

ANNUAL REPORT

2019

รายงานประจำปี 2562



BCH
BANGKOK CHAIN HOSPITAL PUBLIC COMPANY LIMITED

บริษัท บางกอก เซน ฮอสปิทอล จำกัด (มหาชน)



โรงพยาบาลเวิลด์เมดิคอล
World Medical Hospital



KASEMRAD
INTERNATIONAL HOSPITAL



โรงพยาบาลเกษมราษฎร์
KASEMRAD HOSPITAL



โรงพยาบาลการุญเวช
KARUNVEJ HOSPITAL

วิสัยทัศน์

เป็นหนึ่งในผู้นำธุรกิจการบริการ
ด้านสุขภาพ ทั้งในประเทศ และ
ภูมิภาคเอเชียตะวันออกเฉียงใต้

VISION

To be one of the leaders in
healthcare service industry
in Thailand and Southeast Asia.



MISSION

- We will offer a trusted medical service to make our hospitals a number one preferred hospital in patients' mind.
- We will collaborate with alliances to improve business efficiency for mutual achievements.
- We will focus on human resource development to ensure their responsibilities and patients' responsiveness.
- We will professionally operate the business in line with ethical principles and promote social responsibility.

พันธกิจ

- เราจะมอบความไว้วางใจในด้านการบริการสุขภาพ เพื่อให้โรงพยาบาลของเราเป็นหนึ่งในใจผู้ป่วย
- เราจะร่วมมือกับพันธมิตรธุรกิจในการเพิ่มประสิทธิภาพด้านต่างๆ เพื่อสร้างสรรค์ความสำเร็จร่วมกัน
- เราจะพัฒนาบุคลากรให้มีศักยภาพในการทำงาน มีความรับผิดชอบต่อนักที่และผู้ป่วย
- เราจะบริหารงานอย่างมืออาชีพตามหลักธรรมาภิบาลและสร้างความสัมพันธ์ที่ดีต่อสังคมและชุมชน

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Message from the Chairman of the Board of Directors

Bangkok Chain Hospital Public Company Limited

Prof.Dr.Chalerm Harnphanich, M.D.

Chairman of the Board of Directors



Year 2019 was the reaping year for Bangkok Chain Hospital Public Company Limited (the “Company”) after having some of its main hospitals renovated, adding specialized centers, and opening a new hospital. The renovations and investments had brought about modernization to the hospitals with improved diagnostic and treatment capabilities which led to better confidence by the local patients, international patients, and insured persons under Social Security Scheme. Additionally, in 2019, the Company had been pursuing the expansion plan to extend its geographical service coverage. By 2021, the Company aims to have 16 different geographical service points to thoroughly cover nine provinces in Thailand and one capital city in Lao PDR. Apart from that the Company had been improving the hospital standard and internal operation to enhance the efficiency and the Company sustainable growth.

Despite the uncertain economic conditions due to the external factors which affected confidence to private hospital sector together with the continuous changes in policy and payment terms by the Social Security Office, the Company continued to grow in 2019, achieving a higher revenue and net profit. Total revenue increased by 9.9 percent over the previous year, to Baht 8,996.3 million. And, net profit increased 4.2 percent, to Baht 1,134.9 million. The improved performance were the consequences of a continuous increase in number of insured persons under Social Security Scheme, additional services from the newly opened specialized centers, and the organic growth of the existing hospitals in the group.

Apart from business process improvement and expansion, the Company insisted to promote social responsibility activities under good governance guidelines. In 2019, the Company was nominated to be one of the listed companies in Stock Exchange of Thailand that possessed an outstanding performance in environment, social, and governance (ESG) from the assessment of Thaipat Institute. In addition, the Company had organized several charities such as running charity event in which net income from the event were given to the prostheses foundation, Thai with Disability Foundation, Foundation for Children Disability and Association of Persons with Physical Disability International. Moreover, the hospital group insisted to continue to provide free influenza vaccinations for monks under the project “Health relief charity for Monks”.

On behalf of Bangkok Chain Hospital Public Company Limited, I would like to convey my gratitude to all shareholders, customers, doctor and nurse, and business alliances for your unwavering trust and supports. Likewise, I would like to express my sincere appreciation to doctors, nurses, and employees for their exertions and dedications to the company. The Company will strictly adhere to the intention to operate the business in line with ethical principles and good corporate governance guidelines to ensure sustainability and stability of the company.

Prof.Dr.Chalerm Harnphanich, M.D.
Chairman of the Board of Directors

Report of the Audit Committee

The Board of Directors of Bangkok Chain Hospital Public Company Limited has appointed the Board of Audit Committee which consists of three independent directors who have qualifications in compliance with the Stock Exchange of Thailand and possess professional diversity in legal, accounting, finance, and organization the management. The Audit Committee's members are as follows:

- (1) Mr. Virach Aphimeteetamrong, Ph.D. Chairman of the Audit Committee
- (2) Mr. Siripong Sombutsiri Audit Committee
- (3) Professor. Piphob Veraphong Audit Committee

In fiscal year 2019, the Audit Committee held five meetings and attended a non-management meeting with auditors once. The Audit Committee completely performed duties as designated by the Board of Directors in accordance with the terms and best practices as specified in the Audit Committee Charter and Good Corporate Governance. The key duties can be summarized as follows:

1. The Audit Committee reviewed the financial statements of the Company and its subsidiaries prior to the proposal to the Board of Directors by considering the significant issues guided by the external auditor, management, and internal auditor. The Audit Committee agreed with the external auditor's opinion resolved that the financial statements fairly present in accordance with the Thai Financial Reporting Standards and adequately disclosed the significant information.
2. The Audit Committee reviewed the internal control system of the Company by considering the assessment results according to the framework of The Committee of Sponsoring Organizations of the Tread way Commission (COSO). The assessment results indicated that the internal control system was adequate and appropriate with the business operations of the Company.

3. The Audit Committee considered approving the appointment of Dharmniti Internal Audit Company Limited, which is a qualified independent internal auditing firm, to be an internal auditor of the Company. The selection criteria were; its sufficient number of personnel, past experience, knowledge, capabilities, and its independency to perform duties as an internal auditor in accordance to the assessment program stipulated by the Company's internal control system.

4. The Audit Committee oversaw the Company's operations to ensure its compliance with the related laws and regulations. In addition, the Audit Committee reviewed the Anti-Corruption Policy consequently to the certification of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

5. The Audit Committee proposed the selection, nomination and remuneration of the Company's external auditor, KPMG Phoomchai Audit Company Limited, to the Board of Directors for approval in the Shareholders' meeting. The Audit Committee concluded that the external auditor performed their last year duties with professional and independence.

6. The Audit Committee reviewed the connected transactions or transactions which may cause conflict of interest, including the transparency and completeness of the Company's disclosure of such information, to ensure that they were in compliance with the laws and regulations of the Stock Exchange of Thailand.

7. The Audit Committee approved the internal audit plan for the year 2019, and also reviewed the quarterly audit report every quarter.

8. The Audit Committee reviewed the Audit Committee Charter to ensure its appropriateness and compliance with the current business environment of the Company. In addition, the Audit Committee has conducted self-assessment in order to ensure that their duties conformed to the Audit Committee Charter.

The Audit Committee performed its duties as designated by the Board of Directors with prudence for the best benefits to the Company, Shareholders, and Stakeholders.

On behalf of the Audit Committee



(Mr. Virach Aphimeteetamrong, Ph.D.)
Chairman of the Audit Committee

24 February 2020



Corporate Social Responsibility 2019



Bangkok Chain Hospital Public Company Limited (“BCH”) is committed to operate the business in line with ethical principles and adhere to be transparent and reliable in management, fair practice to all parties, applied sufficient internal control, and aware of social responsibility in order to ensure a concrete standard for business operation. In 2019, BCH was nominated to be one of the companies in ESG 100 with an outstanding performance in environment, social and governance from the assessment of Thaipat Institute.

Volunteer Activities



BCH’s management team together with its employees under **World Medical Hospital group**, **Kasemrad International Hospital group**, **Kasemrad Hospital group** and **Karunvej Hospital group** organized the running charity event called “Wing hai Tun Ep.2”. Net income from the event were donated to the prostheses foundation of H.R.H the Princess Mother, Thai with Disability Foundation, Foundation for Children Disability and Association of Persons with Physical Disability International.



Moreover, the Company continually offered free influenza vaccinations to monks in Nonthaburi Province and the area nearby the hospitals under the project “**Health relief charity for Monks**” to honour Her Majesty Queen Sirikit the Queen Mother.



Corporate Social Responsibility 2019



Hospitals in the group organized mobile health check up services for people in Bangkok and Provincial and giving out knowledge about nutrition and healthcare to promote healthy and strong body lifestyle.



Hospitals in the group in co-ordination with the Thai Red Cross Society arranged a blood donation activity which received overwhelming support from employees and the public. The aim was to promote sufficient blood supplies for nationwide demand.

Environment Activities



Kasemrad Hospital Group announced “Say No to Plastic Bag” campaign to encourage people to say no to plastic bags when visiting the hospital. This campaign can help reduce carbon-dioxide emission to the atmosphere.



Kasemrad Hospital Group launched “Save the world with eggs” activity by giving out eggs to people who conducted proper waste segregation such as plastic drinking water bottles, boxes or paper. This activity can help reduce the amount of waste disposal.

Energy Conservation Activities

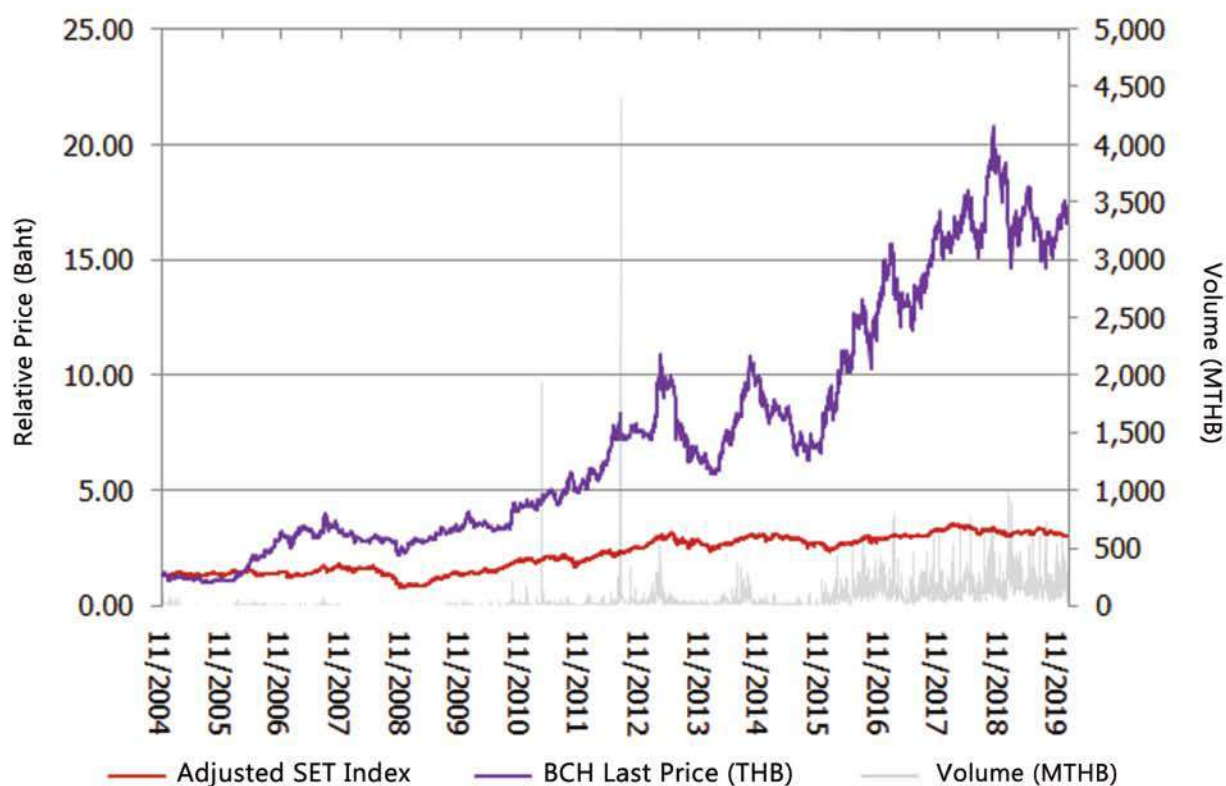


The Company announced the energy saving policy to be used in all hospitals in the group. For instance, turning off the lights when not in use, taking stairs instead of elevators, set the air conditioners at 25°C, and applying energy-efficient lighting in the hospital.

Company's Information

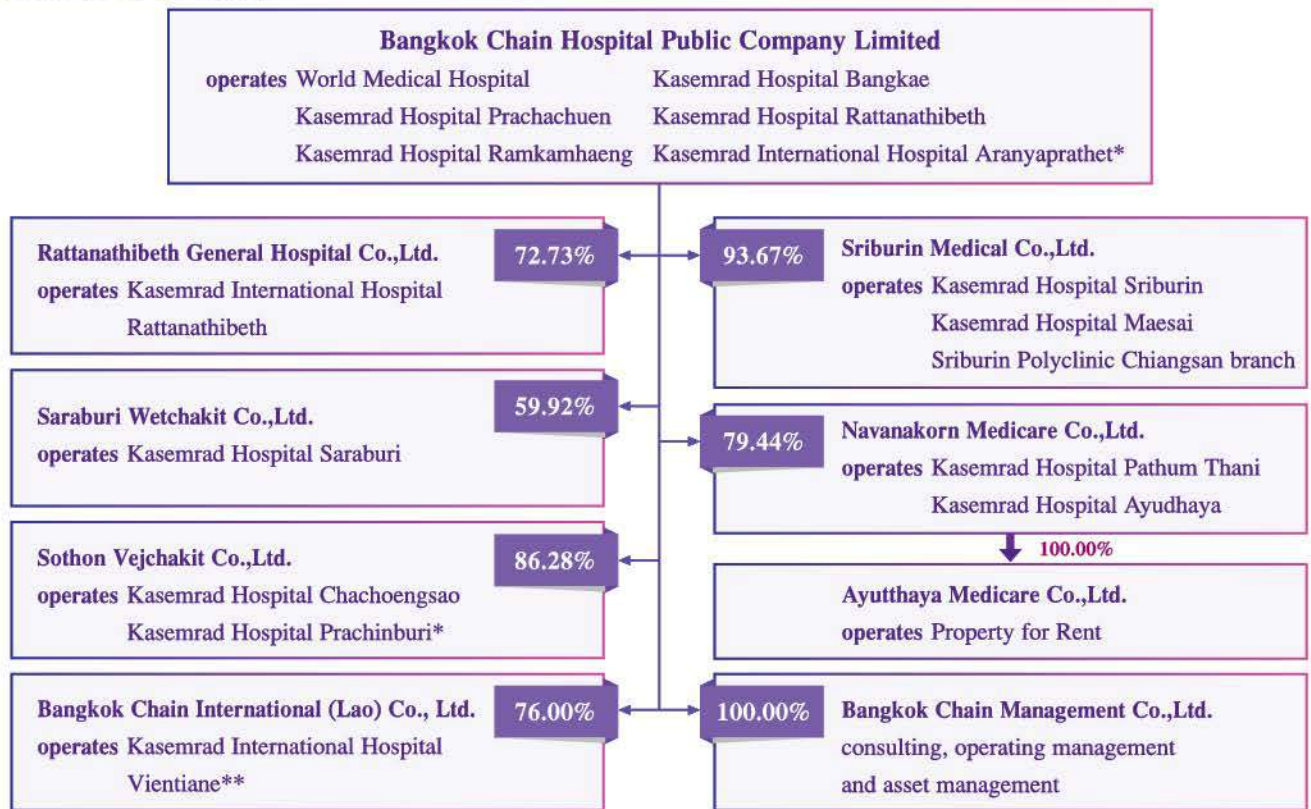
Name	Bangkok Chain Hospital Public Company Limited
Head office address	44 Moo 4, Chaengwattana Road, Pakkred, Nonthaburi 11120
Nature of Business	Private Hospital
Date of Establishment	24 November 1993
Date of Listed in SET	10 November 2004
Website	www.bangkokchainhospital.com
Registered and Paid-up Capital	THB 2,493.75 million (Par value at 1 Baht per share)
Shareholders	Harnphanich Family holds up to 49.99 percent Institutional and retailed investors hold up to 50.01 percent

Historical stock price of BCH since IPO vs SET INDEX
From November 2004 - December 2019



Shareholding Structure of the Company

(As of 31 December 2019)



* Expected to be opened in 2020

** Expected to be opened in 2021

General Information of the Company and its Subsidiaries

Company	Year of Establishment	Registered Capital	Nature of Business	Opening / Acquiring Date
Bangkok Chain Hospital PCL.	24 November 1993	Baht 2,494 million	Kasemrad Hospital Bangkokae Kasemrad Hospital Prachachuen World Medical Hospital Kasemrad Hospital Rattanaibeth Kasemrad Hospital Ramkamhaeng Kasemrad Hospital International Aranyaprathet	8 August 1984 15 July 1997 22 March 2013 12 June 2015 22 October 2018 To be opened in 2020
Rattanaibeth General Hospital Co., Ltd.	8 June 1990	Baht 300 million	Kasemrad International Hospital Rattanaibeth	15 February 1993
Sriburin Medical Co., Ltd.	29 March 1991	Baht 170 million	Kasemrad Hospital Sriburin Kasemrad Hospital Mae-sai Kasemrad Sriburin Clinic Chiangsan branch	10 January 1993 1 August 2004 8 August 2014
Saraburi Wetchakit Co., Ltd.	16 April 1993	Baht 321 million	Kasemrad Hospital Saraburi	1 January 1996
Navanakorn Medicare Co., Ltd.	7 February 1989	Baht 375 million	Karunvej Hospital Pathum Thani Karunvej Hospital Ayudhaya	18 December 2013 18 December 2013
Ayutthaya Medicare Co., Ltd.	27 November 1995	Baht 45 million	Property for rent (Land rent to Karunvej Ayudhaya Hospital)	18 December 2013
Sothon Vejchakit Co., Ltd.	23 April 2015	Baht 700 million	Kasemrad Hospital Chachoengsao Kasemrad Hospital Prachinburi	1 May 2015 To be opened in 2020
Bangkok Chain Management Co., Ltd.	15 September 2016	Baht 5 million	Consulting, Operating Management and Asset Management	15 September 2016
Bangkok Chain International (Lao) Co., Ltd.	12 April 2017	KIP 120,000 million	Kasemrad International Hospital Vientiane	To be opened in 2021

General Information of the Chained Hospitals

General Information of the Chained Hospitals

World Medical Hospital	44 Moo 4, Chaengwattana Road, Pakkred, Nonthaburi 11120 Tel. (66) 2836-9999, Fax (66) 2836-9911
Kasemrad International Hospital Rattanaibeth	60 Moo 6 Sao-Thong-Hin, Bang-Yai, Nonthaburi 11140 Tel. (66) 2594-0020 Fax (66) 2594-0067
Kasemrad Hospital Bangkai	586,588 Petchakasem Road, Bangkai-Nua, Bangkai, Bangkok 10160 Tel. (66) 2455-0110, (66) 2804-8959 Fax (66) 2454-1914
Kasemrad Hospital Prachachuen	950 Prachachuen Road, Wongsawang, Bangsue, Bangkok 10800 Tel. (66) 2910-1600 Fax (66) 2910-1649
Kasemrad Hospital Ramkhamhaeng	99/9 Ramkhamhaeng Road, Sapansoong, Bangkok 10240 Tel. (66) 2339-0000 Fax (66) 2339-0099
Kasemrad Hospital Rattanaibeth	58 Moo 15 Bangrakpattana, Bangbuathong, Nonthaburi 11110 Tel. (66) 2921-3400 Fax (66) 2921-1119
Kasemrad Hospital Saraburi	2/22 Mitraparb Road, Pak-Preaw, Muang Saraburi, Saraburi 18000 Tel. (66) 36-315-555 Fax (66) 36-315-501
Kasemrad Hospital Sriburin	111/5 Moo 13 Sun-Sai, Muang Chiang rai, Chiang Rai 57000 Tel. (66) 53-910-999 Fax (66) 53-717-938
Kasemrad Sriburin Clinic Chiangsan branch	339 Moo 6 Vieng, Chiangsan, Chiang Rai 57150 Tel. (66) 53-650-131 Fax (66) 53-650-133
Kasemrad Hospital Mae Sai	952 Moo 1 Viengpangkam, Mae-sai, Chiang Rai 57130 Tel. (66) 53-642-742 Fax (66) 53-642-744
Kasemrad Hospital Chachoengsao	29 Moo 3 Suwinthawong Road, Nha-Mueng, Mueng, Chachoengsao, Chachoengsao 24000 Tel. (66) 38-812-702 Fax (66) 38-812-720
Karunvej Hospital Pathum Thani	98 Moo 13 Phahonyothin Road, Khlong-Nueng, Klong Luang, Pathum Thani 12120 Tel. (66) 2529-4533 Fax (66) 2529-3624
Karunvej Hospital Ayudhaya	61/9 Moo 4 Klong-Jik, Bangpa-in, Pranakorn Sriayudhaya 13160 Tel. (66) 35-315-100-30 Fax (66) 35-355-155

Reference Information

Head Office	Bangkok Chain Hospital Public Company Limited 44 Moo 4, Chaengwattana Road, Pakkred, Nonthaburi 11120 Tel. (66) 2836-9990, Fax (66) 2106-4858
Share Registrar	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building, 93 Ratchadapisek Road, Dindaeng, Bangkok 10400 Tel. (66) 2009-9000, (66) 2009-9999 Fax (66) 2009-9991
Bond Registrar	CIMB Thai Bank Public Company Limited Capital Financial Markets and Payments Operations Department Registrar and Payments Operations Unit 15th Floor, 44 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330 Tel. (66) 2626-7506, Fax. (66) 2626-7511
External Auditor	KPMG Phoomchai Audit Limited 48th Floor, Empire Tower, No.1, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel. (66) 2677-2000, Fax (66) 2677-2220-3
External Legal Advisor	The Legalist Law Office Company Limited 38 Soi Ramkhamhaeng 60/2, Huamark, Bangkok, Bangkok 10240 Tel. (66) 2735-2976-80, Fax (66) 2735-2981

Financial Highlights

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

	2019	2018	2017
Operating Performance (Million Baht)			
Total Revenues	8,996.28	8,182.74	7,361.15
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	2,377.12	2,232.49	2,062.72
Profit for the year	1,298.04	1,248.20	1,118.59
Profit attributable to owners of the Company	1,134.91	1,089.47	917.06
Financial Position (Million Baht)			
Total Assets	14,115.63	12,627.50	12,674.10
Total Liabilities	7,137.35	6,229.71	6,762.34
Non-Controlling Interests	730.27	696.35	717.11
Equity Attributable to Equity Holders of the Company	6,248.00	5,701.44	5,194.65
Financial Ratios			
Gross Profit Margin (%)	31.85	33.18	32.78
Net Profit Margin (%) **	12.62	13.31	12.46
Debt to Equity Ratio (Times)	1.02	0.97	1.14
Return on Equity (%) **	19.00	20.00	18.42
Return on Assets (%) *	12.82	13.10	13.30
Stock Information			
Issued Share Capital (million shares) ***	2,493.75	2,493.75	2,493.75
Earnings per Share (Baht) ***	0.46	0.44	0.37
Book Value per Share (Baht) ***	2.80	2.57	2.37
Cash Dividend Paid per Share (Baht) ***	0.23	0.23	0.20
Stock Price at the End of Year (Baht)	17.10	16.70	16.20

Remark: * Calculated using Profit for the year

** Calculated using Profit attributable to owners of the Company

*** Data per share calculated by each item / number of shares issued in each year.

Member of the Board of Directors

Bangkok Chain Hospital Public Company Limited

01	Prof. Dr.Chalerm Harnphanich, M.D. Chairman of the Board of Directors		01		02		03
02	Asst.Prof.Dr.Somporn Harnphanich, M.D. Director						
03	Ms.Pornluck Harnphanich, M.D. Director						
04	Mr.Kantaporn Harnphanich Director		04		05		06
05	Mr.Phinij Harnphanich Director						
06	Mrs.Saifon Chaimongkol Director						
07	Mr.Virach Aphimeteetamrong, Ph.D. Independent Director		07		08		09
08	Mr.Siripong Sombutsiri Independent Director						
09	Professor Piphob Veraphong Independent Director						
10	Mr.Thawat Suntrajarn, M.D. Independent Director		10		11		12
11	Ms.Pornsuda Harnphanich Chief Financial Officer						
12	Mr.Voravee Kiatiniyomsak Company Secretary						

Prof.Dr.Chalerm Harnphanich, M.D.

**Chairman of the Board of Directors
Chief Executive Officer**

Age (year) 65



Education

- Honorary Certificate, Professor for Hospital Administration Programme, Bodhisatstra University, USA
- Honorary Certificate, Associate Professor in Public Administration Programme, Bodhisatstra University, USA
- Ph.D. (Buddhist Studies), Honorary Doctoral Programme in Buddhist Studies, Mahachulalongkorn Rajavidyalaya University
- Master Degree in Business Administration, Ramkhamhaeng University
- M.D. Chiang Mai University
- B.Sc. Medical Science, Chiang Mai University
- Board Certificate Specialist in Obstetrics and Gynecology, Siriraj Hospital, Mahidol University
- High Medical Certificate in Obstetrics and Gynecology, Siriraj Hospital, Mahidol University

Training

- Director Certification Program and Director Accreditation Program, Thai Institute of Directors Association (IOD)
- Hospital Management, Sasin Graduate Institution of Business Administration of Chulalongkorn University

Work Experiences

- 2019-present President / The Private Hospital Association
- 2017-present Director / Bangkok Chain International (Lao) Co., Ltd.
- 2016-present Director / Bangkok Chain Management Co., Ltd.
- 2016-present President / Chiangmai Medical School Alumni Association
- 2015-present Advisor / The Private Hospital Association
- 2015-present Director / Sothonvejchakit Co., Ltd.
- 2014-present Advisor / The Private Hospital Association of Asean
- 2014-present Director / Chiangrai Imaging Center Co., Ltd.
- 2014-present Director / Park Inn Saraburi Co., Ltd.
- 2013-present Director / Ayutthaya Medicare Co., Ltd.
- 2013-present Director / Navanakorn Medical Co., Ltd.
- 2013-present Director / C.M.J. Land Co., Ltd.
- 2011-present Director / Park Inn Chiangrai Part Co., Ltd.
- 2006-present Committee / Public Health Program / School of Health Science SukhothaiThammathirat Open University
- 1996-present Director / S.C.K. Land Co., Ltd.
- 1996-present Director / Saraburi Wetchakit Co., Ltd.
- 1996-present Director / Sriburin Medical Co., Ltd.
- 1992-present Director / Rattanaibeth General Hospital Co., Ltd.
- 1988-present Director / Pisuthikij Co., Ltd.

