

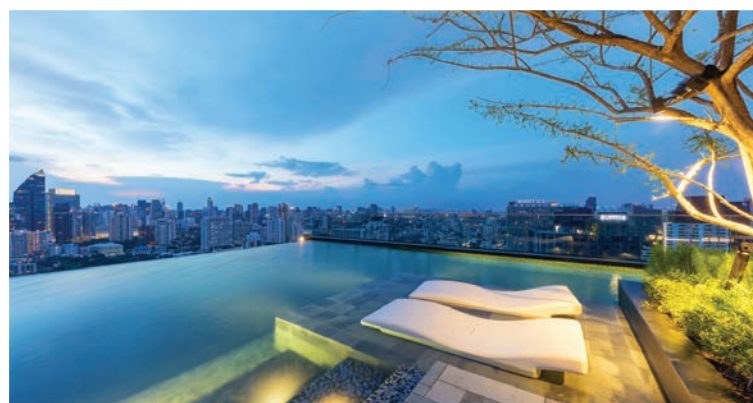


Annual Report 2019

Land and Houses Public Company Limited



#THINK FOR
A BETTER LIVING



Content

Business Operation

01	Highlights of the Year 2019	1
02	Overview of Business Operation	2
03	Report of the Board of Directors	4
04	Financial Overview	5
05	Operating Results	8
06	Business Highlight	9
07	Supplementary Information	20

Management and Corporate Governance

08	Securities and Shareholders	24
09	Management Structure	26
10	The Nomination and Compensation Committee's Report	41
11	Corporate Governance	42
12	Corporate Social Responsibilities Report	59
13	Risk Management and Sustainable Development Committee Report	64
14	Internal Control and Risk Management	65
15	Risk Factors	67
16	Related Party Transactions	69

Financial Position and Operating Performance

17	Report on the Board of Directors' Financial Responsibilities	73
18	The Audit Committee's Report	74
19	Analysis of Operating Results and Financial Status	76
20	Financial Statements	91

Other Related Information

21	Number of Registered Housing Unit in Bangkok Metropolitan Region During 2015-2019	188
22	References	189
23	Summary of Form 56-2's Required Items in Land and Houses Plc.'s 2019 Annual Report	190



2019 Highlight

Land and Houses Public Co.,Ltd. & Subsidiaries

	2019	2018	% Increase (Decrease)
Operating Result			
Number of active projects	86	80	7.5
Earning Ability			
Return on total revenues	30.10%	28.74%	1.4
Highlight of the Financial Statement (Million baht)			
Total revenues	33,307	36,447	(8.6)
Net profit	10,025	10,475	(4.3)
Inventories	53,374	48,243	10.6
Total assets	113,139	111,481	1.5
Total shareholders' equity including minority interest	53,183	50,752	4.8
Per Share Data			
Earning per share	0.84	0.88	(4.6)
Book value	4.39	4.18	5.0
Market price (at year end)	9.80	9.90	(1.0)
Number of Outstanding Shares (Million shares)	11,950	11,950	-
As at 31 December			

Policy and Overall Business Operation

1. Vision, goal or strategy in the business operation of the Company

The Company has set its goal to retain its leadership in Thailand's property development industry by focusing on the development of quality residential units in forms of single-detached houses, townhouses and residential condominiums for its target customer groups based on the requirement of customers in various ranges of price which match with their demands.

2. Key changes and developments

Land & Houses Public Company Limited was established on August 30, 1983 to operate property development business with initial registered capital of 5 million baht. The major shareholders during the inception were Mr. Anant Asavabhokhin and Ms. Piangjai Harnpanij. The Company was approved to list on the Stock Exchange of Thailand on February 17, 1989 and became a listed company on April 1, 1991.

During 1998 to 1999, the Company experienced financial problems as a result of Thailand's economic crisis and the change of foreign exchange rate to floatation rates. It had completed its debt restructuring in 1999 through a capital increase among existing shareholders and a new major shareholder, Government of Singapore Investment Corporation (GIC). After the capital increase, on August 29, 2019 which is the latest book closing dates, the Asavabhokhin family still remained the largest shareholder group, with 30.73% of total shares, while GIC controlled only 8% of total shares.

During the year 2014 to the latest register book closing date on August 29, 2019, the Company have key changes and significant development in the shareholding structures and capital increase as follows :

Shareholders	Shareholding (%)					
	Sep 2014	Aug 2015	Aug 2016	Aug 2017	Aug 2018	Aug 2019
1. Mr. Anant Asavabhokhin's group						
1.1 Mr. Anant Asavabhokhin	22.07	24.43	24.27	23.93	23.93	23.93
1.2 Mayland Co., Ltd.*	5.22	5.78	5.74	5.66	5.67	5.67
1.3 Ms. Piangjai Harnpanij**	1.03	1.15	1.15	1.13	1.13	1.13
Total Mr. Anant Asavabhokhin's group	28.32	31.36	31.16	30.72	30.73	30.73
2. GIC Private Limited C.***	14.96	16.55	17.01	16.17	8.01	8.01
3. Others	56.72	52.09	51.83	53.11	61.26	61.26
Total	100.00	100.00	100.00	100.00	100.00	100.00
Total Paid up (Million baht)	10,798.20	11,694.90	11,779.10	11,949.70	11,949.70	11,949.70

Note: * The company is 100% owned by Mr. Achanan Asavabhokhin, Mr. Anant's son, and related companies.

** Mr. Anant Asavabhokhin's mother

*** As at February 5, 2018, GIC Private Limited has decreased its shareholding from 16.17% to 8%

3. Shareholding structure of the group company

The Company directly holds shares in 11 subsidiaries and also indirectly holds shares in 5 other subsidiaries through its subsidiaries. All of them operate property development businesses. To develop property projects, the Company and its subsidiaries develop residential projects for sale, ranging from single-detached houses, townhouses to residential condominiums. They focus primarily on developing projects in Bangkok and its perimeter, and in large provinces such as Chiang Mai, Chiang Rai, Nakhon Ratchasima, Khon Kaen, Maha Sarakham, Udon Thani, Prachuap Khiri Khan, Ayutthaya and Phuket. The Company has implemented a pre-built strategy in year 2000, which has drawn a great response from its customers. The Company has 5 associated companies:

(1) Two of its associated companies operate property development businesses which are Land & Houses Property and Loan Fund II and Quality Houses Plc.

(2) Two of its associated companies operate businesses related to property development which are Quality Construction products Plc. which produces and distributes autoclaved aerated concrete used in construction, and Home Product Center Plc. which operates a retail business.

(3) One of its associated companies engages in other businesses. LH Financial Group Plc. which is a holding company with subsidiaries that operate in commercial banking, asset management, securities businesses and consulting services.

Policy on separating the operations of the Company, its subsidiaries and associated companies

The Company has set a clear policy of separating the operations of the companies within its group as follows:

(1) The Company, its 10 subsidiaries and 2 of its associated companies operate real estate and property development businesses, shopping mall and hotel business.

(2) Two of its associated companies operate businesses related to property development such as the production and retailing of construction materials.

(3) One of its subsidiaries and another associated company which operate in financial advisory business and a holding company whose subsidiaries operate commercial banking, asset management, securities businesses and consulting services.

Message of the Board of Directors

Dear Shareholders,

The economic slowdown in 2019 had affected the overall real estate business. The Company booked the pre sales of 25,356 million baht from the residential business, decreased 7% from the level in 2018. Of the total, 76% were detached houses, 9% were townhouses and 15% were condominium units. Realized revenue from residential unit transfers was 25,151 million baht, down 18% from 2018, with detached houses making up 76%, townhouses 11% and condominium units 13%. The Company received rentals and service fees from hotels, malls and apartments for rent in total of 4,907 million baht, increased 31% from the level in 2018. Lastly, the Company received share of profit from investment in associated companies 3,383 million baht, slightly decreased 0.6% from the previous year.

During the year, the Company launched 16 new projects, with total value of 30,535 million baht. Of all new projects, 11 were detached and duplex projects, 4 were townhouse projects and 1 was condominium project.

Other significant developments in the past year of the Company and its subsidiaries were:

- Two lots of debentures totaling 13,000 million baht were issued,
Lot 1/2019, worth 6,000 million baht, with a maturity of 3 years, and a coupon rate of 2.62%.
Lot 2/2019, worth 7,000 million baht, with a maturity of 3 years and 2 months, and a coupon rate of 2.12 %.
- An interim dividend was paid for the operation in the first six months of 2019 at 0.30 baht per share. Dividend for the last six months of 2019 at 0.40 baht per share was then approved on February 27, 2020 by the Board.
- On November 22, 2019, LH Mall and Hotel Co., Ltd. (LHMH), a 99.99% owned subsidiary of the Company, had leased and sold its property, namely “Grande Center Point Sukhumvit 55” to the Leasehold Real Estate Investment Trust (LHHOTEL) at the value of 4,155 million baht with a profit before tax of approximately 2,418 million baht.

• In 2019, the Company received the awards as follows:

- “Thailand’s Top Corporate Brands 2019 Award” on the best highest value Thai corporate brand in the property development sector. This award organized by the Program of Master in Branding and Marketing (MBM), Faculty of Commerce and Accountancy, Chulalongkorn University in collaboration with the Stock Exchange of Thailand with the objective to expand the knowledge of corporate brand value into business sustainability.
- “Award of Honor Best Company of the Year 2019 : Real Estate and Construction Section” from Money and Banking Journal, based on the performance of the year 2018 of the listed companies in each industry group.
- “Outstanding Company Performance Awards 2019”, the business excellence award for listed companies with market value of over 100,000 million baht in the Stock Exchange of Thailand. The award was organized by the Stock Exchange of Thailand.

The Company committed to constantly developing products and services to ensure quality products and services which are acceptable and trusted by consumers. We also strictly focus on adhering to good corporate governance principle, corporate social responsibility and the environment.

Finally, I would like to express my sincere gratitude to our customers, shareholders, employees, financial institutions, suppliers and contractors, who have always strongly supported us in our efforts to build warm families and create quality communities and environment under all Land & Houses projects.

Yours sincerely,



(Mr. Naporn Sunthornchitcharoen)
Chairman of the Board of Directors

Financial Ratio

Land and Houses Public Company Limited and its subsidiaries

Financial Ratio

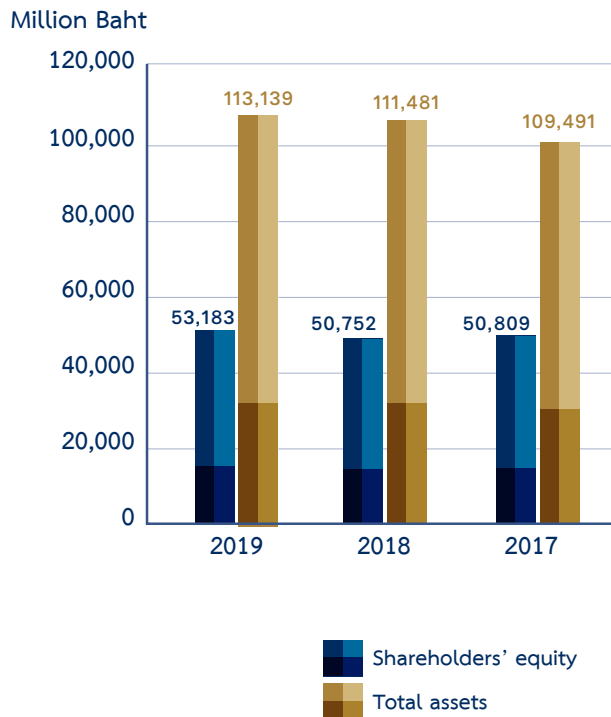
As at 31 December 2019, 2018 and 2017

		31-Dec-19	31-Dec-18	31-Dec-17
Liquidity Ratio				
Current Ratio	(Times)	2.65	2.55	2.32
Quick Ratio	(Times)	0.21	0.36	0.23
Quick Ratio (Cash Basis)	(Times)	0.12	0.45	0.42
Account Receivable Turnover	(Times)	-	-	-
Average Collection Period	(Days)	-	-	-
Inventory Turnover	(Times)	0.33	0.40	0.42
Average Sales Period	(Days)	1,076	895	854
Account Payable Turnover	(Times)	4.53	5.46	6.10
Payment Period	(Days)	80	66	59
Cash Cycle	(Days)	1,000	831	797
Profitability Ratio				
Gross Profit Margin	(%)	32.28	35.07	34.36
Operating Profit Margin	(%)	19.86	21.43	19.14
Other Profit Margin	(%)	19.91	15.38	18.05
Operating Profit Margin (Cash Basis)	(%)	44.69	141.21	137.11
Net Profit Margin	(%)	30.10	28.74	26.98
Return On Equity	(%)	19.57	20.94	21.57
Basic Earnings Per Share	(Baht/Share)	0.84	0.88	0.88
Efficiency Ratio				
Return On Assets	(%)	8.93	9.48	9.92
Return On Fixed Assets	(%)	51.74	50.93	54.31
Total Assets Turnover	(Times)	0.30	0.33	0.37
Financial Policy Ratio				
Debt to Equity Ratio	(Times)	1.13	1.20	1.15
Interest Coverage Ratio	(Times)	5.05	11.26	9.72
Obligation Coverage Ratio	(Times)	0.85	1.35	1.45
Dividend Payout	(%)	83.44	85.53	85.65

Comparative 3 Years Financial Statistics

	2019	2018	2017
Assets (Million Baht)			
Total Assets	113,139	111,481	109,491
Inventories	53,374	48,243	48,198
Investment	30,442	29,280	29,734
Liabilities and Shareholders' Equity (Million Baht)			
Short Term Loan (Interest Bearing Debt)	15,677	14,887	16,143
Long Term Loan (Interest Bearing Debt)	34,218	35,781	32,835
Total Liabilities	59,956	60,729	58,683
Paid up Share Capital	11,950	11,950	11,950
Shareholders' Equity	53,183	50,752	50,809
Result of Operation (Million Baht)			
Sales	25,151	30,514	31,724
Total Revenues	33,307	36,447	38,786
Gross Profit	9,702	12,012	11,998
Net Profit	10,025	10,475	10,463
Per Share Figure (Baht)			
Book Value	4.39	4.18	4.19
Earning Per Share	0.84	0.88	0.88
Ratio			
Current Ratio	2.65	2.55	2.32
Quick Ratio	0.21	0.36	0.23
Profitability Ratio			
Gross Profit Margin	32.28%	35.07%	34.36%
Operation Profit Margin	19.86%	21.43%	19.14%
Net Profit Margin	30.10%	28.74%	26.98%
Return on Equity	19.57%	20.94%	21.57%
Efficiency Ratio			
Return on Assets	8.93%	9.48%	9.92%
Financial Policy Ratio			
Debt to Equity Ratio	1.13	1.20	1.15
Interest Coverage Ratio	5.05	11.26	9.72
Number of Outstanding Shares (Million Shares)	11,950	11,950	11,950

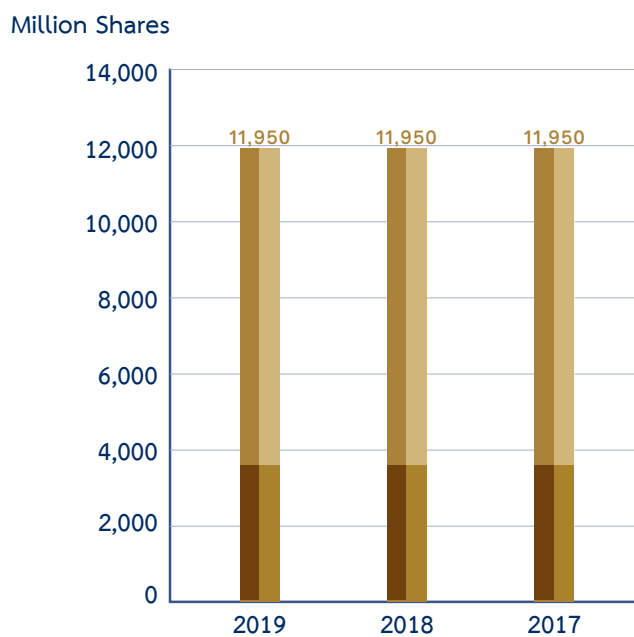
Total assets and Shareholders' equity



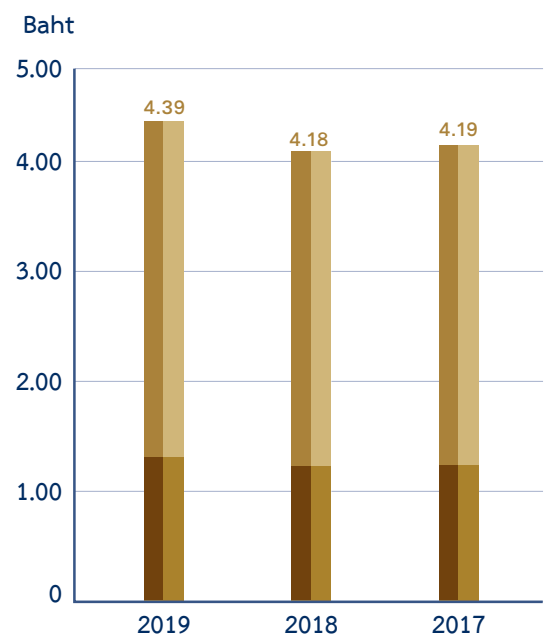
Result of Operation



Number of Outstanding Shares



Book value



Operating Results

Revenue Structure

Product	Operated by	% Hold	2019		2018		2017	
			Million Baht	%	Million Baht	%	Million Baht	%
1. Real Estate Business								
Detached houses	The Company		18,634	56.0	20,466	56.2	18,534	47.8
	Subsidiary : Land & Houses Northeast Co.,Ltd.	100	-	0.0	-	0.0	-	0.0
	Subsidiary : LH Muang Mai Co.,Ltd.	55	208	0.6	397	1.1	227	0.6
	Subsidiary : LH Asset Co.,Ltd.	100	229	0.7	115	0.3	108	0.3
Total revenue from detached house			19,071	57.3	20,978	57.6	18,869	48.7
Townhouses	The Company		2,241	6.7	2,486	6.8	1,761	4.5
	Subsidiary : Land & Houses Northeast Co.,Ltd.	100	207	0.6	637	1.7	468	1.2
	Subsidiary : LH Asset Co.,Ltd.	100	273	0.8	-	0.0	-	0.8
Total revenue from Townhouses			2,721	8.1	3,123	8.5	2,228	5.7
Condominiums	The Company		3,358	10.1	6,413	17.6	10,619	27.4
Total revenue from Condominiums			3,358	10.1	6,413	17.6	10,619	27.4
Land	The Company		-	0.0	-	0.0	5	0.0
	Subsidiary : Land & Houses Northeast Co.,Ltd.	100	-	0.0	-	0.0	2	0.0
	Subsidiary : Atlantic Real Estate Co.,Ltd.	100	1	0.0	-	0.0	-	0.0
Total revenue from Land			1	0.0	-	0.0	7	0.0
Total revenue from Real Estate Business			25,151	75.5	30,514	83.7	31,724	81.8
2. Rental income								
	Subsidiary : L&H Property Co.,Ltd.	60	1,392	4.2	1,861	5.0	1,652	4.3
	Subsidiary : Land and Houses U.S.A. Inc.	100	645	1.9	715	2.0	672	1.7
	Subsidiary : LH Mall and Hotel Co.,Ltd.	100	2,870	8.6	1,157	3.2	874	2.3
Total revenue from Rental income			4,907	14.7	3,733	10.2	3,198	8.3
3. Gain on change in shareholders' equity of an associate	Associate : LH Financial Group	21.88	-	0.0	-	0.0	1,135	2.9
4. Gain on sales of Land held for development	Subsidiary : LH Muang Mai Co.,Ltd.	55	-	0.0	-	0.0	80	0.2
5. Gain on sales of assets to REIT	Subsidiary : L&H Property Co.,Ltd.	60	-	0.0	-	0.0	2,080	5.4
6. Gain on Sales of Assets	The Company		-	0.0	116	0.3	-	0.0
7. Gain on Sales of Investment property	Subsidiary : Land and Houses U.S.A. Inc.	100	-	0.0	1,335	3.7	-	0.0
	Subsidiary : LH Mall and Hotel Co.,Ltd.	100	2,418	7.3	-	0.0	-	0.0
8. Other Income			831	2.5	749	2.1	569	1.4
9. Total revenue (1-8)			33,308	100.0	36,447	100.0	38,786	100.0
10. Share of income from investment in associates			3,383	10.2	3,404	9.3	3,137	8.1
Total revenue (9+10)			36,690	110.2	39,851	109.3	41,923	108.1

Operating Results

(1) Policy and Marketing Competitive Strategies

The Company's operational strategy has still maintained on the Pre-built policy in every projects which are low rise project development (single-detached house and townhouse) except for the condominiums project which a sale must be booked before commencing the construction. This policy is to minimize the operating risk since the condominium project needed to be completed for the entire building before any unit ownership can be transferred. Besides, it also provides customers time to arrange their financial plans including the payment of down payment by installments while helps the customers to be able to apply for the credit supported from the commercial banks more easily. For the project which are very well sold thus resulted in short supply of pre-built house to meet the customers requirement, the Company will adjust the sale to be the pre-booking but will set the timeframe that the house will have to be completely built within three months. However, every unit of house which is sold under the Pre-booking scheme must also pass the quality control of the Company's standards before transferring the ownership to the customers.

The Company's strategy of Pre-built house including the marketing and sales strategies which have been conducted continuously are still an effective strategies in competitiveness and gain its customers' confidence. The Company also emphasizes on how to respond to the needs of customers, such as the design of the house, various functions including the model of the project to respond to all needs of every member in the family, in every generation and the most important thing which is the key operating philosophy of the Company is to place the importance on the quality of products and services as well as the quality of the Company's staff.

The Company always aware of the operations under all kinds of operational risks and also the operations which will lead to the sustainability development project. In the marketing and sales operations, the Company has widely increase in the expansion in the market, both in terms of the expansion of its customers' base, new market in new potential locations, the expansion in new style of living to the semi-detached house including offering different designs from the existing designs under the brand VIVE which emphasizes on specific needs. Another important concern is that the Company has also focused on the new innovation to meet the needs of better living in quality residence such as

- The "Breathable House" innovation under the Air Plus campaign, which the Company has already registered its patent as the Company's right. This innovation has been set as a standard in every new detached-house project and will be used in every type of residence of the Company.
- Smart Home or the "Home Automation" system to provide more convenience in the better living place.
- Prioritize on taking care of the elderly person. The Company has designed the new concept which suits and pampers the elders' requirement by design the bedroom downstairs on the ground floor including setting the handrail to support themselves in the bathroom in the single detached house which all these concepts are never pre-existing in the market including the common area which has been prepared to serve and respond to the physical needs of the elderly persons.
- Develop several systems to support, facilitate and increase the convenience for customers such as
 - Implement the housing introduction system by using QR Code which will help customers to understand in every detail of all applications, the maintenance manual of internal devices, the important components in the house including the Project information and other significant information which may be useful.
 - Develop the financial system such as
 - The QR Code Credit System
 - The QR Payment, Payment Gateway, QR Cross Bank System
 - Develop the house inspection through the application
 - Develop the IDesign system to help customers to clearly illustrate, understand and foresee the design and the interior decoration in the house in various style according to their requirement through the software application
- Increase the efficiencies of the personnel's performance. The Company has continuously improved its working system to be more flexible and speedy in every operations units by implementing the IT system to assist in the response of working in area of sales, construction and services including other related divisions for more efficient and faster operations.

The Company's marketing strategies still mainly continues on the "pre-built house before sale" strategy as it can build confidence to customers in various aspects, such as by providing them a chance to see the real project surrounding, plot of land, style of house, all facilities and environment. The most important thing is that customers can decide to move in as soon as they wish while the Company has also arranged the preparedness in every details or functions of the house to ensure that a house is ready and promptly to move in for the customers. This strategy results in good impact to the operations in terms of cost and quality control, marketing plan and price setting advantage.

The Company also facilitated the customers to move in by providing the packing and moving services by a professional provider of packing and moving services, to help customers to move from their old houses to the Company's projects under the scheme "Happiness in new House without any worry about the moving thus moving to a new house is a very simple thing, no need to worry"

Currently, the Company's operation has classified its products according by brand, taking into account mainly on the prices and target customers including the criteria on Marketing Mix and Segmentation so that the Company can well serve each customers groups' needs. The key concerns are as follows:

- **Location:** The Company focus its priority on selected ideal locations for its projects which must meet the demands of customers in each segment in terms of convenient transportation, easily access to public utility and amenity surrounding the projects. To select such locations, the Company also considers spreading its projects to all key areas in Bangkok and its surroundings to meet the demand in each area and to match the consumers' residential needs and structure which referred to geographic and demographic characteristic which linked to their old living places, working places and status of population. The Company also emphasizes to consider segmentation to increase opportunities and to meet the demands of various customers' groups. In addition, the Company also prepare the study for its future plan by running a research on the locations which have high potential and then purchases the land for its Land Bank for future development which will result the Company's advantage in terms of land costs which will lead to higher competitiveness and high yields. Currently, the Company has many potential land plots which are closed to BTS/MRT stations.

- **House plans or products:** Due to the wide variety in requirements of consumers in each different segment of price or brand, the Company then mainly and continuously emphasizes on conducting the study and research on the behaviors of each group in a proactive, forward-looking manner. The research or survey will be done on customers in its existing projects (residents), visitors to its projects, potential homebuyers, as well as buyers of other projects. All fact findings are used to develop products, services and requirements to maximize customers' satisfaction in every concern. Currently, several new designs have been introduced periodically together with the new innovation of the "AirPlus innovation: The "Breathable House" which also creates the differentiate of the Company's products amongst other products in the market.
- **Pricing Policy:** From the Company's strategy of "pre-built house before sale" which provides the Company a competitive advantage from knowing the explicit actual construction and operation costs which will affect to the decision to determine the selling price of the products to be in line with the competitive situation. In the process of price setting, the Company will take into account the market condition in each location and each period of time. The Company does not have the policy to set the price for customers to bargain which will effect in disadvantages and unfairness to the customers. The Company has set the pricing policy to be reasonable and proper with the quality of the product.
- **Product quality:** The Company recognizes and values the importance of standards in house building and construction including utility systems in its projects by setting the construction standards and inspection procedures which emphasizes on clear and systematic criteria, operation procedures and examination to achieve the Company's quality standards products. It also has a clearly stated policy that "every house must pass quality control (QC) at a Company's accepted good standard level" before delivering to the customer. Hence, the standard for the quality products starts from checking construction plans, analyzing structure of soil layers and examining the quality at each step of the construction process which must pass the predetermined criteria. In addition, the Company also concerns of good quality construction materials used in the project.

Apart from the construction, the Company also recognizes the importance of the project environment starting from project planning, selection of durable materials, project's utility systems and other facilities which suit for living of the residents and most important concern is to provide safety for its project residents. The Company also pays attention on how the project is well maintained to be a good community by lay down the foundation for project management and maintenance of utility systems before delivering them to the juristic persons of the housing estates so the project will be a good, cozy communities worth living in for all the years to come.

Customers and Company's Target Group

As mentioned before that the Company's residential projects are spanning over various areas in Bangkok and its surroundings, as well as other provincial such as in Chiang Mai, Khon Kaen, Nakhon Ratchasima, Maha Sarakham, Udon Thani and Phuket, which are also operated under the "Baan Sabai pre-built before sale" concept where customers can readily move in as they wish. By adherence to the quality standard of house, project environment and good standard inspection system, all these factors make the Company successfully reach the wide different target customer group according to the requirements of customers in each brand which reflects in different pricing in each brand and also the range of pricing. (Segmentation).

The market expansion in every range of price setting (Segmentation strategy) has enabled the Company to meet more requirements and also increased new market opportunities in different new customer groups, resulting in increase in sale revenue. However, the Company has also expanded its market by targeting New User and launching new projects both in Bangkok and surroundings including in the provinces, while still mainly emphasizes on the good quality of its products including the after sale service which is the Company's strong point. The Company always takes care of residents in its projects, especially in the areas of security and living conditions. It facilitates communication by setting up a call center and also through the Internet system. The Company also set the work plans for utility systems to be put in place and have their quality checked before delivery to buyers. It also supervises the establishment of the clear juristic person of each project.

In 2019, the Company has continuously expanded its target customer base group from the previous year 2018, by launching new designed products for the new pricing market segment under the brand name "VIVE" which will really serve the new living style of the new generation, with the new living places in form of single-detached house and townhome which provide all functions to completely

fulfill all the customers' requirement.

For the sale management, the Company has continually developed the Customer Relationship Management system (CRM), and Customer Emotional Management system (CEM) which assist in the sale and marketing process including customers' satisfaction. These systems help the Company to better understand the real needs of target customers and the activities are also held regularly with the customers. The result reflected by the numbers of almost 30% of the Company's customers are those customers from its old projects, their relatives or friends of existing customers, which assists the Company for better operations while reduces its operating costs.

Distribution and Distribution Channels

The Company uses the distribution channels through the sales office at the each site of the project which the Company has several residential projects expand in key areas in Bangkok and the surrounding. The Company reaches its target customers through the advertisements in several media especially through the Internet system development.

- Sale promotion: In order to communicate any information to the public, the Company gives priority to how consumers can access to its project details, especially through online communication, which is the most media which consumers use to search for information on residential projects. The Company mainly emphasizes on the online media which in 2019, can be classified in groups as follows:
 - Google : both for the SEO (Search Engine Optimization) and SEM (Search Engine Marketing)
 - Facebook : the Company has fan pages of its Facebook at 636,000 persons.
 - Twitter : the Company has followers on its twitter at 9,900 followers
 - Line : The Company has used Line Official Account to send Rich message to Line Friend regarding the tips about housing and its marketing activities.
 - Company's website : The Company also prioritize on internet media by improving its website to be modern, attractive and easy to access and search for any required information.
 - 50% of the customers visiting the Project site have seen the information from the internet media with the 53% of the reservation from the internet, which results in great benefit to the marketing operation as the marketing expenses now is only 1.8% of sales.

(2) Industry Market and Competition

Housing Market in 2019

The overall Housing Market in 2019 concluded from the increase number of the registered houses (only the housing project) in total was 91,414 units, a decrease of 17.5% from the year 2018 which was 110,836 units. The details of new registered houses was provided in the table below included the significant changes

Comparative data of newly registered housing units By type of operation during the year 2016 - 2019

Unit : units

Type	2016	2017	2018	2019	1995*
Self-building	21,915	20,206	19,999	20,243	32,118
Housing Project	104,628	94,297	110,836	91,414	146,735
Total	126,543	114,503	130,835	111,657	178,853
% change	2.2%	-9.5%	14.3%	-14.7%	27.7%

Source: Government Housing Bank, p = projection

* 1995 is the record year with the highest new registrations since 1987

% change is calculated on year-on-year basis.

- Detached houses is in total of 14,161 units, a decrease of 9.0 % from year 2018 which is 15,563 units
- Duplex is in total of 2,564 units, an increase of 22.0% compare to 2,101 units in 2018.
- Townhouse and commercial buildings totals in 21,526 units, an increase of 7.4% compared to year 2018 which was 20,051 units
- Condominium, total of 53,163 units, a decrease of 27.3% from 2018 which was 73,121 units

Comparative data of newly registered housing units by type of Subdivision from 2016 to 2019

Unit : units

Type	2016	2017	2018	2019	1995*
Detached Houses	12,736	12,183	15,563	14,161	20,793
% Change	7.6%	-4.3%	27.7%	-9.0%	16.4%
Duplex	1,895	2,533	2,101	2,564	938
% Change	-19.9%	33.7%	-17.1%	22.0%	336.3%
Townhouses & Commercial Buildings	17,111	16,262	20,051	21,526	58,093
% Change	-12.8%	-5.0%	23.3%	7.4%	16.0%
Condominium	72,886	63,319	73,121	53,163	66,911
% Change	7.8%	-13.1%	15.5%	-27.3%	-1.5%
Total	104,628	94,297	110,836	91,414	146,735
% Change	3.1%	-9.9%	17.5%	-17.5%	7.8%

Source: Government Housing Bank, p = projection

* 1995 is the record year with the highest new registrations since 1987

% change is calculated on year-on-year basis.

The significant factors which affected the residential market in 2019 are as follows:

- The economic growth in 2019 was at 2.4% compared to 4.1% in 2018. The quarterly economic growth rates in each quarter in 2019 were as follows: Q1 = 2.9%, Q2 = 2.4%, Q3 = 2.6% and Q4 = 1.6% respectively.
- Inflation in 2019, was at the average of 0.7% for the whole year, compared to the average inflation in 2018 which was 1.1%. (Details in each quarter are Q1 = 0.75%, Q2 = 1.1%, Q3 = 0.62% and Q4 = 0.40%)
- Interest rate in 2019
 - The policy interest rate was cut twice in year 2019 from the constant rate 1.75% annually for the first seven months, then in August the rate was cut by 0.25% and in November the policy was cut by 0.25% point constant rate to 1.25%
 - Throughout the year 2019, the minimum lending rate (MLR) and the minimum retail rate (MRR) of the top 5 Commercial Banks was stable and constant during the whole year 2019 with no significant change.
- The Loan rejection rate from the bank in 2019 was approximately in total at 10%
- The impact of the Bank of Thailand Mortgage lending measures policy which announced in October 2018 still consecutively had impact in the year 2019
- The average oil price in 2019 on average was at USD 61.94 per barrel, a decrease from the average price in 2018 which was at USD 69.08 per barrel or a decrease by 10.3% which has affected for the stable in Consumer Price Index.
- The price of overall Construction Materials in 2019 did not change much from the year 2018. The Construction Materials index in 2018 is 106.6 compared to the index in 2018 which is 107.9. The construction materials of steel and steel product Index had decrease from the average index in 2018 which was 102.0 to 92.5 in 2019, a decrease of 9.3%.
- The price of land has increase which affected the cost of construction in new projects and also a decrease in numbers of new projects.

Company's Operating Result in 2019

In 2019, the Company's operating results classified by type of housing and price level are as follows:

By type of Housing		By range of Price	
Type	Share	Price Range	Share
Single-detached	76%	Less than 2.0 MB	-
Townhouse	11%	2.0 - 4.0 MB	19%
Condominium	13%	4.01 - 6.0 MB	22%
		6.01 - 10.0 MB	16%
		10.01 - 25.0 MB	26%
		above 25.0 MB	17%
Total	100%		100%
Bangkok and Vicinities	91%		
Provincial	9%		

At the beginning of the year 2019, the Company had 70 operated projects in total which 42 of them were in Bangkok and the vicinities, 28 projects were in the provinces and 16 new projects were launched during the year, so the total number of projects which operate in 2019 is 86 projects. For the 16 new projects which were launched this year have total project value of 30,535 million Baht which can be classified as follows: (The project which has mixed products will be classified and counted by the type of products and double counted by the project)

- Single - detached house 11 projects
- Duplex 2 projects
- Townhome 5 projects
- Condominium 1 project

Table : Information of Operating projects in 2018-2019

As at beginning of January of year	2019	2020*e
Total numbers of project	70	78
Bangkok and its vicinities	42	50
Provinces	28	28
New projects launched during the year	16	16
Bangkok and its vicinities	14	13
Provinces	2	3
Total Value (MB)	30,535	28,440
Total operating projects	86	94

Note : The project in Maha chai and Nakhon Pathom will be counted in Bangkok and its vicinities.

*e (estimate)

Market Share of the Company classified by numbers of units in Bangkok and vicinities in 2019, compared to the number of new registered houses, categorized by the type of housing are as follows:

- Detached House Company's share = 9.8%
- Duplex House Company's share = 14.1%
- Townhouses Company's share = 3.5%
- Condominiums Company's share = 0.8%

For the operation of the Company in the year 2019 in other areas which are deemed significant are as follows:

- The acquisition of land in approximate total value of 5,000 million Baht
- The investment in the real estate for rental business with total value of 1,500 million Baht
- The Company has issued the debentures in total amount of 13,000 million Baht, the terms of 3 years with the average annually interest at 2.35%.
- The LHMH had developed 2 projects which are
 1. The Grande Centerpoint Pattaya (2) on the 13.5 Rai of land, with the servicing rooms of 490 rooms, total investment is 3,400 million Baht which will be completed by the Q3/2022
 2. The Terminal 21 Rama III on the 15 Rai of land with the leasable area of 38,000 square metre, total investment is 4,500 million Baht and is projected to completed by Q4/2021

- The Company has investment expense approximately 6,500 million Baht which are divided to expenses in purchasing of lands for residential development of 5,000 million Baht and the expenses in investment in real estate business for rent of 1,500 million Baht which are the investment in the following projects:
 - Investment in the development of Shopping Mall - Terminal in total 900 million Baht
 - Investment in hotel and apartment in total 600 million Baht
- The Company had sold the hotel "Grande Center Point Sukhumvit 55" to the LH Hotel Leasehold Real Estate Investment Trust (LHHOTEL) at the value of 4,155 million Baht with profit before tax approximately 2,418.31 million Baht.

- The Company still invests in the real estate in USA through LH USA which has 4 projects:

Project	Yard	Revere	Mode	Parce at Pruneyard
Location	Portland OR	Campbell CA.	San Mateo CA.	Campbell CA.
No. Units	287	173	111	252

Details of new projects opened in 2019

Project	Type	Size of project (Rai)	Total Units	Average price per unit (MB)	Total Project Value (MB)	Quarter to open the sale
1. Chaipayruek Ramindra Expressway Chatu Chot	SH	97.8	398	7.5	3,000	Q1
2. Nantawan Ramindra Phahon Yothin 50	SH	98.1	205	25.4	5,200	
3. Mantana Westgate	SH	93.7	293	15.0	4,400	
4. Indy Pinklao Sirindhorn	TH	11.6	94	4.3	405	
5. Mantana Bangna km. 7 (2)	SH	53.2	159	15.7	2,500	Q2
6. Indy Ayutthaya	TH	23.4	230	2.7	630	
7. Vive Ekkamai Ramindra	SH	17.3	48	47.9	2,300	Q3
8. Indy Ransit Klong 2	TH	20.1	198	2.8	550	
9. Villaggio Pracha Uthit 90	Total	57.9	351	4.0	1,410	
	SH	17.1	77	5.6	430	
	Semi	40.8	274	3.6	980	
10. Villaggio Bangna Theparuk	Total	63.1	342	4.6	1,570	
	SH	32.3	136	6.2	840	
	Semi	30.8	206	3.5	730	
11. Mantana Serene Lake Chiangmai	SH	47.5	78	17.1	1,330	Q4
12. Vive Rattanathibet Ratchaphruek	SH	20.2	34	32.9	1,120	
13. Vive Bangna	SH	25.4	49	29.6	1,450	
14. Villaggio Srinagarindra Bangna	Total	48.7	304	4.6	1,400	
	SH	31.7	126	6.6	830	
	TH	17.0	178	3.2	570	
15. The Key Rama III	Condo	3.1	484	4.1	2,000	
16. Indy Westgate	TH	34.8	353	3.6	1,270	
Total		715.9	3,620	8.4	30,535	

Housing Market Outlook in 2020

The housing market outlook in 2020, when consider only the housing project compared to 2019 is expected to decrease at the rate of 10-15%. The estimated total newly registered houses for all housing market is approximately 80,000 units in total with the low rise development has tendency to slightly increase while the Condominium market will be continuously slowdown from the year 2019.

The factors influencing the residential market in 2020 are as follows :

- Thai economy has tendency to continue to slow down according to the expectation of several institutes which forecast that the Thai economic growth is only at 1.5%, as a result of several significant factors as follows :
 - The outbreak of the virus COVID-19 which has directly impact to the economic growth in various countries, especially manufacturing sector, services and tourism sectors which have been greatly affected.
 - The drought situation in the country which is a factor that destruct the economic growth of Thailand
 - Delays in the process of budget disbursement for the year 2020.
- Interest rates for housing loan is expected to decrease in accordance with the adjustment of the Policy Interest Rate which as of February 5, 2020 is at 1.0% which is the lowest rate since 2003.
- Inflation is likely to remain at a low level at 0.4% - 1.4%
- Cost of construction remains unchanged from the year 2019

- The acceleration of all infrastructure Construction of public utility systems, both the existing and the new projects in the operational plans of government policies may be a minor positive stimulator.
- The land price will remain constant or with minor change. The expansion of high-rise projects will slow down.
- The commercial banks' policies on pre-finance loans to Housing operator and the post-finance loans for retail customers is rigid.
- Housing price, in the low rise development sector, tends to be stable while the price of high rise projects as Condominium will decrease as a result of large amount of remaining supply.

Company's Operational Plan in 2020

As at the beginning of the year 2020, the Company had total 78 operated projects in hands which 50 projects were in Bangkok and vicinities, 28 projects in the provinces and in 2020, the Company had an operational plan to launch 16 new projects with total value of 28,440 MB which 13 projects are in Bangkok and vicinities and 3 projects in the province, which can be classified by type of housing as follows: (The project which has mixed products will be classified and counted by the type of products and double counted by the project)

- | | | |
|-------------------------|----|----------|
| • Single detached house | 11 | projects |
| • Duplex house | 3 | projects |
| • Townhouse Projects | 3 | projects |
| • Condominium | - | project |

So in total, the total numbers of projects that are expected to be operated in 2020 is 94 projects

The expected proportion of total booking of 2020 are detailed as follow :

Classified by type of residential		Classified by range of pricing	
Type	percentage	Range of price	percentage
Single detached and Duplex	73%	Less than 2.0 MB	-
Townhouse	9%	2.01 - 4.0 MB	16%
Condominium	18%	4.01 - 6.0 MB	18%
		6.01 - 10.0 MB	18%
		10.01 - 25.0 MB	22%
		Higher than 25.0 MB	26%
Total	100%		100%
% in Bangkok and vicinities	89%		
% in provincial	11%		

Note: % is calculated based on value

The sale target in 2020, the Company has set the Booking at 28,000 million Baht and the ownership transfer at value of 28,000 million Baht. The average price per unit in 2020 will be 7.4 million Baht (while in year 2019 the average price per unit was 6.9 million Baht)

For the proportion of sales in 2020 when considered by the value and classified by type of residential will be as follows:

- Single-detached and Duplex 73%, Townhouses 9%, Condominium 18% (The details are shown as in the table above)

For the Company's investment plan, the Company has prepared the budget of 11,000 million Baht comprising of budget for new land acquisition of approximately around 7,000 million Baht and the budget for investment in real estate for rental business of 4,000 million Baht. Moreover, the Company also considers to sell one of its apartment in USA and also plans to issue new debenture of 14,000 million

Details of new projects expected to launch 2020

Project	Type	Size of project (Rai)	Total Units	Average price per unit (MB)	Total Project Value (MB)	Quarter to open the sale
1. Indy Bangna Ramkamhang 2	TH	36.6	355	3.95	1,400	Q1
2. Mantana Motorway Krung Thep Kritha Tat Mai	SH	47.6	177	11.02	1,950	
3. Siwalee 3 Ayutthaya	SH	17.6	70	6.43	450	Q2
4. Siwalee Srinagarindra Rom Klao	SH	70.0	260	7.70	2,000	
5. Siwalee Ratsada Phuket	SH	83.7	204	13.43	2,740	
6. Siwalee Phet Kasem 69	SH	35.7	82	11.59	950	
7. Nantawan Rama 9 Srinagarindra	SH	45.2	88	46.02	4,050	Q3
8. Chaiyapruet Westgate	SH	30.8	129	6.02	800	
9. Indy Srinagarindra Phraeksa	TH	28.1	286	3.50	1,000	
10. Mantana Sunsire Chiangmai	SH	40.9	122	10.50	1,280	
11. Anya West Gate	Semi	31.6	164	5.50	900	
12. Anya Bangna Ramkamhaeng 2	Semi	69.6	388	6.57	2,550	
13. Anya Phet Kasem Sai 4	Semi	45.4	260	5.00	1,300	Q4
14. Mantana Phet Kasem Sai 4	SH	57.5	228	7.46	1,700	
15. Villaggio Srinagarindra	Total	46.3	303	4.69	1,420	
	SH	24.8	99	7.30	720	
	TH	21.5	204	3.43	700	
16. Mantana Bangna Wongwaen	SH	96.0	262	15.08	3,950	
Total		782.6	3,378	8.42	28,440	

(3) Procurement of products or services

Nature of the product acquisition

• Product Design

In the process of designing the products, the Company emphasizes on research study on the consumer behavior including their needs and daily lifestyle of consumers and their members, and then use these information to define and develop the design of products which fit with the requirement of consumers and their families. The design of products for mass production, the Company has specified more details in the operational procedure of designing, therefore the operations in product design team will include the comprehensive team-work from every units, which include the construction section, the interior design, the architecture, quality control, after sale – services including the sale and marketing department so that the products will meet all the needs of their customers and deliver the best products without any defect.

In addition, the Company has implemented the Visual Reality (VR) to assist the examination and design including the inspection at the Precast Factory before commence any construction in order to confirm the product's quality, without defects and maximize efficiency before delivery the products to customers.

The Company also conducts the survey on their customers's satisfaction of the products and services. The Company gives priority to the design in proactive and forward-looking style by preparation of the design of houses which are ready complete to implement, and can modify the design when there are used for a period of time or have been constructed to a certain amount of units, to be able to modify the design immediately to create new design and fit to the climate and time.

To design the product, the Company does not consider only the pattern of the house but also take into consideration of the design of the overall project area, the facilities in the project, clubhouse, central garden and the upfront environment which is exquisite and distinctive point for customer to see the explicitly difference when comparing to other projects in the market.

• Production and procurement

Production and the Company's production policy

The Company has a policy to produce and increase its production capacity of housing for sale to be in line with the demand of housing of customers. This means that in case that the housing demand of customers has increased, the Company will be capable to increase its production capacity instantly by hiring additional contractors to cope with the increase in customers' demand.

However, the Company has set a policy to control the quality of the contractors in order to have the same standard of good quality housing construction, which are as follows:

1. The Company has set the construction standards. Each step of construction process and the materials used will be checked the quality to meet the standards without any lessening
2. The Company continuously provides Company's standard construction training course for the contractors.
3. The Company has a supervisor for each project to control and check the quality of works of the contractor.
4. The Company has quality control of housing construction with the engineer from the Company's central team to recheck the quality whether the quality of work meets the specified standards of the Company.

(4) Raw Materials Procurement

In the residential industry, significant raw materials for the operation are land and construction materials. Therefore the Company has emphasized the procurement of raw materials for the efficiency and effectiveness as follows:

1. Land Purchase : The Company has a policy to procure the land which has potential and can be developed immediately. The purchasing methods can be divided in 3 ways which are as follows;

- a. Post the advertisements which stated the need to purchase land through various media
- b. Contact to purchase the land through the land broker
- c. Contact to purchase the land by the Company's team directly.

2. Raw Materials: The Company operates the procurement of the construction raw material in 2 main way which are

- a. Direct procure some of the construction material such as steel bars, sanitary ware etc.
- b. The procurement handled by the contractors which the Company has hired to construct the project.

In addition, the Company has maintained its good relationship with the raw material distributors through their continuous orders, so the Company can order the raw materials up to the amount required and never have any shortage problems with the raw materials. Most of the raw materials are purchased domestically. The Company never purchases any raw materials from any distributors more than 30% of the total amount purchased of the important raw materials such as cement, steel and other construction materials.

