recruitment and central administration for the period of 2 years (Jan. 1, 2013 - Dec. 31, 2014). Then in 2015, the contract was extended for another three year period (Jan. 1, 2015 - Dec. 31, 2017)	The Audit Committee was of the opinion that, with the fair market value being identified herewith, it is fair to enter into the said transactions accordingly.
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Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee
		Dec. 31, 2015	Dec. 31, 2014	
(as of Sep. 10, 2015) and 100% respectively. LHMH then holds share of LHM at the ratio of 99.93%	Later, Quality Houses Plc. Co., Ltd. had received a transfer of staffs from to L & H Management Co., Ltd., so the aforementioned contract had been terminated since.			
	- Personnel management fees.	0.41	2.02	
2. Ms. Kanokvalee Viriyaprapaikit	- Other receivable	0.70	-	
Mrs. Suwanna Bhuddhaprasart are joint directors in QH and LHM.	(B) Location service fees. Summary of Service Agreement Terms of Agreement: 2 years (Jan. 1, 2013 – Dec. 31, 2014), based upon the calculation of the number of employees utilizing the space at the rate of Baht 5,500 per person per month (excluding VAT). From June 1, 2015 onwards Quality Houses Plc. had received a transfer of staffs from L&H Management Co., Ltd., so the aforementioned agreement had been terminated since.			
	- Service revenue.	0.07	0.19	
	- Other receivables.	-	0.02	

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

QH is the major shareholder of QHPF, holding 25.66% of total shares (as of Nov. 11, 2015).	(A) Long-term leasehold right. QH gives the leasehold right for land and building, as well as other relevant equipment of Q. House Ploenchit Project for 30 years (Dec. 8, 2006 – Dec. 7, 2036), for which QH received the rental fee of Baht 819M in full.			The Audit Committee was of the opinion that the distribution and/or giving of the leasehold right for land, building and the related equipment of the 2 projects, namely, Q. House Ploenchit and Q. House Lumpini, to QHPF have been carried out in accordance with the resolution of the Board of Directors' Meeting No.10/2006 convened on October 19, 2006. The transaction was carried out at fair market value whereby the Company has already made price comparison with that being offered by each prospective buyer and thus has selected the bidder who has offered the best proposals, as well as most attractive terms and conditions, including the highest return to the Company. The Audit Committee has taken into account the reports submitted at that time by 2 independent consultants, as well.
	- Unearned revenue from rental fee.	568.75	595.91	
	- Revenue from rental fees.	27.17	27.17	
	(B) QH and QHI (QH holding 100% shares) were hired to manage 3 office buildings for rent, including Q. House Lumpini, Q. House Ploenjtit and Wave Place.			
	- Revenue from Building management fees.	29.13	27.66	
	- Revenue from other services.	-	0.05	
	- Other receivables.	4.98	2.48	
	(C) QH rented office spaces from Q. House Lumpini Building for its business purpose.			
	- Space rental fee.	32.01	30.28	
	- Accrued expenses.	0.22	0.29	
	- Deposit for rental and service fees.	6.71	6.61	
	Notes: The estimated value of Q. House Ploenjtit ("PJ") and the Q. House Lumpini ("LU") reported at that time by 2 certain independent consultants were as follows:			

Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee
		Dec. 31, 2015	Dec. 31, 2014	
		Unit: Million		
		PJ	LU	Total
	CBRE	838	5,566	6,404
	BKKAP	800	5,240	6,040
	- CB Richard Ellis (Thailand) Co., Ltd. ("CBRE") - Bangkok Property Appraisal Co., Ltd. ("BKKAP")			
Therefore, the Audit Committee has come to draw the conclusion that the aforementioned transaction was justifiable with the fair market value that also covered the rental fee rates and service fees payable to QHPF.				
9) Mrs. Dusadeeporn Phanijphand				
Mr. Rutt Phanijphand's spouse, Director, Chief Executive Officer and Executive Director of the Company. (Mr. Rutt Phanijphand has vacated the positions as CEO and Executive Director on Dec. 31, 2014).	Making purchase reservation of 3 condominium units in Q. Condo Asoke Project for Baht 23.7 M. - Deposit and down payment.	-	2.81	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance within the fair market price range.
10) Ms. Napatara Phanijphand and her spouse				
Mr. Rutt Phanijphand's daughter, director, Chief Executive Officer and Executive Director of the Company. (Mr. Rutt Phanijphand has vacated the positions as CEO and Executive Director on Dec.31, 2014).	Making purchase reservation of 2 condominium units in Q. Condo Asoke Project for Baht 17.4M. - Deposit and down payment.	-	2.05	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.
11) Mrs. Suvimol Chotewattanaphun				
Mr. Pravitt Chotewattanaphun's spouse, Director and First Executive Vice President.	Making purchase reservation of 1 condominium unit in Q. Condo Asoke Project for Baht 9.6M. - Deposit and down payment.	-	1.12	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented in light of business as usual but outside the general terms and conditions of marketplace upon the basis of employee's fringe benefits.
12) Mr. Pairoj Wattanarodom and Mrs. Parkpak Wangkarnjana				
First Executive Vice President, and his spouse.	Purchasing and transferring the "Laddarom Elegance" (Sathorn-Ring Rd.) residential project.	-	15.39	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.
13) Ms. Athigaya Wattanarodom				
"Younger sister" of Mr. Pairoj Wattanarodom, First Executive Vice President	Purchasing and transferring the condominium unit of The Trust Residence Ratchada-Rama III.	-	1.60	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.

Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee
		Dec. 31, 2015	Dec. 31, 2014	
14) Mr. Supasan Wattanarodom				
"Younger brother" of Mr. Pairoj Wattanarodom, First Executive Vice President	Purchasing and transferring the condominium unit of The Trust Residence Ratchada-Rama III.	-	1.60	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.
15) Mr. Vasin Pipattangsakul				
"Son" of Mr. Pornthep Pipattangsakul, Director and First Executive Vice President.	Reserving and purchasing a condominium unit of Q. Condo Asoke for Baht 9.3M. - Deposit and down payment	-	0.76	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.
16) Ms. Arin Vinaiphath				
"Daughter" of Mr. Adul Vinaiphath, Independent Director, Nominating and Remuneration Committee, and Chairman of Audit Committee.	Reserving and purchasing a condominium unit of Q. Condo Asoke for Baht 6.6M. - Deposit and down payment	-	0.74	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.
17) Mr. Somsak Jirarungruangvong				
Senior Vice President, Customer Transaction Serviced and Land Purchasing Department	Reserving and purchasing both a condominium unit and another retail unit of The Trust Condo Ngamwongwan for Baht 5.5M. - Deposit and down payment.	-	0.01	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.
18) Mr. Parkorn Jirarungruangvong				
"Son" of Mr. Somsak Jirarungruangvong, Senior Vice President, Customer Transaction Serviced and Land Purchasing Department	Purchasing and transferring the condominium unit of Casa Condo Ratchada-Ratchaphruek.	-	1.85	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.
19) Mr. Pravit Choatewattanaphun and Miss Kunyavit Choatewattanaphun				
First Executive Vice President	Purchasing and transferring the condominium unit of Q. Condo Asoke.	7.76	-	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.

Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee
		Dec. 31, 2015	Dec. 31, 2014	
20) Mr. Pornthep Pipattangsakul				
First Executive Vice President	Purchasing and transferring the condominium unit of Q. Condo Asoke.	8.47	-	The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.
21) L & H Hotel Management ("LHH")				
- Joint major shareholders are LH and GIC which hold 24.98% and 10.77% of QH shares respectively (as of Sep. 10, 2015). LH and the Government of Singapore Investment Corporation (Realty) Pte Ltd. ("GICR") [both GICR and GIC have the same major shareholder] indirectly hold the shares through channel instrumentalization of LHP at the ratio of 59.98% and 39.998% respectively, while LHP holds 99.97% of LHH shares.	<p>(A) Hiring contract for personnel management. Q. H. International Co., Ltd. ("QH" holding 100% shares) hired LHH to recruit personnel and manpower for the Centre Point Hotel Ploenchit (Jan. 1, 2014 - Dec. 31, 2014).</p> <p>Centre Point Hotel Ploenchit had been under renovation since May 2014, in addition, Land and Houses Property and Loan Fund-II demanded a new hotel operator, thereof QHI terminated aforementioned contract, effective from September 1, 2014 onwards.</p> <p>- Personnel management fee. - 8.82 - Other payables. - 0.06 - Other receivables. - 0.14</p>			The Audit Committee was of the opinion that such transaction was deemed to be justifiably implemented under the general terms and conditions of marketplace and in accordance with the fair market value.
- The joint directors are listed as follows: Mrs. Suwanna Bhuddhaprasart and Ms. Kanokvatee Viriyaprapaikit.	<p>(B) Space rental and document collection fees. Service fee can be calculated upon the basis of the number of employees utilizing the premises for Baht 5,500 per person per day as well as the documentation storage fees for Baht 5,400 per month (excluding VAT) (Jan. 1, 2013 - Dec. 31, 2014).</p> <p>Later LHH had removed its staffs from service area of QH, then the latter had terminated collection of space rental and document collection fees, effective from March 31, 2014 onwards</p> <p>- Service revenue 0.18 0.63</p>			
22) Quality House Hotel and Residence Freehold and Leasehold Property Fund ("QHHR")				
- QH had sold the assets used in the operation of the Centre Point Hotel Projects in Pratunam, Sukhumvit 10 and Chidlom ("assets"), and proceeded to enable QHHR to enter into the property lease agreement for Centre Point Hotel Chidlom.	<p>(A) Hotel leasing. CPH has taken a lease and sublease of properties from QHHR for its hotel business operations, which included the Centre Point Hotel projects at Pratunam, Sukhumvit 10 and Chidlom.</p> <p>- Rental fees. 243.17 197.94 - Accrued rental fees. 61.94 63.37</p>			The Audit Committee was of the opinion that the distribution of properties together with fixture and related equipment and/or providing for leasehold right and/or transferring of leasehold right over the properties to QHHR was implemented in accordance with the resolution of the Board of Directors' Meeting No.4/2012

Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee														
		Dec. 31, 2015	Dec. 31, 2014															
Accordingly, QH received payment in total of Baht 3,342M in return.	(B) QH guaranteed the minimum rental income for QHHR from selling the assets to enable QHHR and CPH to make lease agreement for such assets for the period of 3 years from the date on which QHHR invested in the asset at the amount not exceeding Baht 837 Million.			dated Jun. 19, 2012, thus approving the Company and its subsidiary to distribute the real estate property, fixture and the related equipment and/or to give the leasehold right and/or to transfer the leasehold right of real estate property for the following (three) hotel and service apartment projects operated by the Company: Centre Point Hotel Pratunam, Centre Point Hotel Sukhumvit 10 and Centre Point Hotel Chidlom. In addition, these transactions were also collectively deemed reasonable and conducted within a fair price range due to the fact that QH had already taken into account the price comparison of quotations and the offers made by each and every one of the prospective buyers, and thus selected the bidder who offered the best proposals, terms and conditions, including the highest return to the Company. Furthermore, the appraisal reports produced at that time by 2 certain independent consultants were also taken into account by QH. In consequence, the Audit Committee was of the opinion that, during such period, the transactions were deemed reasonable and conducted within a fair price range.														
In addition, on July 18, 2012, the Company had made investment in QHHR for 31.33%, that is, 105.28M units of QHHR at the unit price of Baht 10, amounting to Baht 1,053M; note that as of August 13, 2015, the business ratio of investment made in QHHR by the Company accounted for 31.33% (of QHHR shares).	On July 19, 2015, the aforementioned agreement of minimum guarantee for rental fees was terminated, and Q.H. had completely paid such rental fees. - Paid minimum guarantee for rental fees. - Accrued minimum guarantee for rental fees.	- 83.46 - 34.08																
- The Centre Point Hospitality Co., Ltd. ("CPH") (QH holding 99.99% shares) has leased the property from QHHR for its hotel business operation.	Remark: The estimated value of the Centre Point Hotel Pratunam ("CP1"), the Centre Point Hotel Sukhumvit 10 ("CP2") and the Centre Point Hotel Chidlom ("CP3") reported at that time by 2 certain independent consultants were as follows: Unit: Million. <table border="1"> <thead> <tr> <th></th> <th>CP1</th> <th>CP2</th> <th>CP3</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>GAA</td> <td>1,144</td> <td>1,549</td> <td>725</td> <td>3,418</td> </tr> <tr> <td>TAP</td> <td>1,204</td> <td>1,700</td> <td>724</td> <td>3,628</td> </tr> </tbody> </table> - Grand Asset Advisory CO., Ltd. ("GAA"). - TAP Valuation Co., Ltd. ("TAP")		CP1	CP2	CP3	Total	GAA	1,144	1,549	725	3,418	TAP	1,204	1,700	724	3,628		
	CP1	CP2	CP3	Total														
GAA	1,144	1,549	725	3,418														
TAP	1,204	1,700	724	3,628														

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

Joint major shareholders are LH and GIC, holding 24.98% and 10.77% of QH shares respectively (as of Sep. 10, 2015), each also making investments in the Investment units of LHPF in the equal amount of 15.0% (as of Aug. 13, 2015).	Below shown are the detailed accounts of lease agreements and building management contract produced by Q.H. International Co., Ltd. ("QHI") ("QH" holding 100% shares): (A) Centre Point Sukhumvit-Thonglor Service Apartment Project. 1. Property management contract (appointing of property management team) Service fees were calculated at 2% of total income plus 5.5% of profit obtained from the project operation. - Building management fee. - Service receivables. - Other receivables. - Other payables.			The Audit Committee was of the opinion that it was deemed justifiable to enter into the aforementioned transactions and thus beneficial to the commerce of residential buildings for rent of QH and/or its subsidiaries as in business as usual, whereby QH and its subsidiaries would benefit from revenues generated by their services in building (project) management and brokerage in regard to all of the above mentioned projects.
		7.69 1.53 0.12 0.06	7.81 1.24 0.24 -	

Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee
		Dec. 31, 2015	Dec. 31, 2014	
	2. Personnel fees.			
	- Service revenue.	1.66	1.52	
	3. Project management and administration contract.			
	- Revenue from service fees (service revenue).	1.80	2.80	
	- Other receivables.	0.16	0.16	
	- Advanced payment.	0.01	0.24	
	(B) Centre Point Residence Promphong Residential Building for rent.			
	QH and its subsidiaries were hired to manage the building, to provide accounting service and to serve as an agent in locating tenants, as well as allowing LHPF to use the trademark "Centre Point Resident".			
	- Building management fees.	2.21	2.05	
	- Personnel service revenue.	0.94	0.94	
	- Other service fees (broker fee).	0.06	-	
	- Service receivables.	0.52	1.50	
	- Other receivables (broker fee)	-	1.62	
	(C) L & H Villa Sathorn House for Rent Project			
	QH and its subsidiaries were hired to manage the building, to provide accounting service and to serve as an agent in locate tenants, as well as allowing LHPF to use the trademark "Centre Point Resident".			
	- Building management fee.	2.00	1.87	
	- Personnel service fee.	0.75	0.39	
	- Service receivables.	0.47	0.90	
	- Other receivables (broker fee).	-	2.95	

24) Harbour View Joint Stock Company ("HVC")

- Q.H. International Co., Ltd. ("QHI") (QH holding 100% shares) holds 99% shares of Q. H. International (BVI) Co. Ltd. ("QHI (BVI)"), while QHI (BVI) holds 14.15% of HVC shares.	(A) Loan provision.			The Audit Committee was of the opinion that the provision and guarantee of loans for Harbour View Joint Stock Company (HBV) was justifiable in accordance with the proportion of shareholding.
	- Loans.	37.20	33.97	
	- Interest income.	2.31	1.85	
	- Accrued interest.	6.78	3.98	
	(B) Loan guarantee.			
	QH has served as the loan guarantor for HVC in proportion with shareholding in QHI (BVI) (21%), amounting to US\$ 1.3M from the year 1997 to present. However, due to an increment in capital by HVC for the benefits of its current shareholders whereas QHI (BVI) has not made purchase thereof, the proportion of shareholding has been decreased to the current proportion of 14.15% while burden of guarantee remains unchanged. Such burden is also subjected to fluctuation depending upon HVC's ability to make repayment of both principal			

Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee
		Dec. 31, 2015	Dec. 31, 2014	
	and interest accordingly. (details are as per Risk Factor, Clause 3.1 "Financial risk: Risk from Investment, lending and guarantees made to the related companies (HVC).			
25) The Mandarin Hotel Plc.				
- Ms. Piengchai Hampanich is the major shareholder of The Mandarin Hotel Plc, holding 34.53% shares (as of Mar. 17, 2015), as well as serving in the positions of Chairman of the Board, CEO and Managing Director.	Q.H.International Co.,Ltd. ("QHI") (QH holding 100% shares) has entered into building management contract. Term of Agreement : 2 years (Oct 1, 2013 – Sep. 30, 2015), the service fee being 2% of total revenue and 4% of gross operational profit. Later QHI extended the rental agreement for another one year period (Oct. 1, 2015 – Sep. 30, 2016), with the service fee being 2% of total revenue, cancelling the 4% of gross operational profit.			The Audit Committee was of the opinion that it was deemed justifiable to enter into the aforementioned transactions and thus beneficial to the Company's operations in regard to the business as usual. The Company and its subsidiaries would benefit from income generated in light of the service charges obtained from the hotel property's tenants. In addition, all these activities are most likely to be of use in terms of enhancing corporate brand awareness of "The Mandarin Hotel Plc."
- Ms. Piengchai Hampanich is the mother of Mr. Anant Asavabhokhin, the latter of who is the director of QH.	- Project management fee.	8.42	7.26	
	- Service expenses	0.12	-	
	- Other receivables.	3.20	3.60	

26) Land and Houses Securities Plc. Co., Ltd.