Current Position in other Listed Companies : No

Directors's Meeting Participation in 2019

- Board of Directors : 5 from 5
- Executive Committee : 5 from 5

Shareholdings (%) : 32.63 (No change in 2019)

Relationship : Asst.Prof.Dr.Somporn Harnphanich's husband

Asst.Prof.Dr.Somporn Harnphanich, M.D.

**Director
Chairwoman of Risk Management Committee
Deputy CEO**

Age (year) 67



Education

- Ph.D. (Buddhist Studies), Honorary Doctoral Programme in Buddhist Studies, Mahachulalongkorn Rajavidyalaya University
- Master Degree in Business Administration, Ramkhamhaeng University
- M.D. Mahidol University
- BSc, Medical Science, Mahidol University
- Board Certificate: Anesthesia, Siriraj Hospital, Mahidol University
- Board Certificate: Medical Laws and Public Health Class 5th, Mahidol University
- Certificate of Occupational Medicine, Class 10th, Medical Council
- Certificate of Asia Pacific Hospital Management Programme, Singapore Management University
- Certificate of Meeting the Logistics Challenger of The Healthcare Sector HEC Montreal, Canada
- Certificate of Successful Completion / Lead Assessor Certificate, Anglo Japanese American

Training

- Hospital Management, Sasin Graduate Institution of Business Administration of Chulalongkorn University
- Director Accreditation Program, Thai Institute of Directors Association (IOD)
- Strategic Human Resource Manager Human Resource Institute, Thammasart University
- Role of the Chairman Program Thai Institute of Directors Association (IOD)

Work Experiences

- 2019-present Vice President of Association / The Private Hospital Association
- 2017-present Committee / Development of Stroke Service Board
- 2017-present Committee / Health Promotion Committee
- 2017-present Director / Committee on Non-Communicable Disease Service
- 2017-present Committee / Maternity Service Development Committee (Mother and Child)
- 2017-present Sub Committee / Social Security Office
- 2017-present Director / Bangkok Chain International (Lao) Co., Ltd.
- 2016-present Director / Bangkok Chain Management Co., Ltd.
- 2016-present Director / Service Plan, Ministry of Public Health
- 2016-present 3rd Vice President of Association / The Private Hospital Association
- 2015-present Director / Sothon Vejchakit Co., Ltd.
- 2014-present Director / Park Inn Saraburi Co., Ltd.
- 2013-present Director / Ayutthaya Medicare Co., Ltd.
- 2013-present Director / Navanakorn Medical Co., Ltd.
- 2010-2012 Director / Thai Listed Companies Association
- 1996-present Director / Saraburi Wetchakit Co., Ltd.
- 1996-present Director / Sriburin Medical Co., Ltd.
- 1992-present Director and Managing Director / Rattanaibeth General Hospital Co., Ltd.

Current Position in other Listed Companies : No

Directors's Meeting Participation in 2019

- Board of Directors : 5 from 5
- Executive Committee : 5 from 5
- Risk Management Committee : 4 from 4

Shareholdings (%) : 7.37 (No change in 2019)

Relationship : Prof.Dr.Chalerm Harnphanich, M.D.'s wife

Board of Directors

Bangkok Chain Hospital Public Company Limited

Ms.Pornluck Harnphanich, M.D.

Director
Member of Risk Management Committee
Chief Operating Officer

Age (year) 34



Education

- Master degree of Healthcare and Wellness Management College of Management Mahidol University
- M.D., Thammasat University
- Diploma Course in Dermatology and Dermatotomy, Institute of Dermatology
- American Board Certified in Nutritional Wellness American Board of Nutritional Wellness
- Executive Mini Master of Business Administration, NIDA Business School
- Short Course training in Skin Laser Surgery, Faculty of Medicine, Siriraj Hospital, Mahidol University
- Certificate in Chelation Therapy (CMAT)
- HA Course for Quality Hospital Management (HA900)

Training

- Program of Development of Prevention and control of Infection Disease in Hospital for Doctors, Pharmacists, Nurses and Medical Technologists
- Director Accreditation Program, Thai Institute of Directors Association (IOD)
- Successful Formulation & Execution of Strategy (SFE) Program, Thai Institute of Directors Association (IOD)
- Entrepreneurial Finance, CONC Thammasat Business School, Thammasat University
- Oxford Program on Negotiation in Bangkok Said Business School, University of Oxford

Work Experiences

- 2016-present Director / Bangkok Chain Management Co., Ltd.
- 2015-present Director / Sothon Vejchakit Co., Ltd.
- 2012-present Medical Director / Rattanaibeth General Hospital Co., Ltd.
- 2015-2019 Director / Coffee and Latte House Co., Ltd.
- 2015-2019 Director / Global Inspired Laboratory Co., Ltd.
- 2011-2019 Director / Tipnatee s.p. Co., Ltd.
- 2011-2014 Director / Rattanaibeth General Hospital Co., Ltd.

Current Position in other Listed Companies : No

Directors's Meeting Participation in 2019

- Board of Directors : 5 from 5
- Executive Committee : 5 from 5
- Risk Management Committee : 4 from 4

Shareholdings (%) : 3.33 (No change in 2019)

Relationship : Prof.Dr.Chalerm Harnphanich, M.D.'s daughter

Mr.Kantaporn Harnphanich

Director
Chief Marketing Officer

Age (year) 32



Education

- Master Degree of Healthcare and Wellness Management, College of Management, Mahidol University
- Master of Business Administration, Assumption University
- Bachelor of Business Administration, Assumption University

Training

- Director Accreditation Program, Thai Institute of Directors Association (IOD)
- Successful Formulation & Execution of Strategy (SFE) Program, Thai Institute of Directors Association (IOD)
- Oxford Program on Negotiation in Bangkok Said Business School, University of Oxford

Work Experiences

- 2017-present Director / Bangkok Chain International (Lao) Co., Ltd.
- 2016-present Director / Bangkok Chain Management Co., Ltd.
- 2015-present Director / Sothon Vejchakit Co., Ltd.
- 2015-present Director / Bangkok Chain Hospital PCL.
- 2015-present Director / Coffee and Latte House Co., Ltd.
- 2014-present Director / Park Inn Saraburi Co., Ltd.
- 2014-present Director / Chiangrai Imaging Center Co., Ltd.
- 2013-present Director / Balleto Foods Co., Ltd.
- 2013-present Director of Marketing / Rattanaibeth General Hospital Co., Ltd.
- 2012-present Director / Sriburin Medical Co., Ltd.
- 2011-present Director / Tipnatee s.p. Co., Ltd.

Current Position in other Listed Companies : No

Directors's Meeting Participation in 2019

- Board of Directors : 5 from 5
- Executive Committee : 5 from 5

Shareholdings (%) : 3.33 (No change in 2019)

Relationship : Prof.Dr.Chalerm Harnphanich, M.D.'s son

Mr. Phinij Harnphanich

Director
Age (year) 64



Education

- Master degree of Political Science (Government), Thammasart University
- Bachelor degree of Political Science (Public Administration), Thammasart University

Training

- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

- 2016-present Retired Government Official / Ministry of Interior
- 2014-2016 The Governor / Samutprakan Province
- 2013-2014 Director General / Department of Lands
- 2012-2013 The Governor / Lamphun Province

Current Position in other Listed Companies

- 2018-present Independent Director and Audit Committee / Chewathai PCL.

Directors's Meeting Participation in 2019

- Board of Directors : 5 from 5

Shareholdings (%)

: No

Relationship

: Prof. Dr. Chalerm Harnphanich, M.D.'s brother

Mrs. Saifon Chaimongkol

Director
Central Purchasing Director
Age (year) 48



Education

- Master degree of Nursing, Mahidol University
- Bachelor degree of Nursing, Mahidol University

Training

- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

- 2016 - present Director / Bangkok Chain Management Co., Ltd.
- 2015 - present Director / Navanakorn Medical Co., Ltd.
- 2015 - present Director / Ayutthaya Medicare Co., Ltd.

Current Position in other Listed Companies : No

Directors's Meeting Participation in 2019

- Board of Directors : 5 from 5

Shareholdings (%)

: No

Relationship

: No

Board of Directors

Bangkok Chain Hospital Public Company Limited

Mr. Virach Aphimeteetamrong, Ph.D.

**Independent Director
Chairman of the Audit Committee**

Age (year) 76



Education

- Ph.D. (Finance), University of Illinois, Urbana-Champaign, USA
- Master Degree in M.A.S., University of Illinois, Urbana-Champaign, USA
- Master Degree in Business Administration, Gothenburg, Sweden
- Bachelor of Accounting (Honors 2nd), Chulalongkorn University

Training

- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

- 1988-present Chairman of the Board of Directors /
Office Dr. Virach & Associates Co., Ltd.

Current Position in other Listed Companies

- 2013-present Independent Director and Audit Committee /
Thai Agro Energy PCL.
- 2007-present Chairman of Board of Directors / Intouch Holdings PCL.
- 2004-present Independent Director and Chairman of the Audit Committee /
Asia Plus Group Holdings PCL.
- 1995-present Independent Director and Audit Committee /
Metro Systems Corporation PCL.
- 1993-present Director / Supalai PCL.

Directors's Meeting Participation in 2019

- Board of Directors : 5 from 5
- Audit Committee : 5 from 5

Shareholdings (%) : No

Relationship : No

Mr. Siripong Sombutsiri

**Independent Director
Audit Committee**

Age (year) 65



Education

- Master Degree of Business Administration in Finance,
Sul Ross University, USA
- Bachelor of Commerce and Accounting, Chulalongkorn University

Training

- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

- 2011-present Director / Infinite Electric (Thailand) Co., Ltd.

Current Position in other Listed Companies

- 2015-2019 Director / Thai Military Bank PCL.
- 2014-present Chairman of the Board of Directors and Chairman
of the Audit Committee / Com 7 PCL.
- 2013-present Director and Chairman of the Audit Committee /
Pan Asia Footwear PCL.
- 2007-present Director and Executive Director / AP (Thailand) PCL
and subsidiaries.

Directors's Meeting Participation in 2019

- Board of Directors : 5 from 5
- Audit Committee : 5 from 5

Shareholdings (%) : No

Relationship : No

Professor Piphob Veraphong

**Independent Director
Audit Committee**

Age (year) 58



Education

- Master Degree of LL.M., Harvard University, USA
- Master Degree of LL.M., Taxation, Boston University, USA
- Bachelor of Law (Honors), Chulalongkorn University
- Barrister-at-law
- Certificate of International Taxation, Harvard University, USA

Training

- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

2002-present Partner / Law Alliance Co., Ltd.

Current Position in other Listed Companies

2015-present Independent Director and Audit Committee /
Land and Houses PCL.

Directors's Meeting Participation in 2019

- Board of Directors : 5 from 5
- Audit Committee : 5 from 5

Shareholdings (%) : No

Relationship : No

Mr.Thawat Suntrajarn, M.D.

Independent Director

Age (year) 72



Education

- M.PH Mahidol University
- M.D. Chiang Mai University
- B.Sc, Medical Science, Chiang Mai University

Training

- Director Accreditation Program, Thai Institute of Directors Association (IOD)

Work Experiences

2016-present Vice Minister for Public Health / The Prime Minister's Office

2016-present Senior Advisory / Sub-committee of Ministry of Public Health

2016-present Senior Advisory / Sub-committee of Department of Health
and Service Support, Ministry of Public Health

2010-present Senior Advisory / University of Phayao Council

2009-present President / Thailand Health Association

2008-present Advisory / Global Fund Principle Recipient Management office,
Ministry of Public Health

2008-present Advisory / Permanent Secretary Ministry of Public Health

Current Position in other Listed Companies : No

Directors's Meeting Participation in 2019

- Board of Directors : 5 from 5

Shareholdings (%) : No

Relationship : No

Board of Directors

Bangkok Chain Hospital Public Company Limited

Ms.Pornsuda Harnphanich

Member of Risk Management Committee
Chief Financial Officer

Age (year) 30



Education

- Master degree of Healthcare and Wellness Management, College of Management, Mahidol University
- Master degree of Science (Finance), University College Dublin, Singapore
- Bachelor of Business Administration in Finance, Thammasat University

Training

- Certificate Comp TIA IT Fundamentals, Network Training Center
- Certificate IR Professional Certificate Program, Federation of Accounting Professions
- Director Accreditation Program, Thai Institute of Directors Association (IOD)
- Personal Income Taxes and Corporate Income Tax Program, Faculty of Commerce and Accountancy, Thammasat University
- Oxford Programme on Negotiation in Bangkok Said Business School, University of Oxford

Work Experiences

- 2017-present Director / Bangkok Chain International (Lao) Co., Ltd.
- 2016-present Director / Bangkok Chain Management Co., Ltd.
- 2016-present Director / Sothon Vejchakit Co., Ltd.
- 2015-present Director / Coffee and Latte House Co., Ltd.
- 2014-present Director of Accounting and Finance / Rattanaibeth General Hospital Co., Ltd.
- 2014-present Director / Rattanaibeth General Hospital Co., Ltd.
- 2013-present Director / Navanakorn Medical Co., Ltd.
- 2013-present Director / Ayutthaya Medicare Co., Ltd.
- 2013-present Director / Balleto Foods Co., Ltd.
- 2011-present Director / Tipnatee s.p.p. Co., Ltd.

Current Position in other Listed Companies : No

Directors's Meeting Participation in 2019

- Risk Management Committee : 4 from 4
- Executive Committee : 5 from 5

Shareholdings (%) : 3.3 (No change in 2019)

Relationship : Prof.Dr.Chalerm Harnphanich, M.D.'s daughter

Mr.Voravee Kiatiniyomsak

Member of Risk management Committee
Company Secretary
Accounting Director

Age (year) 40



Education

- Master Degree in Business Administration in Finance, Thammasat University
- Bachelor of Business Administration in Accounting, Assumption University
- Certified Public Accountant

Training

- Advanced Course for Company Secretary 1/2016, Thai Company Secretary Club, Thai Listed Companies Association partnership with Stock Exchange of Thailand and The Securities and Exchange Commission, Thailand
- Course for Chief Financial Officer, Strategic CFO in Capital market#9

Work Experiences

- 2016-present Director / Sriburin Medical Co., Ltd.
- 2016-present Director / Navanakorn Medicare Co., Ltd.
- 2016-present Director / Ayutthaya Medicare Co., Ltd.
- 2016-present Director / Bangkok Chain Management Co., Ltd.
- 2016-present Director / Chiangrai Imaging Center Co., Ltd.
- 2006-2015 Audit Manager / EY Office Limited

Current Position in other Listed Companies : No

Directors's Meeting Participation in 2019

- Risk Management Committee : 4 from 4
- Executive Committee : 5 from 5

Shareholdings (%) : No

Relationship : No

Products and Services

Products and services of the Company are as follows:

1. World Medical Hospital Group (WMC)

- Target customers : high-end / international patients
- Level of Excellence : tertiary care which required high specialized medical services. WMC provides its services to referred patients from hospital in the group and other alliance hospitals nationwide.

2. Kasemrad International Hospital Group (KIH)

- Target customers : middle to high income patients
- Level of Excellence : secondary and up to some level of tertiary care

3. Kasemrad Hospital Group (KH)

- Target customers : middle-income patients and social security patients
- Level of Excellence : primary, secondary and up to some level of tertiary care
- **Kasemrad Medical Center (KHMC):** providing comprehensive medical services in the level of tertiary care to serve the

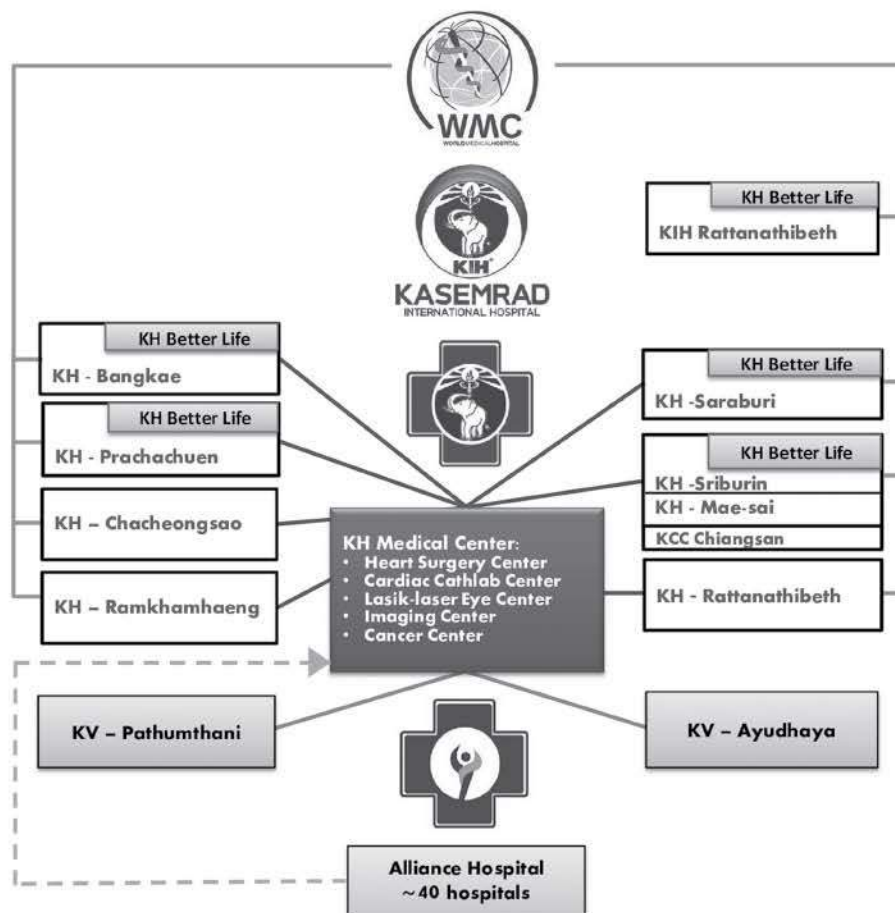
referral patients from Kasemrad Hospital, Karunvej Hospitals and other alliance Hospitals as follows:

- Heart Surgery Center
- Cardiac Cath Lab Center
- Lasik and Eyes Center
- Imaging Center
- Cancer Center
- **Kasemrad Community Clinic (KCC):** Provide primary care (Out-patients) in Chiangsan District, Chiangrai province.
- **Kasemrad Better Life (KH Better Life):** healthy lifestyle and alternative medicine are as follows:
 - Aesthetics (Skin Care and Non-Invasive)
 - Dental & Aesthetic Dentistry
 - Cosmetic Surgery
 - Wellness Center (Health Check-up)
 - Thai Traditional Medicine
 - Chinese Traditional Medicine

4. Karunvej Hospital Group (KV)

- Target customer : mainly social security patients
- Level of Excellence : primary and up to secondary care

Illustration of Patients referral network among our hospital in the group



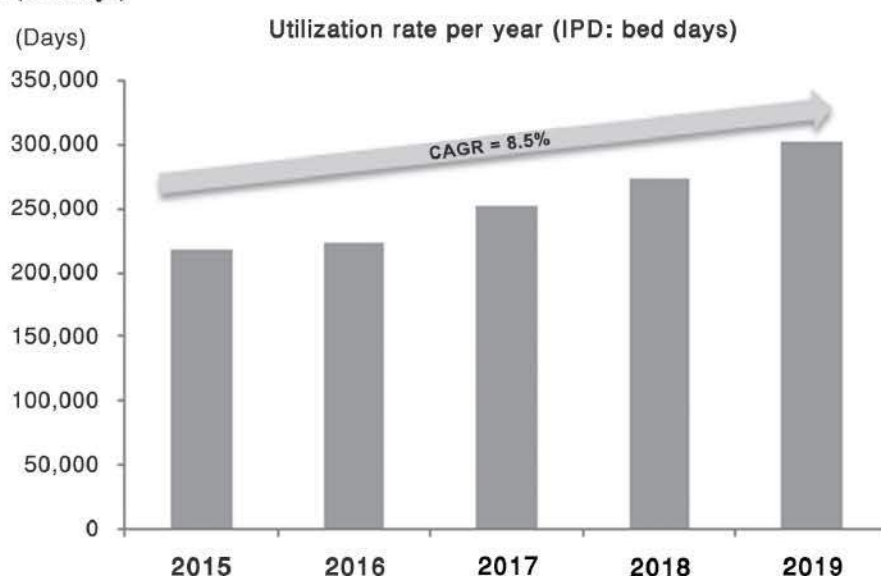
Service Capacity

Number of Examination Rooms and Beds for patients

The twelve chained hospital branches and one polyclinic have available examination rooms and beds to serve both In-patients (“IPD”) and Out-patient (“OPD”) as follows:

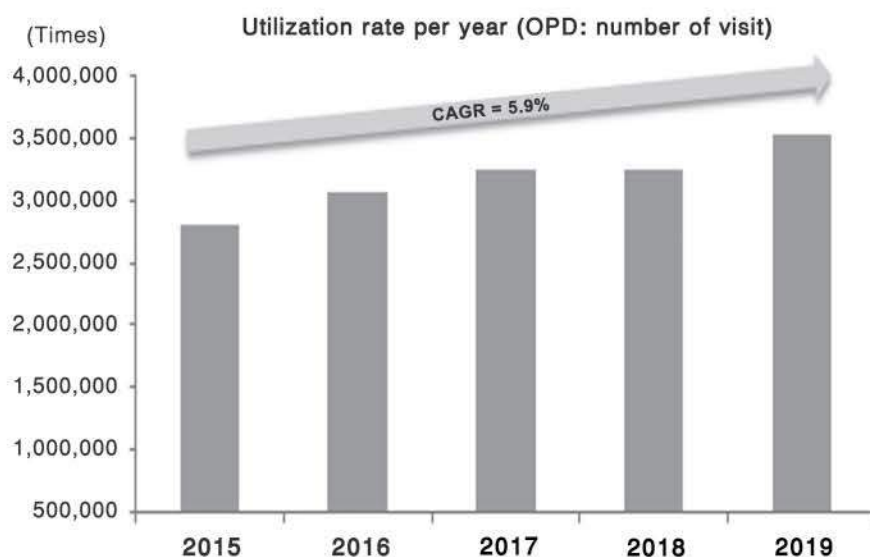
Hospitals	Hospital Accreditation Level (HA)	Out-Patients	In-Patients
		Number of Examination Room	Number of Licensed Beds
Kasemrad Hospital Bangkae	3	60	311
Kasemrad Hospital Sriburin	3	40	120
Kasemrad Hospital Mae-sai	-	14	30
- Kasemrad Sriburin Clinic Chiangsan branch	-	13	-
Kasemrad International Hospital Rattanaibeth	3	41	400
Kasemrad Hospital Saraburi	3	16	200
Kasemrad Hospital Prachachuen	3	55	371
Kasemrad Hospital Chachoengsao	2	32	100
Kasemrad Hospital Rattanaibeth	2	18	119
Kasemrad Hospital Ramkhamhaeng	-	39	139
World Medical Hospital	JCI, DNV GL	84	150
Karunvej Hospital Pathum Thani	3	22	200
Karunvej Hospital Ayudhaya	2	6	105
Total		440	2,245

In-patients Service (bed days)



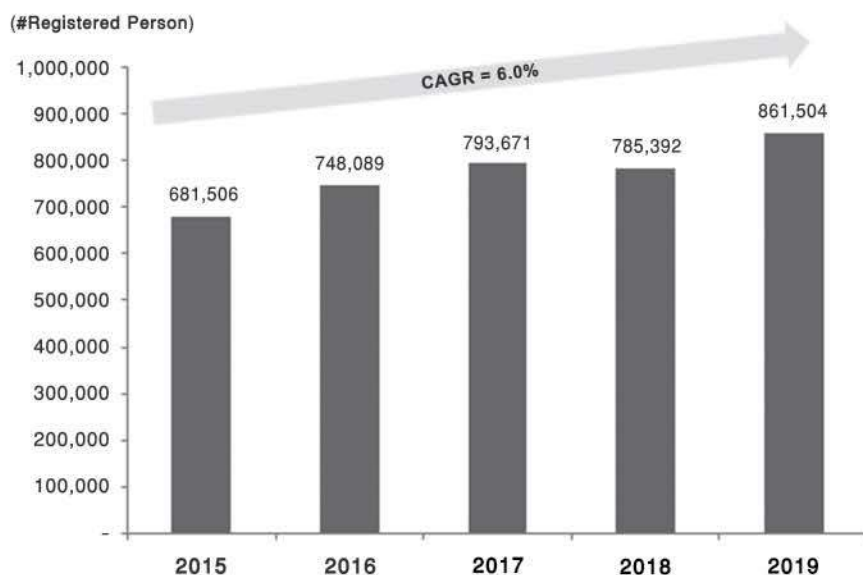
In the past five years, the utilization rate of IPD cash patients and social security patients grew on average of 8.5 percent per annum. After the renovation of in-patients wards in the affiliated hospital and the opening of the specialized medical centers, the hospitals have better equipped and started to launch the full promotional campaigns to attract both corporate contract patients and private insurance patients. Therefore, the number of IPD admission increased as well as the number of bed days as the result of higher admission rate from patients with high intensity of disease.

Out-patients Service



In the past five years, the utilization rate of OPD general patients and social security patients grew on average about 5.9 percent per annum. In 2019, the number of OPD visit increased as the result of the increased number of registered person under social security scheme bundled with the increase in volume of general patients who visited the hospitals because of the seasonal epidemic. Additionally, the hospitals also promoted the advanced OPD center to the general walk-in patients, private insurance patients, and patients under corporate contract.

Averaged number of registered persons under social security scheme in the past five years



In the past five years, the number of registered person under the social security scheme increased on average of 6.0 percent per annum. In 2019, the averaged number of registered person under social security scheme recorded high as a result of the additional quota allowed by the social security office, the opening of Kasemrad Hospital Ramkhamhaeng, and the opening of specialized medical center that attracted more insured person to registered with the hospitals affiliated.

Nature of Business

1. Operates business as a group of hospitals and create strategic alliances to improve service efficiency

The Company operates its business as a group of hospitals consisting of twelve hospital branches and one polyclinic to serve all types of customers resided in Bangkok and provincials. The Company has centers of excellences to provide diagnosis services to patients under BCH Group's hospitals and referred patients from over 40 allied hospitals. The centers of excellences providing tertiary care services for referral patients are as follows:

- **Heart Center and Cardiac Cath Lab:** Kasemrad Hospital Prachachuen, Kasemrad Hospital Bangkoe, Kasemrad Hospital Sriburin, World Medical Hospital, and Kasemrad International Hospital Rattanaibeth are qualified to provide diagnosis and one-stop service treatment for heart problems both Cardiac Cath Lab and Opened Heart Surgery.
- **Lasik and Eyes Center:** Kasemrad Hospital Prachachuen and World Medical Hospital are qualified to provide eyes surgery with laser technology.
- **Imaging Center:** Kasemrad International Hospital Rattanaibeth, Kasemrad Hospital Sriburin, Kasemrad Hospital Chachoengsao, World Medical Hospital and Kasemrad Hospital Ramkhamhaeng provide diagnosis service with the advanced technology equipment e.g. Computed Tomography Scan (CT Scan) and Magnetic Resonance Imaging (MRI).
- **Cancer Center:** Kasemrad International Hospital Rattanaibeth, and World Medical Hospital are qualified for cancer diagnosis and chemotherapy.