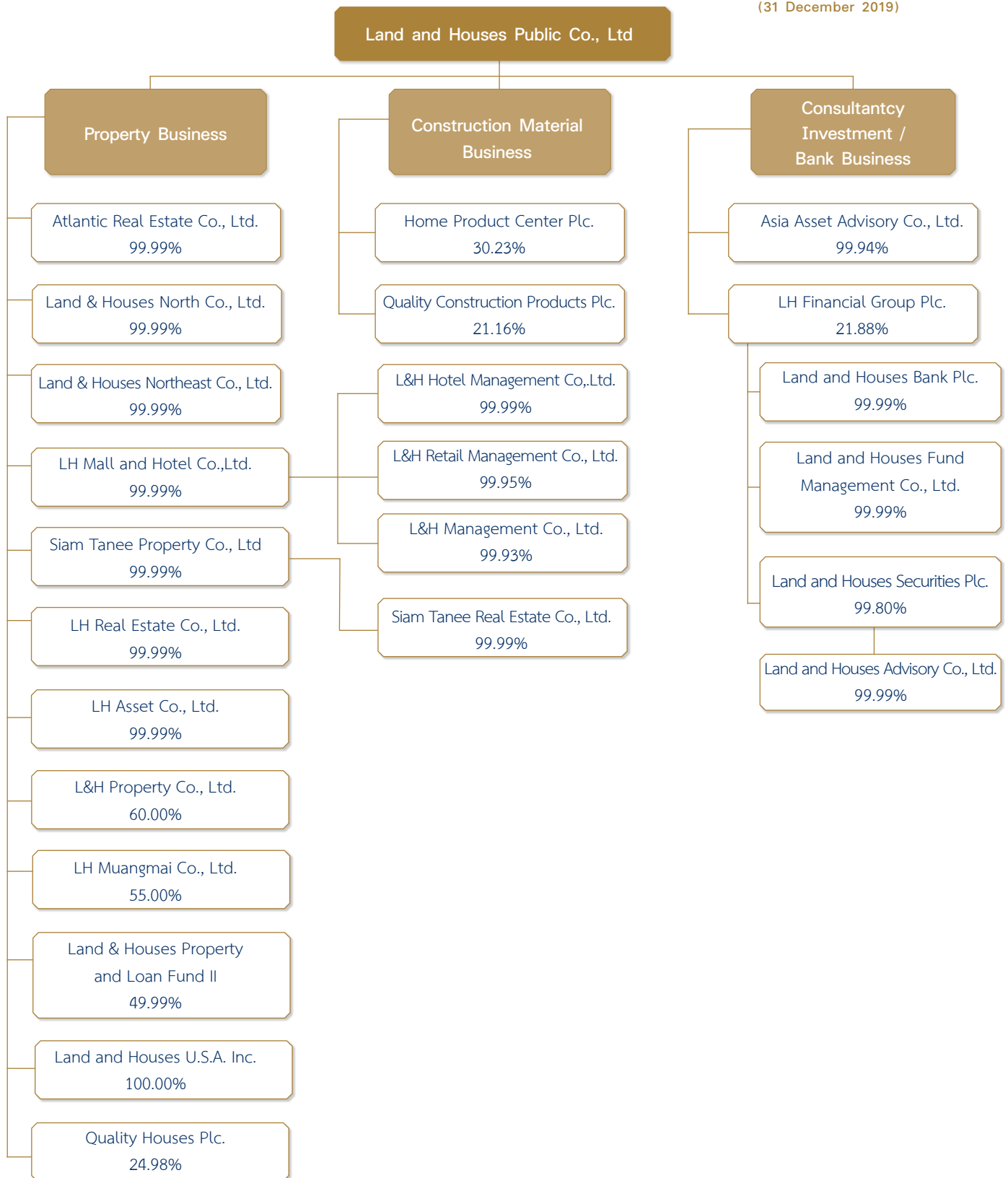
(5) Impact to environment

The construction of housing and various public utilities of each project may have adverse impact on the environment such as the wastewater drainage of the residents in the project which may pollute the public water sources if the disposal system of wastewater is not effective and unstandardized treatment. However, the Company has provided the wastewater disposal system in each house which the Company constructed. The wastewater from each house will be treated before draining to the cesspool including the checking of quality control of the wastewater to comply with the standards required by law before draining to the public waterways. This procedure is set to prevent any impact from the wastewater to the public water source. The Company never has any problems or issues related to environmental impacts

Supplementary Information

Overall Picture of Businesses of the Company and Its Subsidiaries and Associates

(31 December 2019)



Note L&H Property Co., Ltd. is owned by GIC (40.00%)
LH Muang Mai Co., Ltd. is owned by Mr. Pittaya Tantipiriyakit's Group (45.00%)

Investment in Subsidiaries and Associates

Company	Paid - up Capital (Mil. Baht)	Holding Share	Par Value	% Hold Direct and Indirect
Investment in Related Parties				
Listed Company				
1. Quality Construction Products Plc.	400	84,627,680	1	21.16
2. LH Financial Group Plc.	21,184	4,634,761,967	1	21.88
3. Quality Houses Plc.	10,714	2,675,945,601	1	24.98
4. Land and Houses Freehold and Leasehold Property Fund	3,300	88,958,300	10	26.96
5. Home Product Center Plc.	13,151	3,975,878,432	1	30.23
Non-Listed Company				
1. Land and Houses Property and Loan Fund-II	1,486	74,278,549	10	49.99
2. LH Muang Mai Co.,Ltd.	900	49,499,995	10	55.00
3. L&H Property Co.,Ltd.	130	15,599,994	5	60.00
4. Asia Asset Advisory Co.,Ltd.	0.10	9,994	10	99.94
5. Atlantic Real Estate Co.,Ltd.	15	149,979	100	99.99
6. Land and Houses North Co.,Ltd.	14	499,991	100	99.99
7. LH Mall and Hotel Co.,Ltd.	2,000	19,999,995	100	99.99
8. Siam Tanee Property Co.,Ltd.	100	999,994	100	99.99
9. LH Asset Co.,Ltd.	100	999,994	100	99.99
10. LH Real Estate Co.,Ltd.	58	579,994	100	99.99
11. Land and Houses North-East Co.,Ltd.	150	1,499,994	100	99.99
12. Land and Houses U.S.A.,Inc. (USD)	40	40,000,000	1	100.00
Holding by Siam Tanee Property Co.,Ltd.				
1. Siam Tanee Real Estate Co.,Ltd.	88	1,749,994	50	99.99
Holding by LH Mall and Hotel Co.,Ltd.				
1. L&H Hotel Management Co.,Ltd.	10	999,997	10	99.99
2. L&H Retail Management Co.,Ltd.	0.10	9,995	10	99.99
3. L&H Management Co.,Ltd.	0.10	9,993	10	99.99
Holding by LH Financial Group Plc.				
1. Land and Houses Bank Plc.	20,000	1,999,999,900	10	21.88
2. Land and Houses Securities Plc.	637	635,925,646	1	21.88
3. Land and Houses Fund Management Co.,Ltd.	300	2,999,995	100	21.88
Holding by Subsidiaries of LH Financial Group Plc.				
1. Land and Houses Advisory Co.,Ltd.	20	1,999,998	10	21.88

	Company Name	Address	Tel. No.	Fax No.	Type of Business	Authorized share Capital	% Hold Direct and Indirect
1.	Quality Construction Products Plc.	144 Moo 16 Bangpa-in Industrial Estate, Udomsoraryuth Road, Bangkrasan, Bangpa-in, Ayutthaya, Thailand 13160 Website : www.qcon.co.th	0 35221 271	0 35221 270	Building Material	400 million common shares of Baht 1 each	21.16
2.	LH Financial Group Plc.	5 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120 Website : www.lhfg.co.th	0 2359 0000	0 2677 7223	Holding Company	21,183.7 million common shares of Baht 1 each	21.88
3.	Quality Houses Plc.	6-7 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120 Website : www.qh.co.th	0 2677 7000	0 2677 7005	Property Development	10,714.4 million common shares of Baht 1 each	24.98
4.	Land and Houses Freehold and Leasehold Property Fund	14 th Floor Q.House Sathon Building, 11 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120 Website : www.lhpf-pf.com	0 2286 3484 0 2679 2155	0 2286 3585	Property Fund	330 million units of Baht 10 each	26.96
5.	Home Product Center Plc.	31 Prachachuennonthaburi Road, Bangkhen, Muang, Nonthaburi, Thailand 11000 Website : www.homepro.co.th	0 2832 1000	0 2832 1400	Trading of Construction Material	13,151.2 million common shares of Baht 1 each	30.23
6.	Land and Houses Property and Loan Fund-II	15 th , 17 th Floor Sindhorn Building Tower III, 130-132 Wireless Road, Bangkok, Thailand 10330	0 2688 7777	0 2688 7700	Property Fund	148.6 million units of Baht 10 each	49.99
7.	LH Muang Mai Co., Ltd.	9/9 Moo 6 Thepkasatree, Tumbonratsada, Aumphoemuang, Phuket, Thailand 83000	0 7638 1150-3	0 7638 1112	Property Development	90 million common shares of Baht 10 each	55.00
8.	L&H Property Co., Ltd.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120	0 2343 8899	0 2343 8890	Property Development	26 million common shares of Baht 5 each	60.00
9.	Asia Asset Advisory Co., Ltd.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120	0 2343 8899	0 2343 8890	Investment Advisor	0.01 million common shares of Baht 10 each	99.94
10.	Atlantic Real Estate Co., Ltd.	37 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120	0 2343 8900	0 2230 8131	Property Development	0.15 million common shares of Baht 100 each	99.99
11.	Land and Houses North Co., Ltd.	319 Moo 4, ThumbonnongJom, Aumphoesansang, Chiangmai, Thailand 50210	0 5349 8911-3	0 5311 1111	Property Development	0.5 million common shares of Baht 100 each	99.99
12.	LH Mall and Hotel Co., Ltd.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120 Website : www.lhnh.co.th	0 2343 8899	0 2343 8890	Property Development	20 million common shares of Baht 100 each	99.99
13.	Siam Tanee Property Co., Ltd.	37 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120	0 2343 8900	0 2230 8131	Property Development	1 million common shares of Baht 100 each	99.99
14.	LH Asset Co., Ltd.	37 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120	0 2343 8900	0 2230 8131	Property Development	1 million common shares of Baht 100 each	99.99

	Company Name	Address	Tel. No.	Fax No.	Type of Business	Authorized share Capital	% Hold Direct and Indirect
15.	LH Real Estate Co., Ltd.	37 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120	0 2343 8900	0 2230 8131	Property Development	0.58 million common shares of Baht 100 each	99.99
16.	Land and Houses North-East Co., Ltd.	37 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120	0 2343 8900	0 2230 8131	Property Development	1.5 million common shares of Baht 100 each	99.99
17.	LAND AND HOUSES U.S.A., INC.	17485 Monterey Road Suite 308 Morgan Hill, CA 95037 USA	408 796 7337		Property Investment	40 million common shares of USD 1 each	100.00
18.	Siam Tanee Real Estate Co., Ltd.	37 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120	0 2343 8900	0 2230 8131	Property Development	1.75 million common shares of Baht 50 each	99.99
19.	L&H Hotel Management Co., Ltd.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120	0 2343 8899	0 2343 8890	Hotel	1 million common shares of Baht 10 each	99.99
20.	L&H Retail Management Co., Ltd.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120	0 2343 8899	0 2343 8890	Retail	0.01 million common shares of Baht 10 each	99.99
21.	L&H Retail Management Co., Ltd.	15 th Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120	0 2343 8899	0 2343 8890	Management	0.01 million common shares of Baht 10 each	99.99
22.	Land and Houses Bank Plc.	G, 1 st , 5 th , 6 th , 32 nd Floor Q.House Lumpini Building, 1 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120 Website : www.lhbank.co.th	0 2359 0000	0 2677 7223	Bank	2,000 million common shares of Baht 10 each	21.88
23.	Land and Houses Securities Plc.	M, 10 th Floor Q.House Sathon Building, 11 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120 Website : www.lhsec.co.th	0 2352 5100	0 2286 2681 0 2286 2682	Management Fund	637.2 million common shares of Baht 1 each	21.88
24.	Land and Houses Fund Management Co., Ltd.	14 th Floor Q.House Sathon Building, 11 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120 Website : www.lhfund.co.th	0 2286 3484 0 2679 2150	0 2286 3585 0 2679 2150	Management Fund	3 million common shares of Baht 100 each	21.88
25.	Land and Houses Advisory Co., Ltd.	10 th Floor Q.House Sathon Building, 11 South Sathon Road, Thungmahamek, Sathon, Bangkok, Thailand 10120	0 2352 5100	0 2286 2681 0 2286 2682	Advisory	2 million common shares of Baht 10 each	21.88

Securities and Shareholders

1. Registered and Paid-up Capital

(1) As of December 31, 2019, the Company had registered capital of 12,031,105,828 Baht, of which 11,949,713,176 Baht was paid up, divided into 11,949,713,176 ordinary shares with a par value of one Baht each.

According to information of ordinary share holdings by Thai NVDR Co. Ltd.'s, as of March 9, 2020, the number of 2,043,894,549 Company's ordinary shares, representing 17.10 % of all paid up ordinary shares were held by Thai NVDR Co.,Ltd which such shares are not entitled to a voting right in the shareholders' meeting (except for a decision to consider the de-listing of the shares from the Stock Exchange), thus the holders of non-NVDR shares shall have 20.63% more of the voting right. As a result, the holders

of only 20.72% of the paid-up ordinary shares will have a voting right equal to 25% of all voting shares. Investors can check the latest number of shares held through Thai NVDR at the Stock Exchange of Thailand's website at www.set.or.th

(2) other types of shares
- none -

2. Shareholders

On the latest register book-closing date on August 29, 2019, the Company's top 10 major shareholders are as follows :

Rank	Name of individual/Juristic Person	Number of shares held	Percentage of all sold shares
1.	Mr. Anant Asavabhokhin*	2,860,000,047	23.93
2.	Thai NVDR Co., Ltd	2,201,249,923	18.42
3.	Mayland Co., Ltd.*	677,000,069	5.67
4.	Social Security Office	426,607,440	3.57
5.	State Street Europe Limited	334,833,682	2.80
6.	The Bank of New York Mellon	333,075,700	2.79
7.	South East Asia UK (Type C) Nominees Limited	279,587,050	2.34
8.	Ms. Piangjai Harnpanij*	134,960,000	1.13
9.	Krungsri Dividend Stock LTF (KFLTFDIV)	118,712,880	0.99
10.	Siam Commercial Bank Public Company Limited	109,944,630	0.92
	Total	7,475,971,421	62.56

Note : * The shareholders under Mr. Anant Asavabhokhin's group held shares in combined total 30.73%

3 Other Securities

Debentures

As of December 31, 2019, the Company had outstanding senior unsecured debentures worth 39,200 million Baht, details are as follows :

Debenture	Amount Million Baht	Coupon rate per year	Maturity / Due date
Series 2/2015 Lot 2	1,000	3.31%, paid every 6 months	5 years / April 2, 2020
Series 3/2015 Lot 3	1,000	2.99%, paid every 6 months	5 years / October 8, 2020
Series 1/2017	6,000	2.48%, paid every 6 months	3 years / April 28, 2020
Series 3/2017	6,000	2.13%, paid every 6 months	3 years / October 5, 2020
Series 1/2018	1,200	2.96%, paid every 6 months	7 years / March 7, 2025
Series 2/2018	6,000	1.98%, paid every 6 months	3 years / May 7, 2021
Series 3/2018	5,000	3.02%, paid every 6 months	3 years / October 5, 2021
Series 1/2019	6,000	2.62%, paid every 6 months	3 years / April 26, 2022
Series 2/2019	7,000	2.12%, paid every 6 months	3 years / October 15, 2022

All debentures were latest rated A+ Stable by TRIS Rating Co., Ltd. on July 19, 2019

For all debentures, the Company must maintain its debt-to-equity ratio at not more than 1.50 : 1 based on the Consolidated Financial Statements.

4 Dividend payment policy

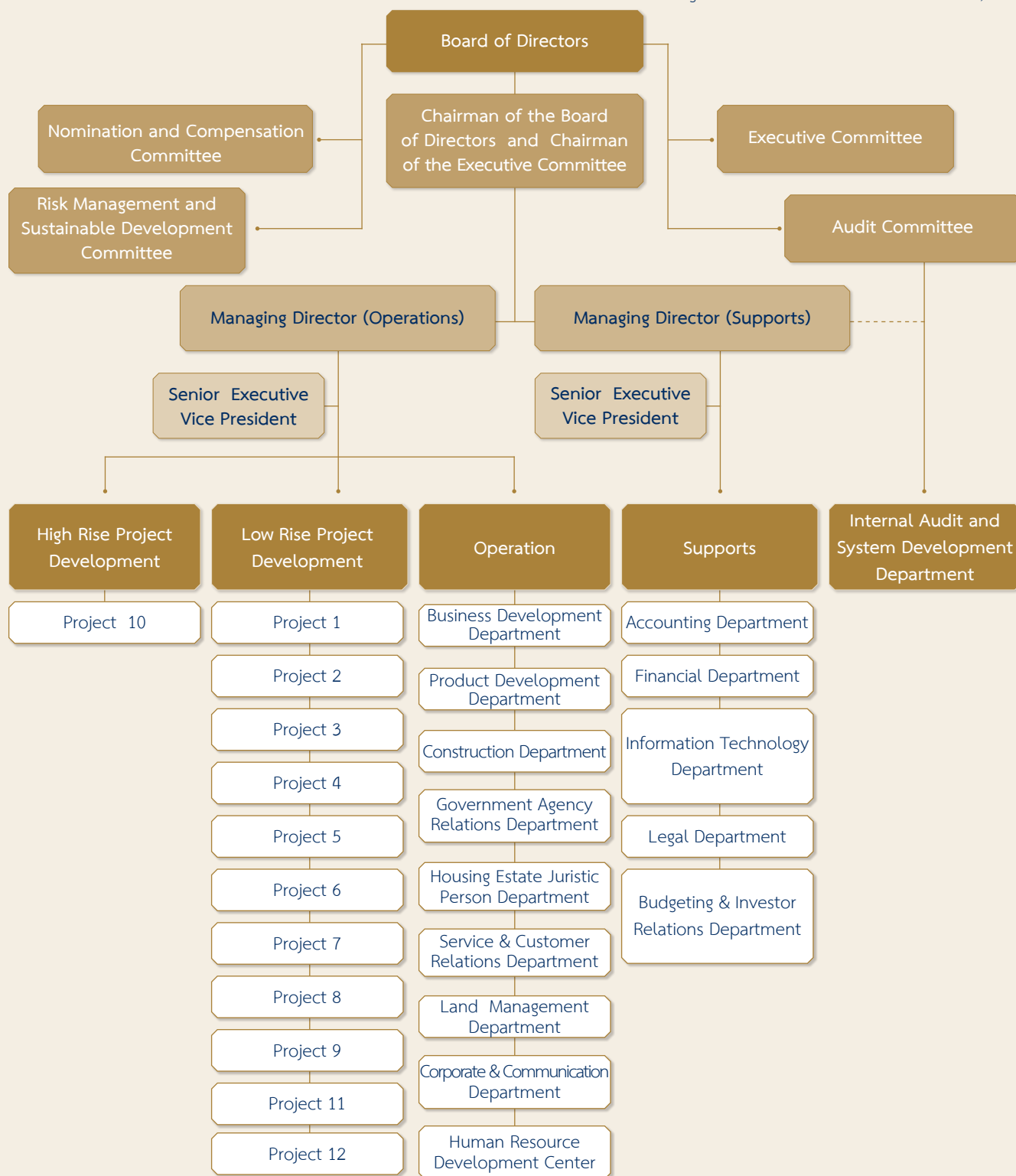
At present, the Company has a policy to pay dividends from its net profit to its shareholders every year. In order to consider the amount of dividend payments, the following factors are taken into consideration which comprise of the Company's operating results and its financial position, its liquidity, Company's business expansion plans and other management-related factors.

Any dividend payment is subjected to the approval of the Company's Board of Directors and/or shareholders' meetings. The shareholders' extraordinary meeting No. 1/2547 on January 26, 2004 resolved to amend Article 42 on Dividend Payments of its Articles of Association to be as follows :

Under the amended Article No. 42 on Dividend Payments: "Dividends shall be paid from the Company's profit. In the event that the Company has an accumulated loss, dividends shall not be paid. When the Company has a profit, the Board of Directors shall propose a dividend payment from its profit in an amount which will not cause any damages to the Company's capital".

Organization Structure

Organization Structure as at December 31, 2019



1. Board of Directors

The structure of Company's Management as of December 31, 2019 consists of 9 directors and comprises of 5 committees, which are the Board of Directors, Audit Committee, Nomination and Compensation Committee, Risk Management and Sustainable Development Committee, and the Executive Committee.

According to its Articles of Association, the Board of Directors consists of not less than 5 directors, which at least half of them are domiciled in Thailand. In order to conduct the business, the directors must perform their duties according to laws, objectives and Articles of Association of the Company, as well as the resolutions of shareholders' meetings, with integrity and carefulness to protect the Company's interests and benefits.

The composition of the boards, committees and management was designed with adequate checks and balances:

a) The Board of Directors consists of 3 independent directors, or 33% of total numbers of directors, 4 executive directors and other 2 non-executive directors

b) The Audit Committee consists of 3 independent audit directors who perform their duties in conformity to the regulation of the Stock Exchange of Thailand and the Audit Committee Charter

c) Delegation and authorization among the boards and management has been clearly established as details which are disclosed in the "Corporate Governance" section.

As at December 31, 2019, the names and meeting attendance records of directors in the year 2017, 2018 and 2019 were declared as in the table below:

Name	Position	Numbers of Attended meetings / total meetings		
		2017	2018	2019
1. Mr. Anant Asavabhokhin	Chairman and Chief Executive Officer (resigned on May 22, 2017)	1/2	-	-
2. Mr. Naporn Sunthornchitcharoen	Chairman of the Board of Directors, Chairman of the Executive Committee (appointed on August 11, 2017)	6/6	7/7	8/8
3. Mr. Pakhawat Kovithathanaphong	Director, Chairman of the Audit Committee, Independent Director	6/6	6/7	8/8
4. Mr. Chalerm Kietitanabumroong*	Director, Member of the Executive Committee, Member of the Risk Management and Sustainable Development Committee	6/6	7/7	-
5. Mr. Adisorn Thananan-narapool	Director, Member of the Executive Committee, Member of the Nomination and Compensation Committee	6/6	6/7	8/8
6. Mr. Nantawat Pipatwongkasem	Director, Company Secretary, Member of the Risk Management and Sustainable Development Committee	6/6	7/7	7/8
7. Mr. Piphob Veraphong	Director, Member of the Audit Committee, Independent Director, Chairman of the Nomination and Compensation Committee	5/6	7/7	8/8
8. Mr. Bundit Pitaksit	Director, Member of the Audit Committee, Independent Director, Chairman of the Risk Management and Sustainable Development Committee, Member of the Nomination and Compensation Committee	6/6	7/7	8/8
9. Mr. Achawin Asavabhokhin	Director (appointed on February 28, 2018)	-	6/6	7/8
10. Mr. Watcharin Kasinrerker**	Director, Member of the Executive Committee, Member of the Risk Management and Sustainable Development Committee	-	-	7/7
11. Mr. Adul Chuvanichanon***	Director, Member of the Executive Committee, Member of the Risk Management and Sustainable Development Committee	-	-	6/6
Total number of meetings in 2019		6	7	8

* Mr. Chalerm Kietitanabumroong retired from Managing Director and also resigned from the Company's director on January 1, 2019

** Mr. Watcharin Kasinrerker was appointed to be Director, Member of the Executive Committee, Member of the Risk Management and Sustainable Development Committee on February 15, 2019

*** Mr. Adul Chuvanichanon was appointed to be Director, Member of the Executive Committee on May 13, 2019, and appointed to be Member of the Risk Management and Sustainable Development Committee on December 19, 2019

Authorized Directors as the Company's Signatory

One of the following directors may sign to bind the Company; Mr. Naporn Sunthornchitcharoen, or Mr. Adisorn Thananan-narapool or Mr. Nantawat Pipatwongkasem, or Mr. Watcharin Kasinrer or Mr. Adul Chuvanichanon or Mr. Achawin Asavabhokhin.

Scope of Duty and Responsibility of the Board of Directors

To enable the Board of Directors to perform its duties efficiently, a guideline on its duties was defined as follows:

1. Manage and conduct the Company's business to be in line with the Company's objectives and regulations, as well as the resolutions of shareholders' meeting which is conform with the laws on integrity and carefulness for the utmost benefits of the Company.

2. Consider and approve the Company's key policies, goals, guidelines and business plan including monitoring and follow up the implementation according to the plans.

3. Monitor and supervise the performance and management of the Executive Board to ensure the implement in accordance with the assigned Company's policies. The Board of Directors has the authority to approve the following:

- 3.1 To consider the borrowings or loan application from financial institutions
- 3.2 To consider the Annual budget and Company's business plans
- 3.3 To consider the interim dividend payments for shareholders in the case that the Company has sufficient profit to do so
- 3.4 To consider any significant transactions such as investments, asset acquisition or disposal, and other operations required by law
- 3.5 To consider the connected transactions and asset acquisitions and disposals except that those transactions shall require shareholders' approval. Such approvals shall be in line with the announcements, requirements and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The authority applies to all matters except for the transactions which required by law that the Board of Directors must seek the approval from Company's shareholders before proceeding.

4. The Board's meeting shall be convened at least once every quarter.

5. The main meeting agenda shall be clearly set in advance throughout the year.

6. The details of meeting agenda shall be submitted to each director at least 7 days prior to the meeting date so that the directors have sufficient time to study and consider them.

7. In the consideration of each meeting agenda, the interests and benefits of all shareholders and stakeholders must be fairly taken into account.

8. The Company has set the policy regarding the minimum quorum at the time when the directors shall vote in the meeting that at least two-third of the total directors attending the meeting.

9. Allow free expression of opinions at meetings

10. Allocate adequate time for each agenda to allow for debate and careful expression of opinions.

11. Supervise to ensure that the management is in line with good governance policy and to prevent from any conflicts of interest.

Roles and Duties of the Chairman of the Board of Directors

1. Take responsibility as the leader of the Board of Directors to oversee, monitor and supervise the performance of the Board of Directors and other subcommittees to achieve the objectives as defined in business plans and conform with the good governance.

2. Supervise to ensure that all directors have participated and encourage to create the good corporate ethics and good corporate governance.

3. Represent as Chairman of the Board at the Board's meetings and Shareholders' meetings by handle and manage the meetings to be in line with the Articles of Association, its agenda and allocate proper time for the meetings.

4. Promote the independent and transparent expression of opinions in the meetings

5. Supervise to ensure efficient communication between the directors and shareholders

6. Give the casting vote in the event the votes are tied at Board of Directors' meetings

2. Executives

As of December 31, 2019, the Company had 6 executives members:

Mr. Naporn	Sunthornchitcharoen	Chairman of the Executive Committee
Mr. Adisorn	Thananun-narapool	Managing Director
Mr. Watcharin	Kasinrer	Managing Director
Mr. Adul	Chuvanichanon	Managing Director
Mr. Wit	Tantiworawong	Senior Executive Vice President and Chief Finance Officer
Mr. Chokchai	Walitwarangkoon	Senior Executive Vice President

3. Company Secretary

The Board of Director has appointed Mr. Nantawat Pipatwongkasem, a with appropriate knowledge, qualifications and experience, as a company secretary. A barrister-at-law, holding a law bachelor's degree and an MBA degree from Thammasat University. His roles and duties are to give advice on laws and regulations that the Board of Directors must be aware of and comply with, to organize meetings of shareholders and Board of Directors in compliance with laws, the Company's Articles of Association and other code of conduct. He also records minutes of the meeting, follows up on the implementation of meeting resolutions, contacts and communicates with shareholders so that they are aware of their rights and company news, coordinates with the Board of Directors' activities, as well as arranges archive documents as required by law.

4. Executive Remuneration

(a) Cash Remuneration

- Remuneration for directors

The Company has determined a clear policy on Remuneration for managing directors and directors by setting that the payment will be based on their responsibilities to the Company. The Nomination and Compensation Committee also examines, screens and proposes to the Board of Directors to consider for an approval by consider the appropriateness, including the size, business expansion and profit growth of the Company. Its Remuneration is at the same level of other companies in the similar industry. The directors' Remuneration will be proposed for approval at a shareholders' meeting each year and will be paid in form of annual remuneration, meeting allowances, director pensions and bonuses. The details for 2018 and 2019 are as follows:

Name	Position	2018		2019	
		Meeting attendance rate %	Remuneration (million Baht)	Meeting attendance rate %	Remuneration (million Baht)
1. Mr. Anant Asavabhokhin	Chairman and chief Executive Officer (resigned on May 22, 2017)	-	0.99	-	-
2. Mr. Naporn Sunthornchitcharoen	Chairman of the Board of Directors, Chairman of the Executive Board (appointed on August 11, 2017)	100%	3.59	100%	3.84
3. Mr. Pakhawat Kovithvathanaphong	Director, Chairman of the Audit Committee, Independent Director	86%	2.46	100%	2.32
4. Mr. Chalerm Kietitanabumroong*	Director, Member of the Executive Committee, Member of the Risk Management and Sustainable Development Committee	100%	2.04	-	1.20
5. Mr. Adisorn Thananan-narapool	Director, Member of the Executive Committee, Member of the Nomination and Compensation Committee	86%	2.04	100%	1.92
6. Mr. Nantawat Pipatwongkasem	Director, Company Secretary, Member of the Risk Management and Sustainable Development Committee	100%	2.04	88%	1.92
7. Mr. Piphob Veraphong	Director, Member of the Audit Committee, Independent Director, Chairman of the Nomination and Compensation Committee	100%	2.51	100%	2.39
8. Mr. Bundit Pitaksit	Director, Member of the Audit Committee, Independent Director, Chairman of the Risk Management and Sustainable Development Committee, Member of the Nomination and Compensation Committee	100%	2.57	100%	2.45
9. Mr. Achawin Asavabhokhin	Director (appointed on February 28, 2018)	100%	0.78	88%	1.93
10. Mr. Watcharin Kasinrerker**	Director, Member of the Executive Committee, Member of Risk Management and Sustainable Development Committee	-	-	100%	0.63
11. Mr. Abdul Chuvanichanon***	Director, Member of the Executive Committee, Member of Risk Management and Sustainable Development Committee	-	-	100%	0.46
Total Remuneration			19.02		19.06

* Mr. Chalerm Kietitanabumroong retired from Managing Director and also resigned from the Company's director on January 1, 2019

** Mr. Watcharin Kasinrerker was appointed to be Director, Member of the Executive Committee, Member of the Risk Management and Sustainable Development Committee on February 15, 2019

*** Mr. Abdul Chuvanichanon was appointed to be Director, Member of the Executive Committee on May 13, 2019, and appointed to be Member of the Risk Management and Sustainable Development Committee on December 19, 2019

The details of directors' Remuneration by category in 2019 are as follows: (unit: Baht)

Position	Name	Remuneration		Total
		Annual Pay	Bonus	
Audit Directors / Independent Directors	1. Mr. Pakhawat Kovithvathanaphong	720,000	1,200,000	1,920,000
	2. Mr. Piphob Veraphong	720,000	1,200,000	1,920,000
	3. Mr. Bundit Pitaksit	720,000	1,200,000	1,920,000
Directors who are employees	1. Mr. Naporn Sunthornchitcharoen	1,440,000	2,400,000	3,840,000
	2. Mr. Adisorn Thananan-narapool	720,000	1,200,000	1,920,000
	3. Mr. Chalerm Kietitanabumroong	-	1,200,000	1,200,000
	4. Mr. Nantawat Pipatwongkasem	720,000	1,200,000	1,920,000
	5. Mr. Watcharin Kasinrerak	630,000	-	630,000
	6. Mr. Adul Chuvanichanon	458,000	-	458,000
Director who are not employee	1. Mr. Achawin Asavabhokhin	720,000	1,000,000	1,720,000
Total		6,848,000	10,600,000	17,448,000

Meeting allowances (unit: baht)

Name	Meeting allowances				
	Board of Directors	Audit Committee	Nomination and Compensation Committee	Risk Management and Sustainable Development Committee	Total
1. Mr. Pakhawat Kovithvathanaphong	240,000	160,000	N/A	N/A	400,000
2. Mr. Piphob Veraphong	240,000	150,000	80,000	N/A	470,000
3. Mr. Bundit Pitaksit	240,000	150,000	60,000	80,000	530,000
4. Mr. Achawin Asavabhokhin	210,000	N/A	N/A	N/A	210,000
Total	930,000	460,000	140,000	80,000	1,610,000

- Executive remuneration

The Company has set the criteria to pay the remuneration to executives by link to the Company's performance, knowledge, capability and the performance evaluation of each person. The remuneration of executives in 2018 and 2019 comprises of salary, bonus and other remuneration as follows :

Remuneration	2018		2019	
	Numbers	Total (million Baht)	Numbers	Total (million Baht)
Salary	7	79.19	6	71.02
Bonus*	7	83.79	6	66.38
Total	7	162.98	6	137.40

Note *Bonus will be paid in January every year

(b) Other Remuneration which is not in term of cash

1. The Company has set up provident funds which the employees will voluntarily contribute the fund at the ratio of 2-7% of their monthly salaries and the Company will jointly contribute the fund at the rate of 5-7% of their monthly salaries. The registered fund is managed by a licensed fund manager in compliance with the Act on Provident Fund B.E. 2542 (1999). In 2019, the Company contributed 1.2 million Baht to the portion which owned by 6 executives

2. Other welfare is provided in various forms such as medical care, health insurance, annual physical checkups plan categorized by age, life insurance for all employees, allowances for weddings, allowances for funerals of employees' and their family members, uniforms, annual vacation trips and parties, as well as discounts on company products based on established criteria and conditions.

5. Human Resources (as at December 31, 2019)

• Total number of employees	804
Number of employees in each line	
Management	6
Operations	687
Support	111
• Total compensation and types of compensation	
- Salary, bonuses and other compensation in 2019 totaled 1,201 million Baht	
- Benefits on health care and recreation, as well as a provident fund and discounts for purchases of company products, were also provided	
• Total number of employees at subsidiaries	819
Classified by company	
LH Muang Mai Co.,Ltd	24
LAND AND HOUSES U.S.A., INC.	6
L&H Mall and Hotel Co.,Ltd	102
L&H Hotel Management Co.,Ltd	524
L&H Hotel Retail Management Co.,Ltd	120
L&H Management Co.,Ltd	43

Board of Director

MR. NAPORN SUNTHORNCHITCHAROEN Age 61 years

Position

- Chairman of the Board of Directors
- Chairman of the Executive Committee
- Director and authorized signatory

Appointed Date 11 August 2017

Education

- Bachelor of Engineering (Civil Engineering), Chiangmai University
- MBA, Thammasat University
- National Defense College Class of 2006
- Director Accreditation Program (DAP) 25/2004 : IOD
- Director Certification Program (DCP) 53/2005 : IOD
- Financial Institutions Governance Program (FGP) 2/2011 : IOD
- Stanford Executive Programme (SEP), Graduate School of Business, Stanford University, USA

% of Shareholding as 31 December 2019

- 0.23

Relationship

-

5-year Past Experience

Listed Company	
Aug 2017 - Present	Chairman of the Board of Directors, Chairman of the Executive Committee Land and Houses Plc. (Property Development)
1992 - Present	Director Land and Houses Plc. (Property Development)
May 2013 - Aug 2017	Executive Director, President (Operations) Land and Houses Plc. (Property Development)
2002 - Apr 2013	Executive Director, Senior Executive Vice President (Operations) Land and Houses Plc. (Property Development)
1991 - 2001	Executive Vice President Land and Houses Plc. (Property Development)
Jun 2017 - Present	Director Quality Houses Plc. (Property Development)
2015 - Present	Member of the Nomination and Remuneration Committee Home Product Center Plc. (Trading of construction material)
2001 - Present	Director, Executive Director Home Product Center Plc. (Trading of construction material)
1994 - Present	Director Quality Construction Products Plc. (Building Material)
May 2011 - Present	Director LH Financial Group Plc. (Holding Company)
Sep 2018 - Present	Member of Nomination and Remuneration Committee LH Financial Group Plc. (Holding Company)
May 2011 - Jul 2018	Member of the Nomination and Remuneration Committee LH Financial Group Plc. (Holding Company)
May 2016 - Jun 2017	Executive Director LH Financial Group Plc. (Holding Company)

Non-Listed Company	
Dec 2013 - Present	Director Land and Houses Securities Plc. (Management Fund)
2012 - Present	Director Land and Houses U.S.A., Inc. (Property Investment)
2012 - Present	Director Land and House Property and Loan Fund-II (Property Fund)
2005 - Present	Director, Executive Director Land and Houses Bank Plc. (Bank)
2005 - Jul 2018	Member of the Nomination and Remuneration Committee Land and Houses Bank Plc. (Bank)
2004 - Present	Director LH Asset Co.,Ltd. (Property Development)
2003 - Present	Director LH Real Estate Co.,Ltd. (Property Development)
1995 - Present	Director Land and Houses Northeast Co.,Ltd. (Property Development)
1995 - Present	Director Land and Houses North Co.,Ltd. (Property Development)
1995 - Present	Director LH Muang Mai Co.,Ltd. Property Development
1993 - Present	Director Siam Tanee Real Estate Co.,Ltd. (Property Development)
1990 - Present	Director Siam Tanee Property Co.,Ltd. (Property Development)
1987 - Present	Director Atlantic Real Estate Co.,Ltd. (Property Development)
1986 - Present	Director LH Mall and Hotel Co.,Ltd. (Property Development)

MR. ADISORN THANANAN-NARAPOOL Age 65 Years**Position**

- Managing Director
- Director and authorized signatory
- Member of the Executive Committee
- Member of the Nomination and Compensation Committee

Appointed Date 01 May 2013**Education**

- Bachelor of Accounting, Thammasat University
- MBA, Thammasat University
- Director Accreditation Program (DAP) 7/2004 : IOD
- Director Certification Program (DCP) 41/2004 : IOD
- Certificate of Leadership Program at Capital Market Academy Batch 2
- Stanford Executive Programme (SEP), Graduate School of Business, Stanford University, USA

% of Shareholding as 31 December 2019

- 0.70

Relationship

-

5-year Past Experience

Listed Company	
May 2013 - Present	Director, Executive Director, Managing Director (Supports), Member of the Nomination and Compensation Committee Land and Houses Plc. (Property Development)
2002 - Apr 2013	Director, Executive Director and Senior Executive Vice President Land and Houses Plc. (Property Development)
1992 - 2001	Executive Vice President Land and Houses Plc. (Property Development)
Mar 2018 - Present	Member of the Nomination and Remuneration Committee Quality Houses Plc. (Property Development)
May 2003 - Present	Director Quality Houses Plc. (Property Development)

Non-Listed Company	
2012 - Present	Director Land and Houses U.S.A., Inc. (Property Investment)
2005 - Present	Director L&H Property Co.,Ltd. (Property Development)
2004 - Present	Director LH Asset Co.,Ltd. (Property Development)
2003 - Present	Director LH Real Estate Co.,Ltd. (Property Development)
2002 - Present	Director Land and House Property and Loan Fund-II (Property Fund)
2001 - Present	Director LH Muang Mai Co.,Ltd. (Property Development)
2000 - Present	Director Asia Asset Advisory Co.,Ltd. (Investment Advisory)
1995 - Present	Director Land and Houses North Co.,Ltd. (Property Development)
1995 - Present	Director Land and Houses Northeast Co.,Ltd. (Property Development)
1993 - Present	Director Siam Tanee Real Estate Co.,Ltd. (Property Development)
1991 - Present	Director LH Mall and Hotel Co.,Ltd. (Property Development)
1990 - Present	Director Siam Tanee Property Co.,Ltd. (Property Development)
1987 - Present	Director Atlantic Real Estate Co.,Ltd. (Property Development)

MR. WATCHARIN KASINRERK Age 58 Years**Position**

- Managing Director
- Director and authorized signatory
- Member of the Executive Committee
- Member of the Risk Management and Sustainable Development Committee

Appointed Date 15 February 2019**Education**

- Bachelor of Engineering (Civil Engineering), Chiangmai University
- MBA, Thammasat University
- Stanford Executive Program (SEP), Graduate School of Business, Stanford University, USA
- Director Certification Program (DCP) 275/2019 : IOD

% of Shareholding as 31 December 2019

-

Relationship

-

5-year Past Experience

Listed Company	
Feb 2019 - Present	Director, Executive Director, Managing Director (Operations), Member of the Risk Management and Sustainable Development Committee Land and Houses Plc. (Property Development)
Sep 2017 - Feb 2019	Senior Executive Vice President Land and Houses Plc. (Property Development)
2015 - Aug 2017	Executive Vice President Land and Houses Plc. (Property Development)
2013 - 2014	Senior Vice President (Project 2) Land and Houses Plc. (Property Development)
Non-Listed Company	
2019 - Present	Director Land and Houses Northeast Co.,Ltd. (Property Development)
2019 - Present	Director Siam Tanee Property Co.,Ltd. (Property Development)
2019 - Present	Director LH Asset Co.,Ltd. (Property Development)
2019 - Present	Director Siam Tanee Real Estate Co.,Ltd. (Property Development)
2019 - Present	Director LH Real Estate Co.,Ltd. (Property Development)
2019 - Present	Director Land and Houses North Co.,Ltd. (Property Development)
2019 - Present	Director Atlantic Real Estate Co.,Ltd. (Property Development)

MR. ADUL CHUVANICHANON Age 64 Years**Position**

- Managing Director
- Director and authorized signatory
- Member of the Executive Committee
- Member of the Risk Management and Sustainable Development Committee

Appointed Date 13 May 2019**Education**

- Bachelor of Engineering (Civil Engineering), Chiangmai University
- MBA, Thammasat University
- Director Certification Program (DCP) 280/2019 : IOD

% of Shareholding as 31 December 2019

- 0.009

Relationship

-

5-year Past Experience

Listed Company	
Dec 2019 - Present	Member of the Risk Management and Sustainable Development Committee Land and Houses Plc. (Property Development)
May 2019 - Present	Director, Executive Director, Managing Director (Operations) Land and Houses Plc. (Property Development)
Feb 2019 - May 2019	Acting Managing Director (Operations) Land and Houses Plc. (Property Development)
Sep 2017 - Feb 2019	Senior Executive Vice President Land and Houses Plc. (Property Development)
Jan 2014 - Aug 2017	Executive Vice President Land and Houses Plc. (Property Development)
2009 - 2014	Senior Vice President (Project 10) Land and Houses Plc. (Property Development)
2003 - 2009	Vice President (Project 10) Land and Houses Plc. (Property Development)

MR. NANTAWAT PIPATWONGKASEM Age 60 Years**Position**

- Executive Vice President
- Director and authorized signatory
- Company Secretary
- Member of the Risk Management and Sustainable Development Committee

Appointed Date 01 September 2017**Education**

- Bachelor of Law, Barrister at Law
- MBA Thammasat University
- Director Certification Program (DCP) 62/2005 : IOD
- Director Accreditation Program (DAP) 18/2004 : IOD
- Finance for Non-Finance Director (FN) 13/2004 : IOD

% of Shareholding as 31 December 2019

- 0.0001

Relationship

-

5-year Past Experience

Listed Company	
Sep 2017 - Present	Executive Vice President Land and Houses Plc. (Property Development)
2014 - Present	Member of the Risk Management and Sustainable Development Committee Land and Houses Plc. (Property Development)
Jul 2013 - Present	Senior Vice President (Legal Department) Land and Houses Plc. (Property Development)
1992 - Present	Director Land and Houses Plc. (Property Development)
1990 - Jun 2013	Vice President (Legal Department) Land and Houses Plc. (Property Development)
Non-Listed Company	
2012 - Present	Director Land and Houses U.S.A., Inc. (Property Investment)
2004 - Present	Director LH Asset Co.,Ltd. (Property Development)
2003 - Present	Director LH Real Estate Co.,Ltd. (Property Development)
1995 - Present	Director Land and Houses North Co.,Ltd. (Property Development)
1995 - Present	Director Land and Houses Northeast Co.,Ltd. (Property Development)
1995 - Present	Director LH Muang Mai Co.,Ltd. (Property Development)
1993 - Present	Director Siam Tanee Real Estate Co.,Ltd. (Property Development)
1990 - Present	Director Siam Tanee Property Co.,Ltd. (Property Development)
1987 - Present	Director Atlantic Real Estate Co.,Ltd. (Property Development)

MR. PAKHAWAT KOVITHVATHANAPHONG Age 70 Years**Position**

- Chairman of the Audit Committee
- Director
- Independent Director

Appointed Date 12 May 2015**Education**

- Master's Degree of Marketing & Finance Wharton School, University of Pennsylvania, USA
- Bachelor Degree of Economics (First Class Honors), Thammasat University
- National Defense College Class 344
- Certificate of Leadership Program at Capital Market Academy Batch 5
- Director Accreditation Program (DAP) 4/2003 : IOD
- Director Certification Program (DCP) 58/2005 : IOD
- Corporate Governance for Capital Market Intermediaries (CGI)
- Certificate course of Corporate Governance for Director and Senior Executive of State Enterprises and Public Organization, King Prajadhipok's Institute Batch 15
- Executive Program in "Energy literacy for a Sustainable future" TEA Class 12, Thailand Energy Academy

% of Shareholding as 31 December 2019

- 0.001

Relationship

-

5-year Past Experience

Listed Company	
May 2015 - Present	Chairman of the Audit Committee Land and Houses Plc. (Property Development)
1999 - Present	Director, Independent Director, Member of the Audit Committee Land and Houses Plc. (Property Development)
2016 - Present	Chairman Trinity Watthana Plc. (Holding Company)
2001 - 2016	Chief Executive Officer, Director Trinity Watthana Plc. (Holding Company)
Nov 2018 - Present	Independent Director, Audit Committee P.C.S. Machine Group Holding Plc. (Automotive)
2017 - Present	Independent Director Dusit Thani Plc. (Hotel)
2016 - 2018	Audit Committee Thai Rubber Latex Corporation (Thailand) Plc. (Rubber Business)
2011 - 2018	Independent Director Thai Rubber Latex Corporation (Thailand) Plc. (Rubber Business)
Non-Listed Company	
Jun 2018 - Present	Director Trinity One Co.,Ltd. (Holding Company)
2017 - Present	Chairman Smart ID Group Co.,Ltd. (Electronic Components)
2014 - Present	Director Sukhumvit 62 Medical Co.,Ltd (Health Care Services)
2011 - Present	Chairman Trinity Advisory 2001 Co., Ltd. (Financial Advisor)
2001 - Present	Chairman Trinity Securities Co.,Ltd. (Securities Business)
2010 - 2017	Director, Chairman of Corporate Strategy TSFC Securities Plc. (Securities Business)

MR. PIPHOB VERAPHONG Age 57 Years**Position**

- Chairman of the Nomination and Compensation Committee
- Director
- Independent Director
- Member of the Audit Committee

Appointed Date 12 May 2015**Education**

- Master Degree of LL.M., Taxation Boston University
- Master Degree of LL.M., Harvard University
- Certificate of International Taxation, Harvard University
- Bachelor of Law (Honors), Chulalongkorn University
- Barrister-at-Law
- Directors Certification Program (DCP) 238/2017 : IOD

% of Shareholding as 31 December 2019

-

Relationship

-

5-year Past Experience

Listed Company	
2015 - Present	Director, Independent Director, Member of the Audit Committee, Chairman of Nomination and Compensation Committee Land and Houses Plc. (Property Development)
2004 - Present	Independent Director, Member of the Audit Committee Bangkok Chain Hospital Plc. (Health Care Service)
2003 - 2010	Independent Director, Audit Committee Quality Construction Products Plc. (Building Material)
Non-Listed Company	
2002 - Present	Partner Law Alliance Co.,Ltd. (Legal Advisory)
2005 - 2008	Independent Director, Audit Committee Land and Houses Retail Bank Plc. (Bank)

MR. BANDIT PITAKSIT Age 54 Years**Position**

- Chairman of the Risk Management and Sustainable Development Committee
- Director
- Independent Director
- Member of the Audit Committee
- Member of the Nomination and Compensation Committee

Appointed Date 01 Decmeber 2016**Education**

- Bachelor of Engineering (Civil Engineering), Chulalongkorn University
- Certificate of Leadership Program at Capital Market Academy Batch 12
- The Program for Senior Executives on Justice Administration Batch 17th
- Politics and Democracy for Executive, King Prajadhipok's Institute (KPI 14th)
- The National Defence Collage Class of 2014
- Director Certification Program (DCP) 237/2017 : IOD

% of Shareholding as 31 December 2019

-

Relationship

-

5-year Past Experience

Listed Company	
2017 - Present	Member of the Nomination and Compensation Committee Land and Houses Plc. (Property Development)
2016 - Present	Member of the Audit Committee, Chairman of Risk Management and Sustainable Development Committee Land and Houses Plc. (Property Development)
2015 - Present	Director, Independent Director Land and Houses Plc. (Property Development)
Non-Listed Company	
Present	Chairman of the Advisory Isuzu Sanguanthai Group (Automotive)
Present	Chief Advisory Siam Car Rent Co.,Ltd. (Car Rental)

MR. ACHAWIN ASAVABHOKHIN Age 44 Years**Position**

- Director and authorized signatory

Appointed Date 28 February 2018**Education**

- Bachelor Degree of Industrial engineering, University of Pennsylvania, USA
- Bachelor Degree of Finance, University of Pennsylvania, USA
- Director Certification Program (DCP) 2014

% of Shareholding as 31 December 2019

- 0.013

Relationship

-

5-year Past Experience

Listed Company	
Feb 2018 - Present	Director Land and Houses Plc. (Property Development)
2017 - Present	Director Quality Houses Plc. (Property Development)
2014 - Present	Director Home Product Center Plc. (Trading of construction material)
Non-Listed Company	
2018 - Present	Chief Marketing Officer, Senior Executive Vice President SCB Asset Management Co.,Ltd. (Asset Management)
2011 - 2017	Executive Vice President, Product & Foreign Fixed Income Group SCB Asset Management Co.,Ltd. (Asset Management)

MR. WIT TANTIWORAWONG Age 61 Years**Position**

- Senior Executive Vice President
- Member of the Executive Committee
- Chief Finance Officer

Appointed Date 01 September 2017**Education**

- Bachelor of Administration, Bangkok University
- MBA, Thammasat University
- Continuing Professional Development (CPD) : 2019
- TLCA CFO Professional Development Program "Automation & RPA (Robot Process Automation) for Accounting "2/2019 (2 hours) : Thai Listed Companies Association

% of Shareholding as 31 December 2019

- 0.013

Relationship

-

5-year Past Experience

Listed Company	
Sep 2017 - Present	Senior Executive Vice President Land and Houses Plc. (Property Development)
May 2013 - Present	Chief Finance Officer Land and Houses Plc. (Property Development)
2002 - Present	Executive Director Land and Houses Plc. (Property Development)
May 2013 - Aug 2017	Executive Vice President Land and Houses Plc. (Property Development)
2009 - Apr 2013	Senior Vice President (Financial Department) Land and Houses Plc. (Property Development)
1991 - 2008	Vice President (Financial Department) Land and Houses Plc. (Property Development)
Non-Listed Company	
2012 - Present	Director L&H Hotel Management Co.,Ltd. (Hotel)
2012 - Present	Director Land and Houses U.S.A., Inc. (Property Investment)
2007 - Present	Director L&H Property Co.,Ltd. (Property Development)
2007 - Present	Director L&H Retail Management Co.,Ltd. (Retail)
2007 - Present	Director L&H Management Co.,Ltd. (Management)
2000 - Present	Director Asia Asset Advisory Co.,Ltd. (Investment Advisory)
1986 - Present	Director LH Mall and Hotel Co.,Ltd. (Property Development)

Note : Mr. Wit Tantiworawong, Chief Finance Officer, who takes highest responsibilities in Accounting and Finance, had attended the continuous training for accounting knowledge in 2019 for only 2 hours, which is not completely fulfilling in accordance with the guidelines of the Office of the Securities and Exchange Commission which requires the person in charge to have the continuous training of accounting knowledge of 6 hours per year. However, the Company has resolved this matter by will request Mr. Wit to double the training hours which will equal to 12 hours in 2020 instead.