- QH and LH are the shareholders of LH Financial Group Plc. ("LHFG"), holding 21.34 % and 33.98 % of the total shares respectively (as of May 7, 2015). In addition, LHFG is the shareholder of Land and Houses Securities Plc. Co., Ltd., holding 99.79% shares.	A) Renting the office space in Q. House Sathorn Building for business purpose. 1st Agreement : 3 years (Apr. 1, 2014 – Mar. 31, 2017). , the total rental space being 577 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month. Later on February 16, 2015, the company had received a transfer of rental agreement from Land and Houses Advisory Co., Ltd., thereof the first agreement was terminated and new agreements (second and third one) were made. 2nd Agreement : 2 years and 1 month (Feb. 16, 2015 – Mar. 31, 2017). , the total rental space being 607 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month. 3rd Agreement : 2 years and 1 month (Feb. 16, 2015 – Mar. 31, 2017). , the total rental space being 191 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.			The Audit Committee was of opinion that, with such rental and service fees of the aforementioned office building's rental space, it was deemed reasonable to enter into the transaction. The prices, which have proven competitive enough in comparison with the offers made to other tenants with similar size of space, were also being offered within a fair market value price range.
	- Revenue from rental and service fees.	7.53	4.18	
	- Receivables from rental and service fees.	0.17	0.15	
	- Deposit for rental and service fees.	1.34	0.97	

Relation	Nature of Transaction	Value in Thai Baht (Million)		Opinions of the Audit Committee
		Dec. 31, 2015	Dec. 31, 2014	
	<p>B) Renting the office space in Q House Convent Building for business purpose</p> <p>Term of Agreement: 3 years (Apr 16, 2015 – Apr. 15, 2018). The total rental space was 400 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.</p> <p>- Revenue from rental and service fees. 2.27 -</p> <p>- Receivables from rental and service fees. 0.05 -</p> <p>- Deposit for rental and service fees. 0.66 -</p>			
27) Land and Houses Advisory Co., Ltd.				
- QH and LH are the shareholders of LH Financial Group Plc. ("LHFG"), holding 21.34 % and 33.98 % of the total shares respectively (as of May 7, 2015). In addition, LHFG is the shareholder of Land and Houses Securities Plc. Co., Ltd., holding 99.79% shares whereas Land and Houses Securities Plc. Co., Ltd. are currently holding 99.99% shares of Land and Houses Advisory Co., Ltd.	<p>Renting the office space in Q. House Sathorn Building for business purpose.</p> <p><u>1st Agreement</u> : 3 years (Apr. 1, 2014 – Mar. 31, 2017). , the total rental space being 30 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.</p> <p>On February 16, 2015, the company had transferred rental agreement to Land and Houses Securities Plc. Co., Ltd, thereof the previous agreement was terminated and new agreements (second one) were made</p> <p><u>2nd Agreement</u> : 2 years and 1 month (Feb. 16, 2015 – Mar. 31, 2017). , the total rental space being 26 square-meters at the rental rate (service fee included) of Baht 550 per square-meter per month.</p> <p>- Revenue from rental and service fees. 0.18 0.15</p> <p>- Deposit for rental and service fees. 0.04 0.05</p>			The Audit Committee was of opinion that, with such rental and service fees of the aforementioned office building's rental space, it was deemed reasonable to enter into the transaction. The prices, which have proven competitive enough in comparison with the offers made to other tenants with similar size of space, were also being offered within a fair market value price range.
28) LH Mall & Hotel Co.,Ltd (previously "Pacific Real Estate Co., Ltd")				
1. The joint major shareholders are listed as follows: - Land and Houses Plc. ("LH") holding shares of QH and Pacific Real Estate Co., Ltd at 24.98% (as of Sep. 10, 2015) and 100% respectively. The joint directors and connected parties are Mr. Anant Asavabhokhin, Mr. Adisorn Thananan-narapool and Ms. Kanokvalee Viriyaprapaikit	<p>Q.H. International Co., Ltd., ("QHI") (QH holding 100% of its shares) produced hiring contract, provided hotel management services under brand "Grande Centre Point" for LH Mall & Hotel Co.,Ltd. QHI had been hired as a consultant for the period of 9 months (Apr. 1, 2015 – Dec. 31, 2015)</p>	7.20	-	The Audit Committee was of the opinion that it was justifiable and commercially beneficial to the business of hotel/residential buildings for rent to enter into such transactions, which constituted part of QH's business as usual. QH would benefit from being paid the remuneration for its services including project consultant tasks. In addition, all these activities are most likely to be of use in terms of enhancing corporate brand awareness among the target groups particularly for "Grande Centre Point". The service fees collected by the Company were mutually agreed upon by both parties in accordance with the market prices.

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

According to the Audit Committee, the structure of shareholding between the Company, its subsidiaries, associated companies and related companies does not contribute to any conflict of interest between the Company, directors and executives of the Company; nor does the aforementioned paradigm necessarily entail any incident of nominative shares pertaining to the currently designed structure of shareholding or that of executive management within the group.

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

2. Measures or Procedures for Approving the Connected Party Transactions

Prior to carrying out any of the connected party transactions, an official procedure are to be undergone whereby petitions for approval are submitted to the Audit Committee as to

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

3. Policies and Future Trends Pertaining to Connected Party Transactions

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

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

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

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

Quality Houses Plc. has organized the structure of shareholding between the Company, its subsidiaries, associated companies and related companies to prevent any conflicts of interest (between the Company, directors and executives of the Company). The Company shall not allow for the structure of shareholding or management of the group companies that include nominative-shares

scheme. However, a party which might incur conflicts of interest is Land and Houses Plc., the major shareholder of the Company holding 24.98% of the total shares (as of September 10, 2015) due to the following reasons:

- Land and Houses Plc. operates the businesses in real estate development for sales and rent which are of the same nature of business as the Company's;
- Mr. Anant Asavabhokhin is a major shareholder of Land and Houses Plc., holding 24.43% of the total shares (as of August 31, 2015), and also serves as the Chairman and the President of Land and Houses Plc., while Mr. Adisorn Thananan-narapool is a director and an executive director of Land and Houses Plc. As the representatives of Land and Houses Plc., which is the Company's major shareholder, both Mr. Anant Asavabhokhin and Mr. Adisorn Thananan-narapool are also joint directors of Quality Houses Plc., overseeing the Company's businesses among the total of 12 directors.
- Land and Houses Plc. was holding 30.23% of the total shares (as of September 10, 2015) in Home Products Center Plc., thus exceeding 10% accordingly. The Company was holding 19.87% of the total shares (as of September 10, 2015) in the aforementioned associated company for joint investment purpose. Home Products Center Plc. has been the joint investment between the Company and other parties since the date of its incorporation in year 1995. During the initial stage, Q.H. International Co., Ltd. (the subsidiary whose 100 % of the total shares are held by the Company) was holding 30% of the total shares of Home Products Center Plc. Later in 2001, the Company bought all the shares, equal to 27% of the total shares of this associated company from Q.H. International Co., Ltd. in order to support the Company's businesses in light of the construction materials and interior decoration equipment, as well as serving to be part of the Company's long-term investment.

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

1. The structure of shareholders of the Company includes the group of shareholders who are institutes and/or funds all of which hold the total number of shares more than that being held by Land and Houses Plc. Therefore, in case of any conflicts of interest or potential conflicts of interest which might cause any damages to the interest of shareholders, the aforementioned group of institutional investors and/or the funds shall be able to cast their votes during the General Shareholders' Meeting in aims at preventing the incidents;
2. The Company's executive committee/management team is independent and liberated to manage the Company's businesses and to make decision in all aspects. There is no director, executive director, executive or employee of Land and Houses Plc. in the aforementioned

entity; therefore, the business operations of both companies are totally separated;

3. Regarding the possibility of any of connected transactions of the Company or its subsidiaries with parties with conflicts of interest or potential conflicts of interest to be occurring in the future, the Company and its subsidiaries shall request in advance for consideration and professional opinion from the Audit Committee, all of whose members are to be independent directors, so as to address the situation in terms of necessities and suitability of such transactions accordingly. In the event that the Audit Committee has no sufficient expertise thereof, the Company and its subsidiaries shall provide an independent expert or auditor of the Company and its subsidiaries so that professional opinions on the related data and information be given in turn to the Audit Committee for the latter's further consideration. This practice will also include any transactions that are critical to or have high impact on the Company's businesses.

EXPLANATION AND ANALYSIS of Financial Position and Operation Results Financial Statements

Analysis of operation result

(A) Overview of the Past Performance

The Thai's economic had slowdown during the first half of the year 2015 because of the internal and external factors, as well as a loss of consumer confidence from private sectors, households, and the tourism industry. Moreover, high levels of household debt made the consumer cautious in their spending and banks were also stringent its lending criteria, especially for mortgage loan. The second half of 2015 showed some signs of gradual economic recovery according to government's economic stimulus policy, which were 1) the real estate business stimulus measure in the last 2 months of the year 2015, with reduction of transfer fee from 2% to 0.01%, as well as reduction of mortgage fee from 1% to 0.01%; both of which increase the revenue for real estate operators; 2) the tax reduction measure for consumer products and services up to Baht 15,000 during end of December 2015, which generate a better cash flow domestic. In addition, there was a resurgence of tourists after political conditions stabilized.

Foreigners had a better confidence visiting Thailand, which benefits the tourism business.

In 2015, the Company's and its subsidiaries' total revenues from core businesses were Baht 20,358 million , decreasing by Baht 861 million or 4% from the year 2014. Meanwhile, the total cost of sale was Baht 14,000 million, decreasing by Baht 312 million or 2% decrease from the year 2013. The net profits for the year 2015 and 2014 were Baht 3,106 million and Baht 3,329 million respectively, while the gross profit margins in 2015 and 2014 were 31% and 33% respectively.

(B) Operation result by the business group

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

(1) Revenue from sales and services

- Business of real estate for sales

The Company and its subsidiaries are recognized the sales of real estate as revenue in the statement of comprehensive income statement once the construction are completed under

the contract and the ownership have been transferred to the buyer after all payment received from the buyer (Completion method).

In 2015, the Company and its subsidiaries' revenues from sales of real estate was Baht 19,214 million, decreasing by Baht 939 million or by 5% in comparison to 2014 due to an decreasing in revenues from sales of land-and-houses by Baht 143 million or 1 % compared to the year 2014 due to the economic slowdown. Meanwhile, the revenues from sales of condominium units decreased by Baht 796 million or 15% in comparison with the year 2014. The decrease in revenue from sales of condominium units was the result of the number of condominium projects that could recognize revenue which decreased by 6 projects. Furthermore, banks also stringent the mortgage loan policies which had affect the ability of some customer groups in transferring ownership of condominium units. The aforementioned reason had caused the sale of real estate decreased when compared to the year 2014. Despite of the government's measure for reduction of real estate ownership transfer and mortgage fees, the measure had been effective during the last 2 months of the year 2015, and minimally increased the number of real estate ownership transfers.

In 2015, the Company launched 16 new housing projects worth Baht 13,656 million and 5 condominium projects worth Baht 13,807 million, while 12 housing projects were completely sold out

– Business of real estate for rent

In 2015, the Company and its subsidiaries' total revenues from rental and service fees amounted to Baht 1,144 million, increasing by Baht 77 million or by 7% in comparison to the year 2014, the reasons for which may be described as follows:

A. Hotel business

In 2015, revenues from hotel business increased by Baht 59 million or by 8% in comparison with year 2014 as the result of the higher occupancy rate and higher room rate. Since Thailand's political has been stabilized, the tourism business returned to its normal state. In addition, with the cease of the government's 'State of Emergency' announcement effective from April 1, 2015, Foreigners could make the travel insurance for visiting Thailand as usual, which effect positively for tourists' confidence, especially visitors for conferences and seminars.

B. Office building for rent business

In 2015, the Company's revenues from office building for rent business increased by Baht 18 million or 5% when compared to year 2014 due to higher rental rates and improvements in occupancy rates across all projects.

(2) Other revenues

In 2015, the Company and its subsidiaries have generated other revenues increasing by Baht 40 million or 25%, in comparison with 2014, mostly due to an increase in revenues from subsidiaries who managing residential buildings and hotels, as a result of aforementioned improvement in projects' revenue and hotel business performance. In addition, the company also forfeited the retention guarantee from contractors who breached the conditions of services or construction contract.

(3) Sharing of profit from investment in Associated companies

The Company's sharing of profit from investment in associated companies increased by Baht 173 million, or 16% increase when compared to the year 2014. The details are as follows:

(Unit: Baht million)

Company / Fund	2014	2015	Increase (Decrease)
Home Products Center Plc.	648	697	49
Quality Houses Leasehold Property Fund	129	139	10
LH Financial Group Plc.	254	353	99
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	29	44	15
Total	1,060	1,233	173

(4) Cost of sales, expenses and minimum rental assurance

A. Cost of sales

In 2015 and 2014, the Company's and its subsidiaries' cost of real estate sale amounted to Baht 13,276 million and Baht 13,605 million respectively, or accounted for 95% and 95% of total cost of sales respectively. The rest was the cost of sale from the business of real estate for rent which totaled to Baht 724 million and Baht 707 million, or accounted for 5% and 5% of total cost of sale respectively.

B. Selling expenses

In 2015, selling expenses decreased by Baht 162 million or by 8% in comparison to year 2014 due to a reduction in the specific business tax and transfer fees which decreased by Baht 87 million in tandem with real estate sales, and from the government's measure in reduction of real estate ownership transfer and registration fees effective in 4th quarter of the year 2015. While the expenses allocated for advertising and public relations decreased by Baht 27. In addition the sales promotion expenses decreased by Baht 48 million, in relation with a decrease in real estate owner ship transfers, while other selling expenses decreased by Baht 2 million.

C. Administrative expenses

In 2015, total administrative expenses increased by Baht 130 million, or by 7%, in comparison to year 2014 as a result of an increase in employees' salaries and fringe benefits by Baht 12 million, whereas after-sales service expenses increased by Baht 31 million, in regard to the project maintenance, project security and other after-sales service expenses for the new projects launch in the

amounted of Baht 20 million, Baht 25 million and Baht 6 million respectively, as well as reduction from customer houses' renovation amounted to Baht 20 million. Furthermore, a subsidiary company had provisioned the loan for Harbour View Joint Stock company ("HVC"), in proportion to hold of shares amounted to Baht 39 million. Whereas the subsidiary company held 14.5% shares in HVC, which had operated the hotel business and office building for rent in Haifong city of Vietnam at loss continually. In addition, other management fees increased by Baht 48 million.

D. Financial cost

In the year 2015, the finance cost, increased by Baht 74 million or 29% in comparison with the year 2014. The figures are higher because the Company and its subsidiaries increased their borrowings to expand their investments in new real estate projects in anticipation of future sales growth. In addition, there are condominium projects completed during the year. Therefore, interest expenses cannot be capitalized as project costs, this result in having to report higher interest expenses.

E. Provision for less arising from guarantee of minimum rental income of the projects.

In the year 2015, decreased by Baht 53 million or by 171% in comparison with the year 2014 because the Company's commitment to provide the minimum guarantee of rental income for QHHR from sales of properties and transfer of

leasehold rights to building of 3 Centre Point hotels to QHHR had ended in July 2015. Accordingly, the Company has back transferred aforementioned expenses

(5) Gross profit margin

The details of the gross profit margin from real estate for sales and real estate for rent are as follows:

(Unit: %)

Gross profit	2014	2015
Real estate for sales	32.5	30.9
Real estate for rent	33.7	36.7

Business of Real estate for sale

In 2015, the Company's and its subsidiaries' gross profit margin from real estate for sales decreased to 30.9% when compared to the year 2014, which was 32.5%. This was because the Company and its subsidiaries decreased the sale price in compliance with the market price, as well as investing in renovating the existing house projects in order to increase sale of the remaining units at maximum.

Business of real estate for rent

In 2015, the Company and its subsidiaries' gross profit margin from the real estate for rent business increased by 36.7% when compared to that in year 2014, which was 33.7%, due to the increase in rental rate of office spaces, as well as the increase in hotel room rates in the year 2015.

(6) Operating results

In 2015, the Company and its subsidiaries' total revenue from real estate for sales and real estate for rent amounted to Baht 20,358 million, decreasing by Baht 861 million, or by 4%, hence resulting in the net profit of Baht 3,106 million in 2014, decreasing by Baht 223 million, or by 7%, in comparison with year 2014. The major factors for the aforementioned positive outcome included the following: gross profit from the real estate for sales decreased by Baht 610 million, with an increase by Baht 74 million; financial expense whereas that from real estate for rent business increased by Baht 60

million; while other revenues increased by Baht 40 million, whereas profit sharing from investments made in associate companies, rose by Baht 173 million whereas; the provisions made as a guarantee minimum rental income of the projects decreased by Baht 53 million; income tax expenses decreased by Baht 103 million whereas the sale and administrative expenses also decreased by Baht 32 million.

(7) Return on equity

The Annual General Meeting of shareholders of the Company No. 1/2015 held on April 17, 2015 approved the dividend payment from the operations in 2014 (1) cash dividend at the rate of 0.01852 Baht per share, totaling Baht 170 million and (2) stock dividend at the rate of 0.16667 Baht per share, totaling Baht 1,531 million. On September 22, 2015, the Company also paid the dividend in cash at the rate of 0.05 Baht per share, at the amount of Baht 536 million from the operation result of first six months ending June 30, 2015 in accordance with the resolution of the Board of Directors' meeting on August 24, 2015

Financial status

(1) Assets

The total assets of the Company and its subsidiaries as of December 31, 2014 and 2015 were Baht 48,634 million and Baht 52,997 million respectively. At the end of year 2015, the total assets of the Company and its subsidiaries increased by Baht 4,363 million or by 9% in comparison with year 2014. Details of major assets are shown as follows:

- Cash and cash equivalent

The Company and its subsidiaries have a policy to hold cash as required. The cash and cash equivalent being held at the end of the year 2014 and 2015 amounted to Baht 1,458 million and Baht 2,837 million respectively. The cash at the end of year 2015 increased by Baht 1,379 million, or by 95% in comparison with year 2014. The reason for the high amount of cash on hand at the end of the year was that the Company

and its subsidiaries have managed to accelerate the transfer of ownership of houses and condominium units sold during the year-end period.

- Trade account receivables and other receivables

At the end of years 2014 and 2015, the Company and its subsidiaries' trade account receivables and other receivables amounted to Baht 74 million and Baht 58 million respectively, decreasing by Baht 16 million Baht, or by 22%, due to a shorter period of time spent in making repayments to the Company by certain trade receivables (unrelated businesses).

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

- Land and construction in progress/land and project development costs

Land and construction in progress / land and project development cost at the end of the year 2014 and 2015 amounted to Baht 34,444 million and Baht 37,276 million respectively, increasing by Baht 2,831 million or by 8% when compared to year 2014, mainly because in 2014, the Company and its subsidiaries had additional land acquisition and investments to support the future growth. The land and construction in progress / land and project development cost

accounted for 71% and 70% of the total assets of the Company and its subsidiaries respectively.

In 2014 and 2015, the Company and its subsidiaries had "Land and construction in Progress", both of which were recorded as current assets for Baht 24,949 million and 29,098 million respectively. The Land and construction in Progress were expected to generate income for the Company and its subsidiaries within 1-3 years approximately depending upon the type and size of projects. When compared to the current assets of the Company and its subsidiaries, their proportion accounted for 90% and 88% respectively. On the other hand, the "Land and Project Development cost", which was recorded as non-current assets, amounted to Baht 9,495 million and Baht 8,178 million respectively at the end of the years 2014 and 2015. The majority of this assets were assets under development for sales, some of which were vacant plots of land awaiting development. Therefore, the aforementioned assets were being recorded as non-generating income. It could possibly take approximately 1-2 years for development, depending upon Land Subdivision Permits and project size

- Investment in associated companies

Investment in associated companies under the cost method at the end of 2014 and 2015 remained the same and thus amounted to Baht 6,680 million, whereas under the equity method, the investments were Baht 8,534 million and Baht 9,071 million respectively. The details of investments in associated companies are as follows:

(Unit: Baht million)

Investment in associated companies	Dec. 31, 2014		Dec. 31, 2015		Increase (Decrease)	
	Cost Method	Equity Method	Cost Method	Equity Method	Cost Method	Equity Method
Quality Houses Leasehold Property Fund	2,017	1,280	2,017	1,267	-	(13)
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	1,053	444	1,053	400	-	(44)
Home Product Center Plc.	760	3,335	760	3,574	-	239
LH Financial Group Plc.	2,850	3,475	2,850	3,830	-	355
Total	6,680	8,534	6,680	9,071	-	537

- Investments in subsidiaries

The investments in subsidiaries for the financial statement of the Company under the cost method at the end of years 2014 and 2015 were unchanged and thus amounted to Baht 3,393 million.