Our hospital group with Centers of Excellence offered an exclusive rate for referred patients from its group of hospitals and other allied hospitals. Under our centers of excellences, patients can undergo treatment or surgery quickly which in turn improves efficiency of equipment's utilization and increases turnover to the Company.

2. Revenue from various types of customer and regular earnings from the Social Security Scheme

The Company offers medical services to both general patients and patients under governmental schemes, the revenue from patient mixed provides diversified sources of income and those incomes are certain and payable on regular basis to the Company. Under the Social Security Schemes, it is compulsory by laws and regulations that Social Security Office is responsible for the medical expenses incurred from patients under the schemes. Having several types of customer also create efficiency and productivity of the Company's resources e.g. such as physicians, nurses, operation staffs, medical equipment and hospital beds, etc.

3. Supply Chain and Inventory Management

As a group of hospitals, the Company benefits from economy of scale in term of bulk purchasing through central procurement unit (purchase of medicines, medical supplies, and medical equipment). The large purchasing volumes attributable to the higher negotiation and bargaining power for prices and credit terms. The Company also applies a material lending policy among hospitals on medical equipment, medicines, medical supplies, blood or parts of blood. As the result, it effectively creates an efficient use of materials, improves lead time of delivery, and reduces materials obsolesces.

4. Management and Administration

BCH Group's hospitals are operated under group policies so that each hospital shares the same directions guided by top management. Moreover, the Company has knowledge sharing policies to exchange administrative experiences among the hospitals. In addition, the top management has several important roles in a national healthcare administrative level and is currently a president of the Private Hospitals Association. Accordingly, the business operations can be well-rounded managed. And, experiences from the top management can be well utilized to resolve any changes to be in line with the current economic situations. For example, the top management led the group of hospitals to participate in the social security scheme since 1992 and join Universal Coverage Care in 2001. In addition, the top management also introduced the centers of excellences to the group in order to reduce referral costs and at the same time group of hospitals also benefit from the centers of excellence as some of the group of hospitals were qualified as the Supra Contractors by the Social Security Office which further resulted to the continual growth.

Nature of Customers

1. Self-Pay Patients

- 1.1 **General customers** are patients who select their preferred hospital by themselves and are fully and individually responsible for their own expenses. They are health conscious with a focus on quality of life. Accordingly, the hospitals provide value added health package such as health check-up package and promote the other alternative medicines under KH Better Life.
- 1.2 **Corporate contract group** are those private and governmental employees who are under contracts with the hospitals for their health coverage. Clients under this group are those who have health insured by the private insurance company and government's third-party insurance. Under this group of client, the medical fees are responsible by their contracted corporate under their agreed terms and conditions.
- 1.3 **Compensation Fund group** is a service to the companies' employees or factory employees. Under the conditions of compensation funds, hospitals shall bill all expenses claimed to the compensation fund. Most of the cases are those who injured from the accidents at their workplace.

2. Governmental Schemes' Customer Group

- 2.1 **Group of Civil Servant Medical Benefit Scheme:** Under this scheme the government is providing the compensation to the government officials and their families which covered in both OPD and IPD services. The government officials were solely able to receive treatments or services at the public hospitals in the past but now the government has expanded the benefit to private hospitals in order for the government officials to access to the treatment and services faster more convenient and reduce service intensity in public hospitals. The Comptroller General's Department (CGD) is responsible for the service and treatment cost. The hospitals in BCH group are also participating in this scheme to support these treatment and service expansion. Moreover, the location of each hospital is the factor that supports the Company to increase the government official customer base.
- 2.2 **Group of Social Security Scheme:** Under this scheme, private organizational employees shall contribute part of their monthly income into Social Security Fund. They can select their preferred hospital and access the medical services free of charge. As prescribed in Social Security Act B.E.2535, the Office of Social Security is responsible for the medical expenses by captive payment for ordinary out-patients and by Diagnosis related group method measured the severity of diseases. All seven Kasemrad Hospitals and two Karunvej Hospitals are participating in this scheme. In addition, Kasemrad Hospital Prachachuen, Kasemrad Hospital Sriburin, World Medical Hospital, and Kasemrad Hospital Bangkai are providing heart diagnosis and one-stop service treatment both Cardiac Cath Lab and opened heart surgery. Kasemrad Hospital Prachachuen and World Medical Hospital have eye surgery center with laser technology (Lasik). Also Kasemrad Hospital Sriburin, World Medical Hospital, Kasemrad Hospital Ramkhamhaeng, Kasemrad Hospital Chachoengsao, and Kasemrad International Hospital Rattana Tibeth have Imaging Center (MRI) to serve the referral patients from allied hospitals under Social Security Scheme.

Industry and Competition

1. Competitors

The competitors are those hospitals located in the adjacent or same catchment areas (in approximately 20 kilometers radius) and the hospitals located in the different areas where patients rely on. However, the group of hospitals possess the competitive advantages as follows:

- The Company has well recognized physicians who are experienced and specialized in the particular field.
- The Company has varieties of medical products and services to provide a full-range of conventional health service.
- The Company is fully equipped with instruments and facilities to serve both out-patients and in-patients. Also, the facilities are hygienic, nice decorated and well-maintained.
- BCH Group's hospitals are located in the community areas with an easy access hence attracted the physicians and medical professionals to join the hospitals; and
- The Company offers reasonable medical fee in accordance to the levels of income of target customers. Particularly, the price structure is in line with other private hospitals in the same market.

2. Industrial Trend and Competition

Despite the economic crisis, the number of patients remained increase. Beside the conventional treatment, the awareness of people in healthcare also gradually increases which resulted to an escalation of the individual spending on healthcare. Currently, private hospitals play a significant role serving the individuals' needs, especially the sizable chained hospitals. Prompt services with variety of products are key success for business growth in which private hospital can well serve their target customers. On the other hand, the public hospitals are unable to match the increase of public demand due to the limitation on budgets and human resources.

Competitions among private hospitals are likely to be intense in the form of collaboration among group of hospitals in order to effectively manage their costs and resources for an increasing competitiveness in domestic market and incoming patients from overseas.

Limitations of Business Operation for Private Hospitals

- Numbers of expertise in medical profession, who are widely recognized, are insufficient to serve the increasing public demands. Each private hospital is competing on the healthcare professional remuneration which makes the costs of human resource to be even higher. Thus, human cost management is considered to be one of the key considerations for private hospital's operation nowadays.
- Business operations for private hospitals require high capital investment especially the investment in medical equipment and working capital for medicines, medical supplies and consumables. Financial planning is therefore crucial for the hospitals to run its operations.
- Consumer behavior at a critical stage is receptive to experiences of an individual physician and their expertise. Newly established hospitals shall take longer time to establish their reputation and quality of service.
- Laws under National Public Health system change rapidly which will affect the operation of small hospitals and private hospitals that newly opened.
- Group of hospitals must be in compliance with the public advertisement under the Advertisement Regulations for Health Care Provider B.E.2541 which is very strict on health products and services' advertisement.
- Changes of the Medical Council's regulations may potentially impede our current and future business operations.

Risk Factors

1. Risk from Regulatory Changes on Managed Care Programs

In 2019, the Company has revenue from Social Security Scheme approximately 35 percent of total revenue from hospitals. Therefore, regulatory changes on managed care programs could affect the Company's business operations. However, the management closely monitors the changes and actively participates in the policy setting discussion as well as providing the necessary information to the Government Agencies' Committee. Furthermore, the Company has a policy to control its expenditures and actively assess the changes of aforementioned managed care programs in order to reduce any potential negative effect to the Company's performance.

2. Risk from Competition in Private Hospital Industry

The competition in hospital business has been continually increasing over years. In order to capture the market, the Company has setup the specialized tertiary care centers (Centers of Excellences) to provide full range of medical services in order to increase competitiveness and create uniqueness. As a chained hospitals, the Company also benefits from cost effective procurement through central procurement department which also leads to an increases in competitiveness. According to our business plan of the year 2019, the Company will expand catchment area to serve new cash patients.

3. Risk from Shortage of Medical Staffs

The Company's business operations are service-base which necessarily depends on experienced and well-trained medical staffs including physician, pharmacist, nurse, and other specialties. The intense competitions among hospitals both private and public hospitals caused the snatch of medical staffs across hospitals. To retain its physicians and staffs, the Company provides competitive remuneration package, employees' welfare program and training courses. Moreover, the Company offers employees the opportunities to participate in management discussions so they can be a part of business growth.

Major Shareholders

Major shareholders as at 27 August 2019*

List of the Company's major shareholders and proportion of shareholding from paid-up capital shown in Book of shareholders' registration as follows;

Rank	Name of Shareholders	Number of Shares	Percentage
1	Mr.Chalerm Harnphanich	813,750,000	32.63
	Mrs.Somporn Harnphanich	183,750,000	7.37
	Ms.Pornluck Harnphanich	83,000,000	3.33
	Mr.Kantaporn Harnphanich	83,000,000	3.33
	Ms.Pornsuda Harnphanich	83,000,000	3.33
	Total	1,246,500,000	49.99
2	SOCIAL SECURITY OFFICE	152,765,100	6.13
3	THAI NVDR CO., LTD.	145,974,824	5.85
4	THE BANK OF NEW YORK MELLON	88,000,000	3.53
5	SOUTH EAST ASIA UK (TYPE C)	43,392,525	1.74
6	Thai Life Insurance PCL.	14,800,000	0.59
7	K Flexible Equity RMF	14,755,800	0.59
8	EAST FOURTEEN LIMITED-DFA EMERG	14,329,250	0.57
9	EAST FOURTEEN LIMITED-EMERGING	14,004,837	0.56
10	Phatra Securities PCL.	13,952,400	0.56
	Total	1,748,474,736	70.11

Remark: *As of the **latest book** closing date

Management Structure and Details of the Board of Directors and Executives

Board of Directors Structure

The Company's management structure has four sets of committees which are the Company's Board of Directors, Audit Committee, Executive Committee and Risk Management Committee. Details of each committee are as follows:

Board of Directors

The Company's Board of Directors and Audit Committee comprises of ten directors as follows:

(1) Prof.Dr.Chalerm	Harnphanich, M.D.	Chairman of the Board of Director
(2) Asst.Prof.Dr.Somporn	Harnphanich, M.D.	Director
(3) Ms.Pornluck	Harnphanich, M.D.	Director
(4) Mr.Kantaporn	Harnphanich	Director
(5) Mr.Phinij	Harnphanich	Director
(6) Mrs.Saifon	Chaimongkol	Director
(7) Mr.Virach	Aphimeteetamrong, Ph.D.	Independent Director
(8) Mr.Siripong	Sombutsiri	Independent Director
(9) Professor Piphob	Veraphong	Independent Director
(10) Mr.Thawat	Suntrajarn, M.D.	Independent Director

Independent Director means the Director, who is independent in expressing his opinion to the operation of the Company, must be a person who has no involvement or interest to the result of operation either directly or indirectly. The qualifications of the Independent Director are as follows:

1. Hold share not more than 1 percent of paid up capital of the Company, affiliates company, joint company, associated company, including the shares held by the related person.
2. Being independent either directly or indirectly of both financial and management of the Company or joint company or major shareholders of the Company, and having no benefit or interest in such manner within 2 years before being appointed as the Independent Director, unless the Board of Directors has carefully considered and see that such participation in having benefit or interest will not affect the duty performing and the independence in giving an opinion.
3. Must not be the Director who has been appointed as the representative to maintain the interest of the Director of the Company, major shareholders, or shareholders who are related to the major shareholders of the Company.
4. Must not participate in management and must not be employee, staff or consultant who receives regular salary in the Company, affiliate company, joint company, company or major shareholder of the Company. Must not be related person or relatives of the executive or major shareholders of the Company.
5. Capable to perform his duty and express opinion or report result of duty performing independently as assigned by the Board of Directors, and not under the control of the Executive or major shareholders of the Company, including related person or close relatives of such person.
6. No other character that causes the inability to give opinion to operation of the Company independently.

All the definitions above have complied with the rules and regulations stipulated by Securities and Exchange Commission and the Stock Exchange of Thailand.

Directors who have Authorization upon the Company's Affidavit are as follows:

Directors who have authorization to sign on behalf of the Company are consisted of Prof.Dr.Chalerm Harnphanich, M.D. or Asst.Prof.Dr.Somporn Harnphanich, M.D. or Ms.Pornluck Harnphanich, M.D. or Mr.Kantaporn Harnphanich or Mrs.Saifon Chaimongkol, two of these five directors sign together with the Company's seal.

The Scope of Authorities and Responsibilities of the Company's Directors

The Board of Directors has authorities and responsibilities to manage the Company in accordance with the laws, the Company's objectives and regulations and resolutions of the shareholders' meeting in good faith and with care for the best interest of the Company. The scopes of its authorities and responsibilities are as follows:

1. To approve the Company's Statements of Financial Position and Statements of Income as at the end of the Company's accounting period, of which review or audit by and report to at the shareholders' meeting for further approval;
2. To authorize a Director or Directors, or other persons to act on behalf of the Board, under their supervision, or authorize within a specific time, or shall cancel or amend their given authority as appropriate.

The Board of Directors may conjure to authorize the Executive Committee to carry out the task with the authorization details in area extended to or limited in the scope of authority of the Committee. Such authority is, however, not enabling the Executive Committee to consider or approve any issue that the Committee or any individual that may investigate a conflict of interest to the Company or its subsidiaries, unless it is an issue approved under policy or rules that have already been considered and approved by the Board;

3. To establish the Company's objectives, policies, business plan, and budgets. Also to supervise the management of the Executive Committee to ensure that objectives are reached. The Board of Directors, however, has to obtain consents from the shareholders' meeting prior to their exercise on the following subjects - approval from the shareholders' meeting that is imposed by laws i.e. increase or decrease of registered capital, issuance of debentures, sales or transfer the Company's main activities partly or wholly to other partners, purchase or acquire other Company's activities, correction of the Memorandum of Association or Regulations. In addition, the Directors are also subjected to supervise the Company to comply with the laws and regulations of the Securities and Exchange Acts, SET's regulations, such as relevant reports and trading on significant properties and assets under SET or other related laws on the Company's business;
4. To decide the structure of administration. To set and appoint the Executive Committee, Chief Executive Officer, or other Committee as appropriate;
5. To follow up on the outcome of the Company's performance.
6. Approving interim dividend payment to shareholders from time to time if it is found that the Company's profit is justifiable to do so, reporting to the next shareholders' meeting;

Audit Committee

The Company's Audit Committee has comprised of three directors as follows:

- | | | |
|----------------------|-------------------------|---------------------------------|
| (1) Mr.Virach | Aphimeteetamrong, Ph.D. | Chairman of the Audit Committee |
| (2) Mr.Siripong | Sombutsiri | Audit Committee |
| (3) Professor Piphob | Veraphong | Audit Committee |

The Scope of Duties and Responsibilities of the Audit Committee

The Audit Committee has the scope of duties and responsibilities as assigned by the Board of Directors and also report to the Board of Directors as follows:

1. Review the accuracy, adequacy and reliability of the Company's financial reporting.
2. Review the appropriateness and effectiveness of internal control systems, and internal audit functions of the Company.
3. Participate in reviewing CFO qualification of the Company.
4. Consider, select, appoint and approve the remuneration of internal audit team, by considering their knowledge, proficiency and work experience as well as approve an annual internal audit plan.
In case that the Company sets up an internal audit department, the audit committee will approve the appointment, removal and discharge as well as evaluate the annual performance of internal audit team.
5. Discuss and consider the relationship and coordination of the scope and audit plan of internal and external auditors.
6. Review and consider together with the internal auditor in respect of the results of internal audit, issues and recommendation.
7. Monitor the Company's compliance with Securities and Exchange Acts and Regulations of the SET, and/or any other laws relevant to the Company's business.
8. Consider, select and propose to the Board of Directors for appointment of independent persons to be the Company's auditors as well as the audit fees, by considering the audit firm's independence, credibility, adequacy of its resources, audit engagements, and the experience of its supervisory and professional staff to audit the Company's financial statements, and attend a non-management meeting with auditors at least once a year.
9. Review and consider together with the external auditor in respect of the results of the financial reporting, issues and recommendation.
10. Review the Company and ensure it has been followed the anti-corruption policy.
11. Consider the disclosure of the connected transactions or any transactions that may cause conflict of interest completely, complying with government agencies' rules and regulations to ensure that such transactions are reasonable and create the highest benefit to the Company.
12. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - An opinion on the accuracy, completeness and reliability of the Company's financial report,
 - An opinion on the adequacy of the Company's internal control systems,
 - An opinion on the compliance with the Securities and Exchange Acts and Regulations of the SET, or any other laws relevant to the Company's business,
 - An opinion on the suitability of an auditor,
 - An opinion on the transactions that may cause to conflict of interest,
 - The number of the Audit Committee's meetings, and the attendance of such meetings by each committee member,
 - An opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and
 - Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board of Directors.
13. Perform any other activities as assigned by the Board of Directors, with the approval of the Audit Committee.
14. Having the authority to examine and scrutinize any related issues, the Audit Committee can seek for the independent advisor with the Company's expenses in order to succeed the assignments.
15. Review and amend the Audit Committee Charter annually to update and to be suitable for organizational environment.

Reference to the above responsibilities, the Audit Committee is accountable to the Company's Board of Directors wherea the Board of Directors remains responsible to third persons for the operation of the Company.

Executive Committee

The Company's Executive Committees comprises of nine directors as follows:

- | | | |
|-----|--|---------------------------------|
| (1) | Prof.Dr.Chalerm Harnphanich, M.D. | Chairman of the Executive Board |
| (2) | Asst.Prof.Dr.Somporn Harnphanich, M.D. | Executive Director |
| (3) | Ms.Pornluck Harnphanich, M.D. | Executive Director |
| (4) | Mr.Kantaporn Harnphanich | Executive Director |
| (5) | Ms.Pornsuda Harnphanich | Executive Director |
| (6) | Mr.Surapant Taweewiyakarn, M.D. | Executive Director |
| (7) | Mr.Dhiti Pattanakumjorn, M.D. | Executive Director |
| (8) | Mr.Voravee Kiatiniyomsak | Executive Director |
| (9) | Mr.Pumipat Chatnoraset | Executive Director |

The Scope of Authorities and Responsibilities of the Executive Committee

The scope of authorities and responsibilities of the Executive Committee includes the regular operations' administration and management of the Company, policy making, business planning, budgeting, structuring administrative process and empowering the line of command in the Company in compliance with the current economic condition, subsequently present in the Board of Directors' Meeting for an approval or consensus, which will then be included the auditing and following-up part as prescribed by the Company. The scopes of authorities and responsibilities are:

1. Carry out the business and manage Company's business activities with objectives, regulations, policy, delegation or consents of the Board of Directors from the Board's Meeting or from the Company's Shareholder Meeting;
2. Analyze and issue the policy, direction, and strategy of the Company's operation. Consider and approve budgeting and financial plans, human resources management, information technology investment, business expansion, public relations, and supervise and direct the works carried out by appointed working groups to meet the objectives; and present the results to the Board of Directors for further development;
3. Plan for an annual budget allocation as being presented by the management team prior to the consideration and approval by the Company's Board of Directors. The scope of responsibilities includes a consideration and approval for the changes or increase in the Company's annual expenses budget during the absence of a seasonal meeting for the Board of Directors. The results shall be presented to the Board of the Directors in the following meeting;
4. Authorized to consider and approve in the Capital Expenditure as being presented by the Board of Directors or primarily have been approved by the Board of Directors;
5. Authorized to consider and approve for loan, procurement of credit lines, or any credit loans made by the Company within each individual line not exceeding Baht 100 million;
6. Having power to approve and withdraw money from all accounts of the Company, and use credits provided by all banks or financial institutions for the Company, including apply for opening accounts and/or apply for credits in various forms with all banks or financial institutions, as well as placing securities of the Company as collateral against such debts, regardless of whether or not it requires registration.
7. The Executive Committee act as consultants to the management team for policies of finance, marketing, human resources management, and other relevant operations;
8. Consider on the profit and loss of the Company and the payment of interim dividend or annual dividend and present them to the Board of Directors for an approval;

9. Play a crucial role in a consideration for organization structure, management and administration including an appointment, employment, allocation, compensation and benefits, and reward to the managerial level who are non-executive directors, excluding the Chief Executive Officer and the termination of employment;
10. Have an authority to authorize or delegate a Director or Directors or other individuals to perform or carry out a task under a supervision of the Executive Committee, or may authorize such individuals as appropriate within a specific period of time. Such authorization may be subjected to terminate, cancel, or amend unto such individuals as appropriate;
11. Operate in other issues as being given by the Board of Directors on a periodical basis.

The authority of the Executive Committee shall not include any approval of the issue that may invoke a conflict, or any issue that the Executive Committee or the person pertaining to the Executive Committee has been involved in with any means to have taken parts for the benefits, or invoke any other conflicts with the Company or its affiliations by rules on the Stock Exchange of Thailand. The approval for such mentioned issues have to be presented to the Board of Directors' Meeting and/ or the Shareholders' Meeting for further consideration and approval as prescribed under the Company's regulations or by relevant laws.

The Scope of Authorities and Responsibilities of the Chief Executive Officer

1. Supervise the Company's operations and/or manage daily operations;
2. Operates and acts in lieu of the policy, plan, and budgets as approved by the Board of Directors and/or the Executive Committee;
3. Authorized by the Company to administer and manage the Company's activities to meet the objectives, regulations, policies and rules, and by consents of the Shareholders' Meetings and/or the Board of Directors' Meeting and/or the Executive Committee's Meeting;
4. Have an authority to appoint and administer Sub-committee to optimize management with transparency. The Sub-committee shall have a periodical empowerment and/or delegates other individuals to perform a particular duty, within the scope as prescribed in the Letter of Authorization and/ or as prescribed by the regulations or by orders of the Board of Directors and/ or the Company;
5. Plans for the Company's Mission, Objectives, and Policies. Delegates the works and directs and supervises the operations as a whole;
6. Continuously follows up and evaluates the Company's performance as a risk management, internally and externally
7. Subjected to make a decision upon the Company's regular operations, such as in Contract for Health Service, Contract for Employment for Medical Services under a Social Security Act B.E.2533, Contract for Medical Services in the Universal Coverage Scheme, Contract of Purchase and Employment, including a decision on the procedures to make those Contracts. Such procedures will be presented to the Executive Committee and the Company's Board of Directors;
8. Authorized to hire, employ, appoint, allocate, or transfer the employees within and between the units, sections, departments; or terminate the employment. Authorized to set salary scales, compensation and benefits, rewards, and total welfare of the Company's employees;
9. Have a full authority to order, announce, delegate of rules and regulations to have the operations meet the policy and objectives of the Company and to restore and ensure that working disciplines are in place;
10. Perform other duties as assigned periodically from the Company's Board of Directors.

The authority of the Chief Executive Officer and the authority given to appropriate personnel are excluding the authority and/or an authorization for an approval that might invoke a conflict of interest and of benefits towards the personnel with the Company or affiliated companies under the SET's regulations. Approval for such cases has to be presented to the Board of Directors' Meeting and/or the Shareholders' Meeting for an approval as required by the Company's regulations or by other related laws.

Risk Management Committee

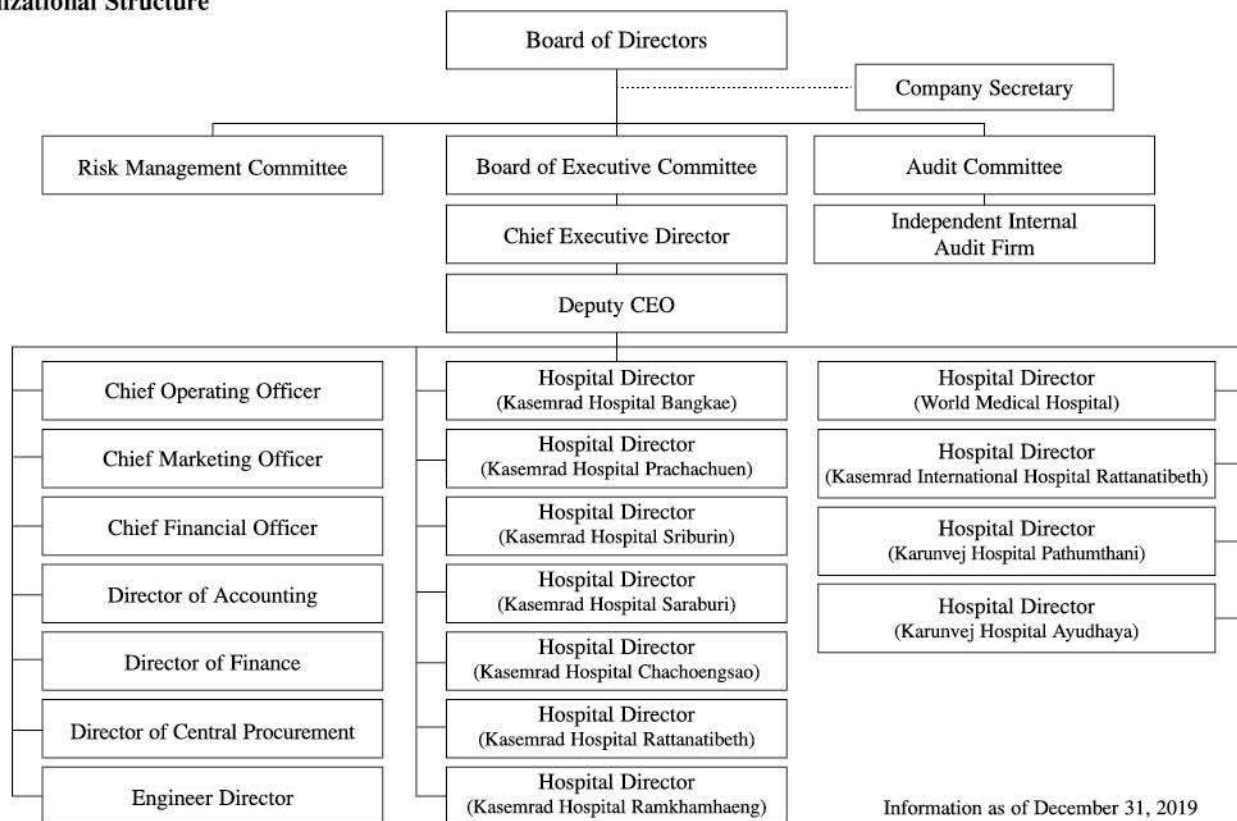
The Company's Risk Management Committee comprises of six directors as follows:

- | | | |
|-----|--|---|
| (1) | Asst.Prof.Dr.Somporn Harnphanich, M.D. | Chairman of the Risk Management Committee |
| (2) | Ms.Pornluck Harnphanich, M.D. | Risk Management Committee |
| (3) | Ms.Pornsuda Harnphanich | Risk Management Committee |
| (4) | Mr.Voravee Kiatiniyomsak | Risk Management Committee |
| (5) | Mr.Pumipat Chatnoraset | Risk Management Committee |
| (6) | Ms.Anchalee Kengkijakarn | Risk Management Committee |

The Scope of Authorities and Responsibilities of the Risk Management Committee

1. Examining and agreeing on risk appetite with acceptable risk levels, and present to the Board of Directors.
2. Continuously monitoring development activities and compliance actions according to risk management framework and to ensure that the policy will effect throughout the organization.
3. Assessing risk identification and assessment procedures, reporting on significant risk management activities and enforce procedures to ensure that the organization has sufficient and appropriate risk management systems in place.
4. Coordinating with the Audit Committee about significant risk factors and having the Internal Audit Unit to review that the risk management system of the company's group is appropriate to the exposure, being adapted as needed and adopted throughout the organization.
5. Report to the Board of Directors regularly on significant risks and risk management solutions.
6. Recommending and advising the relevant working committees included significant risks and risk management, as well as evaluate the appropriate solutions to improve the information that are related to the development of risk management solutions.
7. Appointing Sub-Committees and/or additional related personnel, or replacements in the Sub-Risk Management Committee and/or the relevant department and/or the working team that is related to managing risks as necessary, as well as determining their roles and responsibilities in order to achieve the objectives.
8. Perform other duties as assigned periodically from the Company's Board of Directors.

