



กลุ่มโรงพยาบาลจุฬารัตน์
CHULARAT HOSPITAL GROUP

รายงานประจำปี 2561 Annual Report 2018

Contents

Message from Chairman of the Board of Directors	06
Message from CEO	08
Board of Directors	10
Financial Hilight	28
General Information	30
Policy and Business Overview	31
Business Operation	47
Risk Factors	72
Shareholding Structure and Management	78
Corporate Governance	99
Corporate Social Responsibility	116
Internal Control and Risk Management	127
Cross Transactions	134
Analysis and Commentary of Adminstration	137
Report of the Board of Director on Financial Statement	153
The Audit Committee Report to Shareholder	154
Internal Control System Sufficiency Evaluation Form	156
Financial Statement	167



Dear Shareholders,

In the countdown to the end of 2018 financial year, it was my concern that CHG financial result might not meet its target growth of 15%. Declining income from social security sector and higher expenses brought by the opening of two new branches last year were my major concern. Luckily, efficient cost management and improved performances from the cash patient sectors helped me overcome all those concerns finally.

With the end result still showing constant growth, it thus allows me to propose another dividend payout for 2018 financial year, pending AGM result on April.

This year will be remembered in CHG history as another memorable year, marking significant improvement in providing cancer patients with access to the best of care from our most modern equipment, first of its kind in the East of Thailand. With investment over Bht.250 million, a new CHG cancer centre under construction on King Kaew Road, near Suvarnabhumi Airport will house one of the most technologically advanced LINAC. Cancer patients can benefit from this centre through a state

of the art treatment process, known as high precision target radio therapy (LINAC) that will prevent patients from suffering any side effects as they would have experienced under the standard conventional method. The good news is: Patients can return home after completion of each treatment.

As CHG continue its expansion into new oceans, our focus will be still in the EEC (Eastern Economic Corridor), for optimization of our resources. It also allows us to reach out to people in the vicinities that we serve, helping them to adopt a sustainable lifestyle for better and healthier life.

For CHG's sustainable growth, the key lies in practicing good governance, that we have adopted as an integral part of our core values.

I thank CHG shareholders for the confidence and trust you have fully accorded us. We shall do our part to live up to your expectations. May you enjoy a prosperous and healthy year ahead of you.

To the management and staff members, we owe it to you for your dedication and excellent services that have firmly united us under the slogan

' I CARE' for Patient's Safety.

Thank you and may you all excel in our noble mission.

Yours sincerely,



Kriengsak Plussind
Chairman of the Board



For the last 6 years, ever since the CHG listing in the Stock Exchange of Thailand in 2013, we have been striving towards the aspiration to become the “Star of the East”. In 2018, we had a revenue growth in every customer group from nine hospitals. The two new hospitals, in Prachinburi province and Chachoengsao province, have been operationed since the second half and last month of the year 2018, respectively.

Notwithstanding these two new branches strengthen our goal of becoming the “Star of the East”, it will be a great challenge for Chularat Hospital Group at the beginning period. Chularat 304 Inter Hospital has an issue with inadequate medical personnel, because it is located far away from our Group. The second new hospital, RPC, experienced some obstruction issues, from the expansion of the 304 main road that affects accessibility to the hospital. The management team is aware of both of these challenges and has come up with a strategic plan to resolve all issues during the course of 2019.

An additional part of the strategic plan is the provision regarding government policies related to public health services, which continue to remain uncontrollable and unstable. These can have both positive and negative effects on our business. The goal is to balance the ratio of private customers to government customers in order to achieve stability and high performance.

After careful analysis of the research results regarding our customers’ expectations when it comes to the services that we offer, we were able to find that customers prefer specialized experts

that can provide quick results and high quality services. Therefore, it has been decided to focus more on providing this kind of services, and more specifically in 2019, we will proceed with the construction of a brand new Cancer Center with modern medical equipment. “Suvarnabhumi Cancer Center and Radiation Oncology Hospital” will be the first Cancer Center in Samut Prakarn and the Eastern Region to provide screening and treatment services for all types of cancer patients. We sincerely hope that Suvarnabhumi Cancer Center and Radiation Center will help cancer patients in Samut Prakan Province and the Eastern Region to have easier access to medical treatment.

During the course of this year, Chularat 3 International Hospital will increase its capacity to provide more high quality services, in the Cardiology Center, to the government sector. We won the e-bidding for the treatment of ischemic heart disease patients and other heart diseases of Bang Phli Hospital, which is a public hospital located in the vicinity of Chularat 3 International Hospital. This project will further increase revenue and provide an additional way to increase the number of customers in government projects.

In conclusion, I would like to thank all of the shareholders, customers and stakeholders, who have always give us confidence and put their trust in Chularat Hospital Group and also special thanks to the Executive committee, Management team and staff in Chularat Hospital Group, for their dedication and hard work throughout the year 2018. We, Chularat Hospital, will continue to provide excellent health services to patients for

sustainable business growth under the principles of good corporate governance and social responsibility for the maximum benefit of all stakeholders.



Dr.Kumpol Plussind
Chief Executive Officer

Board of Directors



Mr. Kriengsak Plussind

- Chairman of the Board of Directors
 - Chairman of the Corporate Governance Committee
- 02-0332900
www.chularat.com



Dr. Kumpol Plussind

- Director Chief Executive Officer
 - Managing Director
- 02-0332900
Kumpol@chularat.com



Mr. Apirum Panyapol

- Director
 - Chairman of the Risk Management and Investment Committee
- 02-0332900
www.chularat.com



Dr. Wichit Siritattamrong

- Director
- 02-0332900
www.chularat.com



Dr. Suchai Laoveerawat

- Director
 - Director of the Risk Management and Investment Committee
- 02-0332900
Suchaila@hotmail.com



Miss. Kannikar Plussind

- Director
 - Director of the Risk Management and Investment Committee
- 02-0332900
www.chularat.com



Mrs. Kobkul Panyapol

- Director

02-0332900
www.chularat.com



Mr. Yanyong Amornpitakkul

- Director
- Director of Nomination and Remuneration Committee
- Director of the Risk Management and Investment Committee

02-0332900
www.chularat.com



Mr. Manit Jeeradit

- Director
- Chairman of the Audit Committee and
- Director Independent
- Director of the Corporate Governance Committee
- Director of the Nomination and Remuneration Committee

02-0332900
www.chularat.com



Mr. Somyos Yan-ubol

- Director
- Director Independent and Audit Committee
- Director of the Corporate Governance Committee
- Director of Nomination and Remuneration Committee
- Director of the Risk Management and Investment Committee

02-0332900
www.chularat.com



Mr. Chayawat Pisessith

- Director
- Director Independent and Audit Committee
- Director of the Corporate Governance Committee
- Director of Nomination and Remuneration Committee

02-0332900
www.chularat.com



**Associate Professor
Dr. Pinit Kullavanijaya**

- Director
- Director Independent
- Chairman of Nomination and Remuneration Committee

02-0332900
www.chularat.com



Mr. Kriengsak Plussind (69)

Chairman And

Chairman of the Corporate Governance Committee

Education

- Mini MBA in Health, Chulalongkorn University
- Director Accreditation Program (DAP) Class 2011
- Thai Institute of Directors

Share Holding Ratio (%)

368,587,850 Shares (3.35%)

Family Relationship to Management

Brother of Dr.Kumpol Plussind .

Mrs. Kobkul Panyapol,

Ms. Kannikar Plussind

Work Experience in the past 5 years

• 2004- Present

Chairman

Chularat Hospital Public Company Limited

• 2016- Present

Chairman of the Corporate Governance Committee

Chularat Hospital Public Company Limited

• 2016- Present

Director

Sattayabutr International Company Limited

• 2016- Present

Director

Chularat Phraek Hospital Company Limited Director

• 2014 – Present

Director

Cholvaej Hospital Company Limited Director

• 2013 – Present

Director

chularat arkanay hospital Company Limited

• 2004- Present

Director

Convenience Hospital Company Limited

• 2004- Present

Director

Bangpakong Vejchaki Company Limited

• 2003- Present

Director

Thai Amdon Company Limited

• 1976 –Present

Chairman

Ilicon Company Limited



Dr. Kumpol Plussind (66)

Director Chief Executive Officer and Managing Director

Education

- Doctor of Medicine, Chulalongkorn University
- Director Accreditation Program (DAP) Class 2011 Thai Institute of Directors
- Advanced Security Administration Course 5, National Defense College—
- Advanced Diploma of Insurance Program, Class 4/2557
- Executive Program Thammasat University (5th Edition)
- Executive Program Capital Market Academy
- The 20 th edition of the Capital Market Academy
- Senior Finance Executive (Public Sector)
- Global Business Leaders

Share Holding Ratio (%)

253,720,200 Shares (2.31%)

Family Relationship to Management

Brother of Mr. Kriengsak Plussind, Mrs. Kobkul Panyapol. And Ms. Kannikar Plussind.

Work Experience in the past 5 years

• 2004- Present

Director , Chief Executive

Chularat Hospital Public Company Limited

• 2018- Present

Officer and Managing

Cancer Suvarnabhum Hospital Co., Ltd.

• 2016- Present

Chairman

Ruampat Chachoengsao Hospital Co.,Ltd.

• 2016- Present

Chairman

Chularat Phraek Hospital Company Limite

• 2014- Present

Chairman

Cholvaej Hospital Company Limited

• 2013- Present

Chairman

chularat arkanay hospital Company Limited

• 2004- Present

Director

Convenience Hospital Company Limited

• 2004- Present

Chairman

Bangpakong Vejchaki Company

• 2003- Present

Chairman

Thai Amdon Company Limited



Mr. Apirum Panyapol (67)

Director Chairman of the Risk Management Committee

Education

- Assumption Commercial College
- Bor. Por.
- Bor. Wor.
- Director Accreditation Program (DAP) Class 2011
- Thai Institute of Directors

Share Holding Ratio (%)

1,127,189,050 Shares (10.25%)

Family Relationship to Management

Spouse of Kobkul Panyapol.

Work Experience in the past 5 years

• 2004- Present

Director

Chularat Hospital Public Company Limited

• 2018- Present

Chairman of the Risk Management Committee

Chularat Hospital Public Company Limited

• 2014- Present

Director

Cholvaej Hospital Company Limited

• 2013- Present

Director

chularat arkanay hospital Company Limited

• 2004- Present

Director

Convenience Hospital Company Limited

• 2004- Present

Director

Bangpakong Vejchaki Company

• 2012- Present

Director

Thai Amdon Company Limited

• 1998 – Present

Director

Steel Link International Company Limited

• 1992 – Present

Director

Panyapol Interholding Company Limited

• 1988 – Present

Director

Samonkit Company Limited

• 1987 – Present

Managing Director

Seameth Company Limited



Dr. Wichit Siritattamrong (59)

Director and Director of the Risk Management And Investment Committee

Education

- Doctor of Medicine, Mahidol University
- Doctor of Orthopedic surgery
- Director Accreditation Program (DAP) Class 2011 Thai Institute of Directors
- Director Certification Program(DCP)

Share Holding Ratio (%)

6,300,000 Shares (0.06%)

Family Relationship to Management

NA

Work Experience in the past 5 years

• 2004 – Present

Director

Chularat Hospital Public Company Limited

• 2014 – Present

Director

Cholvaej Hospital Company Limited

• 2013 – Present

Director

chularat arkanay hospital Company Limited

• 2004- Present

Director

Convenience Hospital Company Limited

• 2004- Present

Director

Bangpakong Vejchaki Company

• 2012- Present

Director

Thai Amdon Company Limited



Dr. Suchai Laoveerawat (64)

Director,
Director Of Chularat 3 International Hospital
Director of the Risk Management And Investment
Committee

Education

- Doctor of Medicine Chulalongkorn University
- Urological Surgery training, Chulalongkorn University
- Mini MBA in Health, Faculty of Medicine, Chulalongkorn University
- Hospital Management, Faculty of Medicine, Ramathibodi Hospital, Mahidol University.
- Director Accreditation Program (DAP) Class 2011 Thai Institute of Directors

Share Holding Ratio (%)

11,859,500 Shares (0.11%)

Family Relationship to Management

NA

Work Experience in the past 5 years

• 2004 – Present

Director ,Director Executive Officer
Chularat Hospital Public Company Limited

• 2006 – Present

Director of the Risk Management And Investment
Committee
Chularat Hospital Public Company Limited

• 2016 – Present

Director of Chularat 2,3,4,5
Sattayabutr International Company Limited

• 2016 – Present

Director
Ruampat Chachoengsao Hospital Co.,Ltd.

• 2015 – Present

Director
Chularat Hospital Public Company Limited

• 2014– Present

Director
Cholvaej Hospital Company Limited

• 2013– Present

Director
chularat arkanay hospital Company Limited

• 2012– Present

Director of Chularat 3 International
Thai Amdon Company Limited

• 2004 - 2016

Director
Chularat Hospital Public Company Limited

• 2004– Present

Director
Convenience Hospital Company Limited

• 2004– Present

Director
Bangpakong Vejchaki Company



Ms. Kannikar Plussind (63)

Director and
Director of the Risk Management And Investment
Committee

Education

- Vocational certificate, Convent of Holy Infant Jesus
- Director Accreditation Program (DAP) Class 2011
- Thai Institute of Directors

Share Holding Ratio (%)

1,994,750,400 Shares (18.13%)

Family Relationship to Management

Sister of Dr.Kumpol Plussind , Kriengsak
Plussind and Kobkul Panyapol

Work Experience in the past 5 years

- 2004- Present

Director

Chularat Hospital Public Company Limited

- 2004- Present

Director

Esco-Thai Company Limited

- 2016- Present

Director of the Risk Management And Investment
Committee

Chularat Hospital Public Company Limited



Mrs. Kobkul Panyapol (68)

Director

Education

- Vocational certificate, Convent of Holy Infant Jesus
- Director Accreditation Program (DAP) Class 2011 Thai Institute of Directors

Share Holding Ratio (%)

927,156,600 Shares (8.48%)

Family Relationship to Management

Spouse of Mr. Apirum Panyapol and sister of Mr. Kriengsak Plussind And Dr. Kumpol Plussind, Ms. Kannikar Plussind

Work Experience in the past 5 years

- 2004 – Present

Director

Chularat Hospital Public Company Limited

- 1992 – Present

Director

Panyapol Interholding Company Limited

- 1988 – Present

Director

Samonkit Company Limited

- 1998 – Present

Director

Steel Link International Company Limited



Mr. Yanyong Amornpitakkul (62)

Director and Director of the Compensation And Nomination Committee

And Director of the Risk Management And Investment Committee

Education

- Bachelor of Science (Accounting), Kasetsart University
- Director Accreditation Program (DAP) Class 87/2011 Thai Institute of Directors

Share Holding Ratio (%)

49,552,150 Shares (0.45%)

Family Relationship to Management

NA

Work Experience in the past 5 years

2004 - Present

Director

Chularat Hospital Public Company Limited

2016 - Present

Director of the Compensation And Nomination Committee

C hularat Hospital Public Company Limited

2016 - Present

Director of the Risk Management And Investment Committee

Chularat Hospital Public Company Limited



Mr. Manit Jeeradit (70)

Director Independent Director and Head of Audit Committee and

Director of the Corporate Governance Committee and

Director of the Compensation And Nomination Committee

Education

- B.A (Economics and Accounting) Claremont Men's College (Present Claremont McKenna College)

- Audit Committee Program (ACP) Class 36/2011 Thai Institute of Directors

- Director Accreditation Program (DAP) Class 87/2011 Thai Institute of Directors

- Director Certification Program (DCP) 187/2014 Thai. Institute of Directors.

Share Holding Ratio (%)

700,000 Shares (0%)

Family Relationship to Management

NA

Work Experience in the past 5 years

• 2011-Present

Director Independent

Chularat Hospital Public Company

• 2016 – Present

Director of the Corporate Governance Committee

Chularat Hospital Public Company

• 2016 – Present

Director of the Compensation And Nomination Committee

Chularat Hospital Public Company

• 2000 – Present

Director and Chairman of the Audit Committee

Moong Pattana International Public Company Limited

• 2015 – Present

Director

License2Q Company Limited



Mr. Somyos Yan-ubol (63)

Director Independent Director and Audit Committee

And Director of the Corporate Governance Committee,

Director of the Compensation And Nomination Committee,

Director of the Risk Management And Investment Committee

Education

- MBA, Kasetsart University
- Bachelor of Science (Accounting) Kasetsart University
- Director Accreditation Program (DAP) Class 97/2012 Thai Institute of Directors
- Audit Committee Program (ACP) Class 45/2013 Thai Institute of Directors
- Audit Committee Program (ACP) Class 45/2013 Thai Institute of Directors

- Ethical Leadership Program (ELP) 1/2017 Thai Institute of Directors

Share Holding Ratio (%)

NA

Family Relationship to Management

NA

Work Experience in the past 5 years

• Present

Director, Independent Director and Audit Committee

Chularat Hospital Public Company Limited Director of the Corporate Governance Committee

• 2016 – Present

Director of the Compensation And Nomination Committee

Chularat Hospital Public Company Limited

• 2016 – Present

Director of the Risk Management And Investment Committee

Chularat Hospital Public Company Limited

• 2016 – Present

Director

Chularat Hospital Public Company Limited

• 1998-2017

Director of the Risk Management And Investment Committee

Phupa Chumthong Company Limited



Mr. Chayawat Pisessith (67)

Director Independent Director and Audit Committee

Education

- Bachelor of Science (Medical Science), Chulalongkorn University
- Audit Committee Program (ACP) Class 41/2012 Thai Institute of Directors
- Director Accreditation Program (DAP) Class 97/2012 Thai Institute of Directors

Share Holding Ratio (%)

NA

Family Relationship to Management

NA

Work Experience in the past 5 years

• 2012 – Present

Director, Independent

Chularat Hospital Public Company Limited

• 2016 – Present

Director Audit Committee

Chularat Hospital Public Company Limited

• 2016 – Present

Director of the Corporate Governance Committee

Chularat Hospital Public Company Limited

• 1988 – 2014

Director of the Compensation And Nomination Committee

Kingmain CMTI Company Limited

• 2014 – Present

Managing Director

Kingmain CMTI Company Limited

• 2015 – Present

Chairman

Bridge Sport Association of Thailand

• 2013 – Present

Minister

Thailand Bridge League RBSC

• 2017 – Present

Chairman

Thailand Bridge League RBSC

• 2016 – 2017

Director

Vice president

Thai Creative Association (Magic Eye)



Dr.Pinit Kullavanijaya (75)

Director and Independent Director ,
Chairman of the Compensation And Nomination
Committee

Education

- M.B.Ch.B. (Leeds), D.T.M.&H. (Liverpool) , MRCP. (UK) , FIMS. , FAMM. , FACG. , FACP. (Hon.),
- FRACP (Hon.) , FRCPI , FAMS, FRCP (Glasgow, Edinburgh, London, Thailand)
- Institute of Security Psychology, Practice of psychology courses (General Staff Division #40)
- Por Ror Or.4 , Por Por Ror.14 , NDCAT-ASMP 3

Share Holding Ratio (%)

NA

Family Relationship to Management

NA

Work Experience in the past 5 years

• 2012- Present

Director and Independent Director
Chularat Hospital Public Company Limited

• 2016 – Present

Chairman of the Compensation And Nomination
Committee
Chularat Hospital Public Company Limited

• Present

Deputy Secretary-General, Thai Red Cross Society
Thai Red Cross Society
Senate House

• Present

Honorary Advisor to the Second Vice-President of the
Senate/Commission on Social Development and
Activities of Children, Youth, Women, the Elderly, the

Disabled and the Disadvantaged, House of the Senate/
Subcommittee on population and development.

• Present

Foreign consultants Royal College of Physicians of
London
Royal College of Physicians and Surgeons of Glasgow

• In the past

Nomination Committee, Academic Section/ Honorary
Advisor of the Senate Standing Committee on Public
Health/ Commissioner of The Senate Standing Com-
mittee on Sport/ Commissioner of The Senate Standing
Committee on Public Health/ Advisor of General
Senate

• In the past

Education Advisory Committee to monitor the resto-
ration of infrastructure

Extraordinary Commission for tracking and evaluation
of the problems and development of the South

• In the past

Commissioner

The Medical Council of Thailand

Royal College of Physicians of Thailand

• In the past

Secretary

The Gastroenterological

• In the past

Chairman

Association of Thailand

• In the past

Chairman

Asia Pacific Working Group, American Gastroenterolo-
gy

• In the past

Chairman

association (AGA)

• In the past

Director, Advisor

Social Security Office, Ministry of Labour

• In the past

Director

The National Health Security Office

• In the past

Physician Committee/ Chairman of Medical Complaint
Subcommittee

Doctor for People Program (later changed to Doctor for
People Foundation)

• In the past

Chairman of Committee to consider Initial requests for
funding of the client or the heirs in Bangkok (Section
41)

Thai Red Cross Society

• In the past

Chairman

Director of Thai Red Cross Youth Bureau

Head of Department of Medicine

Faculty of Medicine, Chulalongkorn University



Dr. Yudthana Sanguansakdikosol (66)

Deputy Managing Director And Director Of
Chularat 9 Airport,
Chairman of the Risk Management And Investment
Committee

Education

- Doctor of Medicine, Chulalongkorn University
- Master of Business Administration,
- Sasin Graduate Institute of Business Administration
of Chulalongkorn University
- internal medicine residency training, Chulalong-
korn Hospital
- Diploma in Rheumatology

Share Holding Ratio (%)

NA

Family Relationship to Management

NA

Work Experience in the past 5 years

• Present

Deputy Managing Director And Director Of Chularat
9 Airport

Chularat Hospital Public Company Limited

• 2016 – Present

Chairman of the Risk Management And Investment
Committee

Chularat Hospital Public Company Limited

• 2016 - Present

Director

Ruampat Chachoengsao Hospital Co.,Ltd.