- Other long term investment

Q. H. International (BVI) Co., Ltd., a subsidiary of the Company, has invested in Harbour View Joint Stock company in the proportion of 14.15% (please consult with Topic "Risk Factor", Clause 1 "Financial risk" -- risk from investment, lending and guarantees made to the related companies Harbour View Joint Stock company).

- Real estate for investment

The Company recorded real estate for investment at cost deducted by accumulated depreciation and impairment allowance. At the end of 2014 and 2015, the value of real estate for investment amounted to Baht 500 million and Baht 491 million respectively. As of December 31, 2015, its value decreased by Baht 9 million, or by 2%, due to the depreciation during the year.

At the end of the years 2014 and 2015, the Company had invested in 1 office building , Q. House Ploenjit Project, which was owned by the Company. In 2006, the Company granted the leasehold rights of Q. House Ploenjit Project to Quality Houses Leasehold Property Fund for 30 years (ended December 8, 2036) with the right to extend the contract for another term of 30 years. .

- Lands, building and equipment / leasehold right

Lands, buildings and equipment/ leasehold rights at the end of 2014 and 2015 were valued at Baht 1,344 million and Baht 1,261 million respectively, decreasing by Baht 83 million, or by 6%, when compared to year 2015, due to the depreciation expenses / amortization of leasehold rights.

The total value of lands and construction in progress/ lands and project development cost/ real estate for investment/ lands, buildings and equipment/ leasehold rights at the end of the year 2014 and 2015 were Baht 36,288 million and Baht 39,028 million, or 75% and 74% of total assets respectively. These assets shall be used to generate both short-term and long-term income to the Company and its subsidiaries, and are presented according to the net cost after being deducted by the provision for loss on diminution in value of the project, which is Baht 389 million and Baht 344 million respectively. In order to set the provision for loss on diminution in value of the project, the Company and its subsidiaries used the book value to compare with the appraised value by independent assessors. In the case that the book value was higher than the appraised value, a higher difference would be recorded as an expense provision for loss on diminution of the project value in the financial statement under the account "administrative expenses".

(2) Providing financial assistance for associated and related companies

At the end of years 2014 and 2015, the subsidiary provided loan to Harbour View Joint Stock company, a related company, with total amount of Baht 38 million and Baht 0 million respectively (net amount from allowance for doubtful accounts for long-term loan and accrued interest receivable amounted to Baht 44 million). On December 31, 2015, the aforementioned company had an outstanding liabilities of principal and accrued interest to the bank based on the un-audited financial statements prepared by its management, amounting to US\$ 2 million and US\$ 1 million respectively (2014: US\$ 2 million and US\$ 1 million respectively). However, as of December 31, 2015, the Company has set aside provision of Baht 58 million for loss arising from such guarantee (2014: Baht 61 million) in its account. (Detail in "Section 1 "Financial risk" - risk from investment, lending and guarantees made to the related companies Harbour View Joint Stock Company).

(3) Liquidity

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

(Unit: Baht million)

Cash flow	2014	2015
Cash flow from (used in) operational activities	(2,507)	942
Cash flow from (used in) investment activities	(109)	599
Cash flow from (used in) financing activities	2,444	(162)

In the year 2015, the Company and its subsidiaries had used the cash flow to purchase land and invested in house and condominium projects in order to speed up the sales of the new projects to support the future sale growth. However, the Company and its subsidiaries managed other portions of operations, the net cash flow from such operations received as amounted to Baht 942 million. While in the year 2014, the Company and its subsidiaries had net cash flow amounted to Baht 2,507 million spent in the operations, mostly for buying lands in order to support the expansion of the projects in near future.

In the year 2015, the Company and the subsidiaries had net cash flow amounted to Baht 599 million received from the investment activities. Most are from the dividend paid by the associates as amounted to Baht 681 million, and the interest income amounted to Baht 15 million. Furthermore, the Company and its subsidiaries have purchased additional operational equipments amounted to Baht 74 million. . In addition, there was an increase in investment on leasehold amounted to Baht 17 million, as well as saving account with additional guarantee increased by Baht 6 million. While in the year 2014, the Company and its subsidiaries had net cash flow from investing activities amounted to Baht 109 million, mostly because one of the subsidiary has invested in precast concrete plant. which consist of land construction cost and equipment. In addition, the Company and its subsidiaries had purchased additional equipments amounted

to Baht 294 million. The company also invested Baht 109 million to purchase the increased capital stock in Home Product Center Plc, as well as Baht 91 million baht on LH Financial Group Plc. Furthermore, there was investment on leasehold assets amounted to Baht 17 million, whereas the Company receive the dividend from associates amounted to Baht 379 million, as well as interest income of Baht 20 million and the saving account with less guarantee of Baht 3 million.

In the year 2015, the Company and its subsidiaries had net cash flow from financing activities amounted to Baht 162 million, because the Company and its subsidiaries received net amount of 2,400 million baht from debenture issuance. In addition, the Company had made repayment of short term loan and long term loan for Baht 100 million and Baht 697 million repectively, dividend payment Baht 706 million, interest payment Baht 1,049 million, and financial fee Baht 10 million. Whereas in the year 2014, the Company and its subsidiaries had net cash flow from financing activities amounted to Baht 2,444 million, since the Company had the short the term loan amounted to Baht 1,675 million, the long term loan amounted to Baht 697 million, and the issuance of debenture amounted to Baht 2,515 million. While the Company paid dividend amounted to Baht 1,469 million baht, paid the interest amounted to Baht 964 million, and financial fee amounted to Baht 10 million.

(4) Source of fund

Optimal capital structure

Since the Company and its subsidiaries operate the business of real estate for sales and rent, the appropriateness of the capital structure must take into account the source of funding, the proportion of funds from loans and shareholders' equity, as well as the management of the level of assets, liabilities and shareholders' equity.

Total assets of the Company and its subsidiaries mainly generated short term and medium-term revenue for 1-3 years. Therefore, the Company and its subsidiaries managed cash flows of the business by sourcing long-term financing sources to invest in long-term projects and sourcing short-term financing sources to invest in short-term projects to ensure the appropriateness of funding.

The Company and its subsidiaries had a policy to utilize more long-term loan sources by issuing debentures to offer to financial institutions and individuals with a maturity date of 3-5 years. At the end of the year 2014 and 2015, the ratio of debentures to total loans equaled 89% and 93% respectively. Other sources of funding included long-term loans from banks or financial institutions and short-term promissory notes with low interest rates in order to manage the interest cost to be at an average low rate. At the end of 2013 and 2014, the ratio of these loans to total loans was equal to 11% and 7% respectively. The details of loans are described in Section (5) Liabilities.

At the end of 2014 and 2015, the Company and its subsidiaries had the ratio of short-term to long-term loans and that of short-term to long-term liabilities as follows:

(Unit: %)

Loan	Dec. 31, 2014	Dec. 31, 2015
Short-term loan	26	33
Long-term loan	74	67
Total	100	100

(Unit: %)

Liability	Dec. 31, 2014	Dec. 31, 2015
Short-term liability	34	40
long-term liability	66	60
Total	100	100

To ensure the appropriate capital structure, the Company and its subsidiaries increased the ratio of non-current liabilities to total liabilities to be more than the ratio of current liabilities to total liabilities. At the end of 2015, the Company and its subsidiaries prepared the source of fund from long-term debenture to repay short-term loans from financial institutions, as well as long-terms loans that were due within a year and unsecured short-term debentures which were due within one year and short-terms loans at the total amount of Baht 8,812 million.

In addition, at the end of 2014 and 2015, the Company and its subsidiaries' ratio of total liabilities to total shareholders' equity accounted for 1.54 times and 1.46 times respectively, apparently a slight decrease in proportion, due to the decreased in short-term loans and the increased in shareholders' equity as a result of performance in the year 2015.

According to the terms and conditions of of debenture issuance, the Company must maintain the ratio of liabilities to shareholder equity in the consolidated financial statement of the Company not more than 2:1 as of the end of accounting period in each quarter. In this regard, liabilities do not include the advanced receipt, rental income received in advance, deposit from customers, and liabilities guarantees by the Company with third parties and its subsidiaries, of which the liabilities are presented in their financial statement. Therefore, at the end of the years 2014 and 2015, the Company and its subsidiaries had total liabilities to shareholders' equity in accordance with the terms and conditions of debenture issuance at 1.39 times and 1.27 times respectively.

(5) Liabilities

At the end of 2015, most of the Company's and its subsidiaries' liabilities comprised short-terms loans from financial institutions/ banks and debentures, which amounted to Baht 26,796 million, accounting for 85% of total liabilities. The details are as follows:

(Unit: Baht million)

Loan	Dec. 31, 2013	Increase in loaning	Repayment	Dec. 31, 2014	Increase in loaning	Repayment	Dec. 31, 2015
Short-term loans from financial institutions/ short-term loans	323	13,840	12,171	1,992	19,400	(19,494)	1,898
Long-term loan	-	1,691	994	697	-	(697)	-
Unsecured debentures	19,997	6,491	3,985	22,503	7,000	(4,605)	24,898
Total	20,320	22,022	17,150	25,192	26,400	(24,796)	26,796

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

At the end of the years 2014 and 2015, the Company's and its subsidiaries' total liabilities were Baht 29,485 million and Baht 31,452 million respectively. At the end of 2015, total liabilities comprised Baht 12,671 million of current liabilities and Baht 18,781 million of long-term liabilities.

(6) Shareholders' equity

As of December 31, 2015, the Company and its subsidiaries' shareholder equity has increased by Baht 2,396 million or by 13% in comparison with year 2014 (as of December 31, 2014) due to the following reasons:

- The Company and its subsidiaries's net profit for the period of Baht 3,106 million;
- Other components of the shareholders' equity decreased by Baht 4 million, due to loss from share of other comprehensive income of associated companies - net of income tax ;
- In May 2015, the Company paid dividends of Baht 170 million in accordance with the resolution of Annual General Meeting of Shareholders No 1/2015 dated April 17, 2015. Furthermore, in September 2015 the Company paid interim dividends of Baht 536 million for the operation result during 6-month period ended June 30, 2015 and/or retain earning in accordance with the resolution of Company's Board of Directors meeting held on August 24, 2015.

(7) Commitments

As of 31 December 2014 and 31 December 2015, the Company and its subsidiaries had the following outstanding commitments and contingent liabilities as follows:

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

(Unit: Baht million)

Item	Dec. 31, 2014	Dec. 31, 2015
Contracts for construction projects	6,553	6,390
Contracts to purchase land for future projects	2,518	1,457

- The Company and its subsidiaries have entered into lease agreements to lease land and buildings for terms of approximately 30 years and to lease motor vehicles and equipment , with terms of generally between 1-4 years.

As of December 31, 2014 and December 31, 2015, the Company and its subsidiaries had the future minimum lease payment required under those operating lease contracts as follows:

(Unit: Baht million)

Payable (within)	Dec. 31, 2014	Dec. 31, 2015
Within 1 year	26	27
Over 1 and up to 5 years	65	62
Over 5 years	39	28

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

As of December 31, 2014 and December 31, 2015, the subsidiary had the future minimum lease payments required under aforementioned lease contracts as follows:

(Unit: Baht million)

Payable (within)	Dec. 31, 2014	Dec. 31, 2015
Within 1 year	92	168
Over 1 and up to 3 years	-	260

- At the end of 2014 and 2015, the Company and its subsidiaries had commitments in respect of various service agreements totaling Baht 17 million and 9 million respectively;
- At the end of 2014 and 2015, the Company had commitment in respect of uncalled portion of investment in a subsidiary each year for Baht 19 million equally;
- The Company had contingent liabilities with respect to loan guarantees provided on behalf of Harbour View Joint Stock company at the amount of 50% of that

company's obligation to its bank. As of December 31, 2015, the aforementioned company had outstanding principal and accrued interest to the bank, based on the un-audited financial statements prepared by its management, amounting to US\$ 2 million and US\$ 1 million respectively (2014: US\$ 2 million and US\$ 1 million, respectively). However, as of December 31, 2015, the Company had set aside a provision of Baht 58 million for loss arising from such guarantee in its account (2014: Baht 61 million)

- As of December 31, 2014 and December 31, 2015, the Company and its subsidiaries had servitude over land of approximately 35 rai and 36 rai respectively. The cost of such land was included in the cost of projects.

Major factors and influences on future financial position or business operation

-None-



INDEPENDENT Auditor's Report

To the Shareholders of Quality Houses Public Company Limited
I have audited the accompanying consolidated financial statements of Quality Houses Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Quality Houses Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial

statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Quality Houses Public Company Limited and its subsidiaries and of Quality Houses Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Rosaporn Decharkom

Certified Public Accountant (Thailand) No. 5659

EY Office Limited

Bangkok: 26 February 2016

Quality Houses Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	6, 7	2,836,947,820	1,458,191,027	1,210,927,248	589,660,150
Trade and other receivables	6, 8	57,861,078	73,975,676	12,057,593	20,695,634
Land and construction in progress	9	29,098,195,429	24,949,320,686	8,516,852,248	7,088,474,334
Advance for construction work		933,415,398	1,102,099,072	167,762,297	146,204,500
Advance for construction material		2,775,716	9,133,369	1,574,784	4,823,283
Other current assets		99,597,963	115,794,906	15,509,493	17,765,456
Total current assets		33,028,793,404	27,708,514,736	9,924,683,663	7,867,623,357
Non-current assets					
Restricted deposits at financial institutions	10	33,881,097	27,573,190	29,142,420	22,920,376
Investments in subsidiaries	11	-	-	3,393,027,300	3,393,027,020
Investments in associates	12	9,071,248,567	8,534,266,194	6,680,253,816	6,680,253,816
Other long-term investments	13	1,998	1,998	1,998	1,998
Long-term loans to and interest receivables					
- related parties	6	-	37,950,958	20,855,694,494	19,686,510,678
Investment properties	14	491,194,483	499,509,422	491,194,483	499,509,422
Property, plant and equipment	6, 15	575,823,778	574,934,380	235,553,027	236,615,753
Leasehold rights	16	685,555,333	768,729,671	685,555,333	768,729,671
Land and project development costs	17	8,177,557,070	9,495,041,733	2,497,854,866	3,072,759,545
Deposits for lease of land and building		67,952,285	76,711,652	67,952,285	76,711,652
Deposits for purchase of land		504,519,093	560,712,429	504,519,093	-
Deferred tax assets	27	319,496,461	302,128,888	113,900,507	148,814,851
Other non-current assets	6	41,517,551	47,659,180	16,125,772	23,031,006
Total non-current assets		19,968,747,716	20,925,219,695	35,570,775,394	34,608,885,788
Total assets		52,997,541,120	48,633,734,431	45,495,459,057	42,476,509,145

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

Quality Houses Public Company Limited and its subsidiaries
Statement of financial position (continued)

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	18	300,000,000	1,000,000,000	300,000,000	1,000,000,000
Trade and other payables	6, 19	1,352,149,157	1,049,825,934	601,553,464	437,737,969
Current portion of unsecured debentures	21	6,912,000,000	4,600,000,000	6,912,000,000	4,600,000,000
Short-term loans	18	1,597,932,197	991,858,779	1,597,932,197	991,858,779
Short-term loan from and accrued interest					
- related party	6	-	-	111,062,954	72,007,317
Income tax payable		153,976,203	192,137,547	20,203,036	51,061,267
Short-term provisions	6, 23	380,122,872	394,144,607	117,166,375	193,570,433
Advance received from customers	6	672,939,272	649,840,400	460,669,266	459,410,368
Deposits for rental and service	6	98,295,345	104,305,811	79,854,858	82,567,387
Retention guarantees		512,148,829	544,376,411	166,099,159	210,806,067
Current portion of rental income received in advance	6	27,224,000	27,224,000	27,224,000	27,224,000
Other current liabilities	6	664,578,318	570,157,997	236,354,190	192,563,458
Total current liabilities		12,671,366,193	10,123,871,486	10,630,119,499	8,318,807,045
Non-current liabilities					
Long-term loans, net of current portion	20	-	697,000,000	-	697,000,000
Unsecured debentures, net of current portion	21	17,986,509,360	17,903,165,961	17,986,509,360	17,903,165,961
Long-term loan from and accrued interest					
- related parties	6	-	-	315,982,680	301,884,729
Provision for long-term employee benefits	22	109,579,091	103,109,920	69,350,711	69,194,232
Long-term provisions	23	142,870,241	88,708,929	132,670,241	88,708,929
Rental income received in advance, net of					
current portion	6	541,523,312	568,689,979	541,523,312	568,689,979
Deferred tax liabilities	27	481,855	499,775	-	-
Total non-current liabilities		18,780,963,859	19,361,174,564	19,046,036,304	19,628,643,830
Total liabilities		31,452,330,052	29,485,046,050	29,676,155,803	27,947,450,875

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

Quality Houses Public Company Limited and its subsidiaries
Statement of financial position (continued)

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Shareholders' equity					
Share capital	24				
Registered					
10,714,426,091 ordinary shares of Baht 1 each					
(2014: 9,183,784,692 ordinary shares of Baht 1 each)		10,714,426,091	9,183,784,692	10,714,426,091	9,183,784,692
Issued and fully paid-up					
10,714,381,645 ordinary shares of Baht 1 each					
(2014: 9,183,767,553 ordinary shares of Baht 1 each)		10,714,381,645	9,183,767,553	10,714,381,645	9,183,767,553
Share premium		379,246,114	379,246,114	379,246,114	379,246,114
Retained earnings					
Appropriated - statutory reserve	25	829,094,036	729,292,114	829,094,036	729,292,114
Unappropriated		9,640,139,281	8,869,884,821	3,896,580,165	4,236,751,195
Other components of shareholders' equity		(17,650,008)	(13,502,221)	1,294	1,294
Total shareholders' equity		21,545,211,068	19,148,688,381	15,819,303,254	14,529,058,270
Total liabilities and shareholders' equity		52,997,541,120	48,633,734,431	45,495,459,057	42,476,509,145