Organizational Structure



Details of the Management and Executives (As of 31 December 2019)

Name	Position
Prof.Dr.Chalerm Harnphanich, M.D.	Chief Executive Officer
Asst.Prof.Dr.Somporn Harnphanich, M.D.	Deputy CEO
Ms.Pornluck Harnphanich, M.D.	Chief Operating Officer
Mr.Kantaporn Harnphanich	Chief Marketing Officer
Ms.Pornsuda Harnphanich	Chief Financial Officer
Mr.Surapant Taweewiyakarn, M.D.	Hospital Director (Kasemrad International Hospital Rattanaibeth)
Mr.Arkanee Sukyu, M.D.	Hospital Director (Kasemrad Hospital Bangkok)
Assoc.Prof.Piya Netrawichien, M.D.	Hospital Director (Kasemrad Hospital Prachachuen)
Mr.Jakapan Bhongsatiern, M.D.	Hospital Director (Kasemrad Hospital Sriburin)
Mr.Suchai Suttikansanee, M.D.	Hospital Director (Kasemrad Hospital Saraburi)
Mr.Thawatchai Vanichkorn, M.D.	Hospital Director (Kasemrad Hospital Chachoengsao)
Mr.Jorn Jiranakorn, M.D.	Hospital Director (Kasemrad Hospital Rattanaibeth)
Prof.Adisorn Patradul, M.D.	Hospital Director (World Medical Hospital)
Mr.Dhiti Pattanakamjorn, M.D.	Hospital Director (Kasemrad Hospital Ramkhamhaeng)
Mr.Yingkiat Paisalachapong, M.D.	Hospital Director (Karunvej Hospital Pathumthani)
Mr.Thanawat Wattanawongpinyo M.D.	Hospital Director (Karunvej Hospital Ayudhaya)
Mr.Voravee Kiatiniyomsak	Director of Accounting and Company Secretary
Mr.Pumipat Chatnoraset	Director of Finance
Mrs.Saifon Chaimongkol	Director of Central Procurement Department
Mr.Wikrom Chuvorachaiikul	Engineering Director

Remuneration for Directors and Management

The remuneration policy for directors, approved by the shareholders' meeting, is clearly established. The remuneration for directors is provided at an appropriate level and sufficient to attract and retain the capable and qualified directors. Such remuneration is set at the same level as industry standard suitable to the duty and responsibility assigned.

The 2019 Annual General Meeting of Shareholders held on 29 April 2019 approved the remuneration of year 2019 for directors as follows:

Position	Remuneration (Baht/month)	Pension (Baht/year)	Other Benefits
Chairman of the Audit Committee	60,000.00	720,000.00	No
Audit Committee	55,000.00	660,000.00	No
Director	50,000.00	600,000.00	No

Directors' remunerations for the year ended on 31 December 2019 are as follows:

Unit: Baht

No.	Name	Position	Remuneration	Pension	Total
1	Prof.Dr.Chalerm Harnphanich, M.D.	Chairman of the Board of Directors	580,000	549,600	1,129,600
2	Asst.Prof.Dr.Somporn Harnphanich, M.D.	Director	580,000	549,600	1,129,600
3	Ms.Pornluck Harnphanich, M.D.	Director	580,000	549,600	1,129,600
4	Mr.Kantaporn Harnphanich	Director	580,000	549,600	1,129,600
5	Mr.Phinij Harnphanich	Director	580,000	549,600	1,129,600
6	Mrs.Saifon Chaimongkol	Director	580,000	549,600	1,129,600
7	Mr.Virach Aphimetetamrong, Ph.D.	Independent Director and Chairman of Audit Committee	700,000	671,600	1,371,600
8	Mr.Siripong Sombutsiri	Independent Director and Audit Committee	640,000	610,600	1,250,600
9	Professor Piphob Veraphong	Independent Director and Audit Committee	640,000	610,600	1,250,600
10	Mr.Thawat Suntrajarn, M.D.	Independent Director	580,000	549,600	1,129,600
Total			6,040,000	5,740,000	11,780,000

The Company and its subsidiaries have management and executives' remuneration of 20 persons for the year ended on 31 December 2019 (i.e. salary and bonus) totaling Baht 205.70 million. The remuneration for management and executives is set at the same level as industry standard suitable to the duty and responsibility assigned and related to the Company's profitability and performance of each individual.

Directors' Meeting Participation in 2018

Name	Board of Directors	Executive Committee	Audit Committee	Risk Management Committee
1. Prof.Dr.Chalerm Harnphanich, M.D.	5 from 5	5 from 5	-	-
2. Asst.Prof.Dr.Somporn Harnphanich, M.D.	5 from 5	5 from 5	-	4 from 4
3. Ms.Pornluck Harnphanich, M.D.	5 from 5	5 from 5	-	4 from 4
4. Mr.Kantaporn Harnphanich	5 from 5	5 from 5	-	-
5. Mr.Phinij Harnphanich	5 from 5	-	-	-
6. Mrs. Saifon Chaimongkol	5 from 5	-	-	-
7. Mr.Thawat Suntrajarn, M.D.	5 from 5	-	-	-
8. Mr.Virach Aphimeteetamrong, Ph.D.	5 from 5	-	5 from 5	-
9. Mr.Siripong Sombutsiri	5 from 5	-	5 from 5	-
10. Professor.Piphob Veraphong	5 from 5	-	5 from 5	-
11. Ms.Pornsuda Harnphanich	-	5 from 5	-	4 from 4
12. Mr.Surapant Taweewikayakarn, M.D.	-	5 from 5	-	-
13. Mr.Dhiti Pattanakamjorn, M.D.	-	5 from 5	-	-
14. Mr.Voravee Kiattiniyomsak	-	5 from 5	-	4 from 4
15. Mr.Pumipat Chatnoraset	-	5 from 5	-	4 from 4
16. Ms.Anchalee Kengkijakarn	-	-	-	4 from 4

Auditor's Remuneration

No.	Company Name	Audit	Audit Fee (Baht)
1	Bangkok Chain Hospital PCL.	KPMG Phoomchai Audit Limited	2,770,000
2	Other eight subsidiaries	KPMG Phoomchai Audit Limited and KPMG International	2,892,500
Total			5,662,500

Good Corporate Governance

The Company understands and realizes the importance of good corporate governance. It means that the Company's management and administrations are efficient, transparent, and auditable which leads to the trust and confidence to the shareholders, investors, other stakeholders. In addition, good corporate governance shall add a firm's value and contribute to the sustainable growth of the Company. The Company has complied with the corporate governance guidelines which comprise of five sections as follows:

Section 1 Shareholders' right

- The Board of Directors of the Company has put its priority on rights and fair treatment toward the shareholders by stating clearly in the policy that the shareholders of the company are eligible to receive the share certificate and right to transfer shares, right to receive timely and sufficient information in a format suitable to the decision making, right of shareholders to attend the meeting and cast a vote in the meeting of shareholders for change in major policies of the Company, right to elect and remove the directors and right to appoint the auditor and right in the profit sharing.
- Prior to the Annual General Shareholders Meeting, shareholders have the rights to receive an invitation notice for the the Annual General Shareholders Meeting, including the information on the date, time, location of the meeting, detailed information of agenda items, rules and procedures to attend the meeting and issues for consideration. In 2019, the Annual General Shareholders Meeting of the Company was held on 29 April 2019 at the Meeting Room on 22nd floor of World Medical Hospital, No. 44 Moo 4 Chaengwattana Road, Pakkred, Nonthaburi. The Company disclosed the documents of the Annual General Shareholders Meeting on 28 March 2019, not less than 30 days prior to the Annual General Shareholders Meeting date, via the Company's website in both Thai and English. The invitation notice, with attachments of agendas of the meeting, Board of Directors' opinion, proxy form B as well as informing the date, time, venue, map as well as all relevant information was sent to all shareholders in advance on 27 March 2019 by the registrar, Thailand Securities Depository Co., Ltd. ("TSD") (not less than 21 days before the meeting). In addition, the Company has a policy to reserve an option to shareholders by nominating one independent directors to be a shareholder's nominee attending the meeting and vote on behalf of them. On 18 December 2018, the Company has informed the shareholders, through SET's website and the Company's website www.bangkokchainhospital.com section Investor Relations to propose any issues as agendas in the Annual General Meeting for the year 2019 by receiving the information until 9 February 2019.
- On the meeting date, the Company used barcode system in registration and ballot counting for timeliness and efficiency. In addition, the Company invited an independent individual from legal consultant company to be a meeting inspector, to observe the meeting and review the vote collecting and counting procedures, to ensure that the meeting was conducted with transparency. Also, the Chairman of the Board and the Chairman of the Committees attended the meeting in order to provide shareholders the equal opportunity to ask, suggest, or discuss on issues relevant to the agendas or the Company's operations before casting vote on each agenda. Significant opinions and/or queries will be recorded in the minutes of the meeting by company secretary.

After the Annual General Shareholders Meeting, the Company duly submitted the summary of meeting resolutions to the Stock Exchange of Thailand within 14 days of the Annual General Shareholders Meeting date. The minutes of the meeting have been disclosed on the Company's website www.bangkokchainhospital.com section Investor Relations for shareholders and public to access the Company's information in time.

Section 2 Fair and Equitable Treatment to Shareholders

- The Company strictly provides equal and fair treatment to all shareholders and stakeholders;
- The Company has an explicit organization structure as well as the policies to prevent any conflict of interest. For example, directors or executives who involve in the related party transaction that may invoke the conflict of interest, they should not vote. Consistently, the Company shall escalate the issues to the audit committees for their considerations and opinions of the related party transaction before presenting to the Board of Directors. In addition, the Company also discloses the related party transactions in the financial statements in accordance with Thai Financial Reporting Standards;
- Prior to the shareholders' meeting, the Company sent out the invitation letter with sufficient information of each agenda to shareholders for their considerations before approvals in the shareholders' meetings, e.g. dividend payment, appointment of directors, consideration of directors' remuneration, appointment of auditors as well as audit fee, and any significant matters, such as amendments of the Company's articles of association, issuance and offer for sale of debentures, etc.;
- The Company has a policy to provide an option to shareholders in which they may nominate an independent director of the Company on their behalf to attend and vote in the meeting;
- The Company reserves the right of each shareholder to select, consider and appoint new members of the Board of Directors. In this case, the Company also informed via SET's websites and the Company's website since 18 December 2018 - 9 February 2019 for shareholders' actions.
- Every director and executive must regularly submit to the Board a report of their ownership of the Company's shares.

Section 3 Awareness in Stakeholders

The Company realizes the importance of the right of each stakeholder as described below:

1. Shareholders and Investors

The Company has a policy and guidelines on equitable and fair treatment of shareholders as follows:

- To perform their fiduciary duties and make decisions carefully for the equal benefit of each shareholder and the shareholders as a whole;
- To present, on a regular basis, its status through the operating result and statement of financial position of the Company including other necessary reports based on accuracy and actuality.
- To report to the shareholders on future trends of the Company both positive trend and negative trend based on the feasible assumptions with the relevant rationale and supporting information;
- Not to seek any benefit for themselves or other persons by using the Company's information which has not been publicly disclosed and not to take any action in a manner which may give rise to conflicts of interest.

2. Employees

The Company is aware that its employees are the most valuable asset of the Company and are crucial to achieve the Company's goals.

The Company has therefore set up the following policy that supported employees to have a quality of life with respect to fair employment conditions, promotional opportunities, appropriate remuneration and safely workplace as follows:

- Complying with rules and regulations in relation to labour law;
- To keep the working environment safe for employees' lives and property;
- To treat each employee with respect for their honor, dignity and right of privacy;
- Giving remuneration of various types to employees fairly and providing appropriate welfare and other benefits for employees that are comparable to those of other companies in the same or similar business and as prescribed by law, such as provident fund and right to reimbursement of medical expenses with the hospitals in the Group;

- The appointment, transfer, reward and punishment for any employee shall be done based on good faith and the knowledge, capacity and suitability of such employees;
- To provide knowledge and capacity enhancements for employees by offering them continuous improvement programs which include training, seminars and workshops; such as Excellent Management Course by Thammasat Consulting Networking and Coaching Center;
- The Company actively encourage its employees to comply with the energy saving and environmental management program for efficient use of the resources.
- To avoid any unfair action that may affect the employment stability and mental health of employees;
- Provide communication channels for the employees to report abuses or unlawful acts;
- Impartially and equally open to feedback and suggestions by all employees.

3. Suppliers

The Company does business with partners, competitors, creditors, counter-parties and others according to the trade terms and conditions or agreements that are contractually fair and ethical by taking into consideration the suitability of price, quality and services provided as follows;

- The Company does not support partners with unethical business practices, illegal actions, corruption or human rights violations;
- Strictly comply with the terms and conditions agreed upon by the business partners. In case, unable to fulfill the terms and condition, issues must be promptly informed and solved.
- Will not ask for, accept, or give any unlawful benefits from or to the business partners.

4. Creditors

The Company strictly complies with the credit terms and conditions with respect to the repayment and do not misuse the loans for other purposes other than what have been stipulated in the loan agreements; In addition, the Company will notify the creditors in advance if the Company fail to comply with the loan terms in order to acquire solutions.

5. Customers/Patients

The Company committed to have good quality, service and safety standards by the Quality management system. Therefore, The Company has also received HA certification from the Institute from Hospital Quality improvement and Accreditation, JCI (Joint Commission International) and DNV GL (Det Norske Veritas and Germanischer Lloyd) which are the international health accreditation.

6. Competitors

The Company competes with its competitors fairly and in accordance with the rules and regulations. Also, the Company shall not exploit confidential information of the competitors with unfair and unethical method. Procedures relating to competitors are listed as follows;

- Treating competitors according to the rule and manner of good and fair competition;
- Not intentionally destroying reputation of competitors with groundless slander;
- Not seeking confidential information of competitors with fraudulent, dishonest, or inappropriate method or in breach of laws.

7. Community, Social and Environment

The Company believes in conducting business according to business ethics and good corporate governance principles as follows;

- Constantly create awareness about social and environmental responsibility among all levels of employees;
- Pay back to the society by supporting social and environmental development activities;
- Carry out activities taking into account impacts on the society and communities by means of conserving the natural resources, protecting the environment, and enabling the good quality of life for the public;
- Strictly comply with the authorities' rules and laws in connection with the environment and stipulations of other related organizations;

- Give priorities to activities for community and social development, as part of the core policies of the Company, including the development of the society, the community and the environment, and the creation and the preservation of natural resources such as launched mobile medical units to remote communities, supported exercise for good health events and provided health check-up and treatment for the paupers.

8. Anti-Corruption

The Company conducts business with a commitment to avoid corruption of all forms, and institutes a risk management and audit process to prevent and control corruption and malfeasance. Also, the Company encourages corporate culture where people are firmly committed to integrity and ethics.

The company has implemented the anti-corruption practice approved by the company's Board of Directors. The Company proceeds related to policies and measurements of the anti-corruption practice and publicized to general public as well as within the company internally. For instance; disseminating anti-corruption policies through the company's website www.bangkokchainhospital.com on the good corporate governance section, and arrange the training and orientation for employees on anti-corruption policies. Furthermore, supplier and contractor of the company will be informed about the anti-corruption practice in order to create transparency of the company operation.

9. Human Rights

The Company gives importance to respecting international human rights, to conducting business in compliance with laws, while embracing human rights which are the basic rights ensuring that all human beings are born free and equal in dignity and rights without discrimination against gender, religion, culture, race and sexual harassment.

10. Intellectual Property Rights

The Company realizes the importance of intellectual property rights and will not encourage any violation of patents, copyrights, trademarks, information, information technology and any other aspects of intellectual assets which regarding to the compliance of its respect for intellectual property rights.

11. Government

The Company operates its business in accordance to the social development as well as complies with laws, regulations and rules issued by the Government.

Section 4 Information Disclosure and Transparency

- The Company shall disclose any relevant information regarding financial performance, shareholding structure, and good corporate governance with accuracy, completeness, regularity, timely manner, transparency and on reliable basis as in Annual Report and Annual Registration Statement (Form 56-1).
- The Company has clearly and transparently determined and disclosed the remuneration policy for directors and management which is approved by shareholders. The remunerations for directors and management are based on the companies in the same industry with similar size of operation and also related to the Company's profitability and performance of each individual.
- The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and information as appeared in the annual report. The financial statements have been prepared in accordance with the Thai Financial Reporting Standards using appropriate and consistent accounting policies. The financial statements were prepared with caution and were evaluated for appropriateness of the overall presentation of the financial statements. There is sufficient information disclosure in the notes to the financial statements. The Board of Directors has set up the Audit Committee comprises of independent directors to oversee the quality of financial report and internal control system.

- The Company has an investor relations team which Mr.Pumipat Chatnoraset, Director of Finance and Investor Relations is taking the highest responsibility in order to provide the relevant information with completeness, accuracy, actuality, reliability, timely manner and transparency to the external parties such as Shareholders, Institutional Investors, Investors, Analysts and other relevance units with integrity and transparency. In 2019, the key activities took place:

Activities	Amount of Activities in 2019
Company Visits / Conference Calls	18 times / year
Analyst Meetings	4 times / year
Domestic and International Roadshows	3 times / year
Opportunity Day	2 times / year
E-mail and phone calls	Average 20 times / month

- Information about the Company, Financial Performance, Financial Statement and The Stock Exchange of Thailand's news are found at www.set.or.th and the Company's website at www.bangkokchainhospital.com. If any investors or relevance persons have any questions or additional information please contact to Director of Finance and Investor Relations Tel: +662-836-9940 Fax: +662-106-4858 Email: ir@bangkokchainhospital.com or the Company's website at www.bangkokchainhospital.com

Reporting of Concerns and Whistle-Blower Service

The Company supports whistle-blower service by encouraging all stakeholders to request information, complain or report any misconduct by sending to:

- Email: report@bangkokchainhospital.com
- Address: Complaint, Bangkok Chain Hospital Public Company Limited, 44 Moo. 4 World Medical Hospital 22nd Floor Chaengwattana Road, Pakkred, Nonthaburi 11120

Section 5 Directors' Responsibility

1. Structure of the Board and Sub-Committees

The Board of Directors consists of various qualified persons who play an important role in setting the Company's policy together with top executives and determining the business plan both in short-term and long-term as well as the financial policy, risk management, and the organization's overview. In addition, the Board also supervises, investigates and evaluates the Company's results of operations and performance of each top executive to be in line with plan independently.

Presently, the Company has 10 directors which comprise of 5 executive directors, representing 50.0 percent of all directors; 1 non-executive director, representing 10.0 percent of all directors; and 4 independent directors, representing 40.0 percent of all directors. In such a way, it complies with the minimum requirement of the regulations of the Securities and Exchange Commission, Thailand (SEC) and the Stock Exchange of Thailand (SET). In addition, the Board has appointed sub-committees; 1) The audit committee comprised of 3 independent directors, has the duration for position for each 2 years (names as mentioned under "Management Structure") and 2) The Executive Committee comprised of 9 executive directors (names as mentioned under "Management Structure") 3) The Risk Management Committee comprised of 6 directors (names as mentioned under "Management Structure"), in order to handle specific tasks and propose to the Board of Directors for consideration and acknowledgement. Each sub-committee has its rights and duties prescribed in the scope and responsibilities of each. The Company has segregation of roles, duties and responsibilities between the Board and top executives clearly. The Board has their duties for setting the Company's policies and monitoring implementation by top executives in policy level, while top executives have their duties regarding the management in compliance with the Company's policies. Therefore, the Chairman of the Board of Directors is not the same person as the Chief Executive Officer. Both positions must be selected by the Board of Directors for the most appropriate persons.

2. Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors involves in the setting of the Company's vision, mission, strategies, goals, business plans, budgets, internal control, internal audit, and suitable risk management. The Board also ensures that plans are carried out efficiently and effectively. The Board follows up the aforementioned operations regularly in the Board of Directors' meeting. In addition, the Board sets the scope, roles and responsibilities for each committee; the Board of Directors, the Audit Committee, the Executive Committee, the Risk Management Committee and Chief Executive Officer clearly and transparently.

The Company sets the disciplines and practical guidelines for business ethics in written including the punishment for related persons to follow the Company's mission honestly. The Company has a policy and guiding principles to act in avoiding the unethical problems under laws and traditional practices. In addition, the Company has an ethic in service fee in which patients can review the details of services under the nursing business law B.E. 2541, including an ethic in public relation by which the Company acts under the private nursing business law.

The Company has clear management structure including various methods to prevent any conflict of interests. For example, in case the director enters into the related party transactions that may invoke the conflict of interest, that director will be prohibited to vote. The Company shall escalate the issue to the Audit Committee for their considerations and opinions before presenting to the Board of Directors. In addition, the Company has disclosed the related party transactions in the financial statements in conformity with Thai Financial Reporting Standards.

3. Criteria for selection of Directors

The Company does not have an established nominating committee to select directors. The Board of Directors considers in the structure, diversity and the expertise to complement the existing skill of the Board of Directors and personal qualification for directorship as well as experience, skills, directorship performance and who is not prohibited by the law and notification of the Security and Exchange Commissions. The criteria for selection of directors according to the Company Article of Association are as follows:

The shareholders' meeting shall elect the directors by majority vote in accordance with the following rules and procedures:

1. Each shareholder shall have a number of votes at the equivalent of one share per one vote;
2. Shareholders shall vote for each individual director; and
3. After the vote, the candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in the order until all of the directorial positions are filled. In the event of tie vote, the Chairman shall have the casting vote.

The Company shall arrange an orientation for the new directors so that they know the Company's information and understand their roles and responsibilities in the position of the Company's director as well as the related laws and regulations. The topics in the orientation shall cover vision and mission of the Company, company profile, shareholding structure, organizational structure, management structure, business plan, and historical agendas in the meeting of Board of Directors. Also, the Company's manual books shall be given to the new directors for their further study.

4. Board Meetings

The Board of Directors usually meets four times a year and the extraordinary meetings are carried out as necessary. The agendas of the meeting shall be clearly set in advance. Additionally, the performance evaluation shall be regularly set and considered in the board of directors' meeting. The Company sends the invitation letters with the agendas and supporting documents to directors for their considerations and study at least 7 days before the meeting. (Details of each committee's meetings in 2019 are mentioned under "Management Structure").

At the meeting of the Board of directors, the Chairman shall give an opportunity to each director to freely opine on each agenda. In addition any directors, or management who may have vested interest in any agenda item under consideration must not attend the meeting or must abstain from voting on such agenda item. The quorum for a meeting of the Board of Directors shall be two third of its total directors.

5. Remuneration

The Company has set the policy for directors and management remuneration clearly and transparently and is approved by shareholders. The remunerations for directors and management are based on the companies in the same industry with similar size of operation and also related to the Company's profitability and performance of each individual.

6. Controlling System and Internal Audit

The Company realizes the importance of internal control for both managerial level and operational level. The roles and responsibilities of both management level and operational level are clearly set as well as the delegation of power is also set for the continuity of business. The Company oversees the use of assets and has segregation of duties to assess the performance across departments. In addition, the Company has internal control over financial transactions of which all transactions shall be reported directly to the financial management.

In 2019, the Company has appointed Dharmniti Internal Audit Company Limited, which is a qualified independent internal auditing firm, to be the internal auditor of the Company. The selection criteria were; its sufficient number of personnel, experience, knowledge, capabilities and its independency to perform duties as an internal auditor in accordance to the assessment program of the Company's internal control system.

Independent Internal auditing firm has duties to perform an investigation on every activity as its annual plan i.e. accounting records, bank deposit, and inventory and fixed assets observation. In case of doubts or unusual events occurred, they will investigate the operations of those departments immediately until the doubtful transaction is verified. Subsequently, the results of those issues shall be reported to the Audit Committee.

7. Board and Management Training

The Company encourages all directors and management to take a training course in accordance with the corporate governance guidelines. All training expenses shall be paid by the Company. The training courses are Director Certification Program (DCP) and Director Accreditation Program (DAP) (10 directors successfully attended).

In 2019, The Board has a policy to continuously encourage and support the directors' development such as Document Control for Management System Program, Personal Income Tax and Corporate Income Tax Program, and Safety and Health at work Program.

8. Board of Directors and Executive Committee Performance Assessment

The company set up the Assessment to evaluate Board of Directors and Executive Committee performance every year which conducted in three different forms;

1. Group Self-Assessment for Board of Directors and Executive Committee

Self-Assessment form was adapted from Stock Exchange of Thailand on Corporate Governance guidelines and responsibilities of the board in order to comply with the company management structure. The results represent an important part of improving the director responsibilities and also increase the efficiency of the company management. The director and committee will evaluate the level of opinion or level of performance under four subjects:

1. Structure and Qualification of the Board of Directors.
2. Board Meetings.
3. Roles, Duties and Responsibilities of the Board of Directors.
4. Other issues; the relationship between the board and management.

The company secretary is responsible for delivering out the assessment form to all the directors to evaluate at the end of every year. Also they are in charge of gathering the results and conduct the summary report for the board to discuss further every year.