• 2016 –Present

Director

Cholvaej Hospital Company Limited

• 2004 – Present

Managing Director

Convenience Hospital Company Limited



Dr. Chutima Pincharean (65)

Deputy Managing Director And Director Of Chularat 11 International , Director of the Risk Management And Investment Committee

Education

- Doctor of Medicine, Chulalongkorn University
- Diploma of Thai Board of Anesthesiology, Chulalongkorn University

Share Holding Ratio (%)

NA

Family Relationship to Management

NA

Work Experience in the past 5 years

• Present

Deputy Managing Director And Director Of Chularat 11 International

Chularat Hospital Public Company Limited

• 2016 – Present

Director of the Risk Management And Investment Committee

Chularat Hospital Public Company Limited

• 2014 – Present

Director

Cholvaej Hospital Company Limited Managing

• 2006 –Present

Director

Pangpakong Wejchakit Company

• 2006 – Present

Director

Pinsarakam Company Limited



Wandee Pitsanuvanavech (48)

Deputy Management Director , Company Secretary

Education

- National Institute of Development Administration
- Master of Business (M.B.A)
- Bachelor of Business (Accounting) , Ramkhamhaeng University
- Director Accreditation Program(DAP):IOD
- Board Reporting Program (BRP):IOD
- Company Reporting Program(CRP) :IOD

Share Holding Ratio (%)

855,510 Shares (0.01%)

Family Relationship to Management

NA

Work Experience in the past 5 years

• 2016 – Present

Managing Director

Chularat Hospital Public Company Limited

• 2016 – Present

Chief Finance Officer

Chularat Hospital Public Company Limited

• 1011 -2016

Deputy Managing Director

Chularat Hospital Public Company Limited

• 2013 – Present

Director

Convenience Hospital Company Limited

• 2011 – 2010

Finance and Accounting and

International Technology Manager

Accountant Assistant

Chularat Hospital Public Company Limited



Prakong Wichakanodom(59)

Accounting Manager

Education

- Bachelor of Accountancy, Bangkok University

Share Holding Ratio (%)

855,510 Shares (0.01%)

Family Relationship to Management

NA

Work Experience in the past 5 years

• Present

Accounting Manager

Chularat Hospital Public Company Limited

	Ended 31 December		
	2016	2017	2018
STATEMENT OF FINANCIAL POSITION (Million Baht)			
Total Assets	4,517.88	4,951.18	5,708.18
Total Liabilities	1,294.36	1,478.48	1,964.75
Total Shareholders' Equity	3,223.52	3,472.70	3,743.43
Statement of comprehensive income (Million Baht)			
Revenues from Hoapital Operations	3,636.77	3,875.79	4,406.99
Total Operating Income	3,657.88	3,896.42	4,430.84
Cost of Hospital Operations	2,468.54	2,633.10	3,072.03
Administrative Expenses	493.82	550.85	570.07
Profit for the year	564.98	565.78	615.22
Profit attributable to Equity holders of the Company	564.29	565.44	633.88

	UNIT	Ended 31 December		
		2016	2017	2018
(Liquidity Ratio)				
Current Ratio	X	1.22	1.30	1.23
Quick Ratio	X	0.66	0.67	0.64
Operating Cash Flow Ratio	X	0.86	0.86	0.64
Account Receivable Turnover	X	4.64	5.02	5.16
Average Collection Period	DAY	78.66	72.68	70.80
Inventory Turnover	X	23.21	23.05	23.59
Average Inventory Period	DAY	15.73	15.84	15.48
Account Payable Turnover	X	6.41	6.35	5.96
Average Payable Period	DAY	56.93	57.52	61.21
Cash Cycle	DAY	37.46	30.99	25.06
(Profitability Ratio)				
Gross Profit Margin	%	32.12	32.06	30.29
EBIT to Net Sale	%	19.12	18.38	17.90
Other Income Margin	%	0.20	0.19	0.18
Operating Cash Flow to EBIT	%	101.40	127.77	94.19
Net Profit Margin	%	15.43	14.51	14.31
Return on Equity	%	18.54	17.60	17.93
(Efficiency Ratio)				
Return to Assets	%	13.99	11.95	11.54
Return on Fixed Assets	%	31.59	25.97	25.22
Asset Turnover	X	0.91	0.82	0.83
(Financial Policy Ratio)				
Total Liabilities to equity	X	0.41	0.45	0.55
Interest-bearing Debt to Equity Shareholders	X	0.26	0.26	0.34
Interest Converage	X	73.05	44.89	33.25
Commitment Coverage on Cash Basis	X	0.50	0.85	0.71
Dividend Payout Ratio	%	69.96	70.03	55.53

GENERAL INFORMATION



Corporate Profit

Company Name	Chularat Hospital Public Company Limited
Registration Number	0107547000656
Type of Business	Private Hospital
Authorized Share Capital	1,100 Million Baht fully paid up 1,100 Million Baht
Issued and Paid-up Capital	11,000,000,000 common shares of 0.10Baht per share
Registration Date in	16 May 2013
Accounting Period	1 January – 31 December
Website	www.chularat.com
E-mail address	companysecretary@chularat.com
Head Office	Chularat 3 International Hospital 88/8 -9 Moo 11 Theparak Rd. K.m 14.5 Bangpla, Bangplee, Samutprakarn 10540
Telephone	02-033-2900
Fax	02-769-2967

References

1. Auditor	EY office Limited 33rd Floor, Lake Rajada Office Complex 193/136-137 New Rajadapisek Road, Klongtoey, Bangkok 10110 Thailand Phone: 02-264-0777 Fax: 02-264-0789-90
2. Counselor	Bangkok Jurist Ltd. PASO Tower, 19th Floor 88, Silom Road, Suriyawong, Bangkok 10500 Tel. 02-267-2460-3 Fax. 02-267-2465
3. Securities Registrar	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building C, 93 Ratchadapisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel 02-009-9726-50(Call Center) Fax. 02-009-9001
4. Financial Advisor	Thanachart Securities Public Company Limited 444 MBK Tower, 14th, 18th and 19th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. 02-217-8900 FAX. 02-217- 8643

Business Overview

Chularat Hospital Public Company Limited (the “Company”) was founded in 1986 to operate private hospital until now with registered capital 1,100 million Baht, consist of 9 subsidiaries operate large hospitals, small hospitals and clinics totally 13 branches. Chularat Hospital Group coverage service area around Suvarnabhumi Airport (Eastern Bangkok area) along Bangna-Trad Road extend to Chachoengsao province, along 304 highway to Prachinburi province, downtown in Chonburi province, and amphoe Muang, Rayong province with total registered 495 beds. There are 6 Expansion projects such as expansion project of Chularat 11 International Hospital (finished in 2016), expansion project of Chularat 3 International Hospital (finished in 2016), expansion project of Chularat 9 Airport Hospital (finished in January 2017), and expansion project of Chularat Cholvaej Hospital (finished in 2017), green field project of Chularat 304 hospital in Prachinburi province (finished in 2018), green field project of Ruampat Chachoeongsao in Chachoengsao province (finished in 2018). All of these expansion projects will increase the total capacity to 749 beds at the end of the year 2018. During 2018, the Company resolved to expand new green field project of Suvarnabhumi Cancer and radio Therapy Center (is expected to be finished in 2019). Nowadays the hospital group can support OPD (outpatient) more than 6,000 cases per day which will support our position to be the best private hospital in the eastern region along with the industrial growth in this area.

Chachoengsao

- CH11 International Hospital
- Ruampat Chachoengsao Hospital (RPC)
- CH12 Medical Clinic

Prachinburi

- CH304 International Hospital

Prachinburi
1

Chachoengsao
3

Bangkok
2

Chonburi
1

Samutprakarn
5

Rayong
1

Bangkok & Samutprakarn

- CH1 Hospital
- CH2 Medical Clinic
- CH3 International Hospital
- CH5 Hospital
- CH7 Medical Clinic
- CH8 Medical Clinic
- CH9 Airport Hospital

Rayong

- Chularat Rayong Hospital

Chonburi

- Chularat Cholvej Hospital

Star of the East

Chularat Hospital Group has 9 hospitals and 4 clinics located in 5 provinces in the eastern region. CHG provide healthcare services with IPD 749 Beds and OPD 143 rooms. In 2018, there are 2 new hospitals opened, which are Chularat 304 International Hospital in Prachin Buri and Ruampat Chachoengsao Hospital (RPC) in Chachoengsao.



Healthcare Service

The Company focuses on the quality of services provided by medical professionals in all medical fields with modern equipment to create efficiency, safety and satisfaction of our customers. The Company has medical units which are excellent and has been certified by various institutions such as Hand Microsurgery Center, Newborn ICU Center, Stroke Center, Heart Center, and Cancer Center. CHG always focuses on quality of treatment and specialist team, which bring the hospital to receive international accreditation from JCI (for Chularat 3 International Hospital) and Hospital Accreditation from The Healthcare Accreditation Institute (for Chularat 9 Airport and Chularat 11 International Hospital).

The Company provides services to 2 main types of customers, General patients and Social welfare patients such as Social Security patients and patients under the National Health Security Office (NHSO) who have hemodialysis and heart disease in Samutprakarn and nearby provinces in the East, etc. The hospitals and clinics in our groups have 13 branches spreading in areas where customers can access easily.

In 2018, the Company had 749 beds for patients in various room types such as special VIP room, Deluxe room, Single Deluxe room, Double Deluxe room, special 4-bed room, special 8-bed room, intensive care unit (ICU), Critical Care Unit (CCU), Neonatal intensive care unit (NICU) and a baby unit, etc. The Company has outstanding services as follows:

• Hand surgery and orthopedic clinic

(Available at CH3)* : provides Micro Surgery by the team of doctors who have experience and expertise and have been trusted and reputable medical profession nationally and internationally. It is also a Referral Center for Microsurgery in Bangkok and in Eastern region. It is also a center of education specialists from medical school in the country and abroad.



• Neonatal intensive-care unit (NICU)

(Available at CH3)* : provides treatment to premature infants with unusual weight by a team of doctors and nurses with expertise and experience in the care of premature infants with unusual weight, so it can grow and live normally. The Unit received the trust to be referral center of the NHSO, District 6, Rayong.



• Stroke Center

(Available at CH3 and CH9)* : provides diagnosis of stroke. The center has been certified by the Institute of Neurology. Chularat 3 International Hospital has been certified of the establishment stroke care unit under Commemorative Stroke Center. In 2015, They opened Brain Surgical center, through a microscope by specialized doctors for treating brain tumors.

• Skin center and Cosmetics surgery

(Available at CH1, CH3)* : provides diagnosis of skin diseases and counseling aesthetic plastic surgery, surgical slimming with VASER and laser treatment of skin types including injection treatment with Botox and fillers which are quality certified by FDA, including high quality skin care products for skin types.





• Integrated heart center

(Available at CH3)* : The Company has high potential to treat patients with coronary artery disease and heart disease. In 2010, Chularat 3 International began to open Heart Surgery center. In Quarter 1, 2013, it opened a comprehensive heart center. The scope of services includes EKG Ultrasound, Percutaneous Transluminal Coronary Angiography (PTCA), and cardiac surgery with high complexity. The Unit received trust referral center of the NHSO and Social Security Office. In 2015, They open Heart Center arrhythmias with Cardiac Electrophysiology Lab, which is the first place in this region. They also added the Enhanced External Counter Pulsation (EECP) innovation in the treatment for the patients who are unable to get the surgery, as well as the Cardiac MRI scan in case of a complex disorder and evaluation before the surgery.

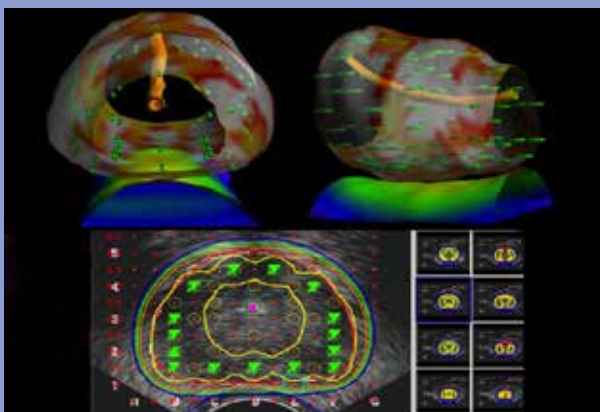
• Cancer Center with HIFU (High Intensity Ultrasound)

(Available at CH9)* : provides services for abdominal cancer types that cannot be removed by surgery, such as Cholangiocarcinoma, Pancreatic cancer, and uterine fibroid, etc. The services started from late 2013.



• Prostate Cancer Center using brachytherapy

(Available at CH3)* : provides treatment of prostate cancer using iodine 125 brachytherapy without surgery, which is an alternative way of treating prostate cancer, for better treatment and complications like surgery by providing tinnitus treatments, renowned and highly experienced from the United States. The services started in 2014.





• The New Baby Fertility Center

(Available at CH11)* : Fertility Center established in 2017 to assist those subfertility couples to solve every single problem and give a thorough counselling with several investigations including endoscopic surgeries, blood test, hormonal assay, etc. The goal of treatment is pregnancy. Our medical doctors specialize in reproductive medicine, endoscopic surgery. They are certified by the training from both Thailand and abroad with long experiences to provide complete subfertility services. Our scientists all are certified to give the sophisticated egg, sperm and In vitro fertilization (IVF), Intracytoplasmic Sperm Injection (ICSI), Embryo culture, freezing gametes and embryos. With the new technology to check chromosome of embryo, such as next generation sequencing (NGS) Our nurse counsellor & coordinator will give you the whole information and communication of the complete medical services under good standard of care



• Suvarnabhumi Eye Center

(Available at CH1) * : Suvarnabhumi Eye center specializes in all areas of eye care which provide the complete range of examination, treatment and surgical options for all conditions and in patients of all ages. Our team of experienced ophthalmologist and optometrists are trained, certified within the field of medicine to diagnose and manage all eye diseases with. With the new medical technology and standardized equipment. The services started in 2017.

* Note CH1 means Chularat 1 Hospital CH3 means Chularat 3 International Hospital.
CH 9 means Chularat 9 Airport Hospital. CH 11 means Chularat 11 International Hospital.

(1) Import and distribution of medical devices

The subsidiary of the Company is Thai Amdon Company Limited (“Thai Amdon”), imports and supplies surgical and medical equipment such as electric surgery beds, heart rate counter and oxygen saturation equipment, etc. In the present, most products and medical devices have been imported by Thai Amdon are distributed to hospitals and clinics in the Group. However, the procurement of such medical instruments such is strictly follow normal market conditions.



(2) Thai traditional medicine and Beauty services

The Company provides complete spa services under the name “Chularat Thai Traditional Medicine” provides Traditional Thai Massage by expert staff. In addition, the Company also provides beauty and laser treatment under the name “Chularat – Renoir



Beauty and Laser Center”.

(3) Practical Nurse Training Center

The Company also operates Practical Nurse training center under “Chularat Inter Health” to produce supporting personnel for the expansion of Chularat hospital Group.

Company	Registered Capital (Million Baht)	Shareholding ratio (Percentage)	Type of business	Number of beds
Chularat Hospital Public Company Limited	1,100	-	Provide Medical Services under these hospital and clinics: - Chularat Clinic Suvarnabhumi (Chularat 1) - Chularat 2 Medical Clinic - Chularat 3 International Hospital - Chularat 5 Medical Clinic Total	26 - 193 26 245
Convenience Hospital Company Limited	500	100	Provide Medical Services under these hospital and clinics: - Chularat 7 Medical Clinic - Chularat 8 Medical Clinic - Chularat 9 Airport Hospital Total	- - 139 139
Bangpakong Wejchakit Company Limited ⁽¹⁾	800	100	Provide Medical Services under these hospital and clinics: - Chularat 11 International Hospital - Chularat 12 Medical Clinic Total	141 - 141
Chularat Arkanay Hospital Company Limited ⁽²⁾	500	70	Provide Medical Services under the trade name of “Chularat 304 International Hospital” Total	59 59
Cholvaej Hospital Company Limited	100	96.38	Provide Medical Services under the trade name of “Cholvaej Hospital”- Total	56 56

Company	Registered Capital (Million Baht)	Shareholding ratio (Percentage)	Type of business	Number of beds
Sattayabutr International Company Limited ⁽³⁾	100	100	Provide Medical Services under the trade name of “Chularat Rayong Hospital” Total	50 50
Chularat Ruampat Chachoengsao Hospital Company Limited ⁽⁴⁾	600	64.58	Provide Medical Services in the trade name of “Chularat Ruampat Chachoengsao Hospital”. Total	59 59
Chularat Phreak Sa Hospital Company Limited ⁽⁵⁾	1	100	Acquisition of land for expanding the project soon. Total	- -
Cancer Suvarnabhumi Company Limited ⁽⁶⁾	1	100	To support the operation of the Suvarnabhumi Cancer and Radio Therapy Center, Under building construction and is expected to be finish in 2019. Total	- -
Total company and subsidiaries				749

Note:

(1) The registered capital increased from 500 million baht to 800 million baht on December 22, 2016.

(2) The registered capital increased from 300 million baht to 500 million baht on December 23, 2015 and on January 29, 2016, the Company reduced shareholding ratio from 100% to 70% by selling shares to local investors. And, On June 12, 2018, Chularat 304 Medical Clinic was registered as Chularat 304 International Hospital which is operated by Chularat Arkanay Company Limited.

(3) The Company acquired a subsidiary on March 1, 2016 and the registered capital increased from 30 million baht to 100 million baht on December 12, 2017.

(4) Established on June 16, 2016. The Company hold the shares by 64.58% and the rest of shares belong to local healthcare providers.

(5) Established on September 8, 2016.

(6) Established on March 20, 2018

Details of other business

Company	Registered Capital (Million Baht)	Shareholding ratio (Percentage)	Type of business
Chularat Hospital Public Company Limited	1,100	-	<ul style="list-style-type: none"> - Full-service spa under the name of “Chularat Thai Traditional Medicine” - Beauty and laser treatment under the name “Chularat – Renoir Beauty and Laser Center” - Practical Nurse training center under “Chularat Inter Health”
Thai Amdon Company Limited ⁽¹⁾	30	100	<ul style="list-style-type: none"> - Imports and supplies surgical and medical equipment - Distribute brand in Beauty Vitamins and Dietary Supplement

Note: (1) The registered more purposes on November 9, 2015

ศูนย์หัวใจครบวงจร 24 ชม.
ONE STOP SERVICE HEART CENTER
ไอพาร์ต 3 อินเตอร์

Goals, Vision, Mission, Values and Objectives of the business

The Company has set a goal of becoming a prominent private hospital under the concept of “The Star of the East”, which is featured in the Good Governance. The company has focused on the growth in the industry, the development of medical innovations, the environment protection and the knowledge development, as well as the improvement in personnel skill sets. By doing so, the company could achieve the objective of being learning center in the Eastern area and Samutprakarn province. Also, building the recognition of customers in terms of quality of service and Patient safety to satisfy the clients (Patient Focus) at a fair price. It is the goal of a private hospital to grow in parallel with the expansion of business and industry in the East and Samutprakarn province, focusing on expanding of service network and expanding the quality of services provided through the specialized centers. The Board of Directors and management determined the vision, mission, values and objectives as follows:

Vision

- Being a leader in tertiary medical services (Tertiary care) and well known as a standard and innovative organization among domestic and international patient.
- Being Chain Hospital with sustainable growth and efficient network management.
- Adherence to the ethics of the profession.

The love and faith of the clients rigidly forever.

Mission

- Providing standard treatment to satisfy customers.
- Creating awareness of employees to protect environment and aim to be green Hospital.
- Promoting quality of life in community.
- Creating happiness among employees.

Core Values of Chularat Hospital ICARE

I = International Patient Safety : Focusing on the patient safety.

I = Integrity: to be good governance corporation and doing the right thing in a reliable.

I = Innovation: Creativities for developing the corporation.

C = Continuity of Patient Care: Patient care continued.

C = Change: Attend to change to better way.

A = Accountability: Responsibility and to be trust by the social.

R=Respect: Respect and honor people as they are.

E = Engagement : Love and ally the corporation.

E = Education : Continuously study for knowledge.

E = Environment : Environment caring

E = Environment : ใส่ใจสิ่งแวดล้อม

Objective

Focus on health services in primary, secondary and tertiary with quality standards to meet the needs of the community with efficiency and effectiveness by using network administration and development continuously to be the leader in providing health network that is the Biggest Star in the East of Thailand.

Changes and Developments

2016

- January 2016, the Company reduced the shareholding proportion Chularat Arkaney Company Limited to 70% of the registered capital.
- On March 1, 2016, Bangpakong Vejchakit Co., Ltd. (a 100% owned subsidiary) entered into the entire business contract (Entire Business Transfer: EBT) of Sattayabut International Company Limited. Ltd. (Sattayabut International Co., Ltd.) which operates a private hospital in Rayong Province Under the name of Ruam Phaet Rayong Hospital By transferring the shares in the proportion of 100 percent of the registered capital at the total price of 115 million baht and after 1 March 2016, Sattayabut International Company Limited Limited is a subsidiary of the company Bang Pakong Vejchakit Company Limited
- March 2016, Chularat 3 International Hospital installed MRI (Magnetic Resonance Imaging) for image creation of internal human organs by using electromagnetic wave and radio wave then process the signal by computer to gain clear images of internal organs for example brain, spine, liver, kidney and bone joint etc. in more high level which can separate normal and amiss tissue for facilitating the diagnosis.
- June 2016, the Company established Chularat Ruampat Chachoengsao Hospital Company Limited for Providing Medical Services with 100 beds in the trade name of "Chularat Ruampat Chachoengsao Hospital" with registered share capital of 600 million baht, divided into common shares of 60 million shares at 10 baht per share with paid up capital of 2.50 baht per share. The Company approved the acquisition in the ratio of 64.58 percent of the shares and the rest of 35.42 percent acquired by medical personnel. Chularat Ruampat Chachoengsao Hospital is expected to be finished and can be fully operated in 2017 with the construction budget of 600 million baht.
- September 2016, the Company bought land approx. 10 rai, locate at Phreak Sa Road to support the hospital expansion plans in the future.
- October 2016, Chularat 11 International Hospital open Cardiac Catheterization Center for addition more potential in cardiac treatment and care by using stent and balloon to expand the artery to Cardiac surgery and cardiac catheterization
- December 2016, Bangpakong Vejchakit Company Limited increased their paid up capital from 500 Million Baht to 800 Million Baht to support the hospital expansion plans of Sattayabutr International Company Limited (subsidiary) in the future.

2017

- March 2017, Chularat 3 International Hospital was awarded as Best Medical Performance at Allianz Ayudhya Hospital Service Awards 2016. Chularat 11 International Hospital was awarded with E-claim Award 2015 the system automatically award for outstanding fines, and awarded with the road safety measure from Road Accident Victims Protection Company Limited.
- April 2017, Chularat 3 International Hospital have passed quality revaluation for Re-Accreditation of JCI (Joint Commission International). Each reaccreditation would valid for 3 years.
- July 2017, Chularat 11 International Hospital opened the New baby Fertility Center (IVF Center) with strong intention to help couples to win over obstacle in having a child by supporting with professional physicians and advance assisted reproductive technology at international standard.
- September 2017, Chularat 9 Airport Hospital has HA Certificate Step 2.
- October 2017, Opened Eye Center Suvarnabhumi at Chularat 1 Hospital. We provide comprehensive eye care and treatment for basic symptoms to complicated ophthalmological disease with highly experienced ophthalmologists and advance technology at international standard.
- November 2017, Chularat 11 International Hospital has HA Certificate Step 3 and received an award for Promoting Energy Efficiency Project Eastern Group by Ministry of Energy.
- December 2017, Sattayabutr International Co. Ltd. increased registered capital from 30 million baht to 100 million baht to accommodate expansion and renovate of building and enhance advance machinery.

2018

- January 2018, Chularat 9 Airport Hospital opened the Aesthetic and Anti-Aging Center to provide beauty and aging services
- February 2018, Chularat 3 International Hospital was awarded, by the Bureau of Laboratory Quality Standards, Department of Medical Sciences, Ministry of Public Health, for the excellent quality throughout 2017 in the field of clinical chemistry, Hematology branch, Blood bank branch, Clinical Microbiology and the Department of Clinical Microbiology.
- May 2018, Chularat 3 International Hospital, Chularat 5 Hospital and Chularat 11 International Hospital were awarded the E-Claim Award 2017, which is a project award to enhance the potential of protection of benefits with people through e-Claim system from the Office of Insurance Commission, Thai General Insurance Association and Road Accident Victims Protection Co.,Ltd.