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

Quality Houses Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Profit or loss:					
Revenues					
Sales of real estate	6	19,214,113,132	20,152,615,212	5,437,569,363	7,912,602,643
Rental and service income	6	1,144,066,327	1,066,933,000	561,895,821	518,765,128
Other income					
Dividend income	6, 11, 12	-	-	1,521,219,490	1,492,607,868
Interest income	6	14,728,150	20,833,222	892,069,755	704,455,315
Income from forfeiture of booking and down payments		17,941,553	8,722,651	1,133,406	960,825
Others	6	164,773,903	128,040,375	36,407,731	21,529,106
Total revenues		20,555,623,065	21,377,144,460	8,450,295,566	10,650,920,885
Expenses					
Cost of real estate sold	6	13,276,127,796	13,605,511,676	3,775,306,162	5,422,430,539
Cost of rental and services	6	724,329,743	707,146,399	295,128,010	299,433,708
Selling expenses		1,836,759,469	1,999,040,443	479,591,492	672,721,256
Administrative expenses	6	2,012,376,737	1,882,092,914	852,770,175	857,891,603
Provision for loss arising from guarantee of minimum rental income of projects (reversal)	6, 23	(22,404,569)	30,900,000	(32,628,012)	45,000,000
Total expenses		17,827,189,176	18,224,691,432	5,370,167,827	7,297,477,106
Profit before share of profit from investments in associates, finance cost and income tax expenses		2,728,433,889	3,152,453,028	3,080,127,739	3,353,443,779
Share of profit from investments in associates	12	1,232,573,094	1,059,885,137	-	-
Profit before finance cost and income tax expenses		3,961,006,983	4,212,338,165	3,080,127,739	3,353,443,779
Finance cost	6	(329,232,029)	(254,772,025)	(955,281,612)	(766,258,122)
Profit before income tax expenses		3,631,774,954	3,957,566,140	2,124,846,127	2,587,185,657
Income tax expenses	27	(525,311,031)	(628,367,156)	(128,807,694)	(238,668,395)
Profit for the year		3,106,463,923	3,329,198,984	1,996,038,433	2,348,517,262
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Share of other comprehensive income of associates - net of income tax	12, 27	(4,147,787)	1,088,157	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(4,147,787)	1,088,157	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gains - net of income tax	22, 27	-	10,239,033	-	8,720,995
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	10,239,033	-	8,720,995
Other comprehensive income for the year		(4,147,787)	11,327,190	-	8,720,995
Total comprehensive income for the year		3,102,316,136	3,340,526,174	1,996,038,433	2,357,238,257
			(restated)		(restated)
Earnings per share:					
Basic earnings per share	28				
Profit attributable to equity holders of the Company		0.29	0.31	0.19	0.22

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

Quality Houses Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements										
	Issued and paid-up share capital	Retained earnings			Surplus on changes in value of available-for-sale investments			Other components of equity			Total
		Share premium	Appropriated		Unappropriated	Share of other comprehensive income of associates	Share of other comprehensive income of associates	Share of other comprehensive income of associates	Share of other comprehensive income of associates	Total other components of shareholders' equity	
			- statutory reserve	- statutory reserve							
Balance as at 1 January 2014	9,183,767,553	379,246,114	611,866,251	7,117,006,693	1,294	(14,591,672)	(14,590,378)			17,277,296,233	
Profit for the year	-	-	3,329,198,984	3,329,198,984	-	-	-	-	-	3,329,198,984	
Other comprehensive income for the year	-	-	10,239,033	10,239,033	-	1,088,157	1,088,157	1,088,157	1,088,157	11,327,190	
Total comprehensive income for the year	-	-	3,339,438,017	3,339,438,017	-	1,088,157	1,088,157	1,088,157	1,088,157	3,340,526,174	
Dividend paid (Note 31)	-	-	(1,469,134,026)	(1,469,134,026)	-	-	-	-	-	(1,469,134,026)	
Unappropriated retained earnings transferred to statutory reserve	-	-	117,425,863	(117,425,863)	-	-	-	-	-	-	
Balance as at 31 December 2014	9,183,767,553	379,246,114	729,292,114	8,669,884,821	1,294	(13,503,515)	(13,502,221)			19,148,688,381	
Balance as at 1 January 2015	9,183,767,553	379,246,114	729,292,114	8,669,884,821	1,294	(13,503,515)	(13,502,221)			19,148,688,381	
Profit for the year	-	-	-	3,106,463,923	-	-	-	-	-	3,106,463,923	
Other comprehensive income for the year	-	-	-	-	-	(4,147,787)	(4,147,787)	(4,147,787)	(4,147,787)	(4,147,787)	
Total comprehensive income for the year	-	-	-	3,106,463,923	-	(4,147,787)	(4,147,787)	(4,147,787)	(4,147,787)	3,102,316,136	
Stock dividend (Note 31)	1,530,614,092	-	-	(1,530,614,092)	-	-	-	-	-	-	
Dividend paid (Note 31)	-	-	-	(705,793,449)	-	-	-	-	-	(705,793,449)	
Unappropriated retained earnings transferred to statutory reserve	-	-	99,801,922	(99,801,922)	-	-	-	-	-	-	
Balance as at 31 December 2015	10,714,381,645	379,246,114	829,094,036	9,640,139,281	1,294	(17,651,302)	(17,650,008)			21,545,211,068	

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

Quality Houses Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Separate financial statements						
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	Total	
			Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2014	9,183,767,553	379,246,114	611,866,251	3,466,072,827	1,294	13,640,954,039	
Profit for the year	-	-	-	2,348,517,262	-	2,348,517,262	
Other comprehensive income for the year	-	-	-	8,720,995	-	8,720,995	
Total comprehensive income for the year	-	-	-	2,357,238,257	-	2,357,238,257	
Dividend paid (Note 31)	-	-	-	(1,469,134,026)	-	(1,469,134,026)	
Unappropriated retained earnings transferred to statutory reserve	-	-	117,425,863	(117,425,863)	-	-	
Balance as at 31 December 2014	9,183,767,553	379,246,114	729,292,114	4,236,751,195	1,294	14,529,058,270	
Balance as at 1 January 2015	9,183,767,553	379,246,114	729,292,114	4,236,751,195	1,294	14,529,058,270	
Profit for the year	-	-	-	1,996,038,433	-	1,996,038,433	
Other comprehensive income for the year	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	1,996,038,433	-	1,996,038,433	
Stock dividend (Note 31)	1,530,614,092	-	-	(1,530,614,092)	-	-	
Dividend paid (Note 31)	-	-	-	(705,793,449)	-	(705,793,449)	
Unappropriated retained earnings transferred to statutory reserve	-	-	99,801,922	(99,801,922)	-	-	
Balance as at 31 December 2015	10,714,381,645	379,246,114	829,094,036	3,896,580,165	1,294	15,819,303,254	

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

Quality Houses Public Company Limited and its subsidiaries
Statement of cash flows
For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit before tax	3,631,774,954	3,957,566,140	2,124,846,127	2,587,185,657
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Decrease in land and construction in progress as a result of transfer to cost of sales	13,276,127,796	13,605,511,676	3,775,306,162	5,422,430,539
Depreciation	81,972,585	72,913,891	34,767,643	44,379,707
Amortisation of leasehold rights	100,057,057	97,069,078	100,057,057	97,069,078
Amortisation - others	8,759,367	8,759,367	8,759,367	8,759,367
Unrealised exchange gain	(4,378,788)	(773,889)	(194,482)	(162,720)
Share of profit from investments in associates	(1,232,573,094)	(1,059,885,137)	-	-
Income from forfeiture of booking and down payments	(17,941,553)	(8,722,651)	(1,133,406)	(960,825)
Interest income	(14,728,150)	(20,833,222)	(892,069,755)	(704,455,315)
Dividend income	-	-	(1,521,219,490)	(1,492,607,868)
Gain on sales of equipment	(459,691)	(388,472)	(268,877)	(193,165)
Provision for loss arising from litigation	57,531,312	2,230,000	47,331,312	2,230,000
Reversal of provision for loss arising from loan guarantee	(2,700,000)	-	(2,700,000)	-
Allowance for doubtful account for long-term loans and interest receivables	42,125,850	-	-	-
Provision for loss on diminution in value of projects	-	124,600	-	-
Reverse of provision for loss on diminution in value of projects	(38,606,066)	(43,479,753)	(38,606,066)	(43,479,753)
Provision for loss arising from guarantee of minimum rental income of projects (reversal)	(22,404,569)	30,900,000	(32,628,012)	45,000,000
Provision for long-term employee benefits	14,091,171	17,080,719	7,506,479	10,843,314
Transfer deferred financial fees to finance cost	5,210,939	1,536,365	5,210,939	1,536,365
Interest expenses	304,019,597	227,838,483	941,470,867	749,700,233
Profit from operating activities before changes in operating assets and liabilities	16,187,878,717	16,887,447,195	4,556,435,865	6,727,274,614
Decrease (increase) in operating assets				
Trade and other receivables	22,119,901	17,202,249	8,638,041	30,481,037
Land and construction in progress	(9,627,372,026)	(8,574,884,104)	(2,372,165,560)	(2,441,805,793)
Advance for construction work	168,683,674	(581,213,730)	(21,557,797)	22,376,509
Advance for construction material	6,357,653	55,982,112	3,248,500	45,283,578
Other current assets	2,127,643	(10,060,278)	2,255,683	538,588
Land and project development costs	(5,123,373,168)	(9,191,217,764)	(2,073,920,055)	(2,669,478,406)
Deposits for purchase of land	(496,071,093)	(560,712,429)	(504,519,093)	-
Other non-current assets	6,141,628	(8,864,045)	6,905,232	(2,913,293)
Increase (decrease) in operating liabilities				
Trade and other payables	314,014,629	115,111,947	175,506,901	25,156,645
Advance received from customers	13,873,759	(46,424,134)	(24,774,362)	(126,180,332)
Deposits for rental and service	(6,010,466)	2,592,710	(2,712,528)	6,699,818
Retention guarantees	(32,227,581)	93,943,873	(44,706,908)	38,227,667
Other current liabilities	133,128,703	181,835,267	20,116,791	25,791,716
Paid for loss arising from guarantee of minimum rental income of projects	(46,456,466)	(83,459,823)	(46,456,466)	(83,459,823)
Paid for litigation compensation	(670,000)	-	(670,000)	-
Paid for long-term employee benefits	(7,622,000)	(12,002,933)	(7,350,000)	(11,975,200)
Cash flows from (used in) operating activities	1,514,523,507	(1,714,723,887)	(325,725,756)	1,586,017,325
Cash paid for income tax	(572,589,975)	(792,273,214)	(124,751,581)	(176,200,713)
Net cash flows from (used in) operating activities	941,933,532	(2,506,997,101)	(450,477,337)	1,409,816,612

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

Quality Houses Public Company Limited and its subsidiaries
Statement of cash flows (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from investing activities				
Decrease (increase) in restricted deposits at financial institutions	(6,307,906)	3,122,693	(6,222,044)	3,790,031
Dividends received from subsidiaries	-	-	840,000,000	1,113,589,932
Dividends received from associates	681,219,490	379,017,936	681,219,490	379,017,936
Cash paid for purchases of investments in associates	-	(199,989,586)	-	(199,989,586)
Increase in long-term loans to related parties	-	(1,246,393)	(1,171,712,274)	(5,648,938,787)
Cash received from interest income	14,728,150	20,833,222	894,792,696	707,241,501
Increase in leasehold rights (net of disposals)	(16,882,720)	(17,387,562)	(16,882,720)	(17,387,562)
Increase in property, plant and equipment (net of disposals)	(74,087,353)	(293,408,991)	(25,121,101)	(15,851,064)
Net cash flows from (used in) investing activities	598,669,661	(109,058,681)	1,196,074,047	(3,678,527,599)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(700,000,000)	1,000,000,000	(700,000,000)	1,000,000,000
Increase in short-term loans	600,000,000	675,000,000	600,000,000	675,000,000
Increase (decrease) in short-term loan from related company	-	-	38,210,364	(84,137,559)
Cash received from long-term loans	-	2,100,724,800	-	1,691,000,000
Repayment of long-term loans	(697,000,000)	(1,403,724,800)	(697,000,000)	(994,000,000)
Increase in long-term loans from related parties	-	-	10,000,000	30,000,000
Cash received from issuance of debentures	7,000,000,000	6,500,000,000	7,000,000,000	6,500,000,000
Cash paid for redemption of debentures	(4,600,000,000)	(3,985,000,000)	(4,600,000,000)	(3,985,000,000)
Cash paid for financial fees	(9,867,540)	(10,370,404)	(9,867,540)	(10,370,404)
Cash paid for interest expenses	(1,049,185,411)	(963,575,774)	(1,059,878,987)	(973,363,764)
Dividend paid	(705,793,449)	(1,469,134,026)	(705,793,449)	(1,469,134,026)
Net cash flows from (used in) financing activities	(161,846,400)	2,443,919,796	(124,329,612)	2,379,994,247
Net increase (decrease) in cash and cash equivalents	1,378,756,793	(172,135,986)	621,267,098	111,283,260
Cash and cash equivalents at beginning of year	1,458,191,027	1,630,327,013	589,660,150	478,376,890
Cash and cash equivalents at end of year	2,836,947,820	1,458,191,027	1,210,927,248	589,660,150
Supplemental cash flows information				
Non-cash transactions				
Stock dividend	1,530,614,092	-	1,530,614,092	-
Transfer of land and project development costs to land and construction in progress	7,044,437,472	6,703,992,170	2,654,093,854	584,940,659
Transfer of deposit for purchase of land to land and project development costs	552,264,429	317,259,000	-	-
Interest expenses recorded as cost of projects	765,902,187	784,659,343	144,087,716	271,449,502
Transfer of short-term provision to other payable - related party	-	26,354,362	-	26,354,362
Actuarial gains - net of income tax	-	10,239,033	-	8,720,995
Increase (decrease) in share of other comprehensive income of associates - net of income tax	(4,147,787)	1,088,157	-	-

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

Quality Houses Public Company Limited and its subsidiaries

Note to consolidated financial statements

For the year ended 31 December 2015

1. General information

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

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Quality Houses Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			2015	2014
			%	%
Casa Ville Co., Ltd.	Real estate development	Thailand	100	100
Q.H. International Co., Ltd.	Managing of serviced apartment	Thailand	100	100
Property Host Co., Ltd.	Lease of land	Thailand	100	100
Centre Point Hospitality Co., Ltd.	Lease of residential building	Thailand	100	100
The Confidence Co., Ltd.*	Real estate development	Thailand	-	-
Q.H. Management Co., Ltd. (19% held through The Confidence Co., Ltd.)	Managing of public utilities of real estate business and land owner	Thailand	81	81
Q.H. International (BVI) Co.,Ltd.**	Holding company	British Virgin Island	-	-
Casa Ville (Rayong 2553) Co., Ltd.*	Real estate development	Thailand	-	-
Casa Ville (Petchburi 2553) Co., Ltd.*	Real estate development	Thailand	-	-
Q. House Precast Co., Ltd.*	Manufacture and distribution of precast concrete	Thailand	-	-
Gusto Village Co., Ltd.*	Real estate development	Thailand	-	-
Casa Ville (Chonburi 2554) Co., Ltd.*	Real estate development	Thailand	-	-
Casa Ville (Prachuapkhirikhan 2554) Co., Ltd.*	Real estate development	Thailand	-	-

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

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

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

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

4. Significant accounting policies

4.1 Revenue recognition

(a) Sales of land and houses and sales of residential condominium units

Sales of land and houses and sales of residential condominium units are recognised as revenue when the significant risks and rewards of ownership of the goods have passed to the buyer, whereby construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

(b) Rental and services income

Rental of units in office buildings and residential buildings and related services income are recognised on an accrual basis over the period of contracts.

(c) Interest income

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

(d) Dividends

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

4.2 Cost of land and houses sold and cost of residential condominium units sold

In determining the cost of land and houses sold and cost of residential condominium units sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to land and houses sold on the basis of the salable area and to residential condominium units sold on the basis of the salable area weighted to the selling price of the unit, and then recognised as costs in profit or loss concurrently with revenue from sales.

Development costs are stated at cost, consisting of cost of land, design fees, utilities, construction and related interest.

4.3 Cash and cash equivalents

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

4.4 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.5 Land and construction in progress

Land and construction in progress are stated at cost less provision for loss on diminution in value of projects. The details of cost calculation are as follows:

Land	- Cost of land using the weighted average method, calculating it separately for each project.
Construction in progress	- Construction in progress consists of the cost of construction, public utility costs and interest capitalised to cost of projects by records cost of construction and public utilities based on the actual cost incurred.

4.6 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method, net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 15 - 60 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.8 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Land improvement	-	10 years
Leasehold improvement	-	5 - 20 years
Buildings and building improvement	-	5 - 60 years
Equipment and operating equipment	-	1 - 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

4.9 Leasehold rights and amortisation

Leasehold rights are stated at cost less accumulated amortisation. The Company amortises leasehold rights on a straight-line basis over the leasehold period.

The amortisation is included in determining income.

4.10 Borrowing costs

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

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

4.11 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in determining income.

4.12 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.13 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.14 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.15 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the investment properties, property, plant and equipment, land and project development costs and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.16 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labour law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

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

4.17 Provisions

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

4.18 Income tax

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

Current tax

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

Deferred tax

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

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.19 Fair value measurement

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

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

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

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

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of equity investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

Property, plant and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the buildings and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment when it is determined that their recoverable amount is lower than the carrying amounts. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Project development costs estimation

In calculating cost of land and houses sold and cost of residential condominium units sold, the Company and its subsidiaries have to estimate all project development costs, comprising land and land improvement costs, design and construction costs, public utility costs, borrowing costs and other related costs. The management estimates these costs based on their business experience and revisits the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

Provision for loss arising from loan guarantees

In recording provision for loss arising from guarantees of loans to related companies, the management estimates the expenses expected to be incurred as a result of providing such guarantees based on the ability of those companies to make payment of their debts to the creditors, and records the provision according to the proportion of guarantee provided.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Provision for public utilities maintenance/housing maintenance

In estimating the Company's and subsidiaries' provision for public utilities maintenance/housing maintenance, the management considers historical data and/or currently available information about the costs of various types of repairment work.

Provision for guarantee of minimum rental income

In recording provision for guarantee of minimum rental income of projects, the management estimates the operating results of projects based on historical data on rental income and related expenses together with currently available information, then record the amount that is expected to be paid to the Fund as provision.

Compensation for Housing Estate Juristic Persons

The Company and its subsidiaries estimate the compensation for Housing Estate Juristic Persons using the rate specified by the regulator and the budgeted public utilities costs as a basis for the calculation.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management has exercised judgement to assess of the results of the litigation and recorded certain provision as at the end of reporting period. However, actual results could differ from the estimates.