2. Individual Self-Assessment for Board of Directors and Executive Committee

An individual self-assessment evaluation form is acting as a tool helping board of director to review and improve the roles and duties of them efficiently. The subjects used for the evaluation are according to the responsibilities, corporate governance charter and ethic of the company board of directors which company has followed the standard of Thai Securities and Exchange Commission and Stock Exchange of Thailand office.

1. Structure and Qualification of the Board of Directors.
2. Board Meetings.
3. Roles, Duties and Responsibilities of the Board of Directors.

The company secretary is responsible for delivering out the assessment form to all the directors to evaluate at the end of every year. Also they are in charge of gathering the results and conduct the summary report for the board to discuss further every year.

3. CEO Performance Assessment

This performance evaluation form is classified into two sections in accordance of SET evaluation guidelines which are the followings:

Section 1 Performance Measurement consisted of 10 subjects as followings:

- | | |
|--|--|
| 1. Leadership | 6. External Relations |
| 2. Strategic Planning | 7. Management and Personnel Relationship |
| 3. Strategic Implementation | 8. Succession (Progression) |
| 4. Financial Planning and Implementation | 9. Product and Service Knowledge |
| 5. Relationship among Board of Directors | 10. Characteristic |

Section 2 In CEO developments are consisted of strength of CEO and issues that CEO should be developing, the additional opinions will be given by company board of directors.

CEO will involve on the target setting and get notified every year. At the end of every year, the company secretary is responsible for delivering out the assessment form to all the directors to evaluate. Also they are in charge of gathering the results and conduct the summary report for the board to discuss further every year.

Internal Control of Information

The Company has a policy to prohibit the directors or the management to exploit for their own interest using internal information of the Company. The directors, the management, and the staffs who work within an area of such information are prohibited to trade the Company's stock within a period of one month prior to the public announcement of the financial statements.

The Company has informed the management of each department to understand their roles and duties about the prohibition of trading Company's stock by either himself/herself or their spouse, or children under age of 20. They are obliged to submit a report of their changes of stock holding to the Securities and Exchange Commission Thailand Act 59 and the Penalty Regulation Act 22 under Securities and Exchange Commission Act B.E.2559.

The Company has set the Rules of Enforcement for those breaching and exploiting for their own interest using the Company's internal information. The Enforcements range from verbal warning to expelling.

Internal Control

On 28 February 2019, the Board of Directors, the Audit Committee, and the Management collectively convened for an evaluation of the internal control system in considerations of the auditing results of the internal audit department and suggestions from the auditors and inquiries from the management. From the Company's internal control system evaluation checklists, there are 5 parts to be considered; organization and environment, risk management control for management operation, information technology system, information communication and monitoring system. The committees agreed that the Company had sufficient internal control system with major shareholders, directors, management, and other related persons. For other issues that related to the internal control system, the committees agreed that the Company is in compliance with the internal control system. For good corporate governance, the committee promoted the management to continuously improve internal control quality.

For internal control of the eight subsidiaries, Rattanatibeth General Hospital Co., Ltd., Saraburi Wetchakit Co., Ltd., Sriburin Medical Co., Ltd, Navanakorn Medicare Co., Ltd., Ayudhya Medicare Co., Ltd., Sothorn Vejchakit Co., Bangkok Chain Management Co., Ltd., and Bangkok Chain International (Lao) Co., Ltd. the Company regulated that all subsidiaries must be in compliance with the group's internal control system. Additionally, the Company also assigned the internal auditors to audit the business operation of each subsidiary. In 2019, the internal auditors reported that all subsidiaries sufficiently and efficiently applied the same internal control system as the Company.

Dividend Policy

The Company and its subsidiaries have the dividend policy to pay at least 40 percent of the net profit of the separated financial statements after deducting income tax and legal reserve of the Company. However, the dividend shall be paid in case there are no unusual events and no significant effect to the Company's operations. The dividend payment of the Company shall be considered based on the Company's operating results, liquidity, business expansion, and other related factors. Consistently, the Company's dividend payment shall be approved by shareholders and/or the Board of Directors as appropriate.

Related Party Transaction

The Company has an agreement between its subsidiaries of which the subsidiaries must have no individual who possess more than 10 percent ownership that potentially invoke a conflict of interest. Those subsidiaries are Rattanatibeth General Hospital Co., Ltd., Saraburi Wetchakit Co., Ltd., Sriburin Medical Co., Ltd, Navanakorn Medicare Co., Ltd., Sothorn Vejchakit Co., Ltd. and Bangkok Chain Management Co., Ltd., and Bangkok Chain International (Lao) Co., Ltd. The related party transactions are those involved selling and purchasing goods and services across group companies and inter-company loans. The price and interest rate of those related party transactions are set to be in line with the regular business agreement and at the prevailing market rate. Consistently, the Company disclosed the related transaction information in the notes to the financial statements.

Regulations and Procedures for an Approval of the Related Party Transactions

According to the regulations and procedure for related party transactions, related party transactions within the regular business activities, such as the purchase of raw materials within BCH Group, are carried out by the Central Purchasing Unit such that the service and administrative fees shall be charged to its subsidiaries with respect to the best practice for the Company's benefits. However, the price and trade terms shall be set based on the actual cost of material purchased with a reasonable profit margin added on. In the Audit Committee's meeting, the Company shall report to the committees on the necessity and rational of those related party transactions.

For other related party transactions, such as inter-company loans, the Company sets the interest rate and condition at the prevailing market price and practice. The Company, in this regard, shall seek an opinion from the Audit Committee if the transactions are practicable. In case the committees have no expertise in the particular area, the company shall seek an additional opinion from the independent financial advisor prior to the approval of the Company's directors and shareholders.

With respect to the related party transaction, the Company shall conform to the Securities and Exchange Commission's regulations and comply with regulations, notices, and announcements from the Stock Exchange of Thailand. In addition, the Company shall comply with the regulations on the disclosure of information on the related party transactions involving acquisition or disposal of the Company's asset such that the directors or the stakeholders shall have no right to vote on such issues.

Policy or Trend to Make Related Party Transactions in the Future

The Company foresees that there shall be an ongoing related party transaction on a regular business operation among its subsidiaries for example the purchase of goods and services, and purchase of properties from individuals that may invoke conflict of interest.

For financial services, the Company has no policy to make any additional transaction unless if necessary, for instance, its subsidiaries encounter with the liquidity problems. However, the directors of the Company shall act in accordance with the regulations and procedures for future related party transactions as specified above. In addition, the Company shall disclose the related party transactions in the audited note to the financial statements with an awareness to comply with the Thai Financial Reporting Standards.

Board of Director's Responsibilities for the Company's Financial Statements

The Board of Directors is responsible for the financial statements of the Company whose accounting method meets the Thai Financial Reporting Standards. The Board has chosen the most appropriate accounting policy to which they consistently conform. With regard to the information disclosure, the Boards have revealed sufficient information attached with the remarks of the Company's financial statement.

In addition, the Board of Directors has appointed the Audit Committee consisting of independent directors to supervise and evaluate the internal control system and financial statement to ensure accuracy, completeness and timeliness and also to prevent fraud and misconduct. The opinion of the Audit Committee has already reported to the Board and is attached in the Company annual report.

The Board of Directors is unanimous in its opinion that the Company's internal control system was satisfactory and the Company's financial statements have demonstrated accurate financial status and significant operational performance.



(Prof.Dr.Chalerm Harnphanich, M.D)

Chairman of the Board of Directors

Management Discussion and Analysis and the Company's operating results

The Company and its subsidiaries which the Company holds more than 50 percent of the voting right (collectively called the "Company") operate private hospitals located in Bangkok, Bangkok vicinity, Ayudhaya Province, Saraburi Province, Chachoengsao Province, and Chiangrai Province. Currently, there are twelve hospital branches and one polyclinic opened under four brands; World Medical Hospital, Kasemrad International Hospital, Kasemrad Hospital and Karunvej Hospital. The Company would like to report the operating results for year ended 31 December 2019 which had been audited by the independent auditor. Details are as follows:

1. Main events of the Company
2. Summary of the Company's operating results
3. Analysis of the consolidated financial performance
4. Analysis of the consolidated financial position
5. Analysis of the consolidated cash flow
6. Future operating trends

Main events of the Company

Month	Events
January	Kasemrad Hospital Prachachuen has renovated the pediatric ward with pediatric specialists and nurses available 24 hours a day.
February	Kasemrad Hospital Rattanaibeth has opened a new 7-story building to increase the convenience for patients.
March	The Company had a signing ceremony for the project "SMART MOM" with Phillip Life Insurance Public Company Limited to provide health insurance for mothers and children who came to receive services in affiliated hospitals.
May	Kasemrad Hospital Sriburin renovated the pediatric ward with full support by experienced pediatric specialists and professional nurses on duty 24 hours a day. Bangkok Chain International (Lao) Company Limited entered into a cooperative agreement with Kasikornthai Bank Co., Ltd. for financial support for the construction of Kasemrad International Hospital Vientiane. Kasemrad International Hospital Rattanaibeth renovated the Obstetrics and Gynecology Department by expanding service coverage areas and increasing the number of medical specialists. The service ranges from health examination to comprehensive diagnosis and preventive care. Moreover, the hospital opened the advanced pediatric center that provides child care services from birth to teenage by a specialized medical team.
June	World Medical Hospital collaborated with Bangkok Life Insurance Public Company Limited to mutually expand service coverage for insurance holders by opening the Insurance Relations Center to look after private health insurance patients.
July	The affiliated hospitals in the group have organized a charity run for people with disabilities "Wing hai Tun Ep.2". Net income from the event were donated to the prostheses foundation of H.R.H the Princess Mother, Thai with Disability Foundation, Foundation for Children Disability and Association of Persons with Physical Disability International. The Company was selected as one of the ESG100 securities companies of the year 2019 with outstanding performance in terms of environment, society and governance, based on the assessment by Thai pat Institute.

Month	Events
August	World Medical Hospital received the Outstanding Cooperation Award at the Bangkok Life Assurance SMART Hospital Awards 2019 organized by Bangkok Life Assurance Public Company Limited. Kasemrad International Hospital Rattanaibeth opened a new dental department, providing services with modern equipment with a team of doctors and personnel who are specialized in providing complete services.
September	World Medical Hospital launched the Oasis Wellness Center, a medical center that combines patient care, health promotion and beauty by providing chelation programs for detoxifying blood vessels, weight loss programs, and colon therapy services.
October	The Company was ranked "good" in the report on corporate governance of listed companies for the year 2019 of the Thai Institute of Directors Association.
November	The Company received a credit rating at "A-", with "positive" outlook, which reflects the expectation that The Company will continue to improve its performance and be able to maintain a strong financial position.
December	World Medical Hospital opened the World ART Center to provide diagnostic and fertility treatment to infertile patients. And, the Diabetic Foot Center was fully opened for both outpatients and inpatients, providing comprehensive care and rehabilitation services for patients with diabetes. Kasemrad International Hospital Rattanaibeth opened an Advanced Internal Medicine on the 2nd floor with a team of doctors and personnel who are specialized in providing services.

Summary of the company's operating results

For overall performance of the year 2019, The Company reported total revenue of 8,996.3 million baht (year 2018: 8,182.7 million baht), an increase of 813.6 million baht or 9.9 percent, a gross profit of 2,828.3 million baht (year 2018: 2,679.0 million baht), an increase 149.3 million baht or 5.6 percent. Profit before finance costs, tax expense, depreciation and amortization was 2,377.1 million baht (year 2018: 2,232.5 million baht) or 6.5 percent. For the profit attributable to owners of The Company amounted to 1,134.9 million baht (year 2018: 1,089.5 million baht), an increase of 45.4 million baht or 4.2 percent.

Analysis of the consolidated financial performance

<i>Statement of Comprehensive Income</i> (Unit : Million Baht)	For the year ended 31 December		Change	
	2019	2018	Amount	Percent
Total Revenue	8,996.3	8,182.7	813.6	9.9
Revenue from hospital operations	8,880.5	8,073.3	807.2	10.0
Revenue from general patients	5,791.1	5,051.6	739.5	14.6
Revenue from Social Security patients	3,089.4	3,021.7	67.7	2.2
Cost of hospital operations	(6,052.2)	(5,394.3)	(657.9)	12.2
Gross profit	2,828.3	2,679.0	149.3	5.6
<i>Gross profit margin</i>	<i>31.8%</i>	<i>33.2%</i>		
Distribution and Administrative expenses	(1,231.7)	(1,131.9)	(99.8)	8.8
Operating Profit	1,596.6	1,547.1	49.5	3.2
<i>Operating Profit Margin</i>	<i>18.0%</i>	<i>19.2%</i>		
Other income	115.8	109.5	6.3	5.8
Share of profit of investment in associate	2.4	2.5	(0.1)	(6.8)

Statement of Comprehensive Income (Unit : Million Baht)	For the year ended 31 December		Change	
	2019	2018	Amount	Percent
Profit before tax expense and finance cost	1,714.8	1,659.1	55.7	3.4
<i>Profit before tax expense margin</i>	<i>19.3%</i>	<i>20.6%</i>		
Finance costs	(130.7)	(125.8)	(4.9)	3.9
Tax expense	(286.0)	(285.0)	(1.0)	0.3
Profit for the year	1,298.0	1,248.2	49.8	4.0
Owners of the Company	1,134.9	1,089.5	45.4	4.2
Non-controlling interests	163.1	158.7	4.4	2.8
<i>Profit attributable to owners of The Company</i>	<i>12.6%</i>	<i>13.3%</i>		
Profit before Finance costs, Tax expense, Depreciation and Amortization	2,377.1	2,232.5	144.6	6.5
<i>Profit before Finance costs, Tax expense, Depreciation and Amortization margin</i>	<i>26.4%</i>	<i>27.3%</i>		

Revenue Structure Breakdown by Type (Unit : Million Baht)	2019		2018		Change	
	Revenue	Proportion	Revenue	Proportion	Amount	Percent
General patients	5,791.1	64.4%	5,051.6	61.7%	739.5	14.6
Social Security patients	3,089.4	34.3%	3,021.7	36.9%	67.7	2.2
Other revenue	115.8	1.3%	109.4	1.3%	6.4	5.9
Total Revenue	8,996.3	100%	8,182.7	100%	813.6	9.9

The company's total revenue for the year ended 31 December 2019 was 8,996.3 million baht, an increase of 813.6 million baht or 9.9 percent from the previous year, with the proportion of general patient revenue accounting for 64.4 percent, 34.3 percent from the Social Security patients, and 1.3 percent from other revenue the details are as follows:

General patients revenue for the year ended 31 December 2019 was 5,791.1 million baht, an increase of 739.5 million baht or 14.6 percent mainly due to the significant revenue growth of Kasemrad Hospital Ramkhamhaeng, the opening of new specialized medical centers, seasonal epidemic, and the higher diagnostic and treatment capability of the existing affiliated hospitals such as the improvement of the Pediatric center, Obstetrics and Gynecology center, Internal Medicine center, and Dental center.

Social Security Patients Revenue for the year ended 31 December 2019 was 3,089.4 million baht, an increase of 67.7 million baht or 2.2 percent from last year which increased at a lower rate compared to last year. The increase in revenue was mainly due to the increase in number of insured persons from 804,150 people to 880,447 people or 9.5 percent. However, the revenue per insurer decreased from 3,847 baht per person to 3,586 baht per person or 6.8 percent decrease due to the effect of payment reduction by the Social Security Office for the payment paid based on high intensity of diseases (Adj RW $\geq$ 2) and Qualitative indicators (Complaint and Discharge Type). These were because the global budgets set by the Social Security Office were insufficient to pay for all service fee reimbursed by the hospitals in the scheme. The Company therefore considered recording the revenue in line with the actual receivables.

Other revenue such as rental income and interest income for the year ended 31 December 2019 was 115.8 million baht, an increase of 6.4 million baht or 5.9 percent.

<i>Statement of Comprehensive Income</i> (Unit : Million Baht)	For the year ended 31 December		Change	
	2019	2018	Amount	Percent
Personnel expenses	1,851.8	1,657.4	194.4	11.7
Doctor fee	1,765.5	1,547.4	218.1	14.1
Medical and supply costs	1,179.0	1,088.6	90.4	8.3
Depreciation and amortisation	664.7	576.0	88.7	15.4
Referring cost	397.1	377.2	19.9	5.3
Utility expenses	204.9	191.2	13.7	7.2
Promotion expenses	200.3	152.3	48.0	31.5
Repairs and maintenance	134.3	124.5	9.8	7.9
Rental expenses	84.1	79.5	4.6	5.8
Cleaning service expenses	58.0	50.4	7.6	15.1
Bad and doubtful debts expenses	35.6	65.1	(29.5)	(45.3)
Security guard expense	31.4	29.7	1.7	5.7
Property tax	10.5	18.3	(7.8)	(42.6)
Others	666.7	568.6	98.1	17.3
Total	7,283.9	6,526.2	757.7	11.6

Operating expenses for the year ended 31 December 2019 was 7,283.9 million baht, an increase of 757.7 million baht or 11.6 percent from the previous year, the details are as follows:

- Personnel expenses in 2019 was 1,851.8 million baht, an increase of 194.4 million baht or 11.7 percent from the previous year. In 2Q2019, The Company recorded the employee benefit obligations under the new Labor Protection Act in the amount of 17.9 million baht.
- Doctor fees in 2019 was 1,765.4 million baht, an increase of 218.0 million baht or 14.1 percent from the previous year. The increases were partly due to the opening of Kasemrad Hospital Ramkhamhaeng, and the increased number of medical personnel at the specialized medical centers in the affiliated hospitals.
- Depreciation and amortization in 2019 was 664.7 million baht, an increase of 88.7 million baht or 15.4 percent from the previous year. The increases were due to the opening of Kasemrad Hospital Ramkhamhaeng and the increased number of specialized medical centers in the affiliated.
- Promotion expenses in 2019 was 200.3 million baht, an increase of 48.0 million baht or 31.5 percent increase from the previous year due to the marketing expenses used to support the hospitals' customer base expansion.

As the result, the Company's gross profit margin decreased from 33.2 percent to 31.8 percent, the operating profit margin decreased from 19.2 percent to 18.0 percent, Profit before finance costs and tax expense margin decreased from 20.6 percent to 19.3 percent, Profit before interest, taxes, depreciation and amortization margin decreased from 27.3 percent to 26.4 percent, and profit margin attributable to shareholders of The Company decreased from 13.3 percent to 12.6 percent respectively.

Analysis of the consolidated financial position

Statement of Financial Position (Unit : Million Baht)	As of 31 December		Change	
	2019	2018	Amount	Percent
Total assets	14,115.6	12,627.5	1,488.1	11.8
Current assets	2,966.9	2,548.7	418.2	16.4
Non-current assets	11,148.7	10,078.8	1,069.9	10.6
Total liabilities	7,137.3	6,229.7	907.6	14.6
Current liabilities	2,185.8	1,740.4	445.4	25.6
Non-current liabilities	4,951.5	4,489.3	462.2	10.3
Equity	6,978.3	6,397.8	580.5	9.1
Equity attributable to the Company	6,248.0	5,701.4	546.6	9.6
Non-controlling interests	730.3	696.4	33.9	4.9

As of 31 December 2019, The Company had total assets of 14,115.6 million baht, an increase of 1,488.1 million baht or 11.8 percent increased from 2018, mainly due to an increase in trade accounts receivable in the amount of 305.9 million baht as the result of patient base expansion for private insurance patients and corporate contract patients. Additionally, the increase in land, equipment and buildings amounted to 1,088.7 million baht were also the contribution to the total asset, most of which were assets under construction in Kasemrad International Hospital Aranyaprathet, Kasemrad International Hospital Vientiane, and Kasemrad Hospital Prachinburi.

The Company had total liabilities of 7,137.3 million baht, an increase of 907.6 million baht or 14.6 percent increase, from 2018, mainly due to the issuance of debentures in the amount of 1,200.0 million baht for use in a new hospital expansion and working capital used within the business.

The Company had total shareholders' equity of 6,978.3 million baht, an increase of 580.5 million baht or 9.1 percent due to the increase in net profit of the Company.

Financial Ratio	For the year ended 31 December	
	2019	2018
Current Ratio (times)	1.4	1.5
Average Collection Period (days)	68.4	58.0
Average Payables Period (days)	30.0	32.5
Debt to Equity (times)	1.0	1.0
Return on Assets (%)	12.8	13.1
Return on Equity (%)	19.0	20.0

Analysis of the consolidated cash flow statement

Cash flow Statement (Unit : Million Baht)	For the year ended 31 December	
	2019	2018
Cash flow from operating activities	1,902.4	1,617.9
Cash flow from (used in) investing activities	(1,729.2)	241.2
Cash flow from (used in) financing activities	(26.5)	(1,698.9)
Net increase in cash and cash equivalents	146.7	160.2
Cash and cash equivalents at 1 January	645.7	485.5
Cash and cash equivalents at 31 December	792.4	645.7

For the year ended 31 December 2019, The Company had cash and cash equivalents of 792.4 million baht due to the following activities:

The Company had cash flow of 1,902.4 million baht from operating activities, mainly due to the profit generated in 2019 in the amount of 1,298.0 million baht and a decrease in trade accounts receivable by 341.5 million baht. The cash flow used in investing activities was 1,729.2 million baht, mainly from the cost of construction of Kasemrad International Hospital Aranyaprathet, Kasemrad International Hospital Vientiane, and Kasemrad Hospital Prachinburi as well as the purchase of medical equipment for specialized medical centers. The Company had cash flow of 26.5 million baht used in financing activities, mainly due to the issuance of debentures in the amount of 1,200.0 million baht, paying dividends to the shareholders of The Company 548.7 million baht, and repayment for long-term loans of 644.5 million baht.

Future operating trends

The Company remains committed to maintaining its leadership in the healthcare industry by focusing on the development of quality, efficiency, and responding to the needs of patients in the social security program, upper middle class patients, upper class patients, and foreign patients. In addition, The Company is still proceeding with the business expansion plan to increase the service area and create a referral network to various regions. The Company aims to grow in revenue at the growth rate of 10 – 15 percent per year with proper profitability ratio. The factors that could affect the operation in 2020 are as follows:

- **Increase in the number of insured persons under the Social Security Scheme**

The Company targets the number of insured persons to grow at the average rate of 5 percent per year, which is a rather more conservative growth rate compared to the 5-year average that has grown over 6 percent per year.

- **Adjustment of medical fees by the Social Security Office**

The Social Security Office has adjusted the budget regarding medical fees, which will be effective from 1 January 2020, the details are as follows:

1. Basic Capitation (Fixed payment) has been increased from 1,500 baht per person per year to 1,640 baht per person per year.
2. Risk Adjusted Capitation (26 chronic diseases) has been increased from 447 baht per person per year to 453 baht per person per year.
3. High Cost Care (Adj RW ≥ 2) has been increased from 640 baht per person per year to 746 baht per person per year.

In summary, the medical budget increase will help reduce the budget risk especially for the High Cost Care (Adj RW ≥ 2). Moreover, The Company expects to receive an improved payment term from Social Security Office.

- **Opening of Kasemrad Hospital International Aranyaprathet**

Change of population structure, increase in the number of emerging diseases, and stepping into an aging society causing hospital operators to invest in expanding branches and networks to cover higher demand for services. The Company aims to open a new hospital in the second quarter of 2020 under the name “Kasemrad International Hospital Aranyaprathet” in which the number of registered beds in the first phase is 51 beds (out of a total of 90 beds). The main target patients are general patients both Thai and Cambodian who are affordable and in need for the medical services.

- **Opening of a specialized medical center**

The Company foresees that the offering of the well-equipped specialized medical centers are the main factors of attraction for both Thai and foreign patients to the hospitals. The Company is currently planning to expand investment in a holistic cancer center to thoroughly serve patients in the group and patients referred from the alliance hospitals.

- **Continuous growth of Kasemrad Hospital Ramkhamhaeng**

In October 2018, The Company opened Kasemrad Hospital Ramkhamhaeng as a replacement of Karunvej Hospital Sukhaphibal 3. In 2019, the hospital generated significant revenue growth from general patients, both Thai and foreigners, and social security patients. The number of insured persons who registered with the hospital increased by 30.6 percent. The strong growth of Kasemrad Hospital Ramkhamhaeng is expected to continue and will help improve the group's profitability accordingly.

**Bangkok Chain Hospital Public Company Limited
and its Subsidiaries**

**Financial statements for the year ended
31 December 2019
and Independent Auditor's Report**



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000, Fax +66 2677 2222
Website home.kpmg/th

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000 แฟกซ์ +66 2677 2222
เว็บไซต์ home.kpmg/th

Independent Auditor's Report

To the Shareholders of Bangkok Chain Hospital Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Bangkok Chain Hospital Public Company Limited and its subsidiaries (the "Group") and of Bangkok Chain Hospital Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

22.

KPMG Phoomchai Audit Ltd., a Thai liability limited company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Valuation of trade accounts receivable	
Refer to Notes 3 and 8	
The key audit matter	How the matter was addressed in the audit
The Group has overdue trade accounts receivable and accrued income from medical services to patients under the government welfare schemes such as revenue under service agreement with the Social Security Office, etc. Trade accounts receivable are material and accrued income under the service agreement with the Social Security Office is based on the information, criteria and conditions for calculation defined by the Social Security Office, such as, the number of insured persons registered with the hospital, and statistical information of the services provided by the hospital, etc. In addition, the repayment is dependent on the policy and budget of the government welfare schemes. The Group is exposed to the risk of recoverable amount of trade accounts receivable and accrued income due to the complexity of the reimbursement rules and process which is time consuming. The determination of recoverable amount of trade accounts receivable and accrued income require management's professional judgement and analysis of future payment expectation of these government sector. I determine that this matter is a key audit matter.	The audit procedures included the following: • Understanding the procedure of estimating net realisable value of trade accounts receivable, revenue recognition and estimating accrued income from medical services to patients under the government welfare schemes Office by making enquiry of responsible executives and selecting representative samples to test the operation of the designed controls. • Selecting samples to test trade account receivable and accrued income aging report with supporting documents • Perform a reasonableness check of management's expectation for recoverability of trade accounts receivable and accrued income by comparing with the historical data, actual amount received during the year, and relevant documents. • Evaluate the status of the repayments that the Group has discussed and followed up with customer and the government entity. • Perform subsequent cash receipt after the reporting period with relevant documents. • Assessing the adequacy of Group's disclosures in accordance with Thai Financial Reporting Standards.
Impairment assessment of goodwill	
Refer to Notes 3 and 16	
The key audit matter	How the matter was addressed in the audit
The Group has goodwill, which is material to the financial statements whereby the Group perform test impairment of goodwill annually. Impairment loss will occurred when the carrying amount of goodwill exceed its recoverable amount The Group determine the recoverable amount by using the estimation of future cash flows ("DCF") method. Due to the estimation are important to use judgment. I determine that this matter is a key audit matter.	The audit procedures included the following: • Enquiry with management to understanding the operation plan and the estimation process for calculation recoverable amount. • Evaluate the appropriateness of the Group's future cash flows projections method and assumptions by considering financial performance, operation plan with supporting document and the information from external sources and test calculation. • Perform sensitivity analysis around the significant key assumption. • Assessing the adequacy of Group's disclosures in accordance with Thai Financial Reporting Standards.

Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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.

DT



- 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated and separate 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.

(Nawarat Nitikeatipong)

Certified Public Accountant

Registration No. 7789

KPMG Phoomchai Audit Ltd.

Bangkok

24 February 2020

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
		(in Baht)			
Current assets					
Cash and cash equivalents	6	792,421,425	645,704,164	357,694,619	277,971,243
Current investments	7	86,229,490	99,525,658	641,166	648,309
Trade accounts receivable	5, 8	1,817,207,384	1,511,305,811	1,294,866,787	1,039,318,458
Other receivables	5	35,863,073	52,405,053	28,285,784	37,962,859
Short-term loans to related parties	5	-	-	140,000,000	222,670,228
Inventories	9	231,170,037	238,027,552	132,629,857	140,467,658
Other current assets		4,048,475	1,741,381	3,616,582	1,241,649
Total current assets		2,966,939,884	2,548,709,619	1,957,734,795	1,720,280,404
Non-current assets					
Restricted deposits	10	762,207	758,904	-	-
Investment in associate	11	7,822,434	7,958,780	-	-
Investments in subsidiaries	12	-	-	2,556,519,048	2,556,519,048
Other long-term investments	7	28,843,440	30,328,173	-	-
Long-term loans to related parties	5	-	-	164,800,000	4,700,000
Investment properties	14	968,579,862	970,930,746	968,579,862	970,930,746
Property, plant and equipment	15	9,615,032,155	8,526,318,272	5,951,779,283	5,363,067,004
Goodwill	16	329,376,024	329,376,024	-	-
Intangible assets	17	121,604,747	138,589,235	71,471,826	83,321,418
Deferred tax assets	26	47,938,118	41,179,868	20,500,165	12,541,729
Other non-current assets		28,729,847	33,347,272	21,627,150	20,586,355
Total non-current assets		11,148,688,834	10,078,787,274	9,755,277,334	9,011,666,300
Total assets		14,115,628,718	12,627,496,893	11,713,012,129	10,731,946,704

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
		(in Baht)			
<i>Current liabilities</i>					
Short-term loans from financial institutions	18	419,450,421	344,000,000	223,000,000	184,000,000
Trade accounts payable	5	493,724,242	502,292,667	332,060,505	345,032,269
Construction and equipments payables		221,359,238	195,513,014	171,215,775	117,129,277
Other payables	5	137,029,479	94,247,652	112,524,038	72,173,188
Short-term loan from related party	5, 18	-	-	-	30,000,000
Current portion of long-term loan from financial institution	18	289,000,000	-	289,000,000	-
Current portion of finance lease liabilities	18	9,867,896	2,294,276	1,729,577	508,787
Current tax payable		119,997,376	122,784,785	55,011,575	74,255,210
Accrued expenses	5	412,481,571	396,710,504	237,359,482	223,951,585
Deferred income		49,163,856	34,996,514	31,381,289	26,482,928
Other current liabilities		33,740,935	47,535,776	22,156,183	38,404,125
Total current liabilities		2,185,815,014	1,740,375,188	1,475,438,424	1,111,937,369
<i>Non-current liabilities</i>					
Long-term loans from financial institutions	18	1,061,734,777	1,847,550,246	914,087,565	1,847,550,246
Debentures	18	3,697,724,363	2,498,366,253	3,697,724,363	2,498,366,253
Finance lease liabilities	18	-	7,639,191	-	1,729,577
Provision for employee benefit	19	118,002,710	123,038,875	49,504,311	58,465,278
Deferred tax liabilities	26	1,317,010	3,695,332	-	-
Other non-current liabilities		72,761,081	9,044,549	30,508,615	7,402,877
Total non-current liabilities		4,951,539,941	4,489,334,446	4,691,824,854	4,413,514,231
Total liabilities		7,137,354,955	6,229,709,634	6,167,263,278	5,525,451,600

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Equity					
Share capital	20				
Authorised share capital		2,493,748,115	2,493,748,115	2,493,748,115	2,493,748,115
Issued and paid-up share capital		2,493,747,984	2,493,747,984	2,493,747,984	2,493,747,984
Share premium on ordinary shares	21	644,640,000	644,640,000	644,640,000	644,640,000
Retained earnings					
Appropriated					
Legal reserve	21	249,374,812	249,374,812	249,374,812	249,374,812
Unappropriated		2,935,093,943	2,351,609,717	2,157,986,055	1,818,732,308
Other components of equity		(74,861,035)	(37,937,874)	-	-
Equity attributable to the Company		6,247,995,704	5,701,434,639	5,545,748,851	5,206,495,104
Non-controlling interests	13	730,278,059	696,352,620	-	-
Total equity		6,978,273,763	6,397,787,259	5,545,748,851	5,206,495,104
Total liabilities and equity		14,115,628,718	12,627,496,893	11,713,012,129	10,731,946,704

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
Revenue	5				
Revenue from hospital operations	22	8,880,470,542	8,073,263,730	5,216,303,860	4,615,451,791
Rental income		72,209,379	57,692,823	55,489,144	42,513,181
Interest income		4,701,999	5,792,200	9,472,337	6,960,055
Dividend income	12	-	-	318,138,424	524,965,040
Other income		38,898,178	45,987,602	88,605,370	86,433,662
Total revenue		8,996,280,098	8,182,736,355	5,688,009,135	5,276,323,729
Expenses	5				
Cost of hospital operations	24	6,052,171,850	5,394,291,947	3,701,552,487	3,191,434,676
Distribution costs	24	268,102,545	208,243,137	228,317,171	160,175,619
Administrative expenses	24	963,590,137	923,682,061	597,125,005	548,985,592
Finance costs	25	130,742,218	125,819,627	129,170,945	122,858,544
Total expenses		7,414,606,750	6,652,036,772	4,656,165,608	4,023,454,431
Share of profit of associate	11	2,363,654	2,536,281	-	-
Profit before income tax expense		1,584,037,002	1,533,235,864	1,031,843,527	1,252,869,298
Tax expense	26	(285,993,355)	(285,034,344)	(135,057,902)	(143,036,596)
Profit for the year		1,298,043,647	1,248,201,520	896,785,625	1,109,832,702
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations of subsidiary		(47,535,712)	(8,092,542)	-	-
Loss on remeasuring available-for-sale investments	7	(1,484,733)	(6,960,058)	-	-
Net change in fair value of available-for-sale investments transferred to profit or loss		-	1,234,954	-	-
Income tax relating to items that will be reclassified	26	296,947	1,150,368	-	-
Total items that will be reclassified subsequently to profit or loss		(48,723,498)	(12,667,278)	-	-
<i>Items that will not be reclassified to profit or loss</i>					
Losses on remeasurements of defined benefit plans	19	(1,704,487)	-	(11,141,750)	-
Income tax relating to items that will not be reclassified	26	340,897	-	2,228,350	-
Total items that will not be reclassified to profit or loss		(1,363,590)	-	(8,913,400)	-
Other comprehensive income for the year, net of tax		(50,087,088)	(12,667,278)	(8,913,400)	-
Total comprehensive income for the year		1,247,956,559	1,235,534,242	887,872,225	1,109,832,702

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
Note	2019	2018	2019	2018
	(in Baht)			
Profit attributable to:				
Owners of the Company	1,134,906,873	1,089,465,046	896,785,625	1,109,832,702
Non-controlling interests	13 163,136,774	158,736,474	-	-
Profit for the year	1,298,043,647	1,248,201,520	896,785,625	1,109,832,702
Total comprehensive income attributable to:				
Owners of the Company	1,095,179,543	1,082,045,201	887,872,225	1,109,832,702
Non-controlling interests	152,777,016	153,489,041	-	-
Total comprehensive income for the year	1,247,956,559	1,235,534,242	887,872,225	1,109,832,702
Basic earnings per share	27 0.46	0.44	0.36	0.45

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of changes in equity

	Note	Consolidated financial statements						
		Retained earnings		Other components of equity				
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Translation foreign operations of subsidiary (in Baht)	Losses on re-measuring available-for-sale investments	Total other components of equity	Equity attributable to owners of the Company
Year ended 31 December 2018								
Balance at 1 January 2018		2,493,747,984	644,640,000	249,374,812	1,837,408,070	(18,981,659)	(30,518,029)	5,194,652,837
Transactions with owners, recorded directly in equity								
<i>Distribution to owners of the Company</i>								
Dividends to owners of the Company		-	-	-	-	-	-	-
and non-controlling interests	28	-	-	-	(573,558,103)	-	-	(573,558,103)
<i>Total distribution to owners of the Company</i>		-	-	-	(573,558,103)	-	-	(573,558,103)
<i>Changes in ownership interests in subsidiaries</i>								
- Call for payment of ordinary shares of subsidiary	4	-	-	-	(1,723,121)	-	-	(1,723,121)
- Acquisition of non-controlling interest without a change in control	4	-	-	-	17,825	-	-	17,825
<i>Total changes in ownership interests in subsidiaries</i>		-	-	-	(1,705,296)	-	-	(1,705,296)
Total transactions with owners, recorded directly in equity		-	-	-	(575,263,399)	-	-	(575,263,399)
Comprehensive income for the year								
Profit for the year		-	-	-	1,089,465,046	-	-	1,089,465,046
Other comprehensive income		-	-	-	(4,092,087)	(3,327,758)	(7,419,845)	(7,419,845)
Total comprehensive income for the year		-	-	-	1,089,465,046	(3,327,758)	(7,419,845)	1,082,045,201
Balance at 31 December 2018		2,493,747,984	644,640,000	249,374,812	2,351,609,717	(23,073,746)	(37,937,874)	5,701,434,639
						(14,864,128)	696,352,620	6,397,787,259

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements										
	Retained earnings		Other components of equity							
	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Unappropriated	Translation for foreign operations of subsidiary	Losses on remeasuring available-for-sale investments	Total other components of equity	Equity attributable to owners of the Company	Non - controlling interests	Total equity
Note										
						(in Bzbi)				
Year ended 31 December 2019										
Balance at 1 January 2019	2,493,747,984	644,640,000	249,374,812	2,351,609,717	(23,073,746)	(14,864,128)	(37,937,874)	5,701,434,639	696,352,620	6,397,787,259
Transactions with owners, recorded directly in equity										
Distribution to owners of the Company										
Dividends to owners of the Company										
and non-controlling interests										
Total distribution to owners of the Company	28	-	-	(548,618,478)	-	-	-	(548,618,478)	(118,851,577)	(667,470,055)
		-	-	(548,618,478)	-	-	-	(548,618,478)	(118,851,577)	(667,470,055)
Total transactions with owners, recorded directly in equity		-	-	(548,618,478)	-	-	-	(548,618,478)	(118,851,577)	(667,470,055)
Comprehensive income for the year										
Profit for the year		-	-	1,134,906,873	-	-	-	1,134,906,873	163,136,774	1,298,043,647
Other comprehensive income		-	-	(2,804,169)	(36,059,284)	(863,877)	(36,923,161)	(39,727,330)	(10,359,758)	(50,087,088)
Total comprehensive income for the year		-	-	1,132,102,704	(36,059,284)	(863,877)	(36,923,161)	1,095,179,543	152,777,016	1,247,956,559
Balance at 31 December 2019	2,493,747,984	644,640,000	249,374,812	2,935,093,943	(59,133,030)	(15,728,005)	(74,861,035)	6,247,995,704	730,278,059	6,978,273,763

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of changes in equity

	Separate financial statements				
	Retained earnings				Total equity
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve (in Baht)	Unappropriated
Year ended 31 December 2018					
Balance at 1 January 2018		2,493,747,984	644,640,000	249,374,812	1,282,457,709
					4,670,220,505
Transaction with owners, recorded directly in equity					
<i>Distribution to owners of the Company</i>					
Dividends to owners of the Company	28	-	-	-	(573,558,103)
<i>Total distribution to owners of the Company</i>		-	-	-	(573,558,103)
Total transaction with owners, recorded directly in equity		-	-	-	(573,558,103)
Comprehensive income for the year					
Profit for the year		-	-	-	1,109,832,702
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	-	1,109,832,702
Balance at 31 December 2018		2,493,747,984	644,640,000	249,374,812	1,818,732,308
					5,206,495,104

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of changes in equity

	Note	Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve (in Baht)	Separate financial statements		Total equity
					Retained earnings	Unappropriated	
Year ended 31 December 2019							
Balance at 1 January 2019		2,493,747,984	644,640,000	249,374,812	1,818,732,308		5,206,495,104
Transaction with owners, recorded directly in equity							
<i>Distribution to owners of the Company</i>							
Dividends to owners of the Company	28	-	-	-	(548,618,478)		(548,618,478)
<i>Total distribution to owners of the Company</i>		-	-	-	(548,618,478)		(548,618,478)
Total transaction with owners, recorded directly in equity		-	-	-	(548,618,478)		(548,618,478)
Comprehensive income for the year							
Profit for the year		-	-	-	896,785,625		896,785,625
Other comprehensive income		-	-	-	(8,913,400)		(8,913,400)
Total comprehensive income for the year		-	-	-	887,872,225		887,872,225
Balance at 31 December 2019		2,493,747,984	644,640,000	249,374,812	2,157,986,055		5,545,748,851

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
Cash flows from operating activities					
Profit for the year		1,298,043,647	1,248,201,520	896,785,625	1,109,832,702
Adjustments to reconcile profit to cash receipts (payments)					
Tax expense	26	285,993,355	285,034,344	135,057,902	143,036,596
Finance costs	25	130,742,218	125,819,627	129,170,945	122,858,544
Depreciation and amortisation		664,708,153	575,966,355	388,914,867	323,912,690
Gains on fair value adjustment		(209,201)	(498,721)	-	-
Share of profit of associate	11	(2,363,654)	(2,536,281)	-	-
Bad and doubtful debts expense	8	35,588,039	65,124,822	24,941,980	27,378,055
Loss on disposal of other long-term investment		-	1,261,563	-	-
Losses on inventories devaluation		755,529	3,671,357	57,617	998,596
Loss on disposal of equipment		1,959,343	2,135,623	2,065,885	1,651,857
Dividend income	12	-	-	(318,138,424)	(524,965,040)
Interest income		(4,701,999)	(5,792,200)	(9,472,337)	(6,960,055)
		2,410,515,430	2,298,388,009	1,249,384,060	1,197,743,945
Changes in operating assets and liabilities					
Trade accounts receivable		(341,489,612)	(522,837,294)	(280,490,309)	(542,904,395)
Other receivables		16,480,227	(15,137,020)	10,089,632	(6,210,180)
Inventories		6,101,986	(37,315,997)	7,780,184	(35,201,230)
Other current assets		(2,307,094)	1,057,063	(2,374,933)	(300,282)
Other non-current assets		5,721,577	9,342,262	(1,040,795)	2,686,067
Trade accounts payable		(8,568,425)	44,090,889	(12,971,764)	88,782,405
Other payables		42,718,390	82,467,703	40,350,850	64,005,470
Accrued expenses		15,941,954	39,475,585	14,122,573	37,755,166
Deferred income		14,167,342	16,146,476	4,898,361	18,823,357
Other current liabilities		(13,808,825)	8,458,555	(16,247,942)	16,424,149
Provision for employee benefit		(6,740,652)	5,709,611	(20,102,717)	4,387,386
Other non-current liabilities		61,016,607	(15,324,971)	23,105,738	(1,000,072)
Net cash generated from operating		2,199,748,905	1,914,520,871	1,016,502,938	844,991,786
Taxes paid		(297,279,492)	(296,606,118)	(160,031,623)	(108,263,981)
Net cash from operating activities		1,902,469,413	1,617,914,753	856,471,315	736,727,805
Cash flows from investing activities					
Increase in restricted deposits		(3,303)	(330)	-	-
Purchase of investments in subsidiaries	12	-	-	-	(106,475,309)
Proceeds from sale of current investments		222,590,037	1,816,875,206	13,417	1,346,453,423
Acquisition of current investments		(211,049,787)	(335,630,377)	(6,274)	(65,000,377)
Proceeds from sale of other investments		-	5,233,249	-	-
Proceeds from sale of equipment		1,923,949	6,540,662	3,806,665	6,003,568
Acquisition of property, plant and equipment		(1,741,449,352)	(1,231,850,047)	(904,740,564)	(831,194,451)
Acquisition of intangible assets		(8,503,965)	(27,208,411)	(5,537,664)	(20,030,432)
Proceeds from short-term loans to related parties		-	-	82,670,228	-
Paid for short-term loans to related parties		-	-	-	(62,000,000)
Paid for long-term loans to related parties		-	-	(160,100,000)	(100,000)
Dividends received		2,500,000	1,500,000	318,138,424	524,965,040
Interest received		4,754,890	5,759,963	9,059,780	6,669,428
Net cash from (used in) investing activities		(1,729,237,531)	241,219,915	(656,695,988)	799,290,890

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Statement of cash flows

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
<i>Cash flows from financing activities</i>					
Proceeds from call for payment of ordinary shares of subsidiary		-	12,049,843	-	-
Net purchase of non-controlling interests	4	-	(3,839,184)	-	-
Increase in short-term loans from financial institutions		76,495,606	194,000,000	39,000,000	184,000,000
Proceeds from short-term loan from related party		-	-	-	30,000,000
Repayment of short-term loan from related party		-	-	(30,000,000)	-
Proceeds from debenture		1,200,000,000	-	1,200,000,000	-
Repayment of debenture maturity		-	(1,000,000,000)	-	(1,000,000,000)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(3,425,570)	(326,533)	(508,787)	(41,636)
Proceeds from long-term loans		156,676,470	-	-	-
Repayment of long-term loans		(644,500,000)	-	(644,500,000)	-
Dividends paid to owners of the Company	28	(548,618,478)	(573,558,103)	(548,618,478)	(573,558,103)
Dividends paid to non-controlling interests		(118,851,577)	(184,159,960)	-	-
Finance costs paid		(144,291,072)	(143,127,616)	(135,424,686)	(140,461,657)
Net cash used in financing activities		(26,514,621)	(1,698,961,553)	(120,051,951)	(1,500,061,396)
Net increase in cash and cash equivalents		146,717,261	160,173,115	79,723,376	35,957,299
Cash and cash equivalents at 1 January		645,704,164	485,531,049	277,971,243	242,013,944
Cash and cash equivalents at 31 December	6	792,421,425	645,704,164	357,694,619	277,971,243
<i>Non-cash transactions :</i>					
Construction and equipments payables		221,359,238	195,513,014	171,215,775	117,129,277
Equipments payable under finance lease agreements		9,867,896	9,933,467	1,729,577	2,238,364

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

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

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Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 24 February 2020.

1 General information

Bangkok Chain Hospital Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand on November 2004. The Company’s registered office at 44 Moo 4 Chaengwattana Road, PakkredNonthaburi.

The Company’s major shareholders during the financial year were Hamphanich family (49.99% shareholding).

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) are private hospitals, nursing business to provide medical treatment to patients with a total of 15 chained hospitals in Bangkok vicinity, Chiang Rai, Saraburi, Nonthaburi, Pathumthani, Ayudhaya, Chachoengsao, Prachinburi, Sa Kaeo Province and Lao People’s Democratic Republic (has 3 chained hospitals not started commercial operation) and consultation services, management services and the assets management services relevant to the hospital and property for rent. Details of the Company’s subsidiaries as at 31 December 2019 and 2018 are given in note 12.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initially applied TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue*, TAS 11 *Construction Contracts* and related interpretations. The details of accounting policies are disclosed in note 3(q).

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 32.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

Items

Trading equity securities
Available-for-sale equity securities
Defined benefit liability

Measurement bases

Fair value
Fair value
Present value of the defined benefit obligation as explained in Note 3 (n)

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

(c) *Functional and presentation currency*

The financial statements are prepared in Thai Baht, which is the Company's functional currency. All financial information presented has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 3(q)	Revenue recognition: • whether performance obligations in a bundled sale of products and services are capable of being distinct; • commission revenue: whether the Group acts as an agent in the transaction rather than as a principal;
Note 11	Equity-accounted investees: whether the Group has significant influence over an investee;

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 3(q) and 8	Income from services provided to patients under the service contract with Social Security Office
Note 8	Trade accounts receivable - allowance for doubtful accounts
Note 16	Impairment test of goodwill: key assumptions underlying recoverable amounts
Note 19	Measurement of defined employee benefit obligations: key actuarial assumptions
Note 30	Recognition and measurement of provisions and contingencies key assumptions about the likelihood and magnitude of an outflow of resources.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associate.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as described in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve until the sale of the investment, except to the extent that the translation difference is allocated to non-controlling interest.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) *Cash and cash equivalents*

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

(d) *Trade and other accounts receivable and contract assets*

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable and a contract asset are measured at value less allowance for doubtful accounts and impairment losses which are assessed on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(e) *Inventories*

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(f) *Investments*

Investments in associate and subsidiaries

Investments in associate and subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investments in associate in the consolidated financial statements are accounted for using the equity method.

Investments in other equity securities

Marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses, are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

The fair value of investment in other equity securities is determined as the quoted bid price at reporting date.

Equity securities which are not marketable are stated at cost less any impairment losses.

Investments in mutual funds

Marketable mutual funds held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Marketable mutual funds, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses, are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

The fair value of marketable mutual funds is determined as net assets value at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(g) Investment properties

Investment properties are property which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost on initial recognition less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Investment property	30 years
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No depreciation is provided on freehold land.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

(h) *Property, plant and equipment*

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Land use rights were land in Lao People's Democratic Republic which the Group has ownership and consume of benefit in such land throughout the term of the land assignment agreement. Land use rights measured at cost less accumulated amortisation. Amortisation is recognised in profit or loss on a straight-line basis over the contract period.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Leased assets

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

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its book value.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

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

Land use right	90	years (Contract period)
Land improvement	30	years
Buildings and buildings improvements	6 - 40	years
Buildings equipment	5 - 30	years
Hospital equipment and medical instrument	5 - 20	years
Office equipment	5 - 20	years
Computer and system work	3 - 20	years
Vehicles	5 - 20	years

No depreciation is provided on freehold land or assets under construction.

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

(i) *Intangible assets*

Goodwill

Goodwill that arises upon the acquisition is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Other Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current period and comparison period are as follows:

Software licenses	3 - 10	years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

(j) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(l) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

(m) Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

(n) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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Note to the financial statements

For the year ended 31 December 2019

(p) *Measurement of fair values*

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*: inputs to use unobservable inputs.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(q) *Revenue*

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Revenue from hospital operations

Revenues from hospital operations, mainly consisting of medical fees, hospital room sales, and medicine sales, are recognised as income when services have been rendered or medicine delivered. The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

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Note to the financial statements

For the year ended 31 December 2019

Income from services provided to patients under the service contract with Social Security Office is recognised on the basis, procedures and conditions for reimbursement as stipulated by the aforesaid offices, such as, the number of insured persons registered with the hospital, and statistical information of the services provided by the hospital, etc. In addition, the repayment is depended on the policy and budget of the government welfare schemes. The management is required to make an estimation of such accrued income in accordance with the basis, procedures and conditions as stipulated by the aforesaid offices.

For bundled packages, the Group accounts for individual products and services separately if they are distinct(i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

Accounting policies for revenue recognition in 2018

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

Revenue from hospital operations

Revenues from hospital operations, mainly consisting of medical fees, hospital room sales, and medicine sales, are recognised as income when services have been rendered or medicine delivered.

Income from services provided to patients under the service contract with Social Security Office is recognised on the basis, procedures and conditions for reimbursement as stipulated by the aforesaid offices, such as, the number of insured persons registered with the hospital, and statistical information of the services provided by the hospital, etc. In addition, the repayment is depended on the policy and budget of the government welfare schemes. The management is required to make an estimation of such accrued income in accordance with the basis, procedures and conditions as stipulated by the aforesaid offices.

(r) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

(s) Investment income

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

(t) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

(u) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(v) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised

(w) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(x) Related parties

Related parties are a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

4 Establishment of subsidiary and acquisition of non-controlling interests

(a) Establishment of subsidiary and acquisition of non-controlling interest- Bangkok Chain International(Lao) Co., Ltd.

On 12 April 2018, Bangkok Chain International (Lao) Co., Ltd., a subsidiary, called-up for remaining payment of share capital of LAK 30,630 million. The Company paid-up such share capital of LAK 27,360 million, increasing its ownership from 71.43% to 76%. The carrying amount of Bangkok Chain International (Lao) Co., Ltd.'s net assets acquired in the Group's financial statements on the date of the called-up was amounting to Baht 335.31 million. The Group recognised a increase in non-controlling interests of Baht 13.77 million and a decrease in retained earnings of Baht 1.72 million.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

The following summarises the effect of changes in the Group's ownership interest in Bangkok Chain International (Lao) Co., Ltd.

	2018 (in thousand Baht)
Group's ownership interest at 1 January	248,089
Effect of increase in Group's ownership interest	15,312
Effect of call for payment of remaining share capital	87,326
Share of comprehensive income	(5,943)
Group's ownership interest at 31 December	344,784

(b) *Acquisition of non-controlling interest - Navanakorn Medicare Co., Ltd.*

During the year 2018, the Group acquired an additional 0.85% interest in Navanakorn Medicare Co., Ltd. for Baht 3.84 million in cash, increasing its ownership from 78.59% to 79.44%. The carrying amount of Navanakorn Medicare Co., Ltd.'s net assets acquired in the Group's financial statements on the date of the acquisition was Baht 356.36 million. The Group recognised a decrease in non-controlling interests of Baht 3.86 million and a increase in retained earnings of Baht 0.02 million.

The following summarises the effect of changes in the Group's ownership interest in Navanakorn Medicare Co., Ltd.