- June 2018, Chularat 9 Airport Hospital has added Platelet Rich Plasma service as an innovative treatment for tissue injury or repair damaged parts of the body by using The platelets (their own) which is the most suitable platelet used for treatment Inject back to the injury, inflammation or deterioration of the body (in that area). As a result, the blood concentration will be 3-4 times higher than normal platelets in the blood stream. This new medical technique has been used in many ways such as sports medicine, orthopedic (orthopedic) and beauty (Aesthetic Medicine).
- July 2018, Chularat 304 International Hospital opened an outpatient and inpatient care service, Cash and insurance customers by providing medical equipment and experienced medical team.
- October 2018, Suvarnabhumi Cancer Company Limited signed an agreement to purchase the Synergy model for the installation at Suvarnabhumi Cancer Center and Radiation Hospital
- November 2018, Ruampat Chachoengsao Hospital has opened outpatient and patient care services, cash, insurance and contracting customers by providing medical equipment and experienced medical team.
- December 2018, Chularat 11 International Hospital installed the CT Scan 128 Slice to replace the old one for increasing the potential for diagnosis of radiation diseases.

Note: The Ministry of Public Health Act regarding characteristic of clinic and type of services 2002 determines health facilities that doesn't take overnight patients as "outpatient clinic" and health facilities that take less than 30 overnight patient is called "clinic" and health facilities that take more than 30 overnight patient is called "hospital".

Shareholder structure of the Group

As of 31 December 2018 Chularat Hospital Public Company Limited (“The Company”) consisted of 9 subsidiaries which are Convenience Hospital Company Limited, Bangpakong Vejchakit Company Limited, Thai Amdon Company Limited, Chularat Arkanay Hospital Company Limited, Chularat Ruampat Chachoengsao Hospital Company Limited, Chularat Phreak Sa Hospital Company Limited, Suvarnabhumi cancer and radio therapy center and Cholvaej Hospital company Limited and Sattayabutr International Company Limited invested through Bangpakong Vejchakit Company Limited. Chularat Hospital Public Company Limited has shareholder structure as

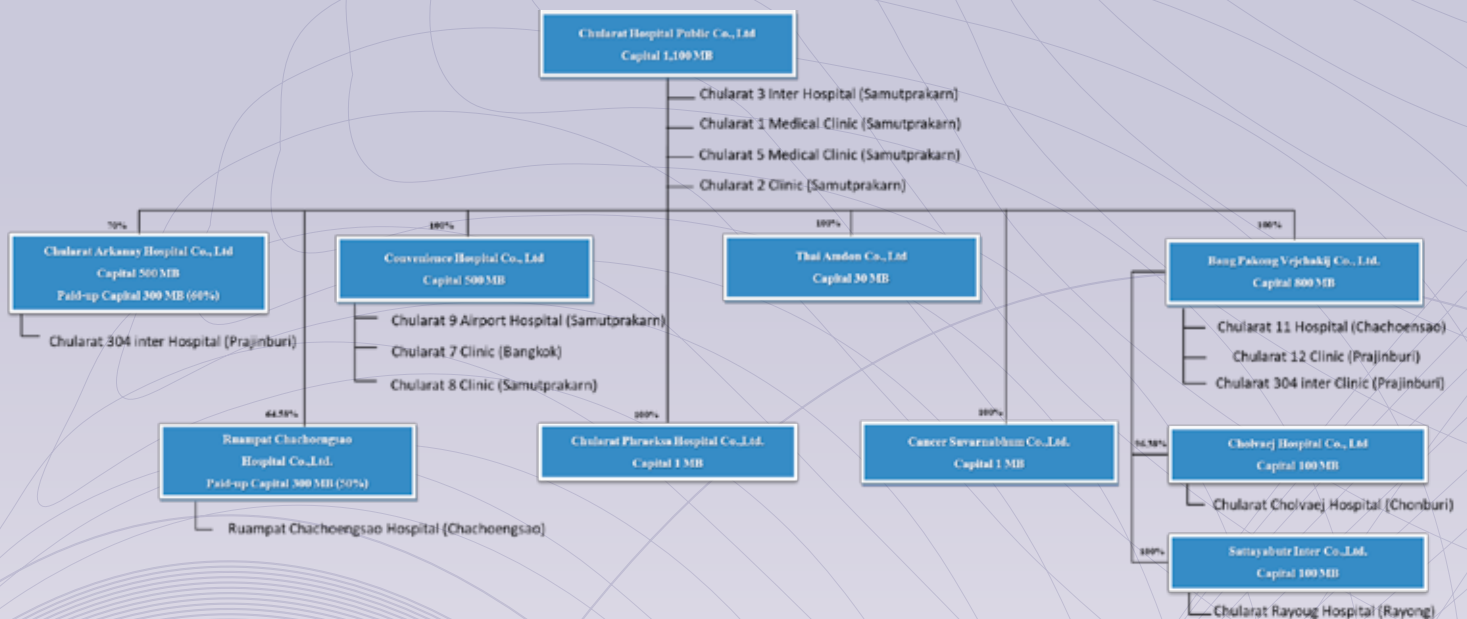


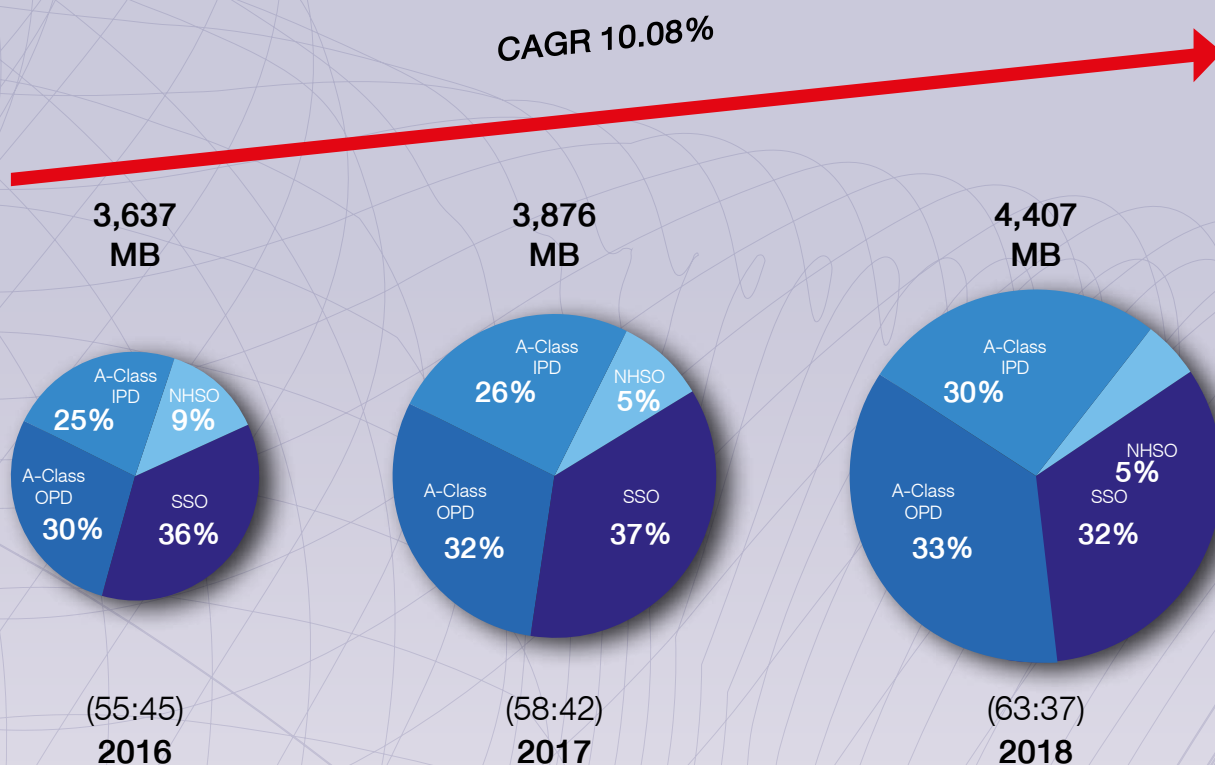
Figure 1-1: Shareholder structure of the Group of Chularat Hospital Public Company Limited as of 31 December 2018

Relationship with business group of major shareholder.

The Group has no dependence or competitiveness with the major shareholder’s business significantly.

Revenue Structure

The Company's revenues increased steadily. The revenue of hospital operations of the Company from 2016-2018 are shown in the table.



Revenue from hospital business	Fiscal year, ending on 31 December					
	2016		2017		2018	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Revenue from general patients						
Revenue from outpatients	1,098.02	30.1	1,215.74	31.4	1,444.71	32.8
Revenue from inpatients	902.08	24.8	1,016.33	26.2	1,310.06	29.7
Total revenue from general patients	1,995.06	54.9	2,232.07	57.6	2,754.77	62.5
Revenue from governmental welfare programs						
Social security programs	1,314.80	36.1	1,451.67	37.4	1,409.60	32.0
Other governmental programs	326.91	9.0	192.05	5.0	242.62	5.5
Total revenue from governmental programs	1,641.71	45.1	1,643.72	42.4	1,652.22	37.5
Total revenue from hospital operations	3,636.77	100.0	3,875.79	100.0	4,406.99	100.0

Products and Service

Chularat Hospital Public Company Limited (“The Company”) and 6 subsidiaries which are 1) Convenience Hospital Company Limited 2) Bangpakong Vejchakit Company Limited 3) Chularat Arkanay Hospital Company Limited 4) The Cholvaej Hospital company Limited 5) Sattayabutr International Company Limited 6) Ruampat Chacheongsao Hospital company Limited operate private hospital. Chularat Hospital Group coverage service area around Suvarnnabhumi Airport (Eastern Bangkok area) along King-Kaeo Road, Teparak Road, Bangna-Trad Road extend to Chachoengsao province, along 304 highway to Prachinburi province, downtown in Chonburi province. In 2018, Chularat Hospital Public Company Limited has 9 hospitals, and 4 small hospitals and clinics totally 13 branches and has total registered 749 beds.

The Company always focuses on quality of treatment and specialist team, all of hospital in The Company is certified by national and international standards such as Thai Hospital Accreditation and JCI Accreditation. In 2014 Chularat 3 International Hospital is the first JCI-accredited in Samutprakarn and completed 1st re-accreditation in 2017. (JCI requires accredited organizations to become

reaccredited every 3 years)

The Company provides services to 2 main types of customers, General patients and social welfare patients – Social security and the National Health Security Office (NHSO), who have hemodialysis and heart disease in Samutprakarn and nearby provinces in the East, etc. The hospitals and clinics in our groups have 14 branches spreading in areas where customers can access easily.

Scope of medical services

The hospitals in the Group provide medical services to patients by specialists in each field using effective tools and medical devices. The services of the group can be categorized as follows:

(1) Medical Clinic

- General Medical Clinic (Available at CH1,3,5,9,11,304, Chularat Cholvej, Chularat Rayong, Ruampat Chachoengsao):* provide Medical Services and patient care clinics, such as diabetes, high blood pressure, high cholesterol, etc.
- Clinical Disease Internal Medicine (Available at CH 3,9,11,304, Chularat Cholvej, Chularat Rayong, Ruampat Chachoengsao)*: provide treatment and care of patients with the disease, internal medicine specialist areas such as cardiovascular

disease, gastrointestinal tract, skin diseases, cancer, infectious diseases, respiratory diseases, arthritis and rheumatic Baptist, endocrine system disorders, brain and nervous system, kidney disease, allergies, blood diseases.

(2) Surgery Clinic

- Clinical Surgery (Available at CH.3,9,11, 304, Chularat Cholvej, Chularat Rayong, Ruampat Cha-choengsao)*: provides diagnosis and treatment of general surgery, Including laparoscopies surgery. Hand surgery and orthopedic clinic, Neurosurgery Clinic, Maxillofacial Surgery Clinic, Plastic Surgery Clinic, Urological Surgery, Cardiovascular Surgery, Surgical Oncology, Cancer Surgery, General Surgery, Breast Surgery, Ophthalmology, ENT surgery.

(3) Integrated heart center (Available at CH.3)*

(4) Comprehensive cancer treatment center. (Available at CH. 9)

(5) Other clinics and medical centers.

- Neonatal Intensive Care Unit (NICU) (Available at CH.3)*
- 24-hour pediatric clinics (Available at CH.3,9)*
- Stroke Center (Available at CH.3,9)*
- Allergy Clinic (Available at CH.3)*
- ENT Clinic (Available at CH.3,9,11)*
- Eye Laser Center (Available at CH3)*.

- Dental surgery center “Dr.Dentist” (Available at CH3,9,11)*

- Obstetrics – Gynecology Clinic (available at CH.3,9,11):*

- Gastrointestinal and Liver Center (Available at CH3,9,11)*

- Colon and Rectum Center (Available at CH3,9,11)*

- Dissolution of gallstones and urinary tract center (Available at CH3,9)*

- Dialysis center (Available at CH3,9,11)*

- Physiotherapy Clinic (Available at CH3,9,11)*

- Orthopedic Clinic (Available at CH3,9,11)*

(6) Emergency care throughout 24- hour Center (Available at CH3,9,11)*

(7) Check-up Center

(8) X- ray Mobile check-up

(9) Occupational Medicine

(10) Laser and Cosmetic Center (Available at CH 3)*

(11) Fertility Center & IVF Clinic (Available at CH 11)*

12 EYE Center (Available at CH 1)*

The potential for medical services

As of 31 December 2018, the Company has the potential to provide medical services. The utilization of services is categorized by patients as follows:

(1) Number of visits and the number of beds available

Out-Patient Department (OPD) potential assessment is assessed by the number of treatment rooms. While the potential of In-Patient Department (IPD) is estimated from the number of beds available. The potential in the service of the Company as of 31 December 2018 is as follows:

Hospital / Branch	No. of room	No. of Bed Available
Chularat Hospital Public Company Limited		
Chularat 1 Suvarnbhumi Hospital	5	26
Chularat 2 Medical Clinic	3	-
Chularat 3 International Hospital	46	193
Chularat 5 Hospital	5	26
Convenience Hospital Company Limited		
Chularat 7 Medical Clinic	1	-
Chularat 8 Medical Clinic	2	-
Chularat 9 Airport Hospital	28	139
Sattayabutr International Company Limited		
Chularat Rayong Hospital	5	50
Cholvaej Hospital Company Limited		
Chularat Cholvaej Hospital	3	56
Bangpakong Wajchakit Company Limited		
Chularat 11 International Hospital	21	141
Chularat 12 Medical Clinic	2	-
Chularat Arkanay Company Limited		
Chularat 304 Hospital	12	59
Ruampat Chachoengsao Hospital Company Limited		
Ruampat Chachoengsao Hospital	10	59
Total	143	749

(2) The rate of service

The occupancy rates for the patients are assessed of the actual amount of services compare with the potential to provide the highest service. The rates are classified into outpatients and inpatient rates. In 2016 and 2017, the outpatient utilization rate increased from 70.0 percent to 71.1 percent and fell to 70.5 percent in 2018 due to the Company increased the number of diagnosis rooms to accommodate greater numbers of outpatient. While inpatient utilization rate (Bed Occupancy rate) decreased from 66.5 percent to 65.5 percent during 2017-2018, align with company policy to increase the number of beds for supporting the increasing number of patients.

• Outpatient

	2559	2560	2561
No. of Diagnosis Room (Approx.) *	120	127	131
No. of date	366	365	365
Potential to treat outpatients (Time) **	3,074,400	3,232,075	3,343,830
No. of date of actual treatment (Time)	2,152,840	2,296,828	2,357,117
Service Rate (Percent)	70.0	71.1	70.5

• Inpatient

	2559	2560	2561
No. of Actual Bed (Approx.) *	438	495	649
No. of date	366	365	365
Potential to treat inpatients (Bed)	160,308	159,505	236,840
No. of date of actual treatment (Bed)	140,821	137,278	155,132
Service Rate (Percent)	87.7	76.0	65.5

Note: * The actual number of rooms and number of beds are calculated from the average of the beginning and end of the period.

** The ability to get the maximum outpatient assessment by the management company is about 70 times/room/day.

Thai Traditional Medicine

The Company sees opportunities to grow in Thai Traditional Medicine business from holistic health care spree. The Company used a part of Chularat 3 International Hospital as the location of the spa service under the name “Chularat Thai Traditional Medicine” serving in 3 categories which are Spa services, Thai Massage, and foot massage by employees specialized in each categories. Chularat Thai Traditional Medicine opens daily from 10.00 am to 21.00 pm

Purchasing tools and medical devices business and Practical nurse training business

A subsidiary of the Company is Thai Amdon

Company Limited (“Thai Amdon”) imports and supplies surgical and medical equipment such as electric beds, heart rate measurement machine and blood oxygen levels calculator, etc. Now, most of products and medical devices imported by Thai Amdon and distributed to hospitals and clinics in the Chularat Hospital Group. However, Thai Amdon is setting a marketing plan to increase distribution to other hospitals in the future. the Company also operates a Practical nurse training under Chularat Inter Health to train personnel to have quality to support the expansion of the hospital.



Marketing strategies.

The Company has its marketing policy to provide medical services for every class of people who live in area around the hospitals and medical clinics. The Company has been serving as the primary, secondary and tertiary medical services so that customers can access easily. And, the company aims to become a prominent private hospital under the concept of “The Star of the East”. And is recognized by the customers in terms of quality of service to satisfy the client’s (Patient Focus) at a fair price by focusing on the safety (Patient Safety). Meanwhile, the company would grow alongside the expansion of business and industry in the eastern region and Samut Prakan. The company target to focus on expanding network provider and expanding the quality of services through specialized medical centers.

Now, The Company has 3 hospitals in the secondary medical service level which are Chularat3 International, Chularat 9 Airport, Chularat 11 International. However, The Company can provide services to the tertiary Excellent Center in the section of Hand Surgery and Orthopedic Clinic, Neonatal Intensive Care Unit, Comprehensive treatment of heart disease, Comprehensive Cancer

Center including clinical treatment of prostate cancer and Stroke Center. The Company has hospitals and medical clinics totally 13 branches coverage service area around Suvarnnabhumi Airport (Lat Krabang Industrial) along Teparak Road, King-Keaw Road (Bang Phil Industrial) Bangna-Trad Road, Bang Prakong (Wellgrow Industrial), extend to Chachoengsao province, along 304 highway (304 Industrial and Rojana Industrial and Hitech Industrial) to Prachinburi province, downtown in Chonburi province, In 2016, opened Chularat Rayong hospital in Rayong province. and In 2017, opened Ruampat Chachoengsao hospital in Chachoengsao province. All these expansion areas emphasize that hospitals and clinics in Chularat Hospital Group cover the eastern industrial zone including Samutprakarn area and Ladkrabang area of Bangkok.

The Company provides services to 2 main types of customers, general patients and social security patients and patients under the National Health Security Office (NHSO) who have hemodialysis and heart disease in Samutprakarn and nearby provinces in the East, etc.

1. General Customers

- **Cash:** Customers are responsible for the cost of medical treatment on their own. The target group is people with upper-level income whose residence or workplace are close to the location of the hospital or medical facility of the Company, or those who have confidence in the quality of the medical services of the Company. The Company focused on providing a quality service and increases the scope of medical services and we do public relations and marketing to target these customers.

- **Corporate contracts:** a group of customers who receive medical treatment because their organizations have agreements with the Company which the host organization is responsible for the cost of the treatment or a group of customers with health insurance. The Company will charge directly to the organizations or insurance companies. This group of customers is likely to increase as the growth of insurance business and health care trend are increasing.

- **Motor Vehicle Victims Act 1992:** customers from this group are patients who have traffic accident and get treatment under Motor Vehicle Victims Act of 1992. Some hospitals in the group located on Srinakarin Road, Kingkaew Road, and Bangna - Trad Road which have many traffic accidents so the Hospital offers emergency care to facilitate the service users and allow the hospital to send an ambulance to the scene in a timely manner, the hospital will provide treatment to the patients or the aggrieved party of the patients at no charge and will be reimbursed from the insurance company under this Act.

- **Workers compensation fund:** employees who

have industrial injury due to accidents at work and get the treatment by the Compensation Act 1994. The Hand and Bone Surgery Center of the Company has expertise in the treatment of hand injuries and Micro Surgery which can serve the requirements of the customers in this segment. The hospital will provide treatment at no charge and the Hospital will be reimbursed for the cost of treatment from compensation fund for victims of work afterwards.

2. Customers from public health benefit programs

- **Social Security:** The Social Security Act 1990 requires the employee to be deducted and remitted their monthly wages to Social Security Fund. Such employees can receive medical treatment in hospitals in the network of social security which employees may choose without having to pay. The hospital that provides treatment under Social Security Act will get services fees from Social Security Office in 2 forms: Flat rate per each patient (the rate of 2015 is 1,460 baht per person per year). In July 2017 Social Security Office announced the new rate from 1,460 to 1,500 baht per person per year and additional fee from other service. (Please see more details in section “Analysis and Comments of the Management”) In 2018, the average number of Company’s customers under Social Security is approximately 421,018 people while The Company can increase more insured person to maximum approximately 437,500 people. Nevertheless, if all of the expansion projects finish in the future, The Company can request to increase quota of insured person under Social Security. However, the management of The

Company has no plans to increase this group of customers. The future projects are mainly to serve group of General customers.

- **Customer under the National Health Security Office (NHSO).** This group of customers is only in Chularat 3 International hospital because Chularat 3 International hospital is a referral center for heart

disease in Samutprakarn and nearby provinces to help with the lack of specialist doctors in Public and Private Hospitals. The hospital will receive the medical services payment from NHSO by the relative weight (RW) method, depending on the area of the deliver's hospital.