6. Related party transactions

- 6.1 During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2015	2014	2015	2014	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of land	-	-	-	18	Approximate to cost
Interest income	-	-	884	691	3.90% to 4.63% and MLR per annum
Rental and service income	-	-	6	1	Market price
Other service expenses	-	-	33	33	Market price
Dividend income	-	-	840	1,114	As declared
Interest expenses	-	-	15	16	3.90% to 4.40% and MLR minus certain rates per annum
<u>Transactions with associates</u>					
Material cost	32	48	8	11	Wholesale price charged by the related company to third parties
Rental expenses	275	228	32	30	Contract value
Building management income	29	28	9	8	1% - 2% of property revenue and 2.4% - 5.5% of net property profit
Rental and service income	50	44	50	44	Market price
Provision for loss arising from guarantee of minimum rental income of projects (reversal)	(22)	31	(33)	45	Contract value
Interest income	13	17	8	13	0.50% to 1.55% per annum
Dividend income	-	-	681	379	As declared
Sales of assets	-	3	-	3	Market price
Purchases of assets	2	-	-	-	Market price
Other service expenses	7	4	-	-	Contract value
Bank charges	2	2	1	1	Market price
<u>Transactions with related companies</u>					
Lease of land and building	-	17	-	-	Contract value which compared to the amounts as estimated by independent consultant
Material cost	63	72	16	20	Market price
Interest income	-	2	-	-	LIBOR+2.00%, LIBOR+3.00% and 8.00% per annum
Other service fees	1	11	-	-	Contract value
Rental and service income	15	8	15	8	Market price
Sales of real estate	16	20	16	20	Market price
Building management income	46	66	2	3	Contract value
Other service income	9	3	-	1	Contract value

As at 31 December 2015 and 2014, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deposits at financial institutions (shown under cash and cash equivalents)				
Associate				
Land and Houses Bank Plc.	2,153,295	905,978	927,159	362,206
Trade and other receivables - related parties				
<u>Trade accounts receivable - related parties</u>				
Subsidiaries	-	-	132	109
Associates	142	114	124	97
Related companies (Common directors or common shareholders)	388	554	388	554
Total trade accounts receivable - related parties	530	668	644	760
<u>Other receivables - related parties</u>				
<i>Advance:</i>				
Subsidiary	-	-	-	1,602
Associate	700	375	-	375
	700	375	-	1,977
<i>Other receivables:</i>				
Subsidiaries	-	-	386	590
Associates	4,975	2,480	1,511	738
Related companies (Common directors or common shareholders)	6,118	29,595	72	5,149
	11,093	32,075	1,969	6,477
Total other receivables - related parties	11,793	32,450	1,969	8,454
Total	12,323	33,118	2,613	9,214
Deposits for rental and service (shown under other non-current assets)				
Associate	6,715	6,610	6,715	6,610
Trade and other payables - related parties				
<u>Trade accounts payable - related parties</u>				
Subsidiary	-	-	8,216	12,332
Associates	6,522	5,112	1,864	699
Related companies (Common directors or common shareholders)	10,189	13,624	3,203	3,604
Total trade accounts payables - related parties	16,711	18,736	13,283	16,635

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Other payables - related parties				
Subsidiary	-	-	371	415
Associate	-	26,354	-	26,354
Related companies (Common directors or common shareholders)	63	-	-	-
Total other payables - related parties	63	26,354	371	26,769
Total	16,774	45,090	13,654	43,404
Advance received from customers - related parties				
Related persons	-	7,549	-	7,476
Deposits for rental and service - related parties				
Subsidiaries	-	-	714	5
Associate	4,643	4,590	4,643	4,590
Related companies (Common directors or common shareholders)	3,607	1,661	3,607	1,661
Total	8,250	6,251	8,964	6,256
Accrued expenses - related parties (shown under other current liabilities)				
Subsidiary	-	-	984	315
Associates	62,298	63,684	225	293
Total	62,298	63,684	1,209	608
Rental income received in advance - related party				
Associate (Note 6.3)				
Current portion	27,224	27,224	27,224	27,224
Non-current portion	541,523	568,690	541,523	568,690
Total	568,747	595,914	568,747	595,914
Provision for liabilities arising from guarantee of minimum rental income - related company (shown under short-term provision)				
Associate	-	52,730	-	52,730

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Interest policy (% p.a.)
	2015	2014	2015	2014	
Long-term loans to and interest receivables - related parties					
<u>Subsidiaries</u>					
Q.H. International (BVI) Co., Ltd.	-	-	-	1,544	MLR
Casa Ville Co., Ltd.	-	-	20,855,694	19,682,940	4.10%
Property Host Co., Ltd.	-	-	-	2,026	4.63%
<u>Related party</u>					
Harbour View Joint Stock Company (Common directors)	42,126	37,951	-	-	LIBOR+2.00%, LIBOR+3.00% and 8.00%
Total	42,126	37,951	20,855,694	19,686,510	
Less: Allowance for doubtful account	(42,126)	-	-	-	
Net	-	37,951	20,855,694	19,686,510	
Short-term loan from and accrued interest - related party					
<u>Subsidiary</u>					
Q.H. International Co., Ltd.	-	-	111,063	72,007	4.10%
Long-term loans from and accrued interest - related parties					
<u>Subsidiaries</u>					
Q.H. Management Co., Ltd.	-	-	265,966	261,840	3.90%, 4.40% and MLR-1.00%
Centre Point Hospitality Co., Ltd.	-	-	50,017	40,045	4.10%
Total	-	-	315,983	301,885	

During the year, the movements of loans to and interest receivables and loans from and accrued interest with related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	1 January 2015	Increase	Decrease	31 December 2015
Long-term loan to and interest receivables - related party				
<u>Related party</u>				
Harbour View Joint Stock Company	37,951	4,175	-	42,126
Less: Allowance for doubtful account	-	(42,126)	-	(42,126)
Net	37,951	(37,951)	-	-

(Unit: Thousand Baht)

	Separate financial statements			
	1 January 2015	Increase	Decrease	31 December 2015
Long-term loans to and interest receivables - related parties				
<u>Subsidiaries</u>				
Q.H. International (BVI) Co., Ltd.	1,544	22	(1,566)	-
Casa Ville Co., Ltd.	19,682,940	6,210,671	(5,037,917)	20,855,694
Property Host Co., Ltd.	2,026	10	(2,036)	-
Centre Point Hospitality Co., Ltd.	-	69,454	(69,454)	-
Total	19,686,510	6,280,157	(5,110,973)	20,855,694
Short-term loan from and accrued interest - related party				
<u>Subsidiary</u>				
Q.H. International Co., Ltd.	72,007	45,882	(6,826)	111,063
Long-term loans from and accrued interest - related parties				
<u>Subsidiaries</u>				
Q.H. Management Co., Ltd.	261,840	12,207	(8,081)	265,966
Centre Point Hospitality Co., Ltd.	40,045	61,698	(51,726)	50,017
Total	301,885	73,905	(59,807)	315,983

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2015	2014
Short-term employee benefits	61	63
Post-employment benefits	9	26
Total	70	89

Guarantee obligations with related parties

The Company and its subsidiaries has outstanding guarantee obligations with its related party and provision of financial support to its subsidiaries, as described in Notes 20 and 32.6.

6.2 The Company and its subsidiaries have the following long-term agreements with property funds in which it or its related companies hold investment units.

	Counterparty	(Unit: Million Baht)	
		Contract amount	
		2015	2014
a) Agreement to lease immovable properties - Q. House Ploenchit Project	Quality Houses Leasehold Property Fund	819	819
b) Agreement relating to the lease and sublease of building and assets - Centre Point Hotel Pratunam, Sukhumvit 10 and Chidlom	Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	504*	504*

* Contract amount is not included variable rental fee.

6.3 On 21 November 2006, the Company entered into an agreement to lease immovable properties of Q. House Ploenchit project to Quality Houses Leasehold Property Fund, whereby the Company agreed to lease land, building and other related equipment to the Fund and in return received 30 years' rental for the land, building, public utilities and other related equipment of the project totaling Baht 819 million. The Company recorded this rental fees as "Rental income received in advance" in the statements of financial position, and it will be recognised as income over the period of the lease contract.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash	12,417	8,795	2,069	2,733
Bank deposits	2,024,531	1,449,396	658,858	586,927
Bills of exchange	800,000	-	550,000	-
Total	<u>2,836,948</u>	<u>1,458,191</u>	<u>1,210,927</u>	<u>589,660</u>

As at 31 December 2015, bank deposits in current accounts, saving accounts, fixed deposits and bills of exchange carried interests between 0.10% and 1.30% per annum (2014: between 0.10% and 1.55% per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<u>Trade receivables – related parties (Note 6)</u>				
Aged of receivables				
Up to 3 months	530	668	644	760
Total trade receivables – related parties	530	668	644	760
<u>Trade receivables – unrelated parties</u>				
Aged of receivables				
Up to 3 months	25,332	27,821	8,639	10,160
3 – 6 months	1,386	912	40	3
6 – 12 months	753	182	49	162
Over 12 months	30	-	30	-
Total	27,501	28,915	8,758	10,325
Less: Allowance for doubtful debts	-	-	-	-
Total trade receivables – unrelated parties, net	27,501	28,915	8,758	10,325
Total trade receivables – net	28,031	29,583	9,402	11,085
<u>Other receivables</u>				
Advance to related parties (Note 6)	700	375	-	1,977
Other receivables – related parties (Note 6)	11,093	32,075	1,969	6,477
Other receivables – unrelated parties	18,037	11,943	687	1,157
Total other receivables	29,830	44,393	2,656	9,611
Total trade and other receivables – net	57,861	73,976	12,058	20,696

9. Land and construction in progress

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Construction material	11,497	-	-	-
Land	13,724,900	12,047,402	4,783,405	3,375,362
Interest cost	1,946,783	1,703,767	739,926	767,148
Construction under development	13,511,325	11,333,067	3,089,831	3,080,880
Total	29,194,505	25,084,236	8,613,162	7,223,390
Less: Provision for loss on diminution in value of projects	(96,310)	(134,916)	(96,310)	(134,916)
Land and construction in progress – net	29,098,195	24,949,320	8,516,852	7,088,474

During the current year, the Company and its subsidiaries included borrowing costs of Baht 715 million as cost of "Land and construction in progress" (the Company only: Baht 139 million) (2014: Baht 675 million, the Company only: Baht 219 million). These were determined by applying a capitalisation rate of 2.9% (the Company only: 0.6%) (2014: 3.4%, the Company only: 1.2%).

During the current year, the Company arranged for an independent valuer to appraise the fair value of the Company's and its subsidiaries' land and construction in progress, using the market approach and/or the cost approach and/or the hypothetical development method. The fair values of the land and construction in progress appraised by the independent valuer exceeded their net project values.

Movements in the provision for loss on diminution in value of projects during the years ended 31 December 2015 and 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	2015	2014
Balance at beginning of year	134,916	178,396
Provision reversal according to revenue recognition during the year	(38,606)	(43,480)
Balance at end of year	<u>96,310</u>	<u>134,916</u>

The Company and its subsidiaries have mortgaged certain plots of land and structures thereon with net book values as at 31 December 2015 amounting to Baht 2,693 million (the Company only: Baht 2,693 million) (2014: Baht 4,142 million, the Company only: Baht 1,633 million) as collateral for credit facilities granted by banks.

Additional information of the Company's and its subsidiaries' projects.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Total estimated sales value of projects on hand of which contracts have been signed	133,515	124,505	47,011	44,636
Total value of contracts signed according to the letters reserving plots of land and structures thereon	72,834	68,543	26,778	28,462
Percentage of total estimated sales value of projects	55%	55%	57%	64%
Total value of contracts signed according to the letters reserving plots of land and structures thereon not yet recognised as income	8,605	3,838	3,551	1,159

10. Restricted deposits at financial institutions

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

11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholdings		Cost		Dividend received	
	2015	2014	2015	2014	2015	2014	2015	2014
			(%)	(%)				
Casa Ville Co., Ltd.	3,000,000	3,000,000	100	100	2,999,999	2,999,999	840,000	1,004,100
Q.H. International Co., Ltd.	76,836	76,836	100	100	76,836	76,836	-	109,490
Property Host Co., Ltd.	5,000	5,000	100	100	5,000	5,000	-	-
Centre Point Hospitality Co., Ltd.	5,000	5,000	100	100	4,999	4,999	-	-
The Confidence Co., Ltd.*	1,000,000	1,000,000	-	-	-	-	-	-
Q.H. Management Co., Ltd. (and 19% held through The Confidence Co., Ltd.)	380,000	380,000	81	81	306,193	306,193	-	-
Q.H. International (BVI) Co., Ltd.**	30,796	30,796	-	-	-	-	-	-
Casa Ville (Rayong 2553) Co. Ltd.*	5,000	5,000	-	-	-	-	-	-
Casa Ville (Petchburi 2553) Co. Ltd.*	5,000	5,000	-	-	-	-	-	-
Q. House Precast Co., Ltd.*	5,000	5,000	-	-	-	-	-	-
Gusto Village Co., Ltd.*	500,000	500,000	-	-	-	-	-	-
Casa Ville (Chonburi 2554) Co., Ltd.*	5,000	5,000	-	-	-	-	-	-
Casa Ville (Prachuapkhirkhan 2554) Co., Ltd.*	5,000	5,000	-	-	-	-	-	-
Total					<u>3,393,027</u>	<u>3,393,027</u>	<u>840,000</u>	<u>1,113,590</u>

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

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

Q.H. International Co., Ltd.

On 24 September 2015, the Extraordinary General Meeting of Shareholders approved the decrease in the registered capital from Baht 96 million to Baht 25 million by cancelling the 710,445 registered ordinary shares with a par value of Baht 100 each. At present, it is in process of proceeding with the resolution.

Q.H. Management Co., Ltd.

On 24 September 2015, the Extraordinary General Meeting of Shareholders approved the decrease in the registered capital from Baht 380 million to Baht 110 million by cancelling the 2,700,000 registered ordinary shares with a par value of Baht 100 each. At present, it is in process of proceeding with the resolution.

12. Investments in associates

12.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholdings percentage		Cost		Carrying amounts based on equity method	
			2015 (%)	2014 (%)	2015	2014	2015	2014
Quality Houses Leasehold Property Fund ⁽¹⁾	Investment in immovable properties	Thailand	26	26	2,017,695	2,017,695	1,266,995	1,279,821
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund ⁽²⁾	Investment in immovable properties	Thailand	31	31	1,052,800	1,052,800	399,828	444,353
Home Product Center Plc.	Trading	Thailand	20	20	759,959	759,959	3,574,107	3,335,167
LH Financial Group Plc. (held 100% in Land and Houses Bank Plc.)	Holding company	Thailand	21	21	2,849,800	2,849,800	3,830,319	3,474,925
Total					6,680,254	6,680,254	9,071,249	8,534,266

⁽¹⁾ Carrying amounts are based on equity method, and presented net of unrealised gain on sales of building and transfer of leasehold rights to land of Q. House Lumpini project to the Fund.

⁽²⁾ Carrying amounts are based on equity method, and presented net of unrealised gain on sales of properties of Centre Point Hotel Pratunam and Centre Point Hotel Sukhumvit 10, and transfer of leasehold rights to building of Centre Point Hotel Chidlom to the Fund.

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholdings percentage		Cost	
			2015	2014	2015	2014
			(%)	(%)		
Quality Houses Leasehold Property Fund	Investment in immovable properties	Thailand	26	26	2,017,695	2,017,695
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	Investment in immovable properties	Thailand	31	31	1,052,800	1,052,800
Home Product Center Plc.	Trading	Thailand	20	20	759,959	759,959
LH Financial Group Plc. (held 100% in Land and Houses Bank Plc.)	Holding Company	Thailand	21	21	2,849,800	2,849,800
Total					<u>6,680,254</u>	<u>6,680,254</u>

12.2 Share of comprehensive income and dividend received

During the years, the Company has summarised its share of profit (loss) from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements				Separate financial statements	
	Share of profit from investments in associates during the year		Share of other comprehensive income from investment in associates during the year		Dividend received during the year	
	2015	2014	2015	2014	2015	2014
Quality Houses Leasehold Property Fund	139,126	128,524	-	-	151,952	150,112
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	43,605	28,777	-	-	77,907	77,907
Home Product Center Plc.	696,866	648,509	(16,986)	-	440,940	60,241
LH Financial Group Plc.	352,976	254,075	12,838	1,088	10,420	90,758
Total	<u>1,232,573</u>	<u>1,059,885</u>	<u>(4,148)</u>	<u>1,088</u>	<u>681,219</u>	<u>379,018</u>

12.3 Fair value of investments in listed associates

In respect of investments in associates that are listed companies on the Stock Exchange of Thailand, their fair values are as follows:

Company's name	(Unit: Million Baht)	
	Fair values as at 31 December	
	2015	2014
Quality Houses Leasehold Property Fund	2,086	1,892
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	863	884
Home Product Center Plc.	17,769	20,088
LH Financial Group Plc.	4,802	5,520
Total	25,520	28,384

12.4 Summarised financial information about associates

Summarised information about financial position

	(Unit: Million Baht)							
	Quality Houses Leasehold Property Fund		Quality Houses Hotel and Residence Freehold and Leasehold Property Fund		Home Product Center Plc.		LH Financial Group Plc.	
	2015	2014	2015	2014	2015	2014	2015	2014
Total assets	9,157	9,042	3,586	3,585	46,991	44,313	199,667	164,970
Total liabilities	364	338	1	2	30,088	28,611	181,716	148,684
Net assets	8,793	8,704	3,585	3,583	16,903	15,702	17,951	16,286
Shareholdings percentage (%)	26	26	31	31	20	20	21	21
Share of net assets	2,256	2,233	1,123	1,123	3,358	3,119	3,830	3,475
Unrealised gains on revaluation of investments	(161)	(158)	(29)	(26)	-	-	-	-
Unrecognised gains on sales of assets	(523)	(523)	(601)	(601)	-	-	-	-
Record depreciation and amortisation of assets	(305)	(272)	(93)	(69)	-	-	-	-
Unrealised expenses on providing guarantee of minimum rental income of the projects	-	-	-	17	-	-	-	-
Goodwill	-	-	-	-	216	216	-	-
Carrying amounts of associates based on equity method	1,267	1,280	400	444	3,574	3,335	3,830	3,475

Summarised information about comprehensive income

(Unit: Million Baht)

	Quality Houses Leasehold Property Fund		Quality Houses Hotel and Residence Freehold and Leasehold Property Fund		Home Product Center Plc.		LH Financial Group Plc.	
	2015	2014	2015	2014	2015	2014	2015	2014
	Revenue	1,096	1,056	264	280	56,243	51,209	9,777
Profit	681	698	250	94	3,499	3,313	1,652	1,201
Other comprehensive income	-	-	-	-	(79)	(23)	61	5
Total comprehensive income	-	-	-	-	3,420	3,290	1,713	1,206

Quality Houses Leasehold Property Fund

On 16 February 2016, the meeting of the Investment Committee of Quality Houses Leasehold Property Fund approved the payment of a dividend of Baht 0.197 per share to its unitholders from the operating results for the period as from 1 October 2015 to 31 December 2015, a total of Baht 157 million, which is to be paid on 16 March 2016.

Quality Houses Hotel and Residence Freehold and Leasehold Property Fund

On 16 February 2016, the meeting of unitholders of Quality Houses Hotel and Residence Freehold and Leasehold Property Fund approved to the payment of a dividend of Baht 0.310 per unit from the operating results for the period as from 1 July 2015 to 31 December 2015, a total of Baht 104 million, which is to be paid on 16 March 2016.

Home Product Center Plc.

On 10 April 2014, the Annual General Meeting of the shareholders of Home Product Center Plc. approved the payment of dividend to its shareholders. This comprised a stock dividend at a rate of 1 dividend share for every 7 existing shares, or equivalent to Baht 0.1429 per share, and a cash dividend of Baht 0.0159 per share. The Company received 271 million shares and Baht 30 million on 8 May 2014.

Subsequently, on 15 October 2014, the Extraordinary General Meeting of the shareholders of Home Product Center Plc. approved the payment of dividend to its shareholders. This comprised a stock dividend at a rate of 1 dividend share for every 8 existing shares, or equivalent to Baht 0.125 per share, and payment of a cash dividend of Baht 0.013889 per share. The Company received 271 million shares and Baht 30 million on 13 November 2014.