	2018 (in thousand Baht)
Group's ownership interest at 1 January	334,781
Effect of increase in Group's ownership interest	3,857
Effect of dividend paid	(22,343)
Share of comprehensive income	36,269
Group's ownership interest at 31 December	352,564

5 Related parties

Relationships with subsidiaries and associates are described in notes 11 and 12. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Dr. Chalerm Harnphanich	Thailand	Major shareholder (32.63% Shareholding) and the Company's director
Dr. Somporn Harnphanich	Thailand	The Company's director
Dr. Pornluck Harnphanich	Thailand	The Company's director
Mr. Kantaporn Harnphanich	Thailand	The Company's director
Bright TV Co., Ltd.	Thailand	Common directors (terminated relationship on 7 May 2019)
Balleto Foods Co., Ltd.	Thailand	Common directors
Coffee And Latte House Co., Ltd.	Thailand	Common directors
P Medical Co., Ltd.	Thailand	Common key management
M Medical Care Co., Ltd.	Thailand	Common key management

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

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

Transactions	Pricing policy
Revenues from hospital operations	Agreed price
Dividends income	Based on declaration price
Rental income	Contractually agreed price
Interest income	Contractually agreed rate
Management service fee	Contractually agreed price
Procurement service fee	Contractually agreed price
Sale assets	Agreed price
Other income	Agreed price
Purchases inventories / services	Agreed price
Purchases assets	Agreed price
Interest expense	Contractually agreed rate
Doctor fee	Contractually agreed price
Management benefit expenses	Contractually agreed price
Other expenses	Agreed price

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Subsidiaries</i>				
Revenues from hospital operations	-	-	61,877	62,480
Dividend income	-	-	318,138	524,965
Interest income	-	-	8,107	5,937
Rental income	-	-	456	637
Management service fee	-	-	57,479	53,881
Procurement service fee	-	-	10,284	9,532
Sale assets	-	-	3,291	5,709
Other income	-	-	2,340	1,866
Purchases inventories / services	-	-	81,262	47,943
Purchases assets	-	-	-	588
Other expenses	-	-	7,347	8,133
Interest expense	-	-	232	-
<i>Associate</i>				
Revenue from hospital operations	48	38	-	-
Dividend income	2,500	1,500	-	-
Rental income	990	990	-	-
Other income	40	-	-	-
Purchases inventories / services	6,983	8,060	-	-
<i>Other related parties</i>				
Rental income	2,412	5,860	2,412	5,598
Other income	-	2	-	2
Other expenses	5,858	3,884	5,858	3,726

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Note to the financial statements

For the year ended 31 December 2019

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Key management personnel				
Doctor fee	37,273	28,313	13,690	11,047
Key management personnel compensation				
Short-term employee benefit	201,949	195,170	136,433	127,800
Post-employment benefits	3,750	6,012	1,784	3,071
Total key management personnel compensation	<u>242,972</u>	<u>229,495</u>	<u>151,907</u>	<u>141,918</u>

Balances as at 31 December with related parties were as follows:

<i>Trade accounts receivable</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	14,251	27,217
Associate	5	6	-	-
Total	<u>5</u>	<u>6</u>	<u>14,251</u>	<u>27,217</u>

<i>Other receivables</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	10,702	10,652
Associate	83	83	-	-
Other related parties	-	1,642	-	1,380
Total	<u>83</u>	<u>1,725</u>	<u>10,702</u>	<u>12,032</u>

<i>Interest receivables - loans to related parties</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	1,247	834

	Interest rate		Separate financial statements	
	At 31 December (% per annum)	At 1 January	Increase Decrease (in thousand Baht)	At 31 December
Movement of short-term loans to				
2019				
Subsidiaries	2.00 - 3.00	<u>222,670</u>	- 82,670	<u>140,000</u>
2018				
Subsidiaries	1.80 - 3.00	<u>160,670</u>	62,000 -	<u>222,670</u>

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

<i>Movement of long-term loans to</i>	Interest rate	Separate financial statements			
	At 31 December (% per annum)	At 1 January	Increase	Decrease	At 31 December
2019					
Subsidiaries	1.80 - 3.00	<u>4,700</u>	160,100	-	<u>164,800</u>
2018					
Subsidiary	1.80 - 3.00	<u>4,600</u>	100	-	<u>4,700</u>

<i>Trade accounts payable</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Subsidiaries	-	-	30,855	12,768
Associate	<u>2,092</u>	<u>2,174</u>	-	-
Total	<u>2,092</u>	<u>2,174</u>	<u>30,855</u>	<u>12,768</u>

<i>Other accounts payable</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Other related parties	-	132	-	132

<i>Accrued expenses</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Key management personnel	<u>3,566</u>	<u>2,386</u>	<u>1,344</u>	<u>881</u>

<i>Movements of short-term loans</i>	Interest rate	Separate financial statements			
	At 31 December (% per annum)	At 1 January	Increase	Decrease	At 31 December
2019					
Subsidiary	1.65	<u>30,000</u>	-	30,000	<u>-</u>
2018					
Subsidiary	1.65	<u>-</u>	30,000	-	<u>30,000</u>

Significant agreements with related parties

Ordering goods

The Company has entered into the procurement agreements with Rattanatibeth General Hospital Co.,Ltd., SaraburiWetchakit Co., Ltd., Sriburin Medical Co.,Ltd., Navanakorn Medicare Co.,Ltd., SothonVejchakit Co.,Ltd., and Bangkok Chain International (Lao) Co.,Ltd. for the purchase of medicines, medical supplies, general goods, equipment, medical instruments and fixed assets. The service charges are computed at the agreed percentage of the asset value. The agreements expired on 31 December 2019. Nevertheless, in 2020, the Company has entered into the new with such subsidiaries with the period of 1 year.

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Note to the financial statements

For the year ended 31 December 2019

Hospital management

The Company has entered into a management service agreement with Rattanaibeth General Hospital Co.,Ltd., SaraburiWetchakit Co.,Ltd., Sriburin Medical Co.,Ltd., Navanakorn Medicare Co.,Ltd.,SothonVejchakit Co.,Ltd.and Bangkok Chain International (Lao) Co.,Ltd. to provide advisory services and management assistance for running of the hospital, including accounting, tax, personnel management and facilities management. The service charges are computed at the agreed rate of gross revenue prior to deduction of expenses.The agreement expired on 31 December 2019. Nevertheless, in 2020, the Company has entered into the new with such subsidiaries with the period of 1 year.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	6,119	11,400	1,761	5,088
Cash at banks	780,277	605,142	355,934	272,883
Highly liquid short-term investments	6,025	29,162	-	-
Total	792,421	645,704	357,695	277,971

7 Other investments

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Current investments				
Short-term deposits at financial institutions	25,321	1,237	641	635
Trading mutual funds	60,908	98,289	-	13
	86,229	99,526	641	648
Other long-term investment				
Available-for-sale mutual fund	28,843	30,328	-	-
	28,843	30,328	-	-
Total	115,072	129,854	641	648

Dividend income for the year ended 31 December 2019 amounting to Baht 1.5 million (2018: Baht 3.3 million).

	Consolidated financial statements				
<i>Marketable equity and mutual fund</i>	At 1 January	Purchase	Disposal	Fair value adjustment	At 31 December
	<i>(in thousand Baht)</i>				
2019					
Current investments					
Short-term deposits at financial institutions	1,237	24,084	-	-	25,321
Trading mutual funds	98,289	185,000	(222,590)	209	60,908
Total	99,526	209,084	(222,590)	209	86,229
Long-term investment					
Available-for-sale mutual fund	30,328	-	-	(1,485)	28,843

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Note to the financial statements

For the year ended 31 December 2019

<i>Marketable equity and mutual fund</i>	Consolidated financial statements				At 31 December
	At 1 January	Purchase	Disposal (in thousand Baht)	Fair value adjustment	
Short-term deposits at financial institutions	11,401	1	(10,165)	-	1,237
Trading securities	1,345	-	(1,345)	-	-
Trading mutual funds	1,567,526	335,629	(1,805,365)	499	98,289
Total	1,580,272	335,630	(1,816,875)	499	99,526
<i>Long-term investments</i>					
Available-for-sale securities	2,507	-	(2,507)	-	-
Available-for-sale mutual fund	40,041	-	(2,753)	(6,960)	30,328
Total	42,548	-	(5,260)	(6,960)	30,328
<i>Marketable mutual fund</i>	Separate financial statements				At 31 December
	At 1 January	Purchase	Disposal (in thousand Baht)	Fair value adjustment	
2019					
<i>Current investments</i>					
Short-term deposits at financial institutions	635	6	-	-	641
Trading mutual funds	13	-	(13)	-	-
Total	648	6	(13)	-	641
2018					
<i>Current investments</i>					
Short-term deposits at financial institutions	634	1	-	-	635
Trading mutual funds	1,281,467	65,000	(1,346,454)	-	13
Total	1,282,101	65,001	(1,346,454)	-	648

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Note to the financial statements

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8 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Trade accounts receivable</i>				
Aging analyses for trade accounts receivable were as follow:				
Within credit terms	555,405	312,148	436,575	236,172
Overdue:				
Less than 3 months	333,467	396,183	234,176	275,912
3-6 months	118,541	100,061	99,555	85,824
6-12 months	67,006	27,382	56,207	18,677
Over 12 months	32,716	25,742	16,668	12,215
	1,107,135	861,516	843,181	628,800
Less allowance for doubtful accounts				
- trade accounts receivable	(45,644)	(37,664)	(25,150)	(17,692)
	1,061,491	823,852	818,031	611,108
Accrued income	820,903	731,256	508,258	445,507
Less allowance for doubtful accounts				
- accrued income	(65,187)	(43,802)	(31,422)	(17,297)
	755,716	687,454	476,836	428,210
Net	1,817,207	1,511,306	1,294,867	1,039,318

The normal credit term granted by the Group is 30 - 150 days.

Accrued incomes were mainly from the unearned proceeds owed by the Social Security Office of which has the reimbursements in accordance with terms and conditions stipulated by the aforesaid authority. As of 31 December 2019, the Group had accrued income overdue more than 12 months which mainly from the medical service fees under the type of High Cost.

The Group experienced incomplete payments for the medical service fees under the type of High Cost Care in the fourth quarter for the year 2017 and 2018 as a result of an insufficient global budget to allocate payments to all hospitals participated in the Social Security Scheme with respect to the preceding payment criteria. However, the Social Security Office notified the hospitals in the scheme that the payments for the remaining balance shall be remitted after the investigations of the reimbursement data has been fulfilled. Given that the Managements have considered partially recording the allowance for doubtful account in which the expected receipt of the unearned proceeds will not significantly differ from their estimate.

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Note to the financial statements

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9 Inventories

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Medicine and medical supplies	192,070	207,332	105,411	120,475
Supplies and equipment	47,093	37,933	30,540	23,257
Total	239,163	245,265	135,951	143,732
Less allowance for decline in value	(7,993)	(7,237)	(3,321)	(3,264)
Total	231,170	238,028	132,630	140,468
Inventories recognised in cost of hospital operations	1,179,033	1,088,598	750,051	690,228

10 Inventories

Fixed deposits of the Group at banks as at 31 December 2019 amounting Baht 0.76 million were pledged as collateral for nursing care agreement and utilities use (2018: Baht 0.76 million.)

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

11 Investment in associate

Investment in associate as at 31 December 2019 and 2018, and dividend income for the years then ended were as follows:

Type of business	Consolidated financial statements										
	Ownership Interest		Paid-up capital		Cost		Equity		Dividend income for the year		
	2019	2018	2019	2018	2019	2018	2019	2018			
	(in thousand Baht)										
Chiang Rai Imaging Center Co., Ltd.	Medical operating room activities	31.22	31.22	15,000	15,000	5,000	5,000	7,822	7,959	2,500	1,500
(31.22% holding by Sriburin Medical Co., Ltd.)											

Investment in associate was incorporated in Thailand and none of the Group's and the Company's associates are publicly listed and consequently do not have published price quotations.

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For the year ended 31 December 2019

Immaterial associate

The following is summarised financial information for the Group's interest in immaterial associate based on the amounts reported in the Group's consolidated financial statements:

	Immaterial associate	
	2019	2018
	<i>(in thousand Baht)</i>	
Carrying amount of interests in immaterial associate	7,822	7,959
Group's share of:		
- Profit from continuing operations	2,364	2,536
- Other comprehensive income	-	-
- Total comprehensive income	<u>2,364</u>	<u>2,536</u>

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

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12 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2019 and 2018, and dividend income for the years then ended were as follows:

Separate financial statements													
Type of business	Ownership Interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income for the year		
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
	(%)												
Direct subsidiaries													
Rattanaibeth General Hospital Co., Ltd.	72.73	72.73	300,000	300,000	448,258	448,258	-	-	448,258	448,258	130,913	272,736	
Saraburi Wetchakit Co., Ltd.	59.92	59.92	321,000	321,000	225,653	225,653	-	-	225,653	225,653	84,635	96,176	
Sriburn Medical Co., Ltd.	93.67	93.67	170,000	170,000	544,164	544,164	-	-	544,164	544,164	63,698	103,510	
Navanakorn Medicare Co., Ltd.	79.44	79.44	375,000	375,000	357,496	357,496	-	-	357,496	357,496	26,812	22,343	
Sothorn Veichakit Co., Ltd.	86.29	86.29	700,000	700,000	604,051	604,051	-	-	604,051	604,051	12,080	30,200	
Bangkok Chain Management Co., Ltd													
Consultation services, management services and the assets management services relevant to the hospital	100.00	100.00	5,000 LAK	5,000 LAK	5,000	5,000	-	-	5,000	5,000	-	-	
Bangkok Chain International (Lao) Co., Ltd.	76.00	76.00	120,000 million	120,000 million	371,897	371,897	-	-	371,897	371,897	-	-	
Indirect subsidiary													
Ayudhya Medicare Co., Ltd	79.44	79.44	-	-	-	-	-	-	-	-	-	-	
(100% holding by Navanakorn Medicare Co., Ltd.)													
Total			2,556,519	2,556,519	2,556,519	2,556,519	-	-	2,556,519	2,556,519	318,138	524,965	

All subsidiaries were incorporated in Thailand, except Bangkok Chain International (Lao) which was incorporated in Lao People's Democratic Republic.

None of the Group's subsidiaries are publicly listed and consequently do not have published price quotations.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

13 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	31 December 2019						Intra-group eliminations	Total
	Rattanaibeth General Hospital Co., Ltd.	Saraburi Wechakit Co., Ltd.	Sriburi Medical Co., Ltd.	Navanakorn Medicare Co., Ltd.	Ayudhya Medicare Co., Ltd.	Sothorn Vejsakrit Co., Ltd.	Bangkok Chain International (Lao) Co., Ltd.	
				<i>(in thousand Baht)</i>				
Non-controlling interest percentage	27.27%	40.08%	6.33%	20.56%	20.56%	13.71%	24.00%	
Current assets	369,188	213,587	249,093	177,731	6,724	147,552	48,224	
Non-current assets	723,730	318,718	969,987	275,494	87,814	972,999	597,367	
Current liabilities	(195,926)	(83,408)	(277,557)	(75,871)	(725)	(220,026)	(59,248)	
Non-current liabilities	(14,721)	(15,845)	(105,019)	(13,163)	(851)	(89,388)	(180,729)	
Net assets	882,271	433,052	836,504	364,191	92,962	811,137	405,614	
Carrying amount of non-controlling interest	240,595	173,567	52,921	74,866	19,111	111,242	97,347	(39,371)
								730,278
Revenue	1,209,273	666,737	1,002,969	521,702	8,400	460,898	2,010	
Profit (loss) for the year	291,520	137,075	195,417	45,074	2,966	47,516	(230)	
Other comprehensive income	6,977	(1,852)	2,024	(931)	-	144	(47,818)	
Total comprehensive income	298,497	135,223	197,441	44,143	2,966	47,660	(48,048)	
Profit (loss) allocated to non-controlling interest	79,497	54,940	12,363	9,266	610	6,516	(55)	163,137
Other comprehensive income allocated to non-controlling interest	1,903	(742)	128	(192)	-	19	(11,476)	(10,360)
Cash flows from operating activities	100,600	65,345	18,524	13,575	742	15,752	7,079	
Cash flows used in investing activities	(27,393)	(12,602)	(6,158)	(5,060)	-	(29,797)	(78,445)	
Cash flows from (used in) financing activities	(49,086)	(56,647)	(7,797)	(6,729)	-	13,518	49,178	
(Dividend paid to non-controlling interests in Baht 119 million)								
Net increase (decrease) in cash and cash equivalents	24,121	(3,904)	4,569	1,786	742	(527)	(22,188)	

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	31 December 2018						
	Rattana- tibeth General Hospital Co., Ltd.	Saraburi Wetchakit Co., Ltd.	Sriburi Medical Co., Ltd.	Navanakorn Medicare Co., Ltd.	Ayudhya Medicare Co., Ltd.	Bangkok Chain Interna- tional (Lao) Co., Ltd.	Total
	<i>(in thousand Baht)</i>						
Non-controlling interest percentage	27.27%	40.08%	6.33%	20.56%	20.56%	13.71%	24.00%
Current assets	313,841	218,748	163,980	164,209	336	157,518	116,491
Non-current assets	672,077	315,223	966,329	272,498	91,717	797,664	344,183
Current liabilities	(200,532)	(83,762)	(396,281)	(70,568)	(815)	(175,712)	(6,483)
Non-current liabilities	(21,612)	(11,139)	(26,965)	(12,341)	(1,242)	(1,993)	(528)
Net assets	763,774	439,070	707,063	353,798	89,996	777,477	453,663
Carrying amount of non-controlling interest	208,281	175,979	44,732	72,730	18,501	106,625	(39,374)
							696,353
Revenue	1,167,743	626,418	929,703	496,288	8,477	426,531	3,739
Profit (loss) for the year	275,032	145,974	159,063	43,119	2,947	40,673	(413)
Other comprehensive income	(4,470)	-	-	(131)	-	-	(8,129)
Total comprehensive income	270,562	145,974	159,063	42,988	2,947	40,673	(8,542)
Profit (loss) allocated to non-controlling interest	75,001	58,506	10,063	9,077	616	5,578	(105)
Other comprehensive income allocated to non-controlling interest	(1,219)	-	-	(28)	-	-	(4,000)
Cash flows from (used in) operating activities	92,361	67,250	15,297	13,987	(200)	8,597	143
Cash flows from (used in) investing activities	5,438	(3,921)	(9,869)	(3,613)	205	(5,112)	(7,213)
Cash flows from (used in) financing activities	(102,262)	(64,332)	(5,042)	(9,796)	-	3,198	27,577
(Dividend paid to non-controlling interests in Baht 184 million)							
Net increase (decrease) in cash and cash equivalents	(4,463)	(1,003)	386	578	5	6,683	20,507

158,736

(5,247)

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14 Investment properties

	Consolidated/ Separate financial statements					
	Land	2019 Building and building improvements	Total (in thousand Baht)	Land	2018 Building and building improvements	Total
Cost						
At 1 January	911,773	70,520	982,293	911,773	70,520	982,293
At 31 December	<u>911,773</u>	<u>70,520</u>	<u>982,293</u>	<u>911,773</u>	<u>70,520</u>	<u>982,293</u>
Accumulated depreciation						
At 1 January	-	11,362	11,362	-	9,011	9,011
Depreciation charge for the year	-	2,351	2,351	-	2,351	2,351
At 31 December	<u>-</u>	<u>13,713</u>	<u>13,713</u>	<u>-</u>	<u>11,362</u>	<u>11,362</u>
Net book value						
At 31 December	911,773	56,807	968,580	911,773	59,158	970,931

	Consolidated / Separate financial statements	
	2019	2018
Year ended 31 December	(in thousand Baht)	
Amounts recognised in profit or loss for investment properties		
Rental income	3,936	5,544
Repairs and maintenance		
- Investment properties have rental income	-	773

	Consolidated / Separate financial statements	
	2019	2018
At 31 December	(in thousand Baht)	
Minimum lease payments under non-cancellable operating lease are receivable:		
Within 1 year	<u>120</u>	<u>5,544</u>

The fair value of investment properties as at 31 December 2019 of Baht 1,134 million (2018: Baht 1,062 million) was determined by independent professional valuers, at market comparison approach for land and cost approach for building and building improvements. The fair value measurement for investment property has been categorised as a Level 3 fair value.

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Consolidated financial statements										
	Land and land improvement	Land use right	Buildings and buildings improvements	Building equipment	Hospital equipment and medical instruments	Office equipment	Computer and system work	Vehicles	Assets under construction	Total
	(in thousand Baht)									
Accumulated depreciation and impairment losses										
At 1 January 2018	16,223	1,988	1,984,202	722,966	1,420,401	344,001	181,312	68,408	-	4,739,501
Depreciation charge for the year	1,780	-	223,600	75,559	182,691	28,441	18,036	12,423	-	542,530
Depreciation transfers to assets under construction	-	3,456	-	-	-	-	-	-	-	3,456
Disposals	(827)	-	(76,522)	(51,370)	(21,625)	(7,279)	(2,740)	(1,249)	-	(161,612)
Exchange differences on translating foreign operations	-	(83)	-	-	-	-	-	-	-	(83)
At 31 December 2018 and 1 January 2019	17,176	5,361	2,131,280	747,155	1,581,467	365,163	196,608	79,582	-	5,123,792
Depreciation charge for the year	1,935	-	260,712	110,949	200,406	31,316	18,526	13,097	-	636,941
Depreciation transfers to assets under construction	-	3,220	-	-	-	-	-	-	-	3,220
Disposals	-	-	-	(21,859)	(22,836)	(15,099)	(8,472)	(4,081)	-	(72,347)
Exchange differences on translating foreign operations	-	(720)	(6)	-	-	(1)	-	-	-	(727)
At 31 December 2019	19,111	7,861	2,391,986	836,245	1,759,037	381,379	206,662	88,598	-	5,690,879
Net book value										
At 31 December 2018	1,785,800	303,295	3,909,266	860,814	1,164,777	151,494	38,230	37,466	265,078	8,516,220
Owned assets	-	-	-	-	10,098	-	-	-	-	10,098
Assets under finance leases	1,785,800	303,295	3,909,266	860,814	1,174,875	151,494	38,230	37,466	265,078	8,526,318
At 31 December 2019	1,786,757	268,253	3,939,640	895,247	1,224,826	157,516	41,326	35,883	1,253,642	9,603,090
Owned assets	-	-	-	-	11,942	-	-	-	-	11,942
Assets under finance leases	1,786,757	268,253	3,939,640	895,247	1,236,768	157,516	41,326	35,883	1,253,642	9,615,032

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The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2019 amounted to Baht 1,798 million (2018: Baht 1,842 million).

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2019 amounted to Baht 903 million (2018: Baht 990 million).

As from 1997, servitude has been made to Land & House Public Company Limited for a passage way with a width of not less than 7 meters for all motor vehicles, drainage water, electricity and telephone systems, on a plot of land, under the title deed No. 2175, Khwaeng Bangsue, Khet Bangsue, Bangkok running along the whole length of the south side of the land, without any compensation and time frame.

Property, plant and equipment under construction

During the year ended 31 December 2019 the Group commenced construction of the new hospitals; costs incurred up to the reporting date totalled Baht 1,106 million (2018: Baht 142 million).

Capitalised borrowing costs relating to the acquisition of the construction of the new hospitals of the Group and the Company amounted to Baht 10 million and Baht 5 million, respectively (2018: Baht 1 million and Baht 1 million, respectively), with a capitalisation rate as contractually agreed price (note 18).

16 Goodwill

	Consolidated financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Cost		
At 1 January	329,376	329,376
At 31 December	329,376	329,376
Net book value		
At 31 December	329,376	329,376

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows.

	Consolidated financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Rattanatibeth General Hospital Co., Ltd.	100,550	100,550
Saraburi Wetchakit Co., Ltd.	46,944	46,944
Sriburin Medical Co., Ltd.	8,617	8,617
Navanakorn Medicare Co., Ltd.	45,624	45,624
Sothonvejchakit Co., Ltd.	127,641	127,641
Total	329,376	329,376

The recoverable amount of these CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the Group's.

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The key assumptions used in the estimation of value in use were as follows:

	Consolidated financial statements	
	2019	2018
	(%)	
Discount rate	8.3	8.9
Budgeted revenue growth rate (average of next five years)	1-4	1 - 5

The discount rate was a pre-tax measure based on the rate of weighted average of cost of capital (WACC), adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the lower of the nominal gross domestic product (GDP) rates for the countries and revenue growth was projected taking into account the average growth levels experienced over the past years by management and the estimated patients and price average per head for the next five years.

17 Intangible assets

	Consolidated financial statements		
	Software licenses	Customer contract	Total
	(in thousand Baht)		
Cost			
At 1 January 2018	318,908	4,591	323,499
Additions	27,209	-	27,209
Disposals	-	(4,591)	(4,591)
At 31 December 2018 and 1 January 2019	346,117	-	346,117
Additions	8,503	-	8,503
Disposals	(6,141)	-	(6,141)
At 31 December 2019	348,479	-	348,479
Accumulated amortisation			
At 1 January 2018	176,443	4,590	181,033
Amortisation for the year	31,085	-	31,085
Disposals	-	(4,590)	(4,590)
At 31 December 2018 and 1 January 2019	207,528	-	207,528
Amortisation for the year	25,416	-	25,416
Disposals	(6,070)	-	(6,070)
At 31 December 2019	226,874	-	226,874
Net book value			
At 31 December 2018	138,589	-	138,589
At 31 December 2019	121,605	-	121,605

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	Separate financial statements Software licences (in thousand Baht)
<i>Cost</i>	
At 1 January 2018	191,791
Additions	20,030
At 31 December 2018 and 1 January 2019	211,821
Additions	5,538
Disposals	(6,141)
At 31 December 2019	211,218
<i>Accumulated amortisation</i>	
At 1 January 2018	108,061
Amortisation for the year	20,439
At 31 December 2018 and 1 January 2019	128,500
Amortisation for the year	17,316
Disposals	(6,070)
At 31 December 2019	139,746
<i>Net book value</i>	
At 31 December 2018	83,321
At 31 December 2019	71,472

18 Interest-bearing liabilities

	Consolidated financial statements					
	Secured	2019 Unsecured	Total (in thousand Baht)	Secured	2018 Unsecured	Total
<i>Current</i>						
Short-term loans from financial institutions	50,450	369,000	419,450	-	344,000	344,000
Current portion of long-term loans from financial institutions	-	289,000	289,000	-	-	-
Current portion of finance lease liabilities	-	9,868	9,868	-	2,294	2,294
	50,450	667,868	718,318	-	346,294	346,294
<i>Non-current</i>						
Long-term loans from financial institutions	147,647	914,088	1,061,735	-	1,847,550	1,847,550
Debentures	-	3,697,724	3,697,724	-	2,498,366	2,498,366
Finance lease liabilities	-	-	-	-	7,639	7,639
	147,647	4,611,812	4,759,459	-	4,353,555	4,353,555
Total	198,097	5,279,680	5,477,777	-	4,699,849	4,699,849

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	Separate financial statements					
	Secured	2019 Unsecured	Total (in thousand Baht)	Secured	2018 Unsecured	Total
Current						
Short-term loans from financial institutions	-	223,000	223,000	-	184,000	184,000
Short-term loan from related party	-	-	-	-	30,000	30,000
Current portion of long-term loans from financial institutions	-	289,000	289,000	-	-	-
Current portion of finance lease liabilities	-	1,730	1,730	-	509	509
	-	513,730	513,730	-	214,509	214,509
Non-current						
Long-term loans from financial institutions	-	914,088	914,088	-	1,847,550	1,847,550
Debentures	-	3,697,724	3,697,724	-	2,498,366	2,498,366
Finance lease liabilities	-	-	-	-	1,730	1,730
	-	4,611,812	4,611,812	-	4,347,646	4,347,646
Total	-	5,125,542	5,125,542	-	4,562,155	4,562,155

Short-term loans from financial institutions

As at 31 December 2019, short-term loans from financial institutions of the Group consisted of promissory notes at call with interest rate of 1.50% -3.00% per annum. (2018: interest rate of 1.65% - 2.11% per annum).