MR. CHOKCHAI WALITWARANGKOON Age 57 Years**Position**

- Senior Executive Vice President

Appointed Date 01 September 2017**Education**

- Bachelor of Business Administration (Marketing), Chulalongkorn University

% of Shareholding as 31 December 2019

- 0.003

Relationship

-

5-year Past Experience

Listed Company	
Sep 2017 - Present	Senior Executive Vice President Land and Houses Plc. (Property Development)
2015 - Aug 2017	Executive Vice President Land and Houses Plc. (Property Development)
2013 - 2014	Senior Vice President (Corporate Communication Department) Land and Houses Plc. (Property Development)

MR. TEERA BENJASILARAK Age 60 Years**Position**

- Executive Vice President (Accounting Department)

Appointed Date 01 September 2017**Education**

- Bachelor of Science (Accounting), Kasetsart University
- MBA, Thammasat University
- Continuing Professional Development (CPD) : 2019
- Corporate Finance Program 2/2019 (6 hours) : Federation of Accounting Professions Under The Royal Patronage of His Majesty The King
- TFRS : Thai Financial Reporting Standards (revised 2019) Program 2/2019 (6 hours) : Federation of Accounting Professions Under The Royal Patronage of His Majesty The King
- TFRS 9 : Financial Instruments Program (6.30 hours) : Accounting Association of Kasetsart University
- Is a bookkeeper who possesses all complete qualifications as required by the Department of Business Development

% of Shareholding as 31 December 2019

- 0.009

Relationship

-

5-year Past Experience

Listed Company	
Sep 2017 - Present	Executive Vice President Land and Houses Plc. (Property Development)
2013 - Aug 2017	Senior Vice President (Accounting Department) Land and Houses Plc. (Property Development)
1991 - 2012	Vice President (Accounting Department) Land and Houses Plc. (Property Development)

MR. VISIT TANTICHAIPAKORN Age 60 Years**Position**

- Vice President (Finance Department)

Appointed Date 22 January 2014**Education**

- Bachelor of Communication Arts, Sukhothai Thammathirat Open University

% of Shareholding as 31 December 2019

-

Relationship

-

5-year Past Experience

Listed Company	
2014 - Present	Vice President (Finance Department) Land and Houses Plc. (Property Development)
2002 - 2013	Assistant Vice President (Finance Department) Land and Houses Plc. (Property Development)

Detail of Management positions in the Company, subsidiaries, associates and related companies.

Name	Company	Subsidiaries										Associates			
		LHMH	LHH LHR LHM	LHN LHNE	AR SN SR	LT LA	LM	LH USA	LHP	AAA	LHBANK LHFG	Q-CON	LHPF-II	QH	HMPRO
Mr. Pakhawatt Kovithathanapong	/, A1, I														
Mr. Bundit Pitaksit	/, A, I														
Mr. Piphob Veraphong	/, A, I														
Mr. Naporn Sunthornchitcharoen	X, /, ///	/		/	/	/	/	/			/	/	/	/	/
Mr. Adisorn Thananan-narapool (Managing Director)	/, //	/		/	/	/	/	/	/	/			/	/	
Mr. Watcharin Kasinrerk (Managing Director)	/, //			/	/	/									
Mr. Adul Chuvanichanon (Managing Director)	/, //														
Mr. Nantawat Pipatwongkasem	/		/	/	/	/	/	/							
Mr. Achawin Asavabhokhin	/													/	/
Mr. Wit Tantiworawong (Senior Executive Vice President)	//	/	/					/	/	/					

Note : / = Director X = Chairman of the Board of Directors // = Member of the Executive Committee /// = Chairman of the Executive Committee A = Member of Audit Committee

A1 = Chairman of the Audit Committee I = Independent Director

Mr. Chokchai Waltwarangkoon Senior Executive Vice President not holding any position in subsidiaries

LH	=	Land and House Plc.	SN	=	Siam Tanee Property Co., Ltd.	LH BANK	=	Land and Houses Bank Plc.
LHMH	=	LH Malt and Hotel Co., Ltd.	SR	=	Siam Tanee Real Estate Co., Ltd.	LHFG	=	LH Financial Group Plc.
LHH	=	L&H Hotel Management Co., Ltd.	LT	=	LH Real Estate Co., Ltd.	Q-CON	=	Quality Construction Products Plc.
LHR	=	L&H Retail Management Co., Ltd.	LA	=	LH Asset Co., Ltd.	LHPF-II	=	Land and Houses Property and Loan Fund-II
LHM	=	L&H Management Co., Ltd.	LM	=	LH Muang Mai Co., Ltd.	QH	=	Quality Houses Plc.
LHN	=	Land and Houses North Co., Ltd.	LH USA	=	Land and Houses U.S.A. Inc.	HMPRO	=	Home Product Center Plc.
LHNE	=	Land and Houses North-East Co., Ltd.	LHP	=	L&H Property Co., Ltd.			
AR	=	Atlantic Real Estate Co., Ltd.	AAA	=	Asia Asset Advisory Co., Ltd.			

Shareholdings of directors and executives (2019)

Rank	Name	Position	Number of shares held as of 31/12/2018	Number of shares held as of 31/12/2019	Change	% shareholding	Appointment Date
1	Mr. Naporn Sunthornchitcharoen Spouse and minor children	Chairman of the Board of Directors	27,487,859	27,489,859	2,000	0.23	11/08/2017
2	Mr. Adisorn Thananan-narapool Spouse and minor children	Managing Director	83,333,106	83,333,106	-	0.70	01/05/2013
3	Mr. Watcharin Kasinrerk Spouse and minor children	Managing Director	-	-	-	-	15/02/2019
4	Mr. Adul Chuvanichanon Spouse and minor children	Managing Director	1,055,136	1,055,136	-	0.01	13/05/2019
5	Mr. Nantawat Pipatwongkasem Spouse and minor children	Director and Secretary	12,099	12,099	-	0.00	12/12/1992
6	Mr. Pakhawat Kovithvathanaphong Spouse and minor children	Independent Director	163,597	163,597	-	0.00	03/12/1999
7	Mr. Piphob Veraphong Spouse and minor children	Independent Director	-	-	-	-	12/05/2015
8	Mr. Bundit Pitaksit Spouse and minor children	Independent Director	-	-	-	-	12/05/2015
9	Mr. Achawin Asavabhokhin Spouse and minor children	Director	1,586,028	1,586,028	-	0.01	28/02/2018
10	Mr. Wit Tantiworawong Spouse and minor children	Senior Executive Vice President	1,527,118	1,527,118	-	0.01	01/09/2017
11	Mr. Chokchai Walitwarangkoon Spouse and minor children	Senior Executive Vice President	300,954	300,954	-	0.00	01/09/2017
12	Mr. Teera Benjasilarak Spouse and minor children	Executive Vice President (Accounting Department)	1,110,417	1,110,417	-	0.01	01/09/2017
13	Mr. Visit Tantichaipakorn Spouse and minor children	Vice President (Financial Department)	-	-	-	-	16/01/2014

Report of The Nomination and Compensation Committee

To Shareholders,

The Nomination and Compensation Committee comprises three directors, two of whom are independent directors and one of whom is executive director of the Company namely;

- | | |
|----------------------------------|--|
| 1. Mr. Piphob Veraphong | Chairman of Nomination and Compensation Committee |
| 2. Mr. Bundit Pitaksit | Member of Nomination and Compensation Committee |
| 3. Mr. Adisorn Thananan-narapool | Member of Nomination and Compensation Committee and Secretary to Nomination and Compensation Committee |

The Nomination and Compensation Committee has performed its duties and responsibilities, which was defined in the Charter of the Nomination and Compensation Committee, as assigned by the Board of Directors.

In 2019, the Nomination and Compensation Committee held 2 meetings to consider various agendas and proposed the report of meeting together with comments and recommendation to the Board of Directors' Meeting as follows;

1. To nominate qualified person as the company's directors replacing those who resigned.
2. To nominate qualified person as the company's directors replacing those who retired by rotation.
3. To nominate and qualified a person as the company's additional new director.
4. To consider and allocate the amount of bonus for 2018's operation to directors.
5. To determine and fix the remuneration budget for year 2019 to directors.
6. To consider and allocate remuneration and meeting allowance to each director and member of committees.
7. To consider and review the report of the Nomination and Compensation Committee in order to publish in the Company's annual report.
8. To review salary increase and bonus to the Chairman of Executive Committee.
9. To consider and review the Self-Assessment of the Nomination and Compensation Committee for 2019.

Yours sincerely,



(Mr. Piphob Veraphong)

Chairman of the Domination and Compensation Committee

Corporate Governance

1 Corporate Governance Policy

The Board of Directors has committed to manage the organization efficiently and to achieve its objectives with great confidence that the good corporate governance process will elevate the company's operating performance to grow sustainably and is the significant key to success which will lead to the maximize value-added for the shareholders. Therefore, the Board of Directors strictly adheres to the company's principles of good corporate governance, which comprising of

- Integrity
- Transparency
- Independence
- Accountability
- Fairness
- Social Responsibility

These corporate governance principles are reflected in the values, guidelines and directions of the practices internally implemented in the Company which shall enhance the Company's assurances that the business can compete well, efficiently and effectively under the business ethics and also conforms with the international standards and laws, in accordance with the Principles of Good Corporate Governance of the Stock Exchange of Thailand and regulations of the Securities and Exchange Commission

Results of Performance

Throughout the year 2019, the Company has mainly performed to comply with the good governance principles, except the cases with regarding to the following issues:

(1) The chairman of the Board of Directors is not an independent director. This is because the Company still requires a person with knowledge, competence, extensive experience and strong leadership to lead the business to accomplish the Company's goals. However, the Company has operated its business based on the good corporate

governance principles, the composition of the Board of Directors has a suitable balance of power and all operations are in line with the Company's regulations and under the supervision of the Board of Directors.

(2) The Company has not set up a Corporate Governance Committee (CG Committee). However the Board of Directors has assigned the Risk Management and Sustainable Development Committee to perform the overseeing and managing the organization's risks including the monitoring the sustainable development of the organization which covers the environmental factors, social responsibility and good corporate governance.

2. Subcommittee

The Board of Directors have appointed 4 subcommittees which comprises of the Audit Committee, the Nomination and Compensation Committee, the Risk Management and Sustainable Development Committee and the Executive Committee.

(a) Audit Committee

As at December 31, 2019, The Audit Committee composes of 3 independent directors, all members are independent and have all the required knowledge and qualifications as stipulated by the Securities and Exchange Commission and the Stock Exchange of Thailand. All independent directors, are in possession of extensive knowledge, understandings and well-accepted working experiences. Especially Mr. Pakhawat Kovithvathanapong who has the great knowledge and competency required to review the creditability of the financial statements, with his background of education and working experience in accounting and financial areas. The names and the detailed records of the meeting attendance of the Audit Committee in 2017, 2018 and 2019 are as follows:

Name	Position	Numbers of attended meetings / all meetings		
		2017	2018	2019
1. Mr. Pakhawat Kovithvathanapong	Chairman of the Audit Committee	5/6	6/6	5/6
2. Mr. Piphob Veeraphong	Member of the Audit Committee	5/6	6/6	6/6
3. Mr. Bundit Pitaksit	Member of the Audit Committee	6/6	6/6	6/6
Total Number of meetings for the year 2019		6	6	6

Mr. Pornchai Kietkhajornvirach, Internal Audit and System Development Department, Senior Vice President, is the Secretary to the Audit Committee.

Scope of authority and duties of the Audit Committee

The Audit Committee has the following duties and responsibilities to perform and report to the Board of Directors:

1. Review the Company's financial reports to ensure the accuracy and adequate disclosure.
2. Review the Company's internal control and audit system to ensure suitability and its effectiveness.
3. Review the operations of the Company to ensure of the compliance with the laws and regulations regarding the securities and the stock exchange or other regulations which may relate to the Company's businesses
4. Approve the appointment, transfer, and termination of the Internal Audit and System Development Vice President
5. Screen, nominate, reinstate and terminate the employment of external auditors including the consideration the appropriateness of the audit fee.
6. Examine and review proper and adequate disclosure of the Company's information with regard to the connected transactions or such cases which may lead to potential conflicts of interests to ensure its comprehensiveness and accuracy as required by related regulations
7. Consider and review operational reports of the Internal Audit Department and approve its annual internal audit plan.

8. Supervise the auditors and the Internal Audit Department to have independency in performing their duties

9. Organize the meetings with auditors, without attendance of any management, at least once a year

10. Determine key risks of the Company and propose or inform the Board of Director the preventive measures to mitigate such risks.

11. Prepare reports on the activities of the Audit Committee to be included in the Company's annual report of the Company, such report shall be signed by the Chairman of the Audit Committee

12. Perform other tasks assigned by the Board of Directors with the approval from the Audit Committee

(b) Nomination and Compensation Committee

At December 31, 2019, the Nomination and Compensation Committee consists of 3 members, which 2 of them are independent directors. The names and the detailed records of the meeting attendance of the Nomination and Compensation Committee in 2017, 2018 and 2019 are as follows

Name	Position	Numbers of attended meetings/ all meetings		
		2017	2018	2019
1. Mr. Piphob Veeraphong	Chairman of the Nomination and Compensation Committee	2/2	2/2	2/2
2. Mr. Adisorn Thananan-narapool	Member of the Nomination and Compensation Committee	2/2	2/2	2/2
3. Mr. Bundit Pitaksit	Member of the Nomination and Compensation Committee (appointed on March 1, 2017)	1/1	2/2	2/2
Total Number of meetings for the year 2019		2	2	2

Mr. Adisorn Thananan-narapool, a Board Director and Member of the Executive Committee, is the Secretary to the Nomination and Compensation Committee.

Scope of authorities and duties of the Nomination and Compensation Committee

1. Set the policy on the selection and nomination of the Company's directors, subcommittees and senior executives as well as proposing appropriate remuneration to the Board of Directors for approval.
2. Search for persons with appropriate qualification and can provide valuable benefits to the business to replace the directors who retired by rotation or to fill in the vacant positions and to propose to the Board of Directors for approval including the seek for approvals from the shareholders

3. Determine the necessary and appropriate remuneration both in form of cash and non-cash rewards, for the directors and senior executives based on their duties, responsibilities and performances.

4. Report the minutes of meetings which are significant and beneficial to the company to the Board of Directors

5. Provide explanation or answers to the questions in case of suspicions regarding the Company's policy on the nomination and remuneration of the Company's directors, sub-committees and senior executives at a shareholders' meeting.

6. Perform any other tasks as assigned by the Board of Directors which relate to the significant nominations and compensations.

(c) Risk Management and Sustainable Development Committee

As at December 31, 2019, the Risk Management and Sustainable Development Committee consists of 4 members. The names and the detailed records of the meeting attendance of the Committee in 2017, 2018 and 2019 are as follows

Name	Position	Numbers of attended meetings/ all meetings		
		2017	2018	2019
1. Mr. Bundit Pitaksit	Chairman of the Risk Management Committee	2/2	2/2	2/2
2. Mr. Chalerm Kietitanabumroong*	Member of the Risk Management Committee	2/2	2/2	-
3. Mr. Nantawat Pipatwongkasem	Member of the Risk Management Committee	2/2	2/2	2/2
4. Mr. Watcharin Kasinrerker**	Member of the Risk Management Committee	-	-	2/2
5. Mr. Abdul Chuvanichanon***	Member of the Risk Management Committee	-	-	-
Total Number of meetings for the year 2019		2	2	2

* Mr. Chalerm Kietitanabumroong retired from Managing Director and also resigned from the Company's director on January 1, 2019

** Mr. Watcharin Kasinrerker was appointed to be Director, Member of the Executive Committee, Member of Risk Management and Sustainable Development Committee on February 15, 2019

*** Mr. Abdul Chuvanichanon was appointed to be Director, Member of the Executive Committee on May 13, 2019 and Member of Risk Management and Sustainable Development Committee on December 19, 2019

Scope of duties and responsible of Risk Management and Sustainable Development Committee

1. Consider the risk management policies, guidelines and framework to be proposed to the Board of Directors for approval

2. Study and assess the potential risks, provide the suggestion for preventive plan and how to mitigate them to an acceptable level. Monitor, evaluate and improve operational plan to ensure that the risks are adequately and properly managed.

3. Promote and support the improvement and development of the Company's internal risk management system consistently and regularly.

4. Communicate and exchange information and co-ordinate on all issues related to risks and internal control to the Audit Committee at least once a year.

5. Report the minutes of meeting which are significant and beneficial to the company to the Board of Directors

6. Perform any other tasks as assigned by the Board of Directors which relate to the significant risk management.

(d) Executive Committee

As at December 31, 2019 The Executive Committee consists of 5 directors whose names and details of meeting attendance records in 2017, 2018 and 2019 are as follows

Name	Position	Numbers of attended meetings/ all meetings		
		2017	2018	2019
1. Mr. Anant Asavabhokhin	President (resigned on May 22, 2017)	4/5	-	-
2. Mr. Naporn Sunthornchitcharoen	Chairman of the Executive Committee (appointed on August 11, 2017)	11/11	12/12	12/12
3. Mr. Adisorn Thananan-narapool	Managing Director	11/11	12/12	12/12
4. Mr. Wit Tantiworawong	Member of the Executive Committee	11/11	12/12	12/12
5. Mr. Chalerm Kietitanabumroong*	Member of the Executive Committee	4/4	12/12	-
6. Mr. Watcharin Kasinrerker**	Managing Director	-	-	11/11
7. Mr. Abdul Chuvanichanon***	Managing Director	-	-	8/8
Total Number of meetings for the year		11	12	12

* Mr. Chalerm Kietitanabumroong retired from Managing Director and also resigned from the Company's director on January 1, 2019

** Mr. Watcharin Kasinrerker was appointed to be Director, Member of the Executive Committee, Member of Risk Management and Sustainable Development Committee on February 15, 2019

*** Mr. Abdul Chuvanichanon was appointed to be Director, Member of the Executive Committee on May 13, 2019 and Member of Risk Management and Sustainable Development Committee on December 19, 2019

Scope of authority and duties of the Executive Committee

The Executive Committee handles all management of normal business operation. Any other transaction which constitutes or may potentially constitute a conflict of interest in any manner with the Company or its subsidiaries must be submitted to the meetings of the Audit Committee and the Board of Directors for approval of such transactions in every case.

Delegation of authorities and duties from the Board of Directors

The Board of Directors is responsible for the determination of the Company's goals, guidelines, policies, business plans and budgets of the Company including the supervision of the administration and management of the Executive Committee in accordance with the assigned policy. The Executive Committee will perform in compliance with the policies, plans and budgets that assigned by the Board of Directors.

In case of significant decision-making such as land acquisitions, project development and investment, the Executive Committee shall propose the details to the Board of Directors for the approval on a case-by-case basis.

For the delegation of financial authorization in the normal business operations of the Company, the authorized directors who act as the Company's Signatory is Mr. Naporn Sunthornchitcharoen or Mr. Adisorn Thananan-narapool or Mr. Nantawat Pipatwongkasem or Mr. Watcharin Kasinrerak or Mr. Adul Chuvanichanon, any one of them can sign to bind the Company, provided that the approval of such transaction shall not include the approval of transaction in which the signed person or other persons who may have potential conflicts of interests or may constitute a potential conflict of interest in any manner with the Company or its subsidiaries.

3. Selection of Directors and Senior Executives

The Nomination and Compensation Committee is responsible for selecting and screening qualified candidates to be appointed as directors and senior executives, based on the suitability on their skills, knowledge, competency, acceptable experiences, transparent career records, maturity and stability. In addition, they should also have appropriate qualifications in line with the Company's Articles of

Association and also have qualification that conformed with the Company's business strategies as well as specific expertise or skills required to support the strengths and effectiveness of the Board of Directors and have the professional directors with diversification in skills by taking into account the structure, size and composition of the board. The Nomination and Compensation Committee shall allow the directors and shareholders to participate in proposing qualified candidates who possesses the qualification in accordance with the criteria and specified selection process of the Company.

(a) Recruitment of Independent directors

The Company has defined the definition of "independent director" to be in line with the principles of good corporate governance and guidelines set by the Securities and Exchange Commission to strengthen the confidence among investors and to maintain a good management balance.

The Company therefore set the definition of an "independent director" to be "a director who has no managerial role in the Company, its subsidiaries or associated companies". A person that is independent from the management team and the controlled shareholders, has no pecuniary relationship with the company in a manner that may restrict his independent expression of opinions. A director who also has the following qualifications:

- 1) A person who holds shares not exceeding 1 percent of the total voting shares in the Company, its subsidiary or associated companies
- 2) Does not involve in the management, is not a staff or an employee or an advisor who receives regular salary or a professional provider such as auditor, legal advisor or other professional which may cause the restrict in his expression of opinions to the Company, its subsidiaries or associated companies or is the person who may have control over the Company, its subsidiaries and associated companies, or is not a person who may have conflict of interest and must have quit from his status or position that may constitute such conflicts for more than 2 years.
- 3) has no business relationship in a manner that may limit his independence in performing his duty as a director in a significant amount or value in proportion to the Company's revenue as defined in the criteria, has no benefit or interest, whether directly or indirectly, in the

finance and management of the Company, its subsidiaries or associated companies or a person who may have conflicts of interest which will lead to the lack of independence.

4) Is not a close relative with any executives or major shareholders of the Company, its subsidiaries or associated companies or any person who may have conflicts of interest and has not been appointed as a representative to protect the interest of directors or major shareholders.

5) Is not appointed as a nominee to protect the interest of any directors, major shareholders or other shareholders who are related to such major shareholders of the Company.

6) Capable to perform his duties and express his opinions or report the operating results as assigned by the Board of Directors independently, without being under the control by any executive or major shareholders including related persons or close relatives of the said person.

(b) Recrutement of Directors and top executives

Criteria and procedure to select the candidates to be appointed as a director

1) The Company shall allow one or multiple shareholders which together holding shares in combined not less than 0.1% of total Company's shares and have held the amount of shares for more than 12 months to the date of exercising the right, can nominate the eligible candidates to be appointed as a director through the Company's website or by written mail to the Secretary to the Board of Directors who will forward the proposals to the Nomination and Compensation Committee. The Company will notify the timeframe for accepting such proposals through the Stock Exchange of Thailand.

2) The major shareholders may propose the appropriate candidates to be appointed as a director to the Nomination and Compensation Committee

3) The Nomination and Compensation Committee will consider all details and then submit the names of suitable candidates to be appointed as a director to the Board of Directors which will subsequently propose to a shareholders' meeting.

4) The shareholders' meeting shall elect the directors by using a majority vote based on the following criteria and methods:

4.1) One share is entitled to one vote

4.2) Shareholders shall vote to elect the candidates proposed to be director one by one

4.3) The candidates who received the highest votes in descending order will be elected to be directors to the number required. In case there is a tie in the last one to be elected and this number exceeds the required numbers of directors, the Chairman of the meeting shall have an additional casting vote to settle the final decision.

5) At each annual ordinary shareholders' meeting, one-third of the total number of directors shall retire by rotation. If the numbers of directors who should have to retired is not a multiple of three, the closest number to one-third shall apply. The procedure for the selection of their substitutes shall be according to (1) - (4)

For directors who were to retire in the first and second year after the Company registration, a draw was held to select the directors who would retire. After the first two years, for each subsequent year, the longest-serving directors shall resign. The directors who retire by rotation may be re-elected to resume the position.

Selection of top executives

In the process to select the top executives, the Executive Committee will initially consider the suitable and qualified candidates with knowledge, competencies, experiences, leadership and management skills including good understanding of the Company's business. Their names will be proposed to the Nomination and Compensation Committee for endorsement before submits to the Board of Directors for further consideration and approval.

(c) Number of directors who are from major shareholders

Six directors came from major shareholders which comprises of Mr. Adisorn Thananan-narapool, Mr. Naporn Sunthornchitcharoen, Mr. Nantawat Pipatwongkasem, Mr. Watcharin Kasinrer, Mr. Adul Chuvanichanon and Mr. Achawin Asavabhokhin

4. Supervision of the operations on subsidiaries and associated companies

The nomination and the voting rights to appoint persons to be the directors of the Company's subsidiaries and associated companies must be executed by the management and must be approved by the Board of Director. The appointed directors of the subsidiaries or associated companies shall perform their duties for the utmost benefit of the subsidiaries and associated companies.

The Company shall supervise its subsidiaries to ensure the comprehensive disclosures of their financial positions and its operating results, their report on connected transactions, asset acquisitions and disposition, or other important transactions. Such regulations on connected transactions and the disclosures which will be in accordance with the Company's principle Including the Company's supervision to ensure the maintain of accurate, complete data and accounting records for auditing and also to collect all required information duly in time for financial statement consolidation.

5. Supervision on the use of inside information

The Company has a clear policy regarding the appropriate use of authority through several channels such as good corporate governance, corporate ethics, announcements from the Security and Exchange Commission and other related agencies, internal communication, corporate culture, etc. to enhance every levels of employees to recognize the importance of equitable treatment of shareholders by not taking personal benefits from the inside information.

(a) Reporting of Shareholding

The Company has set a measure to prevent the exploit of inside information by its directors and executives for their own personal benefits. All of them are informed of their duty to report the holdings of the Company's shares either by themselves, their spouses including their children underage. They have also been acknowledged to prepare the report regarding changes in their shareholdings for every time they buy, sell, transfer or accept the transferred shares within 3 days after such transaction date according to the regulations set by the Securities and Exchange Commission, including to submit the copies to the Company Secretary to compile and submit to every Board of Directors' meeting, of which an agenda is set to acknowledge the report on securities holdings.

(b) Reporting of conflicts of interest

The Company has required its directors and executives to submit reports of their own interest, as well as those of their connected persons, which involve in the management of the Company or its subsidiaries. The initial form-filled report must be submitted to the Company Secretary within 30 days after they have been appointed

directors or executives in accordance with the specified report form and have to resubmit every time the changes occur within, 30 days. The report forms shall be kept at the Company Secretary and a copy will be provided to the Chairman of the Executive Committee and Chairman of the Audit Committee in compliance with the regulations of the Securities and Exchange Commission.

6. Auditor's Compensation

6.1 Audit Fee In year 2018 and 2019, the Company has made the following payments to EY Co., Ltd

Transaction (unit: Baht)	2018	2019
Audit fee of the Company	1,750,000	1,800,000
Audit fee of subsidiaries	2,830,000	3,120,000
Total	4,580,000	4,920,000

6.2 Non-audit Fee: During the year 2018-2019 – The Company has made the payment for the development a framework guidelines and sustainable development report to EY Corporate services in total sum of 2,675,000 Baht.

The Company has hired an independent auditor which has the acceptable qualifications to be the Company's auditor. Such auditor must be approved by the Securities and Exchange Commission. Such auditor must be rotated after 7 consecutive years of services and cannot work with the company for 5 fiscal years in accordance with the regulation of the Securities and Exchange Commission.

7. Compliance with good corporate governance principles which is classified in 5 areas

(a) Shareholders' rights

Prior to the meeting date

The Company realizes and values the rights of its shareholders so it has strived to encourage and protect them to exercise their fundamental rights, including to facilitate them to exercise their rights which they are entitled to be treated equally such as receiving sufficient information, opportunities to propose the agenda and nominate candidates for the election to be directors including to send their questions prior to the meeting date, the exercise of voting rights on significant issues including the approval of dividend payment. The Company shall refrain from any action that may violate or restrict shareholders' rights. In addition, the Company shall encourage their

shareholders, particularly institutional investors, to attend the shareholders' meetings through the coordination with the Company's Investor Relation unit.

In the year 2019, the Company held one shareholders' meeting, which was the 2019 annual general shareholders' meeting at 1.30 p.m. on April 23, 2019. The Company posted the invitation letter, enclosed with the supported documents related to each agenda, on its website at www.lh.co.th in advance of 30 days prior to the meeting date so the shareholders will have sufficient time to study the information on each agenda before receiving hard copies of the same documents by mail. The Company had sent the invitation letter with the details of agenda and related documents to each agenda, together with the documents related to the attendance of the meeting at least 21 days prior to the meeting date. The package included registration form, the copy of the annual general shareholders' meeting 1/2018, Annual report in form of QR code, details of each agenda and related supported information together with the opinions of the Board of Directors, voting methods and details of required documents which shareholders needed to bring with them on the meeting date. In case that any shareholders were unable to attend the meeting, the Company provided an alternative for them by sending the Proxy forms which were in the form determined by Ministry of Commerce, together with the biographies of the independent directors which the Company had arranged to represent the unattended shareholders at the meeting so that they could authorize anyone or these independent directors to be their proxy in the meeting.

On the meeting date

The Company recognizes the importance of the shareholder's meetings, thus the meeting was held at the most convenient place and time for shareholders including appropriate and ample time, therefore the Company held the meeting at its office on the fourth floor of Q-House Lumpini Building, at No. 1 South Satorn Road, Kwaeng Tungmahamek sub-district, Satorn district, Bangkok, which is closed to the Lumpini subway station, a convenient location with can easily travel by bus, BTS and the MRT subway. The time of meeting was also scheduled during normal working hours.

On the meeting date, the Company arranged for the shareholders to register at least one hour in advance and assigned registration officers to provide convenience for the attending shareholders and proxies by the registration software which can search the shareholders by names, family names or identification number which could speed up the process. The shareholders then would receive a voting ballot for each agenda and the vote counting was done electronically by using barcode readers on the ballots, thus making the vote-counting accurate and faster and the shareholders can view the result of each agenda immediately after the votes were cast.

At the shareholders' meeting, the Chairman acted as the chairman of the meeting together with the Chairmen of sub-committees and Company's directors attended the meeting. Before the meeting started, the secretary of the meeting then explained the voting method, vote-counting procedure, use of ballot and the disclosure of the vote-counting results for each agenda to ensure transparency. The shareholders were also given an equal opportunity to express their opinions, proposals and to ask questions which the Chairman then answered the questions and provided adequate information and ample time for the debates in each agenda to the shareholder properly.

After the meeting

At the annual general shareholders' meeting 1/2019, there was 1,527 shareholders and proxies attended the meeting representing 7,881,614,357 shares or equaled to 65.96% which was more than one-third of the total shares which was 11,949,713,176 shares. Mr. Naporn Sunthornchitcharoen was the Chairman of the meeting and Mr. Nantawat Pipatwongkasem, director and Secretary to the Board of Directors, was the secretary of the meeting. Eight directors attended the meeting as follows:

1. Mr. Naporn Sunthornchitcharoen	Chairman of the Board of Directors and Chairman of the Executive Committee and Chairman of the meeting
2. Mr. Pakhawat Kovithvathanaphong	Independent Director and Chairman of Audit Committee
3. Mr. Piphob Veeraphong	Independent Director, Chairman of Nomination and Compensation Committee and Member of Audit Committee

4. Mr. Bundit Pitaksit	Independent Director, Chairman of Risk Management and Sustainable Development Committee and Member of Nomination and Compensation Committee
5. Mr. Adisorn Thananan-narapool	Director, Member of the Executive Committee and Member of Nomination and Compensation Committee
6. Mr. Watcharin Kasinrerak	Director, Member of the Executive Committee, Member of Risk Management and Sustainable Development Committee
7. Mr. Achawin Asavabhokhin	Director
8. Mr. Nantawat Pipatwongkasem	Director, Company secretary and Member of Risk Management and Sustainable Development Committee

The Company also invited Ms Roongnapa Lertsuwanakul, the auditor from EY Co. Ltd. who was the Company's auditor to attend the meeting and answered any relevant issues. In addition, the Company also invited independent legal consultant to observe the meeting and to responsible for conducting the meeting to be transparently, legally according to law and regulation of the Company and also act as a middleman to count the votes in each agenda.

The minutes of the meeting which the Company has clearly recorded the important information including the list of directors and executives attending the meeting, the significant questions and clarification, the details of resolution of each agenda which the Company has disclosed the resolutions of the meeting and the result of voting within the following business day to inform the shareholders through the SET Portal of the Stock Exchange of Thailand and has sent the minutes to other organizations within 14 days from the meeting date including the dissemination of the minutes of the meeting both in Thai and in English on the web Home Page: www.lh.co.th of the Company to let the shareholders to receive the information instantly without need to wait until the next meeting. Afterwards, the minutes will be submitted to the shareholders for approval at the next shareholders' meeting.

(b) Equitable Treatment of Shareholders

The Company has a policy to support and emphasize the equal and fair treatment to all shareholders

to protect the fundamental rights of all shareholders, especially minority shareholders whose rights are prone to be violated thus should have a chance to be compensated. As a result, the Company resolved to adopt the following measures:

1. At the shareholders' meetings, each agenda will be strictly followed in the order as published in the invitation letter. The Company shall not add any agenda without informing shareholders in advance. This measure is to ensure that all shareholders have sufficient time to study relevant information of each agenda before making their decisions.

2. The Board of Directors has resolved to allow the shareholders to propose additional agenda in advance. The resolution was notified to all shareholders on the Company's website at www.lh.co.th and the website of the Stock Exchange of Thailand, including the procedure to propose an agenda and clear criteria for the consideration of adding the agenda in advance. The Company's independent directors will consider and screen the proposed agenda which were proposed by the shareholders before submitting them to the Board of Directors. The agenda which have been approved by the Board of Directors shall be included in the next meeting's agenda. For the proposed agenda which have not been approved by the Board of Directors, the Company will notify the shareholders with the rationale on the Company's website.

3. The Board of Directors has resolved to allow the shareholders to propose any person to be nominated as directors, such candidates must meet all the qualifications laid down by the Company and must give their consent to the nominations. The Nomination and Compensation Committee will then proceed according to the Company's procedures to nominate, to screen and select the proposed candidates before submit to the Board of Directors for further consideration. The names approved by the Board of Directors shall then be included as candidates in the agenda on the election of directors at the following meeting. For those proposed candidates who were not approved by the Board of Directors, the Company will notify the shareholders together with rationale on its website or through other appropriate communication channels. In 2019, it appeared that no shareholders proposed an additional agenda or nominated any candidate to be director.

4. The Company shall propose the names of all of its independent directors as a choice for proxies. Shareholders may choose to give proxy to any independent directors. The proxy forms are also in the form set by the Ministry of Commerce, with the formats that allow the shareholders to dictate the directions of their votes. This measure shall encourage the shareholders to exercise their rights during the meetings and vote on each agenda.

5. The Company encourages the shareholders to use the ballots for every agenda by creating the ballot separately for each significant issues therefore the shareholders can vote as they deem appropriate. The ballots will be collected in the meeting room so that they will be counted and added to the voting cast which has been voted in advance in the proxy forms before announcing the resolution of the votes at the meeting.

6. The Company allows the shareholders to exercise their rights to elect directors individually to replace those who retired by rotation.

7. The Company has set the measures to prevent the use of inside information for benefit of directors and executives. The directors and executives will have the responsibility to submit reports of their interest and those of their related parties, as well as their shareholdings including those of their spouses and children under age, and have to report every time such shareholdings was change whether by a purchase, sale or transfer of securities. The details of such measures are detailed under the topic. "Supervision on the use of inside information"

(c) Rights of stakeholders

Protection of stakeholders' rights

The Company places importance on the rights of all groups of its stakeholders such as the employees and management of the Company and its subsidiaries, as well as external stakeholders such as business partners, the public sector, partners, the society, communities including the environment to ensure that their fundamental rights of all these groups are well protected and recognized based on laws and related rules and regulations. The Company also establishes the framework on ethics and code of business conduct which is published on the Company's website and will refrain from committing any action which may violate the rights of its stakeholders which the Company has realized that it is a key contribution to its long-term success of the Company. The details are as follows:

- Employees

The Company always considers that its employees are the major element of its success so it has treated every employee indiscriminately and equally. They are entitled to receive appropriate and fair compensation and welfare. The remuneration is defined according to their duties and responsibilities and in line with the labor market's mechanisms. It is also in line with the Company's operating results, both short term and long term. Incentives are taken into consideration to encourage employees to perform duties to their full knowledge and capabilities. Their performance is evaluated by supervisors and a portion of the compensation will be allocated as bonuses to the employees based on the operating results which take into account the sustainable growth of the Company.

The Company provides the following welfare and benefits for their employees:

- The Company has set up a provident fund for its employees to which the employees voluntarily contribute at the rate of 2-7% of their monthly salaries and the Company also contribute its portion at the rate of 5-7% of their employees' monthly salaries. This registered provident fund is managed by a licensed fund manager, which is in compliance with the Act on Provident Funds B.E. 2542 (1999).

- Group health-insurance policies were bought for the employees and their legitimate spouses and children

- Group life insurance policies were bought for the employees with coverage is 500,000 to 1,500,000 baht depending on the terms of each policy

- Special deal discounts are provided to the employees who wish to purchase the Company's products. To exercise the specific rights, the employees must comply with the criteria and terms determined by the Company which the Human Resource Department and the Administration Department will verify their qualifications and calculate the discounts for them.

- Other forms of assistance and welfare are:

- Outpatient medical expense claims
- Dental care claims
- Annual physical checkup
- Funeral hosting for the employees and their family members
- Financial support for wedding ceremonies
- Maternity gifts

- Support for annual departmental vacation trips
- Support for annual departmental parties
- Enhance the exercise by organize the exercise activity for the employees in the evening after the office hours.
- Free uniforms for both male and female employees
- Additional support for employees as deemed appropriate and up to situation
- Mental Development Program is held to improve the efficiency and pleasure in working space through meditation practice which is fundamental training for consciousness and spiritual exercise combined together with daily behavior practice both at work and at home. This project is provided to employees at all levels and is considered as a basic course to be used in their working.
- Educational scholarships are awarded yearly to children of the employees at the operational level.
- Master's degree scholarships are awarded to executives to promote and support their learning and self-improvement to their maximum potential.
- The awards from the Company in form of certificates and gold are given to the employee who has served the Company for 10, 20 and 30 years as a gesture of gratitude and to honor for their dedication

The Company has set up the Welfare Committee to represent the employees for the welfare negotiation with the Company. The committee also acts as an intermediary to relay the employees' demands to the Company and also assist in proposing appropriate forms of benefits and welfare to the Company, including to provide consulting, suggestion and also monitoring the provision of the benefits and welfare which the Company has arranged for them

Safety and sanitation in workplace

The Company emphasizes the importance of maintenance, improvement and development the security and sanitation systems and the working environment, to ensure safety for life, health and property of the employees and for their good sanitation including to support and promote good culture and atmosphere at the workplace and also determines to develop human resources with knowledge and conscious mind about safety and sanitation

by arrange the training courses on operational standards for construction supervision regularly for site engineers and related staff. The Company also encouraged staff at all levels to learn and aware of safety and working environment. Fire drills are held annually at the head office. Only authorized employees are allowed to enter to the office through finger-scanning system. Annual physical checkup is also provided every year. In 2019, there was no work break incurred from employee accidents

Policy on employee's training and development

The Company recognizes and foresees the importance of its personnel which truly affects the success of Company's business and always keeps in mind that in order to achieve its goals, the employees must be trained and developed systematically and continuously and also considers that it is not only the responsibility of the Company but also of every employees. The Company provides opportunities for its employees to learn and develop themselves for growth in their career path, and at the same time, the employees must take their own responsibility for their own success by taking advantage of such opportunities from training and developing themselves with sincere commitment. Thus, to ensure that the training and development program is carried out in a same direction with the company's management and to accomplish the predetermined policy, the Company has set up the "Human Resource Development Center" to responsible for all essential activities for such training and personnel development. The Company also set the following policy guidelines as follows :

1) The Company regards the human resources as the most valuable assets over all management resources. All employees will be trained and developed systematically and continually to have knowledge, attitude and skill to perform tasks as needed to meet their job requirements so they can make progress in career paths, though the preparedness of each employee which is also the key concerned.

2) The Company views that all expenses regarding the training and human resource development are the Company's investment in its personnel which is important for the efficient implementation to achieve the core missions and operating objectives while support the Company to timely keep up with rapid change in modern technologies used in the operations.

3) The Company emphasizes the importance to the training projects on both Line and Function programs, either at the supervisory and executive level, including Special & Supporting programs, to prepare their employees to capable to perform their duties and responsibilities for both present position and for their future challenges and responsibilities.

4) The Company is aware of the necessity of human resource training and development as a significant tools for Improvements. Therefore it promotes and supports the organizing of trainings and seminars to solve any problems involving in the operations of each department and project groups.

5) The Company recognizes that all levels of supervisors shall play an important role in training and developing their subordinates through on-the-job training and/or coaching. So the evaluation of the supervisors will also take into consideration their capability to help improve and develop their subordinates.

6) The Company shall support the cooperation with educational institutions and other organizations in the areas of training and development such as to cooperate for the job study program or internship and also engage in academic cooperation. These activities represent the Company's Social Responsibility which helps to enhance its Corporate Image.

For new employees, the Company holds an orientation on their first day at work so they are aware of the policies, regulations, rules and orders, as well as corporate structure and fundamental corporate culture including Company's welfare and benefits. Each year, a New Friends seminar is held so that the new employees shall have a chance to know their colleagues, senior colleagues and executives, which will strengthen the good relationship among the employees, building engagement to the Company including how to work as a team.

The Company consistently supports the skill and working competency development by organizing the training at all levels - including in-house training program, inviting experts to conduct training at the Company sending employees for external training which also cover overseas training and an overseas business visiting trip to enhance the potential, knowledge, and capabilities of the employees in developing the organization to sustainable success. In 2019, the Company provided an average of 16 hours of training per employee per year.

Besides the activities that enhancing the knowledge of employees, the Board of Directors has foreseen and recognized the importance of the skills that will enhance the potential of personnel to increase their efficiency from their creative thinking, thus the Board of directors has created the activity for all staff in every department in the headquarter to jointly participate the creative activity in the recreation room under the activity scheme "Meet & Greet @ The Skape"

- Trading Partners

The Company has set its business ethics as the policy guideline on appropriately treating to its trading partners. The selection of trading partners is based on the competitive among each partner on the equitably and fairly basis which is in line with the corporate good governance. In the process of selecting trading partners, suppliers and contractors, the Company offers opportunities to every party to enter the bidding process or to propose their price, which is carried out with transparency, fairness, frankness and in equitable way by setting the criteria to select trading partners and parties based on their qualifications, quality of work, past experiences, business expertise, financial stability, past records & reputation, and ability to deliver the jobs on schedule for the utmost benefits of the Company. The Company always prepares clear agreements or contracts with its trading partners, without stipulating any unfair conditions. In purchasing goods and services from trading partners, the Company has complied with the condition and trading terms and fulfilled its commercial agreement, settle the payment for the goods and services according to the conditions which has been agreed, including building the good relationships for mutual benefits. In addition, a supply chain system has been adopted in goods procurement for the convenient and speedy process which then reduce costs and allows trading partners to prepare goods in advance

- Creditors

The Company has strictly complied with the terms of creditors' contracts and has never violated the agreed conditions or concealed any facts which may cause any damages to its creditors. These practices have always created confidence among its creditors. Most of the loan agreements which contain certain conditions and covenants such as

the ratio of shareholding by majority shareholders, changes in the Board of Directors, debt guarantees or aval of promissory notes for individuals or juristic persons, dividend payments, business consolidation or merger with other companies, maintenance of certain financial ratios and written notification to creditors of court cases which may affect debt repayment ability. The Company has also provided some of its assets as collateral for bank loans. In the past year, the Company has fully complied with all terms with its creditors and has no default on any payment.

- Customers

The Company is highly determined to improve the quality of its products and services to meet acceptable standards. As a result, the Company set up a dedicated unit to serve as a customer contact center to receive and listen to any suggestions, or opinions from the customers in order to realize the problems and customers' needs and brings them on to improve its products and services to maximize customers' confidence and satisfaction. The determination paid off when Land and Houses Plc. received various awards consistently from the past up to current year, which details can be found in the section of "Corporate Social Responsibility", under the topic of "Responsibility to Consumers"

- Competitors

The Company competes with its competitors within the framework of ethics, professionalism, transparency and under the rule of law. It does not fraudulently obtain any confidential information or trade secrets of its competitors and always adheres to the policy and treatments of trade competitors which outlined in its Code of Conducts. Furthermore, the Company also views its competitors as its trade allies, and provides the opportunity for them to visit and observe the Company's operations including the IT system to establish good relationship. Over the past year, the Company was not involved in any dispute with its competitors.