Industry Outlook and Competition

Situation

The private hospital business in Thailand is considered a high-growth business, being supported by the government and the private sector. Recently, they have been considering to promote Thailand as a “Medical Hub of Asia”. On the other hand, it is considered to be a high competitive business both from existing players and new coming rivals. Most of hospital chains have expanded their business through construction new hospitals, shareholding purchases in medium and small hospitals, mergers and acquisitions, or even developing their business models in order to facilitate global consumer behavior that are leaning to healthy lifestyle and accomplish the needs of its patients which are increasing both from domestic and international market. Previously, Bangkok Hospital chain (BDMS), the big player in this industry, have acquired 15 rai of land and building from which was known as Swissotel Nai Lert Park and partial office building on Withayu Road (Wireless Road). The project is to develop into the first holistic healthcare service center in Asia “BDMS Wellness Clinic”. On Thonburi Hospital Group is in the process of developing plan to invest and develop the land about 100-140 rai into Medical City under the name “JIN wellbeing county” which is based on the concept of a city for aging society with comprehensive

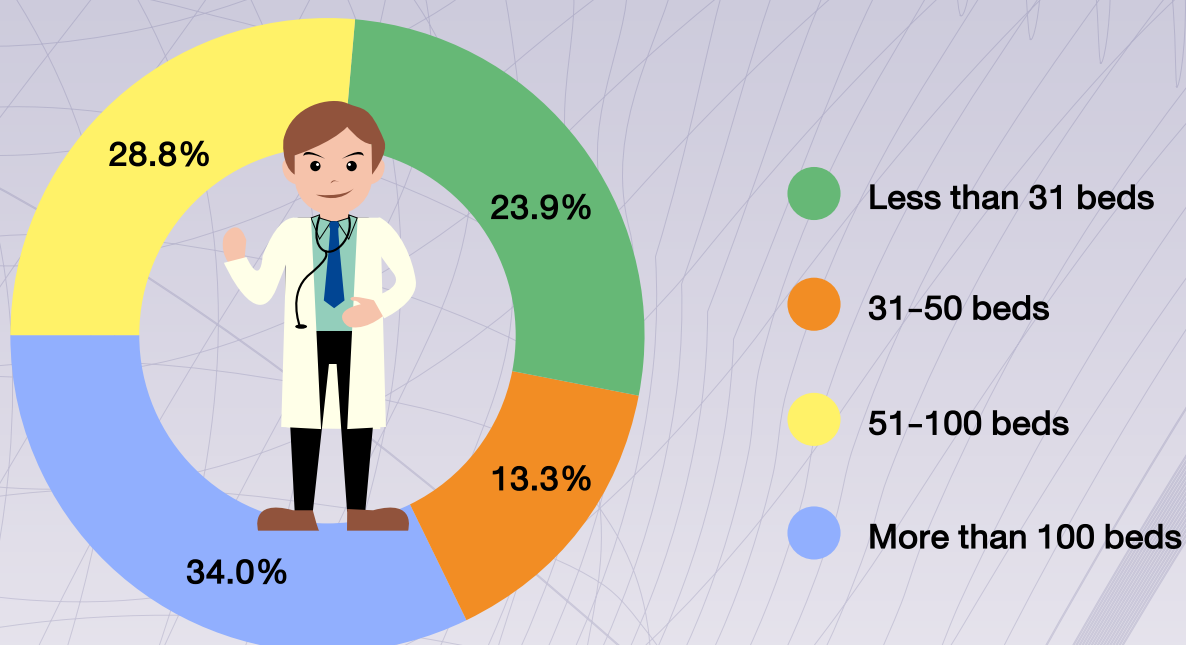
healthcare service and other business related to healthcare. Or even the movement of Arthit Urairat, former executive and owner of Phayathai Hospital Group, is trying to establish RSU International Hospital: RIH, a 304-bed size on 11 rai of land in the business district on New Petchburi which is expected to be completed by 2020.

In addition, there is an increase in new players from other industries like real estate and fast moving consumer products business. In case of Puk- sa Holding PLC, they made a diversify investment in hospital business to increase recurring income and reduce risk from economic fluctuation in real estate sector since previous year. Likewise, Charoen Pokphand Group (CP), worth a trillion baht, has operated multifaceted business from a gribusiness, telecommunication, automotive business, real estate, and lately entered to private hospital sector through CP Medical Company Limited. Aside from CP that ready to diversify to new business else, recently Sirivadhanabhakdi's business is going to expand investment into the hospital and Healthcare as well. Also, The Saha-Union Plc or SUC has purchased 25% of the shares of KPN Health Care Plc or KPNHC, which operates a hospital business and provide healthcare service. It is located on Ratchadaphisek-Ra-

mintra road and now is on the phase of project initiation which takes construction times and requires relevant medical equipment and materials.

From the increasing entry of new players, it is found that most obvious factors are from the attempt to adjust the revenue proportion by generating a recurring income from healthcare business and it is seen as an investment in assets that continually generated income and is not fluctuated by the economic situation. Moreover, it is also a low-risk business with continuous growth every year. Apart from external factors, most of these players are related to real estate development which helps

Private Hospital and clinics by bed size



However, it seem like the hospital chains still launch more development projects in each year. Not only is a huge investment fund needed, but also the specialist supply needed to be considered. Due to lack of doctors and nurses, there is a possible fight over medical personal demand among private hospitals or even government hospitals, in particular the need of specialists, technicians and experienced personnel. This leads to high pressure for new rivals in building trust and creating credibility which require a period of time to gain its reputation.

to penetrate into the hospital business easily.

Currently, based on the hospital survey results of private hospitals in 2017 by the National Statistical Office, there are 347 private hospitals in Thailand as follows:

1. Hospital size less than 31 beds, with a total of 83 or 23.9 percent
2. Hospital size 31 - 50 beds, with a total of 46 or 13.3 percent
3. Hospital size 51 - 100 beds, with a total of 100 or 28.8 percent
4. Hospital size more than 100 beds, with a total of 118 or 34.0 percent

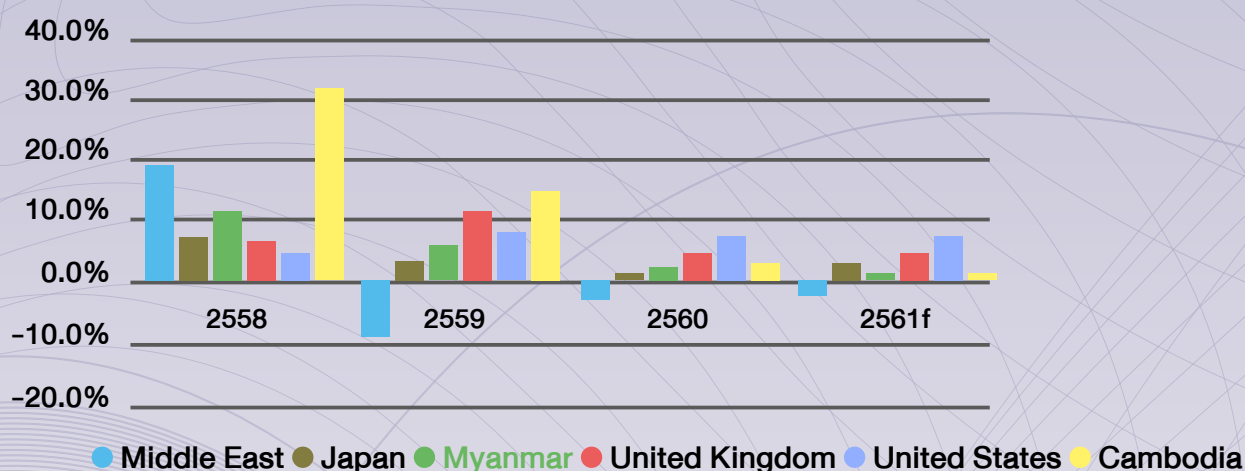
Nevertheless, Kasikorn Research Center found that in 2018, the domestic patient market is still being pressured by the uneven recovery of purchasing power. As a result, the private hospital business which is focusing on the domestic market may face higher competition. Meanwhile, the number of Thai elderly still increases so it is great opportunity to expand the market to this group. However, most of the elderly have low income, therefore, private hospitals that focus on elderly market must consider the ability to pay for medical

expenses or purchasing power of this customer group as well. The target customer group of the private hospital business are likely to have moderate purchasing power or earn income from 100,000 baht per year or more (exclude child's support).

While the international market is still an important driver of the private hospital business especially for the one that captures foreign patients markets. Kasikorn Research Center also expect that in 2018, foreign patients will use medical services approximately 3.42 million times, which are Medical

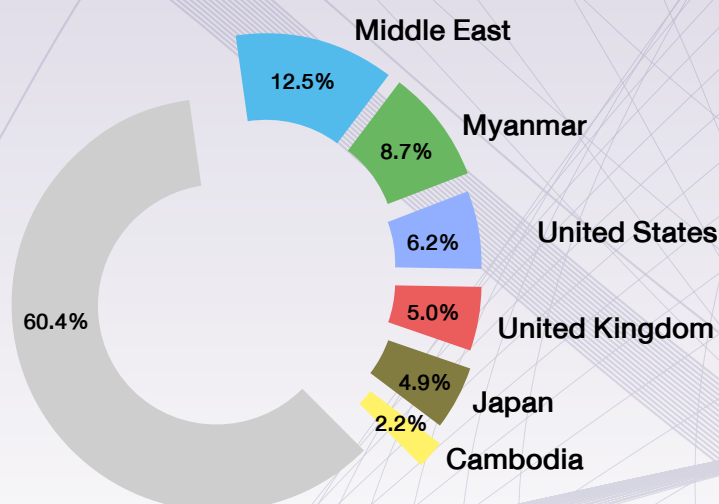
Tourism, about 2.5 million times, and EXPAT groups approximately 9.2 hundred thousand times. The Asian customer from Japan, Myanmar and China, in particular, play an important role instead of Middle Eastern patients like the past (figure a). Since they changed the domestic medical policy, including the development of health systems for the quality and standards to support or motivate people in the country to use more services, it leads to the decrease of Middle East patient coming to use Thai private hospitals.

The revenue from Middle East Patients is decreasing, while others is increasing.



Source: SET, Kasikorn Research center

Middle East is the major contributor for Revenue in the market.



Source: SET, Kasikorn Research center (Data in 2017)

* **หมายเหตุ:** Calculated from the biggest top three private hospitals in Stock of Exchange Thailand, which is accounted 70% of total market capital.





In addition, the increasing number of Chinese tourists traveling to Thailand and the trend of medical treatment in others countries would enhance private hospital business in Thailand to expand the Medical Tourism for attracting them. Especially the beauty-related services that the Chinese people are increasingly interested, Thailand has potential in competition such as facial surgery, Infertility, including general medical services such

as dental, anti-aging, or even health check-up. However, we might face a competition from Japan, South Korea, and Malaysia which are the destination of medical tourism for Chinese people (figure B). Kasikorn Research Center estimates that in 2018, the number of medical tourism of Chinese people are about 630,000-650,000 people, from which is expected that there will be at least 40,000 people, or only 6.0 percent, would travel to Thailand.

Competitors, who focus on Chinese patient, in Medical Tourism market

Chinese Medical Tourism Destination Rank

Health Services

				
	Japan	South Korea	Malaysia	Thailand
	1	2	7	9
	<ul style="list-style-type: none"> - Convenient transportation - Language and communication 	<ul style="list-style-type: none"> - well known for surgery such as facial surgery. - strong marketing 	<ul style="list-style-type: none"> - language and communication - shopping center - expense 	<ul style="list-style-type: none"> - สถานที่ท่องเที่ยว - อาหาร แหล่งช้อปปิ้ง - ค่าใช้จ่าย
	<ul style="list-style-type: none"> - Examine and treat complicated diseases such as cancer. - Health Checks for complicated diseases. 	<ul style="list-style-type: none"> - facial surgery 	<ul style="list-style-type: none"> - Wellness - Health Checks - Anti-aging - IVF 	<ul style="list-style-type: none"> - IVF

Source: Kasikorn Research Center (Data in 2016).

The targeted and potential customers are following:

1. Customers with infertility complications

Due to the second child policy announced by Chinese government, more than 90 million Chinese couples, especially who has infertility problem, want to have a second child. Originally, Thailand is one of destination countries for Chinese to get the medical services. Therefore, it is an opportunity for Thai private hospital business to penetrate the market segment to this new segment.

2. Customer who focus on Beauty treatment

The beauty treatment trend among Chinese is still increasing. Not only facial surgery but the other related-beauty treatment which tend to get more demand. Most of services are not complicated, such as dental (Dental), skin care. Anti-aging or even Wellness such as health checkup. The physical rehabilitation in the elderly has also gained popularity as well and would be an opportunity for Thai private hospital sector to move into this market.

Healthcare Business in Thailand

Dr. Angkoon Chantanavanich, Chief Executive Officer, Ladprao Hospital Plc. or LPH, said "During the past 2 years, private hospitals in Thailand have been a period of expansion in every area, especially in Bangkok. However, at that time, it is seen as a recession period of global economy. As a result, the number of patients, both domestic and international patient, is "reduced". Therefore, it is an opportunity for private hospitals to focus on expanding the business in order to wait for the economy to recover and the number of patients recovering. But when the business is in the process of expansion, the Profit growth rate will be slowed compared to the period when there is no investment, which profit growth rate will be better. Nonetheless, Dr. Angkoon seen this consequence as a short term impact, which is normal for general business. And, the business should realize the "loss" at least 2-3 years or until the business is recovered. It may affect the profit growth rate just in short period but for long term, the hospital will grow as usual or may grow even more from a growing number of customers". Kasikorn Research Center stated that Domestic patients market is highly competitive. So that, Private hospital operators, especially those that rely on the proportion of income from Thai customers and focus

on the middle market, need to use additional strategies to maintain market share such as looking for a new market, especially in the elderly market that has a tendency to increase.

However, the important issue is that most Thai seniors have low purchasing power or a limited income. Therefore, private hospitals that try to expand to the elderly market must consider the ability to pay for medical expenses or purchasing power of this group as well. The target customers of the private hospital business are likely to have moderate purchasing power or have income from 100,000 baht per year or more. (exclude child's support), which is expected that this group of customers still need the convenience, high speed of access to the services at private hospitals but they may choose a private hospital group that has moderate cost of medical expenses.

source: <http://www.bangkokbiznews.com/news/detail/793670>

For the international demand, EIC expects that the number of Chinese tourists is likely to recover positively by the second quarter of 2019. It seems like the impact of the Phuket cruise ship has hit the lowest point in the term of changing rate compared to the previous year in the quarter 4th of 2018. In ad-

dition, the number of Chinese tourists will gradually increase due to government measures to build confidence and promote tourism. As well as referring to the number of Chinese tourists returning to expand by 8 months after subduing the zero-dollar tour in October 2016. In addition, EIC believes that the growth of Chinese tourists in 2019 will be supported by 3 types of Chinese tourists which are freely Independent Traveler: FIT), Chinese tourists with moderate income groups in secondary cities, and medical tourism that are likely to increase.

Even though there is small amount of Chinese patients, but they have high health spending. Nowadays, China is facing a population structure problem in two areas: the proportion of the population aged 60 years and over, which is as high as 17.3% of the entire population. While the birth rate dropped to 3.5% YOY in 2017. Since the Chinese government has announced second child policy in 2016, resulting in the elderly Chinese population and Chinese spouses who want to have second children could become a potential customer for medical tourism in Thailand where is aimed to be the center of medical tourism and ranked 6th from the International Healthcare Research Center in the 2017. Due to the advantage of quality of treatment, services, medical equipment as well as cheaper medical expenses, by comparison, the Tourism Authority of Thailand reported that Thailand, in 2017, serve 66,492 medical tourists,

generating 2.3 billion baht in revenue, and expected medical tourism revenue in 2018 will increase by 13.9% YOY to 2.6 billion baht.

Besides, Thailand target to increase the number of Chinese medical tourists by focusing on 240 million elderly Chinese people with services to treat serious diseases such as vascular disease, bone disease, gastrointestinal and liver diseases, cancer and brain disease. Also targeting over 90 million Chinese couples who want to have a second child by offering IVF service in Thailand with a 60% success rate, which is higher than 30% in China, and service cost in Thailand is cheaper approximately 2-4 thousand baht per head per trip. Additionally, they also target Chinese people who are interested in aging and beauty medicine, which is the highest spending group, averaging 2-7 hundred thousand baht per head per trip. The number of Chinese health-oriented tourists and its revenue are likely to increase in 2019, and the next phase. This is partly due to government promotion measures, both extending length of stay in Thailand, 90 days, for Chinese patients and followers, and promotion of health tourism in five major Chinese cities. Another part comes from the needs of Chinese, who are willing to pay more medical expenses to access standardized services in Thailand, such as the IVF.

source: SCB Economic Intelligence center, In focus

Industry Outlook

The overall of private hospital business is still growing at around 5% -7% per year, although the growth rate of patients from the Middle East will slow down. Likewise, TRIS Rating expects that the private hospital business in Thailand will continue to grow by 5% -7% per year over the next three years. There

are two main factors for growth as follows.

- Increasing number of elderly people
- Increasing demand from neighboring countries which helps to balance the decreasing demand from Middle East countries.

It is expected that the mergers and acquisitions in

the industry will be reduced. Most companies should focus on improving the service quality and increasing the occupancy rate. In addition, the increased treatment costs and a longer lifespan will make health insurance companies play an important role in this industry. As a consequence, the private hospital business will continuously grow in the long term.

However, TRIS Rating has summarized the important points of future trends as follows.

1. Changing customer group

Patients from the Middle East countries are considered to be the main international customers who generally come to get medical services in Thailand

over the past several years. However, since the oil prices have been significantly reduced in 2015, the growth rate of income from those countries has decreased. Based on the total income data of international patients of the Bangkok Hospital Group (BDMS) and Bumrungrad Hospital (BH), it was found that revenue from international patients had a growth rate of only 6% per year during 2016-2017 which decreased from 11% per year during 2013-2015. However, the total revenue of patients from Cambodia, Laos, Myanmar and Vietnam (CLMV) is higher than the total revenue of patients from the Middle East countries since 2016.

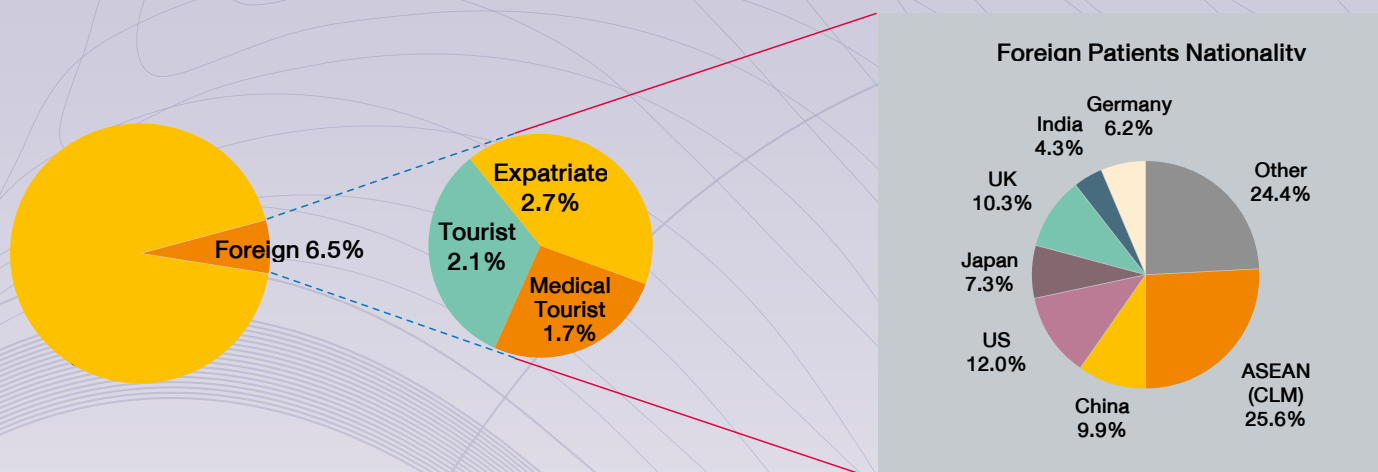


Figure C: Patient structure (2011)*

Krungsri Research

Sources: NSO, MOC, MOPH *Note: Sourced from sn NSO survey in 2011

2. Emphasis on improving service quality

TRIS Rating expects that most players in this market will focus on internal growth. The mergers might continue to exist but its size will not be as large as in the past 10 years. On the other hand, the major players will emphasis on improving service quality and increasing the utilization rate of current available beds. With the limited number of medical professionals, it is difficult to expand business by increasing the number of hospitals. According to the World Health Organization's number in 2015, the number

of doctors and nurses in Thailand accounted for only 0.47 doctors and 2.294 nurses per 1,000 population, respectively. This is a very small proportion when compared to developed countries like the United States, Germany and Singapore. These countries have more than 2 doctors per 1,000 population. Although Thailand currently produces about 3,000 doctors per year, it will take more than 10 years to increase the proportion of doctors to 1 per 1,000 population.

3. Health insurance business will play an important role.

TRIS Rating expects that the health insurance business will play an important role in Thai health-care business. Both Overcrowding in public hospitals and the length of waiting time for services has led moderate to high income net worth chose to get their treatment at private hospitals. However, the high cost of health services, which had projected a 3%-5% increase per year, will encourage the number of people turning to health insurance, which could reduce the financial burden.

Based on the total income of Bangkok Hospital Group and Bumrungrad Hospital, it is found that the proportion of income from insurance companies increased continuously. The revenue from the insurance group of the Bangkok Hospital Group was approximately 23.3% of total service revenue in 2017, which was increased from 15.3% of total service revenue in 2012. While Bumrungrad Hospital earned revenue from insurance group at 13.8% of total service revenue in 2017, increased from 11.9% of total service revenue in 2012.

Business Direction for 2019

สรุปการประเมินภาพทิศทางธุรกิจปี 2562			
กลุ่มธุรกิจ	เครื่องชี้	การเปลี่ยนแปลงเทียบกับปีก่อน (%YoY)	
		ปี 2561	ปี 2562
สุขภาพ	รายได้ธุรกิจโรงพยาบาลเอกชนที่จดทะเบียนในตลาดหลักทรัพย์ฯ	13.0	8.0-10.0
เทคโนโลยี	ค้าปลีกออนไลน์ (กลุ่มสินค้าอุปโภคบริโภค, ไม่รวมบริการ)	20.0	20.0
ก่อสร้าง	การลงทุนก่อสร้างภาครัฐ	3.2	4.5-6.0
ท่องเที่ยว	จำนวนนักท่องเที่ยวต่างชาติที่มาท่องเที่ยวในไทย	6.0	3.0-5.0
ค้าปลีกค้าส่ง	ค้าปลีกสินค้าอุปโภคบริโภคทุกช่องทาง	3.0	3.0-4.0
การเกษตร	ราคาข้าว	17.5	1.7
	ราคายางพารา	-26.9	1.1
	ราคามันสำปะหลัง	71.1	-1.9
	ราคาอ้อย	-17.6	-2.6
สินค้าคงทน	ยอดขายรถยนต์	19.0	-5.0 ถึง -2.0
	การโอนกรรมสิทธิ์ที่อยู่อาศัยในเขตกรุงเทพฯและปริมณฑล	14.1	-3.6

KASIKORN RESEARCH CENTER estimates that in 2019, healthcare business sector are the one of businesses that are likely to grow better than the economy. Because of the current awareness and changing lifestyle, resulting in growing demand of medical products and services such as health food, medical services, both for treatment and prevention, or even the enhancing personality and beauty, Sports activities Fitness business, etc. For this group of businesses that are raised is the private

hospital business, which is considered to have a tendency to grow from business expansion and the increasing medical expenses, since most diseases are getting more complicated. While the demand for medical services tends to increase, especially when Thailand moves into Elderly society completely by 2022 (Population aged 65 years and over, accounted for more than 14% of the total population).