In addition, in 2014, the Company acquired an additional 12 million ordinary shares of Home Product Center Plc. for a total of Baht 109 million.

On 9 April 2015, the Annual General Meeting of the shareholders of Home Product Center Plc. approved the payment of dividend to its shareholders. This comprised a stock dividend at a rate of 1 dividend share for every 15 existing shares, or equivalent to Baht 0.06667 per share, and a cash dividend of Baht 0.07333 per share. The Company received 163 million shares and Baht 180 million on 8 May 2015.

LH Financial Group Plc.

On 21 April 2014, the Annual General Meeting of the shareholders of LH Financial Group Plc. approved the allotment of new ordinary shares to be offered to its existing shareholders in a ratio of 1 new share for every 30 existing shares, at a price of Baht 1 per share. The Company received 91 million of new ordinary shares for this allotment, or a total of Baht 91 million and made payment for such shares on 27 May 2014.

On 24 April 2015, the Annual General Meeting of the shareholders of LH Financial Group Plc. approved the payment of dividend to its shareholders. This comprised a stock dividend at a rate of 1 dividend share for every 30 existing shares, or equivalent to Baht 0.0333 per share, and a cash dividend of Baht 0.0037 per share. The Company received 94 million shares and Baht 10 million on 21 May 2015.

13. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Investments in marketable equity securities	2	2	2	2
Investment in other company				
(Held by Q.H. International (BVI) Co., Ltd.)				
Harbour View Joint Stock Company				
(Registered in Vietnam)	32,599	32,599	-	-
Less: Allowance for impairment of investment	(32,599)	(32,599)	-	-
Investment in other company - net	-	-	-	-
Total other long-term investments	2	2	2	2

As described in Note 32.6, the Company has an outstanding obligation in respect of loan guarantees provided on behalf of Harbour View Joint Stock Company, equal to 50% of that company's obligations to a bank. For prudent reasons, as at 31 December 2015, the Company has set aside a provision of Baht 58 million (2014: 61 million) for losses arising from the guarantees and believes that such provision should be appropriated under current situation.

14. Investment properties

The net book value of investment properties as at 31 December 2015 and 2014 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2015	2014
Office building for rent		
Cost	888,957	888,957
Less: Accumulated depreciation	(315,695)	(301,301)
Less: Allowance for diminution in value	(82,068)	(88,147)
Net book value - net	<u>491,194</u>	<u>499,509</u>

A reconciliation of the net book value of investment properties for the years 2015 and 2014 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2015	2014
Net book value at beginning of year	499,509	514,437
Depreciation charged	(8,315)	(14,928)
Net book value at end of year	<u>491,194</u>	<u>499,509</u>

As at 31 December 2015, the net book value of rental income received in advance from lessee is Baht 569 million (2014: Baht 596 million), and the fair value of the investment properties as determined based on valuations performed by an accredited independent valuer was Baht 856 million (2014: Baht 848 million). The fair value has been determined using the income approach. Key assumptions used in the valuation are yield rate, inflation rate, long-term vacancy rate and long-term growth in rental rates which has been determined based on rental information of tenants of building of Quality Houses Leasehold Property Fund that leased the building from the Company.

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Leasehold improvement	Buildings and building improvement	Equipment and operating equipment	Motor vehicles	Assets under installation	Total
<u>Cost</u>							
1 January 2014	257,092	15,157	17,051	499,117	84,935	266	873,618
Additions	72,645	4,994	49	41,829	4,392	190,374	314,283
Transfer in (out)	-	1,976	3,020	42,614	-	(47,610)	-
Disposals/write-off	-	(4,555)	(3,268)	(90,143)	(10,100)	(6,406)	(114,472)
31 December 2014	329,737	17,572	16,852	493,417	79,227	136,624	1,073,429
Additions	252	5,379	1,696	38,486	11,741	20,098	77,652
Transfers in (out)	-	67,442	(49)	85,058	8	(154,241)	(1,782)
Disposals/write-off	-	-	-	(69,298)	(6,114)	-	(75,412)
31 December 2015	329,989	90,393	18,499	547,663	84,862	2,481	1,073,887
<u>Accumulated depreciation</u>							
1 January 2014	4,066	9,231	5,742	398,743	34,840	-	452,622
Depreciation for the year	622	1,685	805	41,889	12,985	-	57,986
Depreciation on disposals/write-off	-	(833)	(419)	(87,353)	(5,381)	-	(93,986)
31 December 2014	4,688	10,083	6,128	353,279	42,444	-	416,622
Depreciation for the year	211	7,084	879	52,524	12,960	-	73,658
Depreciation on disposals/write-off	-	(2)	-	(68,170)	(5,918)	-	(74,090)
31 December 2015	4,899	17,165	7,007	337,633	49,486	-	416,190
<u>Allowance for impairment loss</u>							
1 January 2014	81,873	-	-	-	-	-	81,873
31 December 2014	81,873	-	-	-	-	-	81,873
31 December 2015	81,873	-	-	-	-	-	81,873
<u>Net book value</u>							
31 December 2014	243,176	7,489	10,724	140,138	36,783	136,624	574,934
31 December 2015	243,217	73,228	11,492	210,030	35,376	2,481	575,824
Depreciation for the year							
2014 (Baht 11 million included in cost of rental and services, and the balance in administrative expenses)							57,986
2015 (Baht 18 million included in cost of rental and services, and the balance in administrative expenses)							73,658

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and improvement	Leasehold improvement	Buildings and building improvement	Equipment and operating equipment	Motor vehicles	Assets under installation	
<u>Cost</u>							
1 January 2014	255,664	11,146	13,784	397,907	37,229	265	715,995
Additions	-	-	-	19,140	1,024	7,821	27,985
Disposals/write-off	-	(1,000)	-	(76,600)	(7,344)	(6,406)	(91,350)
31 December 2014	255,664	10,146	13,784	340,447	30,909	1,680	652,630
Additions	-	-	1,696	21,131	5,334	-	28,161
Transfers in (out)	-	-	-	(99)	-	(1,680)	(1,779)
Disposals/write-off	-	-	-	(66,615)	(3,131)	-	(69,746)
31 December 2015	255,664	10,146	15,480	294,864	33,112	-	609,266
<u>Accumulated depreciation</u>							
1 January 2014	3,999	8,526	5,377	350,821	15,375	-	384,098
Depreciation for the year	486	1,014	689	21,592	5,671	-	29,452
Depreciation on disposals/write-off	-	(163)	-	(76,573)	(2,672)	-	(79,408)
31 December 2014	4,485	9,377	6,066	295,840	18,374	-	334,142
Depreciation for the year	72	759	728	20,063	4,831	-	26,453
Depreciation on disposals/write-off	-	-	-	(65,810)	(2,945)	-	(68,755)
31 December 2015	4,557	10,136	6,794	250,093	20,260	-	291,840
<u>Allowance for impairment loss</u>							
1 January 2014	81,873	-	-	-	-	-	81,873
31 December 2014	81,873	-	-	-	-	-	81,873
31 December 2015	81,873	-	-	-	-	-	81,873
<u>Net book value</u>							
31 December 2014	169,306	769	7,718	44,607	12,535	1,680	236,615
31 December 2015	169,234	10	8,686	44,771	12,852	-	235,553
Depreciation for the year							
2014 (Baht 8 million included in cost of rental and services, and the balance in administrative expenses)							29,452
2015 (Baht 6 million included in cost of rental and services, and the balance in administrative expenses)							26,453

During the current year, the Company arranged for independent valuers to appraise the fair value of certain assets of the Company's and its subsidiaries' land and buildings using the market approach and/or the cost approach. The fair values of those assets as appraised by the independent valuers exceeded their net book value.

As at 31 December 2015, certain plant and equipment items of the Company and its subsidiaries were fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to approximately Baht 261 million (the Company only: Baht 232 million) (2014: Baht 266 million, the Company only: Baht 245 million).

16. Leasehold rights

Projects	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2015	2014
Q. House Convent	336,356	332,949
Q. House Sathorn	500,095	490,369
Q. House Asoke	621,147	618,672
Centre Point Hotel Silom	1,033,021	1,031,746
Total	2,490,619	2,473,736
Less: Accumulated amortisation	(1,805,064)	(1,705,007)
Leasehold rights - net	685,555	768,729
Amortisation of leasehold rights for the year (included in cost of rental and related services)	100,057	97,069

During the current year, the Company arranged for independent valuers to appraise the fair value of all of the Company's office building and serviced apartment projects, using the income approach. The fair values of those assets as appraised by the independent valuers exceeded their net book values.

17. Land and project development costs

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Land	7,114,914	8,247,043	2,063,301	2,822,115
Interest cost	264,748	360,293	180,527	227,409
Construction under development	882,053	971,864	338,060	107,269
Total	8,261,715	9,579,200	2,581,888	3,156,793
Less: Provision for loss on diminution in value of projects	(84,158)	(84,158)	(84,033)	(84,033)
Land and project development costs - net	8,177,557	9,495,042	2,497,855	3,072,760

During the current year, the Company and its subsidiaries included borrowing costs of Baht 51 million (the Company only: Baht 5 million) (2014: Baht 110 million, the Company only: Baht 53 million) as cost of "Land and project development costs". These were determined by applying a capitalisation rate of 2.9% (the Company only: 0.6%) (2014: 3.4%, the Company only: 1.2%).

During the current year, the Company arranged for an independent valuer to appraise the fair value of the Company's and its subsidiaries' land and project development costs, using the market approach and/or cost approach. The fair values of the land and project development costs appraised by the independent valuer exceeded their net book values.

Movements in the provision for loss on diminution in value of projects during the years ended 31 December 2015 and 2014 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Balance at beginning of year	84,158	84,033	84,033	84,033
Additional provision during the year	-	125	-	-
Balance at end of year	<u>84,158</u>	<u>84,158</u>	<u>84,033</u>	<u>84,033</u>

The Company and its subsidiaries have mortgaged certain plots of land and structures thereon with net book values as at 31 December 2015 amounting to Baht 563 million (The Company only: Nil) (2014: Baht 3,088 million, the Company only: Baht 2,502 million) as collateral for credit facilities granted by banks both short-term and long-term loans.

18. Short-term loans from financial institutions/Short-term loans

	Interest rate (% p.a.)	(Unit: Thousand Baht)	
		Consolidated and separate	
		financial statements	
		2015	2014
<u>Short-term loans from financial institutions</u>			
Promissory notes	2.26 - 2.65	<u>300,000</u>	<u>1,000,000</u>
<u>Short-term loans</u>			
Bills of exchange	1.66 - 2.55	1,600,000	1,000,000
Less: Prepaid interest		<u>(2,068)</u>	<u>(8,141)</u>
Net		<u>1,597,932</u>	<u>991,859</u>

19. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Trade payables - related parties (Note 6)	16,711	18,736	13,283	16,635
Trade payables - unrelated parties	1,093,940	771,806	359,850	185,359
Other payables - related parties (Note 6)	63	26,354	371	26,769
Other payables - unrelated parties	23,304	29,462	9,918	5,507
Accrued interest	218,131	203,468	218,131	203,468
Total trade and other payables	1,352,149	1,049,826	601,553	437,738

20. Long-term loans

	Interest rate (% p.a.)	Repayment schedule	(Unit: Thousand Baht)	
			Consolidated and separate	
			financial statements	
			2015	2014
The security is under development and will generate income	MLR minus certain rates	Repayment when there is the transfer of ownership of real estate to project customers	-	697,000
Less: Current portion			-	-
Long-term loans - net of current portion			-	697,000

Movements in the long-term loans account during the years ended 31 December 2015 and 2014 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Balance at beginning of year	697,000	-	697,000	-
Add: Additional borrowings during the year	-	2,100,725	-	1,691,000
Less: Repayment during the year	(697,000)	(1,403,725)	(697,000)	(994,000)
Balance at end of year	-	697,000	-	697,000

Most of the loan agreements include covenants and restrictions. These pertain to, among other things, dividend payment, increases and reductions of share capital, the provision of guarantees to loans or

aval to promissory notes of any other persons or companies, conducting any merger or acquisition with other companies, and the maintenance of certain financial ratios. Any actions performed by the Company and its subsidiaries which are not in compliance with these covenants and restrictions are to be reported to the lenders in writing to request the lenders' consent.

In addition, the Company and a subsidiary agreed to provide assurances to the lenders of subsidiaries, whereby there are certain covenants pertaining to, among other things, the maintenance of its level of shareholding in the subsidiaries, the provision of financial support to the subsidiaries if it lacks capital for development of its projects, the deferral of the application of any rights to demand payment of loans from the subsidiaries or the enforcement of rights over collateral, for as long as the subsidiaries has not made full repayment of credit facilities to the banks.

The Company and its subsidiaries have mortgaged certain plots of land and related buildings thereon, to secure these loans, in accordance with the loan agreements.

As at 31 December 2015, the long-term loan facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 2,687 million (2014: Baht 3,442 million).

21. Unsecured debentures

Type of debenture	Interest rate	Age	Maturity date	Consolidated and separate financial statements			
				Number of debentures		Amount	
				(Units)		(Thousand Baht)	
				2015	2014	2015	2014
Unsubordinated and unsecured debentures							
- No. 2/2010	Fixed rate of 3.65% p.a.	5 years	9 July 2015	-	2,500,000	-	2,500,000
- No. 3/2010	Fixed rate of 3.65% p.a.	5 years	9 July 2015	-	500,000	-	500,000
- No. 2/2011							
- Tranche I	Years 1 - 2: Fixed rate of 4.70% p.a. Remaining 1.5 years: Fixed rate of 5.00% p.a.	3 years 6 months	25 February 2015	-	1,600,000	-	1,600,000
- Tranche II	Years 1 - 3: Fixed rate of 5.00% p.a. Years 4 - 5: Fixed rate of 5.30% p.a.	5 years	25 August 2016	1,400,000	1,400,000	1,400,000	1,400,000
- No. 1/2012	Fixed rate of 4.59% p.a.	4 years	27 April 2016	2,212,000	2,212,000	2,212,000	2,212,000
- No. 2/2012							
- Tranche I	Fixed rate of 4.16% p.a.	3 years 6 months	23 February 2016	800,000	800,000	800,000	800,000

				Consolidated and separate financial statements			
				Number of debentures		Amount (Thousand Baht)	
Type of debenture	Interest rate	Age	Maturity date	(Units)			
				2015	2014	2015	2014
- Tranche II	Fixed rate of 4.55% p.a.	5 years	23 August 2017	2,000,000	2,000,000	2,000,000	2,000,000
- No. 1/2013							
- Tranche I	Fixed rate of 3.63% p.a.	3 years	9 May 2016	500,000	500,000	500,000	500,000
- Tranche II	Fixed rate of 4.16% p.a.	5 years	9 May 2018	2,500,000	2,500,000	2,500,000	2,500,000
- No. 2/2013	Fixed rate of 4.25% p.a.	3 years	22 November 2016	2,000,000	2,000,000	2,000,000	2,000,000
- No. 1/2014	Fixed rate of 3.80% p.a.	3 years	4 April 2017	2,000,000	2,000,000	2,000,000	2,000,000
- No. 2/2014	Fixed rate of 3.82% p.a.	3 years	8 August 2017	1,970,000	1,970,000	1,970,000	1,970,000
- No. 3/2014	Fixed rate of 3.84% p.a.	3 years	25 July 2017	530,000	530,000	530,000	530,000
- No. 4/2014	Fixed rate of 4.38% p.a.	5 years	8 August 2019	2,000,000	2,000,000	2,000,000	2,000,000
- No. 1/2015	Fixed rate of 3.18% p.a.	3 years	20 February 2018	4,000,000	-	4,000,000	-
- No. 2/2015							
- Tranche I	Fixed rate of 2.71% p.a.	3 years	26 June 2018	1,800,000	-	1,800,000	-
- Tranche II	Fixed rate of 3.07% p.a.	4 years	20 June 2019	1,200,000	-	1,200,000	-
Total debentures - at face value				<u>24,912,000</u>	<u>22,512,000</u>	<u>24,912,000</u>	<u>22,512,000</u>
Less: Unamortised portion of deferred transaction costs						<u>(13,491)</u>	<u>(8,834)</u>
Debentures - net						24,898,509	22,503,166
Less: Current portion of debentures						<u>(6,912,000)</u>	<u>(4,600,000)</u>
Debentures - net of current portion						<u>17,986,509</u>	<u>17,903,166</u>

Movements in debentures accounts during the years ended 31 December 2015 and 2014 are summarised below.

		(Unit: Thousand Baht)	
		Consolidated and separate financial statements	
		2015	2014
Balance at beginning of year		22,512,000	19,997,000
Add: Issuance of debentures during the year		7,000,000	6,500,000
Less: Redemption of debentures during the year		<u>(4,600,000)</u>	<u>(3,985,000)</u>
Balance at end of year		<u>24,912,000</u>	<u>22,512,000</u>

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

On 11 April 2014, the Annual General Meeting of Shareholders No. 1/2014 passed the resolution to approve the issuance and offer of debentures in an amount of Baht 10,000 million, with a maximum term of 10 years, further to the previous debentures of Baht 20,000 million which was approved by the Annual General Meeting of Shareholders No. 1/2012. The total issue is thus not exceed Baht 30,000 million.

22. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Provision for long-term employee benefits at beginning of year	103,110	110,831	69,194	81,227
Included in profit or loss:				
Current service cost	10,798	12,491	5,293	7,348
Interest cost	3,293	4,590	2,214	3,495
Included in other comprehensive income:				
Actuarial gain (loss) arising from				
Demographic assumptions changes	-	(24,469)	-	(13,563)
Financial assumptions changes	-	6,089	-	3,625
Experience adjustments	-	5,581	-	(963)
Benefits paid during the year	<u>(7,622)</u>	<u>(12,003)</u>	<u>(7,350)</u>	<u>(11,975)</u>
Provision for long-term employee benefits at end of year	<u>109,579</u>	<u>103,110</u>	<u>69,351</u>	<u>69,194</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cost of sales	2,000	-	812	-
Selling and administrative expenses	12,091	17,081	6,695	10,843
Total expenses recognised in profit or loss	<u>14,091</u>	<u>17,081</u>	<u>7,507</u>	<u>10,843</u>

The Company and its subsidiaries expect to pay Baht 1.9 million of long-term employee benefits during the next year (the Company only: Baht 1.9 million) (2014: Baht 7.6 million, the Company only: Baht 7.4 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 13 years (the Company only: 13 years) (2014: 13 years, the Company only: 13 years).