- Communities and the environment

The Company always aware of its responsibilities to the communities and the environment. These values are embedded in its core business process, from product designed, proper selection of materials and resources used, quality control of products and services, delivery time and product development for better quality of life. It also

strictly complies with guidelines to minimizing the impact which is included in the Environment Impact Assessment reports and monitors the operation to be rigorously in compliance with the related law and regulation while supports the efficient use of resources. It also holds the projects and activities for communities continuously. Detail information on these issues can be found in "Corporate Social responsibility" under the topic of "Environmental Conservation", "Participation in Society and Community development" and "Innovation and CSR Innovation Dissemination".

Intellectual property or copyright

The Company has a policy to abide by intellectual property and copyright law Including not supporting its employees to commit any acts which may violate the intellectual property or copyright of others without authorization. The precaution was included as a company's guideline for employees in using computer network and acknowledge them including the communication through the Company's intranet system.

Whistle-blowing procedures and informant protection

The Company has a policy to protect all groups of its stakeholders by putting into practice a whistle-blowing procedure and a mechanism to protect informants to accept petitions and complaint of rights violations or breaches of laws or ethics, recommendations and opinions, as well as reports of behaviors that may relate or link to corruption or malfeasance of people in the organization, including its employees and other stakeholders. The Company has disclosed the procedure and channels on its website and in the Annual Report. All stakeholders may submit the petition directly to the Chairman of the Audit Committee through the following channels

- E-mail : Auditcommittee@lh.co.th
- Send the Postal Mail addressed to "Chairman of the Audit committee, 1 Q House Lumpini, 37th-38th floors, South Satorn Road, Tung Mahamek, Satorn, Bangkok 10120".

For employees, the Company provided a direct channel to report the information directly to the Head of the Internal Audit Department or to Management Executives by submitting the petition or reporting any suspicious malfeasance or when seeing any action that may not in accordance with business ethics which may affect them,

other stakeholders and the Company. The Company effectively has procedures in place to deal with the tip-offs, to safeguard the informants, the process to investigate the fact-finding to ensure the justice for all parties. Consideration will be established whether the case really involves wrongdoing or malpractice and, if so, at what level, so that the appropriate penalty will apply. A special unit or team will be set up to investigate all facts and summarize the report and submit to the Audit Committee for further consideration.

The Company also set the guideline to protect the informants by strictly kept confidential their information and identities of them. Only necessary particular information will be revealed to responsible parties, with precaution to safety and danger to the informants or related persons to assure them. The Audit Committee or the independent directors will be responsible for taking care of the petitions and then report to the Board of Directors.

(d) Disclosures and transparency

1. The Company aware of the importance of the adequacy, accuracy, inclusively, timely and transparency of disclosure, thus the Company has published its important information both financial and non-financial data on the websites of the Stock Exchange of Thailand (SET) at www.set.or.th and the Security and Exchange Commission (SEC) at www.sec.or.th according to the criteria set by the Stock Exchange of Thailand and SET and SEC. In addition, the information that has been made public and known to its stakeholders will be available on the Company's website at www.lh.co.th which will be updated regularly to ensure that all interest parties can have timely and up-to-date news and information for their utmost benefits.

2. The financial statements which has disclosed to stakeholders must be approved first by the Audit Committee and the Board of Directors of the Company

3. The Board of Directors has managed to include the Report on the Board of Directors' responsibility for Financial Statements, along with the Auditor Report, in the Annual Report starting from the 2006 onward.

4. The Company has complied with good corporate governance principles and has published the summary of the approved corporate governance policy and the results of the implementation of the policy in its Annual Report and on its website, starting from the 2007 Annual Report onward.

5. The roles and duties of the Board of Directors and the subcommittees, as well as their meeting attendance records, are disclosed under "Management structure" and "Subcommittees" together with the disclosed report of the chairman of each committee.

Furthermore, the Company recognizes the importance of maintaining good relationships with shareholders, general investors and stock analysts. It therefore made clear that the disclosure of its information to the investors, both existing and potential ones, is within the authority of Managing Director, who has been assigned as Chief Investor Relations Officer. It also set up an Investor Relations unit to represent the Company to communicate with shareholders, investors and stock analysts. The Investor Relations Office can be contacted at Tel: 0-2230-8306 or e-mail: investor@lh.co.th

From the year 2017 – 2019 the Company's top executives, along with the Investor Relations Office, has disclosed the Company's information to shareholders, investors and stock analysts which can be summarized as follows:

Type of information	2017	2018	2019
1. Domestic & International-Road show	6	9	13
2. Analyst Meeting	5	5	5
3. Company Visit	53	44	38
4. Conference Call	7	13	15

(e) Accountability of the Board of Directors

1. Structure of the Board of Directors

The election of the Company's directors is held in accordance with the resolution at shareholders' meetings and based on the criteria and legal procedure and the Company's Articles of Association. Each director holds a 3-year term and each year the 3 longest-serving directors shall retire by rotation so that there will be the election of new directors every year. At December 31, 2019, the Board of Directors consists of 9 members as follows:

Director who are member of the Executive Committee	4 person
Directors who are not member of the Executive Committee	2 person
Independent directors	3 person

The independent directors are independent from the Company's management and majority shareholders. They do not have any business relationship with the Company in a manner that may restrict their expression of independent opinions and have such qualifications according to the definition of "independent directors" as detailed under "Independent Directors".

Segregation of roles, duties and responsibilities

The Company has segregated the roles, duties and responsibilities of the Board of Directors and Executives Committee. The Board of Directors shall determine policies and supervise the executives, while the executives shall deal with the administration in various areas to be in line with the determined policies and report any transactions which are not as normal business operations to be reviewed by the Board of Directors, of which at least one third of total number of members are independent directors.

Composition of the Board of Directors

The Board of Directors has set up the qualifications of the directors which will focus on skill diversification (Board Diversify) by consider the necessary skills and the expertise which the Company is lacking at that time. As can be seen from the structure and composition of the Board of Directors at present which consists of directors with knowledge and expertise in various fields; namely engineering, business administration, economics and law. The diversification of their professionals and experiences will benefit the Company's operations and provides a fine balance among the directors

2. Subcommittees

The Board of Directors sets up 4 subcommittees to assist in monitoring and supervising the Company's operations more closely by regularly reporting to the Board of Directors. The subcommittees comprise of the Executive Committee, the Audit Committee, the Nomination and Compensation Committee and the Risk Management and Sustainable Development Committee. The Board of Directors has clearly defined the authorities, duties and responsibilities of each subcommittee.

3. Roles and duties of the Board of Directors

3.1 The Company's Board of Directors comprises of people who have knowledge, skills and extensive experiences in several fields and can apply them at their discretion independently and possess strong

leadership. Their duties and responsibility are to determine the strategies, directions, policies, objectives and missions of the Company to ensure that the management and all employees have the same objective and as of the Company. In 2019, the Board of Directors has considered and reviewed the Company's strategy, goals and business direction to best fit and comply for the operation including to monitor the implementation of the strategic plans, the compliance with the policies, rules, laws and related regulations. The Board also responsible for managing risks to be at an appropriate level, within the framework of the law, objectives and resolutions of the shareholders with integrity for the utmost benefits of the Company while having full responsibilities to the shareholders and all stakeholders. Furthermore, in order to enhance efficiency, effectiveness, transparency and accountability, the Company regularly arranges the assessment of the performance of the Board of Directors.

3.2 The Board of Directors has established a written Company's Corporate Governance Policy with their consensus. Such policy is reviewed at least once a year.

3.3 The Board of Directors has considered and reviewed the implementation of Corporate good governance (CG Code) to be proper and suitable for business context. In 2019, the Board of directors has jointly considered and reviewed the principles in the Board meeting of 8/2019 on December 18, 2019 and had recorded as part of Board of director's resolution for the rationale of such decision.

3.4 The Board of Directors promotes ethics by adopting the following measures:

The Company has adhered to operate its business with transparency, honesty and fairness by established the Code of Conduct for the Board of Directors, executives and employees and assign all of them to comply with such Code of Conduct for the Board of Directors, executives and employees, to perform their duties according to the Company's missions within the framework of the laws and the Company's regulations on the basis of professional ethics. The Company's Code of Conduct for the employees is published on its website on www.lh.co.th and the Company's central database system. The Company also holds activities to promote the employees to comply with the Code of Conduct and the culture of good corporate governance and also effectively communicates the guidelines and the follow up on their compliance with the Code of Conduct. Such activities include:

During the orientation of new employees, the principles of good corporate governance and the Code of Conduct are included for understanding and practice.

- Communicate the guidelines based on the Code of Conduct to all employees via email
- Organize activities through the Company's internal electronic media or intranet system, especially the announcement regarding ethics and principles of good corporate governance on the Welcome Page
- Follow up and assess the performance through the supervision of the head of each unit and through the mechanisms of the Internal Audit in order to monitor and evaluate them.

The Company has monitored the performance in compliance with the Code of Conduct every year. The Internal Audit and System Development Department has been assigned to take these responsibilities and report to the Audit Committee for the results including any suggestions for improvement. In 2019, the Company's auditors, which is an independent external entity had also evaluated ethical compliance and had no recommendations on this matter.

3.5 Conflicts of interests

The Board of Directors has determined the management tools to ensure that the Company has managed and operated its business effectively and transparently for the utmost benefits for the shareholders. The Company has set up measures to eliminate conflict of interest as follows

- Measures to eliminate conflicts of interest

The Company's Board of Directors properly reviews transactions which may constitute conflicts of interest, connected transactions or related party transactions within a good ethical framework which have been screening by the Audit Committee and has supervised to comply with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission including the disclosures of transactions which may lead to potential conflicts of interest to public. Such policies, regulations and the approval procedures of the transactions which may lead to potential conflicts of interest for all executives, employees and related parties to perform are as follows:

1. For any transaction which a director, employee or connected party has a conflict of interest with the Company, such director or employee shall not take

part in the approval process. Price quotation must be set properly as if the transactions were made with a general third party.

2. In the procedure to set a quotation, in order to avoid any potential conflict of interest, a fair, appropriate price which is in line with normal trade practices shall be used.

3. To perform in adherence with the criteria of connected transaction set by the Stock Exchange of Thailand, the connected transaction must be first submitted to the Audit Committee for consideration, before seeking the approval from the Board of Directors to comply with the good corporate governance principles.

4. Disclosures of transactions with potential conflicts of interest or connected transactions or related party transactions as defined by the Securities and Exchange Commission and the Stock Exchange of Thailand will be declared in Form 56-1 and the Annual Report and also Include in the financial statements to conform with the accounting standard.

3.6 Risk Management

The Company's Board of Directors emphasizes the great importance on risk management and has determined and assessed its business risks. Measures have been adopted to prevent and mitigate the risks, including those risks which may affect the Company's operations as detailed under "Risk factors". In addition, the Company has also set up the Risk Management and Sustainable Development Committee with its scope of authorities, duties and responsibilities clearly defined in the Risk Management and Sustainable Development Committee Charter, approved by the Board of Directors. The details are stated in section "Risk Management and Sustainable Development Committee". The details of the Risk Management Policy are as follows:

Risk Management Policy

1. The Company's Board of Directors, all executives, employees and every units are treated as the risk owner, and all of them have the duty to take responsibility of assessment, monitoring and support the establishment of an efficient risk-management procedure

2. Each business unit of the Company must set up its own risk management procedure including systematic and continuous risk assessment and monitoring.

The procedure must be revised to be consistent with the changes in business environment on a regular basis at least once a year.

3. Risk assessment shall be included as part of the annual work plan of each unit by considering all risks concerned to overall organization by taking into consideration both internal and external risk factors including the implement of risk management and appropriate early warning signs.

4. The Risk Management and Sustainable Development Committee is responsible for the monitoring of risk management and provides its opinions on these issues to the Company's Board of Directors.

5. An organizational culture must be created to promote a common understanding and conscience on risks by building a Knowledge base, as the Company believes that risks can be alleviated or acceptable when all the executives and staff of all units are well-aware of the following damages. As a result, the Company is determined to develop databases, both internally and externally, by invest in information technology and also modern technologies so that staff at all levels can access the information and share their experiences which will eventually lead to the development and improvement of the risk-management procedure to be more efficient.

4. Board of Directors' meetings

The Company informs the Board of Directors of the meeting schedules in advance every year to allow each director to designate their time to attend the meetings. The invitation letter, details of agenda and related information shall be sent at least 7 days prior to the meeting date. The meeting attendance record of each committee member is disclosed under "Management structure".

5. Self-assessment of the Board of Directors

The Company has a policy to arrange an annual self-assessment for each director to allow them to consider and review their performances and identify all issues and obstacles in the past year which will increase the effectiveness of the director and is conformed with good corporate governance.

Procedures of performance assessment of the Board of Directors collectively and individually

The company secretary shall send the Board of Directors assessment forms to all members so they can assess their performances during the past year both collectively and individually. When the forms were completed, they will be sent back to the company secretary who then compiles the results of each member, and analyzes the performance assessment of the Board of Directors during the year. The company secretary will then submit the results to the Board of Directors for consideration in order to achieve the aforementioned objectives. In the year 2019, at the Board meeting 8/.2019 on December 18, 2019, the Board meeting has been evaluated their performance. The assessment criterion are calculated as percentage in each area. Score above 85 is considered "Excellent", the range of 75-85 is "Good", the range of 65-75 is "Moderately Good", the range of 50-65 is "Average" and for scores below 50 means "Needs Improvements".

The performance assessment of the directors is classified in 2 manners as follows :

5.1 The assessment of performance on a collective basis At the Board of Directors' meeting on December 18, 2019, the assessment on a collective basis consists of the following areas : (1) Structure and qualifications of the Board of directors (2) Roles, duties and responsibilities of the Board (3) Board Meetings (4) Performances duties of directors (5) Relationship with management and (6) Self-development of directors and development of executives

5.2 The assessment of performance on an individual basis which consists of (1) preparedness of the director (2) Determination of strategies and business plan (3) Risk management and internal control (4) Supervision to prevent conflicts of interest (5) Monitoring on financial and operational reports (6) Board meetings (7) Others.

6. Performance assessment of subcommittees

Each year, the Board of Directors shall assess the performance of subcommittees such as the Audit Committee and Nomination and Compensation committee by evaluating as a committee in group. The evaluation criteria is the same as the one used to evaluate the directors of the Board for the purpose of using as the framework for the performance evaluation during the past year which will be used to resolve and increase the efficiency in working. The evaluation will be submitted to Board of directors' meeting for acknowledgement.

7. Compensation

The Company has clearly determined its policy on the remuneration of directors and president in accordance with their duties and responsibilities. The policy will be considered and screened by the Nomination and Compensation Committee before submitted to the Board of Directors for consideration. All Directors' compensation shall be approved at a shareholders' meeting every year. The remuneration and meeting attendance records of each director are disclosed under the topic "Executive Compensation" in the section of "Management structure".

8. Development of directors and executives

The Board of Directors recognizes the importance of development of its directors, so the Board will send directors to attend related courses on knowledge and competency improvements held by the Thai Institute of Directors and other institutions every year to help them improve themselves and enhance their visions which then can be applied to the Company's business. In 2019, directors who have attended the seminars and also joined as the lecturer in several activities as follows

Name	Position	Date	Title
Mr. Naporn Sunthornchitcharoen	Chairman of the Board of Directors, Chairman of the Executive Committee	October 5, 2019	Lecturer on topic "Real Estate Development and Cities Workshop on Operational Level # 5 "at Faculty of Civil Engineering, Chiang Mai University
Mr. Watcharin Kasinrerk	Director, Member of the Executive Committee, Member of Risk Management and Sustainable Development Committee	During May 7 - June 4, 2019 and July 1, 2019	The Director Certification Program 279/2019, Thai Institute of Directors
Mr. Adul Chuvanichanon	Director, Member of the Executive Committee, Member of Risk Management and Sustainable Development Committee	During July 23 - August 20, 2019 and September 16, 2019	The Director Certification Program 280/2019, Thai Institute of Directors

The Company has a policy to continuously develop its human resource to increase the knowledge and capabilities of its employees to keep up with the highly competitive business environment. In 2019, the Company has sent its executives to attend courses both in-house programs and to external institutions, including meditation and Dharma courses. Furthermore, the Company has sent its executives to attend long-term courses such as master's degree on business administration (executive MBA) for total 5 executives.

9. Orientation of new directors

The Company realizes of the importance of the performances of new directors, so an orientation program has been organized to introduce them the Company's overall operations, the organization structures of subsidiaries, associated companies and related companies for the understanding of the work process and the cross shareholding structure of the companies in the group. They also provide them significant information which is important for their work such as organization's structure, Company's regulation, objectives, code of conduct of directors, the director's handbook of the listed company, corporate governance policy, related laws and regulations, financial statements and notes to the financial statements arrange the meeting to meet the Chairman, the Board of Directors and all subcommittees to be informed about the Company's business operations

10. Non-executive directors' meetings

The Company requires that its non-executive directors shall have a meeting among themselves at least once a year to freely consider management problems without the Company's management or executives presented. In 2019, the meeting was once held on December 13, 2019.

11. Meetings between The Audit Committee and Company's auditors

To enhance the Audit Committee to fully perform their duty of assisting the Board of Directors and give them the independence to propose good corporate governance guidelines, the Company encourages the Audit Committee to meet with the Company's auditors without any executives or management presented. In 2018, the Audit Committee met with auditors on December 13, 2019 to inquire the independency in working including sharing the opinion of the internal control system.

12. Limitation of company which the directors of the Company can join to be the director

The Company Board of directors has set the policy to limit the numbers of Listed company which the company's director can join and serve as the director in total not exceed 5 companies so as to optimize the Company's benefits from such director who can provide times to perform his duties efficiently.

Report of the Corporate Social Responsibility

The Company recognizes the importance of complying with good corporate governance which is in line with the principles of Good Corporate Governance for Listed Companies of the Stock Exchange of Thailand which comprises of rights of shareholders, equitable treatment of shareholders, rights of stakeholders, disclosure and transparency, and responsibilities of the Board (more details in “Corporate Governance”) including the awareness on communities, society and environment while conducting its business. The Board of Directors is always well aware that good corporate governance and social responsibility will sustainably improve its operating results and is the major key to lead to its success. The Board of Directors therefore laid down a written policy on good corporate governance and its Code of Conduct. The Company’s main operation process also takes into account and pays attention to all stakeholders, communities, society and environment while strictly complying with the laws and regulations related to its business.

1. Fair business operations

The Company emphasizes in its business operation by promoting free trade, honesty and fair competition within the framework of law and its business ethic. The Company also avoids any activities which may constitute conflicts of interests, by having all measures to supervise the use of inside information for personal or relatives’ gains, respects the rights and equality of all groups of stakeholders - such as shareholders, customers, employees, business partners, competitors, creditors, as well as the communities, society and environment. Such practice guidelines which cover all the equal rights and benefits of all stakeholders are stated in the Company’s Code of Conduct and business ethics so that owners, executives and employees can adhere to perform. They are also posted on the Company’s website and central database system. Additional details can be seen in the section of “Corporate governance” under the topic of “Rights of Stakeholders”.

2. Anti-corruption and bribery

The Company has enforced the anti-corruption and bribery policy. Under its Code of Conduct, any employee must not solicit any benefits and avoid accepting any valuable assets which may illegitimately persuade him to perform or refrain from performing any duty, or may

cause the Company to lose its legitimate benefits. All employees must not commit any act which may constitute any conflicts of interest against the Company or use the Company’s assets to seek to benefit from commercial gains for themselves or their associates, refrain from doing anything illegitimately, or abuse their responsibilities or positions. The Company has circulated its Code of Conduct to all employees so they are well aware of the importance of performing their duties with integrity. It also aims on fundamental of employee’s mind in terms of morality and ethics by organizing meditation training class and sermons for the employees.

Practices on supervision and control the corruption risks including follow up and evaluation procedure

- Preventive measures through restructuring the organization structure to make it suitably fit for management and control. The organization structure reinforces transparency and efficiencies and in line with goals, business nature through proper segregation of duties and balance of authorization. Work process and line of command are clear for each unit. Organizational structure with corporate culture which emphasizes morality with regularly monitoring and evaluating mechanism. Adequate and proper communication and training are also provided, with communication of guidelines disseminated through various channels such as the Company’s intranet and website.

- Written Code of Conduct for executives and employees is created to promotes all practices to comply with it and communicates through all channels both through Company’s intranet and website including a monitoring and proper compliance assessment with the Code of Conduct.

- A process for the risk-assessment associated with the Company’s internal fraud and evaluation of the implementation of policy through the assessment of internal control in accordance with the COSO internal control assessment at the committee level and department level, and the assessment mechanisms of Risk Management and Sustainable Development Committee and the Company’s Internal Control Department.

- Supervision at the department level, with the head of each unit supervises his unit by assessing internal control and corruption risk at the unit level. An efficient and effective internal control was implemented to close any corruption loophole, to review the suitability of the system

and continually improve the system, to control and monitor its department's operations including the delegation to each level supervisors to monitor and investigate any frauds and errors occurring from the operations.

- The internal control unit examines an inspection of the operations and procedures of work systems, the compliance with the code of conduct, assesses corruption risks and other early-warning signs, the adequacy of the internal control system in preventing, monitoring and detecting the corruption risk. It shall report the audit review at least once every quarter.

- Through its mechanism, the Risk Management and Sustainable Development Committee also tests and assesses frauds and corruption risk regularly and reports the results to the Board of Directors.

- The Company provides channels to report any detected contravening, fraud or corruption and also set up the measures to protect and mitigate any adverse consequences on the whistleblowers, petitioner or collaborators under the Whistleblower policy. Details are stated in the section of "Corporate Governance" under the topic of "Measures of reporting wrongdoing and mechanisms to protect informers".

- In such case that the wrongdoing is found, with the investigated information, the complaints and sufficient proven grounds to believe that the transaction is truly offend, the investigation of fraud and corruption will be done by the case-by-case investigation team to provide fairness to the accused and also provide the proper protection to the informers.

- Each wrongdoing case will be used as a case study to find the preventive guidelines and investigative measures to detect such transaction and also to educate unit supervisors how to prevent such kind of fraud in the organization.

New employees will be notified of guidelines for standards of good behaviors and ethics of employees on their first day at work and through the new employee orientations. In 2015, the Company organized an in-house training for executive vice president, operation and supports executives, senior vice presidents and vice presidents on risk assessment tools and how to use them so that these executives and management can use it to monitor and assess risks efficiently.

3. Respect for human rights

The Company has complied with the human rights principles. Directors, executives and all employees have strictly followed these principles and regard them as core practices by taking into account equality, freedom, dignity

and rights of all people without any discrimination on the basis of race, nationality, language, religion, gender, age, education. The company does not support any activity that violates any universal human rights.

Guidelines

- 1) Closely supervise to ensure that the Company's business does not involve in human rights violations such as child labor or sexual harassment.

- 2) Take good care of employees and their well-being by giving them fair compensation, welfare, educational promotion and training continually in both short and long term, take good care of health and sanitation, safety of property and at work, safe and appropriate working environment, including inspecting the cases of unfair practices which may occur in the company.

- 3) Respect the privacy and confidentiality of customers, business partners and employees by not transferring or disseminating any information to unrelated parties or departments. Any disclosures or transfers of confidential information can only be done with consent of their owner only.

- 4) Terms and conditions in employment contracts are appropriate and fair.

- 5) Enabling equal employment opportunities including opportunities for those people with disabilities.

- 6) Treat all employees and stakeholders equally, indiscriminately, respectfully and respect everybody opinions.

- 7) Specify in the Code of Conduct of employees to behave in a suitable manner for their duties and positions and refrain from not blaming others or the organization without truth.

4. Fair treatment of labor

The Company recognizes that employees are the most important element of its success, therefore the Company shall take good care and fairly treat them in various areas such as:

- 1) Respect the rights of employees based on human rights principles. More details are under the topic of "Respect for Human rights"

- 2) Determine compensation to be appropriate with their duties, responsibilities and price mechanisms in the labor market by taking into consideration the incentives so that employees are motivated to perform their duties to their full capacity. Performances are evaluated by supervisors and part of the compensation is allocated as their reward based on the Company's operating results.

3) Various forms of welfare are provided. The Company has the policy on safety and sanitation and promote good working environment. More information is provided in the section “Corporate Governance” under the topic of “Rights of Stakeholders and Employees”.

4) Continuously promoting the potential development of employees by organizing training and educating for employees at all levels.

5) The Company has established a welfare committee to be the representative of the employees to consult and discuss with the Company on the welfare provision, to act as a medium to relay the employee welfare requirements so that the Company knows what the employees really need, participate in the discussion and suggestion including the supervising the welfare that the Company provide for employees.

5. Responsibility to consumers

The Company is committed to improve the quality of its products and services to meet the standards including setting up a customer contact center to listen to consumers’ suggestions and opinions, to acknowledge the problem and customers’ needs so that the Company can use them to fine-tune and improve to meet their customers confidence and maximum satisfaction. The efforts paid off when Land and Houses Plc. won the Trusted Brand award for eight consecutive years (during 2006-2013, the award ended in 2013) based on a consumer survey by Reader’s Digest magazine. The award measures consumers’ satisfaction in both Thailand and Asia in six areas: (1) creditability and trust (2) quality (3) value (4) insights understanding to consumers’ demand (5) creativity (6) social responsibility. Land & Houses is the only property development brand that won the Platinum Award in Property Developer Sector. In addition, in 2012, the Company also received “The Thailand Most Powerful Brand 2012” in real estate product which was awarded in the 75th Anniversary of Faculty of Commerce and Accountancy, Chulalongkorn University. The research, conducted by the Department of Marketing, on the subject of “The development of Corporate Brand Success Valuation” to identify the most powerful brand which was the most powerful brand of Thailand 2012 (The Most Powerful Brand of Thailand 2012).

The Company delivered the pre-built home, fully decorated including the garden in the complete project, ready to move in so that the customers can see the real house on the real plot of land and can select the style of house before making decision to buy, which makes it no risk in the case that buying the house but getting the unexpected house.

Consumer’s benefits from buying a pre-built home.

1) Baan – Sabai is pre-built before sale thus allows customers to clearly determine the time of their relocation

2) Customers can see the real house on the plot of land before buying and can compare with the selling price.

3) Providing a shady project environment, with large common garden, and a club ready to use the service when relocation

4) Product warranty and providing after-sale services to facilitate the residents including house-checking during warranty period.

5) The Company has set up a customer relation system to directly communicate with residents through the Company’s website or at the 1198 call center which will accept any complaints about home and condominiums, provides home tips, online repair notification to facilitate the customers when in needs of repair, and checking home services in insurance which the transaction can be sent 24 hours a day. The residents can also track the status of their request as well as finding the information about their house by themselves.

As a result of our recognize the importance to our customers and determination to improve the quality of the products, in 2019, the Company received significant awards as follow :

- Award of Honor Best Company of the Year 2019, Real Estate and Construction Group from MONEY & BANKING AWARDS 2019 organized by Money and Banking journals, based on the performance of the year 2018 of the listed companies in each industry group. MONEY & BANKING AWARDS 2019 was organized for the 12th year in recognition of executives, banks, financial institutions and listed companies which has excellent performance, classified by 8 industry groups, which are real estate and construction, Technology group, Financial Group, Resource group, Agriculture and food industry, Industrial product group, Consumer products group and Service groups

- Award of “Thailand’s Top Corporate Brands 2019” on the occasion that Land and Houses Public Company Limited has been awarded the best value Thai corporate brand in the property development sector, with a brand value of up to 64,811 million baht (sixty-four thousand eight hundred and eleven million baht) marks the 10th year of the award announcement. There are 15 companies from 15 different business sectors that received the said award. Only one brand which has the highest corporate brand value in each sector which includes Banking, Finance and Securities. Petrochemical and Chemical, Medical, Information and Communication

Technology, and Commercial. The Master in Branding and Marketing (MBM), Faculty of Commerce and Accountancy, Chulalongkorn University in collaboration with the Stock Exchange of Thailand has announced the research results and awarded “ASEAN and Thailand’s Top Corporate Brands 2019” award to the top most valuable corporate brands in Thailand and the ASEAN region for the year 2019 in order to expand the knowledge of corporate brand value to create business sustainability both in Thailand and the ASEAN region, in which the CBS Valuation (Corporate Brand Success Valuation) is the process that use the number from the financial statements in the annual report which is the information that the listed companies in the Stock Exchange have to disclose to the public for calculation. The corporate brand valuation formula, CBS Valuation, is a formula integrated from the concepts of marketing, finance and accounting, enabling the measurement of corporate brand values in financial figures.

- Outstanding Company Performance Awards, Business Excellence Awards for Listed Companies in the Stock Exchange of Thailand, with market value of over 100,000 million baht, which the award is based on the performance and good corporate governance from the SET Awards 2019, organized by the Stock Exchange of Thailand in cooperation with Money and Banking journal, in order to honor the listed company, Securities company, Asset Management Company, and Financial consulting firms that are excellent and outstanding in various fields from their operations in 2018.

6. Environment conservation

Currently, the environmental problems are considered important and have impact to the quality of life increasingly. The Company intends to participate in the conservation and improving the environmental problems through the development of environmental-friendly innovations and the use of resources for maximum benefit to create and preserve the sustainable environment for the communities, employee and villager. The Company has designed and produced the environmental-friendly product under the concept of “LH SMART: A Concept for Better Life” by using the quality materials and help saving the energy. The new technology and systems are implemented in each house to allow the air ventilation in the house by adopting the technology “AirPlus, air ventilation control and management system, which allow the house to breath” to improve the quality of residents including saving the energy.

In the year 2019, the Company has officially

launched the electricity generation system from solar roof on the roof of the club building of 3 projects, which can efficiently generate the electricity for the usage in daytime (On-grid) and can help to save the electric energy by 25-40 percent and has further extend the energy conservation by choose to use the All-in-one Solar Street Light as a light source with integrated solar panels and intrinsic batteries to illuminate the roads in the village project which can help to save electric energy, reduce the wiring on the road and illuminating the project more safety which has started to be installed at VIVE Bangna.

The company also conducted an environmental impact study according to the announcement of the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment and has strictly adhered to the Environmental Impact Assessment (EIA) reports to reduce the impact to environment and also operate and control to strictly comply with relevant laws.

The Company has a policy to use resources efficiently by taking into consideration impacts to social and environmental. It encourages and educates employees to create a good environment at work, to use resources economical and to take into account their responsibility to the environment while performing their duties. The conscience is instilled through the activities and trainings in which they constantly participate, with the campaign to conserve the environment and natural resources and instill in daily working lifestyle starting from basic activities such as reducing the use of paper, increase the use of recycled paper, re-use of document files and regular maintenance of equipment, campaigns to conserve water and electricity, etc. In the year 2019, the company organized activities in the campaign to reduce the amount of plastic waste under the project THINK GREEN FOR A BETTER LIVING through the following operations :

- Termination of plastic packaging by changing the packaging of drinking water distributed to customers at the headquarters and the project to drinking water box including a campaign to recycle the used drinking water boxes and bring it to reuse.

- Termination of use of plastic glasses in the organization by asking employees to bring personal containers to fill the beverage which provided by the company themselves.

- Establish the “LH Recycle Plastic Uniform” project, which is a project to produce uniform shirts from plastic water bottles, in which 1 shirt uses 12 recyclable plastic bottles, which reduce the amount of plastic waste in society and promote the recycling system.

- Preparation and distribution of shopping bags for employees and customers in each project to use instead of plastic bags in consumer goods shopping.

- Participation as part of the green roof project by Friends in Need (of “PA”) Volunteers Foundation by bringing the used drinking paper box to recycle and produce a green roof for the needy and the communities which are suffering all over the country.

In addition, the board also promotes the education and training of employees on environmental issues. As the Board of Directors recognizes and places importance on sustainable development, therefore the Board has given the Risk Management and Sustainable Development Committee to establish guidelines and framework for sustainable operations by considering and approving to hire EY Corporate Services Company Limited to be a consultant and provide knowledge on developing the sustainable development system including the plan for preparation of the sustainable development report to set as a guideline for the implementation of the company’s sustainable development process which is considered an important mechanism for achieving business success.

7. Participation in social and community development

The Board has always realized of the Company’s responsibilities toward the social and communities so they have supported the budget and sponsors for various parties to organize the activities for communities and society continuously. In 2019, the Company has organized the activities for communities and society as follows :

- Society activity “Fill Up the Dream, Sharing the kindness “Project No. 5

The Company has organized the project “Fill up the Dream, Sharing the Kindness No. 5” by providing necessary things and funds to The Christian Foundation for the Blind in Thailand, Nakhon Nayok Branch, which is a foundation for blind with multiple disabilities children. This project has been continuously organized which this year was held for the fifth year as a Company’s contribution to the society on October 16, 2019

- Volunteer spirit activities “Diving and Sea conservation Volunteer to Protect Organisms in the Gulf of Thailand” Project

The Company has participated in this project. In which the employees project group 2, totaling 44 people, joined with the Volunteer Bank which is an independent organization, supported by the Office of Thai Health Promotion Foundation (SSO), together creating happiness for Thai society by sharing time as a volunteer to run the

activities to help clean the beach in the “Diving and Sea Conservation Volunteer to Protect Organisms in the Gulf of Thailand” project in Rayong province on October 22, 2019.

8. Innovation and CSR innovation dissemination

From the experiment that the Company has installed and set up the Home Automation system in the past year for more than 1,000 residences, this year the company has added additional home automation systems in the new style of house, as a detached house, townhome and twin-house, which the system helps to serve the security issues, convenience and energy saving for the residents and is easy to use via the application “Home Touch by L&H”, which can be downloaded and installed on a smart device easily.

In addition, for the high-rise projects such as The Bangkok Thonglor, the Auto Parking system is used to support the parking of 194 vehicles, which was officially opened in the year 2019. This Auto Parking system is suitable for a project that has limited area like Thonglor. It can reduce the volume of road construction in the parking garage and reduce the amount of ramps up and down in the parking lot, increases the convenience for residents to call the car by the elevator, reduces the CO₂ emissions and helps to increase the safety of the resident’s cars. In addition, the project has installed 3 EV charger devices for charging electric energy to electric cars in the project which is a Normal charge system which help enhance the alternative energy vehicles.

For the part of enhancing technology, the Company has launched the application “I-Design” which helps in decorating the house through Smart device, which was officially launched and can be downloaded publicly In October 2019, and can be installed on both smart phones, Android and IOS systems. This application makes home decoration more easily by providing an idea of how to place furniture in your home and can be viewed in 3D images in Real-time, both 360-degree image mode and VR (Virtual Reality) mode, and can help to guesstimate the budget for the furniture decoration.

For the promotion of innovation and technology within the organization, the Company has organized a training program for learning and practicing both Smart Home systems and other Applications so that the staff can use them fluently, by starting with the salesperson and service staff which will be the division to pass on the knowledge to customers in the next step.

Report of the Risk Management and Sustainable Development Committee 2019

Dear Shareholders,

Land & Houses Pcl. has emphasized the importance of the Enterprise Risk Management simultaneously with the Sustainability Development under the supervision of the Risk Management and Sustainable Development Committee. In 2019, the Committee held 2 meetings, which all members attended and executives were invited to join as appropriate. The summary of the tasks performed in 2019 is as follows:

1. Regularly conducted the Risk Monitoring, both on annual Corporate Risks and Emerging Risks which may have significant impact on the Company's operations and considered the Risk Response Plan of the Risk Owner which covers major risks in 4 areas, comprising of Strategic Risk, Operational Risk, Financial Risk and Compliance Risk.

2. Followed up and monitored the Company's Key Risk Factors which may have impact on the Company's operations to be in line with the Company's guidelines and strategies by arranging the meeting with the Audit Committee as stated in the Company's Risk Management Plan to exchange ideas, comments and important suggestions to bring about the development of Company's risk management to be efficiently sustainable.

3. Considered and approved the invent of the Sustainability Framework to set the guidelines for the organization's sustainable development which focuses on the significant issues on the permanence of environment, social and corporate governance (ESG: Environment, Social & Governance) and includes 1) the Governance Structure 2) Strategic Direction which conformed with the organization's Materiality Matters and 3) the set target which being used to monitor the progress of sustainable development.

From the above mentioned actions, the Committee is confident that the Company's risk management and sustainable development is continuous, efficient, and in compliance with the good corporate governance principles and guidelines which will enable the Company to achieve its predetermined goals and brings the utmost benefits to shareholders and all group of stakeholders appropriately.

Yours sincerely,



(Mr. Bundit Pitaksit)

Chairman of the Risk Management and
Sustainable Development Committee

Internal Controls and Risk Management

The Company's Board of Directors and executives are responsible for the efficiency of the internal control system, including regular reviews and monitoring the system to increase its efficiency and minimize any operating losses in the circumstances where there are changes at all time from both internal and external factors, rules and regulations from the government sector as well as from people related to the organization which are all considered to be risk factors for the business. Thus the Board of Directors is always aware of and acknowledges the importance of the management of internal control system and risk management by assigning all units of the Company to take into consideration comprehensive internal control and risk management in all areas, such as resource management, accounting and finance, human resources management, procurement, information technology and communications and legal, to prevent severe damages and/or any disputes that may result from violations and offences against the Company or a third party, which could lead to both civil and criminal lawsuits. The Company has implemented the measures through the following channels

1. Through the organization's structure. The design of organization's structure conforms with the nature of work and also clearly defines scopes of authority to allow flexibility and speedy for operations under international constraints. For instance, the establishment of the Board of Directors to supervise the policies and responsible for all parties involved with the Company. The Executive Committee is responsible for business performance according to predetermined goals. The sub-committees which comprise of the Audit Committee, the Risk Management and Sustainable Development Committee and the Nomination and Compensation Committee, are in charge of missions assigned by the Board of Directors. Departments are divided into two lines - operation and supports - which was appropriately and sufficiently to create good management of supervision control and checks and balances of the authorities among those operators in each group or department, including the monitoring of the overall risk management process to an acceptable level.

2. Through the Audit Committee. The Board of Directors assigned all three members of the Audit Committee to supervise, monitor and consider the appropriateness and adequacy of the internal control system. Due to the dynamic changes in circumstance, it is then necessary that the system has to be assessed every year and will be directly reported to the Board of Directors.

Each year, the Audit Committee meets with the Company's external auditors from EY Office Limited and internal auditors regularly at least once a quarter to follow up on and enquire about the Company's internal control system which they have been informed that there is no significant flaw in the Company's internal control system.

At the Company's Board of Directors' meeting No. 8/2019 on December 18, 2019, the Board of Directors received the preliminary report regarding the assessment of the adequacy of the internal control system for the year 2019 from the Audit Committee which the opinion was that the Company's internal control system was adequate and suitable for the current situation in accordance with the framework of internal control assessment of the Securities and Exchange Commission and the Stock Exchange of Thailand, which covered 5 key aspects of internal control as follows : Control Environment, Risk Assessment, Control of Activities, Information technology and Communication systems, and Monitoring systems as defined by COSO's international standards (The Committee of Sponsoring Organization of the Treadway Commission). The Board of Directors has reviewed the report and agreed with the Audit Committee's proposed opinions and findings.

At the department level, the Company adopted a self-assessment control system to implement in all departments regularly every year in order to review their operations and develop working systems, to ensure that internal control is more effective and efficient, and promote ongoing development.

3. Through the Risk Management and Sustainable Development Committee. At the Company's Board of Directors' meeting No. 3/2013 held on May 13, 2013, the Board of Directors has resolved the appointment of the Risk Management Committee, which consists of independent

directors, managing director and senior executives from various related departments. The Committee has then changed the name to Risk Management and Sustainable Development Committee on December 18, 2017 with the additional assignment and responsibilities to the Risk Management Committee, by the Company's Board of Directors, to perform and responsible for the Company's sustainable development since the Board has foreseen and prioritizes the importance of the sustainable development which covers in 3 dimensions comprising of environmental dimension, corporate social responsibility dimension and corporate good governance dimension.

The working group has assessed risks at all levels of the organization to cover strategic risk, operational risk, financial risk, liquidity risk, investment risk and regulation and legal risk by assessing, analyzing and prioritizing the risks. Then the working group determined the guidelines and strategies for each risk management type. The Company has executed the high-level risk first and has managed in accordance with the Company's risk management strategy continuously since then to the present, and in the year 2019, the Company has engaged the remaining medium and low level risks. As a result, all the risks at the organization level have been managed so that all the risks are at an acceptable level under the appropriate cost. The Company has implemented a monitoring system and reports the risk management results regularly, speedy and in time. The management has set up the risk tracking process through the Computer Based Risk Monitor Tools on the Company's EIS system since October 2016. The system will update the data every month and will also alert the risk owner when the risk value is higher than the Company's acceptable level. The Company also scheduled a meeting to monitor the results of the risk management at least twice a year.

Moreover, since the Board has perceived and placed importance on the sustainable development so the Board has authorized the Risk Management and Sustainable Development Committee to establish the guidelines and framework for sustainable operations including the consent and approval to hire the EY Corporate services Company Limited to be a consultant to develop the sustainable development system and the preparation of sustainable

development report to be used as a guideline for the implementation of the Company's sustainable development process which is considered as an important key mechanism to accomplish the success in its business.

4. Through the creation of Corporate Culture. In order to build immunity for the organization and to lay a good foundation in long term period through a mechanism called Corporate Culture by using personnel as a prototype to link through various means which include training, implantation of ethics and morality of the Company, a top-down pass on of good conscience, regularly organize the dharma practices courses for the employees including their families, and to share the generosity from generation to generation. The Company believes that there is none of the best system at all-time comparing to having the personnel who always think well, do well and have highly good conscious to their assigned duties and responsibilities which these qualifications shall exist only when the corporate culture is robust and strong.

The Audit Committee takes the supervising role on the Internal Audit and System Development Department to perform its duties independently, fairly and with good ethics. The Chief Audit Executive (CAE) of the Company is Mr. Pornchai Kiatkhajornvirach, Internal Audit and System Development Department, Senior Vice President, The Audit Committee has unanimous agreed that Mr. Pornchai Kiatkhajornvirach is properly qualified, knowledgeable and competent, with experiences and good understanding of the Company's business and all working systems, and possesses abilities to perform his duties efficiently. The consideration of the appointment, transfer or termination of the Chief Audit Executive must be approved by the Audit Committee.

Risk factors

1 Business risks

Risk incurred by pre-built construction

The Company and its subsidiaries operate in real-estate development businesses, with the core business mainly on housing construction for sale. In 2000, the Company shifted its policy from built-to-order houses to pre-built houses. The portion of pre-built houses gradually represented a larger proportion in 2001-2002 and since 2003 up till now, the Company and its subsidiaries have operated the business of developing pre-built houses for sale except the residential condominiums and townhouses under the brand “Indy”, which the Company has changed the policy from pre-built sales to selling before building since September 2010. The shift in its policy from built-to-order to pre-built houses has affected to the Company as the Company needs higher advance funds for construction since the Company no longer received any advance from its customers which could be used as working capital during the construction periods. Moreover, other factors that may potentially affect the “home-buying decisions” in the future include: (1) higher prices of residential units which increase as a result from the rising in construction material costs and land cost; and (2) the slowdown of economic growth. These factors may affect the purchasing power and home-buying decisions of the Company’s target customer. The Company is therefore exposed to the risk of not being able to sell all the finished residential units after completely built, which resulting in a high level of inventory cost and eventually affecting the Company’s liquidity and profitability. However, the Company expects to sell all pre-built houses and will not bear a heavy inventory burden due to the following reasons:

(1) The Company has studied the consumer behaviors by conducting surveys on visitors, who come to visit its housing projects, in many topics such as budgets, style of houses and size of land-plot etc. The Company also use the information of the sales statistics in the past to analyze the needs of customers and thus cause the Company to construct pre-built houses and also be able to sell them.

(2) Currently, most customers prefer to purchase the pre-built houses, as they are confident that the units will be handed over to them in accordance with contractual schedules. As during the financial crisis during 1997-1998, many operators could not build the houses and deliver to customers by the contractual terms.

(3) Since the Company is a major and large property developer with a strong presence in the market for more than 30 years, so the Company has gained many advantages in terms of both marketing information and an in-depth knowledge in the demand of its target customer groups. Therefore, it can develop residential units which meets the

demand and requirement of customers, which resulting in the residential projects developed under the logo brand “Land & Houses” is being widely well accepted among the target customer groups in terms of both quality and locations.

(4) Whilst nowadays, there are several risk factors which have influenced over homebuyers’ decisions, but the demand of the Company’s target customer groups remains continuously steady as a result of their expectation for the Company’s good after-sales services.

2 Production risks

The risks associated with shortage of construction materials and labor, and the increase in construction material costs. The continuously increasing supply of new projects from many operators in the real estate business market today has spurred higher demand for construction materials and labor which could lead to shortages in construction materials and labor, and thus result in increase in construction-materials costs. In 2019, the price index of overall construction materials has slightly decreased from the year 2018 by 1.30%. However, the shortages of construction-materials and labor could aggravate and the construction costs may increase in the future due to the increase in construction work. Hence, the Company’s project-development time could be longer and thus affects the higher project construction cost, which eventually affecting the Company’s liquidity and profitability.

However, as of December 31, 2019, the Company and its subsidiaries had 78 ongoing projects, thus providing the Company in relatively high bargaining power when dealing with contractors and construction-materials suppliers. Furthermore, the shift in policy to build the houses and residential condominiums before selling instead of to build after the customers made their booking (except for condominiums and townhouses under the “Indy” brand which the Company has allowed the customers to book the units before construction begins since September 2010), this policy has enabled the Company and its contractors to plan the construction schedule and to place material orders in advance. This strategy has helped preventing a construction-material shortage and has also given the Company a better control of its construction cost and certain development time.

3 Financial risks

(1) Risk incurred by the impairment of long-term investments

As of December 31, 2019, the Company and its subsidiaries had long-term investment in totaled 6,037 million Baht, representing 5.3 % of total assets (Details

are in the Management Analysis and Explanations). Most of them were investment in equity securities which major items are: (1) Vistamalls Inc., an investment in Philippines, of 2,579 million Baht, (2) Land and Houses Freehold and Leasehold Property Fund of 778.0 million Baht (3) Quality Houses Property Fund of 392 million Baht (4) Bangkok Mass Transit System PCL. of 178 million Baht (5) LH Shopping Centers Leasehold Real Estate Investment Trust of 804 million Baht and (6) LH Hotel Leasehold Real Estate Investment Trust of 1,390 million Baht and other investments which the Company has provided the allowances of 111 million Baht. The Company then has the risk from the impairment of investment which will decrease the value of investment.

The Company's investment policy in investing in equity securities will emphasize on investment in real-estate businesses and other business which related to the

Company's core business, including other interesting businesses which deems to have potential to generate appropriate returns. A decision to make such investment must be considered and approved by the Board of Directors.

For investments in long-term equity securities, the Company set aside the allowance for impairment of 111 million Baht under the unrealized profit (loss) from investments in other companies which stated in the statement of financial position.

(2) Risk incurred from lending to subsidiaries

As of December 31, 2019, the Company extended short-term loans to 5 of its subsidiaries with the total sum of principle and outstanding interest of 12,580.7 million Baht which were in form of unsecured promissory notes, the details of which are as follows:

Subsidiary	% of shares held by the Company	Loan extended to the subsidiary (million Baht)	Interest rate (%)
Land and Houses U.S.A. Inc	100.00	9,264.0	3.4 - 4.5
LH Asset Co.Ltd	99.99	2,441.1	3.5
Land and Houses Northeast Co.,Ltd	99.99	729.7	3.5
Siam Tanee Property Co.,Ltd	99.99	115.8	3.5
Atlantic Real Estate Co.,Ltd	99.99	30.1	3.5
Total		12,580.7	

As of December 31, 2019, the Company had an outstanding long-term loan extended to Land and Houses U.S.A. Inc. (LH USA) which is its 100% owned subsidiaries, in total amount of US\$ 296.8 million or approximately 9,264 million Baht at 3.4 - 4.5 % annual interest rate, and due to be repaid when the company can sell the property which it bought or when it can borrow loan from financial institutions.