Long-term loans from financial institutions

	Interest rate			Consolidated financial statements	
	31 December 2019	31 December 2018	Maturity date by	31 December 2019	31 December 2018
	(% per annum)			(in thousand Baht)	
Unsecured loan	BIBOR 3 months plus fixed interest	BIBOR 3 months plus fixed interest	May 2022	500,000	1,000,000
Unsecured loan	Fixed interest	BIBOR 3 months plus fixed interest	June 2022	705,500	850,000
Secured loan by the Company (LAK 43,952 million)	Fixed interest at 1-4 years, then LLR 12 months less fixed interest	-	May 2030	149,171	-
Total long-term loans from financial institutions				1,354,671	1,850,000
Less deferred financial costs				(3,936)	(2,450)
Long-term loans from financial institutions - net				1,350,735	1,847,550
Less current portion of long-term loans from financial institutions				(289,000)	-
Long-term loans from financial institutions due more than one year				1,061,735	1,847,550

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	Interest rate		Maturity date by	Separate financial statements	
	31 December 2019	31 December 2018		31 December 2019	31 December 2018
	<i>(% per annum)</i>			<i>(in thousand Baht)</i>	
Unsecured loan	BIBOR 3 months plus fixed interest	BIBOR 3 months plus fixed interest	May 2022	500,000	1,000,000
Unsecured loan	Fixed interest	BIBOR 3 months plus fixed interest	June 2022	705,500	850,000
Total long-term loans from financial institutions				1,205,500	1,850,000
<i>Less deferred financial costs</i>				<i>(2,412)</i>	<i>(2,450)</i>
Long-term loans from financial institutions - net				1,203,088	1,847,550
<i>Less current portion of long-term loans from financial institutions</i>				<i>(289,000)</i>	<i>-</i>
Long-term loans from financial institutions due more than one year				914,088	1,847,550

The long-term loans contain certain significant covenants with which the Company must comply throughout the term of the long-term loans such as the maintenance of interest bearing liabilities to equity ratio not exceeding 2:1 and maintenance of major shareholding.

Debentures

	Interest rate <i>(% per annum)</i>	Issue Date	Maturity date	Consolidated / Separate financial statements	
				2019	2018
				<i>(in thousand Baht)</i>	
No. 1/2559	2.87	27 January 2016	27 January 2021	1,500,000	1,500,000
No. 1/2560	2.54	22 December 2017	22 December 2022	1,000,000	1,000,000
No. 1/2562	2.55	18 June 2019	18 June 2022	1,200,000	-
Total debentures - carrying amount				3,700,000	2,500,000
<i>Less debenture issuance expense</i>				<i>(2,276)</i>	<i>(1,634)</i>
Debentures - net				3,697,724	2,498,366
<i>Less current portion of debentures</i>				<i>-</i>	<i>-</i>
Debentures due more than one year				3,697,724	2,498,366

Movements of debentures before deduction of debenture issuance expense for the year ended 31 December are summarised as follows:

	Consolidated/ Separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
At 1 January	2,500,000	3,500,000
Issuance of debentures during the year	1,200,000	-
Redemption of debentures during the year	-	(1,000,000)
At 31 December	3,700,000	2,500,000

The debentures are in the name of specific holders, unsubordinated, without collateral and with semi-annually interest payment throughout the term of the debentures.

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The debentures contain certain significant covenants with which the Company must comply throughout the term of the debentures such as the maintenance of interest bearing liabilities to equity ratio not exceeding 2:1 as of the end of each quarter and a dividend payment restriction.

As at 31 December 2019, the Group had unutilised credit facilities from financial institutions totalling Baht 4,791 million and LAK 136,049 million (2018: Baht 4,131 million).

As at 31 December 2019, the Company secured loan from financial institution of a subsidiary.

Consolidated financial statements						
	2019			2018		
	Minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Minimum lease payments	Interest	Present value of minimum lease payments
Finance lease liabilities						
<i>Maturity period</i>						
Within 1 year	10,068	200	9,868	2,592	298	2,294
After 1 year but within 5 years	-	-	-	7,832	193	7,639
Total	10,068	200	9,868	10,424	491	9,933
Separate financial statements						
	2019			2018		
	Minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Minimum lease payments	Interest	Present value of minimum lease payments
Finance lease liabilities						
<i>Maturity period</i>						
Within 1 year	1,776	46	1,730	576	67	509
After 1 year but within 5 years	-	-	-	1,776	46	1,730
Total	1,776	46	1,730	2,352	113	2,239

As at 31 December 2019, the Group had outstanding finance lease contracts to acquire medical equipment for hospital operations. The Group agreed to pay the monthly installments under the terms and rates as stipulated in the agreements covering the period of 2 years.

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Note to the financial statements

For the year ended 31 December 2019

Changes in liabilities arising from financing activities

	Consolidated financial statements			
	Debentures	Other loans	Finance lease liabilities	Total
	<i>(in thousand Baht)</i>			
2019				
Balance at 1 January	2,498,366	2,191,550	9,933	4,699,849
Changes from financing cash flows	1,200,000	(411,328)	(3,425)	785,247
The effect of changes in foreign exchange rates	-	(8,473)	-	(8,473)
Other changes:				
Finance leases	-	-	3,360	3,360
Other non-cash movement	842	1,133	-	1,975
Finance costs	(1,484)	(2,697)	-	(4,181)
Balance at 31 December	3,697,724	1,770,185	9,868	5,477,777
2018				
Balance at 1 January	3,497,647	1,996,827	-	5,494,474
Changes from financing cash flows	(1,000,000)	194,000	(327)	(806,327)
Other changes:				
Finance leases	-	-	10,260	10,260
Other non-cash movement	719	723	-	1,442
Balance at 31 December	2,498,366	2,191,550	9,933	4,699,849
	Separate financial statements			
	Debentures	Other loans	Finance lease liabilities	Total
	<i>(in thousand Baht)</i>			
2019				
Balance at 1 January	2,498,366	2,061,550	2,239	4,562,155
Changes from financing cash flows	1,200,000	(635,500)	(509)	563,991
Other changes:				
Other non-cash movement	842	1,103	-	1,945
Finance costs	(1,484)	(1,065)	-	(2,549)
Balance at 31 December	3,697,724	1,426,088	1,730	5,125,542
2018				
Balance at 1 January	3,497,647	1,846,827	-	5,344,474
Changes from financing cash flows	(1,000,000)	214,000	(41)	(786,041)
Other changes:				
Finance leases	-	-	2,280	2,280
Other non-cash movement	719	723	-	1,442
Balance at 31 December	2,498,366	2,061,550	2,239	4,562,155

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

19 Provision for employee benefit

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Post-employment benefits				
Defined benefit plan	<u>118,033</u>	<u>123,039</u>	<u>49,504</u>	<u>58,465</u>

Defined benefit plan

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Present value of the defined benefit obligations</i>				
At 1 January	123,039	117,329	58,465	54,078
Include in profit or loss:				
Current service cost	12,264	10,746	6,536	4,286
Past service cost	17,789	-	6,439	-
Interest on obligation	<u>2,372</u>	<u>3,672</u>	<u>962</u>	<u>2,057</u>
	32,425	14,418	13,937	6,343
Included in other comprehensive income:				
Actuarial loss				
- Financial assumptions	4,459	-	2,085	-
- Experience adjustment	<u>(2,754)</u>	<u>-</u>	<u>9,057</u>	<u>-</u>
	<u>1,705</u>	<u>-</u>	<u>11,142</u>	<u>-</u>
Benefit paid	<u>(39,166)</u>	<u>(8,708)</u>	<u>(34,040)</u>	<u>(1,956)</u>
At 31 December	<u>118,003</u>	<u>123,039</u>	<u>49,504</u>	<u>58,465</u>

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost increased.

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(%)</i>			
<i>Actuarial assumptions</i>				
Discount rate	1.5	2.3	1.5	2.3
Future salary increases	4.5	4.5	4.5	4.5

For the year ended 31 December 2019

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

21 Share premium and reserve

Share premium

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

Legal reserve

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

The Company's legal reserve as at 31 December 2019 and 2018 was equal to 10% of the registered authorised capital.

22 Segment information and disaggregation of revenue

Segment information

Management considers the Group operates in single line of business, private hospital business, and has, therefore only one reportable segment. Nevertheless, the Group has expanded business to the Lao People's Democratic Republic. Therefore, the Group has 2 segments which comprise of the Kingdom of Thailand and in the Lao People's Democratic Republic. Nevertheless, business operations in the Lao People's Democratic Republic does not meet the quantitative thresholds for determining reportable segments in 2018 and 2019.

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 executive committee.

Disaggregation of revenue

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>For the year ended 31 December</i>				
	<i>(in thousand Baht)</i>			
Revenue from hospital by type of patient				
Revenue from general patient	5,791,070	5,051,611	3,128,916	2,570,141
Revenue from Social Security Office	3,089,401	3,021,653	2,087,388	2,045,311
Total revenue	8,880,471	8,073,264	5,216,304	4,615,452

Promotional privileges

The Group has been granted promotional certificates by the Office of the Board of Investment for hospital business. The Group has been granted several privileges including exemption and/or reduction from payment of income tax on the net profit derived from promoted operations with certain terms and conditions prescribed in the promotional certificates.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2019			2018		
	Promoted busi- nesses	Non- promoted businesses	Total (in million Baht)	Promoted busi- nesses	Non- promoted businesses	Total
Revenue from hospital operation	<u>159</u>	<u>8,721</u>	<u>8,880</u>	<u>99</u>	<u>7,974</u>	<u>8,073</u>

23 Employee benefit expenses

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		(in thousand Baht)			
Salaries and other benefits		1,238,185	1,119,240	722,915	624,110
Defined benefit plans	19	32,425	14,418	13,937	6,343
Defined contribution plans		14,751	14,100	10,420	9,712
Others		566,418	509,642	347,738	296,790
Total		<u>1,851,779</u>	<u>1,657,400</u>	<u>1,095,010</u>	<u>936,955</u>

Defined contribution plans

The defined contribution plans comprise provident fund established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at 2% to 15% of their basic salaries and by the Group at 2% to 15% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entities and is managed by a licensed Fund Manager.

24 Expenses by nature

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		(in thousand Baht)			
Personnel expenses	23	1,851,779	1,657,400	1,095,010	936,955
Doctor fee		1,765,449	1,547,417	1,060,295	901,937
Medical and supply costs	9	1,179,033	1,088,598	750,051	690,228
Depreciation and amortisation	14,15,17	664,708	575,966	388,915	323,913
Referring cost		397,128	377,229	321,283	278,294
Utility expenses		204,920	191,191	124,327	114,537
Promotion expenses		200,329	152,297	188,991	131,961
Repairs and maintenance		134,316	124,486	81,029	74,685
Rental expense		84,047	79,496	40,730	46,972
Cleaning service expense		57,996	50,410	38,771	31,378
Bad and doubtful debts expenses	8	35,588	65,125	24,942	27,378
Security guard expense		31,381	29,681	19,205	16,925
Property tax		10,474	18,316	7,210	14,781
Others		666,717	568,605	386,236	310,652
Total		<u>7,283,865</u>	<u>6,526,217</u>	<u>4,526,995</u>	<u>3,900,596</u>

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

25 Finance costs

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Interest expense					
Debentures		85,808	72,236	85,808	72,236
Financial institutions		54,480	54,573	47,994	51,655
Finance lease liabilities		329	49	71	6
Related parties	5	-	-	232	-
Total		140,617	126,858	134,105	123,897
Less Interest expense recorded as costs of assets under construction	15	(9,875)	(1,038)	(4,934)	(1,038)
Net		130,742	125,820	129,171	122,859

26 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Income tax recognised in profit or loss</i>				
Current tax expense				
Current year	294,492	293,595	140,788	151,299
Deferred tax expense				
Movements in temporary differences	(8,499)	(8,561)	(5,730)	(8,262)
Total income tax expense	285,993	285,034	135,058	143,037

	Consolidated financial statements					
	Before tax	2019 Tax benefit	Net of tax	Before Tax	2018 Tax benefit	Net of Tax
	<i>(in thousand Baht)</i>					
<i>Income tax</i>						
<i>Recognised in other comprehensive income</i>						
Differences from foreign operations translation	(47,535)	-	(47,535)	(8,092)	-	(8,092)
Losses on remeasuring available for sale investments	(1,485)	297	(1,188)	(5,725)	1,150	(4,575)
Losses on remeasurements of defined benefit plans	(1,705)	341	(1,364)	-	-	-
Total	(50,725)	638	(50,087)	(13,817)	1,150	(12,667)

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

<i>Income tax</i>	Separated financial statements					
	Before tax	2019 Tax (expense) benefit	Net of tax (in thousand Baht)	Before Tax	2018 Tax (expense) benefit	Net of tax
<i>Recognised in other comprehensive income</i>						
Losses on remeasurements of defined benefit plans	(11,141)	2,228	(8,913)	-	-	-
Total	(11,141)	2,228	(8,913)	-	-	-

Reconciliation of effective tax rate

	Consolidated financial statements			
	2019	2018		
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		1,584,037		1,533,236
Income tax using the Thai corporation tax rate	20	316,807	20	306,647
Income not subject to tax		(12,234)		(7,131)
Expenses not deductible for tax purposes		5,124		11,574
Expenses with tax deductible benefits		(23,794)		(26,182)
Current year losses for which no deferred tax asset is recognised		90		126
Total	18	285,993	19	285,034

Reconciliation of effective tax rate

	Separate financial statements			
	2019	2018		
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		1,031,844		1,252,869
Income tax using the Thai corporation tax rate	20	206,369	20	250,574
Income not subject to tax		(63,628)		(104,993)
Expenses not deductible for tax purposes		1,314		6,968
Expenses with tax deductible benefits		(8,997)		(9,512)
Total	13	135,058	11	143,037

Deferred tax

<i>At 31 December</i>	Consolidated financial statements			
	Assets	Liabilities		
	2019	2018	2019	2018
		(in thousand Baht)		
Total	78,813	75,442	(32,192)	(37,958)
Set off of tax	(30,875)	(34,262)	30,875	34,262
Deferred tax assets - net	47,938	41,180	1,317	3,696

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

<i>Deferred tax</i> <i>At 31 December</i>	Separate financial statements			
	Assets		Liabilities	
	2019	2018	2019	2018
		(in thousand Baht)		
Total	39,904	37,155	(19,404)	(24,613)
Set off of tax	(19,404)	(24,613)	19,404	24,613
Deferred tax assets - net	20,500	12,542	-	-

<i>Deferred tax</i>	Consolidated financial statements			
	(Charged) / Credited to			At 31 December
	At 1 January	Profit or loss	Other comprehensive income	
		(in thousand Baht)		
2019				
<i>Deferred tax assets</i>				
Allowance for doubtful debt	19,260	2,906	-	22,166
Allowance for decline in value of inventories	1,447	152	-	1,599
Provision for employee benefit	24,608	(1,348)	341	23,601
Impairment of assets	1,498	-	-	1,498
Payable for Social Security Office referring	22,559	721	-	23,280
Accrued rental expense	961	302	-	1,263
Loss on remeasuring available for sale securities	5,109	-	297	5,406
Total	75,442	2,733	638	78,813
<i>Deferred tax liabilities</i>				
Difference from the depreciation of equipment under the financial leases	(25,719)	5,198	-	(20,521)
Deferred finance cost	(817)	(121)	-	(938)
Fair value adjustment assets acquired through business combination	(11,422)	689	-	(10,733)
Total	(37,958)	5,766	-	(32,192)
Net	37,484	8,499	638	46,621

<i>Deferred tax</i>	Consolidated financial statements			
	(Charged) / Credited to			At 31 December
	At 1 January	Profit or loss	Other comprehensive income	
		(in thousand Baht)		
2018				
<i>Deferred tax assets</i>				
Allowance for doubtful debt	16,904	2,356	-	19,260
Allowance for decline in value of inventories	713	734	-	1,447
Provision for employee benefit	23,466	1,142	-	24,608
Impairment of assets	1,498	-	-	1,498

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Note to the financial statements

For the year ended 31 December 2019

	Consolidated financial statements (Charged) / Credited to			At 31 December
	At 1 January	Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Payable for Social Security Office referring	25,824	(3,265)	-	22,559
Accrued rental expense	660	301	-	961
Loss on remeasuring available for sale securities	3,959	-	1,150	5,109
Total	73,024	1,268	1,150	75,442
Deferred tax liabilities				
Gain on remeasuring trading securities	(373)	373	-	-
Difference from the depreciation of equipment under the financial leases	(31,662)	5,943	-	(25,719)
Deferred finance cost	(1,105)	288	-	(817)
Fair value adjustment assets acquired through business combination	(12,111)	689	-	(11,422)
Total	(45,251)	7,293	-	(37,958)
Net	27,773	8,561	1,150	37,484
Separate financial statements (Charged) / Credited to				
	At 1 January	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December
Deferred tax				
2019				
Deferred tax assets				
Allowance for doubtful debt	6,998	4,317	-	11,315
Allowance for decline in value of inventories	653	11	-	664
Provision for employee benefit	11,693	(4,020)	2,228	9,901
Payable for Social Security Office referring	17,811	213	-	18,024
Total	37,155	521	2,228	39,904
Deferred tax liabilities				
Difference from the depreciation of equipment under the financial leases	(23,796)	5,330	-	(18,466)
Deferred finance cost	(817)	(121)	-	(938)
Total	(24,613)	5,209	-	(19,404)
Net	12,542	5,730	2,228	20,500

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

	At 1 January	Separate financial statements (Charged) / Credited to		At 31 December
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax				
2018				
Deferred tax assets				
Allowance for doubtful debt	7,736	(738)	-	6,998
Allowance for decline in value of inventories	453	200	-	653
Provision for employee benefit	10,816	877	-	11,693
Payable for Social Security Office referring	16,250	1,561	-	17,811
Total	35,255	1,900	-	37,155
Deferred tax liabilities				
Gain on remeasuring trading securities	(293)	293	-	-
Difference from the depreciation of equipment under the financial leases	(29,577)	5,781	-	(23,796)
Deferred finance cost	(1,105)	288	-	(817)
Total	(30,975)	6,362	-	(24,613)
Net	4,280	8,262	-	12,542

The tax losses expire in 2021 - 2024 of Baht 2.7 million. Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

27 Earnings per share

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht / thousand shares)			
Profit attributable to ordinary shareholders for the year ended 31 December				
Profit for the year attributable to equity shareholders of the Company (basic)	1,134,907	1,089,465	896,786	1,109,833
Number of ordinary shares outstanding	2,493,748	2,493,748	2,493,748	2,493,748
Earnings per share (in Baht)	0.46	0.44	0.36	0.45

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

28 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2019</i>				
Interim dividend	9 August 2019	September 2019	<u>0.10</u>	<u>249.37</u>
<i>2018</i>				
Annual dividend	29 April 2019	May 2019	0.23	573.56
Interim dividend	8 August 2018	September 2018	<u>(0.11)</u>	<u>(274.31)</u>
Additional dividend			<u>0.12</u>	<u>299.25</u>

29 Financial instruments

Financial risk management policies

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

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result for operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates from financial institutions are float from market interest rates. The Group is primarily exposed to interest rate risk from its borrowings. However, management believe that the Group is primarily exposed to low interest rate risk from loans to, loans from and debentures because interest of loans to, loans from and debentures are fixed rate.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

		Consolidated financial statements			
		Maturity Period			
<i>At 31 December</i>	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2019					
Financial liabilities					
Short-term loans - financial institutions	1.50 - 3.00	419	-	-	419
Long-term loans - financial institutions	2.17 - 6.75	289	918	144	1,351
Debentures	2.54 - 2.87	-	3,698	-	3,698
Finance lease liabilities	3.35	10	-	-	10
Total		718	4,616	144	5,478
2018					
Financial liabilities					
Short-term loans - financial institutions	1.65-2.11	344	-	-	344
Long-term loans - financial institutions	2.66 - 2.79	-	1,848	-	1,848
Debentures	2.54 - 2.87	-	2,498	-	2,498
Finance lease liabilities	3.35	2	8	-	10
Total		346	4,354	-	4,700
		Separate financial statements			
		Maturity Period			
<i>At 31 December</i>	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2019					
Financial assets					
Loans receivable - related parties	2.00 - 3.00	140	-	-	140
Loans receivable - related parties	1.80 - 3.00	-	165	-	165
Total		140	165	-	305
Financial liabilities					
Short-term loans - financial institutions	1.50	223	-	-	223
Long-term loans - financial institutions	2.17 - 2.67	289	914	-	1,203
Debentures	2.54 - 2.87	-	3,698	-	3,698
Finance lease liabilities	3.35	2	-	-	2
Total		514	4,612	-	5,126

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

<i>At 31 December</i>	Effective interest rate (% per annum)	Separate financial statements Maturity Period			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
2018					
Financial assets					
Loans receivable - related parties	1.80 - 3.00	223	-	-	223
Loan receivable - related party	1.80 - 3.00	-	5	-	5
Total		223	5	-	228
Financial liabilities					
Short-term loans - financial institutions	1.93	184	-	-	184
Short-term loan - related party	1.65	30	-	-	30
Long-term loans - financial institutions	2.66 - 2.79	-	1,848	-	1,848
Debentures	2.54 - 2.87	-	2,498	-	2,498
Finance lease liabilities	3.35	1	2	-	3
Total		215	4,348	-	4,563

Foreign currency risk

Management believe that the foreign currency risk for the operation is minimal because revenues and expenses are principally denominated in the Group functional currency.

Assets and liabilities to foreign currency as at 31 December	Consolidated financial statements	
	2019	2018
	(in million Baht)	
United States Dollars		
Cash and cash equivalents	13.97	104.12
Other investments	24.08	-
Other receivables	0.11	-
Construction and equipments payables	(1.21)	-
Other payables	(0.02)	-
Accrued expenses	(0.57)	(0.25)
Other current liabilities	(0.14)	-
Gross balance sheet exposure	36.22	103.87

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Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and these are also defined rules and regulations for credit approval and debt collection period. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

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

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial assets and liabilities measured at fair value

Consolidated financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2019					
Trading mutual funds	60,908	-	60,908	-	60,908
Available-for-sale mutual fund	28,843	-	28,843	-	28,843
31 December 2018					
Trading securities	98,289	-	98,289	-	98,289
Available-for-sale mutual fund	30,328	-	30,328	-	30,328
Separate financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2018					
Trading mutual funds	13	-	13	-	13

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

Financial assets and liabilities not measured at fair value

		Consolidated financial statements / Separate financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2019					
Liability					
Debentures	3,700,000	-	3,758,417	-	3,758,417
31 December 2018					
Liability					
Debentures	2,500,000	-	2,509,402	-	2,509,402

Fair value measurement

The Group determines Level 1 fair values for trading securities and available-for-sale securities based on bid price at reporting date.

The Group determines Level 2 fair values for trading mutual fund and available-for-sale mutual fund based on net assets value of investments at reporting date.

For disclosure purposes, the Group determines Level 2 fair values for traded debentures have been determined based on quoted selling prices from the Thai Bond Market Association at the close of the business on the reporting date.

The fair value of long-term loans to and long-term loans from is taken to approximate the carrying value because of contractual interest rate is taken to approximate the discount rate which measured at fair value by discounted projected cash flows method.

The fair value of financial assets and liabilities excluded from the above stated is taken to approximate the carrying value because of containing short period of maturity.

30 Commitments with non-related parties and litigations

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Capital commitments				
<i>Contracted but not provided for:</i>				
Building and constructions	1,145,431	568,784	161,565	483,200
Hospital equipment and medical instruments	14,820	1,057	9,160	-
Computer, system work and other	5,711	9,968	4,760	9,831
Total	1,165,962	579,809	175,485	493,031

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating leases and service agreements</i>				
Within 1 year	22,126	25,117	9,617	11,252
After 1 year but within 5 years	30,158	31,402	8,571	7,639
After 5 years	99,084	102,829	-	-
Total	151,368	159,348	18,188	18,891
<i>Other commitments</i>				
Letters of guarantees for nursing care	173,986	110,04	77,400	48,540
Letters of guarantees for electricity use	25,014	26,068	16,055	16,346
Letters of guarantees for purchase of assets	1,708	51	720	360
Total	200,708	136,624	94,175	65,246

Subsidiaries

Rattanatibeth General Hospital Co., Ltd.

This subsidiary entered into a 30 years sub-lease agreement for a plot of land with a company for certain operations of a hospital which will expire on 31 January 2025. The rental and services fees are charged at various rates each year.

Navanakorn Medicare Co., Ltd.

This subsidiary entered into a 30 years lease agreement for a plot of parking area with a company for certain operations of a hospital which will expire on 31 December 2043. The rental and services fees are charged at various rates each year.

Other

At 31 December 2019, the Company had commitment for letters of guarantee issued by certain local banks totaling Baht 206 million.

Litigations

The Group has been claimed for the provision in the total amount of Baht 173 million as at 31 December 2019 (2018: Baht 77 million). Up to the date of this report, the legal claims are still in the consideration processes of the court and the ultimate outcome is not finalised. According to the management's assessment, there is no expected losses. The Group has not recorded any provision in the financial statements.

Bangkok Chain Hospital Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2019

31 Event after the reporting period

The appropriation of dividends

At the Board of Directors' meeting of the Company held on 24 February 2020, the directors approved the appropriation of cash dividends for Baht 0.23 per share amounting to Baht 573.56 million, from 2019 operations. The interim dividends were paid in September 2019 for Baht 0.10 per share, of Baht 249.37 million. The additional cash dividend payment is Baht 0.13 per share, amounting to Baht 324.19 million. The dividend will be paid to shareholders in May 2020 subject to approval by the Annual General Meeting of Shareholders of the Company.

32 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* *TFRS - Financial instruments standards*

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's and the Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 124.87 million and Baht 4.20 million, respectively, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from the TFR on the financial statements in the initial period adopted.



บริษัท บางกอก เซน ฮอสปิทอล จำกัด (มหาชน)



บริษัท บางกอก เซน ออสปีทอล จำกัด (มหาชน)

44 หมู่ 4 ถนนแจ้งวัฒนะ ตำบลปากเกร็ด อำเภอปากเกร็ด จังหวัดนนทบุรี 11120

โทร. (66 2) 836 9990 โทรสาร (66 2) 1064858

Bangkok Chain Hospital Public Company Limited

44 Moo 4 Chaengwattana Road, Pakkred, Nonthaburi 11120.

Tel. (66 2) 836 9990 Fax. (66 2) 106 4858

www.bangkokchainhospital.com