Significant actuarial assumptions are summarised below:

	Consolidated and separate financial statements	
	2015	2014
	(% p.a.)	(% p.a.)
Discount rate	3.2	3.2
Salary increase rate	6.0	6.0
Turnover rate	0 - 15.0	0 - 15.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	(Unit: Thousand Baht)					
	Discount rate		Salary increase rate		Turnover rate	
	Increase 0.5%	Decrease 0.5%	Increase 1%	Decrease 1%	Increase 10%	Decrease 10%
Consolidated financial statements	(6,521)	7,379	7,694	(6,867)	(4,947)	5,725
Separate financial statements	(3,686)	4,145	4,360	(3,918)	(2,543)	2,926

23. Provisions

	(Unit: Thousand Baht)						
	Consolidated financial statements						
	Provision for public utility maintenance	Provision for housing maintenance	Compensation for Housing Estate Juristic Persons	Loan guarantee	Guarantee of minimum rental income (Note 6)	Litigation	Total
As at 1 January 2014	140,276	-	91,895	61,000	88,091	25,479	406,741
Increase during the year	47,598	64,180	27,293	-	45,000	2,230	186,301
Utilised	(5,400)	(21,366)	(3,061)	-	(80,361)	-	(110,188)
As at 31 December 2014	182,474	42,814	116,127	61,000	52,730	27,709	482,854
Increase during the year	41,784	73,929	24,936	-	-	57,531	198,180
Utilised	(23,519)	(58,959)	(19,463)	-	(20,102)	(670)	(122,713)
Reversed during the year	-	-	-	(2,700)	(32,628)	-	(35,328)
As at 31 December 2015	200,739	57,784	121,600	58,300	-	84,570	522,993
2015							
Current	200,739	57,784	121,600	-	-	-	380,123
Non-current	-	-	-	58,300	-	84,570	142,870
	200,739	57,784	121,600	58,300	-	84,570	522,993
2014							
Current	182,474	42,814	116,127	-	52,730	-	394,145
Non-current	-	-	-	61,000	-	27,709	88,709
	182,474	42,814	116,127	61,000	52,730	27,709	482,854

(Unit: Thousand Baht)

	Separate financial statements						
	Provision for public utility maintenance	Provision for housing maintenance	Compensation for Housing Estate Juristic Persons	Loan guarantee	Guarantee of minimum rental income (Note 6)	Litigation	Total
As at 1 January 2014	64,962	-	40,174	61,000	88,091	25,479	279,706
Increase during the year	15,756	21,123	5,229	-	45,000	2,230	89,338
Utilised	(270)	(6,134)	-	-	(80,361)	-	(86,765)
As at 31 December 2014	80,448	14,989	45,403	61,000	52,730	27,709	282,279
Increase during the year	1,586	18,235	2,027	-	-	47,331	69,179
Utilised	(13,227)	(22,197)	(10,098)	-	(20,102)	(670)	(66,294)
Reversed during the year	-	-	-	(2,700)	(32,628)	-	(35,328)
As at 31 December 2015	68,807	11,027	37,332	58,300	-	74,370	249,836
2015							
Current	68,807	11,027	37,332	-	-	-	117,166
Non-current	-	-	-	58,300	-	74,370	132,670
	68,807	11,027	37,332	58,300	-	74,370	249,836
2014							
Current	80,448	14,989	45,403	-	52,730	-	193,570
Non-current	-	-	-	61,000	-	27,709	88,709
	80,448	14,989	45,403	61,000	52,730	27,709	282,279

During the year 2014, the Company has reviewed the adequacy of the provision for loss from the minimum rental income guarantee based on the present value of future cash outflows, and recognised additional loss amounting to Baht 45 million. The amount included the proportion of the Company's interest in Quality Houses Hotel and Residence Freehold and Leasehold Property Fund ("the Fund") amounting to Baht 14 million as unrealised expense in consolidated financial statements.

During the current year, the Company reversed the provision for loss from the minimum rental income guarantee amounting to Baht 33 million as such guarantee expired during the year. The amount included the proportion of the Company's interest in Quality Houses Hotel and Residence Freehold and Leasehold Property Fund amounting to Baht 10 million; as a result, the carrying amount based on equity method of the Fund was decreased.

24. Share capital

On 17 April 2015, the Annual General Meeting of the Company's shareholders passed the resolutions with respect to the Company's share capital, as follows.

1) Dividend payment

Approved the payment of a stock dividend of not exceeding 1,531 million ordinary shares at a par value of Baht 1 each, a total value of Baht 1,531 million, to the Company's shareholders, at a rate of 1 dividend share for every 6 existing shares, or equivalent to Baht 0.16667 per share, and approved the payment of a cash dividend of Baht 0.01852 per share, or a total of not exceeding than Baht 170 million. The payment of such stock dividend and cash dividend was made on 15 May 2015.

2) Decrease of registered capital

Approved the decrease of the registered capital of the Company by cancelling the registered ordinary shares remaining after the stock dividend allocation of 17,139 ordinary shares with a par value of Baht 1 each, previously made in accordance with the resolution of the Annual General Shareholders Meeting No. 1/2555.

3) Increase of registered capital

Approved the increase of the registered capital from the previous registered capital of Baht 9,184 million to be the new registered capital of Baht 10,714 million by issuing an additional 1,531 million ordinary shares at the par value of Baht 1 each to support the payment of a stock dividend.

The Company registered the change of its share capital with the Ministry of Commerce on 15 May 2015.

Reconciliation of number of ordinary shares

	(Unit: Shares)	
	For the year ended 31 December	
	2015	2014
<u>Registered ordinary shares</u>		
Number of ordinary shares at beginning of year	9,183,784,692	9,183,784,692
Decrease during the year	(17,139)	-
Increase during the year	1,530,658,538	-
Number of ordinary shares at end of year	<u>10,714,426,091</u>	<u>9,183,784,692</u>
<u>Issued and paid-up ordinary shares</u>		
Number of ordinary shares at beginning of year	9,183,767,553	9,183,767,553
Increase during the year	1,530,614,092	-
Number of ordinary shares at end of year	<u>10,714,381,645</u>	<u>9,183,767,553</u>

25. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

26. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Purchase of land and payment of construction during the year	16,107,518	18,912,582	4,628,779	5,426,213
Changes in land and construction in progress	(4,148,875)	(2,391,515)	(1,428,378)	2,133,635
Changes in land and project development costs	1,317,485	(2,914,348)	574,905	(2,137,419)
Salaries and wages and other employee benefits	839,937	807,097	424,604	435,478
Depreciation	81,973	72,914	34,768	44,380
Amortisation expenses	100,057	97,069	100,057	97,069
Rental expenses from operating lease agreements	333,886	299,148	58,459	56,682

27. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Current income tax:				
Current income tax charge	531,038	611,674	93,893	198,524
Deferred tax:				
Adjustment in respect of deferred tax of previous year	11,658	-	-	-
Relating to origination and reversal of temporary differences	(17,385)	16,693	34,915	40,144
Income tax expense reported in the statement of comprehensive income	525,311	628,367	128,808	238,668

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deferred tax on actuarial gain	-	2,560	-	2,180
Deferred tax on share of other comprehensive income of associates	(3,126)	26	-	-
	<u>(3,126)</u>	<u>2,586</u>	<u>-</u>	<u>2,180</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Accounting profit before tax	<u>3,631,775</u>	<u>3,957,566</u>	<u>2,124,846</u>	<u>2,587,186</u>
Applicable tax rate	0 - 20%	0 - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	726,355	791,513	424,969	517,437
Effects of:				
Change in value of investments accounted for the equity method	167,208	115,916	-	-
Exempt income	(404,244)	(333,742)	(304,243)	(298,522)
Non-deductible expenses	35,271	51,798	8,222	20,062
Additional expenses deduction allowed	(140)	(313)	(140)	(309)
Others	861	3,195	-	-
Total	<u>(201,044)</u>	<u>(163,146)</u>	<u>(296,161)</u>	<u>(278,769)</u>
Income tax expense reported in the statement of comprehensive income	<u>525,311</u>	<u>628,367</u>	<u>128,808</u>	<u>238,668</u>

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

	(Unit: Thousand Baht)			
	Statement of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deferred tax assets (liabilities)				
Provision for loss on diminution in value of projects	48,483	54,348	36,069	43,790
Allowance for diminution in value of investment properties	16,415	17,629	16,415	17,629
Allowance for impairment of property, plant and equipment	16,374	16,374	16,374	16,374
Provision for long-term employee benefits	21,915	20,622	13,870	13,839
Provision for public utility maintenance	40,147	36,494	13,761	16,089
Provision for housing maintenance	11,557	8,563	2,205	2,998
Provision for contingent liabilities arising from litigation	16,914	5,542	14,874	5,542
Provision for liabilities arising from guarantee of minimum rental income	-	15,817	-	15,817
Borrowing cost of projects	96,556	83,756	-	-
Recognition of installment income	48,478	44,158	8,826	25,372
Accumulated depreciation of investment properties and amortisation of leasehold rights	(5,795)	(6,869)	(5,795)	(6,869)
Income from rental of land	(482)	(500)	-	-
Others	8,452	5,695	(2,698)	(1,766)
Net deferred tax assets	319,014	301,629	113,901	148,815

	(Unit: Thousand Baht)			
	Statement of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Reflected in the statements of financial position as follows:				
Deferred tax assets	319,496	302,129	113,901	148,815
Deferred tax liabilities	(482)	(500)	-	-
Deferred tax assets, net	319,014	301,629	113,901	148,815

As at 31 December 2015 the Company and its subsidiaries had deductible temporary differences totaling Baht 74 million (the Company only: Baht 58 million) (2014: Baht 94 million, the Company only: Baht 61 million). No deferred tax assets had been recognised on these amounts as the Company and its subsidiaries considered that the temporary differences will be utilised in the future.

28. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. The number of ordinary shares of the prior year used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares as a result of the distribution of the stock dividend of 1,531 million shares on 15 May 2015, as if the shares comprising such stock dividend had been issued at the beginning of the earliest period reported.

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
2015	2014	2015	2014	
	(restated)		(restated)	
Profit for the year (Thousand Baht)	3,106,464	3,329,199	1,996,038	2,348,517
Weighted average number of ordinary shares (Thousand shares)	10,714,382	10,714,382	10,714,382	10,714,382
Basic earnings per share (Baht per share)	0.29	0.31	0.19	0.22

29. Segment information

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

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows:

- Real estate business segment which consists of sales of land and houses and condominium units.
- Rental and service business segment which consists of rental of office buildings and residential buildings.
- Others segment which consists of providing management services for buildings and investing business.

Chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, the Company's and its subsidiaries' income taxes are managed on a Group basis and are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2015 and 2014, respectively.

(Unit: Million Baht)

	For the year ended 31 December 2015							Consolidated
	Real estate business		Rental and service business			Total reportable segments	Other transactions and eliminations	
	Sales of land and houses	Sales of condominium units	Office buildings	Residential buildings	Other business			
Revenue from external customers	14,582	4,632	385	759	86	20,444	-	20,444
Inter-segment revenue	215	34	6	-	28	283	(283)	-
Interest revenue	4	1	-	1	-	6	-	6
Interest expense	(170)	(129)	-	-	-	(299)	-	(299)
Depreciation and amortisation	(50)	(3)	(71)	(56)	(8)	(188)	-	(188)
Reversal of provision for loss on diminution in value of projects	39	-	-	-	-	39	-	39
Reversal of provision for loss arising from guarantee of minimum rental income of projects	-	-	-	22	-	22	-	22
Segment profit	1,613	836	161	39	64	2,713	-	2,713
Other income								10
Selling expenses								(38)
Administrative expenses								(274)
Share of profit from investments in associates								1,233
Finance cost								(13)
Income tax expense								(525)
Profit for the year								<u>3,106</u>
Segment total assets								
Investments in associates accounted for the equity method	-	-	1,267	400	7,404	9,071	-	9,071
Additions to non-current assets other than financial instruments and deferred tax assets	5,021	547	17	19	13	5,617	6	5,623

(Unit: Million Baht)

For the year ended 31 December 2014

	Real estate business		Rental and service business			Total reportable segments	Other transactions and eliminations	Consolidated
	Sales of land and houses	Sales of condominium units	Office buildings	Residential buildings	Other business			
Revenue from external customers	14,726	5,427	367	700	96	21,316	-	21,316
Inter - segment revenue	73	18	-	-	24	115	(115)	-
Interest revenue	4	1	-	1	-	6	-	6
Interest expense	(143)	(84)	-	-	-	(227)	-	(227)
Depreciation and amortisation	(34)	(2)	(75)	(56)	(9)	(176)	-	(176)
Reversal of provision for loss on diminution in value of projects	43	-	-	-	-	43	-	43
Provision for loss arising from guarantee of minimum rental income of projects	-	-	-	(31)	-	(31)	-	(31)
Segment profit	1,937	1,085	139	(42)	73	3,192	-	3,192
Other income								18
Selling expenses								(31)
Administrative expenses								(272)
Share of profit from investments in associates								1,060
Finance cost								(10)
Income tax expense								(628)
Profit for the year								<u>3,329</u>
Segment total assets								
Investments in associates accounted for the equity method	-	-	1,280	444	6,810	8,534	-	8,534
Additions to non - current assets other than financial instruments and deferred tax assets	4,418	3,806	21	27	53	8,325	2	8,327

The following table presents segment assets of the Company's and its subsidiaries' operating segments as at 31 December 2015 and 2014.

(Unit: Million Baht)

	Real estate business		Rental and service business			Total reportable segments	Unallocated assets	Consolidated
	Sales of land and houses	Sales of condominium units	Office buildings	Residential buildings	Other business			
Segment assets								
As at 31 December 2015	28,114	13,738	970	458	-	43,280	9,718	52,998
As at 31 December 2014	24,285	13,791	1,011	509	-	39,596	9,038	48,634

Geographic information

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the years 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

30. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees, and the Company and subsidiaries contributed to the fund monthly at the rates of 3 - 6% of basic salary. The fund, which is managed by Land and House Fund Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2015 amounting to approximately Baht 22 million (the Company only: Baht 11 million) (2014: Baht 19 million, the Company only: Baht 11 million) were recognised as expenses.

31. Dividends

Dividends declared in 2015 and 2014 consist of the following:

	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
Dividends declared in 2015				
Interim dividend for the operating results of six-month period ended 30 June 2015 and/or retained earnings	Meeting of the Board of Directors on 24 August 2015	535,704	0.05000	22 September 2015
Dividend from the operating results of the year 2014	Annual General Meeting of the Shareholders on 17 April 2015	170,089	0.01852	15 May 2015
Total cash dividend paid		<u>705,793</u>	<u>0.06852</u>	
Stock dividend from the operating results of the year 2014	Annual General Meeting of the Shareholders on 17 April 2015	1,530,614	0.16667	15 May 2015
Total dividend paid		<u>2,236,407</u>	<u>0.23519</u>	
Dividends declared in 2014				
Interim dividend for the operating results of six-month period ended 30 June 2014 and/or retained earnings	Meeting of the Board of Directors on 19 August 2014	642,862	0.07000	16 September 2014
Dividend from the operating results of the year 2013	Annual General Meeting of the Shareholders on 11 April 2014	826,272	0.09000	7 May 2014
Total cash dividend paid		<u>1,469,134</u>	<u>0.16000</u>	

32. Commitments and contingent liabilities

The Company and its subsidiaries have the following outstanding commitments and contingent liabilities.

- 32.1 The Company and its subsidiaries have the following outstanding commitments in respect of agreements to purchase of land and construction of projects.

	(Unit: Million Baht)	
	As at 31 December	
	2015	2014
Construction contracts	6,390	6,553
Agreements to purchase land for development of future projects	1,457	2,518

32.2 The Company and its subsidiaries have entered into several lease agreements to lease land and buildings, for terms of approximately 30 years, and to lease motor vehicles and equipment, with terms of generally between 1 and 4 years.

The Company and its subsidiaries have the following future minimum lease payments required under those operating leases contracts were as follows.

	(Unit: Million Baht)	
	As at 31 December	
	2015	2014
Payable:		
in up to 1 year	27	26
in over 1 and up to 5 years	62	65
in over 5 years	28	39

32.3 A subsidiary has entered into lease and sublease agreements to lease buildings and related assets from Quality Houses Hotel and Residence Freehold and Leasehold Property Fund (associated company), with terms of 3 years, and provided assurance that it would continue leasing them for another 3 years. The agreements to lease and sublease can be extended for further periods of 3 years each time, counting from their expiry dates, with a fixed rental fee and variable rental fee in accordance with the conditions stipulated in the agreements.

The subsidiary has the following future minimum lease payments required under the lease agreements.

	(Unit: Million Baht)	
	As at 31 December	
	2015	2014
Payable:		
in up to 1 year	168	92
in over 1 and up to 3 years	260	-

32.4 As at 31 December 2015, the Company and its subsidiaries have commitments in respect of various service commitments totaling Baht 9 million (2014: Baht 17 million).

32.5 As at 31 December 2015, the Company has commitment in respect of uncalled portion of investment in a subsidiary of approximately Baht 19 million (2014: Baht 19 million).

32.6 The Company has contingent liabilities in respect of loan guarantees provided on behalf of Harbour View Joint Stock Company at an amount equal to 50% of that company's obligations to a bank. As at 31 December 2015, that company has outstanding principal and accrued interest to the bank, based on the unaudited financial statements prepared by its management, of USD 2 million and USD 1 million, respectively (2014: USD 2 million and USD 1 million, respectively). However, as at 31 December 2015, the Company had set aside provision of Baht 58 million (2014: Baht 61 million) for losses arising from such guarantees in its accounts.

32.7 As at 31 December 2015, the Company and its subsidiaries have servitude over land of approximately 36 rai (2014: 35 rai) of which the cost is included in the cost of projects.

33. Bank guarantees

There were the following outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business.

	(Unit: Million Baht)	
	As at 31 December	
	2015	2014
Letters of guarantee for arrangement and maintenance of public utilities	2,107	2,015
Letters of guarantee for electricity usage	18	16
Other letters of guarantee	50	50
Total	<u>2,175</u>	<u>2,081</u>

34. Litigations

- 34.1 Between the years 1998 and 2015, customers sued the Company and its subsidiary for compensatory damages from purchase of land and houses of the projects, as at 31 December 2015, totaling Baht 265 million (2014: Baht 251 million). The lawsuits are currently in the judicial process. For reasons of prudence, the Company and its subsidiaries have set aside provisions totaling Baht 13 million (2014: Baht 3 million), which the Company and its subsidiaries deemed appropriate, for the loss arising from these litigations.
- 34.2 During the year 2009, a tenant of an office building sued the Company as defendant and/or co-defendant for compensatory damage from breach of rental and service agreements, as at 31 December 2015, totaling Baht 2 million (2014: Baht 4 million). The lawsuits are currently in the judicial process. However, the management believes that there will be no material impact to the Company.
- 34.3 During the year 2010, Housing Estate Juristic Person sued the Company for housing estate subsidy and public utility maintenance, as at 31 December 2015, totaling Baht 32 million and Baht 102 million, respectively (2014: Baht 32 million and Baht 102 million, respectively). The lawsuits are currently in the judicial process. For reasons of prudence, the Company has set aside provisions totaling Baht 71 million (2014: Baht 24 million) which the Company deemed appropriate, for the loss arising from these litigations.
- 34.4 During the year 2011, the customers sued the Company and its subsidiary for compensatory damages and requested for the return of land and houses, with aggregated claim, as at 31 December 2015, amounting to Baht 15 million (2014: Baht 15 million). The lawsuits are currently in the judicial process. However, the management believes that there will be no material impact to the Company and its subsidiary.
- 34.5 During the year 2014, a contractor company sued the Company as defendant for payment of outstanding payables and compensatory damages, as at 31 December 2015, totaling Baht 28 million (2014: Baht 28 million). The lawsuit is currently in the judicial process. However, the management believes that there will be no material impact to the Company.