For other subsidiaries which borrow Loan from the Company to operate the Housing project, the Company will receive the repayment when those borrowers have operated and transferred the house to their customers.

The Company therefore has the risk of debt defaults from its subsidiaries. However, the subsidiaries have invested in the saleable real estate. For the LH USA, which has borrowed loans from the Company to invest in the purchase of 4 apartments for rent, which 3 are in California and 1 is in Oregon, which will generate a long-term return for the Company in the future and LH USA has prepared the sale plan of each apartment to sell when the return is appropriate and acceptable.

Moreover, the Company has a policy to give priority to the operations of its subsidiaries by sending its representatives to sit on their boards ,to take part in determining their policies and closely monitor their operations, including

control the prompt repayments of debts and interest owed to the Company according to its schedule. As a result, the Company expects that these subsidiaries are unlikely to fail in repaying their debt, thus it has not allocated any allowance for doubtful accounts for the amount lent to its subsidiaries.

(3) Risk incurred by lawsuits

As of Dec 31, 2019, the Company has significant lawsuits as follows :

1. A housing estate juristic persons and housing residents filed lawsuits against the Company, regarding the construction of a kindergarten in project by demanding claim damages totaling Baht 517 million Baht. The Company has set aside the estimated damages of 461 million Baht. At present, the case is under the process of the Supreme Court

2. There are some other legal cases that the Company has been sued and be a defendant with total lawsuit funds of 155 million Baht.

So in total, all lawsuits have total claims of 672 million Baht which the Company has set the provision of 461 million Baht which in the worst case scenario, the maximum damage to the Company will be in total sum of 672 million Baht.

Related-party transactions

1. Related-party transactions

The Company and its subsidiaries had significant business transactions with related-parties which may create potential conflicts of interests as follows : (for more details, please refer to “Notes to the Financial Statement”):

Individual /juristic person	Relationship (as of December 31, 2019)	Nature of transaction	Value (million Baht)			Opinions of The Audit Committee
			2017	2018	2019	
Quality Construction Product Plc. (Q-CON)	<ul style="list-style-type: none"> - Land & Houses Plc. (LH) is a major shareholder of Q-CON holding 21.16% of all shares sold - Mr. Naporn Sunthornchitcharoen serves on the Boards of Directors of both companies. 	<ul style="list-style-type: none"> - LH purchased construction materials from Q-CON. - Goods purchases - Trade accounts payable - Dividend received 	19 3 -	23 6 3	37 7 5	<ul style="list-style-type: none"> - The terms and prices were done as normal business practices and comparable to similar transactions with outsiders. - The dividend received were in proportion to the Company's holding and at the same rate as paid to other shareholders
Home Product Center Plc. (HMPRO)	<ul style="list-style-type: none"> - LH is a major shareholder of HMPRO holding 30.23% of all shares sold - 2 Co-Directors, Mr. Naporn Sunthornchitcharoen and Mr. Achawin Asavabhokin serve on the Boards of Directors of both companies. 	<ul style="list-style-type: none"> - LH and its subsidiaries purchase home-decoration items from HMPRO - Goods purchases - Trade accounts payable - Other accounts payable - Dividend received 	37 - 4 1,113	29 - - 1,312	65 1 8 1,471	<ul style="list-style-type: none"> - The terms and prices were done as normal business practices, comparable to the same transactions with outsiders. - The dividend received were in proportion to the Company's holding and at the same rate as paid to other shareholders
Quality Houses Leasehold Property Fund (QHFP)	<ul style="list-style-type: none"> - The Company is the major shareholder of QH (24.98%). - QH is the major shareholder of QHPF (25.66%). - The Company and QH have 3 common directors who are Mr. Naporn Sunthornchitcharoen, Mr. Adisorn Thananan-narapool and Mr. Achawin Asavabhokin who serve on the boards of both the Company and QH 	<ul style="list-style-type: none"> - LH and its subsidiaries rented office building space from QHPF for using as their head office. - Rentals and service fees - Advance payments - Dividend received 	68 15 25	72 16 26	74 16 27	<ul style="list-style-type: none"> - The rental fees were comparable to the rates which QHPF charged from its other customers. - The dividend received were in proportion to the Company's holding and at the same rate as paid to other shareholders.
Land and Houses Bank Plc. (LH Bank)	<ul style="list-style-type: none"> - Financial Group (LHFG), which owns 99.99% of LH Bank and Land and Houses Fund Management Co., Ltd. (LH Fund) - Quality Houses Plc., an associated company of LH, holds 13.74% of shares in LHFG - Ms. Piangjai Harnpanij, Mr. Anant Asavabhokin's mother, holds 10.43% of shares in LHFG - 1 Co-Directors: Mr. Naporn Sunthornchitcharoen 	<ul style="list-style-type: none"> - Had savings, current, fixed deposits accounts and fixed deposit receipt (FDR) with LH Bank. - Interest Income - Accrued Interest - Dividend received 	2,311 27 1 371	5,191 36 5 301	3,366 53 2 371	<ul style="list-style-type: none"> - Practice and the interest earned was of the same rates as other companies received from it. There was no obligation for the deposits - The dividend received were in proportion to the Company's holding and at the same rate as paid to other shareholders
Land and House Fund Management Co.,Ltd (LH Fund)		<ul style="list-style-type: none"> - Investment in Fund 	500	500	-	<ul style="list-style-type: none"> - Return at the same rate as other investors

Individual /juristic person	Relationship (as of December 31, 2019)	Nature of transaction	Value (million Baht)			Opinions of The Audit Committee
			2017	2018	2019	
Quality Houses Plc. (QH)	<ul style="list-style-type: none"> - LH is a major shareholder in QH, holding 24.98 % of shares in QH. - The Company and QH have 3 common directors serve on the boards of both Companies : Mr. Naporn Sunthornchitcharoen, Mr. Adisorn Thananan-narapool and Mr. Achawin Asavabhokin 	- Dividend received	401	562	562	- The dividend received were in proportion to the Company's holding and at the same rate as paid to other shareholders.
Siam Retail Development Co., Ltd. (SRD) and LH Mall and Hotel Co., Ltd. (LHMH)	<ul style="list-style-type: none"> - Mr. Anant Asavabhokin holds 23.93 % in LH and is also a major shareholder in SRD by directly holds 27% and indirectly holds 13% in SRD. - LHMH is a subsidiary 99.99% held by LH 	<ul style="list-style-type: none"> - LHMH was hired as a consultant to provide the sales and marketing management to SRD for one year from March 1, 2016 - Feb 28, 2017 in the serviced value not exceed 35 million baht and had extended the contract for another 3 years from March 1, 2017 to Feb 29, 2020 with total value not exceed 200 million Baht including a MOU enclosed with the contract, which was effective from June 1, 2019 to Feb 29, 2020 for the additional serviced value from the existing contract to be in total not exceed 60 million baht - LHMH was hired as a consultant to improve the space and manage the sales in the area of stores in the improved area for SRD for 1 Year and 8 months starting from July 1, 2018 to Feb 29, 2020 in the value not exceed 50 million Baht. - Real Estate Management Fees - HR Management Fees - Trade receivable 	47	69	98	<ul style="list-style-type: none"> - The Board of Directors' meeting on February 29, 2016 was of the opinion that the transactions and their terms were normal business practices and the Audit Committee also shared the same opinion - The Board of Directors' meeting on February 28, 2017 was of the opinion that the transactions and their terms were normal business practices and the Audit Committee also shared the same opinion - The Board of Directors' meeting on August 14, 2019 was of the opinion that the transactions and their terms were normal business practices and the Audit Committee also shared the same opinion - The Board of Directors' meeting August 14, 2018 was of the opinion that the transactions and their terms were normal business practices and The Audit Committee also shared the same opinion
Quality House Leasehold Property Fund (QHPF) and LH Mall and Hotel Co., Ltd. (LHMH)	<ul style="list-style-type: none"> - LHMH is a subsidiary 99.99% held by LH - LH is a major shareholder of QH, holding 24.98% - QH is a major shareholder of QHPF, holding 25.66% - LH and QH ave 3 common directors serve on the boards of both Companies : Mr. Naporn Sunthornchitcharoen, Mr. Adisorn Thananan-narapool and Mr. Achawin Asavabhokin 	<ul style="list-style-type: none"> - LHMH was hired to manage the retail space in Life Center for QHPF for 3 years, starting from January 1, 2017 to December 31, 2019 - LHMH was hired to conduct the personnel management for QHPF for 1 year from January 1, 2019 to December 31, 2019 - Property management fee - Human resource management fee - other receivable 	3	4	4	- The conditions and fees were as normal business practice, same as to third party.
Casa Ville Co.,Ltd	<ul style="list-style-type: none"> - LH is a major shareholder of QH, holding 24.98%, which QH holds 99.99% in Casa Ville Co.,Ltd - LH and QH ave 3 common directors serve on the boards of both Companies : Mr. Naporn Sunthornchitcharoen, Mr. Adisorn Thananan-narapool and Mr. Achawin Asavabhokin 	- The Company purchase the land from Casa Ville Co.,Ltd, Land title deeds Number. 8064, parcel number 33, dealing file number 231, total area of 550 square wah, located at Bang Lane Subdistrict, Bang Yai District, Nonthaburi.	-	-	11	- The purchasing price is normal and comparable to the normal salable price in the nearby area.

2. Necessity and Reasonableness of the related party transactions

The related-party transactions were necessary and reasonable to conduct such transactions to maximize the Company's utmost benefits. The Audit Committee was of the opinion that such transactions were in accordance with the nature of normal business practices which was done with other customers, and that the Company received and was paid the compensation at an appropriate market prices

3. Measures or procedures of approving related party transactions

All related-party transaction must be considered and approved by the Board of Directors with the attendance of the Audit Committee, and approved by the shareholders' meetings, as the case may be, The Board of Directors or the person who was authorized by the Board must not approve any transactions which they or other person who may have a conflict of interest or may constitute potential conflicts of interests in any manners with the Company or its subsidiaries. The Company must also perform in compliance with laws on securities and the stock exchange, regulations, notifications, orders and any requirements of the Stock Exchange of Thailand including the compliance with the requirements regarding the disclosure of related-party transaction information including the acquisitions and disposals of assets.

4. Policy or trend of related-party transactions

The Company has set a policy to conduct any existing related-party transactions in the future by setting up various conditions to keep all transactions to be in accordance with the ordinary course of business operations at the market prices which can be compared with those incurred with any outsiders. In any case, the Company will have the Audit Committee, its auditor or independent experts to consider, examine and provide any comments on the appropriateness of the price and the reasonableness of the transaction.

In case that there is a related-party transaction between the Company or its subsidiaries and the parties with potential conflicts of interest or may cause potential conflicts of interest in the future, it will seek the opinions of the Audit Committee on the necessity and appropriateness of the transactions. In a case where the Audit Committee

may not have expertise to consider them, the Company will seek the opinions from independent experts or its auditors. The opinions will subsequently be used in the process of decision making by the Board of Directors or shareholders, whichever the case may be. The Company also discloses such transactions in the notes to the financial statements, except for the following transactions which the Management has the mandate to approve:

4.1 Normal business transactions or those transactions which support normal business transactions with general commercial conditions in the same manner that a reasonable person would do with general contracting parties under the same circumstance, with trade bargaining power in absent of the influence of his status as a director, executive or related party.

4.2 Transactions conducted under an employee's rights project of which the rights are made available to all employees who work with the Company in general, without any discrimination or provide to any specific person.

5. Reasons why parties with potential conflicts of interests hold more than 10% of shares in subsidiaries or associated companies

LH Financial Group Plc. (LHFG)

As of December 31, 2019, the shareholders of LHFG, which holds 100% of shares in Land and Houses Bank Plc. were:

1. Land and Houses Plc. holds 21.88 %
 2. Quality Houses Plc. holds 13.74%
 3. Ms. Piangjai Harnpanij holds 10.43%
 4. CTBC Bank holds 35.62%
- Other retail shareholders hold together of 18.33%

Under the above mentioned shareholding structure, Ms. Piangjai Harnpanij is a person with potential conflicts of interest with LH and QH, as she is related to Mr. Anant Asavabhokhin by consanguinity. A group led by Mr. Anant is the majority shareholder of LH, with 30.73% (as of August 29, 2019)

The indirect holding of Ms. Piangjai Harnpanij which is more than 10% in LH Bank, which is an associated company of LH and QH (which indirectly held shares in LH Bank of 13.74 %) thus the structure of holding is not comply with status of a listed company on the Stock Exchange of Thailand B.E. 2544 (2001). Item 6 of the notification provides: "A listed company and its subsidiaries must not

have conflicts of interest as defined by the criteria under the notifications of the Securities and Exchange Commission of Thailand". The reason, necessity and background of such a shareholding structure dated back to when LHFG filed a request to set up a commercial bank under the LH Bank name dated January 23, 2004. Item 4.6 on the qualifications of an eligible applicant stipulates: "An entity which has the right to submit the application must not have any other person become a new majority shareholder from the date the Minister signed this announcement to the date the license to operate a bank is granted or the date it is notified that its application has been turned down, whichever is applicable". The majority shareholder in this case means a person with controlling power who holds 20% or more of all shares. Holding more than 5% in a commercial bank requires an approval from the Bank of Thailand and the Ministry of Finance, and Ms. Piangjai was granted the approval. As of April 29, 2014, Ms Piangjai indirectly held a 16.20% stake in LH Bank

On the shareholding structure which may constitute a conflict of interest, the Stock Exchange of Thailand decided that the structure was part of the condition in setting up LH Bank, which had already been approved by the Ministry of Finance. The stake held by Ms. Piangjai will be reduced under the public offering plans and obligations with the Bank of Thailand and Ministry of Finance. Furthermore, by nature of LH Bank's core business, which does not compete with that of the Company or allows for a transfer of benefits at a disadvantage of the minority shareholders of LH and QH. As a result, the Stock Exchange of Thailand was of the opinion that such a shareholding structure should not disqualify LH and QH on the basis of conflicts of interest (as shown in the letter issued by the Stock Exchange of Thailand No. 462/2548 on the subject "Response to the enquiry on the maintaining of the status of a listed company'" dated May 9, 2005)

In addition, other guidelines to eliminate potential conflicts of interest were adopted as follows:

(a) LH Bank, which operates a commercial banking business, by nature does not compete with LH and QH, whose core businesses involve property development.

(b) Ms. Piangjai must reduce her indirect holding in the retail commercial bank to be less than 5% within the relaxation timeframe set forth by the Bank of Thailand and the Ministry of Finance.

(c) Ms. Piangjai is not a director or executive of LH Bank.

(d) LH Bank has 4 independent directors and audit directors to consider issues which may constitute conflicts of interest. Besides, as listed companies on the Stock Exchange of Thailand, LH and QH are required to have independent and audit directors to consider issues with potential conflicts of interests

On July 27, 2017, CTBC Bank Company Limited, a Taiwanese Bank has purchased shares in LHFG of 7,545 million shares at the price of 2.2 Baht each, which made total sum of 16,599 million baht or 35.62% of the issued and paid up share capital, thus the Company's shareholding in LHFG diluted to 21.88% of the issued and paid-up share capital and thus diluted the shareholding of Ms, Piangchai to be now only 10.43%

Accountability report of the Board of Directors for Financial Reporting

The Board of Directors is responsible for the consolidated financial statement of Land and Houses Plc. and its subsidiaries, as well as the financial information in the Annual Report. These financial statements were prepared based on Thai Financial Reporting Standards. An appropriate accounting policy was adopted and adhered to consistently. Discretion was applied cautiously and reasonable projections were made. Adequate disclosures of significant information were also made in the Notes to the Financial Statement for the benefits of shareholders and investors. The financial statement had been audited by independent auditors, who issued an unqualified opinion. The Company's auditor has reviewed and audited the financial statements and expressed an unqualified opinion in the auditor's report.

The Board of Directors, with the duties of overseeing and improving corporate governance and morality, has set up and maintained an appropriate and effective risk management system and internal control system so it can be reasonably confident the Company's accounting information is accurate, comprehensive and adequate to maintain assets and prevent corruption or significant

irregularities. The Board of Directors also set up the Audit Committee comprising 3 independent directors to supervise and review the quality of financial reporting, and to assess internal control and internal audit. The Audit Committee also considers disclosing connected transactions. Its opinions on these matters are expressed in the Audit Committee report in the Annual Report.

The Board of Directors is of the opinion that the internal control system of the Company is adequate and appropriate, which should inspire reasonable confidence that the consolidated financial statement of the Company and its subsidiaries and that the separate financial statement of the Company for the year ending December 31, 2019 gives fair view in accordance with Thai Financial Reporting Standards.

Yours sincerely



(MR. Naporn Sunthornchitcharoen)
Chairman of the Executive Board

Report of the Audit Committee

Dear Shareholders

The Audit Committee which consists of independent directors with expertise and experience in law, accounting, finance and management and none of them are the executives or employees of the Company.

In 2019, the Audit Committee held 6 meetings :

Name	Position	Attendance / Total number of meetings
Mr. Pakhawat Kovithvathanaphong	Chairman of the Audit Committee	5 / 6
Mr. Piphob Veraphong	Member of the Audit Committee	6 / 6
Mr. Bandit Pitaksit	Member of the Audit Committee	6 / 6

The Audit Committee performed its duties which were assigned by the Board of Directors and followed the Articles of Association of the Company on criteria and guidelines of the Audit Committee according to the guidelines of the Stock Exchange of Thailand , by focusing on the compliance with good corporate governance and a good internal audit system. To optimize its efficiencies, the Audit Committee has invited the external Auditor, the Senior vice presidents of the Accounting Department and executives from other departments to join the meetings and to discuss in several issues that may be concerned. The fifth meeting was held exclusively with the external auditors only without any attendance of the management or executives from any department of the Company. The purpose was to allow the Audit Committee to realize and learn about their work environment, to exchange their views and acknowledged their significant notices and recommendations and to update the financial and accounting standards, which the Audit Committee will present to the Board of Directors to acknowledge or review in the major recommendations raised from the external auditors.

The major activities of the Audit Committee were as follows:

1. Review the credibility of the Company's quarterly and annual financial statements for the benefits of all investors or financial statements users.

The Audit Committee was of the opinion that the Company's financial reporting was accurate, reliable and in line with generally accepted accounting principles in same standard as of all the previous years.

2. Review and continuously follow up on the internal control and internal audit systems in cooperation with Company's auditors and the Internal Audit Department to regularly report their concerns to the Committee to ensure that sufficient management actions have be arranged promptly to cope with the constantly changing situations.

The Audit Committee did not find any significant internal control flaws which the Company's auditors and Internal Audit Department shared the same view. The Committee had also approved the internal audit plan for the year 2020 of the Internal Audit Department.

3. Review and constantly follow up on important legal disputes of the Company and propose the Company to adhere to regulations regarding securities and other stipulations of the Stock Exchange of Thailand and other related acts or laws which related to the Company's business.

The Audit Committee did not find any incidents which could lead to significant violations of government rules and regulations or related laws.

4. Review any related parties transactions and consistently monitor the transactions which may be classified as related-party transactions or such transactions prone to potential conflicts of interest to ensure that the Company has complied with the regulations and has disclosed accurate and complete information which the interests of all stakeholders had been taken into consideration.

The Audit Committee found that the Company has complied with the related rules and regulations which means that the Company has treated the connect transactions in normal practice as those conducted with other third parties.

5. Selection of the external auditors based on their independence, reputation, past performances, as well as the prompt auditing fee. For the year 2019, the Audit Committee proposed the appointment of the external auditors from EY Office Limited to the Board of Directors and received the approval from the Shareholders' meeting at the 2019 annual general shareholders' meeting.

6. Emphasize the Company to have good corporate governance consistently based on the principles of the Stock Exchange of Thailand and the Securities and Exchange Commission to set the Company's working standards to be above the normal standards. The Committee also proposed the Company to focus on sustainable business development while at the same time to conduct its business with corporate social responsibility including providing suggestion to the Company to level up its anti-corruption policy to show their intention and determination in all forms of anti-corruption.

7. The Audit Committee has been informed the guidelines of risk management and the progress of the Company's sustainable development plan from the Risk Management and Sustainable Development Committee and acknowledged that the Company has an appropriate monitoring procedure to use as a risk management tool including the proper guidelines to manage the risks, both in short and long term, consistently.

8. The Audit Committee has performed its duties independently throughout the period of work and has also conducted a self-assessment at the end of the year to review the comprehensiveness and accuracy according to the scope defined in the Audit Committee Charter.

The Audit Committee has applied their knowledge and skills, and adequate carefulness for the best interests of all stakeholders equitably. The Committee provided consensual opinion that the Company recognizes the importance of interests of shareholders and all relevant parties and has capability to perform its operation in line with established good corporate governance principles. Lastly, the Audit Committee would like to inform that the Committee had found no significant flaws.

Yours sincerely



(Mr. Pakhawat Kovithvathanaphong)
Chairman of the Audit Committee
February 27, 2020

Management Analysis and Explanations

(a) Overall picture of past performances

Operating results

During the year 2017, 2018 and 2019, the Company recorded its total revenue at 31,724.30, 30,513.63 and 25,151.36 million Baht consecutively as a consequence of the economic slowdown due to the domestic political situation and the trade war between China and UNITED STATES, resulting in the decrease in sales of 1,210.66 and 5,362.28 million Baht in the year 2018 and 2019 respectively.

In 2018, decision making to purchase in residential housing was slow down due to the rigid credit limit measures from the public sector, as a result the decision to purchase the residential in the second half of 2018 has decelerated which cause the Company's revenue to decrease when comparing to the same period of the prior year. Revenue has declined from 31,724.30 million Baht in 2017 to 30,513.63 million Baht in 2018, a decrease of 1,210.67 million Baht or 3.82% decrease and continuously declined to 25,151.36 million Baht in 2019 or a decrease of 5,362.28 million Baht or 17.57%.

	2017	2018	2019
Gross Profit	12,006.73	12,011.51	9,701.89
Gross Profit Margin	34.38%	35.07%	32.28%

The Gross profit in 2019 decreased by 2,309.62 million Baht as a result of the decrease in sale, and the gross profit margin also decrease from 35.07% to 32.28% from the slowdown in economic.

Past performance of each business group.

More than 80% of the consolidated revenue of the Company and its subsidiaries came from the real estate business. In 2017, 2018 and 2019, the Company and its subsidiaries earned revenue from real estate business at the proportion of 81.79%, 83.72% and 75.51% of total revenue consecutively. The next below revenue came from rental and services income which was 8.24%, 10.24% and 14.73% of total revenue respectively.

In 2017, on tops of the revenue from the real estate and rental income, the Company also earned the profit gains from the sale of leasehold rights in The Grande Centre point Ratchadamri to LH Hotel Leasehold Real Estate Investment Trust of 2,080 million Baht or approximately 5.36% of total revenue. In addition, the change in shareholders' equity of the Company from the acquisition of newly issued ordinary shares in LH Financial Group Plc. (LHBANK) from the purchase of capital increase by CTBC Bank of 35.36% of paid up capital after the increase of shares of LH BANK at the price of 2.20 baht per share was recorded as gain on change in shareholders' equity

of an associate of 1,135 million Baht or 2.93% of total revenue.

In 2018, the Company also booked the profit from sale of apartment for rent in United States at the price of USD 140 million with the profit of USD 41 million equivalent to profit of 1,335.49 million Baht or 3.66% of total Revenue.

In 2019., the Company recorded the profit from the sale of the Grande Centre point Sukhumvit 55 at the price of 4,155 million Baht with profit of 2,418.31 million Baht or 7.26% of total Revenue.

Revenue from Sale :

comprises of sales of detached houses, townhouses and condominiums which were recognized as revenue when the Company had completely transferred the significant ownership to their customers. Most revenue from sales in 2017, 2018 and 2019 came from detached houses, at 59.5%, 68.7% and 75.8% consecutively. Though the Company and its subsidiaries have the policy to emphasize on building detached houses for sale, at the same time they have also expanded their target customer group by developing other types of products for sale such as townhouses and condominiums to meet their customers' requirements. However, as the demand of the condominiums was fluctuate during the economic situation and also from competition so the Company had to consider to launch the new project to properly fit with the situation.

Sale revenue in 2017, 2018 and 2019 were as follows:

In 2017, sale revenue was 31,724.30 million Baht, an increase of 4,351.92 million Baht from 2016 or growth at 15.9%, a consequently improved from the gain in confidence and also the continuous increase in purchasing power from the previous year.

In 2018, the sale revenue was 30,513.64 million Baht, a decrease of 1,210.67 million Baht or down 3.8% from 2017, from the decrease in both confidence and purchasing power.

In 2019, sale revenue equaled to 25,151.36 million Baht, a decrease of 5,362.28 million Baht or a decrease at 17.57% from 2018 owing to the economic slowdown due to the trade war between China and United States.

Rental and Services Income

The rental and services income in proportion to total revenue has increased consecutively during 2017-2019 as follows :

(unit : million Baht)

	2017	2018	2019
Rental Income	3,197.31	3,733.32	4,906.52
Percentage of total Revenue	8.24	10.24	14.73
Increase from prior year (million Baht)	661.18	536.31	1,173.20
Percentage increase (%)	26.07	16.77	31.43
% Gross margin	23.66	24.03	31.49

The rental and services income increased consecutively as a result from the Company's increase their investment in the leasehold and investment properties.

In 2017, the rental income was 3,197.31 million Baht which was 8.24% of total revenue, an increase of 661.18 million Baht from 2016, or a 26.07% increase from 2016.

In 2018, the rental income was 3,733.32 million Baht or 10.24% of total Revenue, an increase of 536.31 million Baht from 2017, or a 16.76% increase from 2017.

In 2019, the rental income was 4,906.52 million Baht or 14.73% of total Revenue, an increase of 1,173.20 million Baht from 2018, or a 31.43% increase from the previous year.

Share of profit from investments in associated companies:

In 2017, the share of profit from investments in associated companies was recorded at 3,136.91 million Baht, an increase of 173.38 million Baht, or a growth of 5.85% from 2016.

In 2018, the Company booked the share of profit from investments in associated companies at 3,404.49 million Baht, an increase of 267.58 million Baht or a growth of 8.53%.

In 2019, the share of profit from the investment in the associated companies was 3,382.51 million Baht, a slightly decrease of 21.98 million Baht from the previous year.

Share of profit from investments in associated companies (2017-2019)

unit: million Baht

Name of Company	2017	2018	2019
LH Financial Group Plc.	737.24	680.04	703.32
Quality Construction Products Plc.	1.16	12.12	38.02
Home Product Center Plc.	1,477.26	1,696.82	1,867.48
Land and Houses Property and Loan Fund II	56.53	66.28	56.81
Quality House Plc.	864.72	949.23	716.88
Total	3,136.91	3,404.49	3,382.51
Increase / (decrease) from prior year	173.38	267.58	(21.98)
% increase / (decrease) from prior year	5.85	8.53	(0.65)

Other Incomes: Other incomes consists of profits from the disposal of investments, reversals of investment impairment, reversals of losses from project impairment, interest income, utility services incomes, dividends income and other incomes.

In 2017, other incomes was accounted for 3,864.17 million Baht, from profit from sale of assets of 2,080 million Baht, income from utility services of 278.61 million Baht, dividend earned 152.74 million Baht, and gain from the accounting record of the net result from the change in the shareholders' equity of 1,135.22 million Baht of the Company's shareholding in LH Financial Group (LHFG), interest income and other incomes of 217.82 million Baht

In 2018, other income was recorded at 2,200.18 million Baht, a decrease by 1,663.99 million Baht or 43.06% decrease from the previous year. Other income this year comprised

of the gain on sale of asset of 1,335.49 million Baht (which was from the sale of the apartment for rent in the United States at the value USD 140 million with the profit gain approximately USD 41 million), income from utility services of 327.27 million Baht, dividend income of 227.89 million Baht, profit from sale of project 115.73 million Baht and interest and other incomes of 193.80 million Baht.

In 2019, other income was 3,249.47 million Baht, an increase from the previous year of 1,049.29 million Baht or 47.69% growth from the previous year. It comprises of gain from sale of real estate of 2,418.32 million Baht (from the sale of the Grande Centre Point Sukhumvit 55 to the LH Hotel Leasehold real estate Investment trust at the price of 4,155 million Baht), income from utility services 349.50 million Baht, Dividend income 230.50 million Baht, Interest income and other income in total of 251.16 million Baht.

Gross profit margin:

In 2017, the gross profit margin was at 34.38%, with the gross profit margin from the revenue from sale of Company's products at 35.46% and the gross profit margin of rental and services income at 23.66%.

In 2018, the gross profit margin was quite stable at 35.07% with the profit margin of the revenue from sale of Company's products at 36.42% and the gross profit margin of rental and services income at 24.03%.

In 2019, the gross profit margin was at 32.28% with the profit margin of the revenue from sale of Company's products at 32.43% and the gross profit margin of rental and services income at 31.49%.

Administrative expenses:

Administrative expenses in 2017 was total 2,802.28 million Baht, representing 7.23% of total revenue, an increase of 743.35 million Baht from the previous year or 46.10% increase, from the prevunder legal disputes in amount of 735.63 million Baht.

In 2018, the administrative expenses was 2,681.09 million Baht, less the reversal of provision for legal cases of 273.22 million Baht, so net administrative expenses was only at 2,407.86 million Baht or 6.61% of total revenue. Comparatively to last year, the expenses decreased by 394.42 million Baht or 14.07% from the reversal of provision for liabilities from legal cases which previously set aside last year.

In 2019, the administrative expenses was 2,367.72 million Baht, less the reversal of the provision for legal cases of 352.70 million Baht, hence the net administrative expenses was at 2,015.02 million Baht or 6.05% of total revenue. Comparatively to last year, the administrative expenses decreased by 392.84 million Baht or a decrease of 16.31% from the decrease in provision for legal cases of 195 million Baht and the decrease in the salaries and compensation of 123 million Baht.

Selling expenses:

Selling expenses, excluding special business taxes & transfer fees,

In 2017, the selling expenses is 987.45 million Baht or 2.55% of total revenue which was higher than the previous year of 67.32 million Baht or an increase of 7.32%

For the year 2018, selling expenses was totaled 1,095.55 million Baht or 3.01% of total revenues. The selling expenses was increase from last year 108.10 million Baht or an increase of 10.95%.

For the year 2019, selling expenses was 728.32 million Baht or 2.19% of total revenue. The expense significantly decrease from the previous year of 367.23 million Baht or 33.52% decrease which is due to the implementation of TFRS 15 so the Company can bring the promotion expenses which has prior recorded in the selling expenses of 378 million

Baht to be recorded as net offsetting with the revenue from sale instead.

Special business taxes and transfer fees:

In 2017, the special business taxes and transfer fees were 1,221.25 million Baht which was 3.15% of total revenue, a growth of 229.76 million Baht or 23.17% from year 2016, which was in line with the increase in Company's sales

In 2018, the special business taxes and transfer fees were 1,166.60 million Baht or 3.20% of total revenue, a decrease from 2017 of 54.65 million Baht or a 4.47% decrease according to the decrease in sales in 2018.

In 2019, the special business taxes and transfer fees were 974.71 million Baht or 2.93% of the total revenue, a decrease from 2017 of 191.89 million Baht or a 16.45% decrease compare to the previous year, in line with the decrease in sales in 2019

Earnings before interest and corporate income tax:

In 2017, Earnings before interest and corporate income tax was 10,548.05 million Baht, an increase of 2,438.89 million Baht or 30.08% significant growth when compared to year 2016 respectively.

For the year 2018, the Company's earnings before interest and corporate income tax was 9,537.98 million Baht, a decrease of 1,010.07 million Baht or 9.58% decrease from 2017.

For the year 2019, the Company's earnings before interest and corporate income tax was 9,219.41 million Baht, a decrease of 318.57 million Baht or 3.34% decrease from 2018.

Earnings before corporate income tax:

Earnings before corporate income tax in 2017, was 13,043.71 million Baht, an increase of 2,344.18 million Baht or 21.91% growth from year 2016 respectively

For the year 2018, the Company's Earnings before corporate income tax was 12,211.89 million Baht, a decrease of 831.32 million Baht or 6.38% decrease when compared to 2017.

For the year 2019, the Company's Earnings before corporate income tax was 11,766.48 million Baht, a decrease of 445.41 million Baht or 3.65% decrease when compared to 2018.

Net profit:

Net profit of the Company and its subsidiaries in 2017 was 10,463.22 million Baht, an increase of 1,845.25 million Baht or a growth of 21.41% from 2016.

For the year 2018, net profit of the Company and its subsidiaries in total was 10,475.43 million Baht, a slightly increase of 12.21 million Baht or 0.12% growth from 2017

In 2019, the Company's net profit was 10,024.90 million Baht, a decrease of 450.53 million Baht, a decrease of 4.30% from 2018.

Based on the above mentioned operating results when considered at the profitability ratio of the Company,

in 2017, 2018 and 2019, the Company's gross profit margin stood at 34.38%, 35.07% and 32.43% respectively while the net profit margin during the same time was 26.98%, 28.74% and 30.10% consecutively.

Earnings per share:

The number of shares of the Company in 2017, 2018 and 2019 remained constant at the same amount of

11,950 million shares, thus basic earnings per share were calculated to be at 0.88, 0.88 and 0.84 Baht per share respectively.

Dividends payable:

Based on the operating results, the Company considered its dividends payment for its performances in 2016, 2017, 2018 and 2019 as follows:

	Dividend Rate (%)	Dividend Payments (million Baht)	Payment date
Dividends for 2016 operations	89.23	4,123 3,575	September 9, 2016 May 24, 2017
Dividends for 2017 operations	85.65	4,780 4,182	September 6, 2017 May 22, 2018
Dividends for 2018 operations	85.53	4,780 4,182	September 11, 2018 May 21, 2019
Dividends for 2019 operations	83.44	3,585 4,780	September 11, 2019 May 22, 2020

Dividend payment for 2017 operations: The Board of Directors approved on August 11, 2017 on the payment of an interim dividend for the first six months operations of 2017 at the rate of 0.40 Baht per share (at one-Baht par), totaling 4,780 million Baht which was paid on September 6, 2017. And on February 28, 2018, the Board then also asked for approval of the total dividend for the year 2017 operations at the rate of 0.75 Baht (at one-Baht par) to be approved at the shareholders' meeting, leaving the outstanding dividend to be paid at the rate of 0.35 Baht per share or in total sum 4,182 million Baht, paid on May 22, 2018. Thus total dividends paid for the year 2017 operations were at the rate of 85.65% of net earnings.

For the dividend payment for the year 2018, the Board of Directors approved on August 14, 2018 on the payment of an interim dividend for the first six months operations of 2018 at the rate of 0.40 Baht per share (at one-Baht par), totaling 4,780 million Baht which was paid on September 11, 2018. On February 27, 2019, the Board of Directors also asked the approve for the total dividend for the 2018 operations at the rate of 0.75 Baht (at one-Baht par) to be approved at the shareholders' meeting, leaving the outstanding dividend to be paid at the rate of 0.35 Baht per share or in total sum 4,182 million Baht, to be paid on May 21, 2019. Thus total dividends paid for the year 2018 operations were at the rate of 85.53% of net earnings.

For the dividend payment for the year 2019, the Board of Directors approved on August 14, 2019 on the payment of an interim dividend for the first six months operations of 2019 at the rate of 0.30 Baht per share (at one-Baht par), totaling 3,585 million Baht which was paid on September 11, 2019. And on February 27, 2020, the Board of Directors also asked the approve for the total dividend for the 2019

operations at the rate of 0.70 Baht (at one-Baht par) to be approved at the shareholders' meeting, leaving the outstanding dividend to be paid at the rate of 0.40 Baht per share or in total sum 4,780 million Baht, to be paid on May 22, 2020. Thus total dividends paid for the year 2019 operations were at the rate of 83.44% of net earnings.

(b) Financial Position

Assets

Total assets of the Company and its subsidiaries at the end of 2017, 2018 and 2019 were recorded at, 109,491.50, 111,480.89 and 113,139.05 million Baht consecutively. Since the Company operates the business of developing real estate by building pre-built houses and keeps launching new projects regularly, so its core assets are in form of inventories which comprise of land and projects under development. In addition, the assets next in importance are investments in subsidiaries and associated companies and investment properties. Details of the Company's assets are as follows

Inventories: At the end of 2017, 2018 and 2019, the Company held an inventories valued at 48,197.92 million Baht, 48,243.27 million Baht and 53,373.60 million Baht, respectively, which representing 44.02%, 43.27% and 47.18% of its total assets. The Company had separately showed the accounts of Land held for development of its own and its subsidiaries, including its related expenses, totaling 2,508.21, 1,337.20 and 1,337.20 million Baht at the end of 2017, 2018 and 2019 respectively. The amounts were booked as land held for development and shown under Company's non-current assets, and will record as inventories when the development was commenced.

Trade receivables As at the end of 2017, 2018 and 2019, the Company's trade and other receivables amounted to 162.55 million, 228.57 million and 223.84 million Baht respectively. Trade receivables were transactions under the leasing business.

Investment in associated companies The details of these items were as follows:

Investments in associated companies under the equity method as of December 31, 2017 - 2019

unit: million Baht

Name of Company	2017	2018	2019
LH Financial Group Plc.	8,444.89	8,697.40	9,015.46
Quality Construction Products Plc.	379.42	391.70	423.71
Home Product Center Plc.	6,252.42	6,639.18	7,009.22
Land & Houses Property and Loan Fund II	442.19	419.34	383.30
Quality House Plc.	7,058.91	7,425.35	7,573.69
Total	22,577.83	23,572.97	24,405.38
Percentage of total assets	20.62	21.15	21.57

Long term investments: Long-term investments at the end of 2017, 2018 and 2019 were valued at 7,156.48, 5,707.52 and 6,036.84 million Baht which accounting for 6.54%, 5.12% and 5.34% of total assets, respectively.

In 2017, the Company had long-term investments of 7,156.48 million Baht, an increase of 1,644.41 million Baht from the previous year as a result of the increase in additional investment in Unit trust - Domestic of 559.60 million Baht and Changes in fair value of securities which increased 1,084.80 million Baht in 2017.

In 2018, the Company's long-term investments was booked at 5,707.52 million Baht, a decrease of 1,448.96 million Baht from the previous year as a result of the increase in additional investment in Unit trust - Domestic of 307.78 million Baht while the changes in fair value of securities had decreased 1,756.74 million Baht, mostly from the decrease in value of shares of Vistamall Inc., in Philippines.

In 2019, the Company's long term investments was 6,036.84 million Baht, an increase from the previous year of 329.32 million Baht from the increase in value of investment from 2018.

Land held for development: As of the end of 2017, 2018 and 2019, land held for development was valued at

2,508.21 million Baht, 1,337.20 million Baht and 1,337.20 million Baht representing 2.29%, 1.20% and 1.18% of total assets respectively.

At the end of 2017, Land held for development was totaled 2,508.21 million Baht after an impairment allowance of 720.13 million Baht. During the year 2017, the Company had transferred land held for development of total 691 million Baht to the inventories account.

At the end of 2018, Land held for development was totaled 1,337.20 million Baht after an impairment allowance of 720.13 million Baht. During the year 2018, the Company had transferred land held for development of total 1,171 million Baht to the inventories account.

At the end of 2019, Land held for development was totaled 1,337.20 million Baht after an impairment allowance of 720.13 million Baht which equaled to amount in 2018.

During the year 2018, the Company has engaged the independent appraisal valuer to appraise the fair value of some certain plots of land held for development of the Company and its subsidiaries by using the Market Comparison Approach as the basis of determining the valuation of assets. The fair values of land held for development appraised by the independent appraiser exceeded their net carrying book value

Unit : million Baht

As at December 31,	2017	2018	2019
Net book value of mortgaged land held for development to secure loans	1,860	689	689

Investment Properties

In 2017, 2018 and 2019, the Company had Investment Properties of 17,397.42 million, 14,406.73 million Baht and 13,264.21 million Baht consecutively.

In 2017, LH USA had acquired another apartment in California at the value of USD 118.9 million (approximately Baht 3,950 million) and in May 2018, it had sold the apartment

for rent in California USA at the price of USD 140 million and earned a profit of USD 41 million, and had recognized this transaction as revenue for the current year in the amount of 1,335.49 million Baht.

In 2019, there is no transaction regarding the acquisition or sale of investment properties in United States

The fair value of the investment properties as at 31 December 2017, 2018 and 2019 were stated below

(Unit: million Baht)

	2017	2018	2019
Fair Value	18,058	14,508	13,482

- In the year 2017, 2018 and 2019 the rental income and direct operating expense arising from its apartment for rent of LH USA which are recorded in profit or loss as detailed below :

(Unit :million Baht)

	2017	2018	2019
Rental Revenue	672	715	645
Direct Operating Expenses	600	647	575

Property, plant and equipment - Net during the past 3 years are as follows

(Unit: million Baht)

	2017	2018	2019
Net Value	568.95	863.09	687.75
Increase (decrease)	(5.14)	294.14	175.34

Leasehold rights

In 2017, 2018 and 2019, the Company and its subsidiaries had leasehold rights worth 3,665.53 million Baht, 6,652,60 million Baht and 5,729.78 million Baht respectively. The details are as follows:

(Unit : million Baht)

	2017	2018	2019
Grande Centre Point Hotel Ratchadamri	-	-	-
Grande Centre Point Hotel Sukhumvit 55	1,584.53	1,530.38	-
Grande Centre Point Hotel and Terminal 21 Shopping Center Pattaya	2,014.91	4,436.41	4,246.38
Terminal 21, Rama 3 Shopping Center	42.00	445.17	869.53
Vacant land	24.09	240.64	613.87
Total	3,665.53	6,652.60	5,729.78

In 2017, the Company has entered into an agreement to transfer the leasehold rights and an agreement to sell movable assets of Grande Centre Point Hotel Ratchadamri Project to LH Hotel Leasehold Real Estate Investment Trust ("LHHOTEL") at a total price of 3,749 million Baht and recorded gains on such transactions totaling 2,080 million Baht. The Company also pledged its land leasehold rights with construction thereon of Grande Centre Point Hotel Sukhumvit 55 and Grande Centre Point Hotel Pattaya and Terminal 21 Shopping Center, Pattaya project as collateral for bank overdrafts and long-term loan.

In 2018, the Company has provided letter of comfort to the lenders of LH Hotel Leasehold Real Estate Investment Trust ("LHHOTEL") relating to maintain the percentage of unit holding in LHHOTEL by LH Mall & Hotel Company Limited and maintain the period of the sublease of the Grande Centre Point Hotel Ratchadamri and the Terminal 21 shopping mall by L&H Hotel Management Company Limited.

In 2019, the Company has sold the Grande Centre Point Sukhumvit 55 to the LH Hotel Leasehold real estate Investment trust at the price of 4,155 million Baht

Asset Quality

(1) Inventories

Inventories in the past three years had movement as follows:

(Unit : million Baht)

	2017	2018	2019
Net inventories	48,197.92	48,243.27	53,373.60
Increase (decrease)	(727.80)	45.35	5,130.33
% of total assets	44.02	43.27	47.18

Inventories of the Company during 2017-2019 were accounted for 43-47% of total Assets

(2) Long-term Investment as of 31 December 2019

(unit: million Baht)

	Securities available for sale	General Investment	Total
Equity Securities	4,749.98	204.41	4,954.39
Add : Allowances for revaluation	1,192.95	-	1,192.95
Less : Allowances for impairment	-	(110.50)	(110.50)
Total	5,942.93	93.91	6,036.84

Liquidity

For the cash from operation, the Company is very cautious in its spending in order to maintain its liquidity by carefully investing in housing projects, such as land acquisition and additional construction of projects to meet with its business environment including the repayment of its liabilities. The Company has a policy of managing its cash and cash equivalents to match with its operating environment

(unit: million Baht)

	2017	2018	2019
Cash flow from (used in) operating activities	7,409.07	8,652.33	1,203.72
Cash flow from (used in) investing activities	(340.38)	2,082.87	5,869.83
Cash flow from (used in) financing activities	(4,828.29)	(8,582.61)	(9,752.09)

For the year 2017, The Company's cash and cash equivalents increased by 2,182.44 million Baht from the increase of cash flow from operating activities 7,409.07 million Baht, a decrease in investing activities 340.38 million Baht and a spending on financing activities 4,828.29 million Baht including the Exchange differences on translation of financial statements in foreign currency which was a deficit of 57.96 million Baht.

For the year 2018, cash and cash equivalents increased by 2,348.79 million Baht from the increase of cash flow from operating activities 8,652.33 million Baht, an increase in investing activities 2,082.87 million Baht and a spending on financing activities 8,582.61 million Baht including the Exchange differences on translation of financial statements in foreign currency which was a surplus of 196.20 million Baht.

For the year 2019, cash and cash equivalents decreased by 2,577.77 million from the increase of cash flow from operating activities 1,203.72 million Baht, an increase in investing activities 5,869.83 million Baht and spending on financing activities 9,752.09 million Baht including the Exchange differences on translation of financial

statements in foreign currency which was a surplus of 100.77 million Baht

Cash flow from operating activities

In 2017, cash flow from operating activities was a surplus of 7,409.07 million Baht, mainly came from earnings before income tax expenses 13,043.71 million Baht, less the portion of profit on sales of leaseholds of 2,080.09 million Baht and non-operating profit from change in shareholders' equity of an associate of 1,135.22 million Baht. A corporate income tax of 1,755.25 million Baht was also paid.

For the year 2018, cash flow from operating activities was a surplus of 8,652.33 million Baht, mainly came from earnings before income tax expenses 12,211.89 million Baht, less the non-operating profits; the share of profit from investments in associates of 3,404.49 million Baht and gain on sales of investment property of 1,335.49 million Baht. Also the surplus was underpinned by the decrease of inventories of 1,333.08 million Baht, from depreciation and provision of liabilities in total of 1,119.5 million Baht and non-operating interest expenses of 693.5 million Baht.

A corporate income tax of 1,709.17 million Baht was also paid.

For the year 2019, cash flow from operating activities was a surplus of 1,203.72 million Baht, mainly came from earnings before income tax expenses 11,766.49 million Baht, less the non-operating profit ; share of profit from investments in associates of 3,382.51 million Baht and gain on sales of investment property of 2,418.31 million Baht. The cash flow was decrease from the increase in inventories of 4,572.47 million Baht, increase from depreciation 739.11 million Baht and increase from non-operating interest expenses of 819.69 million Baht. A corporate income tax of 1,464.00 million Baht was also paid.

Cash flow from investing activities

Cash flow from investing activities in 2017 was a deficit of 340.36 million Baht, mainly from the sale in investment properties and leasehold rights of 3,749.30 million Baht, dividends from associated companies 1,967.13 million Baht, while the Company had invested in investment properties of 4,420.14 million Baht, investment in leasehold rights and other assets of 1,395.28 million Baht and other long-term investments of 559.59 million Baht.

Cash flow from investing activities in 2018 was a surplus of 2,082.87 million Baht, mainly from the sale in investment properties of 4,436.79 million Baht, dividends from associated companies 2,266.92 million Baht, and decrease from the investment in leasehold rights Grande Centre Point and Terminal 21 Shopping Mall Pattaya of 3,799.51 million Baht and investment property of 581.37 million Baht.