5 Prosperous businesses for 2019



- ✓ Health
- ✓ Technology
- ✓ Construction
- ✓ Tourism
- ✓ Retail-Wholesale

Source: Kasikorn research center, เปิดโพธิ์ธุรกิจรุ่งปี '62

Competition

The Company may face competition with the private hospital located in a radius of 10 kilometers from the Group. The area covers Bangkok in Prawet and Latkrabang, Samutprakarn and Chachoengsao. The hospitals and nursing homes in the areas are as follows:

Hospital in the Group	Nearby Hospitals	Location
Chularat 3 International Hospital	Princ hospital Suvarnabhumi Central Park Hospital Bangna 5 Hospital Ratharin Hospital Paolo Memorial Samutprakarn Meaungsamut Paknam Hospital Samrong Medical Hospital	Samutprakarn Samutprakarn Samutprakarn Samutprakarn Samutprakarn Samutprakarn Samutprakarn
Chularat 9 Airport Hospital	Thai Nakarin Hospital Bangna 1 Hospital Sikarin Hospital	Bangkok Bangkok Bangkok
Chularat 11 International Hospital	Ruamchaipracharak Hospital Bangna 2 Hospital Kasemrad Chachoengsao Hospital Vibharam Amata hospital	Samutprakarn Samutprakarn Chachoengsao Chachoengsao

As there are many private hospitals in the same area, the competition is quite high. However, the Company has an advantage in many areas as follows:

1. Medical personnel of the Group has expertise in a wide range of specific diseases and the Company has specialized medical centers such as:

- Hand and Bone Surgery Center: The Company has expertise in Micro Surgery. The hospitals in the Group are the centers of hand injury care in Samutprakarn and neighboring provinces in the eastern region.

- Integrated heart center can provide a complete service from the initial diagnosis, using stent and balloon to expand the artery to Cardiac surgery,

also this Center is a referral center under the National Health Security Office.

- Neonatal Intensive Care Unit (NICU): Chularat 3 International Hospitals is a referral center for newborns with critical illness under The National Health Security Office.

2. The preparedness for both medical devices and locations: The medical tools and equipment are modern and well equipped. The Availability of patient rooms and beds are sufficient for both outpatient and inpatient. Moreover, the atmosphere of the hospital is beautiful, clean, neat and safe.

3. In the Community which is convenient for users to access.

The current situation of the hospital is compet-

Competitive Strategy

itive in both quality of service and the advance of medical technology. To build competitive advantage and sustainability, the management of the Company has developed and continually revised Strategies as follows:

(1) Having several hospital networks in potential areas

The Company has 9 hospitals and 4 Medical clinic and clinics spreading around Samutprakarn and Chachoengsao and covering the East of Bangkok (Prawet and Lat Krabang), and in 2016, opened 1 hospital in Rayong, in 2018, opened 2 hospitals in Prachin Buri and Chachoengsao province. All hospitals and Medical clinics and clinics located in the industrial zone and communities that are rapidly

expanding and near the Suvarnabhumi International Airport. The Company can provide services to general patients and patients under the government projects effectively. In Addition, the network of the Company results in economies of scale of the following aspects:

- Effective management of medical equipment and supplies from the shared usage of equipment or tools.

- Inventory Management by using a rotation system between the pharmaceutical medicines warehouse in each field for replacement in case of shortages.

- Management of medical personnel, the Company has medical experts that can be circulated to other hospitals in the group effectively.

(2) Distribution of income from a diverse group of clients

The Company has revenues from multiple client segments such as Cash patient customers on contract, patients under compensation fund and patients under government benefit programs. Having multiple sources of income gives the consistency of revenue to the Company, resulting in the management and allocation of resources effectively. However, the policy of the Company continues to focus on increasing revenue from general customers as they provide higher profit margin than the clients under welfare programs. The revenue from general patients was 55 percent in 2016 and 58 percent in 2017 and 63 percent in 2018. The increasing in revenue ratio, in 2017 and 2018, due to building expansion finished since Q1/2016 that effected steadily increasing in both services and revenues. Considering from 2013 to 2017, the revenues from general patients has increased from 1,143 million baht to 2,232.07 million baht, representing the average increase of 20.06 percent per annum. In the future, the Company has general policy to increase the number of patients by increasing the competency of medical services, the elegant and stylish atmosphere after renovation, adding more variety of services, such as providing comprehensive heart center, Stroke Comprehensive Cancer Center, including clinical prostate cancer, etc. In addition, the Company has an aggressive marketing strategy to penetrate markets such as the academic market

through providing a better understanding about the care, and lifestyle factors that reduce risk, including providing discounts to patients who obtain health insurance with the insurance company that is a party to the Company.

(3) Quality of service

Quality of service is one of the key factors of hospital business. The Company has recognized the importance of such factors and could defined as service policies to ensure that patients could receive the quality service as follows:

- Provide convenience and safety standards of services.
- Have effective patient assessment, analysis, diagnosis, treatment plan and reassessment.
- Have appropriate and accurate communication with patients and their families.
- Have appropriate patients-distribution, including after care.

All processes must take into account the safety of the patient under the standard of World Health Organization (WHO) along with the development of patient treatment continuously. The hospitals need to set up reviewing activities from reviewing medical records to reviewing all process related to medical treatment to get the personnel of the Company to be ready to serve their patients fully and effectively and focus on patients' requirement. In addition, the Company also try to educate personnel to have service mind which will help maintain service quality to meet the standards continuously.

In addition, improvement in service quality continuously results in the Company's affiliated hospitals receiving HA Certificate. In 2012 and 2013 Chularat 3 International and Chularat 11 International Hospital, respectively have been certified HA Step 3 (Re-accreditation every 2 year) And in 2014 Chularat 3 International hospital certified JCI (Joint Commission International) from the United State (Re-accreditation every 3 year). Moreover, the Company has updated the progress of technology, tools and medical equipment continuously to enhance its ability to provide accurate diagnosis and treatment more precisely. The Hospital also focuses on recruiting a team of medical specialists in each field, including nurses and support personnel with knowledge and experience so the services can be given 24 hours a day. Hence, the Company also provides training to educate employees on a regular basis, especially to medical staff and employees who have contact with customers, they will be trained constantly.

(4) Setting the rate for medical fee

The Company has the policy to set the medical

fee to be consistent with the severity of the disease, yet at a level that can compete with nearby hospitals; the Company has no policy for price competition because it may impact negatively on the quality of service.

(5) Social Responsibility

The Public relation activities strengthen the image of the Company and create awareness of the capabilities and quality of service to the Company's target customers. The Company uses activities booths and exhibitions in collaboration with government agencies and private sectors continually.

In addition, the Company also recognizes that as a part of the community, the Company has the important role to community and society. Reflecting in the Company's philosophy "The hospital do not only exists for profit, but also the responsibility social and the environment". We can see the philosophy reflects in all social activity that the company work has with government organizations and in-house organized social activities on a regular basis which helps build good relationships with people in the community, such as The Heart Project

going to help patient who access delays, providing the installation of 10 Automatic Defibrillators for local communities to use in case of sudden cardiac arrest patients, providing training for health literacy both within the hospital and outside the hospital to the public and employees of the client company, such as first aid training, child care training to pregnant mothers, mobile community health promotion projects, school tours, Cardiopulmonary resuscitation (CPR) training. Moreover, the Company tries to educate the public to be aware of environmental issues that promote everyone to change their behavior to reduce resource consumption as well as using recycling activities, etc.

(6) Distribution Channel

The hospitals and health care facilities are mostly located in suitable location which is in high population community and closed to industrial areas. The target customers can travel to the hospitals easily and the space allocation in the hospital is neat and ergonomic. In addition, the Company has CALLCENTER 1609 ambulances to transfer patients to other hospitals for emergency in a timely

manner. Moreover, the Company has 3 hospitals in the group and 10 small health care facilities which customers under Social Security Program can access to services from every hospital and clinics in the Group.

(7) Cost Control

The Company gets revenue from Social Security Program by getting paid the flat rate from the Government, so the Company's performance from Social Security Program depends on the ability to control cost, while maintaining the quality of service. The Company determined strategic plan to ensure that patients is safe and the cost of their medication is reasonable. The Company set up "low cost quality assurance" and reviews the activities continually. There are special activities to promote employees to give their comments about how to save cost and increase work efficiency. Having hospital network benefits the Company in using resources efficiently with cost and facilities sharing by using certain tools and medical equipment together.

Procurement of products and services

Medicine and Medical supplies

Products or key materials for hospital business are medicines and medical supplies that use for patient's treatment. Initially, Pharmaceutical Department will gather all information of pharmaceutical and medical quantity needed. Then, The information will be sent to Procurement Department. There are 2 methods of procurement which are purchasing through auction and direct purchasing.

When making procurement through auction, the Company will cooperate with other private to gather the amount of medicines and medical supplies. Therefore, the Company has high amount to purchase which increase bargaining power in price and commercial terms. The Company is acting as a mediator to gather all demands for medicines and supplies, then invite distributors and medical supply tenders to join online auction. Consequently, the Company will find the supplier that offers the most affordable prices and conditions. The contract will be signed with a supplier who won the auction. In order to ensure transparency and fairness in the procurement, the company have to set up a joint committee to evaluate and consider purchasing medicines and medical supplies each time. The Committee members are the representatives of hospitals to join the auction and consider the appropriateness for price, quality standards and Good Manufacturing Practice (GMP), which contributes to the Company the competency to supply medicines and medical supplies at affordable price under quality standards.

However, the Company will purchase some pharmaceutical directly from distributors, not through the auction system, mainly for purchasing medicines and medical equipment with low demand. Because of low demand, Venders do not participate in auction. And for Original Medicines which is an expensive imported medicine, the procurement needs to be done in particular.

The inventory management of hospitals is another important factor that the Company is focusing on. The Company has set up a medicines or medical stock policy for a high frequency used items to be regularly sufficient and also uses rotation system between the pharmaceutical medicines warehouse in each field in case of shortage. The Company has store inventory system to maintain quality by controlling the temperature and humidity at an appropriate level for each medicines or medical equipment, also prevent exposure to direct light for medicines and medical supplies to last as indicated which is between 2-5 years. The Company has good relationship with distributors, therefore the after sales service is good and there is quality assurance of medicines and medical supplies. The distributors allow the Company to return medicines and medical supplies in case of quality problems and expiration.

The Company has prepared a monthly report to monitor the amount of medicines, including the date of expire but still be in good quality and the remain date is still good to use. So that, the meeting would be set up for finding the solution on this

issue. However, by law regulation, the Company needs to set a provision for certain medicines and cannot return but the medicine need to be sent to be destroyed when it reaches its expiration date.

The Company purchases medicines and medical supplies from local vendors that give a delivery within 3 to 7 days, or in urgent cases could be delivered within 24 hours. In general, the company has 30 to 90 days credit term. The Company has low dependency in relying on suppliers because there are no vendor supplies to the Company more than 30 percent of the value of all the medicines and medical supplies. During 2016 to 2018 and the Company is not obligated to purchase the medicines or medical supplier for more than 30 percent of the value of raw materials in the future.

Tools and medical equipment

In the procurement of medical equipment and devices, the Company has established a Medical Commission to consider and approve the purchase of medical equipment, by comparing prices, features, and commercial terms with multiple vendors to get the tools and medical devices with quality and adhere to JCI (Joint Commission International Standard) and HA (Hospital Accreditation Standard). The tools and medical equipment parts is supplied by the Company's subsidiary which is Thai Amdon Company Limited. That imports tools and medical equipment from abroad. The medical device supplied by Thai Amdon Company Limited such as Electric beds, heart rate measuring machine and blood oxygen levels machine, etc.

However, the procurement of medical equipment through a subsidiary has strictly followed the guidelines according to JCI (Joint Commission International Standard) and HA (Hospital Accreditation Standard).

Medical Personnel

As of 31 December 2018 the Company and its subsidiaries had 3,420 medical personnel from all branches. From the past, the Company can recruit medical professionals to work with the Company continually as a result of the management of the Company has a good relationship with medical schools and nurse training school. The Company has policy to maintain medical staff to work with the Company for long period of time by determining appropriate compensation and benefits, providing scholarships to employees, creating good atmosphere and environment in the organization and creating a supportive organizational culture, for instance, senior personnel will provide care and training to personnel who have recently graduated, etc. In addition, the Company also has divisions that provide training to nursing assistants under the operation of Chularat Inter Health, which is responsible for providing nurse assistances to all 13 hospitals and clinics of the group.



Environmental Management

The Company strives to a caring and environmental friendly organization. The overall policy of the Company is to reduce waste and energy use, reduce carbon emissions, do wastewater treatment prior to release it into public water, increase Green areas in the hospital and make a campaign to raise awareness among staff and community to contribute to a sustainable quality of life.

During the month of April every year the Company has organized “Green Hospital” workshops and exhibitions held at Chularat 3 International Hospital to educate the public. The Company raised the

awareness of employees in recognizing the impact of global warming by starting the campaign to afforest in free space in the hospital to reduce energy consumption and reduce greenhouse gas emissions and purify air around the hospital which gives a positive impact in the surrounding community.

Hazardous Waste

The result of the waste disposal of burning in the furnace at 1200 degrees causes the carbon dioxide in the atmosphere. Landfill gives methane gas in the atmosphere, both carbon dioxide and



methane results global warming. The management of the Group aware of these conditions so the policies has been set to control the amount of waste to reduce waste and reduce all kinds of energy consumption, aiming to reduce emissions of carbon dioxide and methane. The management set up workshops to educate all personnel. All projects aim to motivate employees to be aware and change their behaviors that are harmful to environment.

Wastewater Treatment

The hospitals in the Group have sewage system.

To improve water quality to meet the standards of the Department of Health, Ministry of Public Health, before discharge to the public sewer, the treated water quality is monitoring regularly.

Every year, the Company has passed the audit by the Social Security office and meets all conditions to be hospitals under Social Security office. The Company has developed and improved the wastewater treatment to ensure the quality and safety standards have met before released to the public. The treated water will be used to water plants and clean hospitals' parking lots.

The business of the Company may face many risks which might affect the operations and the Company's share price. The following risk factors are just some important risk factors that could negatively affect the Company which could create a risk of investment by investors significantly. The Company may have other risk factors that are not aware of yet and there might be some risk factors that the Company doesn't see importance but might affect the business operations of the Company in the future.

The risk of shortage of medical personnel

Medical services have to rely on qualified healthcare personal in various fields. Currently the number of personnel is limited and the expansion of the medical business required qualified personnel with experience to join the organization. The personnel will take time to develop their knowledge and skills, resulting in the Company might face the shortage of medical personnel in various fields in the future.

However, in the past, the Company did not suffer from a shortage of medical personnel due to the Company appropriate Compensation and benefits policies along with the atmosphere and good hygiene in the workplace. Moreover, the Company has a policy on training and giving scholarships to employees of the Company, this includes the mentioned personnel. The objective is to build skills and build continually learning attitude in various fields resulting in making people become attached to the organization. The Company believes that the policy can help reduce the risk of a

shortage of medical personnel. In addition, the Company also has divisions that provide training nursing assistants under the operation of the Chularat Inter Health to meet the needs of the Company in the meanwhile.

Legal Risk

The medical services are at risk of being sued by patients or relatives of patients. This may be due to the standard of service or treatment does not meet the expectations of all such persons. The Company recognizes the risk factors and has tried to strengthen service standards continuously both for the treatment process and treatment evaluation. The Company has prepared guidelines to evaluate the satisfaction of service along with the risk management of getting customer complaints before being sued in court. This will help limit the impact of such risk factors. There are no cases of prosecution significantly as of 31 December 2018.

The risk of inaccurate withholding delivery when the Revenue Department assessed income tax of medical doctors differs from the approach of the Company

Medical doctors are primarily on providing medical services. The Company has a written agreement "Contracts for the clinical practitioner for practitioner of Art" with medical doctor who take care of patients in the hospital. The purpose of the agreement is to provide medical doctor with the tools and equipment of the Company as clinical medicine for the treatment of patients. The medical doctor will share their earnings to the Company. The medical doctor is not an employee of the Company. The medical doctor will be charged according to the difficulty of the disease and assigned The Company to do billing and collecting payments from patients. The Company will arrange the place and the tools needed for medical treatment.

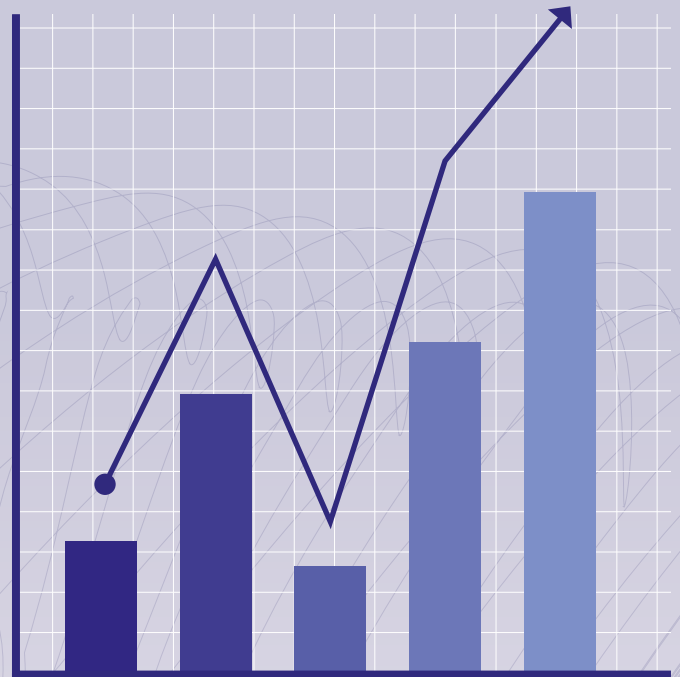
If considered by the Department of Revenue on

agreements between hospitals and medical doctors in the same manner as the Company. Money for the medical treatment received by patients for medical treatment is not the type of professional independent remuneration under The Revenue Code, Section 40 (6). When the Company collects the money on the medical bill or medical personnel fees from patients and repays the money to Medical Doctors, the Company is not required to withhold income tax from the medical doctors.

However, in practice it also has the interpretation of tax legislation in different detail about the kind of money to pay the doctor, so the Company may be liable to income tax withholding and payment. When the Revenue Department understands about Medical Doctors' taxes different from the Company regarding withholding tax, to reduce the impact of risk factors, the Company identified in the Company taxation agreement between the Company and the medical doctors that the contractor is responsible for the costs that may arise from additional tax assessments that may be caused to the Company arising from the withholding tax of the individual medical doctor.

The risk of competition in medical services business

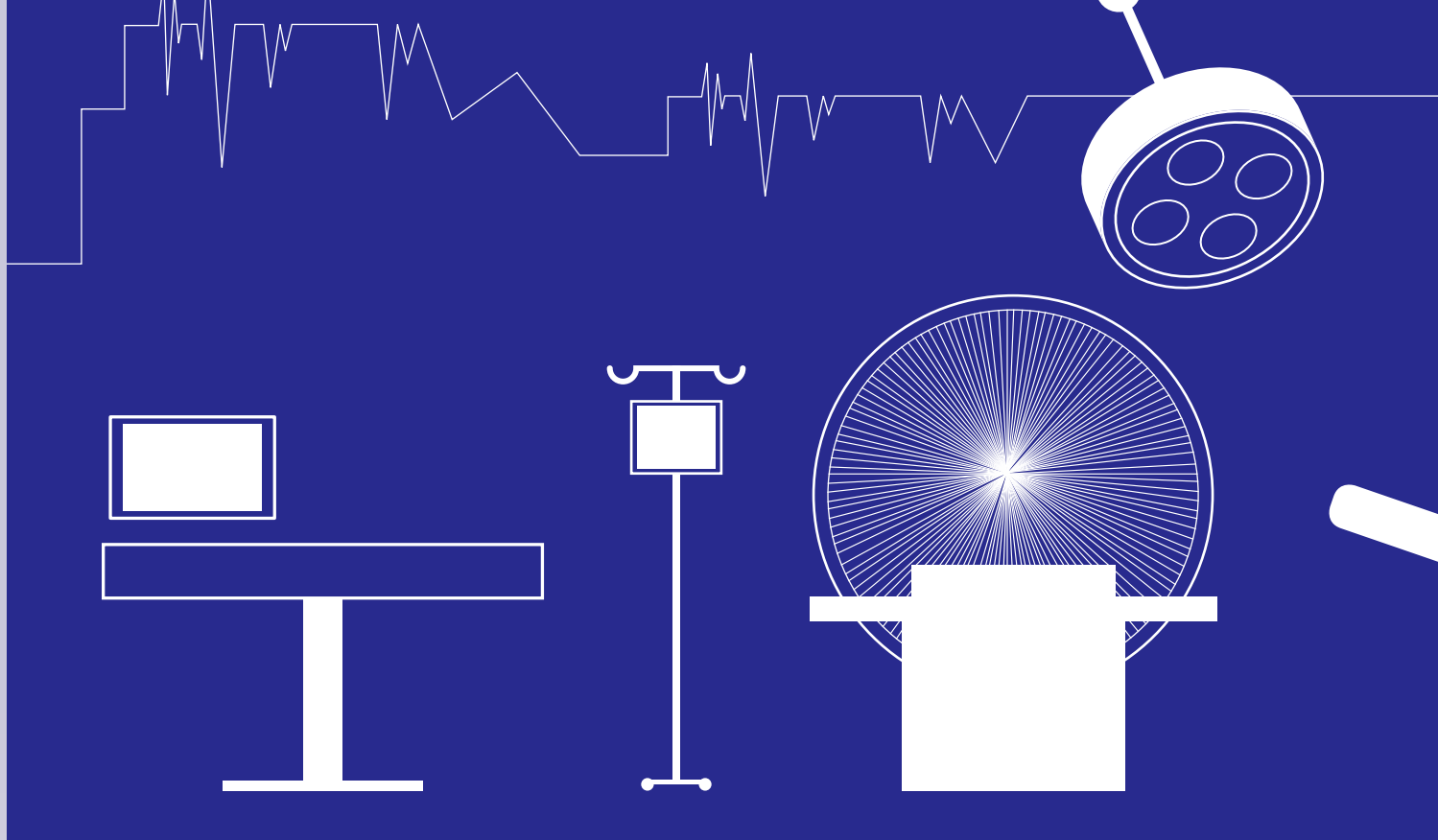
Currently medical services business is likely to have intense competition as the major operators in the market do joint venture arrangement continuously resulting in costs advantages, and their service channels are various. Moreover, new operators are entering into the market gradually causing a scramble for market share from existing operators resulting in awareness of service competition and using pricing policies to attract customers. The impact of the liberalization of trade and services under the terms of the AEC may result new competitors from the ASEAN countries to expand the scope of services to Thailand. These competitive factors may adversely affect the Com-



pany unavoidably.

The Company may face competition with private hospitals located in a radius of about 10 kilometers from the Group. The area covers Bangkok in Prawet and Lat Krabang, Samutprakarn and Chachoengsao with have many hospitals and healthcare facilities in the areas. As a result, the competition is quite high, however, compared with hospitals in the neighborhood is that the Company has a competitive advantage in many aspects. Both the location of hospitals and affiliated clinics, including the Company's specialized medical services that have met all standard.