- 34.6 During the year 2014, a Housing Estate Juristic Person sued a subsidiary as defendant for breach of agreement in accordance with the Land Development Act B.E. 2543 and requested compensatory damages for the project of the subsidiary, as at 31 December 2015, totaling Baht 48 million (2014: Baht 48 million). The lawsuit is currently in the judicial process. However, the management believes that there will be no material impact to the subsidiary.
- 34.7 During the year 2014, an individual sued a subsidiary seeking the revocation of a name and a legal act relating to land which is owned by the plaintiff, and to have the title to that land, which has an official appraisal value of Baht 23 million (2014: Baht 23 million). The lawsuit is currently in the judicial process. However, the management believes that there will be no material impact to the subsidiary.
- 34.8 During the year 2015, insurance companies sued a subsidiary as co-defendant for infringement and/or insurance subrogation and requested compensatory damages for the project of the subsidiary as at 31 December 2015 of Baht 5 million (2014: Nil). The lawsuit is currently in the judicial process. However, the management believes that there will be no material impact to the subsidiary.

35. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investments in associates	25,520	-	-	25,520
Investment properties	-	-	856	856
Liabilities for which fair value are disclosed				
Unsecured debentures	-	25,564	-	25,564

36. Financial instruments

36.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, accounts receivable, loans to, investments, accounts payable, short-term loans, long-term loans and debentures. The financial risks associated with these financial instruments and how they are managed in described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans, and other receivables. The management manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at financial institutions, short-term loans, debentures and long-term borrowings. Most of these financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2015						
<u>Fixed interest rates</u>			Floating	Non-interest	Total	Interest
Within			interest	bearing		rate
1 year	1-5 years		rate			(% p.a.)
<u>Financial assets</u>						
Cash and cash equivalents	800	-	1,598	439	2,837	0.10 - 1.30
Trade and other receivables	-	-	-	58	58	-
Restricted deposits at financial institutions	-	17	17	-	34	0.30 - 1.83
<u>Financial liabilities</u>						
Short-term loans from financial institutions	300	-	-	-	300	2.26
Trade and other payables	-	-	-	1,352	1,352	-
Short-term loans	1,598	-	-	-	1,598	1.66
Unsecured debentures	6,912	17,987	-	-	24,899	2.71 - 5.30

(Unit: Million Baht)

As at 31 December 2014

	Fixed interest rates		Floating interest rate	Non -interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years				
	Financial assets					
Cash and cash equivalents	-	-	1,083	375	1,458	0.10 - 1.55
Trade and other receivables	-	-	-	74	74	-
Restricted deposits at financial institutions	-	17	11	-	28	0.38 - 1.10
Long-term loans to and interest receivables - related party	-	-	34	4	38	LIBOR+2.00, LIBOR+3.00 and 8.00
Financial liabilities						
Short-term loans from financial institutions	1,000	-	-	-	1,000	2.65
Trade and other payables	-	-	-	1,050	1,050	-
Short-term loans	992	-	-	-	992	2.55
Long-term loans	-	-	697	-	697	MLR minus certain rates
Unsecured debentures	4,600	17,903	-	-	22,503	3.63 - 5.30

Foreign currency risk

As at 31 December 2015 and 2014, the Company and its subsidiaries have no material financial instruments which denominated in foreign currency.

36.2 Fair values of financial instruments

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash at financial institutions, accounts receivable, accounts payable and short-term loans, their carrying amounts in the statement of financial position approximate their fair value.
- For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions
- For debentures and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

Since the majority of the Company's and its subsidiaries' financial instruments bear floating interest rates, their fair value except unsecured debentures are not expected to be materially different from the amounts presented in the statement of financial position. The estimated fair value of unsecured debentures, in comparison with the related amounts carried in the statement of financial position, is as follows:

	(Unit: Million Baht)			
	As at 31 December 2015		As at 31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial liability</u>				
Unsecured debentures	24,912	25,564	22,512	22,983

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

37. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in long-term loan agreements and a covenant of debentures, which requires the Company to maintain a debt-to-equity ratio of not more than 2:1 and 2:1, respectively (2014: 2:1 and 2:1, respectively).

No changes were made in the objectives, policies or processes during the years end 31 December 2015 and 2014.

38. Event after reporting period

On 26 February 2016, the meeting of the Company's Board of Directors passed a resolution to approve a dividend payment at a rate of Baht 0.14 per share from the operating result of the year 2015 or a total of Baht 1,500 million. The Company paid an interim dividend of Baht 0.05 per share to its shareholders on 22 September 2015 and will pay a final dividend of Baht 0.09 per share or a total of Baht 964 million within May 2016.

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

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2016.

REMUNERATION FOR THE Auditor

1. Audit Fee

The Company and its subsidiaries paid an audit fee to the auditor of Baht 5,952,000 in 2014 and Baht 6,180,000 in 2015 respectively. The Company has not other expenses relating to the reviewing of financial statements in 2014 and 2015.

2. Non-Audit Fee

In 2014 and 2015, there were no other fees paid since the company had not used any other services from the auditor.

OTHER REFERENCES

1. The Securities Registrar

Thailand Securities Depository Company Limited

Head Office

No. 62, 4th and 7th Floor, Stock Exchange of Thailand Building, Klong Toey Sub-District, Klong Toey District , Bangkok 10110

Tel: 0-2359-1200-49 Fax: 0-2359-1259

Branch

2nd Floor, Capital Market Academy Building, 2/7 Moo 4 (North Park Project), Vibhavadee-Rangsit Road, Tungsohong Sub-District , Laksi District , Bangkok 10210

Tel: 0-2596-9000 Fax: 0-2832-4994-6

2. The Auditor

2.1 Mr. Sophon Permsirivallop	Certified Public Accountant (Thailand) No. 3182 and/or
2.2 Ms. Rungnapa Lertsuwankul	Certified Public Accountant (Thailand) No. 3516 and/or
2.3 Ms. Pimjai Manitkajohnkit	Certified Public Accountant (Thailand) No. 4521and/or
2.4 Ms.Rosaporn Decharkom	Certified Public Accountant (Thailand) No. 5659

EY Office Limited

No. 193/136-137, 33rd Floor, Lake Rajada Office Complex, New Rajadapisek Road, Bangkok 10110

Tel: 0-2264-0777 Fax: 0-2264-0789-90

3. Debenture Registrar

3.1 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited

No. 2/2011 ,Tranche 1 (QH168A)

No. 1/2014 (QH174A)

Siam Commercial Bank Company Limited

3rd Floor,Building 2,1060 New Pechaburi Road, Makhasan, Rachathevi, Bangkok 10400

Tel : 0-2256-2323, 0-2256-2325-9

Fax 0-2256-2406

3.2 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited

No.1/2012, Tranche 1 (QH164A)

Kasikornbank Public Company Limited

33/4 The Ninth Tower Grand Rama 9 (Tower A), Rama 9 Road Huai Khwang , Bangkok 10310

Tel : 02-470-1987

Fax: 02-273-2279

3.3 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited

No. 2/2014 , Tranche 1 (QH178B)

No. 3/2014 , Tranche 1 (QH177A)

No. 1/2015 , Tranche 1 (QH182A)

CIMB Thai Bank Public Company Limited

Langsuan Building 44 Langsuan Road, Lumpini, Patumwan, Bangkok 10330

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

Fax : 0-2626-7543

3.4 Unsubordinated and Unsecured Debentures of Quality Houses Public Company Limited

No. 2/2012 , Tranche 1 (QH162A) and Tranche 2 (QH178A)

No. 2/2013 , Tranche 1 (QH165A) and Tranche 2 (QH185A)

No. 2/2013 (QH16NA)

No. 4/2014 , Tranche 1 (QH198A)

No. 2/2015 , Tranche 1 (QH186A) and Tranche 2 (QH196A)

Bank of Ayudhya Public Company Limited

1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120

Tel : 02-296-5692

Fax : 02-683-1389

4. Appraisal Company

Grand Asset Advisory Co.,Ltd.

1350/279 Thairong Tower, 16th Floor,

Pattanakarn Road, Suan Luang, Bangkok 10250

Tel : 0-2719-4500

Fax : 0-2719-5070-71

TAP Valuation Co.,Ltd.

121/101 RS Tower Building, 37th Floor, Rachadaphisek Road,

Dindaeng, Bangkok 10400

Tel : 0-2642-2712-14, 0-2641-3631-35

Fax : 0-2642-2711



HEAD OFFICE AND Projects Location

Head Office

Quality Houses Public Company Limited
6th-7th Floor, Q. House Lumpini Building , No.1 South Sathorn Road,
Tungmahamek, Sathorn, Bangkok 10120
Tel : 0-2677-7000 or 0-2343-8888
Fax : 0-2677-7003

Location of Housing Projects

Call 1388 for all projects

Q.House Avenue Phraram 5	Bangkuvieng, Bangkrui, Nonthaburi
Q Twelve	Taling Chan, Taling Chan, Bangkok
Q.House Villa Nakorn Ping	Watgate, Muang, Chiang Mai
Prukpirom Ratchapruk-Rattanathibet	Omkret, Pak Kret, Nonthaburi
Laddarom Elegance Ratchapruk-Rattanathibet	Omkret, Pak Kret, Nonthaburi
Laddarom Elegance Outer Ring Road-Sathorn	Bang Khae, Bang Khae, Bangkok
Laddarom Elegance Middle Ring Road-Mahidol Junction	Middle Ring Road, Mahidol Junction, Thasala, Muang, Chiangmai
Laddarom Watcharapol-Rattanakosin	Khlong Thanon, Sai Mai ,Bangkok
Laddarom Chaiyapruk-Chaengwattana	Bangphlab, Klong Pra-Udom, Pak Kret, Bangbuathong, Nonthaburi
Laddarom Bangna	Bangkaew, Bang Phli, Samutprakarn
Vararom Premium Watcharapol-Chatu Chot	Orgern, Saimai, Bangkok
Vararom Premium Kawila	Watgate, Muang, Chiang Mai
Vararom Premium City Hall	San Phi Suea, Muang, Chiang Mai
Casa Grand Taksin-Praram 2	Chom Thong, Chom Thong, Bangkok

Location of Housing Projects

Call 1388 for all projects

Casa Grand Outer Ring Road-On Nuch	Dok Mai (Racha Thewa), Prawet (Bang Phli Yai), Bangkok
Casa Grand Ratchaphruk-Phraram 5	Bang Len, Bang Yai, Nonthaburi
Casa Grand Sukhaphiban 5	Sai Mai, Bangkok
Casa Grand Sriracha	Surasak, Sriracha, Chon Buri
Casa Grand Mitsumphan	Ban Puek, Mueang Chon Buri, Chon Buri
Casa Legend Kaset-Nawamintr	Tha Raeng, Bang Khen, Bangkok
Casa Legend Rachapruk-Pinklao	Wat Chaiyapruk, Taling Chan (Bang Yai), Bangkok
Casa Legend Ban Bueng	Ban Bueng, Chon Buri
Casa Premium Ratchapruk-Chaengwattana	Khlong Khoi, Pak Kret, Nonthaburi
Casa Premium Ratchapruk-Phraram 5	Bang Krang, Mueang Nonthaburi, Nonthaburi
Casa Premium Phraram 2	Tha Kham, Bang Khun Thian, Bangkok
Casa Premium On Nut-Outer Ring Road	Dokmai, Prawet, Bangkok
Casa Presto Phraram 5-Ratchaphruk	Bang Khanun, Bang Kruai (Bang Yai), Nonthaburi
Casa Presto Wongwaen-Pinklao	Sala Klang, bangkruai, Nonthaburi
Casa Ville Ratchapruk-Chaengwattana	Laharn, Bang Rak Noi, Bangbuathong, Pak Kret, Nonthaburi
Casa Ville Rachapruk-Phraram 5	Bang Krang, Mueang Nonthaburi, Nonthaburi
Casa Ville Rangsit-Klong 2	Klongrangsit, Thanyaburi, Pathumthani
Casa Ville Ramintra-Hathairat	Bueng Kham Phroi, Lam Luk Ka, Pathum Thani
Casa Ville Bangna-Teparak	Bangphli Yai, Bangphli, Samut Prakan
Casa Ville Watcharapol-Permsin	Ngoen , Saimai, Bangkok
Casa Ville Bangyai	Bangrak-Banmai Road, Bang Mae Nang, Bang Yai, Nonthaburi
Casa Ville Sukhumvit 103	Nongbon, Prawet, Bangkok
Casa Seaside Rayong	Taphong, Mueang Rayong, Rayong
Casa Ville Ban Bueng	Ban Bueng, Chonburi
Casa Ville Rayong	Noenphra, Mueang Rayong, Rayong
The Trust Ville Ratchaphruk-Rattanathibet	Wat Yai-Khun Mahatthai Road, Omkret, Pak Kret, Nonthaburi
The Trust Ville Rangsit Klong 4	Rural Road 3017, Lat Sawai, Lum Lukka, Pathum Thani
The Trust Ville Srinakarin-Praksa	Praksa Road, Praksa, Mueang Samut Prakan, Samut Prakan
The Trust Ville Kanchanapisek-Hathairat	Hathairat Road, Bueng Kham Phroi, Lam Luk Ka, Pathum Thani
Casa City Sukhumvit-Samut Prakan	Khlong Ta Khet East side, Sukhumvit Road, Paknam, Muang, Samutprakam

Location of Housing Projects

Call 1388 for all projects

Casa City Pracha Uthit 90	Nai Khlong Bang Pla Kot, Phra Samut Chedi, Samut prakan
Casa City Outer Ring Road-Lamlukka	Lum Lukka Road, Bueng Kham Phroi, Lam Luk Ka, Pathum Thani
Casa City Don Mueang	Thoetrachan Road, Sikan, Don Muang, Bangkok
Casacity Watcharapol-Permsin	Orgern, Saimai, Bangkok
Casa City Bangna	Bangkaew, Bang Phli, Samutprakarn
Casa City Nakhon Prathom	Sanamjan, Muang, Nakhon Prathom
The Trust Town Srinakarin-Praksa	Praksa Road, Mueang Samut Prakan, Samut Prakan
The Trust Townhome Rangsit Klong 1	Rangsit-Nakhon Nayok Road, Prachathipat, Thanyaburi, Pathum Thani
The Trust Townhome Ratchaphruk-Rattanathibet 2	Wat Yai-Khun Mahatthai Road, Omkret, Pak Kret, Nonthaburi
The Trust Townhome Outer Ring Road-Kanchanaphisek	Bueng Kham Phroi, Lam Luk Ka, Pathum Thani
The Trust Town Bo Win	Wat Phan Sadet Nai, Bo Win, Sri Racha, Chon Buri
The Trust Ban Pho	Khlong prawet, Ban Pho, Chachoengsao
Gusto Thanam-nont	Bangsrimuang, Mueang Nonthaburi, Nonthaburi
Gusto Phraram 2	Thakham, Bang Khun Thian, Bangkok
Gusto Grand Ramkumhaeng	Saphan Sung, Bangkok
Gusto Ramkumhaeng	Saphan Sung, Bangkok
Gusto Suksawat 26	Bangpakok, Rat Burana, Bangkok
Gusto Suksawat	Bangpakok, Rat Burana, Bangkok
Gusto Teparak	Bang Phli Yai, Bang Phli, Samut Prakan
Gusto Bangna-Suvarnabhumi	Sisa Chorakhe Yai, Bang Sao Thong, Samut Prakan
Gusto Phahon Yothin-Saimai	Saimai Road, Saimai, Bangkok
Gusto Wongwean-Phraram 5	Bang Muang , Bang Yai , Nonthaburi

Location of Condominium Call 1388 for all projects

Q Condo Asoke	New Petchburi Road, Makkasan, Ratchathewi, Bangkok
Q Condo Sukhumvit	Khlong Toei, Bangkok.
Q Seaside Hua Hin	Phet Kasem Road, Cha Am, Petchaburi
Q House Condo Phahon Yothin Chiangrai	Rim Kok, Muang, Chiang Rai
Casa Condo @MRT T-Junction Bangyai	Rattanathibet Road, Sao thong Hin, Bang Yai, , Nonthaburi
Casa Condo Chang Puak	Chotana Road, Chang Phueak, Mueang Chiang Mai, Chiang Mai
Casa Condo @CMU	Suthep, Mueang Chiang Mai, Chiang Mai
Casa Condo @Suandok	Suthep, Mueang Chiang Mai, Chiang Mai

Location of Condominium Call 1388 for all projects

Casa Condo Sriracha	Surasak, Sriracha, Chonburi
The Trust Condo Ngamwongwan	Ngamwongwan Road, Banglane, Nonthaburi
The Trust Condo @BTS Erawan	Sukhumvit Road, Pak Nam, Mueang , Samut prakan
The Trust Condo Nakhon Prathom	Sanamchandra, Mueang Nakhon Pathom, Nakhon Pathom
The Trust Condo North Pattaya	Sukhumvit Road, Na Kluea, Bang Lamung, Chon Buri
The Trust Condo South Pattaya	Nongprue, Bang Lamung, Chon Buri
The Trust Condo Amata-Chonburi	Nong Mai Daeng, Mueang Chon Buri
The Trust Condo Hua-Hin	Hua-Hin, Hua-Hin, Prachuap Khiri Khan
The Point Condo Laem Chabang	Daothiam Road, Thung Sukla, Sri Racha, Chon Buri
The Point Condo Rangsit Klong 6	Rangsit-Nakhon Nayok Road, Rangsit, Thanyaburi, Pathum Thani

Location of Hotel / Serviced Apartments

Centre Point Hotel Pratunam	Soi Somprasong 3, Petchburi Road, Bangkok	Tel : 0-2254-1373-7
Centre Point Hotel Sukhumvit 10	Sukhumvit Soi 10, Bangkok	Tel : 0-2653-1783
Centre Point Hotel Silom	Charoenkrung Road, Bangrak, Bangkok	Tel : 0-2266-0521-49
Centre Point Hotel Silom Chidlom	Langsuan Road, Bangkok	Tel : 0-2657-2400-21
Centre Point Sukhumvit-Thonglor	Sukhumvit Road, Soi Sukhumvit 55 (Thonglor), Bangkok	Tel : 0-2365-8300

Location of Office Building for Rent

Q. House Convent	1 st Floor, Q. House Convent Building, No. 38 Convent Road, Silom, Bangrak, Bangkok	Tel : 0-22348448-51
Q. House Asoke	16 th Floor, Q. House Asoke Building, No. 66 Sukhumvit 21, North Klongtoey, Wattana, Bangkok	Tel : 0-2264-2245-7
Q. House Sathorn	Ground Floor, Q. House Sathorn Building, No.11 South Sathorn Road, Tungmahamek, Sathorn, Bangkok	Tel : 0-2679-1621-2
Q. House Ploenjit	5 th Floor, Q. House Ploenjit Building, No. 598 Ploenjit Road, Lumpini, Pathumwan, Bangkok	Tel : 0-2254-1020-1
Q. House Lumpini	7 th Floor, Q. House Lumpini Building, No.1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok	Tel : 0-2677-7177



Quality Houses Public Company Limited

7th Floor, Q.House Lumpini Building, No.1,

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