Cash flow from investing activities in 2019 was a surplus of 5,869.83 million Baht, mainly from the sale of assets, The Grande Centre Point Sukhumvit 55 of 4,155.00 million Baht, dividends from associated companies of 2,501.73 million Baht, and dividends from other companies of 230.50 million Baht, while decrease from the additional investment in leasehold rights of 951.58 million Baht

Cash flow from financing activities

Cash flow from financing activities in 2017 was minus 4,828.29 million Baht, mainly from the dividend payments of 8,326.13 million Baht, and for the debenture repayment (including interest) of 9,329.16 million Baht. Main source of funds was cash received of 13,000 million Baht from issuance of debenture.

Cash flow from financing activities in 2018 was minus 8,582.61 million Baht, mainly from the dividend payments of 8,961.19 million Baht, and for the debenture repayment of 13,000 million Baht, and long-term loan repayment of 6,078.38 million Baht and interest paid of 1,314.11 million Baht . The Company also received cash from the issuance of debentures of 12,200 million Baht and drawdown loans from financial institutions of 7,966.99 million Baht .

Cash flow from financing activities in 2019 was minus 9,752.09 million Baht, mainly from the dividend payments of 7,766.42 million Baht, and for repayment of the debenture

of 14,250 million Baht and short term loans of 139 million Baht including interest payment of 1,350.14 million Baht. The Company received cash from the issuance of debentures of 13,000 million Baht and cash received from loans from financial institutions of 855 million Baht.

Significant Liquidity Ratio

Liquidity ratio in 2017, 2018 and 2019 was 2.32, 2.55 and 2.65 times respectively, while the quick ratio was 0.23, 0.36 and 0.21 times consecutively.

In 2017, the liquidity ratio was 2.32 times while the quick ratio was at only 0.23 times. The liquidity ratio declined as a result of the increase in current liabilities of 4,300.98 million Baht, The quick ratio for the same period of time was improved to 0.23 times, from the increase in cash and cash equivalents of 2,183.43 million Baht while the increase in current portion of long-term loans and debentures amounted to 5,064.43 million Baht thus it has affected the quick ratio to improve slightly from the year 2016, consequently.

For the year 2018, the liquidity ratio was 2.55 times whereas the quick ratio was at only 0.36 times. The increase in liquidity ratio was a result from the increase in current assets of 2,348.35 million Baht while the decrease in current liabilities by 1,275.54 million Baht. The quick ratio for this period was 0.36 times, an improvement from the previous year from the increase in cash and cash equivalent of 2,348.79 million Baht while the current portion of long term loans and debentures had decrease 1,865.00 million Baht, thus the quick ratio had increase from the year 2017.

For the year 2019, the liquidity ratio was 2.65 times whereas the quick ratio was at only 0.21 times. The quick ratio for this period was decrease from 0.36 in 2018 to 0.21 times, as a result of the decrease in cash and cash equivalents from the previous year of 2,577.76 million Baht and decrease in the current investments of 630.63 million Baht.

The creditor ratio

In 2017, the creditor ratio was 6.1 times, with the repayment periods at 59 days.

In 2018, the creditor ratio was 5.5 times, with the repayment period at 66 days

In 2019, the creditor ratio was 4.5 times, with the repayment period at 80 days

Investment Expenses

Over the past few years, the Company has increased its investment in land plots located in high potential area at reasonable acquisition cost for further development into housing projects, which is its core business, and in other business which engaged in operations related to its core business.

For the year 2017, the Company had net cash flows used in investing activities of 340.36 million Baht. Main transactions were cash received from sales of asset (leasehold rights of Grande Centre Point Hotel Ratchadamri) of 3,749.30 million Baht and dividends received from

associates of 1,967.13 million Baht, decrease from the additional investment in the investment properties, which LH USA had acquired the apartment in Campbel, California, at the amount of USD 118.9 million (approximately Baht 3,950 million) including the refurbishment of other apartment in total sum of 4,420.14 million Baht. In addition, it also paid for the purchase of leasehold rights, buildings, equipment and intangible assets of 1,395.28 million Baht and also cash payment for other long term investment of 559.59 million Baht.

For the year 2018, the Company had cash surplus from the investing activities of 2,082.87 million Baht. Mainly was cash received from the sale of apartment for sale in USA at the price of USD 140 million (approximately 4,436.79 million Baht). The Company also invested in leasehold rights, investment property, building and equipment and other assets in total sum 4,380.88 million Baht and received dividends from associated companies of 2,266.92 million Baht.

For the year 2019, the Company had cash surplus from investing activities of 5,869.83 million Baht. The significant transaction was the cash received from the sale of assets, The Grande Centre Point Sukhumvit 55 of 4,155.00 million Baht, and dividends received of 2,732.23 million Baht,

Sources of fund

The Company's Debt-to-equity ratio at the end of 2017, 2018 and 2019 was 1.15, 1.20 and 1.13 times respectively.

As of the end of 2017, shareholders' equity included minority interest stood at 50,808.87 million Baht, an

increase of 2,857.32 million Baht which was from net operating profit of 10,463.22 million Baht, after dividend payments of 8,326.13 million Baht and the increase in other components of shareholders' equity of 803.59 million Baht

As of the end of 2018, shareholders' equity included minority interest stood at 50,751.72 million Baht, slightly decrease of 57.15 million Baht, which was from net operating profit of 10,475.43 million Baht, after dividend payments of 8,961.19 million Baht and the decrease in revaluation surplus on change in value of available-for-sale investments of 1,940.24 million Baht from Starmill Inc., Phillipines.

As of the end of 2019, shareholders' equity included minority interest stood at 53,182.87 million Baht, an increase of 2,431.15 million Baht which was from net operating profit of 10,024.90 million Baht, and after dividend payments of 7,766.42 million Baht

Liabilities

The Company's total liabilities at the end of year 2017, 2018 and 2019 were 58,682.63 million, 60,729.17 million Baht and 59,956.18 million Baht respectively. At the end of 2019, the significant liabilities were short-term and long-term borrowing of 10,691.59 million Baht, Debenture 39,320 million Baht, Trade payables 3,805.94 million Baht and other liabilities of 6,258.65 million Baht. The Company and its subsidiaries have repaid all debts duly on schedule.

Liabilities of the Company and its subsidiaries as of December 31, 2019

Company	Type	Currency	Amount (million Baht)	Interest Rate	Collateral	Maturity Date
LH	Overdraft	Baht	-	MOR	None	Upon call
	Promissory Note	Baht	470.0	2.50-2.75%	None	Upon Call
	Local Debentures 2/2015-2	Baht	1,000.0	Fixed rate 3.31%	None	to be redeemed on April 2, 2020
	Local Debentures 3/2015-3	Baht	1,000.0	Fixed rate 2.99%	None	to be redeemed on on October 8, 2020
	Local Debentures 1/2017	Baht	6,000.0	Fixed rate 2.48%	None	to be redeemed on April 28, 2020
	Local Debentures 3/2017	Baht	6,000.0	Fixed rate 2.13%	None	to be redeemed on October 5, 2020
	Local Debentures 1/2018	Baht	1,200.0	Fixed rate 2.96%	None	to be redeemed on March 7, 2025
	Local Debentures 2/2018	Baht	6,000.0	Fixed rate 1.98%	None	to be redeemed on May 7, 2021
	Local Debentures 3/2018	Baht	5,000.0	Fixed rate 3.02%	None	to be redeemed on October 5, 2021
	Local Debentures 1/2019	Baht	6,000.0	Fixed rate 2.62%	None	to be redeemed on April 26, 2022
	Local Debentures 2/2019	Baht	7,000.0	Fixed rate 2.12%	None	to be redeemed on October 15, 2022
LHM	Long-term Loan	Baht	450.0	MLR-2.25	Land & Building of the Project	Repaid when the rights in project has been transferred or within 5 years from the first drawdown date
LH	Long-term Loan	Baht	4,000.0	2.3%	Land	Within April 2022
LHMH	Long-term Loan	Baht	2,950.0	MLR-2.75	Land and Building of the project	First installment March 2020 - December 2029
	Long-term Loan	Baht	5.0	MLR-2.75	Land and Building of the project	First installment March 2025 - December 2032

Company	Type	Currency	Amount (million Baht)	Interest Rate	Collateral	Maturity Date
LHUSA	Long-term Loan	Baht	1,007.0	3 or 5 % year Swap Rate (Bloomberg) + 1.29% whichever higher	Apartment for rent of the project	Repaid in full within 5 years from the first drawdown
	Long-term Loan	Baht	1,809.0	3.83 %	Apartment for rent of the project	Repaid in full within 5 years from the first drawdown
	Total	Baht	49,891.0			

LH = Land and Houses Pcl LHMH=LH Mall and Hotel Co.,Ltd LH-USA= Land and Houses U.S.A.,Inc.

As of December 31, 2019, the Company and its subsidiaries had available undrawdown loan facilities of 3,030 million Baht from financial institutions (the amount at the end of 2018 = 810 million Baht)

(C) Major factors and influences that may affect future operations or financial position

Future obligations and liabilities

1. As of December 31, 2019, the Company and its subsidiaries had forecasted liabilities which may incur of 1,053.20 million Baht, details as follows :

(unit : million Baht)	2018	2019
After-sale cost of repair	91.7	95.6
Litigation charges	852.3	461.5
Contribution to Village juristic entity fund	291.2	293.6
Utility maintenance expenses	131.4	159.9
Damages from Project	31.8	-
Miscellaneous	15.0	42.6
Total	1,413.4	1,053.2

2. As of December 31, 2019, the Company and its subsidiaries had obligations under construction contract of 5,385 million Baht and Commitment in respect of the installation of utilities of projects of 1,389 million Baht

3. As of December 31, 2019, L & H Property Co.,Ltd and its subsidiaries had obligations under the rental agreement of Land and building to construct the building for rent as follows:

a) Land and Construction lease agreement - LHP

Date of Agreement	Term (years)	Maturity Date	Rental Rate
June 7, 2005	30 years*	May 31,2038	From June 1, 2008 the following progressive monthly rental rates shall apply: 1 st - 5 th year, total rental payment of 33 million Baht (Total amount had already paid) 6 th -10 th year, total rental payment of 42 million Baht (Total amount had already paid) 11 th -15 th year, total rental payment of 54 million Baht (as at December 31, 2019, only 16 million Baht was paid) 16 th -20 th year, total rental payment of 69 million Baht 21 st -25 th year, total rental payment of 88 million Baht 26 th -30 th year, total rental payment of 112 million Baht

* The lease term started from June 1, 2008 (3 years after construction).As of December 31, 2019 and 2018, L&H Property Co., Ltd., one of the Company's subsidiaries, is committed to pay security expenses at the rate of 16,740 baht per month throughout the construction period and the period of lease term. LHP has booked the contingent liabilities and obligations according to the abovementioned Land Lease agreement in the consolidated financial statements, at the Present Value, since the rentals fee are considered as part of relevant expenses in the sales of assets of the Project Grande Centre Points Ratchadamri to a real estate investment trust.

b) Land lease agreement- LHP

Date of Agreement	Terms	Rental and leasehold rights fee
March 10, 2006	30 years*	Rental fee is to be monthly paid as follows: Year 1 - 5 Total 20 million Baht (fully paid) Year 6 - 10 Total 23 million Baht (at the end of 2019, 20 million Baht was paid) Year 11 - 15 Total 27 million Baht Year 16 - 20 Total 31 million Baht Year 21 - 25 Total 35 million Baht Year 26 - 30 Total 41 million Baht

* Although the lease term is from September 1, 2010 to August 31, 2040, the lessor consented to allow L&H Property Co., Ltd. to enter the plot to develop and construct buildings between September 1, 2007 to August 31, 2010, which L&H Property agree to pay additional fee of 160,000 Baht per month as an additional leasehold rights fee.

LHP has booked the liabilities and obligations under land lease agreement in the consolidated financial statements based, at Present Value, since the rentals fee are considered to be part of relevant expenses in the sales of assets of Terminal 21 Shopping Center and Grande Centre Point Hotel Terminal 21 to a real estate investment trust

c) Land lease agreements - LHHM

Date of Agreement	Terms	Maturity Date	Rental and leasehold rights fee
October 3, 2013	30 years*	March 31, 2047	From April 1, 2017, the rental fees are as follow 1 st - 7 th total rental of 35 million Baht (at the end of 2019,15 million Baht was already paid) 8 th - 17 th total rental of 100 million Baht 18 th - 27 th total rental of 150 million Baht 28 th - 30 th total rental of 75 million Baht

* The lease term started from April 1, 2017 (3 years after construction). In addition, LHHM, is committed to pay a commission of 5 million Baht a year in the second and third year of the construction., LHP has booked the liabilities and obligations under land lease agreement in the consolidated financial statements,at Present Value, since the rentals fee are considered to be part of the relevant expenses in the sales of assets of Grande Centre Point Hotel Sukhumvit 55 to a real estate investment trust as described in Note to the financial statements : Note 20

d) Land lease Agreements - LHHM

Date of Agreement	Term	Rental Fees
August 4, 2015	30 years*	Rentals are paid monthly as follows: 1 st - 3 th total rental of 71 million Baht (As at December 31, 2019, 24 million Baht is already paid) 4 th - 6 th total rental of 78 million Baht 7 th - 9 th total rental of 86 million Baht 10 th -12 th total rental of 95 million Baht 13 th - 15 th total rental of 104 million Baht 16 th - 18 th total rental of 115 million Baht 19 th - 21 st total rental of 126 million Baht 22 nd - 24 th total rental of 139 million Baht 25 th - 27 th total rental of 153 million Baht 28 th - 30 th total rental of 168 million Baht

* Lease term starts on the date after the 3-year construction is completed. However, the Lessor consented to LHHM to enter the plot to develop and construct buildings for 3 years after the transfer and lease registration date. The subsidiary is committed to pay the lessor 1,716,000 Baht per month in the first and second years of the construction period and 1,980,000 Baht per month in the third year.

e) Land lease Agreements - LHMH

Date of Agreement	Term	Rental Fees
August 1, 2017	40 years*	<p>Land leasing fee is agreed to be paid annually</p> <p>Year1 - 3 Total Rental 15 MB (as of Dec 31, 2019, 5 million Baht has already paid)</p> <p>Year4 - 6 Total Rental 17 MB</p> <p>Year7 - 9 Total Rental 19 MB</p> <p>Year10 - 12 Total Rental 21 MB</p> <p>Year13 - 15 Total Rental 23 MB</p> <p>Year16 - 18 Total Rental 25 MB</p> <p>Year19 - 21 Total Rental 27 MB</p> <p>Year22 - 24 Total Rental 30 MB</p> <p>Year25 - 27 Total Rental 33 MB</p> <p>Year28 - 30 Total Rental 36 MB</p> <p>Year31 - 33 Total Rental 40 MB</p> <p>Year34 - 36 Total Rental 44 MB</p> <p>Year37 - 39 Total Rental 48 MB</p> <p>Year 40 Total Rental 18 MB</p>

* Lease term starts on April 1, 2019, however, The lessor consented to allow LHMH to enter the plot to develop and construct buildings between August 1, 2017 to March 31, 2019

f) Land Lease Agreement - LHMH

Date of Agreement	Terms	Rental Fees
January 18, 2018	33 years*	<p>Land leasing fee is agreed to be paid annually</p> <p>Year 1 – 3 Total Rental 30 MB</p> <p>Year 4 – 6 Total Rental 33 MB</p> <p>Year 7 - 9 Total Rental 36 MB</p> <p>Year 10 - 12 Total Rental 45 MB</p> <p>Year 13 - 15 Total Rental 50 MB</p> <p>Year 16 - 18 Total Rental 55 MB</p> <p>Year 19 - 21 Total Rental 60 MB</p> <p>Year 22 - 24 Total Rental 66 MB</p> <p>Year 25 - 27 Total Rental 73 MB</p> <p>Year 28 - 30 Total Rental 80 MB</p> <p>Year 31 - 33 Total Rental 135 MB</p>

* The agreement starts on January 18, 2021, however, The lessor consented to allow LHMH to enter the plot to develop and construct buildings between January 18, 2018 to January 17, 2021

g) Land lease Agreements - LHMH

Date of Agreement	Term	Rental Fees
August 15, 2019	30 years*	Land leasing fee is agreed to be paid monthly Year1 - 3 Total Rental 25 MB Year4 - 6 Total Rental 28 MB Year7 - 9 Total Rental 32 MB Year10 - 12 Total Rental 36 MB Year13 - 15 Total Rental 40 MB Year16 - 18 Total Rental 45 MB Year19 - 21 Total Rental 50 MB Year22 - 24 Total Rental 56 MB Year25 - 27 Total Rental 63 MB Year28 - 30 Total Rental 70 MB

* The agreement term starts on September 1, 2022, however, The lessor consented to allow LHMH to enter the plot to develop and construct buildings between September 1, 2019 to August 31, 2022

4. As of December 31, 2019, L&H Hotel Management, one of the Company's subsidiaries, are committed to pay a fixed rental fee and variable rentals fee in accordance with the conditions stipulated in the lease agreement to the Fund or Trust as follows:

Fund and/or trust	Project	Agreement Period
Land and Houses Property and Loan Fund-II	Grande Centre Point Hotel Phloenchit	July 1, 2019 to December 31, 2021
LH Hotel Real Estate Investment Trust	Grande Centre Point Hotel Terminal 21	December 16, 2018 to December 15, 2021
	Grande Centre Point Hotel Sukhumvit 55	November 22, 2019 to December 31, 2022

The subsidiaries agreed to pay the minimum lease payments required under the lease agreement as follows:

(unit : million Baht)

	2017	2018	2019
Payable			
Within 1 year	588	599	690
Over 1-3 years	356	809	791

5. As of December 31, 2019, The Company and its subsidiaries have commitment related to purchase of land as follows:

(unit : million Baht)

	2017	2018	2019
commitment to purchase the land	3,917	1,481	2,522

6. As at 31 December 2019, the subsidiaries have servitude over land of approximately 126 rai of which the cost of lands is included in the cost of projects

7. Operating lease commitments The Company and its subsidiaries have entered into lease agreements and related service agreements in respect of the lease of office building space. The terms of the agreements are 3 years

(unit: million Baht)

	2017	2018	2019
Payable:			
Within 1 year	56	56	61
over 1 - 3 year	82	63	21

8. Bank guarantees As at 31 December 2017, 2018 and 2019, there were the following outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business by the Company and its subsidiaries

(unit: million Baht)

	2017	2018	2019
Letter of guarantees for arrangement and maintenance of public utilities	2,998	4,183	4,474
Letter of guarantees for electricity usage	62	68	70
Total	3,060	4,251	4,544

9. The Company has contingent liabilities to a bank in relation to the financial support in form of issuance of a letter of comfort to provide to the subsidiaries company for loans and guarantee facilities obtained for development of the subsidiaries' projects. As at 31 December 2019, the two subsidiaries have outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to 3,425 million Baht

Maintenance of debt to equity ratio

For the debenture issued before lot No. 2/2018, the calculation has been based only on interest bearing liabilities which are calculated as follows :

(unit: million Baht)

Transaction	31/12/17	31/12/18	31/12/19
Interest bearings liabilities	48,994.24	50,680.15	49,902.77
Shareholders' equity	50,808.87	50,751.72	53,182.87
Debt to Equity ratio	0.96	1.00	0.94

For the debenture issued since lot No. 2/2018 onward, the calculation has been based only on net interest bearing liabilities only (interest bearing liabilities deducted by cash and cash equivalent) which are calculated as follows :

(unit: million Baht)

Transaction	31/12/17	31/12/18	31/12/19
Net Interest bearings liabilities (deducted by cash and cash equivalent)	-	42,847.74	45,278.73
Shareholders' equity	-	50,751.72	53,152.87
Debt to Equity ratio	-	0.84	0.85

In the consolidated financial statements as of December 31 in 2017, 2018, and 2019, the Company maintained the debt-to-equity ratio within the required levels for debenture issuances.

Summary of key factors and main influences that may affect future operations or financial position

1. Returns on investments in associated companies.

Since the Company has invested in associated companies as at December 31, 2019 amounted to 24,405.37 million Baht, or 21.57% of its total assets, and has Profits sharing from these associated companies made up to 33.74% of the Company's net profit. If these associates face any problems in its operations, it will affect the Company's operations. However, the Company has diversified its investments in associated companies which has different business operation, which is the way of diversification of Company's risks on investment.

2. The major lawsuits faced by the Company which the Company has set aside the reserves are as follow :

2.1 A housing estate juristic persons and housing residents filed lawsuits against the Company, involving the construction of a kindergarten in project demanding claim totaling 517 million Baht. The Court of First Instance ordered the Company to pay for damages of Baht 27 million plus interest. Subsequently, the Appeal Court rendered a conflict judgment with the Court of First Instance, by

instructing the Company to pay for damages of 13.5 million Baht with interest rate at 7.5% per annum, commencing from January 18, 2008 until the full amount is settled. At present, the case is under the process of the Supreme Court. The Company has set aside the provision of 461 million Baht for liabilities arising as a result of the legal case. At December 31, 2019, the case is in the Supreme Court.

In 2018, a housing estate juristic persons and housing residents filed additional 2 lawsuits against the Company, involving the construction of a kindergarten in project demanding claim totaling 23 million Baht. At present, the case is under the process of the Court of First Instance

2.2 There were some lawsuits which the Company was a defendant regarding the claim against damage from breach of contract which total claims was 155 million Baht

As of December 31, 2019, the Company had set aside provision of 461 million Baht for such liability which may incur as a result of the legal cases.

Independent Auditor's Report

To the Shareholders of Land and Houses Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Land and Houses Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Land and Houses Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Land and Houses Public Company Limited and its subsidiaries and of Land and Houses Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition from sales of real estate

The accounting policy for revenue recognition from sales of real estate is disclosed in Note 5.1 to the financial statements. Revenue from sales of real estate recognises a significant portion compared to total revenue. In addition, the Group has a large number of real estate development projects. I therefore identified the revenue recognition from sales of real estate as a key audit matter and focused on the occurrence and timing of the revenue recognition.

I have examined the revenue recognition from sales of real estate of the Group, included

- Assessing and testing the effectiveness of the Group's IT general controls and internal controls with respect to the cycle of revenue from sales of real estate by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select land sale agreements and condominium sale agreements to assess whether the revenue recognition was consistent with the conditions of the relevant agreements, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions of revenue from sale throughout the period.

Sale of assets to Real Estate Investment Trust

As described in Note 20 to the financial statements, on 22 November 2019, LH Mall & Hotel Company Limited (“the Subsidiary”), the Company’s subsidiary, sold assets used in the operation of Grande Centre Point Hotel Sukhumvit 55 to LH Hotel Leasehold Real Estate Investment Trust (“the Trust”) for a total of Baht 4,155 million. The Subsidiary had gain on sale of such assets of Baht 2,148 million. This transaction is the significant sales transaction that occurred during the current year. Therefore, I have focused on the recognition of this transaction and disclosure of relevant information in the financial statements

I have examined the recognition of sales of assets to Real Estate Investment Trust, included

- Inquiring of the Subsidiary’s management as to the nature and objectives of the sales transaction and reviewing the minute of the meeting of the Subsidiary’s Board of Directors as evidence for approval of the transaction.
- Comparing the selling price with the fair value of the assets, appraised by an independent appraiser, to determine whether the selling price is appropriate.
- Checking the provisions and conditions of the related agreements, the payment receipts, supporting documents related to this sales transaction.
- Considering the exercise of management judgement in the recording of the sale of assets and reviewing relevant disclosures made in notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor’s report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor’s report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

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



Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

EY Office Limited

Bangkok: 27 February 2020

Land and Houses Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Assets					
Current assets					
Cash and cash equivalents	7, 8	4,554,038,426	7,131,803,745	2,843,299,639	5,654,174,052
Current investments	7, 9	70,000,000	700,631,873	-	500,390,225
Trade and other receivables	10	223,840,281	228,566,983	40,923,739	55,486,747
Short-term loans and accrued interest receivables					
- related parties	7	15,955,648	57,525,235	308,219	3,249,644,110
Inventories	11	53,373,604,645	48,243,272,560	47,540,347,382	45,900,335,451
Advance payment for constructions		849,375,670	670,808,951	643,359,307	658,493,998
Deposits for purchase of land and others		119,932,241	54,773,816	115,865,372	51,352,439
Cost to obtain contracts with customers	12	147,617,009	-	147,617,009	-
Other current assets		1,155,465,126	636,653,651	850,030,479	261,824,640
Total current assets		60,509,829,046	57,724,036,814	52,181,751,146	56,331,701,662
Non-current assets					
Restricted bank deposit	13	10,757,427	10,183,077	-	-
Investments in subsidiaries	14	-	-	7,191,500,855	6,347,638,016
Investments in associates	15	24,405,367,138	23,572,973,722	24,405,367,138	23,572,973,722
Other long-term investments	16	6,036,836,264	5,707,515,378	3,749,218,098	3,751,742,936
Long-term loans and accrued interest					
receivables - related parties	7	536,153,050	560,000,000	12,580,847,917	9,611,141,982
Land held for development	17	1,337,202,379	1,337,202,379	1,207,659,650	1,207,659,650
Investment properties	18	13,264,213,163	14,406,733,039	211,753,242	211,432,242
Property, plant and equipment	19	687,746,709	863,089,739	342,194,010	330,118,536
Leasehold rights	20	5,729,781,936	6,652,600,775	-	-
Other intangible assets	21	41,272,508	45,285,647	15,203,042	16,645,397
Deferred tax assets	32	558,954,051	583,200,620	469,036,786	551,718,320
Other non-current assets	7	20,933,886	18,066,596	12,375,037	12,381,215
Total non-current assets		52,629,218,511	53,756,850,972	50,185,155,775	45,613,452,016
Total assets		113,139,047,557	111,480,887,786	102,366,906,921	101,945,153,678

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

Land and Houses Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institution	22	470,000,000	609,000,000	-	-
Trade and other payables	7, 23	3,805,940,003	3,701,206,513	2,517,792,631	2,670,676,465
Retention guarantees		437,014,918	566,318,403	345,293,874	385,972,394
Short-term loans and accrued interest payables					
- related parties	7	-	-	15,048,888	42,073,932
Current portion of financial lease liabilities		4,094,722	3,960,753	-	-
Current portion of long-term loans	24	1,203,186,999	24,166,213	-	-
Current portion of debentures	25	14,000,000,000	14,250,000,000	14,000,000,000	14,250,000,000
Income tax payable		494,927,812	581,787,318	383,211,568	496,860,779
Short-term provisions	26	1,053,130,065	1,413,378,565	1,015,918,533	1,386,305,370
Advances received from customers	30.2	1,106,308,487	1,200,707,160	1,054,483,792	1,124,818,786
Other current liabilities		263,869,064	280,021,790	151,473,937	185,438,708
Total current liabilities		22,838,472,070	22,630,546,715	19,483,223,223	20,542,146,434
Non-current liabilities					
Financial lease liabilities - net of current portion		7,375,005	11,889,737	-	-
Long-term loan - related party	7	-	-	840,000,000	840,000,000
Long-term loans - net of current portion	24	9,018,398,000	9,581,151,861	4,000,000,000	4,000,000,000
Debentures - net of current portion	25	25,200,000,000	26,200,000,000	25,200,000,000	26,200,000,000
Provision for long-term employee benefits	27	527,693,187	508,830,621	380,376,240	380,347,923
Deferred tax liabilities	32	1,817,413,443	1,412,899,122	-	-
Other non-current liabilities		546,829,454	383,848,859	-	-
Total non-current liabilities		37,117,709,089	38,098,620,200	30,420,376,240	31,420,347,923
Total liabilities		59,956,181,159	60,729,166,915	49,903,599,463	51,962,494,357

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

Land and Houses Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
Shareholders' equity					
Share capital					
Registered					
12,031,105,828 ordinary shares of Baht 1 each		12,031,105,828	12,031,105,828	12,031,105,828	12,031,105,828
Issued and paid-up					
11,949,713,176 ordinary shares of Baht 1 each		11,949,713,176	11,949,713,176	11,949,713,176	11,949,713,176
Premium on ordinary shares		15,452,854,216	15,452,854,216	15,452,854,216	15,452,854,216
Other surplus		1,227,782,536	1,227,782,536	1,227,782,536	1,227,782,536
Retained earnings					
Appropriated - Statutory reserve	29	1,203,110,583	1,203,110,583	1,203,110,583	1,203,110,583
Unappropriated		21,646,884,245	19,291,704,641	21,646,884,245	19,291,704,641
Other components of shareholders' equity		982,962,702	857,494,169	982,962,702	857,494,169
Equity attributable to the shareholders of the Company		52,463,307,458	49,982,659,321	52,463,307,458	49,982,659,321
Non-controlling interests of subsidiaries	14.4	719,558,940	769,061,550	-	-
Total shareholders' equity		53,182,866,398	50,751,720,871	52,463,307,458	49,982,659,321
Total liabilities and shareholders' equity		113,139,047,557	111,480,887,786	102,366,906,921	101,945,153,678

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

Land and Houses Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Revenues					
Revenue from sales of real estate		25,151,365,430	30,513,634,992	24,267,047,752	29,419,473,191
Revenue from hotel operations		2,970,202,418	2,543,526,203	-	-
Rental income		1,639,995,592	924,685,073	-	-
Other income					
Dividend		230,495,630	227,890,654	100,208,042	103,337,349
Interest income		75,826,612	74,024,076	523,809,105	490,652,328
Infrastructure service income		349,501,114	327,271,726	317,495,009	295,512,490
Project management income		296,324,681	265,111,448	-	-
Gain on sales of project		-	115,725,476	-	115,725,476
Gain on sales of properties	7, 18, 20	2,418,305,871	1,335,486,720	-	-
Others		175,331,984	119,783,061	67,908,573	87,537,035
Total revenues	30	33,307,349,332	36,447,139,429	25,276,468,481	30,512,237,869
Expenses					
Cost of real estate sales		16,994,755,090	19,399,302,936	16,363,430,663	18,625,091,004
Cost of hotel operations		2,134,907,118	1,921,168,629	-	-
Cost of rental		1,037,856,138	745,359,429	-	-
Cost of project management		188,483,800	169,615,688	-	-
Selling expenses		728,319,807	1,095,551,452	514,079,377	929,144,354
Specific business tax and transfer fee		974,705,276	1,166,594,420	932,519,610	1,120,233,215
Administrative expenses		2,367,718,427	2,681,088,275	1,820,742,144	2,111,822,892
Reversal of provision for legal cases		(352,701,533)	(273,227,842)	(352,701,533)	(273,227,842)
Other expenses					
Loss on sales of property, plant and equipment		1,354,061	3,709,175	1,291,107	990,610
Loss on exchange rate		12,526,670	-	7,243,048	-
Total expenses		24,087,924,854	26,909,162,162	19,286,604,416	22,514,054,233
Profit before share of profit from investments in subsidiaries and associates, finance cost and income tax expenses					
		9,219,424,478	9,537,977,267	5,989,864,065	7,998,183,636
Share of profit from investments in subsidiaries	14.2	-	-	2,396,407,771	1,113,345,863
Share of profit from investments in associates	15.2	3,382,510,038	3,404,492,732	3,382,510,038	3,404,492,732
Profit before finance cost and income tax expenses		12,601,934,516	12,942,469,999	11,768,781,874	12,516,022,231
Finance cost		(835,448,009)	(730,576,921)	(679,671,629)	(547,509,796)
Profit before income tax expenses		11,766,486,507	12,211,893,078	11,089,110,245	11,968,512,435
Income tax expenses	32	(1,718,793,588)	(1,707,529,506)	(1,064,203,886)	(1,493,083,930)
Profit for the year		10,047,692,919	10,504,363,572	10,024,906,359	10,475,428,505

Land and Houses Public Company Limited and its subsidiaries

Income statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Net income attributable to:					
Equity holders of the Company		10,024,906,359	10,475,428,505	10,024,906,359	10,475,428,505
Non-controlling interests of the subsidiaries	14.4	22,786,560	28,935,067		
		<u>10,047,692,919</u>	<u>10,504,363,572</u>		
Earnings per share	33				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.84</u>	<u>0.88</u>	<u>0.84</u>	<u>0.88</u>

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

Land and Houses Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit for the year		<u>10,047,692,919</u>	<u>10,504,363,572</u>	<u>10,024,906,359</u>	<u>10,475,428,505</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on change in value of available-for-sale investments - net of income taxes	28	263,456,709	(1,405,389,686)	(2,019,870)	(1,535,741,289)
Exchange rate differences on translation of financial statements in foreign currency		(89,601,891)	(22,542,335)	-	-
Share of other comprehensive income from investments in subsidiaries	14.2	-	-	175,874,621	107,809,234
Share of other comprehensive income from investments in associates	15.2	(15,370,060)	(144,363,639)	(15,370,060)	(144,363,639)
		<u>158,484,758</u>	<u>(1,572,295,660)</u>	<u>158,484,691</u>	<u>(1,572,295,694)</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income taxes	27	-	(29,724,961)	-	(19,376,056)
Share of other comprehensive income from investments in subsidiaries	14.2	-	-	-	(8,153,483)
Share of other comprehensive income from investments in associates	15.2	(33,016,158)	1,942,557	(33,016,158)	1,942,557
		<u>(33,016,158)</u>	<u>(27,782,404)</u>	<u>(33,016,158)</u>	<u>(25,586,982)</u>
Other comprehensive income for the year		<u>125,468,600</u>	<u>(1,600,078,064)</u>	<u>125,468,533</u>	<u>(1,597,882,676)</u>
Total comprehensive income for the year		<u>10,173,161,519</u>	<u>8,904,285,508</u>	<u>10,150,374,892</u>	<u>8,877,545,829</u>
Total comprehensive income attributable to:					
Equity holders of the Company		10,150,374,892	8,877,545,829	<u>10,150,374,892</u>	<u>8,877,545,829</u>
Non-controlling interests of the subsidiaries		<u>22,786,627</u>	<u>26,739,679</u>		
		<u>10,173,161,519</u>	<u>8,904,285,508</u>		

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

Land and Houses Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements													
Equity attributable to the shareholders of the Company													
Note	Issued and paid-up share capital	Premium on ordinary shares	Other surplus	Other components of shareholders' equity					Total equity attributable to the shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity		
				Retained earnings			Other comprehensive income						
				Appropriated - Statutory reserve	Unappropriated	Surplus on change in value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currency	Share of other comprehensive income from associates				Premium on share capital of associates	Total other components of shareholders' equity
	11,949,713,176	15,452,854,216	1,227,782,536	1,203,110,583	17,805,212,324	214,721,587	22,275,278	91,042,443	2,427,847,306	50,066,520,141	742,345,596	50,808,865,737	
					10,475,428,505					10,475,428,505	28,955,067	10,504,383,572	
					(27,529,559)	(22,542,335)	(142,421,082)		(1,570,353,137)	(1,597,882,676)	(2,195,388)	(1,600,078,064)	
					10,447,896,966	(22,542,335)	(142,421,082)		(1,570,353,137)	8,877,545,829	26,739,679	8,904,285,508	
36					(8,961,187,092)					(8,961,187,092)	-	(8,961,187,092)	
Capital refund of subsidiary to non-controlling interests of subsidiary					-					-	(13,995)	(13,995)	
Subsidiaries paid dividend to non-controlling interests of subsidiaries 14.4					-					-	(9,730)	(9,730)	
income tax from unpaid dividend					(219,557)					(219,557)	-	(219,557)	
	11,949,713,176	15,452,854,216	1,227,782,536	1,203,110,583	19,291,704,641	192,179,252	(120,145,804)	91,042,443	857,494,169	49,982,659,321	769,061,550	50,751,720,871	
	11,949,713,176	15,452,854,216	1,227,782,536	1,203,110,583	19,291,704,641	192,179,252	(120,145,804)	91,042,443	857,494,169	49,982,659,321	769,061,550	50,751,720,871	
Balance as at 1 January 2019													
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting													
						</							

The accompanying notes are an integral part of the financial statements

Land and Houses Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2019

Separate financial statements												(Unit: Baht)
Other components of shareholders' equity												
Other comprehensive income												
Surplus on change in value of available-for-sale investments												
Note	Issued and paid-up share capital	Premium on ordinary shares	Other surplus	Retained earnings		Share of other comprehensive income from subsidiaries	Share of other comprehensive income from associates	Premium on share capital of associate	Total other components of shareholders' equity	Total shareholders' equity		
				Appropriated - Statutory reserve	Unappropriated							
Balance as at 1 January 2018	11,949,713,176	15,452,854,216	1,227,782,536	1,203,110,583	17,805,212,324	545,431,261	22,275,278	91,042,443	2,427,847,306	50,066,520,141		
Profit for the year	-	-	-	-	10,475,428,505	-	-	-	-	10,475,428,505		
Other comprehensive income for the year	-	-	-	-	(27,529,539)	107,809,234	(142,421,082)	-	(1,570,353,137)	(1,597,882,676)		
Total comprehensive income for the year	-	-	-	-	10,447,898,966	107,809,234	(142,421,082)	-	(1,570,353,137)	8,877,545,829		
Dividend paid	-	-	-	-	(8,961,187,092)	-	-	-	-	(8,961,187,092)		
Income tax from unpaid dividend	-	-	-	-	(219,557)	-	-	-	-	(219,557)		
Balance as at 31 December 2018	11,949,713,176	15,452,854,216	1,227,782,536	1,203,110,583	19,291,704,641	653,240,495	(120,145,804)	91,042,443	857,494,169	49,982,659,321		
Balance as at 1 January 2019	11,949,713,176	15,452,854,216	1,227,782,536	1,203,110,583	19,291,704,641	653,240,495	(120,145,804)	91,042,443	857,494,169	49,982,659,321		
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard	-	-	-	-	96,870,830	-	-	-	-	96,870,830		
Profit for the year	-	-	-	-	10,024,906,359	-	-	-	-	10,024,906,359		
Other comprehensive income for the year	-	-	-	-	-	175,874,621	(48,386,218)	-	125,468,533	125,468,533		
Total comprehensive income for the year	-	-	-	-	10,024,906,359	175,874,621	(48,386,218)	-	125,468,533	10,150,374,892		
Dividend paid	-	-	-	-	(7,766,418,589)	-	-	-	-	(7,766,418,589)		
Income tax from unpaid dividend	-	-	-	-	(178,996)	-	-	-	-	(178,996)		
Balance as at 31 December 2019	11,949,713,176	15,452,854,216	1,227,782,536	1,203,110,583	21,646,884,245	829,115,116	(168,532,022)	91,042,443	982,962,702	52,463,307,458		

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

Land and Houses Public Company Limited and its subsidiaries
Cash flow statement
For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax expenses	11,766,486,507	12,211,893,078	11,089,110,245	11,968,512,435
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Inventories decrease from transfer to cost of sales	15,425,844,928	17,879,399,715	14,876,539,861	17,182,381,543
Depreciation and amortisation	739,105,417	615,745,931	68,271,395	60,642,048
Share of profit from investments in subsidiaries	-	-	(2,396,407,771)	(1,113,345,863)
Share of profit from investments in associates	(3,382,510,038)	(3,404,492,732)	(3,382,510,038)	(3,404,492,732)
Loss on sales of property, plant and equipment	1,354,061	3,709,175	1,291,107	990,610
Loss on diminution on in value of projects	4,166,980	61,508,758	-	44,830,514
Gain on sales of project	-	(115,725,476)	-	(115,725,476)
Gain on sales of properties	(2,418,305,871)	(1,335,486,720)	-	-
Unrealised loss (gain) on exchange rate	48,442,775	8,639,126	7,301,280	(5,149,880)
Provision for legal cases (reversal)	(333,768,359)	(231,067,184)	(333,768,359)	(231,067,184)
Provision for after sale maintenance expenses (reversal)	77,320,132	(16,267,949)	75,581,235	(17,496,148)
Provision for contributions to housing estate juristic persons	32,309,473	122,111,622	30,288,515	120,402,872
Provision for maintenance of public utilities	117,048,008	111,799,860	115,496,821	111,207,238
Provision for damages from project	-	109,402,870	-	109,402,870
Provision for long-term employee benefits	51,134,610	160,488,130	32,300,361	122,616,177
Write-off of withholding tax deducted at source	1,441,135	254,649	-	-
Interest income	(75,826,612)	(74,024,076)	(523,809,105)	(490,652,328)
Dividend income	(230,495,630)	(227,890,654)	(100,208,042)	(103,337,349)
Interest expenses	819,694,152	693,526,206	663,917,771	538,612,711
Profit from operating activities before change in operating assets and liabilities	22,643,441,668	26,573,524,329	20,223,395,276	24,778,332,058
Decrease (increase) in operating assets				
Current investments	630,631,873	(200,601,749)	500,390,225	(360,101)
Trade and other receivables	4,821,223	(66,317,561)	14,657,529	(26,571,444)
Inventories	(19,998,306,602)	(16,546,309,659)	(16,005,055,207)	(15,322,301,032)
Land held for development	(4,166,980)	-	-	-
Other current assets	(199,274,261)	362,905,983	(75,769,753)	111,912,683
Other non-current assets	(2,867,290)	(432,653)	6,178	(825,543)
Increase (decrease) in operating liabilities				
Trade and other payables	122,684,200	616,028,619	(183,931,726)	475,256,828
Retention guarantees	(129,303,485)	55,104,717	(40,678,520)	(59,803,194)
Other current liabilities	(367,959,084)	(573,789,798)	(366,534,743)	(621,139,119)
Provision for long-term employee benefits	(32,272,044)	(42,672,150)	(32,272,044)	(40,578,950)
Other non-current liabilities	295,590	184,066,183	-	-
Cash flows from operating activities	2,667,724,808	10,361,506,261	4,034,207,215	9,293,922,186
Cash paid for income tax	(1,464,002,079)	(1,709,173,038)	(1,114,813,366)	(1,574,765,312)
Net cash flows from operating activities	1,203,722,729	8,652,333,223	2,919,393,849	7,719,156,874

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

Land and Houses Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Increase in restricted bank deposit	(574,350)	(110,209)	-	-
Decrease (increase) in short-term loans to related parties	20,000,000	(611,083,551)	(24,000,000)	(1,903,000,000)
Decrease in long-term loan to related party	-	-	89,400,000	4,052,211,830
Cash received from share reduction of subsidiary	-	-	-	212,500
Cash paid for purchase of other long-term investments	-	(307,774,740)	-	(307,774,740)
Dividend received from subsidiaries	-	-	1,728,419,553	232,499,070
Dividend received from associates	2,501,730,403	2,266,921,076	2,501,730,403	2,266,921,076
Dividend received from other companies	230,495,630	227,890,654	100,208,042	103,337,349
Proceeds from sales of project	-	393,908,000	-	393,908,000
Proceeds from sales of investment properties	-	4,436,789,391	-	-
Proceeds from sales of assets to REIT	4,155,000,000	-	-	-
Proceeds from sales of property, plant and equipment	6,417,678	2,167,144	4,719,400	2,129,200
Cash paid for purchase of investment properties	(171,665,666)	(581,367,531)	(321,000)	(1,384,313)
Cash paid for purchase of leasehold rights, buildings, equipment and intangible assets	(951,579,728)	(3,799,507,903)	(83,843,598)	(61,207,202)
Cash received from interest income	80,007,133	55,042,608	142,300,459	497,168,834
Net cash flows from investing activities	5,869,831,100	2,082,874,939	4,458,613,259	5,275,021,604
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institution	(139,000,000)	609,000,000	-	-
Cash paid for financial lease liabilities	(4,954,677)	(4,897,818)	-	-
Increase (decrease) in short-term loans from related parties	-	-	(30,000,000)	710,000,000
Cash paid for debentures repayment	(14,250,000,000)	(13,000,000,000)	(14,250,000,000)	(13,000,000,000)
Cash received from issuance of debentures	13,000,000,000	12,200,000,000	13,000,000,000	12,200,000,000
Cash paid for long-term loans repayment	(24,290,022)	(6,078,379,342)	-	(3,075,180,000)
Cash received from drawdown loans	855,000,000	7,966,988,000	-	4,000,000,000
Interest paid	(1,350,136,049)	(1,314,112,570)	(1,142,462,932)	(1,086,107,098)
Cash paid for capital refund to non-controlling interests of subsidiary	-	(13,993)	-	-
Subsidiaries paid dividend to non-controlling interests of subsidiaries	(72,289,237)	(9,730)	-	-
Dividend paid	(7,766,418,589)	(8,961,187,092)	(7,766,418,589)	(8,961,187,092)
Net cash flows used in financing activities	(9,752,088,574)	(8,582,612,545)	(10,188,881,521)	(9,212,474,190)
Exchange differences on translation of financial statements in foreign currency	100,769,426	196,200,087	-	-
Net increase (decrease) in cash and cash equivalents	(2,577,765,319)	2,348,795,704	(2,810,874,413)	3,781,704,288
Cash and cash equivalents at beginning of year	7,131,803,745	4,783,008,041	5,654,174,052	1,872,469,764
Cash and cash equivalents at end of year (Note 8)	4,554,038,426	7,131,803,745	2,843,299,639	5,654,174,052

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

Land and Houses Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Supplemental cash flow information				
Non-cash items				
Purchases of building and equipment, leasehold rights and investment properties recorded as liabilities	166,253,310	212,996,739	7,158,748	6,081,062
Transfer land held for development to inventories (net book value)	-	1,171,003,667	-	1,171,003,667
Interest expenses recorded as cost of projects	557,864,149	539,952,276	511,490,322	529,817,654
Interest expenses recorded as leasehold rights	43,068	40,445,801	-	-
Transfer short-term loans to related parties to long-term loans to related parties	-	-	3,240,000,000	-
Increase (decrease) in revaluation surplus on change in value of available-for-sale investments - net of income taxes	263,456,709	(1,405,389,686)	(2,019,870)	(1,535,741,289)
Actuarial loss	-	37,156,201	-	24,220,071
Exchange differences on translation of financial statement in foreign currency	(86,335,737)	(22,542,335)	-	-
Share of other comprehensive income from subsidiaries	-	-	175,874,621	99,655,751
Share of other comprehensive income from associates	(48,386,218)	(142,421,082)	(48,386,218)	(142,421,082)

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

Land and Houses Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2019

1. General information

Land and Houses Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in property development. The registered office of the Company is at No. 1, Q. House Lumpini Building, 37th Floor, South Sathon Road, Tungmahamek, Sathon, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Land and Houses Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019 (Percent)	2018 (Percent)
<u>Held by the Company</u>				
Atlantic Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
Land and Houses North Co., Ltd.	Real estate business	Thailand	99.99	99.99
Land and Houses Northeast Co., Ltd.	Real estate business	Thailand	99.99	99.99
Siam Tanee Property Co., Ltd. and its subsidiary	Real estate business	Thailand	99.99	99.99
L H Real Estate Co., Ltd.	Real estate business	Thailand	99.99	99.99
L H Asset Co., Ltd.	Real estate business	Thailand	99.99	99.99
L.H. Muang Mai Co., Ltd.	Real estate business	Thailand	55.00	55.00
LH Mall & Hotel Co., Ltd. and its subsidiaries	Real estate for lease business	Thailand	99.99	99.99
L&H Property Co., Ltd.	Real estate for lease business	Thailand	60.00	60.00
Land and Houses U.S.A., Inc.	Real estate for lease business	USA	100.00	100.00
Asia Asset Advisory Co., Ltd.	Investment advisor	Thailand	99.94	99.94

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2019	2018
			(Percent)	(Percent)
<u>Held by subsidiary companies</u>				
Siam Tanee Real Estate Co., Ltd. (99.99 percent held by Siam Tanee Property Co., Ltd.)	Real estate business	Thailand	99.99	99.99
L&H Retail Management Co., Ltd. (99.97 percent held by LH Mall & Hotel Co., Ltd.)	Project administration	Thailand	99.99	99.99
L&H Management Co., Ltd. (99.98 percent held by LH Mall & Hotel Co., Ltd.)	Project administration	Thailand	99.99	99.99
L&H Hotel Management Co., Ltd. (2019: 99.99 percent held by LH Mall & Hotel Co., Ltd., 2018: 99.99 percent held by L&H Property Co., Ltd.)	Hotel business	Thailand	99.99	60.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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

3. New financial reporting standards

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

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

The Group adopted TFRS 15 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2019, and the comparative information was not restated. The Group elects to apply the following practical expedient.