In addition, the Company is aware of the risk of such competition so it set policies that will improve quality of services. By strengthening the quality of service to meet standard of Hospital Accreditation (HA) and Joint Commission International (JCI) to



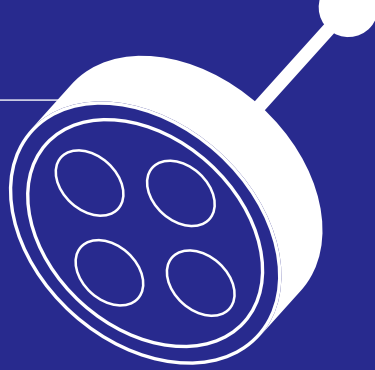
prepare to provide healthcare services to patients both Thai and foreigners. Chularat 3 and Chularat 11 International hospitals respectively certified HA Certificate stage 3, while Chularat 9 Airport hospital has been certified HA certificate stage 2 and is currently in the process of applying for HA Certificate stage 3, respectively. And in 2014 Chularat 3 hospital certified Joint Commission International (JCI) in April 2014. The Company also continues to expand its scope of services to cover more of alternative medicine and beauty services such as the establishment of a comprehensive heart center Comprehensive Cancer Center and clinical prostate cancer. Clinical Chinese Medicine, Laser and Cosmetic Center Chularat - Renoir along with spa services and Thai massage, etc. In terms of cost control to enhance competitiveness, the Company has executed E-Procurement together with other affiliate hospitals which can increase bargaining power with medication suppliers effectively.

Risk in receiving payment of medical fees

Besides patients who use Social security benefit, when general patients come for services, The Company will provide services to patients first according to medical ethic, so that the Company has the risk that may not be able to collect medical bills after the service is complete.

Therefore, the Company notifies the costs incurred to patients from time to time throughout the treatment. And the Company has a receivable management unit to monitor the risk, find prevention guideline along with finding solutions for the Company and patients if problems of paying medical bills occur in order to reduce the risk.

However, considering the quality of a company's receivables in 2018, the Company has main receivables which are Social Security receivable of 612.26 million baht and accounts receivable of 327.20 million baht, which was mainly from the Social Security Office and life insurance and casualty insurance. Those patients have low risk of not paying debt, so the Company has low risk in collecting medical billing.



Risk of Medical technologies change

Private hospitals focus on providing more sophisticated medical services so the specialized medical centers are dependent on modern medical technologies. Presently, medical technology has changed dramatically which may cause some medical devices to become obsolete and have a high cost of maintenance. But the Company has a policy to consider about the function and long run benefits of all high technology medical equipment before the investment.

Risk of change in Social Security Policy

Presently, the Company has a relative proportion of revenue from medical services under the Social Security scheme of around 36.2%, 37.4%, and 31.97% in 2016, 2017, and 2018 respectively. The impact of the change in the Social Security Policy from the government is quite high to The Company. But the Social Security system in Thailand is quite stable in terms of capital disbursement and funds. Also, the direction of changed policies is about adjusting more additional payments to reflect the cost of service and this is a good effect for the hospital. However, The Company closely monitors changes of Social Security policies via a network of private hospitals under the Social Security contract. So, the risk of changing policies can be assessed and The Company can provide critical comments and suggestions before the policies become effective.

Risk of dissociation between Social Security revenue and medical service cost

The Company faces risk when there is no cor-

relation between the payment from the Social Security scheme revenue and the actual cost of medical service. The payment of Social Security is dependent on government policy, number of insured persons in a hospital, statistics from historical data and complexity of the disease which requires special medical service. The Company has a policy to manage the Social Security customers by focusing on efficient cost management and provide knowledge about hygiene, health care and basic illness treatment for clients under the Social Security scheme. Also, distribution of point of care services throughout medical clinics to resolve and care for patients before symptoms become serious.

The Company has a powerful patient referral system that can send patients to hospitals in the group which have access to full and sufficient medical equipment. It is a very fast and safe way of diagnosing and treating patients. As a result, The Company can reduce the risk for critical patients and manage the cost of services by a good network. In addition, the Company has a policy to

increase the proportion of income from the general customers to reduce this risk in the future.

Interest Rates Volatility Risk

The Company has a conservative financial policy, with no emphasis on external financing. By December 31, 2018 The Company will have long-term loans from financial institutions for the use in expansion projects to accommodate the increased number of patients. Therefore, fluctuations of the interest rates may affect the Company's financial costs. However, the Company's proportion of loans is relatively low compared to other listed companies. In addition, the Company provides a policy to consider low-cost loans.

Risk of major shareholders power in management policy

The Plussind Family is a large, major shareholders group in the Company (More details in Section 2, Section 7, Securities and Shareholders). As at the latest book closing date on 23 August 2018, this major group hold shares in the company accounted for 39.16 percent of paid-up capital which is less than 50 percent, thus reducing the above risks. In addition, the company has

organized the management structure which consists of the Board of Directors, Executive Committee, and the Audit Committee. The former two will consist of competent personnel and a selection of 4 people from the 'outside' who have prior knowledge and experience to join the Board of Directors, and the latter will consist of a selection of 3 to 4 people to audit and monitor cross transactions before presenting them to the Board of Directors or at the Annual General Meeting. Furthermore as at the latest book closing date on August 23, 2018, The Plussind family holds shares in The Company around 39.04% of paid up capital that less than 50%.

Risk from future changes in laws and regulations or any standards governing the company

The Company operates under the supervision of the Ministry of Public Health and other related government agencies. The Company must comply with laws governing healthcare, companies and other related laws, including follow and consider any changes in the interpretation of current regulations or the enforcement of new laws or regulations that are likely to be more stringent and may impact company's operations. The enforcement of laws or new regulations, as well as the

price control by the Ministry of Commerce which propose to add a list of drug control products, medical supplies and medical services as a product that must be controlled for the year 2019, according to Act on the Price of Goods and Services BE 2542. Nevertheless, there is no conclusion on this agenda (announced on January 22, 2019).

However, the Company is in compliance with various standards of quality such as JCI (Joint Commission International) and HA (Hospital Accreditation) which requires that a company to operate and follow the standard in order to control the service quality and ensure that it meets the standards of safety and environmental conservation, including monitor the various risks. These may help to lessen the effects of changes to laws regarding health and the environment.



Shareholding structure and management

Value of authorized capital and paid-in capital

On December 31, 2018, the company has an authorized capital of 1,100 million baht, paid-up 1,100 million bahts, and divided into 11,000,000,000 units of common stock with 0.10 baht par value for each. (On April 28,2015)

ผู้ถือหุ้น

On the latest shareholder book closing date on August 23, 2018. Major shareholder list of the company including involving shareholders according to Section 258 of The Securities and Exchange Act B.E. 2535 and shareholders under the same authority have the following details.

Major shareholder list	On the latest shareholder book closing date August 23, 2018	
	Share amount	ratio (percent)
1 Plussind group	4,307,893,700	39.16
1.1 Ratipanichvong group	2,957,960,050	26.89
1.1.1 Ms. Kannikar Plussind*	1,994,750,400	18.13
1.1.2 Mr.Naran Ratipanichvong	775,393,100	7.05
1.1.3 Mr.Tajchai Ratipanichvong	187,816,550	1.71
1.2 Plussind group	1,349,933,650	12.27%
1.2.1 Mr. Kriengsak Plussind*	368,587,850	3.35
1.2.2 Ms. Suwimol Atikij	284,725,300	2.59
1.2.3 Dr. Kumpol Plussind*	253,720,200	2.31
1.2.4 Mr. Polsin Plussind	135,745,250	1.23
1.2.5 Dr. Polsant Plussind	86,300,100	0.78
1.2.6 Ms. Panitra Plussind	338,600	0.00
1.2.7 Ms. Rujee Thongprakob	60,600,450	0.55
1.2.8 Ms. Prayong Yimmak	8,798,400	0.08
1.2.9 Ms. Siriporn Trasee	38,116,900	0.35
1.2.10 Ms. Kollapha Plussind	54,789,600	0.50
1.2.11 Mr. Krid Plussind	57,291,000	0.52

Major shareholder list	On the latest shareholder book closing date August 23, 2018	
	Share amount	ratio (percent)
2 Panyapol group	2,054,345,650	18.68
2.1 Mr. Apirum Panyapol*	1,127,189,050	10.25
2.2 Mrs. Kobkul Panyapol*	927,156,600	8.43
3 ThaiNVDR co.,ltd.	501,831,075	4.56
4 Lady Pattama Leesawatrakul	399,655,300	3.63
5 Mr. Pracha Damrong Suttipong	246,121,700	2.23
6 SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	189,096,512	1.71
5 Mr. Pracha Damrong Suttipong	115,919,050	1.05
7.1 Mr.Yanyong Amornpitakkul*	49,552,150	0.45
7.2 Mr.Samol Amornpitakkul	33,772,400	0.31
7.3 Dr.Tanet Amornpitakkul	18,685,100	0.17
7.4 Ms.Anchalee Amornpitakkul	13,909,400	0.13
8 Pailee group	108,104,550	0.98
7.1 Police major general Sakol Pailee	64,300,000	0.58
7.2 Police general Thawatchai Pailee	26,704,550	0.24
7.3 Ms.Thittayapon Pailee	8,750,000	0.08
7.4 Mr.Sermpol Pailee	8,350,000	0.08
9 Thai life insurance Public Company Limited	105,000,000	0.95
10 Krungsri Long Term Equity Dividend Fund	83,981,400	0.76
11 Other shareholders	3,003,970,113	26.29
Total	11,000,000,000	100.00

Note : * Company director

On the latest shareholder book closing date on August 23, 2018, the 1st shareholder has considered a relationship with 2nd – 11th shareholders as was declared above, and confirmed they are not related person according to The Securities and Exchange Commission's notice serial no. GJ. 17/2551 on determination of the definitions in the declaration on issuing and offering of assets and they are not the shareholders under the same authority or the same group as major shareholder, and no relationship as nominee.

Other asset issued

None

Dividend payment policy

The company has a policy on paying dividend not less than 50 percent of net profit from the company's consolidated financial statement after legal reserve and other reserve has been deducted. Dividend payment may change as of considered appropriate depends on operating result, business growth investment plan, financial status, liquidity, and other necessity in the future. In order to consider annual dividend payment of the company, a consent of shareholder council is required except for interim dividend payment which the company directive committee has the authorization to approve the payment and report to the shareholder council in the next meeting for acknowledgement.

Subsidiary companies of the company have dividend payment policy for no less than 50 percent of net profit from the subsidiary company's consolidated financial statement after legal reserve and other reserve has been deducted. Dividend payment mentioned may change as of considered appropriate depends on operating result, cash flow, business growth investment plan, financial status, terms and conditions in various contracts that the company is legal binder, and future necessities.

Year	2016	2017	2018
Net profit (million baht)	564.29	565.44	633.88
Share amount	11,000,000,000	11,000,000,000	11,000,000,000
Dividend* (Baht per share)	0.036	0.036	0.050
Total dividend paid (million baht)	396.00	396.00	550.00
Dividend paid to net profit ratio *	70%	70%	87%

Note* Calculated from interim dividend and annual dividend paid from operating result of each year

Administrative structure

Board of director

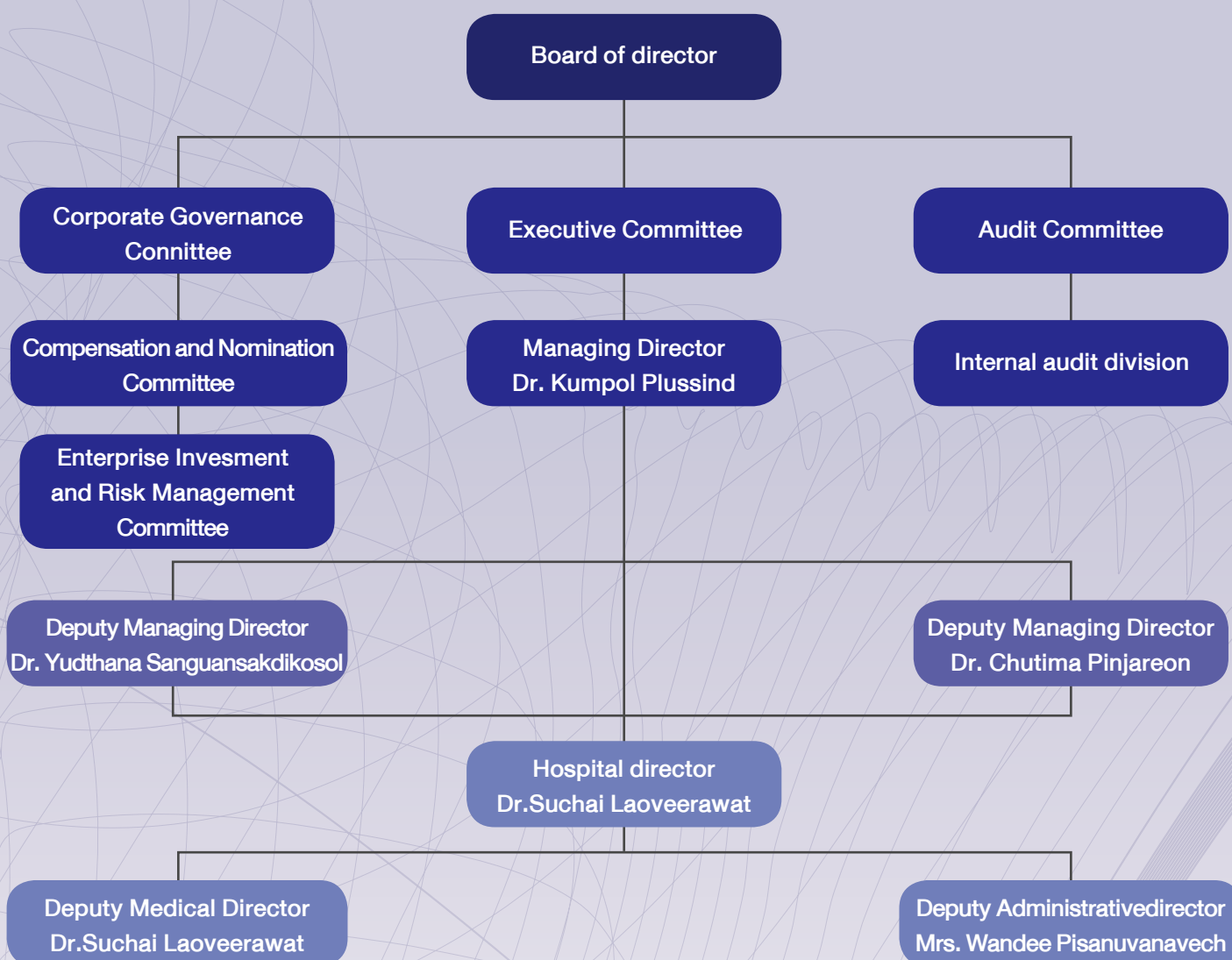
Details on board of director as of December 31, 2018:

Name of director	Position	Board Meeting	Audit Committee	Compensation and Nomination Committee Meeting	Corporate Governance Committee	Corporate Investment and Risk Management Committee
		Number of Attendance / Total of Attendances				
		Year 2018				
1 Mr. Kriengsak Plussind*	President	6/6		1/1		
2 Dr.Kumpol Plussind*	Director and Chief Executive Officer/ Managing	6/6				
3 Mr.Apirum Panyapol*	Director and Chairman of the Investment Committee and Risk Management (appointed 13 December 2018)	6/6				
4 Dr.Wichit Siritattamrong*	Director	4/6				
5 Dr.Suchai Laoveerawat	Director Investment Committee and Risk Management	6/6				1/1
6 Mrs.Kobkul Panyapol	Director	6/6				
7 Mr.Yanyong Amornpitakul	Director Nomination and Remuneration Committee Investment committee and risk management	5/6		2/2		1/1
8 Miss Kannikar Plussind	Director Investment Committee and Risk Management	5/6				1/1

Name of director	Position	Board Meeting	Audit Committee	Compensation and Nomination Committee Meeting	Corporate Governance Committee	Corporate Investment and Risk Management Committee
		Number of Attendance / Total of Attendances				
		Year 2018				
9 Mr. Manit Jeeradit	Chairman of the Audit Committee and Independent Director.Nomination and Remuneration Committee	6/6	5/5	2/2	1/1	2/2
10 Mr. Somyos Yan-ubol	Audit Committee and Independent Director.	6/6	5/5	2/2	1/1	
11 Mr. Chayawat Pisessith	Audit Committee and Independent Director. Nomination and Remuneration Committee Investment committee and risk management	6/6	5/5	2/2	1/1	
12 Associate Professor Dr.Pinit Kullavanijaya	Independent director Chairman of the Nomination and Remuneration Committee	4/6		2/2		1/1
13 Dr.Yudthana Sanguansakdikosol	Deputy Managing Director Chairman of the Investment Committee and Risk Management (Holding the position until December 13,2018)					1/1
14 Dr.Chutima Pinjareon	Deputy Managing Director Investment Committee and Risk Management					1/1

Note: * The Director is authorized to sign on behalf of the Company, Dr. Kumpol Plussind Mr.Kriengsak Plussind Dr.Wichit Siritattamrong and Mr. Apirom Panyapol two directors of the four sign together. And seal of the company

The management structure of the Company as at 31 December 2018.



Sub-Committee

The management structure of the Company consists of 6 major committees i.e.

- 1.) The Board of Directors
- 2.) The Management Board
- 3.) The Audit Committee
- 4.) The Compensation and Nomination Committee,
- 5.) Corporate Governance Committee, and
- 6.) Corporate Investment and Risk Management Committee.

The Board of Directors and management comprise of individuals qualified under Section 68 of the Public Companies Act 1992 and the related Notification of the Capital Market Supervisory Board. The stated committees have duties and responsibilities as follows:

1. The Board of Directors

The Board of Directors as of 31 December 2018 comprises of 12 directors as follows

Name	Position
1. Mr.Kriengsak Plussind	Chairman
2. Dr.Kumpol Plussind	Director and Chief Executive Officer / Managing Director
3.Mr. Apirum Panyapol	Director
4. Dr.Wichit Siritattamrong	Director
5. Dr.Suchai Laoveerawat	Director
6. Mrs.Kobkul Panyapol	Director
7. Mr.Yanyong Amornpitakkul	Director
8. Ms.Kannikar Plussind	Director
9. Mr.Manit Jeeradit	Audit Committee and Independent Director
10.Mr.Somyos Yan-ubol	Audit Committee and Independent Director
11.Mr.Chayawat Pisessith	Audit Committee and Independent Director
12.Asst Prof Dr.Pinit Kullavanijaya	Independent Director

Mrs.Wandee Pisanuvanavech Company Secretary and the Secretary of the Board of Directors.

Authorized Director

The Authorized Directors comprise of Mr. Kriengsak Plussind, Dr. Kumpol Plussind, Dr.Wichit Siritattamrong and Mr. Apirum Panyapol. Two out of four can co-signs with the affixation of the company's seal.

Duties and responsibilities of the Board of Directors

According to the resolution of the Extraordinary General Meeting of Shareholders No. 2/2004 on 25 June 2004.

1. Arrange Annual General Meeting of shareholders to be within 4 months after the end of the accounting period of the company.
2. Arrange a meeting of the Board of Directors at least once every 3 months.
3. Arrange a balance sheet and income statement of the Company as at the end of the accounting period of the company which the auditor already audited and present to the shareholders for approval.
4. The Board of Directors may authorize a director or any other person or persons to operate any duty of the Board of Directors under the control of the Board of Directors or may delegate authority to such persons as the Board of Directors deems appropriate and within the Board's discretion. The Board of Directors may revoke or amend the power of attorney or the person receiving it when appropriate.

The Board of Directors may authorize the executives to have the authority to perform various tasks which the scope of the authorization of the executive. The authority shall not authorize the executive to be able to consider and approve transactions made with the Board of Directors or individuals that may have a conflict of interest or conflict of any other benefits for the company or its subsidiaries, unless the approval is in accordance with the policies and guidelines that the Board of Directors already approved.

5. Set goals, framework, policies, plans and budgets of the Company and monitor, control, oversee and manage the operations of the Management Board to be in accordance with the policies that have been assigned. Except the following matters that the Board of Directors needs to get approval from shareholders before implementing such a matter determined by law that it needs to be approved in a meeting of shareholders, e.g. recapitalization, reducing capital, issuing debentures, sale or transfer all or a substantial part of the Company to any other person, the purchase or acquisition of another company and the amendment or regulations, etc.

Moreover, the Board of Directors also has the duties to oversee the company to be in compliance with the Laws relating to the Securities and Exchange such as the related transaction and the purchase or sale of significant assets under the rules of the Stock Exchange of Thailand or laws relating to the Company's business.

6. Consider the structures of management and appointment of the Board of Directors and other committees as appropriate.

7. Track performance according to plan and budget consistently.

8. Not engage in any business which has the same nature and in competition with the business of the Company or be a partner in a partnership with unlimited liability in a limited partnership or a director of a private company or any other company operating business which has the same nature of the Company and in competition with the business of the Company, whether doing it for own benefit or for the benefit of others, unless stated to the shareholders prior to their appointment.

9. Notify the Company immediately if there is any interest, direct or indirect, in a contract made by the Company or hold increase or decrease shares or other securities in the Company or its affiliates.

Term of office

At the first ordinary meeting after the registration of the company and at the first ordinary meeting in every subsequent year, one-third of the directors, or, if their number is not a multiple of three, then the number nearest to one-third will have to retire from office.

2. Executive Committee

As of 31 December 2018 the Company has 4 executives as follows:

Name	Position
1. Dr. Kumpol Plussind	Director and Chief Executive Officer / Managing Director
2. Dr. Yudthana Sanguansakdikosol	Deputy Managing Director and Chularat 9 Airport Hospital Director
3. Dr. Chutima Pinjaroen	Deputy Managing Director and Chularat 11 International Hospital Director
4. Dr. Suchai Laoveerawat	Chularat 3 Hospital Director and Deputy Medical Director

Mrs.Wandee Pisanuvanavech Secretary of the Executive Committee

Duties and responsibilities of the Board

According to the resolution of the Shareholder's Meeting No. 1/2004 on 27 August 2004.

1. Operate and manage business and affairs of the Company according to objectives, Articles of Association, policies, rules, regulations, orders and resolutions of the Board of Directors and/or resolutions of the shareholders of the Company in all respects.

2. Set policies, directions, business strategies, financial plan, budget, human resource management, Information technology investment, and public relations activities to present to the Board of Directors for approval.

3. Appoint and supervise the operation of the working group appointed to meet the policies and the set goals.

4. Consider the allocation of the annual budget proposed by the management before present to the Board of Directors for consideration and approval.

5. Approve Capital Expenditure payment in an amount not to exceed 5 million baht for each transaction.

6. Approve spending in major investments that have been defined in the annual budget as assigned by the Board of Directors or has been already approved in principle.

7. Approve loans Acquisition, financing or any loan application in an amount not to exceed 5 million baht for each item.

8. Consider the profit and loss statements, dividend or interim dividend proposals to present to the Board of Directors for approval.

9. Define organizational structure, corporate management, including appointing, hiring, assigning, transferring, setting wages, setting commissions, setting bonuses of employees and management level that is non-executive and termination.

10. Authorize a director or any other person or persons to operate any duty under the control of the Management Board or may delegate authority to such persons as the Management Board deems appro-

priate and within the Board's discretion. The Management Board may revoke or amend the power of attorney or the person receiving it when appropriate.

11. Perform any other duties according to the Board of Directors from time to time.

The power of the Management Board shall not include the right to approve transaction that may have a conflict of interest or any transaction that the Management Board may gain interest in any other manner or inconsistent with the Company or its subsidiaries under the laws of the Stock Exchange of Thailand. The approval of such transactions must be presented to the Board of Directors and/or shareholders' meeting to approve the transaction according to the regulations of the company or relevant laws.