- Not restate completed contracts as at 1 January 2019 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy.

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

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The management of the Group expects the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies - The Group is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Group elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Classification and measurement of investments in available-for-sale equity securities - The Group's available-for-sale investments in listed equity securities are measured at fair value through other comprehensive income. The Group has decided to classify some of these investments as financial assets at fair value through profit or loss. The cumulative gain (or loss) on changes in the value of reclassified available-for-sale investments that were previously presented in other comprehensive income is to be reclassified to retained earnings.
- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

- Recognition of derivatives - The Group is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss. Fair value of derivatives is described in Note 39.2.

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

TFRS 16 Leases

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

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

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

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 6,826 million (the Company only: approximately Baht 132 million) and the Group's liabilities by approximately Baht 6,826 million (the Company only: approximately Baht 132 million).

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

As described in Note 3 to the financial statements, during the current year, the Group has adopted TFRS 15 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2019. Therefore, the comparative information was not restated.

The effect of the changes in accounting policies due to the adoption of TFRS 15 on the beginning balance of retained earnings for 2019 comprises:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Impact on retained earnings as at 1 January 2019		
Costs to obtain contracts with customers	121	121
Related tax	(24)	(24)
Total	97	97

The amounts of adjustments affecting the statements of financial position as at 31 December 2019 and the statements of income and comprehensive income for the year ended 31 December 2019 are summarised below.

	(Unit: Million Baht)		
	Consolidated financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of financial position			
Assets			
Costs to obtain contracts with customers	-	148	148
Deferred tax assets	589	(30)	559
Shareholders' equity			
Retained earnings - unappropriated	21,529	118	21,647

(Unit: Million Baht)

	Consolidated financial statements		
	Previous accounting policy	Increase (decrease)	IFRS 15
Statement of income			
Revenue from sales of real estate	25,503	(352)	25,151
Selling expenses	1,106	(378)	728
Income tax expense	1,714	5	1,719
Profit for the year	10,027	21	10,048
Attributable to:			
Profit attributable to equity holders of the Company	10,004	21	10,025
Earnings per share (Baht):			
Basic earnings per share	0.84	-	0.84

(Unit: Million Baht)

	Separate financial statements		
	Previous accounting policy	Increase (decrease)	IFRS 15
Statement of financial position			
Assets			
Costs to obtain contracts with customers	-	148	148
Deferred tax assets	499	(30)	469
Shareholders' equity			
Retained earnings - unappropriated	21,529	118	21,647

(Unit: Million Baht)

	Separate financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of income			
Revenue from sales of real estate	24,610	(343)	24,267
Selling expenses	883	(369)	514
Income tax expense	1,059	5	1,064
Profit for the year	10,004	21	10,025
Attributable to:			
Profit attributable to equity holders of the Company	10,004	21	10,025
Earnings per share (Baht):			
Basic earnings per share	0.84	-	0.84

The nature of these adjustments are described below:

- Commission paid to obtain a contract - The Group has determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Group immediately recorded commission as selling expenses when the transaction occurred.
- Promotion expenses specified in the customer contracts with customers which consider as consideration paid to customer - The Group has determined that these transactions should be recorded as net offsetting with revenue from sales of real estate, not selling expenses as previously recorded.

5. Significant accounting policies

5.1 Revenue recognition

(a) Revenue from sales of real estate

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

are presented under the caption of “Advances received from customers” in the statement of financial position.

(b) Revenue from hotel operations

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

(c) Rendering of rental

Rental of area in buildings are recognised as revenue on a straight line basis over the lease term on an accrual basis.

(d) Project management income

Project management income is recognised when services have been rendered. Revenue are the invoice value, excluding value added tax, of service rendered.

(e) Interest income

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

(f) Dividends

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

5.2 Cost of real estate sales

In determining the costs 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 and residential condominium units on the basis of the saleable area.

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

5.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset or development of the projects 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.

The interest costs are determined by applying a capitalisation rate to the expenditures on that project. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the year.

5.4 Cash and cash equivalents

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

5.5 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

5.6 Real estate development costs (inventories)

Real estate development costs which are presented as inventories are stated at the lower of cost and net realisable value. Cost consists of the cost of land, land improvement costs, designed fees, utilities, construction costs, capitalised borrowing costs and other related expenses, as well as estimated project development assets.

The Group recognises losses on diminution in value of projects (if any) in profit or loss.

5.7 Cost to obtain a contract with customer

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

5.8 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) 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.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Group classify as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries and associates are accounted for in the separate financial statements using the equity method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on the yield rates quoted by the Thai Bond Market Association. The fair value of unit trust is determined from their net asset value.

Loss on impairment (if any) of investments in available-for-sale securities, debt securities expected to be held to maturity and other investments are included in profit or loss.

The weighted average method is used for computation of the cost of investments.

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.9 Land held for development

Land held for development is stated at cost less allowance for loss on diminution in value. It consists of cost of land, land improvement, public utilities cost, project development cost and borrowing cost which occurred during the developed period in the past.

5.10 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 5 - 40 years. Depreciation of the investment properties is included in determining income. No depreciation is provide on land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

5.11 Property, plant and equipment/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 the straight-line basis over the following estimated useful lives:

Building and building improvement	20	years
Office equipment	3 - 10	years
Furniture, fixtures and equipment	5	years
Motor vehicles	5	years
Others	2 - 20	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.12 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Amortisation of intangible assets is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

Computer software	5 and 10 years
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5.13 Long-term lease

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 assets acquired under finance leases is depreciated over the useful life of the asset.

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.

5.14 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. The subsidiaries amortise leasehold rights on a straight-line basis over the leasehold period.

Amortisation is included in determining income.

5.15 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

5.16 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.17 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.18 Impairment of assets

At the end of each reporting period, the Group perform impairment reviews in respect of the property, plant and equipment, investment properties, leasehold rights, investments and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.19 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

5.20 Provisions

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

5.21 Income tax

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

Current tax

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

Deferred tax

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

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

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

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

5.22 Derivatives

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

Cross currency swap agreement

Payables and receivables arising from cross currency swap agreements are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are recognised in profit or loss.

5.23 Fair value measurement

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

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

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for diminution in value of real estate development costs (inventories) and land held for development

The Group treats real estate development costs (inventories) and land held for development as devaluation when a significant decline in the fair value is noted. The management determines the devaluation based on net realisable value. The determination of what is “significant” and the amount of devaluation requires the management to exercise judgement.

Provision for maintenance of housing and condominium units, and public utilities

In recording provision for maintenance of housing and condominium units and public utilities, the management estimates the expenses expected to be incurred based on past experience of providing maintenance, and/or currently available information relating to maintenance expenses.

Project development costs estimation

In calculating costs of land and houses and residential condominium units sold, the Group has to estimate all project development costs, comprising land and land improvement costs, design and construction costs, public utilities costs, borrowing costs and other related costs. The management estimates these costs based on their experience in the business and revisits the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

Contributions to housing estate juristic persons

The Group estimates its contributions to housing estate juristic persons using the rate specified by the law and regulations and the budgeted cost of public utilities as a basis for the calculation.

Impairment of investments

The Group treats 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 / Investment properties / Leasehold rights and Depreciation

In determining depreciation of building and equipment and investment properties, the management is required to make estimates of the useful lives and residual values of the building and equipment and investment properties 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, investment properties and leasehold rights for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. 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 recognised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plans 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.

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.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position or disclosed in note to the financial statements 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, 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 or disclosed in note to the financial statements and disclosures of fair value hierarchy.

Litigations

The Group has contingent liabilities as a result of litigations. The Group's management has used judgement to assess of the results of the litigation and provision for the related

liabilities which the management deem to be an appropriate amount has been recorded as at the end of reporting period. However, actual results could differ from the estimates.

7. Related party transactions

The relationships between the Company and its related parties are summarised below.

Name of related parties	Relationship
Atlantic Real Estate Co., Ltd.	Subsidiary
LH Mall & Hotel Co., Ltd.	Subsidiary
L&H Retail Management Co., Ltd.	Subsidiary (99.97 percent held by LH Mall & Hotel Co., Ltd.)
L&H Management Co., Ltd.	Subsidiary (99.98 percent held by LH Mall & Hotel Co., Ltd.)
L&H Hotel Management Co., Ltd.	Subsidiary (99.99 percent held by LH Mall & Hotel Co., Ltd.)
Land and Houses North Co., Ltd.	Subsidiary
Land and Houses Northeast Co., Ltd.	Subsidiary
Siam Tanee Property Co., Ltd.	Subsidiary
Siam Tanee Real Estate Co., Ltd.	Subsidiary (99.99 percent held by Siam Tanee Property Co., Ltd.)
L H Real Estate Co., Ltd.	Subsidiary
L H Asset Co., Ltd.	Subsidiary
L.H. Muang Mai Co., Ltd.	Subsidiary
L&H Property Co., Ltd.	Subsidiary
Land and Houses U.S.A., Inc.	Subsidiary
Asia Asset Advisory Co., Ltd.	Subsidiary
LH Financial Group Plc.	Associate
Land and Houses Bank Plc.	Associate (99.99 percent held by LH Financial Group Plc.)

Name of related parties	Relationship
Land and Houses Fund Management Co., Ltd.	Associate (99.99 percent held by LH Financial Group Plc.)
Quality Construction Products Plc.	Associate
Home Product Center Plc.	Associate
Land and Houses Property and Loan Fund-II	Associate
Quality Houses Plc.	Associate
Q.H. International Co., Ltd.	Associate (99.99 percent held by Quality Houses Plc.)
Quality Houses Leasehold Property Fund	Associate of Quality Houses Plc.
Muang Mai Property Co., Ltd.	Shareholder of subsidiary
Reco Resorts Pte Ltd.	Shareholder of subsidiary
Siam Retail Development Co., Ltd.	Common shareholder
Land and Houses Freehold and Leasehold Property Fund	Related company
LH Shopping Centers Leasehold Real Estate Investment Trust	Related company
LH Hotel Leasehold Real Estate Investment Trust	Related company
Trinity Securities Company Limited	Common director

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	483	450	3.00% - 4.50% pa (2018: 3.00% - 4.00% pa)
Management fee income	-	-	9	9	Approximate cost
Dividend income	-	-	1,728	233	Declared rate
Sales of land	-	-	36	56	Approximate cost
Compensation for using of land	-	-	327	86	Approximate cost
Interest expenses	-	-	17	13	1.65% - 2.13% pa (2018: 1.65% - 2.00% p.a.)
Purchase of land	-	-	177	-	Approximate cost

(Unit: Million Baht)					
	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2019	2018	2019	2018	
<u>Transactions with associates</u>					
Management fee income	-	3	-	-	Contract price
Interest income	53	36	36	23	The interest rate as declared by the bank
Dividend income	2,502	2,267	2,502	2,267	Declared rate
Purchases of goods	102	52	99	50	Cost plus margin
Purchase of land	11	-	11	-	Approximate cost
Property rental fee expenses	176	191	-	-	Contract price
<u>Transactions with related companies</u>					
Property management fee income	261	227	-	-	Contract price
Human-resources management income	31	31	-	-	Contract price
Dividend income	194	178	73	62	Declared rate
IT management fee income	4	4	-	-	Contract price
Interest income	17	16	-	-	3.05% - 3.10% p.a. (2018: 3.10% p.a.)
Sale of assets to REIT	4,155	-	-	-	Contract price
Rental and services expenses	79	79	60	58	Baht 250 - 960 per square meter per month (2018: Baht 250 - 900 per square meter per month)
Property rental fee expenses	816	769	-	-	Contract price

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

(Unit: Million Baht)				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deposits at financial institution				
(shown under cash and cash equivalents)				
<u>Associate</u>				
Land and Houses Bank Plc.	3,295.9	4,991.1	2,015.9	3,830.0
Current investments (Note 9)				
<u>Associates</u>				
Land and Houses Bank Plc.	70.0	200.2	-	-
Land and Houses Fund Management Co., Ltd.	-	500.4	-	500.4
Total	70.0	700.6	-	500.4

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Amounts due from and accounts receivables - related parties (Note 10)				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
L H Asset Co., Ltd.	-	-	1.7	0.1
Land and Houses Northeast Co., Ltd.	-	-	-	13.4
	-	-	1.7	13.5
<u>Related companies</u>				
Quality Houses Leasehold Property Fund	1.6	1.5	-	-
Land and Houses Freehold and Leasehold Property Fund	1.3	4.2	-	-
Siam Retail Development Co., Ltd.	21.1	8.7	-	-
LH Shopping Centers Leasehold Real Estate Investment Trust	12.6	12.3	-	-
	36.6	26.7	-	-
Total	36.6	26.7	1.7	13.5
Short-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	-	153.1
LH Mall & Hotel Co., Ltd.	-	-	-	2,328.9
L H Asset Co., Ltd.	-	-	-	715.8
Land and Houses Northeast Co., Ltd.	-	-	-	50.2
	-	-	-	3,248.0
<u>Associate</u>				
Land and Houses Bank Plc.	2.2	4.6	0.3	1.6
	2.2	4.6	0.3	1.6
<u>Related company</u>				
Reco Resorts Pte Ltd.	13.8	52.9	-	-
	13.8	52.9	-	-
Total	16.0	57.5	0.3	3,249.6
Long-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
(Eliminated from the consolidated financial statements)				
Atlantic Real Estate Co., Ltd.	-	-	30.1	-
L H Asset Co., Ltd.	-	-	2,441.1	-
Land and Houses Northeast Co., Ltd.	-	-	729.8	-
Siam Tanee Property Co., Ltd.	-	-	115.8	-
Land and Houses U.S.A., Inc.	-	-	9,264.0	9,611.1
	-	-	12,580.8	9,611.1

(Unit: Million Baht)				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Related company</u>				
Reco Resorts Pte Ltd.	536.2	560.0	-	-
	536.2	560.0	-	-
Total	536.2	560.0	12,580.8	9,611.1
Deposits to related company				
(shown under other non-current assets)				
<u>Related company</u>				
Quality Houses Leasehold Property Fund	15.7	15.7	12.4	12.4
Trade accounts payable - related parties (Note 23)				
<u>Associates</u>				
Quality Construction Products Plc.	6.7	5.6	6.7	5.6
Home Product Center Plc.	0.7	0.4	0.1	0.2
	7.4	6.0	6.8	5.8
<u>Related company</u>				
LH Shopping Centers Leasehold Real Estate Investment Trust	0.7	-	-	-
Total	8.1	6.0	6.8	5.8
Amounts due to related parties (Note 23)				
<u>Associates</u>				
Home Product Center Plc.	7.8	0.3	7.4	0.1
Land and Houses Property and Loan Fund-II	43.5	47.1	-	-
	51.3	47.4	7.4	0.1
<u>Related companies</u>				
Quality Houses Leasehold Property Fund	0.3	0.3	0.3	0.3
LH Hotel Leasehold Real Estate Investment Trust	233.6	178.0	-	-
LH Shopping Centers Leasehold Real Estate Investment Trust	-	0.2	-	-
	233.9	178.5	0.3	0.3
Total	285.2	225.9	7.7	0.4
Short-term loans and accrued interest payables - related parties				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
L&H Property Co., Ltd.	-	-	15.0	42.1
Total	-	-	15.0	42.1
Long-term loan - related party				
<u>Subsidiary</u>				
(Eliminated from the consolidated financial statements)				
L&H Property Co., Ltd.	-	-	840.0	840.0

Short-term loans from/to related parties are unsecured loans in the form of promissory notes without collateral. The loans are due within one year or at call.

Long-term loans to related parties are unsecured loans to subsidiaries in the form of promissory notes without collateral. Interest charged at the rate between 3.40% and 4.50% per annum (2018: between 3.12% and 4.00% per annum). The loans are due at call and within 2022. As at 31 December 2019 loans are presented as long-term loans to related parties because the Company has no intention to call for such loans from subsidiaries within the next 12 months.

Long-term loan from related party is unsecured loan from L&H Property Co., Ltd. without collateral. Interest charged at the rate 2.13% per annum. The loan is repayable by 28 February 2022.

During the year 2019, movements of loans to/loans from between the Company, subsidiaries and related companies were as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	1 January 2019	Increase	Decrease	31 December 2019
Short-term loans and accrued interest receivables - related parties				
<u>Associate</u>				
Land and Houses Bank Plc.	4.6	50.7	(53.1)	2.2
<u>Related company</u>				
Reco Resorts Pte Ltd.	52.9	16.7	(55.8)	13.8
Total	57.5	67.4	(108.9)	16.0
Long-term loan - related party				
<u>Related company</u>				
Reco Resorts Pte Ltd.	560.0	-	(23.8)	536.2

(Unit: Million Baht)

	Separate financial statements			
	1 January 2019	Increase	Decrease	31 December 2019
Short-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	153.1	-	(153.1)	-
LH Mall & Hotel Co., Ltd.	2,328.9	370.4	(2,699.3)	-
L H Asset Co., Ltd.	715.8	-	(715.8)	-
Land and Houses Northeast Co., Ltd.	50.2	-	(50.2)	-
	3,248.0	370.4	(3,618.4)	-
<u>Associate</u>				
Land and Houses Bank Plc.	1.6	33.3	(34.6)	0.3
Total	3,249.6	403.7	(3,653.0)	0.3

(Unit: Million Baht)

	Separate financial statements			
	1 January 2019	Increase	Decrease	31 December 2019
Long-term loans and accrued interest receivables - related parties				
<u>Subsidiaries</u>				
Atlantic Real Estate Co., Ltd.	-	439.4	(409.3)	30.1
L H Asset Co., Ltd.	-	2,666.8	(225.7)	2,441.1
Land and Houses Northeast Co., Ltd.	-	831.1	(101.3)	729.8
Siam Tanee Property Co., Ltd.	-	286.3	(170.5)	115.8
Land and Houses U.S.A., Inc.	9,611.1	337.9	(685.0)	9,264.0
Total	9,611.1	4,561.5	(1,591.8)	12,580.8
Short-term loans and accrued interest payables - related parties				
<u>Subsidiaries</u>				
L&H Property Co., Ltd.	42.1	17.3	(44.4)	15.0
Land and Houses North Co., Ltd.	-	15.0	(15.0)	-
L H Real Estate Co., Ltd.	-	15.0	(15.0)	-
Total	42.1	47.3	(74.4)	15.0
Long-term loan - related party				
<u>Subsidiary</u>				
L&H Property Co., Ltd.	840.0	-	-	840.0

Directors and management's benefits

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	246,393	243,022	164,778	180,238
Post-employment benefits	6,904	9,632	2,264	3,968
Total	253,297	252,654	167,042	184,206

Commitments and contingent liabilities of related parties

The Group had commitments related to project management, consulting, and operating lease and service agreement with related companies as described in Note 37.

The Company had outstanding guarantee obligations with its related parties, as described in Note 37.3.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	7,546	7,669	2,380	2,395
Bank deposits	2,293,875	3,034,728	1,335,606	1,986,106
Cheques in transit	8,842	668,428	5,314	665,673
Fixed deposits receipt	2,243,775	3,420,979	1,500,000	3,000,000
Total	4,554,038	7,131,804	2,843,300	5,654,174

As at 31 December 2019, bank deposits and fixed deposits receipt carried interests between 0.10% and 1.30% per annum (2018: between 0.10% and 1.25% per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Fixed deposits over three months but not over one year	70,000	200,242	-	-
Investments in LH Money Market Fund - Cost	-	500,000	-	500,000
Add: Unrealised gain on changes in value of investments	-	390	-	390
Trading securities - fair value	-	500,390	-	500,390
Total	70,000	700,632	-	500,390

10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Trade receivables - unrelated parties</u>				
Not yet due	116,422	101,797	-	-
Past due				
Less than 3 months	11,525	45,932	-	-
3 - 6 months	3,442	5,502	-	-
6 - 9 months	247	345	-	-
9 - 12 months	-	2	-	-
Over 12 months	11	98	-	-
Total trade receivables - unrelated parties	131,647	153,676	-	-
<u>Other receivables</u>				
Amounts due from and accounts receivable - related parties	36,591	26,724	1,683	13,524
Others	55,602	48,167	39,241	41,963
Total other receivables	92,193	74,891	40,924	55,487
Total trade and other receivables	223,840	228,567	40,924	55,487

11. Real estate development costs (inventories)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Land	32,019,672	29,197,053	28,120,317	27,694,092
Land improvements	2,333,771	2,287,059	2,032,965	2,161,169
Construction in progress	13,077,720	10,732,624	12,176,752	10,417,488
Interest cost	2,380,389	2,615,581	2,252,163	2,533,761
Public utilities	3,604,891	3,509,468	3,086,640	3,238,885
Houses held for sales	271,244	242,455	91,354	77,598
Total	53,687,687	48,584,240	47,760,191	46,122,993
Less: Allowance for loss on diminution in project value	(314,082)	(340,967)	(219,844)	(222,658)
Inventories - net	53,373,605	48,243,273	47,540,347	45,900,335

In 2018, the Company transferred-in land held for development with net book value of Baht 1,171 million to inventories (2019: Nil).

During the years, the Group included borrowing costs in cost of land and construction in progress. These were determined by applying a capitalisation rate which is the weighted average of the financial charges on total borrowings as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Borrowing costs included in cost of land and construction in progress (Million Baht)	558	540	511	530
Capitalisation rate (Percent)	2.4	2.3	2.4	2.3

As at 31 December 2019 and 2018, the Group has mortgaged land and structures thereon to secure the Group's loans and the subsidiary's overdraft facilities with net book values as follows:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	2019	2018	2019	2018
Net book value of land and structures thereon mortgaged as collateral	7,388	6,484	6,687	5,826

Movements of allowance for loss on diminution in value of projects during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht) Consolidated financial statements		Separate financial statements	
Balance as at 1 January 2019	340,967		222,658	
Add: Additional set up	13,756		13,756	
Less: Reversal due to sales	(40,641)		(16,570)	
Balance as at 31 December 2019	314,082		219,844	

12. Cost to obtain contracts with customers

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	-	-
Addition from retain earning adjustment	121,089	121,089
Addition during the year	54,246	54,246
Record as selling expenses during the year	(27,718)	(27,718)
Balance as at 31 December 2019	147,617	147,617

13. Restricted bank deposit

The balance as at 31 December 2019 and 2018 represent saving account which a subsidiary pledged with SCB Asset Management Company Limited, trustee of LH Hotel Leasehold Real Estate Investment Trust (“LHHOTEL”), to secure land and building rental guarantees for 1 year in advance of Grande Centre Point Hotel Ratchadamri Project. The subsidiary sold this project to LHHOTEL in June 2017.

14. Investments in subsidiaries

14.1 Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		Carrying amounts based on equity method	
	2019	2018	2019	2018	2019	2018	2019	2018
			(Percent)	(Percent)				
Atlantic Real Estate Co., Ltd.	15,000	15,000	99.99	99.99	14,998	14,998	(31,972)	(26,037)
LH Mall & Hotel Co., Ltd. and its subsidiaries	2,000,000	2,000,000	99.99	99.99	2,000,000	2,000,000	4,122,736	2,864,514
Land and Houses North Co., Ltd.	13,500	13,500	99.99	99.99	13,500	13,500	15,798	15,781
Land and Houses Northeast Co., Ltd.	150,000	150,000	99.99	99.99	149,999	149,999	346,781	325,691
Siam Tanee Property Co., Ltd. and its subsidiary	100,000	100,000	99.99	99.99	64,859	64,859	165,544	163,257
L H Real Estate Co., Ltd.	58,000	58,000	99.99	99.99	25,000	25,000	18,681	18,802
L H Asset Co., Ltd.	100,000	100,000	99.99	99.99	52,734	52,734	570,859	471,656
L.H. Muang Mai Co., Ltd.	900,000	900,000	55.00	55.00	495,000	495,000	672,246	689,871
L&H Property Co., Ltd.	130,000	130,000	60.00	60.00	174,000	174,000	209,326	306,851
Land and Houses U.S.A., Inc.	(a)	(a)	100.00	100.00	1,343,127	1,343,127	1,100,626	1,516,259
Asia Asset Advisory Co., Ltd.	100	100	99.94	99.94	100	100	876	993
					4,333,317	4,333,317	7,191,501	6,347,638

(a) As at 31 December 2019 and 2018, Land and Houses U.S.A., Inc. had paid-up capital amounted to USD 40 million.

14.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of comprehensive income from investments in subsidiaries in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Share of profit / loss		Share of other comprehensive income		Dividend received	
	2019	2018	2019	2018	2019	2018
Atlantic Real Estate Co., Ltd.	(5,935)	(14,823)	-	-	-	-
LH Mall & Hotel Co., Ltd. and its subsidiaries	2,612,746	210,668	265,477	125,481	1,620,001	-
Land and Houses North Co., Ltd.	17	5	-	-	-	-
Land and Houses Northeast Co., Ltd.	21,090	151,701	-	-	-	232,499
Siam Tanee Property Co., Ltd. and its subsidiary	2,287	7,538	-	-	-	-
L H Real Estate Co., Ltd.	(121)	(148)	-	-	-	-
L H Asset Co., Ltd.	99,203	(20,808)	-	-	-	-
L.H. Muang Mai Co., Ltd.	(17,625)	3,468	-	(48)	-	-
L&H Property Co., Ltd.	10,894	39,147	-	(3,234)	108,419	-
Land and Houses U.S.A., Inc.	(326,031)	736,763	(89,602)	(22,543)	-	-
Asia Asset Advisory Co., Ltd.	(117)	(165)	-	-	-	-
Total	2,396,408	1,113,346	175,875	99,656	1,728,420	232,499

14.3 Significant changes in investments in subsidiary

L&H Hotel Management Company Limited

On 1 September 2019, LH Mall & Hotel Company Limited ("LHMH"), the Company's 99.99% owned subsidiary, purchased 99,997 shares, or 99.997% of the paid-up capital of L&H Hotel Management Company Limited ("LHH") from L&H Property Company Limited ("LHP"), the Company's 60% owned subsidiary, at a purchasing price of Baht 706 per share or a total amount of Baht 70.60 million. As a result of the acquisition transaction, LHH will no longer be a subsidiary of LHP and become a subsidiary of LHMH instead. The transaction is considered a business combination under common control; therefore, there is no impact on the profit or loss in the consolidated financial statements of the Company.

Subsequently, on 26 September 2019, the Extraordinary Meeting of the Shareholders of LHH passed a resolution approving an increase in its registered share capital amounting to Baht 9 million by issuing additional 0.9 million ordinary shares with a par value of Baht 10 each. LHH has already received share subscription from LHMH. LHH registered the increase in its registered share capital with the Ministry of Commerce on 1 October 2019.

14.4 Details of investments in subsidiaries that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2019	2018	2019	2018	2019	2018	2019	2018
	(%)	(%)						
L.H. Muang Mai Co., Ltd.	45	45	550	564	(14)	3	-	-
L&H Property Co., Ltd.	40	40	170	205	37	26	72	-

14.5 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

	L.H. Muang Mai Co., Ltd.		L&H Property Co., Ltd.	
	2019	2018	2019	2018
Current assets	1,621	1,209	470	1,041
Non-current assets	131	135	1,408	1,446
Current liabilities	(114)	(73)	(141)	(551)
Non-current liabilities	(416)	(17)	(1,314)	(1,424)

Summarised information about comprehensive income

	L.H. Muang Mai Co., Ltd.		L&H Property Co., Ltd.	
	2019	2018	2019	2018
Revenue	236	427	1,572	2,043
Profit (loss)	(32)	6	93	72
Other comprehensive income	-	-	-	(7)
Total comprehensive income	(32)	6	93	65

Summarised information about cash flow

	L.H. Muang Mai Co., Ltd.		L&H Property Co., Ltd.	
	2019	2018	2019	2018
Cash flow from (used in) operating activities	(695)	168	(162)	(151)
Cash flow from (used in) investing activities	4	64	157	(1,476)
Cash flow from (used in) financing activities	443	-	(181)	-
Net increase (decrease) in cash and cash equivalents	(248)	232	(186)	(1,627)

15. Investments in associates

15.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated and separate financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2019	2018	2019	2018	2019	2018
			(Percent)	(Percent)				
LH Financial Group Plc.	Holding company	Thailand	21.88	21.88	4,538,712	4,538,712	9,015,458	8,697,404
Quality Construction Products Plc.	Manufacture of construction materials	Thailand	21.16	21.16	179,178	179,178	423,709	391,700
Home Product Center Plc.	Trading of construction materials	Thailand	30.23	30.23	1,489,020	1,489,020	7,009,218	6,639,182
Land and Houses Property and Loan Fund-II	Real estate business	Thailand	49.99	49.99	743,925	743,925	383,297	419,337
Quality Houses Plc.	Real estate business	Thailand	24.98	24.98	3,282,682	3,282,682	7,573,685	7,425,351
					<u>10,233,517</u>	<u>10,233,517</u>	<u>24,405,367</u>	<u>23,572,974</u>

15.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit/loss from investments in associate companies in the consolidated financial statements and the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated and separate financial statements					
	Share of profit/loss		Share of other comprehensive income		Dividend received	
	2019	2018	2019	2018	2019	2018
LH Financial Group Plc.	703,321	680,040	(14,486)	(126,268)	370,781	301,260
Quality Construction Products Plc.	38,018	12,117	(931)	2,706	5,078	2,539
Home Product Center Plc.	1,867,480	1,696,818	(26,369)	1,982	1,471,075	1,312,040
Land and Houses Property and Loan Fund-II	56,808	66,284	-	-	92,848	89,134
Quality Houses Plc.	716,883	949,234	(6,600)	(20,841)	561,949	561,948
Total	<u>3,382,510</u>	<u>3,404,493</u>	<u>(48,386)</u>	<u>(142,421)</u>	<u>2,501,731</u>	<u>2,266,921</u>

15.3 Fair values of investments in listed associates

In respect of investments in associated companies that are listed companies on the Stock Exchange of Thailand, their fair values are as follows:

(Unit: Million Baht)

Company's name	Fair values as at 31 December	
	2019	2018
LH Financial Group Plc.	6,303	6,303
Quality Construction Products Plc.	440	374
Home Product Center Plc.	63,614	60,433
Quality Houses Plc.	6,797	6,958
Total	77,154	74,068

15.4 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	LH Financial Group Plc.		Home Product Center Plc.		Quality Houses Plc.	
	2019	2018	2019	2018	2019	2018
Current assets	240,731	245,933	15,696	19,006	27,503	29,845
Non-current assets	-	-	36,353	35,805	23,395	24,303
Current liabilities	(199,568)	(206,224)	(22,289)	(23,560)	(10,860)	(14,223)
Non-current liabilities	-	-	(8,622)	(11,337)	(13,178)	(13,656)
Net assets	41,163	39,709	21,138	19,914	26,860	26,269
Shareholding percentage (%)	21.88	21.88	30.23	30.23	24.98	24.98
Share of net assets	9,006	8,688	6,390	6,020	6,710	6,561
Goodwill	9	9	619	619	864	864
Carrying amounts of associates based on equity method	9,015	8,697	7,009	6,639	7,574	7,425

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December					
	LH Financial Group Plc.		Home Product Center Plc.		Quality Houses Plc.	
	2019	2018	2019	2018	2019	2018
Revenue	7,904	7,060	67,424	66,050	12,876	18,118
Profit for the year	3,214	3,108	6,176	5,613	2,853	3,800
Other comprehensive income	(66)	(577)	(87)	6	(26)	(83)
Total comprehensive income	3,148	2,531	6,089	5,619	2,827	3,717

15.5 Aggregate amount of share of comprehensive income from other associates (exclude associates named in Note 15.4)

(Unit: Million Baht)

	For the year ended 31 December	
	2019	2018
Share of comprehensive income:		
Profit from continuing operations	95	78
Other comprehensive income	(1)	3
Total comprehensive income	94	81

15.6 The Company's consolidated and separate financial statements for the years ended 31 December 2019 and 2018 included investments in the following associates accounted for under the equity method, and share of profit from investments in associates under the equity method, determined based on financial statements of those companies which have been audited as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Investments under the equity method as at 31 December		Share of profit from investments under the equity method for the year ended 31 December	
	2019	2018	2019	2018
Audited by auditor and other auditors of the same firm				
LH Financial Group Plc.	9,015,458	8,697,404	703,321	680,040
Home Product Center Plc.	7,009,218	6,639,182	1,867,480	1,696,818
Land and Houses Property and Loan Fund-II	383,297	419,337	56,808	66,284
Quality Houses Plc.	7,573,685	7,425,351	716,883	949,234
Audited by other auditor				
Quality Construction Products Plc.	423,709	391,700	38,018	12,117
Total	24,405,367	23,572,974	3,382,510	3,404,493

16. Other long-term investments

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
Available-for-sale securities				
Equity securities - Overseas	2,368,704	2,368,704	2,368,704	2,368,704
Unit trust - Domestic	2,381,276	2,381,276	1,091,343	1,091,343
Add: Changes in fair value of securities	1,192,952	863,631	289,171	291,696
Available-for-sale securities - net	5,942,932	5,613,611	3,749,218	3,751,743
Other investments				
Equity securities - Domestic	204,239	204,239	26,000	26,000
Unit trust - Domestic	165	165	-	-
Less: Allowance for impairment	(110,500)	(110,500)	(26,000)	(26,000)
Other investments - net	93,904	93,904	-	-
Total	6,036,836	5,707,515	3,749,218	3,751,743

As at 31 December 2019, a subsidiary has pledged domestic unit trust of approximately Baht 2,275 million (2018: Baht 1,862 million) to secure credit facilities from a financial institution.

17. Land held for development

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
Land held for development	2,061,503	2,057,336	1,860,169	1,860,169
Less: Allowance for loss on diminution in value	(724,301)	(720,134)	(652,509)	(652,509)
Land held for development - net	1,337,202	1,337,202	1,207,660	1,207,660

During the year 2018, the Company transferred-out land held for development with net book value of Baht 1,171 million to inventories (2019: Nil).

During the year 2018, the Company engaged an independent valuer to appraise the fair value of certain plots of land held for development of the Group, using the Market Comparison Approach as the basis of determining the valuation of assets. The fair values of land held for development appraised by the independent appraiser exceeded their net carrying amount.

As at 31 December 2019 and 2018, the Company has mortgaged some of the land held for development to secure long-term loans with net book value as follows:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2019	2018
Net book value of mortgaged land held for development to secure loans	689	689

Movements in the allowance for loss on diminution in value of land held for development during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	720,134	652,509
Add: Additional set up	4,167	-
Balance as at 31 December 2019	724,301	652,509

18. Investment properties

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

	Consolidated financial statements			(Unit: Thousand Baht) Separate financial statements		
	Vacant Land	Apartments	Total	Vacant Land	Apartments	Total
As at 31 December 2019:						
Cost	211,753	14,002,566	14,214,319	211,753	-	211,753
Less: Accumulated depreciation	-	(950,106)	(950,106)	-	-	-
Net book value	211,753	13,052,460	13,264,213	211,753	-	211,753
As at 31 December 2018:						
Cost	211,432	14,887,918	15,099,350	211,432	-	211,432
Less: Accumulated depreciation	-	(692,617)	(692,617)	-	-	-
Net book value	211,432	14,195,301	14,406,733	211,432	-	211,432

In May 2018, Land and Houses U.S.A., Inc. which is the Company's 100% owned subsidiary, sold an apartment in the United States of America to a non-related party at the amount of USD 140 million. The subsidiary had gain on such transaction approximately USD 41 million, and recognised such transaction in the profit or loss in 2018.

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	14,406,733	17,397,423	211,432	210,048
Acquisition of assets - at cost	171,666	581,368	321	1,384
Disposals - net book value	-	(3,118,424)	-	-
Depreciation charged	(314,719)	(354,111)	-	-
Translation adjustment	(999,467)	(99,523)	-	-
Net book value at end of year	<u>13,264,213</u>	<u>14,406,733</u>	<u>211,753</u>	<u>211,432</u>

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Vacant land	220	220	220	220
Apartments	13,482 ⁽¹⁾	14,508 ⁽¹⁾	-	-

⁽¹⁾ As at 31 December 2019, the fair value is USD 447 million (2018: USD 447 million).

As at 31 December 2019 and 2018, the fair values of investment properties have been determined using the following approach.

- Apartments which are acquired in the year 2017 have been determined based on acquisition cost. The management believes that there are no material differences between the book value and its fair value.
- Vacant land and apartments which are acquired before the year 2017 have been determined by an accredited independent valuer in the year 2018 using the Market Comparison Approach and the Income Approach.

The apartments with a total net book value as at 31 December 2019 of Baht 5,486 million (2018: Baht 5,995 million) have been pledged as collateral for long-term loans from overseas financial institutions.

19. Property, plant and equipment

(Unit: Thousand Baht)

[illegible]

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land	Building and building improvement	Office equipment	Furniture, fixture and equipment	Motor vehicles	Other	Assets under construction	
<u>Cost</u>								
1 January 2018	1,860	44,072	114,956	246,587	112,641	55,349	155,784	731,249
Additions	-	-	13,508	-	4,580	3,089	40,109	61,286
Disposals/write-off	-	-	(8,090)	(11,789)	(5,329)	(120)	-	(25,328)
Transfer in (out)	-	3,680	-	56,628	-	-	(60,308)	-
31 December 2018	1,860	47,752	120,374	291,426	111,892	58,318	135,585	767,207
Additions	-	-	6,367	16,207	13,044	1,358	45,570	82,546
Disposals/write-off	-	-	(1,242)	(17,807)	(10,719)	(551)	-	(30,319)
Transfer in (out)	-	-	-	27,063	-	32	(27,095)	-
31 December 2019	1,860	47,752	125,499	316,889	114,217	59,157	154,060	819,434
<u>Accumulated depreciation</u>								
1 January 2018	-	28,643	103,813	166,699	55,169	47,770	-	402,094
Depreciation for the year	-	1,912	6,831	28,654	16,607	2,864	-	56,868
Depreciation on disposals/write-off	-	-	(8,071)	(10,089)	(3,953)	(95)	-	(22,208)
31 December 2018	-	30,555	102,573	185,264	67,823	50,539	-	436,754
Depreciation for the year	-	1,778	9,359	34,307	16,308	2,703	-	64,455
Depreciation on disposals/write-off	-	-	(1,240)	(15,027)	(7,518)	(518)	-	(24,303)
31 December 2019	-	32,333	110,692	204,544	76,613	52,724	-	476,906
<u>Allowance for impairment</u>								
1 January 2018	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2018	334	-	-	-	-	-	-	334
Increase	-	-	-	-	-	-	-	-
31 December 2019	334	-	-	-	-	-	-	334
<u>Net book value</u>								
31 December 2018	1,526	17,197	17,801	106,162	44,069	7,779	135,585	330,119
31 December 2019	1,526	15,419	14,807	112,345	37,604	6,433	154,060	342,194
<u>Depreciation for the year</u>								
2018 (The balance included in administrative expenses)								56,868
2019 (The balance included in administrative expenses)								64,455

As at 31 December 2019, the subsidiary had vehicles with net book value of Baht 6 million (2018: Baht 11 million) which were acquired under financial lease agreements.

As at 31 December 2019 and 2018, certain items of building and equipment of the Group have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Building and equipment items have been fully depreciated but are still in use	431	399	382	327

20. Leasehold rights

(Unit: Thousand Baht)

Consolidated financial statements							
Project	Remaining periods of leasehold rights (years)	1 January		Transfer out	Disposals net		31 December 2019
		2019	Increase		book value	Amortisation	
Grande Centre Point Hotel Sukhumvit 55	-	1,530,384	-	-	(1,482,158)	(48,226)	-
Grande Centre Point Hotel Pattaya	29	1,263,748	2,053	(10,307)	-	(41,749)	1,213,745
Terminal 21 Shopping Center Pattaya	29	3,172,660	15,807	(51,620)	-	(104,208)	3,032,639
Terminal 21 Shopping Center Rama III	33	445,167	436,367	-	-	(12,004)	869,530
Vacant land	7, 30 and 39	240,642	387,326	-	-	(8,100)	613,868
Total		6,652,601	835,553	(61,927)	(1,482,158)	(214,287)	5,729,782

The amortisation of leasehold rights for the year 2019 of Baht 214 million (2018: Baht 109 million) included in cost of rental and services.

During the year ended 31 December 2019, the subsidiary included borrowing costs in leasehold rights totaling Baht 0.04 million (2018: Baht 40 million) with the capitalisation rate of 3.3 percent (2018: 3.3 percent)

As at 31 December 2019 and 2018, a subsidiary has pledged its land leasehold rights with construction thereon of Grande Centre Point Hotel Pattaya, Terminal 21 Shopping Center Pattaya and Terminal 21 Shopping Center Rama III project as collateral for bank overdrafts and long-term loans.

Grande Centre Point Hotel Sukhumvit 55

On 22 November 2019, LH Mall & Hotel Company Limited (“LHMH”), the Company’s 99.99% owned subsidiary, entered into an agreement to transfer the leasehold rights (lease agreement has a term of 27 years) and an agreement to sell movable assets of Grande Centre Point Hotel Sukhumvit 55 Project to LH Hotel Leasehold Real Estate Investment Trust (“LHHOTEL”) at a total price of Baht 4,155 million. The management of LHMH considered the selling prices was appropriated, considering to the equivalent assets. LHMH had gains on such transactions totaling Baht 2,418 million (net of relevant expenses), and recognised such transactions in the profit or loss for the current year.

In addition, the Company provided letter of comfort to the lenders of LHHOTEL, relating to maintain the percentage of unit holding in LHHOTEL by LHMH and maintain the period of the sublease of the Grande Centre Point Hotel Terminal 21 and the Grande Centre Point Hotel Ratchadamri by L&H Hotel Management Company Limited.

21. Other intangible assets

The net book value of intangible assets (computer software) as at 31 December 2019 and 2018 is presented below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Cost	100,827	95,515	56,112	54,059
Less: Accumulated amortisation	(59,554)	(50,229)	(40,909)	(37,414)
Net book value	41,273	45,286	15,203	16,645

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	45,286	34,716	16,645	17,835
Acquisition of computer software	8,394	22,685	2,375	2,585
Disposal and write-off during the year				
- net book value as at disposal date	(549)	(2,725)	-	-
Amortisation	(10,620)	(9,335)	(3,817)	(3,775)
Translation adjustment	(1,238)	(55)	-	-
Net book value at end of year	41,273	45,286	15,203	16,645
Amortisation for the year charged to				
Administrative expenses	10,620	9,335	3,817	3,775

22. Short-term loans from financial institution

	(Unit: Thousand Baht)			
	Interest rate (percent per annum)		Consolidated financial statements	
	2019	2018	2019	2018
Promissory notes	2.50 - 2.75	2.50 - 2.75	470,000	609,000
Total short-term loans from financial institution			470,000	609,000

Short-term loans from financial institution of subsidiary are secured by the pledge of unit trusts of LH Shopping Centers Leasehold Real Estate Investment Trust and LH Hotel Leasehold Real Estate Investment Trust and guaranteed by the Company.

23. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade payables - unrelated parties	2,129,647	2,032,859	1,493,519	1,622,130
Trade payables - related parties	8,093	6,087	6,821	5,810
Other payables - related parties	285,216	225,930	7,733	420
Accrued expenses	1,211,131	1,266,542	939,210	1,009,771
Others	171,853	169,789	70,510	32,546
Total trade and other payables	3,805,940	3,701,207	2,517,793	2,670,677

24. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Long-term loans	10,221,585	9,605,318	4,000,000	4,000,000
Less: Current portion	(1,203,187)	(24,166)	-	-
Net	9,018,398	9,581,152	4,000,000	4,000,000

As at 31 December 2019 and 2018, long-term loans of the Group from financial institutions are shown below:

	Consolidated financial statements		Separate financial statements		Interest rate per annum (%)	Principal repayments	Guaranteed by
	2019	2018	2019	2018			
The Company	4,000	4,000	4,000	4,000	2.3%	Within April 2022	Land and premises of project
Subsidiaries							
LH Mall & Hotel Co., Ltd.*	2,950	2,550	-	-	MLR - 2.75	First repayment at end of March 2020 to December 2029	Leasehold and premises of project
	5	-	-	-	MLR - 2.75	First repayment at end of March 2025 to December 2032	Leasehold and premises of project

(Unit: Million Baht)						
	Consolidated financial statements		Separate financial statements		Interest rate per annum (%)	Principal repayments
	2019	2018	2019	2018		Guaranteed by
Land and Houses U.S.A., Inc.	1,007	1,108	-	-	3% or 5 years Swap Rate (Bloomberg) +1.29 whichever is higher rate	Repayment within 5 years from the first drawdown date (USD 35 million)
	1,809	1,947	-	-	3.83%	Repayment within 5 years from the first drawdown date (USD 60 million)
L H Muangmai Co., Ltd.	450	-	-	-	MLR - 2.25	Repayment of principal upon transfer of house of the project to customer or within 5 years from the first drawdown date
Total	10,221	9,605	4,000	4,000		
Less: Current portion	(1,203)	(24)	-	-		
Net	9,018	9,581	4,000	4,000		

* The Company, as shareholders of LH Mall & Hotel Co., Ltd. ("LHMH") holding 99.99% of shares, agreed to provide assurance to the lender of LHMH whereby there are certain covenants pertaining to, among other things, the maintenance of the Company's level of shareholding, the provision of financial support. In addition, the Company needs to obtain the written consent from the lender should the Company sells, transfers or pledges the shares of LHMH.

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

(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	9,605,318	4,000,000
Add: Additional borrowings	855,000	-
Less: Repayment	(24,290)	-
Less: Translation adjustment	(214,443)	-
Balance as at 31 December 2019	10,221,585	4,000,000

Most loan agreements contain certain covenants and restrictions imposed by the lenders regarding, the proportion of shareholding of the major shareholders, changes in management, guarantees to loans or aval to promissory notes of any other persons or other companies, dividend payments, merger or consolidation with any other companies, the maintenance of certain financial ratios and formal reporting when the Company has a legal case which may affect its ability to repay loan.

As at 31 December 2019 and 2018, there were available long-term loan facilities from financial institutions as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Undrawdown loan facilities	3,030	810	-	-

25. Debentures

Details of approval to issue the debenture of the Company are as follows:

Approved by	The Annual General Meeting of the Company's shareholders held on 27 April 2017
Amount	Revolving amount of Baht 60,000 million or the equivalent in any other currencies
Term	Maximum terms of 10 years
Type	Any types of debentures such as unsubordinated and/or subordinated, unsecured and/or secured, with and/or without debenture holder representation
Method of issuance	To be issued in Thailand and/or offshore

As at 31 December 2019, the Company has unissued debentures under the above mentioned approval totaling Baht 20,800 million (2018: Baht 19,550 million).

The outstanding balance of debentures as at 31 December 2019 and 2018 are detailed below.