Other than what mentioned above, the Management Board is not permitted, unless it has been assigned by the Board of Directors from time to time.

Term of Office

The term of Executive Directors is 3 years; the Executive Director who retires by rotation may be re-elected to the position again.

Audit Committee

As of 31 December 2018, there are 3 audit committee members as follows:

Name	Position
1. Mr. Manit Jeeradit	Chairman of Audit Committee and Independent
2. Mr. Somyos Yan-ubol	Audit Committee and Independent Director
3. Mr. Chayawat Pisessith	Audit Committee and Independent Director
Mrs. Jirawassa Rojanapradit Secretary to the Audit Committee.	

Duties and responsibilities of the Audit Committee

According to the resolution of Board of Directors' Meeting No. 3/2012 on 20 July 2012

1. Review financial report of the Company to be accurate and adequate.
2. Ensure that the Company has a system of internal control and internal audit which are appropriate and effective and consider the independence of the internal audit as well as approve the appointment, transfer and dismissal of the head of internal audit or any other agency responsible for internal audit.
3. Review the company to be in compliance with the laws regarding the Securities and Exchange, regulations of the Stock Exchange of Thailand or laws relating to the business of the Company.
4. Nominate individuals to serve as independent auditors of the Company and propose the remuneration of the auditor and attending meetings with the auditors without management in attendance at least 1 time per year.

5. Consider related transactions that may have conflict of interest in accordance with the laws and regulations of the Stock Exchange of Thailand to ensure that they are reasonable and beneficial to the company.

6. Prepare a report of the Audit Committee to be disclosed in the annual report of the Company. Such report must be signed by the Chairman of the Audit Committee and must contain at least the following.

- Comments about the accuracy, completeness and reliability of the financial reports of the Company.
- Comments on the adequacy of internal controls of the Company.
- Comments on the compliance with the Laws regarding the Securities and Exchange or the laws relating to the business of the Company.
- Comment on the appropriateness of the auditor.
- Comment on the transactions that may have conflict of interests.
- The number of meetings of the Audit Committee and the attendance of each Audit Committee Member.
- Comments or overall remarks that the Audit Committee received from performing its duties under the Charter.
- Any other reports that shareholders and investors should be aware of under the scope of duties and responsibilities assigned by the Board of Directors.

7. Perform any other duties assigned by the Board of Directors with the approval of the Audit Committee.

Term of Office

The Audit Committee shall hold their position in the office for a term of three years and the Audit Committee may be appointed for the next term as the Board of Directors' approval.

4. The Compensation and Nomination Committee

As of 31 December 2018, there are 5 Compensation and Nomination Committee members as follows:

Name	Position
1. Associate Professor Dr.Pinit Kullavanijaya	Chairman of Compensation and Nomination Committee
2. Mr.Yanyong Amornpitakkul	Compensation and Nomination Committee
3. Mr. Manit Jeeradit	Compensation and Nomination Committee
4. Mr. Chayawat Pisessith	Compensation and Nomination Committee
5. Mr. Somyos Yan-ubol	Compensation and Nomination Committee
Mrs.Wandee Pisanuvanavech Secretary of the Compensation and Nomination Committee	

Duties and responsibilities of the Compensation and Nomination Committee

According to the resolution of Board of Directors' Meeting No. 3/2016 on 11 May 2016

1. Suggest structure, size and parts of company's committee and sub-committee including determine

standards or policies for considering nominated person to be selected as committee and sub-committee according to defined structure, size and parts of company's committee and sub-committee.

2. Consider nominated person to be selected as managing director and directors and present to board of directors meeting and/ or shareholder meeting.

3. Suggest policy and process of remuneration settlement for both financial and nonfinancial compensation for committee and sub-committee and managing director consistent with company's operating result including compare with companies in the same industry and present to board of directors meeting and/ or shareholder meeting for approval.

4. Suggest criteria of performance assessment to committees for committees' capable assessment.

5. Assess company's operating result for settlement of salary structure, bonus and other remuneration by consider parallel with companies in the same industry

6. Other duties according to Board of Directors' assignment.

Term of Office

The Compensation and Nomination Committee shall hold their position in the office for a term of three years and the Compensation and Nomination Committee may be appointed for the next term as the Board of Directors' approval.

5. The Corporate Governance Committee

As of 31 December 2018, there are 4 Corporate Governance Committee members as follows:

Name	Position
1. Mr.Kriengsak Plussind	Chairman of Corporate Governance Committee
2. Mr. Manit Jeeradit	Corporate Governance Committee
3. Mr. Chayawat Pisessith	Corporate Governance Committee
4. Mr. Somyos Yan-ubol	Corporate Governance Committee
Mrs.Wandee Pisanuvanavech	Secretary of the Corporate Governance Committee

Duties and responsibilities of the Corporate Governance Committee

According to the resolution of Board of Directors' Meeting No. 3/2016 on 11 May 2016

1. Determine and review corporate governance policy in suitable practice for the Company and present to board of directors as well as monitoring the company's operation to be in accordance with good corporate governance.

2. Suggest board of directors regarding to corporate governance.

3. Review corporate governance principle, business ethics, employee ethics, significant regulations, and up-to-date working process to be suitable for company's business and in accordance with the Stock Exchange of Thailand's practice, Securities and Exchange Commission of Thailand's practice and other related laws to the Company's business.

4. Report the practice in accordance with good corporate governance to board of directors and determine appropriated practice in accordance with good corporate governance in Annual Registration Statement (form 56-1) and annual report.

5. Other duties according to Board of Directors' assignment.

Term of Office

The Corporate Governance Committee shall hold their position in the office for a term of three years and the Corporate Governance Committee may be appointed for the next term as the Board of Directors' approval.

6. The Corporate Investment and Risk Management Committee

As of 31 December 2018, there are 6 Corporate Investment and Risk Management Committee members as follows:

Name	Position
1. Dr. Apirum Panyapol	Chairman of Corporate Investment and Risk Management Committee
2. Ms. Kannikar Plussind	Corporate Investment and Risk Management Committee
3. Dr. Chutima Pinjaroen	Corporate Investment and Risk Management Committee
4. Dr. Suchai Laoveerawat	Corporate Investment and Risk Management Committee
5. Mr.Yanyong Amornpitakkul	Corporate Investment and Risk Management Committee
6. Mr. Somyos Yan-ubol	Corporate Investment and Risk Management Committee

Mrs.Wandee Pisanuvanavech Secretary of the Corporate Investment and Risk Management Committee

(Dr. Yuthana Sanguansak Kosol holding the position of Chairman of the Board until 13 December 2018)

Duties and responsibilities of the Corporate Investment and Risk Management Committee

1. Determine strategies, goals, policies, investment plan and policies of risk management plan from investment.

2. Consider and scrutinize structure, appropriations and possibilities of investment which presented by administrative team including consider and scrutinize capital budget, corporate expansion plan, merger and acquisition plan provided by the Company and subsidiaries including do-

mestic investment and foreign investment and present board of directors for approval.

3. Consider company's financial position and assess capability in investment.

4. Investigate, monitor and assess projects which are approved for investing and acknowledge investment result to board of directors including determine appropriate control for reducing investment risk.

5. Assess contingent risk and possibility to effect the Company for both internal and external risk.

6. Determine policy for risk management for the Company's appropriate practice.

7. Review and develop policy or measure for risk management to be more continuously effective by assessing and monitoring risk management procedure according to regularly determined.

8. Report occurred risk and suggestion for risk reduction to the audit committees and board of directors.

9. Other duties according to Board of Directors' assignment.

Term of Office

The Corporate Investment and Risk Management Committee shall hold their position in the office for a term of three years and the Corporate Investment and Risk Management Committee may be appointed for the next term as the Board of Directors' approval.

As at December 31, 2018, the Company's executive 6 members.

Name of director	Position	Board Meeting attended / Number of all meeting over a year
		Year 2018
Dr.Kumpol Plussind*	Chairman of Executive Committee and Chief Executive Officer /Managing Director	24/24
Dr.Yudthana Sanguansakdikosol	Deputy Managing Director and Director of Chularat 9 Airport hospital	24/24
Dr.Chutima Pinjareon	Deputy Managing Director and Director of Chularat 11 International hospital	24/24
Dr.Suchai Laoveerawat	Director of Chularat 3 International hospital and Deputy Medical director	24/24
Mrs.Wandee Pisanuvanavech	Deputy Administrative director	24/24
Mr. Prakong Wichakanodom	Accounting manager	24/24

Payment Approval Authority

Managing Director has maximum limit of authorization in approval of acquisition of fixed assets or projects which is not over than 2 million baht per one of acquisition. If acquired amount is over 2 million baht but not over than 5 million baht, the acquisition has to be approved by board meeting and the mentioned acquisition has to be in the investment budget which approved by The company's board of director.

Company secretary

The company's board of director made a resolution for Mrs.Wandee Pisanuvanavech to take a position of the company secretary, effect from November 30, 2012 by the resolution of the board of director meeting no. 7/2012 dated November 30, 2012 and was bestowed a scope of authority and responsibility as follows : Give initial consult to directors involving actions that comply with the law, rules, regulations, and principles of the company and keep monitoring for a regular basis for correct practice. Take a responsibility on disclosure of data and information records in line of duty in agreement with rules and regulation of the stock exchange of Thailand and Securities and Exchange Commission (SEC). Compile and keep following documents;

1. The registration log on committee.
2. Meeting invitation for the board of director and the board of director meeting report.
3. Meeting invitation for shareholders and shareholders' meeting report.
4. The company's annual report.
5. Report to stakeholders of directors and administrative members.

Compensation for directors and administrative members

Compensation in cash

The company is considered reasonable compensation to the Board of Directors. It is proposed that the shareholders' meeting to approve the remuneration to the Board of Directors. Which is in the form of bonuses and meeting remuneration and Audit Committee Which is paid in the form of meeting remuneration. The amount paid will be compared with the remuneration of a similar size and in the same industry in Thailand. The Executive Committee has no remuneration.

Executive Compensation in the form of salary and bonuses. And, depending on their responsibilities. The performance of each executive with the performance of the company.

Details of Directors' remuneration for the year 2018 which was approved by the AGM. The Company disclosed the amount disclosed individually and compensation for those executives as follows.

Compensation for directors

Compensation for directors consists of meeting allowance which was paid based on number of the meeting joined, as follows; (unit: baht)

Name list	Position	Compensation for director in 2018					
		Board director	Audit committee	Corporate Governance Committee	Compensation and Nomination Committee	Risk Management and Investment Committee	Total
1. Mr. Kongsak Pichai	Chairman and Chairman of the Corporate Governance Committee	110,000		20,000			130,000
2. Dr. Kongsak Pichai	Director, Chief Executive Officer and Managing Director	120,000					120,000
3. Mr. Apichart Pichai	Director	120,000					120,000
4. Dr. Wichai Sornthum	Director	80,000					80,000
5. Dr. Jiraporn Sornthum	Director, Director of Children's Hospital, Director of the Risk Management and Investment Committee	120,000			10,000		130,000
6. Mr. Kongsak Pichai	Director	120,000					120,000
7. Mr. Yanyong Ananpradit	Director and Director of the Compensation and Nomination Committee	120,000					120,000
8. Mr. Kongsak Pichai	Director and Director of the Risk Management and Investment Committee	120,000			10,000		130,000
9. Mr. Manat Jiraporn	Director, Independent Director and Head of Audit Committee and Director of the Corporate Governance Committee and Director of the Compensation and Nomination Committee	120,000	110,000				230,000
10. Mr. Sornthum Yanyong	Director, Independent Director and Audit Committee and Director of the Corporate Governance Committee, Director of the Compensation and Nomination Committee, Director of the Risk Management and Investment Committee	120,000		10,000	10,000		140,000
11. Mr. Chayaporn Pichai	Director, Independent Director and Audit Committee, Director of the Corporate Governance Committee, Director of the Compensation and Nomination Committee	120,000	100,000				220,000
12. Associate Professor Dr. Pail Pichai	Chairman and Independent Director						
13. Dr. Wichai Sornthum	Director, Director of Children's Hospital, Director of the Risk Management and Investment Committee	120,000			10,000		130,000
14. Dr. Chayaporn Pichai	Director, Director of Children's Hospital, Director of the Risk Management and Investment Committee	120,000					120,000
Total		1,480,000	310,000	50,000	60,000	20,000	1,820,000

Note: * In 2018, there was no payment to committee who acted as Compensation and Nomination Committee, Corporate Governance Committee and Enterprise Investment and Risk Management Committee.

Administrative member's compensation

In 2018 the company paid a compensation that included salary and bonus to five members of administrative personnel for the total amount of 12.46 million baht, moreover, the company paid them a compensation consisted of Doctor Fee to 4 members of administrative personnel for the total amount of 20.79 million baht.

Note: Accounting manager was excluded from five members of administration team in 2018 because the manager position is not at the same level as the forth administrative member.

Other compensation

Other compensation for directors

The Company does not pay compensation to directors and in addition, the Audit Committee and as disclosed in the table above. The remuneration of other executive directors. The company does not pay.

Other compensation for administrative personnel

Provident fund

The company provided a provident fund for administrative personnel by associate into a salary at 3 percent of the salary, in which, in 2018 the company paid provident fund allowance for five members of administration team, with total amount 0.09 million baht.

Moreover, the company has a policy on paying other compensations for Executives which are company car, company mobile phones, including expense related to company car and mobile phone, e.g. petro bills and monthly bills, for example.

Personnel

The company has total 3,420 employees, in 2018 the company paid a compensation to employees with an overall amount of 656.33 million baht. Compensations consist of salary, overtime wages, living expense subsidy, bonus, special subvention, social security, and provident fund allowance etc. Furthermore, subsidiary companies pay their compensations to their employees with the same criteria as the parent company with total amount 611.19 million baht.

Amount of medical personnel, supporting staff, and compensation

On December 31, 2018	Chularat hospital Public Co., Ltd.	Convenience hospital Co., Ltd.	Bangpakong Vejjakij Co., Ltd	Cholvaej hospital Co.,Ltd.	Sattayabutr International Co., Ltd.	Chularat arkanay hospital Company Limited	Ruampat Chachoengsao Hospital Company Limited	Thai Amdon Co., Ltd.	Total
Residency doctor	57	35	28	2	8	13	3	-	146
Overtime doctor	214	114	63	37	71	58	46	-	603
Nurse	625	373	292	53	94	95	61	-	1,593
Pharmacist	31	15	12	1	3	3	3	-	68
Radiological technologists	18	5	2	1	1	1	-	-	28
Medical technologists	16	10	11	2	3	3	3	-	48
Other employees	772	290	310	56	115	95	44	1	1,683
Total (individuals)	1,733	842	718	157	295	268	160	1	4,169
Employee's compensation (million baht's)	656.33	258.59	202.98	37.18	64.91	40.14	6.31	1.08	1,267.52

The company has increased the number of doctors and staff to expand the service area. At the project Include projects Chularat 3 hospital project service area Chularat 9 Airport hospital and project building of Cholvaej hospital which completed in 2016 and to be completed in 2017. In 2016 Sattayabutr International Company Limited was completely transferred to Chularat Hospital Group (under the trade name of "Chularat Ruampat Rayong")

Detail on the company's directors and controlling persons of the Company as of 31 December 2018 are as follow

Director's Information	Name	Company	Subsidiary Companies										Related Companies					
			Guangdong Vigabali	Chulabulakorn	Thair Aviation	Chulabulakorn	Chulabulakorn	Chulabulakorn	Chulabulakorn	Chulabulakorn	Chulabulakorn	Chulabulakorn	Related Companies	Related Companies	Related Companies	Related Companies	Related Companies	Related Companies
1	Mr. Kiataram Phrasit	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
2	Mr. Kiataram Phrasit	/CM	/CM	/CM	/CM	/CM	/CM	/CM	/CM	/CM	/CM	/CM	/CM	/CM	/CM	/CM	/CM	/CM
3	Mr. Agron Pongp	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
4	Dr. Wichai Sittasarn	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
5	Dr. Suddh Laksam	/P/P	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
6	Mr. Suddh Pongp	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
7	Mr. Tansing Anantapong	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
8	Mr. Kanchan Phrasit	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
9	Mr. Mee Suddh	/AC	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
10	Mr. Chongrat Phrasit	/AC	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
11	Mr. Suddh Yachai	/AC	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
12	Dr. Suddh Suddh	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
13	Dr. Tachan Suddh	/P/P	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
14	Dr. Chongrat Phrasit	/P/P	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
15	Wachir Prasertwong	/P	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
16	Prasert Wachirwong	/P	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/

Note: X is Chairman, C is Chief Executive Director, AC is Audit Committee, / is Director, /P is Managing Director, /P is Executive Director, /P is Managing Director



Corporate Governance Policies

The Company's policy is to follow the Code of Best Practice to reinforce transparency and be beneficial to the business operations of the Company, resulting in causing confidence of shareholders, investors and all parties concerned. The Board of Directors therefore has established a policy and principles of corporate governance. The Board of Directors initiated, participated in the preparation and approval of policies which are the guidelines of good corporate governance as set by the Securities and Exchange of Thailand. The principles of corporate governance of the Company as follows:

The Rights of Shareholders

The Company acknowledges the importance of all shareholders' rights, including major and minority shareholders. Shareholders' rights include basic as investors and as owners of the Company, such as rights to buy, sell, transfer their shares; right to receive dividends from the Company; rights in shareholders' meetings; right to receive comprehensive, sufficient and timely news and information through easily accessible channels; rights to express their opinions; rights to participate in making decisions on important issues, such as election of election of direction, approval of important transactions that affect the direction of the business and operation of the Company, amendment of memorandum of association and articles of association of the Company.

In 2015, the Company has implemented the following to encourage and facilitate the exercise of shareholders' rights in the annual general meeting of shareholders:

1. The Company gives shareholders the right to propose important and appropriate issues for incorporation as an agenda in the Company's annual general meeting of shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be considered for the position of the Company's director in advance before the annual general meeting of shareholders. Shareholders can find details of the criteria and guidelines on the Company's website.

2. The Company sends invitation letters to shareholders in advance to inform them of the meeting agendas which include opinion of the Board of Directors on each agenda item, together with supporting documents and information sufficient to facilitate shareholders in making their decisions. In marking their decisions. In addition, the invitation letter package includes details of required documents in order to protect shareholders' rights to attend the shareholders' meeting, together with

their rights to vote. Moreover, the invitation letter to the shareholders' meeting is disclosed on the Company's website. For annual general meeting of shareholders, the invitation letter is posted on the website 30 days prior to the meeting date in 2015.

3. The company offers all forms of remuneration paid to directors are paid an attendance fee. The rate paid attendance fee per meeting and the number of times a year by the Board of Directors to the Board, shareholders have seen the value of the premiums paid. The criteria determining the bonus/reward annual turnover of the total amount not exceeding the amount offered per year during the office. In order to the shareholders to approve the agenda and remuneration annually. In 2016 the Company's will improve the disclosure of compensation in case of its not paid, specify the time that such remuneration and other benefits. The company has no policy to pay directors.

4. For those shareholders unable to attend the meeting, these shareholders have the right to authorize a person or an independent director as their proxy to attend the meeting and vote on their behalf, using one of the proxy forms sent with the invitation letter. Moreover, shareholders can download the proxy form from the Company's website.

5. The Company implements the barcode system for registration and the voting process, including the use of voting cards. This helps accelerate and ensure the accuracy of the registration and vote counting process. In addition, shareholders are able to register after the meeting has started to exercise their rights to vote on agendas that have not been voted. Upon completion of the meeting, shareholders are able to verify the details.

6. Before going into each agenda, the Chairman of the Board of Directors, Who acts as chairman of the meeting, assigns the Company Secretary to inform the meeting of the voting process for each agenda. During the meeting, the chairman of the meeting gives all shareholders the opportunity to comment, ask question or give opinions and suggestions on any agenda item. The Chairman and management see the importance of every question and give precise and clear answers.

7. The Company Secretary records minutes of the shareholders' meetings which are correct and complete, with details on voting results of each agenda. In addition, the minutes are sent to the Stock Exchange of Thailand and posted on the Company's website within 14 days after the meeting date, so that shareholders are promptly informed and are able to verify.

The Equitable Treatment of Shareholders

The Company is strongly committed to equitable treatment of every shareholder, whether they are major or minority shareholders, institutional investors or foreign shareholders, and created various mechanisms, such as:

1. The Company provides a channel for minority shareholders to propose issues deemed important and appropriate to include in the agenda of the Company's annual general meeting of shareholders and to nominate candidates with appropriate knowledge, abilities and qualifications to be con-

sidered for the position of the Company's director. The announcement has been made through the Stock Exchange of Thailand and the Company's website. Independent directors will consider and propose the matter to the Board of Directors to be included in the meeting agenda as appropriate.

2. For shareholders who are unable to attend the shareholders' meeting, the Company provides proxy forms which allow shareholders to specify their vote on each agenda. The proxy forms, which are in accordance with the format provided by the

ministry of Commerce, are sent with the invitation letter. As an alternative for shareholders, the Company also propose one independent director as the proxy.

3. The shareholders' meetings proceed according to the order of the agenda, without adding new and uninformed agenda, in order to give the opportunity to shareholders to study the information on the given agenda before making decision. Moreover, there are no change to the important in the shareholders' meeting.

4. The Company sees the importance of the consideration on transactions which may have conflict of interest or may be connected or related transactions, and abides by good corporate gov-

ernance principles, including rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. For these transactions, directors, management and those who are related persons do not participate in the consideration to approve such transactions.

5. The Company provides oversight and control to prevent improper use of inside information. Details can be found in section: Internal Control and risk management. In addition, directors and management of the Company must report the purchase or sale of the Company's securities to the Securities and Exchange Commission and the Company within three business days.

The Role of Stakeholders

The Company recognizes its responsibilities towards each stakeholder, for sustainable mutual benefits which will lead to stability of the business operations. The Company intends to interact with each party fairly. The important stakeholders of the Company are as follows:

1. Shareholders: In addition to the basic rights, rights in accordance with the laws and the Company's articles of association, such as rights to check number of shares, rights to receive share certificates, right to attend and vote in shareholders' meetings, rights to express opinions independently at shareholders' meetings, and rights to receive fair returns, the Company also provides equal and timely information to all shareholders, and gives all shareholders the right to suggest and express their opinions independently on the Company's business and operations in shareholders' meetings, as the Company's owners.

2. Customers/Patients: The Company provides patient care in an ethical manner, and at the best possible quality, taking into consideration patient safety, patients' satisfaction and efficiency

in providing its services. The hospital's Medical Ethics Committee protects patients' rights. In addition, the Company has a department to take customer complaints and to monitor and continuously improve the quality of the care provided to all patients, taking into consideration patients' needs and suggestions. In addition the Company has measured the level of satisfaction of the client / patient. To the hospital The objective is to develop and improve the system and quality of service.