No.	Interest rate per annum	Age	Repayment	Maturity	Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2019	2018	2019	2018
Unsubordinated and unsecured debentures								
No. 2/2015 (2)	Fixed rate 3.31%	5 years	At maturity	2 April 2020	1,000,000	1,000,000	1,000,000	1,000,000
No. 3/2015 (2)	Fixed rate 2.66%	4 years	At maturity	8 October 2019	-	1,000,000	-	1,000,000
No. 3/2015 (3)	Fixed rate 2.99%	5 years	At maturity	8 October 2020	1,000,000	1,000,000	1,000,000	1,000,000
No. 1/2016	Fixed rate 1.82%	3 years	At maturity	29 April 2019	-	5,000,000	-	5,000,000
No. 2/2016	Fixed rate 2.23%	3 years	At maturity	28 October 2019	-	7,250,000	-	7,250,000
No. 1/2017	Fixed rate 2.48%	3 years	At maturity	28 April 2020	6,000,000	6,000,000	6,000,000	6,000,000
No. 2/2017	Fixed rate 2.22%	2 years	At maturity	28 April 2019	-	1,000,000	-	1,000,000
No. 3/2017	Fixed rate 2.13%	3 years	At maturity	5 October 2020	6,000,000	6,000,000	6,000,000	6,000,000
No. 1/2018	Fixed rate 2.96%	7 years	At maturity	7 March 2025	1,200,000	1,200,000	1,200,000	1,200,000
No. 2/2018	Fixed rate 1.98%	3 years	At maturity	7 May 2021	6,000,000	6,000,000	6,000,000	6,000,000
No. 3/2018	Fixed rate 3.02%	3 years	At maturity	5 October 2021	5,000,000	5,000,000	5,000,000	5,000,000
No. 1/2019	Fixed rate 2.62%	3 years	At maturity	26 April 2022	6,000,000	-	6,000,000	-
No. 2/2019	Fixed rate 2.12%	3 years	At maturity	15 October 2022	7,000,000	-	7,000,000	-
Total					39,200,000	40,450,000	39,200,000	40,450,000
Less: Current portion of debentures							(14,000,000)	(14,250,000)
Net							25,200,000	26,200,000

Movements in the debentures during the year 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 1 January 2019	40,450,000
Add: Issue of new debenture	13,000,000
Less: Redemption	(14,250,000)
Balance as at 31 December 2019	39,200,000

Prospectus contains certain covenants and restrictions regarding the maintenance of certain financial ratios, dividend payments and formal reporting when the significant events occurred such as a legal case.

26. Provisions

	(Unit: Thousand Baht)						
	Consolidated financial statements						
	After-sale maintenance expenses	Legal cases	Contributions to housing estate juristic persons	Public utilities maintenance	Damages from projects	Other	Total
As at 1 January 2018	170,073	1,084,661	183,674	71,941	-	15,000	1,525,349
Increase during the year	62,039	42,161	122,112	111,800	114,419	-	452,531
Reversal of provisions	(78,307)	(273,228)	-	-	(5,016)	-	(356,551)
Utilised	(62,159)	(1,320)	(14,621)	(52,252)	(77,598)	-	(207,950)
As at 31 December 2018	91,646	852,274	291,165	131,489	31,805	15,000	1,413,379
Increase during the year	77,320	18,933	32,309	117,048	-	10,000	255,610
Reversal of provisions	-	(352,702)	-	-	(493)	-	(353,195)
Utilised	(73,332)	(57,041)	(29,881)	(88,654)	(13,756)	-	(262,664)
As at 31 December 2019	95,634	461,464	293,593	159,883	17,556	25,000	1,053,130

	(Unit: Thousand Baht)						
	Separate financial statements						
	After-sale maintenance expenses	Legal cases	Contributions to housing estate juristic persons	Public utilities maintenance	Damages from projects	Other	Total
As at 1 January 2018	167,874	1,084,661	175,121	70,883	-	-	1,498,539
Increase during the year	60,811	42,161	120,402	111,207	114,419	-	449,000
Reversal of provisions	(78,307)	(273,228)	-	-	(5,016)	-	(356,551)
Utilised	(61,380)	(1,320)	(13,013)	(51,372)	(77,598)	-	(204,683)
As at 31 December 2018	88,998	852,274	282,510	130,718	31,805	-	1,386,305
Increase during the year	75,581	18,933	30,289	115,497	-	-	240,300
Reversal of provisions	-	(352,702)	-	-	(493)	-	(353,195)
Utilised	(71,260)	(57,041)	(27,574)	(87,860)	(13,756)	-	(257,491)
As at 31 December 2019	93,319	461,464	285,225	158,355	17,556	-	1,015,919

27. Provision for long-term employee benefits

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

	Consolidated financial statements		(Unit: Thousand Baht)	
			Separate financial statements	
	2019	2018	2019	2018
Provision for long-term employee benefits at beginning of year	508,831	353,858	380,348	274,090
Included in profit or loss:				
Current service cost	37,395	23,237	22,031	14,191
Interest cost	13,739	10,653	10,269	8,329
Past service costs and losses on settlement	-	126,598	-	100,097
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	-	5,601	-	5,556
Financial assumptions changes	-	16,307	-	7,530
Experience adjustments	-	15,249	-	11,134
Benefits paid during the year	(32,272)	(42,672)	(32,272)	(40,579)
Provision for long-term employee benefits at end of year	527,693	508,831	380,376	380,348

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which was announced in the Royal Gazette on 5 April 2019. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefits liabilities of Baht 127 million (the Company only: Baht 100 million). The Group has recorded the effect of the change by recognising past service costs as expenses in the profit or loss in 2018.

The Group expects to pay Baht 15.1 million of long-term employee benefits during the next year (separate financial statements: Baht 14.7 million) (2018: Baht 29.5 million, separate financial statements: Baht 29.5 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 21 years (separate financial statements: 19 years) (2018: 21 years, separate financial statements: 19 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Discount rate	2.8% - 3%	2.8% - 3%	3%	3%
Salary increase rate	6% - 6.5%	6% - 6.5%	6.5%	6.5%
Turnover rate	0% - 25%	0% - 25%	0% - 20%	0% - 20%

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

	(Unit: Million Baht)					
	As at 31 December 2019					
	Discount rate		Salary increase rate		Turnover rate	
	Increase 0.5%	Decrease 0.5%	Increase 1%	Decrease 1%	Increase 10%	Decrease 10%
Consolidated financial statements	(25)	27	59	(51)	(11)	11
Separate financial statements	(16)	17	38	(34)	(6)	6

	(Unit: Million Baht)					
	As at 31 December 2018					
	Discount rate		Salary increase rate		Turnover rate	
	Increase 0.5%	Decrease 0.5%	Increase 1%	Decrease 1%	Increase 10%	Decrease 10%
Consolidated financial statements	(19)	20	40	(35)	(5)	6
Separate financial statements	(12)	13	26	(23)	(4)	4

28. Surplus on changes in value of available-for-sale investments

During the years 2019 and 2018, movement of surplus on changes in value of available-for-sale investments are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Balance as at beginning of year	694,418	2,099,808	233,357	1,769,098
Changes during the year due to				
- Revaluation	329,321	(1,756,737)	(2,525)	(1,919,677)
- Income taxes	(65,864)	351,347	505	383,936
Balance as at end of year	957,875	694,418	231,337	233,357

29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

According to the Thai Civil and Commercial Code, the subsidiaries are required to set aside to a statutory reserve an amount equal to at least five percent of its net profit each time the subsidiaries pay out a dividend, until such reserve reaches ten percent of their registered share capital. The statutory reserve cannot be used for dividend payment.

30. Revenue from contracts with customers

30.1 Disaggregated revenue information

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	2019	2018	2019	2018
Type of goods or service:				
Revenue from sales of real estate	25,151,365	30,513,635	24,267,048	29,419,473
Revenue from hotel operations	2,970,202	2,543,526	-	-
Infrastructure service income	349,501	327,272	317,495	295,513
Project management income	296,325	265,111	-	-
Total revenue from contracts with customers	28,767,393	33,649,544	24,584,543	29,714,986
Rental income	1,639,995	924,685	-	-
Dividend	230,496	227,891	100,208	103,337
Interest income	75,827	74,024	523,809	490,652
Gain on sales of project	-	115,726	-	115,726
Gain on sales of properties	2,418,306	1,335,486	-	-
Others	175,332	119,783	67,908	87,537
Total Revenue	33,307,349	36,447,139	25,276,468	30,512,238
Timing of revenue recognition:				
Revenue recognised at a point in time	28,121,567	33,057,161	24,267,048	29,419,473
Revenue recognised over time	645,826	592,383	317,495	295,513
Total revenue from contracts with customers	28,767,393	33,649,544	24,584,543	29,714,986

Set out below is a reconciliation of the revenue from contracts with customers with the amounts disclosed in Note 34 relating to the segment information:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
External customers	28,767,393	33,649,544	24,584,543	29,714,986
Inter-segment	431,050	283,556	33,783	54,948
Total	29,198,443	33,933,100	24,618,326	29,769,934
Adjustments and eliminations	(431,050)	(283,556)	(33,783)	(54,948)
Total revenue from contracts with customers	28,767,393	33,649,544	24,584,543	29,714,986

30.2 Revenue recognised in relation to contract balances

During the current year, The Group has revenue recognised that was included in advances received from customers at the beginning of the year totaling Baht 919 million (Separate financial statements: Baht 899 million).

30.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2019, revenue totaling Baht 8,301 million is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unsatisfied (Separate financial statements: Baht 8,202 million). The Group expects to satisfy these performance obligations within 3 years.

31. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	2019	2018	2019	2018
Purchase of land and land held for development and payment of construction in progress during year	20,386	16,637	16,358	15,429
Changes in land, constructions in progress and land held for development	(5,130)	1,126	(1,640)	1,646
Salaries and wages and other employee benefits	1,398	1,557	1,203	1,360
Depreciation and amortisation expenses	737	616	68	61
Rental expenses from operating lease agreements	70	70	57	57

32. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge	1,380,115	1,711,694	1,005,235	1,519,124
Deferred tax:				
Relating to origination and reversal of temporary differences	338,679	(4,164)	58,969	(26,040)
Income tax expenses reported in the statements of income	1,718,794	1,707,530	1,064,204	1,493,084

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax relating to gain/loss on changes in value of available-for-sale investments	(65,864)	351,347	505	383,936
Deferred tax relating to actuarial gain/loss	-	7,431	-	4,844
	(65,864)	358,778	505	388,780

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before tax	11,766,487	12,211,893	11,089,110	11,968,512
Applicable tax rate	20% and 28%	20% and 28%	20%	20%
Accounting profit before tax multiplied by income tax rate	2,318,256	2,505,476	2,217,822	2,393,702
Adjustment in respect of income tax of precious year	(5,433)	(153,339)	-	-
Effects of:				
Change in value of investments accounted for the equity method	(676,502)	(680,898)	(1,155,784)	(903,568)
Exempt dividend income	(10,495)	(12,480)	(10,484)	(12,478)
Non-deductible expenses	17,141	17,646	14,223	12,358
Additional expense deductions allowed	(20,518)	(11,965)	(1,208)	(1,554)
Unused tax losses	5,761	44	-	-
Exempt income	-	2,268	-	-
Reversal deferred tax asset as previously recorded	2,839	15,960	-	-
Items treated as revenue under the Revenue Code	86,019	3,878	-	1,170
Utilise of tax losses	(11)	(8,890)	-	-
Others	1,737	29,830	(365)	3,454
Total	(594,029)	(644,607)	(1,153,618)	(900,618)
Income tax expenses reported in the statement of income	1,718,794	1,707,530	1,064,204	1,493,084

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

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for diminution in value of inventories and land held for development	184,334	180,689	174,470	175,033
Allowance for impairment of investments	5,200	5,200	5,200	5,200
Allowance for asset impairment	1,774	2,067	1,067	2,067
Accumulated depreciation - Clubhouse and pool	132,700	121,999	124,544	113,447
Accumulated amortisation - Leasehold rights	1,240,745	985,650	-	-
Accumulated amortisation - Intangible assets	3,772	5,464	-	-
Financial lease liabilities	2,294	3,170	-	-
Provisions	169,468	242,003	163,699	238,319
Provision for long-term employee benefits	102,853	98,914	76,075	76,069
Unused tax losses	316,435	309,432	-	-
Accrued land rental	71,044	41,192	-	-
Accrued interest payable	104,953	-	-	-
Interest expenses capitalised as costs of projects	11,339	-	11,339	-
Total	2,346,911	1,995,780	556,394	610,135
Deferred tax liabilities				
Rental income received in advance	(835)	-	-	-
Assets under finance lease	(1,128)	(2,226)	-	-
Gain on change in value of available-for-sale investments	(235,076)	(169,290)	(57,834)	(58,417)
Accumulated depreciation - Investment property	(366,016)	(377,254)	-	-
Advance payment	(1,079)	(2,309)	-	-
Advance received from sale of assets to REIT	(2,971,713)	(2,274,399)	-	-
Cost to obtain contracts with customers	(29,523)	-	(29,523)	-
Total	(3,605,370)	(2,825,478)	(87,357)	(58,417)
Deferred tax assets (liabilities) - net	(1,258,459)	(829,698)	469,037	551,718

As at 31 December 2019, the Group has deductible temporary differences and unused tax losses totaling Baht 840 million (2018: Baht 2,124 million) (The Company only: 2019 and 2018: Nil), on which deferred tax assets have not been recognised as the Group believes that the temporary differences and unused tax losses will not be used.

As at 31 December 2019, the unused tax losses amounting to Baht 41 million (2018: 1,643 million) will expire by 2022.

33. Earnings per share

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

Consolidated and separate financial statements					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
2019	2018	2019	2018	2019	2018
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of the parent					
10,024,906	10,475,429	11,949,713	11,949,713	0.84	0.88

34. 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. The chief operating decision maker has been identified as the Company's Board of Directors

For management purposes, the Group are recognise into business units based on its products and services and have two reportable segments as follows:

- Real estate business segment which consists of houses, townhouses and residence condominium projects for sale.
- Rental and service business segment which consists of shopping mall, apartment for rent, hotel and project management.

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

associates and 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 table present revenue and profit information regarding the Group, operating segments for the year ended 31 December 2019 and 2018, respectively.

(Unit: Million Baht)

	For the year ended 31 December 2019					Consolidated financial statements
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	
Revenue from external customers	25,151	4,907	-	30,058	-	30,058
Inter-segment revenue	220	211	-	431	(431)	-
Interest income	528	48	-	576	(500)	76
Infrastructure service income	350	-	-	350	-	350
Finance cost	(710)	(625)	-	(1,335)	500	(835)
Depreciation and amortisation	(66)	(662)	-	(728)	-	(728)
Reversal of provision for legal cases	353	-	-	353	-	353
Gain on sales of properties	-	2,418	-	2,418	-	2,418
Share of profit from investments in associates accounted for by the equity method	755	57	2,571	3,383	-	3,383
Segment profit	5,598	2,797	2,571	10,966	407	11,373
Unallocated revenue and expenses:						
Other income						406
Other expenses						(12)
Income tax expenses						(1,719)
Non-controlling interests of the subsidiaries						(23)
Profit for the year						10,025

The following table present assets information regarding the Group operating segments for the year ended 31 December 2019.

	(Unit: Million Baht)					
	Real estate business	Rental and service business	Others	Total reportable segments	Unallocated assets	Consolidated financial statements
Segment assets	55,928	19,314	-	75,242	37,897	113,139
Investments in associates accounted for by the equity method	7,997	383	16,025	24,405	-	24,405
Increase (decrease) in non-current assets other than financial instruments and deferred tax assets	846	(1,927)	-	(1,081)	-	(1,081)

(Unit: Million Baht)

	For the year ended 31 December 2018					
	Real estate business	Rental and service business	Others	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Revenue from external customers	30,514	3,733	-	34,247	-	34,247
Inter-segment revenue	55	229	-	284	(284)	-
Interest income	498	40	-	538	(464)	74
Infrastructure service income	327	-	-	327	-	327
Finance cost	(556)	(610)	-	(1,166)	435	(731)
Depreciation and amortisation	(63)	(553)	-	(616)	-	(616)
Reversal of provision for legal cases	270	-	-	270	-	270
Gain on sales of properties	-	1,335	-	1,335	-	1,335
Loss on diminution in value of project and land held for development	62	-	-	62	-	62
Loss on sales of assets	(1)	(3)	-	(4)	-	(4)
Share of profit from investments in associates accounted for by the equity method	961	66	2,377	3,404	-	3,404
Segment profit	8,317	1,099	2,377	11,793	72	11,865
Unallocated revenue and expenses:						
Other income						347
Income tax expenses						(1,708)
Non-controlling interests of the subsidiaries						(29)
Profit for the year						10,475

The following table present assets information regarding the Group operating segments for the year ended 31 December 2018.

	(Unit: Million Baht)					
	Real estate business	Rental and service business	Others	Total reportable segments	Unallocated assets	Consolidated financial statements
Segment assets	50,785	21,389	-	72,174	39,307	111,481
Investments in associates accounted for by the equity method	7,817	419	15,337	23,573	-	23,573
Increase (decrease) in non-current assets other than financial instruments and deferred tax assets	(1,786)	491	-	(1,295)	(28)	(1,323)

Geographic information

Revenue from external customers is based on locations of the customers of the Group which are summarised as follow:

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Revenue from external customers		
Thailand	29,413	33,532
United States of America	645	715
Total	<u>30,058</u>	<u>34,247</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	8,225	9,085
United States of America	13,148	14,238
Total	<u>21,373</u>	<u>23,323</u>

Major customers

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

35. Provident fund

The Company and its employees and the subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and employees of each company contribute to the fund monthly at the rate of 5 to 7 percent of basic salaries. The fund, which is managed by Land and Houses Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years, the Group contributed to the provident fund as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Contribution to provident fund	58	55	35	36

36. Dividends

Dividends	Approved by	Approved dividend per share	Interim dividend per share	Additional dividend paid per share	Total additional dividend paid	Portion belonging to shareholders	
						not entitled to dividend	Net dividend paid
		(Baht)	(Baht)	(Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Final dividend for 2017	Annual General Meeting of the shareholders on 26 April 2018	0.75	(0.40)	0.35	4,183	(1)	4,182
Interim dividend for 2018	Board of Directors' Meeting on 14 August 2018	0.40	-	0.40	4,779	-	4,779
Total for 2018							8,961
Final dividend for 2018	Annual General Meeting of the shareholders on 25 April 2019	0.75	(0.40)	0.35	4,183	(1)	4,182
Interim dividend for 2019	Board of Directors' Meeting on 14 August 2019	0.30	-	0.30	3,585	(1)	3,584
Total for 2019							7,766

37. Commitments and contingent liabilities

37.1 Commitments

37.1.1 As at 31 December 2019 and 2018, the Group has commitments under construction contracts as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Commitments under construction contracts	5,385	3,586	3,228	3,359
Commitment in respect of the installation of public utilities of projects on hand	1,389	1,210	1,287	1,182

37.1.2 As at 31 December 2019 and 2018, L&H Property Company Limited (“LHP”), the Company’s 60% owned subsidiary, and LH Mall & Hotel Company Limited (“LHMH”), the Company’s 99.99% owned subsidiary, have the following commitments under land and construction lease agreement and land lease agreement as follows:

a) Land and construction lease agreement - LHP

Agreement date	Agreement period	Maturity date	Rental rate
7 June 2005	30 years*	31 May 2038	From 1 June 2008, the following rental is to be paid on monthly basis 1 st - 5 th year, total rental payment of Baht 33 million (Full amount has been paid) 6 th - 10 th year, total rental payment of Baht 42 million (Full amount has been paid) 11 th - 15 th year, total rental payment of Baht 54 million (As at 31 December 2019: already paid Baht 16 million in total) 16 th - 20 th year, total rental payment of Baht 69 million 21 st - 25 th year, total rental payment of Baht 88 million 26 th - 30 th year, total rental payment of Baht 112 million

* The agreement runs from 1 June 2008 (3 years after the period of construction).

In addition, as at 31 December 2019 and 2018, LHP is committed to pay security expenses at the rate of Baht 16,740 per month throughout the period of construction and the period of the lease.

The rentals under the above land lease agreement are recognised as liabilities in the consolidated financial statement, at present value, as part of relevant expenses in the sales of assets of Grande Centre Point Hotel Ratchadamri project to REIT.

b) Land lease agreement - LHP

Agreement date	Agreement period	Rental rate
10 March 2006	30 years*	Land leasing fee is to be monthly paid as follows: 1 st - 5 th year, total rental of Baht 20 million (Full amount has been paid) 6 th - 10 th year, total rental of Baht 23 million (As at 31 December 2019: already paid Baht 20 million in total) 11 th - 15 th year, total rental of Baht 27 million 16 th - 20 th year, total rental of Baht 31 million 21 st - 25 th year, total rental of Baht 35 million 26 th - 30 th year, total rental of Baht 41 million

* The agreement runs from 1 September 2010 to 31 August 2040. However, the lessor consented to allow LHP to develop or construct on the leased land between 1 September 2007 and 31 August 2010, and LHP agreed to pay additional ground rental fee of Baht 160,000 per month.

The rentals under the above land lease agreement are recognised as liabilities in the consolidated financial statement, at present value, as part of relevant expenses in the sales of assets of Terminal 21 Shopping Center Project and Grande Centre Point Hotel Terminal 21 Project to REIT.

c) Land lease agreements - LHMH

Agreement date	Agreement period	Maturity date	Rental rate
3 October 2013	30 years*	31 March 2047	From 1 April 2017, the following rental is to be paid annually 1 st - 7 th year, total rental payment of Baht 35 million (As at 31 December 2019: already paid Baht 14 million in total) 8 th - 17 th year, total rental payment of Baht 100 million 18 th - 27 th year, total rental payment of Baht 150 million 28 th - 30 th year, total rental payment of Baht 75 million

* The agreement runs from 1 April 2017 (3 years after the period of construction).

In addition, LHMH is committed to pay commission at Baht 5 million per year in the second and third years of construction period.

The rentals under the above land lease agreement are recognised as liabilities in the consolidated financial statements, at present value, as part of relevant expenses in the sales of assets of Grande Centre Point Hotel Sukhumvit 55 Project to REIT as described in Note 20.

d) Land lease agreements - LHMH

Agreement date	Agreement period	Rental rate
4 August 2015	30 years*	Land leasing fee is to be monthly paid as follows: 1 st - 3 rd year, total rental payment of Baht 71 million (As at 31 December 2019: already paid Baht 24 million in total) 4 th - 6 th year, total rental payment of Baht 78 million 7 th - 9 th year, total rental payment of Baht 86 million 10 th - 12 th year, total rental payment of Baht 95 million 13 th - 15 th year, total rental payment of Baht 104 million 16 th - 18 th year, total rental payment of Baht 115 million 19 th - 21 st year, total rental payment of Baht 126 million 22 nd - 24 th year, total rental payment of Baht 139 million 25 th - 27 th year, total rental payment of Baht 153 million 28 th - 30 th year, total rental payment of Baht 168 million

* The agreement runs after the construction period of 3 years. However, the lessor consented to allow LHMH, to develop or construct on the leased land for 3 years after the transfer and lease registration date. LHMH is committed to pay commission at Baht 1,716,000 per month in the first and second years of construction period and Baht 1,980,000 per month in the third year of construction period.

e) Land lease agreements - LHMH

Agreement date	Agreement period	Rental rate
1 August 2017	40 years*	Land leasing fee is to be annually paid as follows: 1 st - 3 rd year, total rental payment of Baht 15 million (As at 31 December 2019: already paid Baht 4 million in total) 4 th - 6 th year, total rental payment of Baht 17 million 7 th - 9 th year, total rental payment of Baht 19 million 10 th - 12 th year, total rental payment of Baht 21 million 13 th - 15 th year, total rental payment of Baht 23 million 16 th - 18 th year, total rental payment of Baht 25 million 19 th - 21 st year, total rental payment of Baht 27 million 22 nd - 24 th year, total rental payment of Baht 30 million 25 th - 27 th year, total rental payment of Baht 33 million 28 th - 30 th year, total rental payment of Baht 36 million 31 st - 33 rd year, total rental payment of Baht 40 million 34 th - 36 th year, total rental payment of Baht 44 million 37 th - 39 th year, total rental payment of Baht 48 million 40 th year, total rental payment of Baht 18 million

* The agreement runs from 1 April 2019. However, the lessor consented to allow LHMH to develop or construct on the leased land between 1 August 2017 and 31 March 2019

f) Land lease agreements - LHMH

Agreement date	Agreement period	Rental rate
18 January 2018	33 years*	Land leasing fee is to be annually paid as follows 1 st - 3 rd year, total rental payment of Baht 30 million 4 th - 6 th year, total rental payment of Baht 33 million 7 th - 9 th year, total rental payment of Baht 36 million 10 th - 12 th year, total rental payment of Baht 45 million 13 th - 15 th year, total rental payment of Baht 50 million 16 th - 18 th year, total rental payment of Baht 55 million 19 th - 21 st year, total rental payment of Baht 60 million 22 nd - 24 th year, total rental payment of Baht 66 million 25 th - 27 th year, total rental payment of Baht 73 million 28 th - 30 th year, total rental payment of Baht 80 million 31 st - 33 rd year, total rental payment of Baht 135 million

* The agreement runs from 18 January 2021. However, the lessor consented to allow LHMH to develop or construct on the leased land between 18 January 2018 and 17 January 2021.

g) Land lease agreements - LHMH

Agreement date	Agreement period	Rental rate
15 August 2019	30 years*	Land leasing fee is to be monthly paid as follows 1 st - 3 rd year, total rental payment of Baht 25 million 4 th - 6 th year, total rental payment of Baht 28 million 7 th - 9 th year, total rental payment of Baht 32 million 10 th - 12 th year, total rental payment of Baht 36 million 13 th - 15 th year, total rental payment of Baht 40 million 16 th - 18 th year, total rental payment of Baht 45 million 19 th - 21 st year, total rental payment of Baht 50 million 22 nd - 24 th year, total rental payment of Baht 56 million 25 th - 27 th year, total rental payment of Baht 63 million 28 th - 30 th year, total rental payment of Baht 70 million

* The agreement runs from 1 September 2022. However, the lessor consented to allow LHMH to develop or construct on the leased land between 1 September 2019 and 31 August 2022.

37.1.3 As at 31 December 2019 and 2018, the subsidiaries are committed to pay a fixed rental fee and variable rental fee to fund and/or REIT in accordance with the conditions stipulated in the lease agreements to lease assets of the followings:

Fund and/or REIT	Project	Term
Land and Houses Property and LoanFund-II	Grande Centre Point Hotel Ploenchit	From 1 July 2019 to 31 December 2021
LH Hotel Leasehold Real Estate Investment Trust	Grande Centre Point Hotel Terminal 21	From 16 December 2018 to 15 December 2021
	Grande Centre Point Hotel Ratchadamri	From 15 June 2017 to 14 June 2020
	Grande Centre Point Hotel Sukhumvit 55	From 22 November 2019 to 31 December 2022

The subsidiaries have the following minimum lease payments required under the lease agreements for the fixed rental.

	(Unit: Million Baht)	
	Consolidated financial statements	
	2019	2018
Payable:		
In up to 1 year	690	599
In over 1 and up to 3 years	791	809

37.1.4 As at 31 December 2019 and 2018, the Company has commitment related to purchase of land as follows.

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2019	2018
Commitment to purchase of land	2,522	1,481

37.1.5 As at 31 December 2019, the subsidiaries have servitude over land of approximately 126 rai (2018: 100 rai) of which the cost is included in the cost of projects.

37.1.6 Operating lease commitments

The Group has entered into lease agreements in respect of office building space. The terms of the agreements are 3 years.

As at 31 December 2019 and 2018, the future minimum lease payments required under these non-cancellable contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Payable:				
In up to 1 year	61	56	48	47
In over 1 and up to 3 years	21	63	14	54

37.1.7 On 19 December 2019, LH Mall & Hotel Co., Ltd. ("LHMH"), the Company's 99.99% owned subsidiary, entered into a Memorandum of Understanding (MOU) in relation to land lease agreement with a company. LHMH had commitment under the MOU totaling Baht 2,130 million, comprising Baht 585 million for commission and Baht 150 million of which was already paid as at the MOU date with the remainder of Baht 435 million to be paid, and commission for land lease agreement during the annual rental fee totaling Baht 1,545 million.

37.2 Bank guarantees

As at 31 December 2019 and 2018, there were the following outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Letter of guarantees for arrangement and maintenance of public utilities	4,474	4,183	3,996	3,956
Letter of guarantees for electricity usage	70	68	40	49
	<u>4,544</u>	<u>4,251</u>	<u>4,036</u>	<u>4,005</u>

37.3 Guarantees

37.3.1 As at 31 December 2019 and 2018, the Company has the following obligations in respect of guarantees.

(Unit: Million Baht)			
Guarantor	Guarantee	2019	2018
Land and Houses Plc.	Customers	<u>7</u>	<u>7</u>

37.3.2 The Company has contingent liabilities to a bank in relation to the financial support in form of issuance of a letter of comfort to provide to the subsidiaries for loans and guarantee facilities obtained for development of the subsidiaries' projects. As at 31 December 2019, the subsidiaries have outstanding loans related to guarantee portion of the Company as specified in the letter of comfort amounting to Baht 3,425 million (2018: Baht 3,159 million).

37.4 Litigations

- 1) In 2006, two housing estate juristic persons and housing residents filed a lawsuit against the Company and Atlantic Real Estate Co., Ltd., the Company's 99.99% owned subsidiary, claiming Baht 1,013 million in relation to access to public thoroughfares. Subsequently, in June 2009, the plaintiffs requested to reduce the claim to be Baht 800 million. The Court of First Instance and the Appeal Court dismissed the lawsuit on 24 July 2014 and 24 April 2017, respectively. Subsequently, in September 2019, the Supreme Court overruled the judgement of the Appeal Court and ordered the Company and Atlantic Real Estate Co., Ltd., to

transfer 2 plots of the disputed land which is the public thoroughfares of the project to the plaintiffs. Currently, the Company is under the process of transferring 2 plots of the disputed land to the two housing estate juristic persons.

In February 2009, the Company and the subsidiary were additional sued in 2 lawsuits which were under the claims Baht 310 million and Baht 102 million, in accordance with the Customer Protect Act.

- a) The Appeal Court has suspended the civil case of Baht 310 million while waiting for the Court decision of the civil case of Baht 800 million. Subsequently, on 21 October 2019, the plaintiffs requested to withdraw the case. Currently, the case is withdraw and dismiss by the Court.
 - b) On 10 August 2012, the Court of First Instance pronounced its judgement on a civil case with the amount in dispute of Baht 102 million. The Court ordered the Company to pay for damages of Baht 104 million plus interest at a rate of 7.5% per annum, commencing from 8 December 2008 until the full amount is paid. Subsequently, the Appeal Court overruled the judgement of the Court of First Instance and ordered the Company to pay for damages of Baht 5 million plus interest at a rate of 7.5% per annum, commencing from 10 December 2008 until the full amount is paid. In October 2019, the Supreme Court overruled the judgement of the Appeal Court and ordered the Company to pay for damages of Baht 31 million plus interest at a rate of 7.5% per annum commencing from 10 December 2008 until the full amount is paid. On 15 November 2019, the Company had already paid for damages of Baht 57 million to the plaintiff.
- 2) In 2010 - 2016, a housing estate juristic persons and housing residents filed totaling 10 lawsuits against the Company, involving the construction of a kindergarten in project demanding claim totaling Baht 494 million. The Court of First Instance ordered the Company to pay for damages of Baht 27 million plus interest at a rate of 7.5% per annum, commencing from 18 January 2008 until the full amount is paid. Subsequently, the Appeal Court rendered a conflict judgement with the Court of First Instance, by instructing the Company to pay for damages of Baht 13.5 million plus interest at a rate of 7.5% per annum, commencing from 18 January 2008 until the full amount is paid. At present, the case is under the process of the Supreme Court.

In 2018, a housing estate juristic persons and housing residents filed additional 2 lawsuits against the Company, involving the construction of a kindergarten in project demanding claim totaling Baht 23 million. At present, the case is under the process of the Court of First Instance.

- 3) As at 31 December 2019, the Company has been sued for breach of agreements, claiming for a total of Baht 155 million (31 December 2018: Baht 153 million).

As at 31 December 2019, the Company has set aside a provision of Baht 461 million for liabilities arising as a result of the legal cases (31 December 2018: Baht 852 million).

38. Fair value hierarchy

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

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	2,579	-	-	2,579
Investment units - Domestic	3,364	-	-	3,364
Assets for which fair value are disclosed				
Investments in associates that are listed				
companies on the Stock Exchange	77,154	-	-	77,154
Investment properties	-	-	13,702	13,702
Favourable cross currency and interest rate				
swap agreements	-	913	-	913
Liabilities for which fair value are disclosed				
Long-term loans	-	-	10,222	10,222
Debentures	-	36,783	-	36,783

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments - Trading securities	-	500	-	500
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	2,644	-	-	2,644
Investment units - Domestic	2,970	-	-	2,970
Assets for which fair value are disclosed				
Investments in associates that are listed				
companies on the Stock Exchange	74,068	-	-	74,068
Investment properties	-	-	14,728	14,728
Favourable cross currency and interest rate				
swap agreements	-	248	-	248
Liabilities for which fair value are disclosed				
Long-term loans	-	-	9,605	9,605
Debentures	-	38,003	-	38,003

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	2,579	-	-	2,579
Investment units - Domestic	1,170	-	-	1,170
Assets for which fair value are disclosed				
Investments in associates that are listed				
companies on the Stock Exchange	77,154	-	-	77,154
Investment properties	-	-	220	220
Favourable cross currency and interest rate				
swap agreements	-	897	-	897
Liabilities for which fair value are disclosed				
Long-term loans	-	-	4,000	4,000
Debentures	-	36,783	-	36,783

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments - Trading securities	-	500	-	500
Other long-term investments - Available-for-sale securities				
Equity securities - Overseas	2,644	-	-	2,644
Investment units - Domestic	1,108	-	-	1,108
Assets for which fair value are disclosed				
Investments in associates that are listed				
companies on the Stock Exchange	74,068	-	-	74,068
Investment properties	-	-	220	220
Favourable cross currency and interest rate				
swap agreements	-	248	-	248
Liabilities for which fair value are disclosed				
Long-term loans	-	-	4,000	4,000
Debentures	-	38,003	-	38,003

39. Financial instruments

39.1 Financial risk management

The Group' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, loans, trade and other payables, borrowings and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group are exposed to credit risk primarily with respect to trade and other receivables and loans. The Group manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans as stated in the statements of financial position.

Interest rate risk

The Group' exposure to interest rate risk relates primarily to their deposit at financial institutions, loans, bank overdrafts, borrowings and debentures which bearing of interest. However, since most of the Group' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements						
	2019						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	214	2,030	-	2,068	242	4,554	Note 8
Current investment	-	70	-	-	-	70	1.90
Trade and other receivables	-	-	-	-	224	224	-
Restricted bank deposit	-	-	-	11	-	11	0.375
Other investments							
- Available-for-sale securities	-	-	-	-	5,943	5,943	-
Loans to related party	-	-	536	-	-	536	3.10
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	3,806	3,806	-
Short-term loans	-	470	-	-	-	470	Note 22
Long-term loans	-	-	4,000	6,222	-	10,222	Note 24
Debentures	-	14,000	25,200	-	-	39,200	Note 25

(Unit: Million Baht)

	Separate financial statements						
	2019						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	-	1,500	-	1,320	23	2,843	Note 8
Trade and other receivables	-	-	-	-	41	41	-
Loans to related parties	-	-	12,137	-	-	12,137	3.12 - 4.50
Other investments							
- Available-for-sale securities	-	-	-	-	3,749	3,749	-
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	2,518	2,518	-
Loans from related party	-	-	840	-	-	840	2.13
Long-term loans	-	-	4,000	-	-	4,000	Note 24
Debentures	-	14,000	25,200	-	-	39,200	Note 25

(Unit: Million Baht)

	Consolidated financial statements						
	2018						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	At call	Within 1 year	1 - 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	73	3,348	-	2,798	913	7,132	Note 8
Current investments	-	200	-	-	500	700	1.30 and 1.50
Trade and other receivables	-	-	-	-	229	229	-
Restricted bank deposit	-	-	-	10	-	10	0.375
Other investments							
- Available-for-sale securities	-	-	-	-	5,614	5,614	-
Loans to related party	-	20	560	-	-	580	3.10 and 3.05
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	3,701	3,701	-
Short-term loans	-	609	-	-	-	609	Note 22
Long-term loans	-	-	5,947	3,658	-	9,605	Note 24
Debentures	-	14,250	26,200	-	-	40,450	Note 25

(Unit: Million Baht)

	Separate financial statements						
	2018						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	At call	Within 1 year	1 - 5 years				(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	-	3,000	-	1,939	715	5,654	Note 8
Current investments	-	-	-	-	500	500	-
Trade and other receivables	-	-	-	-	55	55	-
Loans to related parties	3,216	-	9,582	-	-	12,798	3.12 - 4.00
Other investments							
- Available-for-sale securities	-	-	-	-	3,752	3,752	-
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	2,671	2,671	-
Loans from related party	-	30	840	-	-	870	1.65 and 2.13
Long-term loans	-	-	4,000	-	-	4,000	Note 24
Debentures	-	14,250	26,200	-	-	40,450	Note 25

Foreign currency risk

The Group exposure to foreign currency risk arise mainly from investment transactions and borrowings/loans that are denominated in foreign currencies.

As at 31 December 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below:

Foreign currencies	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	2,629	2,699	-	-	0.5946	0.6183
US Dollar	3	2	93	93	30.1540	32.4498

Foreign currencies	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Philippines Peso	2,629	2,699	-	-	0.5946	0.6183
US Dollar	309	299	-	-	30.1540	32.4498

The Company entered into Cross Currency and Interest Rate Swap agreements to manage risk associated with the financial liabilities carrying floating interest. The details of long-term loans from financial institutions are set out in Note 24. The details of the Cross Currency and Interest Rate Swap agreements outstanding as at 31 December 2019 and 2018 are as follows:

Consolidated financial statements				
As at 31 December 2019				
Currency and Interest Revenue Rate		Currency and Interest Expense Rate		
Swap agreement		Swap agreement		
Principal amount	Interest rate	Principal amount	Interest rate	Termination date
Baht 1,733.4 million	Fixed rate 2.00%	USD 54.0 million	Fixed rate 3.29%	29 May 2020
Baht 1,745.9 million	Fixed rate 2.50%	USD 54.8 million	Fixed rate 3.569%	14 December 2021
Baht 2,385.2 million	Fixed rate 3.00%	USD 67.0 million	Fixed rate 3.31%	14 December 2021
Baht 2,017.2 million	Fixed rate 3.00%	USD 61.0 million	Fixed rate 3.45%	16 November 2022
Baht 1,894.8 million	Fixed rate 2.60%	USD 60.0 million	Fixed rate 3.725%	29 May 2020
Baht 560.0 million	Fixed rate 2.13%	USD 17.9 million	Fixed rate 3.05%	28 February 2022

Separate financial statements				
As at 31 December 2019				
Currency and Interest Revenue Rate		Currency and Interest Expense Rate		
Swap agreement		Swap agreement		
Principal amount	Interest rate	Principal amount	Interest rate	Termination date
Baht 1,733.4 million	Fixed rate 2.00%	USD 54.0 million	Fixed rate 3.29%	29 May 2020
Baht 1,745.9 million	Fixed rate 2.50%	USD 54.8 million	Fixed rate 3.569%	14 December 2021
Baht 2,385.2 million	Fixed rate 3.00%	USD 67.0 million	Fixed rate 3.31%	14 December 2021
Baht 2,017.2 million	Fixed rate 3.00%	USD 61.0 million	Fixed rate 3.45%	16 November 2022
Baht 1,894.8 million	Fixed rate 2.60%	USD 60.0 million	Fixed rate 3.725%	29 May 2020

Consolidated financial statements

As at 31 December 2018

Currency and Interest Revenue Rate		Currency and Interest Expense Rate		
Swap agreement		Swap agreement		Termination date
Principal amount	Interest rate	Principal amount	Interest rate	
Baht 1,984.2 million	Fixed rate 2.60%	USD 60.0 million	Fixed rate 3.02%	31 January 2019
Baht 1,733.4 million	Fixed rate 2.00%	USD 54.0 million	Fixed rate 3.29%	29 May 2020
Baht 1,745.9 million	Fixed rate 2.50%	USD 54.8 million	Fixed rate 3.569%	14 December 2021
Baht 2,385.2 million	Fixed rate 3.00%	USD 67.0 million	Fixed rate 3.31%	14 December 2021
Baht 2,017.2 million	Fixed rate 3.00%	USD 61.0 million	Fixed rate 3.45%	16 November 2022
Baht 580.0 million	Fixed rate 1.65%	USD 18.5 million	Fixed rate 3.10%	28 February 2019

Separate financial statements

As at 31 December 2018

Currency and Interest Revenue Rate		Currency and Interest Expense Rate		
Swap agreement		Swap agreement		Termination date
Principal amount	Interest rate	Principal amount	Interest rate	
Baht 1,984.2 million	Fixed rate 2.60%	USD 60.0 million	Fixed rate 3.02%	31 January 2019
Baht 1,733.4 million	Fixed rate 2.00%	USD 54.0 million	Fixed rate 3.29%	29 May 2020
Baht 1,745.9 million	Fixed rate 2.50%	USD 54.8 million	Fixed rate 3.569%	14 December 2021
Baht 2,385.2 million	Fixed rate 3.00%	USD 67.0 million	Fixed rate 3.31%	14 December 2021
Baht 2,017.2 million	Fixed rate 3.00%	USD 61.0 million	Fixed rate 3.45%	16 November 2022

39.2 Fair values of financial instruments

The estimated fair values of financial instruments as at 31 December 2019 and 2018, in comparison with the related amounts carried, are as follows:

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2019	2018	2019	2018	2019	2018	2019	2018
Financial assets								
Cash and cash equivalents	4,554	7,132	4,554	7,132	2,843	5,654	2,843	5,654
Current investments	70	700	70	700	-	500	-	500
Trade and other receivables	224	229	224	229	41	55	41	55
Restricted bank deposit	11	10	11	10	-	-	-	-
Loans to related parties	536	580	536	580	12,137	12,798	12,137	12,798
Other investments								
- Available-for-sale securities	5,943	5,614	5,943	5,614	3,749	3,752	3,749	3,752
Financial liabilities								
Trade and other payables	3,806	3,701	3,806	3,701	2,518	2,617	2,518	2,617
Loans from related parties	-	-	-	-	840	870	840	870
Short-term loans	470	609	470	609	-	-	-	-
Long-term loans	10,222	9,605	10,222	9,605	4,000	4,000	4,000	4,000
Debentures	39,200	40,450	36,783	38,003	39,200	40,450	36,783	38,003

The estimated fair values of the derivatives are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Fair value	Fair value	Fair value	Fair value
	Gain	Gain	Gain	Gain
Cross Currency and Interest				
Rate Swap agreements	913	248	897	248

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, accounts receivable and accounts payable, their carrying amounts in the statements of financial position approximate their fair values.

- b) For equity securities, their fair value is generally derived from quoted market prices.
- c) 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.
- d) For loans to and loans from carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair values.
- e) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves.

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

40. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 1.13:1 (2018: 1.22:1) and the Company's was 0.95:1 (2018: 1.04:1).

41. Subsequent events after reporting period

On 27 February 2020, the meeting of the Company's Board of Directors passed the resolution to propose Annual General Meeting of the Company's shareholders for approval the payment of a dividend for the year 2019 of Baht 0.70 per share. However, since the Board of Directors previously approved an interim dividend from profit of the year 2019 amounting to Baht 0.30 per share, the Board will propose the remaining dividend payment of Baht 0.40 per share, amounting to Baht 4,780 million. The payment of such dividend shall be made within May 2020.

42. Approval of financial statements

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

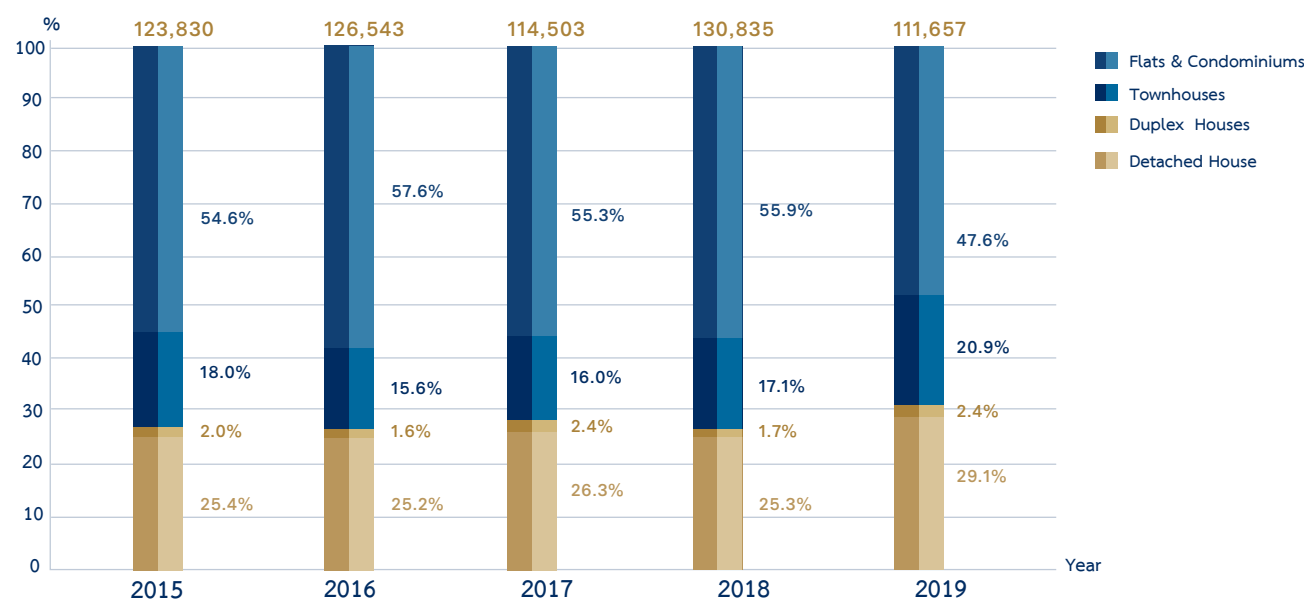
Number of Housing Registered Units in Greater Bangkok During 2015-2019

Unit : Unit

Type	2015	2016	2017	2018	2019
Housing Registered by Built Type					
Owner - Built	22,375	21,915	20,206	19,999	20,243
Developer - built	101,455	104,628	94,297	110,836	91,414
Total Housing Registered (Owner & Developer)	123,830	126,543	114,503	130,835	111,657
Classified by Type - Owner built					
Detached House	19,591	19,156	17,964	17,507	18,279
Duplex Houses	95	119	142	107	123
Townhouses	2,689	2,640	2,100	2,385	1,841
Flats & Condominiums	-	-	-	-	-
Total Housing Registered by Owner - built	22,375	21,915	20,206	19,999	20,243
Classified by Type - by Developer built					
Detached House	11,837	12,736	12,183	15,563	14,161
Duplex Houses	2,366	1,895	2,533	2,101	2,564
Townhouses	19,624	17,111	16,262	20,051	21,526
Flats & Condominiums	67,628	72,886	63,319	73,121	53,163
Total Housing Registered by developer built	101,455	104,628	94,297	110,836	91,414

Source: Housing Registered from Government Housing Bank
 Greater Bangkok: Bangkok provinces and 5 Perimeter area included.

Total Housing Registered (Owner & Developer)



Other Reference

Auditor

Rungnapa Lertsuwankul

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Ratchadapisek Road, Dindaeng,
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Registrar 1, Corporate Trust
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Summary of Form 56-2's Required Items in Land and House Plc.'s 2019 Annual Report

The items including in this Annual Report are in line with the Notification of the Capital Market Supervisory Board Tor Chor 44/2556 on the Rules, Conditions and Procedures for disclosure regarding Financial Information and Operating Results of Securities Issuers, effective January 1, 2015. They are as follows:

		Page
1.	Policies and Overall Business	2-3
2.	Business Overview	8
3.	Risk Factors	67-68
4.	General and Significant Information	1, 4, 9-23, 32-40, 64, 74-75, 189
5.	Shareholders	24
6.	Dividend Payment Policy	25
7.	Management Structure	26-31
8.	Corporate Governance	42-58
9.	Corporate Responsibilities	59-63
10.	Internal Control and Risk Management	65-66
11.	Related Party Transaction	69-72
12.	Significant Financial Information	5-7
13.	Management Discussion and Analysis	76-90

Investors can find additional securities issuer information in the Company's Form 56-1 disclosed at www.sec.or.th or the Company's website at www.lh.co.th



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