3. Employees: The Company believes that its employees are valuable resources and therefore gives all employees equal opportunity in their employment. The Company has the policy to provide employees with appropriate compensation in short term and long term plans also payroll system by Human Resource Department and appoints a welfare committee to oversee the well-being and safety of its employees. The Company also provides an individual development plan (IDP) for each employee for more motivation, as well as continuous education and regular training programs to develop and reinforce employees' knowledge,

abilities and skills in all areas including operations, management and technical expertise, in order for employees to fulfill their jobs more effectively also getting higher level by assigning professional employees to be trained at least 25 hour per employee per year. The company works with The Thailand Nursing and Midwifery Council to provide training course for professional nurses and this course can be collected as annually professional development hours as well. For supporting employees, have to be trained for knowledge development at least 18 hours per employee per year. Training plan for knowledge development is provided every year and covers every employee in the company. Furthermore, the Company holds Town Hall Meetings to provide opportunities for employees to voice their opinions or complain directly to management, implements an Innovation Program where employees are able propose suggestions to improve work process and services, and has an employees' recognition program to increase employees' morale to present an innovation exhibition that is held once a year to ensure that employees feel proud and exchange learning. The Company has policy about caring employees' health and safety. Before working with the Company, all applicants have to attend to Medical and Immunity check-up program and have to get necessary vaccines including every employee has to attend to annual medical check-up program divided by age and risk and then department of occupation medical check-up and human resource department will take check-up result to form into group for employees who are in risk group of non-contact chronic disease for example diabetes or high blood pressure etc. and then lead employees in this group to learn about risk, effect and introduce how to reduce risk and monitor these employees including perform reassessment procedure until they are in normal stage or controllable stage. In addition, the Company also has

policy which determines every employee to receive annual influenza vaccine for reducing risk of plague. For reducing risk of occupational accident, the Company found department of Occupational Health Safety and Environment to provide plans or policies for risk reduction from harmfulness and keep a monthly closed monitor by Safety and Environment Committees including present operational result every 3 months and 6 months, successively review as annual plan, and acknowledged policies and operational results by Board of Directors meeting (policy of occupational safety and health is one of important policies of HA: Hospital Accreditation and JCI: Joint Commission International Standard). The Company believes that work efficiency is a result of employees' loyalty to the Company, and is therefore committed to continuously build and assess the employees' engagement with the Company, in order to improve its human resources management.

4. Suppliers/Contractors: The Company has a purchasing policy that is fair to all parties concerned. In addition, the Company abides by the terms and conditions of agreements and contracts with all suppliers and contractors and ensures timely payment to all suppliers and contractors.

5. Creditors: The Company is committed to giving information with accuracy and transparency to creditors, abides by loan agreements and loan covenants, and ensures timely payments. The Company believes that good relationships with creditors, including building credibility and trust, are a responsibility of the Company towards its creditors.

6. Competitors: The Company competes with competitors within the rules and regulations, and treats competitors fairly and with integrity. The Company focuses on competition in the area of quality and efficiency of service for the best benefit of customers and patients.

7. Community: The Company has delegated

to the agencies responsible for the CSR (Corporate Social Responsibility) to oversee and guide the project to the society. Both at the corporate level

and the staff to be very effective. Description CSR activities. Can learn more on the topic of social responsibility.

Disclosure and Transparency

The Company realizes the importance of disclosing information which is significant for shareholders and investors in making their decisions. The Company has a policy to disclose information which is transparent, complete, reliable and timely, through various channels which are easily accessible, in order for shareholders and investors to conveniently obtain the disclosures. The Company also ensures it abides by the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Information disclosed to the public includes both financial and non-financial information, such as financial statements, management discussions and analysis, the report of the accountability of the Board of Directors to the Company's financial reports, the report of the Audit Committee, connected transactions, structure, duties and responsibilities of the Board of Directors and committees, including statistics on meeting attendance, and corporate governance reports.

The Company has many channels to communicate with shareholders and investors. These include those stipulated by rules and

regulations, such as the 56-1 filing form, annual reports, the website of the Stock Exchange of Thailand, and other communication channels, such as the Company's website in the Investor Relations section, which are consistently updated, in both Thai and English, quarterly analyst meetings (34 times in 2016, 30 times in 2017, and 21 times in 2018), road shows and investor conferences, both in Thailand and overseas, including Singapore and Hong Kong and Malaysia and Japan (6 times in 2016, 5 times in 2017, and 4 times in 2018) and investor meetings and conference calls (24 times in 2016, 20 times in 2017, and 30 times in 2018). In addition, the Company holds press conferences to update important events of the Company, in order to disseminate information to the public. Furthermore, the Company has Company Secretary Department and Investor Relations Department to facilitate interested investors and shareholders. Information can be requested by phone at 02-033-2900 to 3304, 3325 by e-mail at ir@chularat.com, companysecretary@chularat.com or through the Company's website, www.chularat.com.

Details of the Board of Directors' Shareholding Chulalongkorn Hospital Public Company Limited as at December 31, 2018:

Name of Director	Position	Holding of Securities on closing date Register on begin and end of the year (share)		Changed Increase (decrease)
		Nov. 23, 2017	Aug. 23, 2018	
1 Mr.Kriengsak Plussind*	Chairman	368,587,850	368,587,850	-
2 Dr. Kumpol Plussind*	CEO/MD.	253,720,200	253,720,200	-
3 Mr.Apirum Panyapol*	Director	1,127,189,050	1,127,189,050	-
4 Dr.Wichit Siritattamrong*	Director	6,208,800	6,208,800	-
5 Dr.Suchai Laoveerawat	Director	13,459,500	11,859,500	(1,600,000)
6 Mrs.Kobkul Panyapol	Director	932,656,600	927,156,600	(5,500,000)
7 Mr.Yanyong Amornpitakkul	Director	49,552,150	49,552,150	-
8 Ms.Kannikar Plussind	Director	1,994,750,400	1,994,750,400	-
9 Mr.Manit Jeeradit	Chairman of Audit Committee and Independent Director	700,000	700,000	-
10 Mr.Somyos Yan-ubol	Audit Committee and Independent Director	-	-	-
11 Mr.Chayawat Pisessith	Audit Committee and Independent Director	-	-	-
12 Asst Prof Dr.Pinit Kullavanijaya	Independent Director	-	-	-

Remark: * the Board of Director to authority the Company's

Dr.Kumpol Plussind, Mr.Kriengsak Plussind, Dr.Wichit Siritattamrong and Mr.Apirum Panyapol 2 of 4 hands down together with Company's seal.

Responsibilities of the Board of Directors

1. Structure of the Board of Directors

The Board of Directors is comprised of qualified directors with extensive experience in various fields. Every director participates in setting the Company's vision mission, strategies, goals, business plans, budgets, good corporate governance policy, including assessing result for reviewing, reforming or developing Company's vision mission, strategies, goals, business plans and budgets to better way every year. The Board of Directors also ensures that the plans are carried out efficiently and effectively by the management, to ensure the maximization of the Company's value and stability to shareholders. The Board of Directors meets 2 months to review the management's report on the Company's operations.

As at 31 December 2018, there are 12 directors, as follows:

1. Non-executive directors: 10 non-executive directors, which are Mr.Kriengsak Plussind, Mr.Apirum Panyapol, Dr.wichit Siritattamrong, Ms.Kannikar Plussind, Mrs.Kobkul Panyapol, Mr.yanyong Amornpitakkul. Mr.Manit Jeeradit, Mr.Somyos Yan-ubol, Mr. Chayawat Pisessith and Associate Professor Dr. Pinit Kullavanijaya.

2. Executive directors: 2 executive directors, including Dr.Kumpol Plussind, Dr.Suchai Lawveerawat

3. Independent directors: Four independent directors who possess the qualifications as stipulated by the Securities and Exchange Commission, comprising Mr.Manit Jeeradit, Mr.Somyos Yan-ubol, Mr.Chayawat Pisessith, Associate Professor Dr.Pinit Kullavanijaya

At present, the 4 independent directors account for 33.3% of total Board of Directors and more than one-third of the Board of Directors, and will be in accordance with the Securities and Exchange Act (No.4) B.E. 2551.

Separation for companies define the roles and responsibilities of the Board of Directors and senior management clearly. The Board of Directors is responsible for policy and oversight of the operations of the executive in policy. Served as executive management of the company in the future. According to the policy. Thus, the Chairman and the President is not the same person is not the Chairman of the executive committee. And is not involved in the management of the company. The senior management of the company will be tasked with the responsibility of implementing the business plan and policies are defined. And control costs and investments by the Board approves the annual budget.

In 2018, Chairman of Executive Board including all directors provided the meeting of non-management directors and there was no administrative team attended to the meeting for brainstorming to develop the Company in all directions.

Directorship in other listed companies: Company allows directors and executive officers of the Company to act as directors of other companies, including companies that are listed on the Stock Exchange of Thailand. Unlimited number of companies not over 5 companies in addition to allocated time to each company has must not serve as a director in the neighborhood, or are in competition with the

business of the company. And such positions must be approved by the Board of Directors.

Company Secretary: The Board of Directors has appointed Mrs. Wandee Pisanuvanavech Company Secretary. In order to oversee and manage the meetings of the Board of Directors and Committee subcommittees. The Shareholders' Meeting Including the preparation of the board of directors, minutes of the meeting, Annual report, and documents required by the law. Also giving an advice about the rules to the Board of Directors and the management on matters relating to the companies listed on the Stock Exchange of Thailand, Coordinating and supervising activities of the Board of Directors to comply with the Board resolutions and good corporate governance of the company.

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

The Board of Directors has responsibilities towards all shareholders, both major and minority shareholders, in ensuring that the Company conducts its business and implement corporate governance practices in accordance with its objectives and policies for the highest benefit of shareholders, with care and integrity, under business ethical value, taking into account the interests of all stakeholder and under law and the articles of association of the Company. For convenience in closely monitoring the operations, board of director assign groups of committee for monitoring the operations.

1. Policy for Corporate Governance. The Company has established a written corporate governance policy, which initiated by the committee. The Board of Directors has arranged the Good Corporate Governance Committee and the Compliance Unit to regularly review policies and compliance with such policies and assign committees to monitor the Company's operation.

2. Business Ethics. The Company has set up a policy with a manual on the ethics of the Board of Directors, the management, and staff for the relevant parties to adhere to as a guideline for performing their duties in accordance with the Company's mission with integrity and fairness, both for the company and all stakeholders, Public and society and encouraging the establishment of a system to monitor the implementation of such guidelines regularly.

3. Conflict of Interest. The Company set policy of conflict of interest by setting the Board of Directors' mindset that every member of the Board of Directors has to decide to do business based on maximize benefit of the Company only and to prevent any problem related to conflict of interest, member of the Board of Directors has to inform the Company in case of relationship or connection in conflict of interest and has not to attend to consideration process nor approve in that related transaction. The Board of Directors consider transactions which may have conflict of interest or which may be related party transactions with caution, fairness and transparency, and strictly follows the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, with pricing and other conditions on an arms-length basis. Details of the transactions, including amount, contracting party, and reasons for entering into the transactions are disclosed in financial statements, the annual reports, and the 56-1 filing.

4. Internal control and internal audit systems. Internal control and internal audit systems, the company has given importance to internal control and internal audit system by establishing an internal audit unit with the primary objective to support and develop effective internal control of the organization, in order to minimize operation risk and maximize quality of working system and operation and to ensure quality of the work process and operations. Emphasis is on effectiveness and effi-

ciency, appropriateness of expenses and costs, and operations which are in accordance with the policy and/or requirement of the management.

To ensure the independence of the internal audit unit and the balance of power, the internal audit unit reports directly to the Audit Committee.

5. Risk Management. In 2016, the Company established the Corporate Investment and Risk Management Committee to review procedure of risk assessment and review adequacy of internal controls including reform or modify operation process to be more effective.

6. Report of the Audit Committee. Audit Committee reviews financial report by meeting with the Company's Accounting and Finance Department and External Auditor and quarterly present financial report to the Board of Directors who have responsibilities to consolidated financial report of the Company including the information system which relates to financial report. Financial report has to prepare in accordance with Thai Financial Reporting Standards and Thai Accounting Standards and has to be audited by external auditor including expression of important financial and nonfinancial information completely and commonly.

3. Board of Directors' Meeting

It is the duty of every director to attend Board of Directors' meeting regularly, in order to acknowledge and make decision relating to the operations of the Company. The Board of Directors holds six regular meetings every year (held quarterly), of which the schedule is set in advance for the entire year, and may have held special meetings as deemed necessary, to consider an urgent priority. All Directors' must account for attendance of at least 75% in 2015 has six regular meetings. Details of the meeting attendance of each director are in the table in Section: Remuneration of Directors, Committees and Management.

For each meeting, the Company's committees have to attend to the meeting not less than 2 from 3 (67%) of all company's committees to be constituted quo-

rum and in every agenda of financial report approval, the Chairman of the Audit Committee and at least one of the Audit Committee member have to attend to the meeting to be constituted quorum and agendas are clearly set in advance by the Chairman of Board together with the Managing Director. Moreover, each director is given opportunities to propose issues as agendas. The company secretary prepares and distributes invitation letters, agendas, and other supporting documents to the Board of Directors at least seven days in advance in order to allow directors sufficient time to research and study the information prior to the meeting.

Normally, each meeting lasts two hours. For the consideration of each agenda, the Chairman of the meeting allocates sufficient time for management to present adequate details on the agenda and for directors to discuss the matter carefully, and gives directors the opportunity to express their opinions in the meeting independently. The majority vote is the passing resolution for each agenda, where one director has no vote. In case any director has a personal conflict of interest, such director will leave the meeting and/or does not vote on that particular matter. If the voting result is equal, the Chairman of the meeting casts the deciding vote. In addition, senior management are invited to attend Board of Directors' meetings to provide useful and important information, and to directly obtain business strategies from the Board of Directors to be implement in the Company's operations.

Upon completion of each meeting, the Company Secretary is responsible for document and distributing minutes for adoption at the next Board of Directors' meeting. Directors are able to comment, amend and make additions so that the minutes are as accurate as possible. The Company Secretary keeps the adopted minutes, which are signed by the Chairman of the Board of Directors, both in the form of hard copies and electronic files, along with supporting documents available for directors' and relevant persons' verification and reference.

4. The evaluation of the Boards' and individually

The performance evaluation of the Board of Directors, Chairman and President

Performance	2016	2017	2018
1. Board of Directors	99.00%	99.76%	96.06%
2.Chairman	94.00%	97.00%	100.00%
3.Managing Director	99.00%	99.77%	97.50%
4. The Corporate Governance Committee	NA	98.95%	95.83%
5. The Compensation and Nomination Committee	NA	96.00%	89.00%
6. The Corporate Investment and Risk Management Committee	NA	92.85%	86.16%
7. Executive committee	NA	NA	96.02%
6. Audit committee	NA	NA	95.24%

Criteria for Evaluation of the Board and Individual

Performance evaluation of the Board of Directors, Chairman and President provide assessment once a year the evaluation forms include topics in assessment obligations and responsibilities of the Board of Directors, Chairman and President and present to the Board at the next meeting.

The scoring is divided into 4 levels.

1 = poor 2 = fair 3 = good 4 = excellent

The criteria for evaluation

1. Score up to 90% is Excellent
2. Score up to 80% - 90% is Good
3. Score up to 70% - 80% is Fair
4. Score lower than 70% is Poor

The assessment evaluated as below

Assessor	Assessment			
	Board of Directors	Chairman	Managing Director	Sub-Committee
1 Board of Directors	✓	-	✓	-
2. Chairman	✓	✓	✓	-
3. Sub-Committee	-	-	-	✓

✓ : pass the evaluation

5. Development for committees and senior management level.

The Board of Directors set policy of supporting the training to the Committees who relate to the Corporate Governance which consist of all committees including senior management level for continually developing in operation by providing annual development plan by person, and Providing information and lectures about the business of the company, including other information related to directors, executives who took position in the company for the first time. In case of changing committees and senior management level, the Company will provide the orientation for new

committee or senior management level for introducing and suggesting the Company's business way including introducing significant information and encourage continually effective operation in area of good corporate governance.

In addition, the company regularly supports various directors and executive development programs such as training and seminars which are organized by the Thai Institute of Directors Association, The Stock Exchange of Thailand, and the Office of the Securities and Exchange Commission. The company director has passed the training course for being a director from the Thai Institute of Directors Association as follows.

รายชื่อกรรมการ	หลักสูตร										
	Director Accreditation Program (DAP)	Director Certification Program (DCP)	Ethical Leadership Program (ELP)	Audit Committee Program (ACP)	Advanced Audit Committee Program (AACP)	Director Certification Program (DCP)	Director Accreditation Program (DAP)	Ethical Leadership Program (ELP)	Role of the Chairman Program (RCP)	Company Secretary Program (DSP)	Company Reporting Program (DCP)
Mr. Kriengsak Plussind	✓										
Dr. Kumpol Plussind	✓										
Mr. Apirum Panyapol	✓										
Dr. Wicit Siritattamong	✓										
Dr. Suchai Laoveerawat	✓										
Mrs. Kobkul Panyapol	✓										
Mr. Yanyong Amornpita- kkul	✓										
Miss. Kannikar Plussind	✓										
Mr. Manit Jeeradit	✓	✓		✓							
Mr.Chayawat Pisessith	✓			✓					✓		
Mr. Somyos Yan-ubol	✓		✓	✓	✓				✓		
Dr. Pinit Kullavanijaya	✓										
Dr. Yudthana Sanguansakdikosol											
Dr. Chutima Pincharean											
Mrs. Wandee Pitsanuvanavech						✓	✓			✓	✓

Nomination and appointment of directors and senior management levels

Independent Directors

When the Independent Committee completed their term or there is necessarily reason to appoint an independent director, The Company's Board of Directors will discuss together to identify individuals with the appropriate knowledge and experience to benefit the company and have the below minimum criteria then present to the Board of Directors or shareholders' meeting to approve according to the Articles of Association.

The Company has a policy to appoint independent directors not less than 1 in 3 of all directors and independent directors has to be at least three persons, the Company determined the qualification of independent directors in accordance with the requirements of the Capital Market Supervisory Board . The independent directors of the Company have all qualifications as follows:

1. Hold shares not exceeding one per cent of the shares with voting rights of the Company, parent company, subsidiary, affiliate or juristic person who may have a conflict, including the shares held by related persons of the Audit Committee as well.

2. Never is or was an executive director, employee, staff, advisor who receives salary or controlling person of the Company, its subsidiaries, parent company, subsidiary, affiliate, subsidiary of same level or juristic person who may have a conflict unless it is clear from the manner for not less than 2 years before the date of filing an application to the SEC on or before the date of appointment to the Audit Committee.

3. Not a person with a blood relationship or the legal registration as a parent, spouse, sibling, children, children's spouse of executives, major shareholders, Controlling person or persons to be nominated as executive or controlling person of the Company or its subsidiaries (if any).

4. Have not or never had a business relationship with the Company, its subsidiaries, affiliates or juristic person who may have a conflict, in a manner that could interfere with their independent judgment and not being or having been a major shareholder, non-independent directors or management of those who have a business relationship with the Company, parent company, subsidiaries, affiliates or juristic person who may have a conflict. Unless it is clear from the manner for not less than 2 years before the date of filing an application to the SEC on or before the date of appointment to the Audit Committee. However, the mentioned relationship and normal transactions of business such as property's rental or lease or transactions relating to services or assets, giving or receiving financial aid by receiving or lending, guaranteeing, lending assets as collateral or any other similar activities, resulting in the Company or partner have obligations to pay to the other party from 3 percent of the net tangible assets of the Company, or from 20 million baht or more, depending on whichever is the lower. However, the value of the transaction should be calculated according to the regulations of the Capital Market Supervisory Board relating transaction regulations. To consider such debt, the total debt incurred during the year before the business relationship with the same person has to be calculated.

5. Never is or was an auditor of the Company, its subsidiaries, affiliates or juristic person who may have a conflict and not as a major shareholder, director what not independent director, executive or managing partner of the audit firm of parent company, subsidiary, affiliate or juristic person who may have conflicts, unless it is clear from the manner for not less than 2 years before the date of filing an application to the SEC on or before the date of appoint-

ment to the Audit Committee.

6. Never is or was a professional service provider whose serving includes legal counsel or financial advisor which has been paid more than 2 million baht per year from the company, parent company, subsidiary, affiliate or juristic person who may have conflicts of interest. However, in the case of the professional service provider is a juristic person, it shall not be a major shareholder, non-independent director, executive or managing partner of the professional service provider unless it is clear from the manner for not less than 2 years before the date of filing an application to the SEC on or before the date of appointment to the Audit Committee.

7. Not being a director appointed as representative of the directors of the Company, major shareholders or shareholders who are related to the major shareholders of the Company.

8. Have no business that operates with the same nature and in competition to the business of the Company's contractor or its subsidiaries or not be a significant partner in the partnership or an executive director, employee, staff, advisor who receives a

regular salary or holds more than one percent of the total shares with voting rights of another company that operates business which has the same nature and in competition to the business of the Company's contractor or its subsidiaries.

9. Having not any other way that makes it impossible to comment freely about the operations of the Company.

10. Not being a director appointed by the Board to make decisions to conduct the affairs of the Company, its subsidiaries, parent company, subsidiary, affiliate, subsidiary at same level or juristic person who may have a conflict.

11. Not being a director of the parent company, subsidiary or subsidiaries of the same order; only listed companies.

The independent directors will review and approve their independent qualification at least 1 time per year and will inform their qualification with the Director's information at the end of year for the preparation of the annual statement and annual reports of the Company.

Audit Committee

The Audit Committee was appointed by the Board of Directors. Every Audit Committee must be independent and have independent qualification according to the Notification of the Securities and Exchange Commission and the corporate governance of the Company. The Audit Committee consists of at least three independent directors and audit committee of at least one person must have accounting knowledge and/or financial knowledge to inspect and supervise the operations of the

Company, including corporate financial reporting, internal control system, auditor's selection and consideration of conflicts of interest. The term of office of the Audit Committee is three years. In the case of necessity or justification, the Board of Directors may nominate independent directors to hold office for more than 9 consecutive years.กขส The Company will consider the basic qualifications and the selection criteria under Section 68 of the

Directors and senior management level

Public Companies Act 1992 and the Notification of the Securities and Exchange Commission in accordance with the relevant law, including the consideration of other factors, such as the combination of knowledge experience relevant to the business, and having benefit to the business operations of the Company. The term of office of the Directors is three years. In the case of necessity or justification, the Board of Directors may nominate independent directors to hold office for more than 9 consecutive years.

The criteria and procedures are as follows:

1. The Board of Directors of the Company has duties to comply with laws and regulations, the Company's objectives, and Articles of Associations, and the resolutions of the general meeting of shareholders.

2. The Board of Directors consists of not less than 5 Directors and not less than one-half of the directors must reside in the Kingdom of Thailand. The Directors shall have the qualifications prescribed by law.

3. Board of Directors must be independent directors not less than 1 in 3 of all directors. And there are at least three independent directors who must hold not less than one percent of the total issued and paid-up share capital of the Company and related companies, including shares held by related parties.

4. In each Annual General Meeting, one-third of Directors must retire from office. If the number cannot be divided into three parts, the number nearest to one-third must retire. The directors to retire in the first and second years following the registration of the company shall be defined by random drawing. The later years, the directors who are in office the longest shall retire, however, the directors to retire by rotation may be re-elected.

5. Before the annual general meeting of shareholders of each year, the company would allow shareholders to nominate individuals to the position of director

who will retire by rotation. The committee will compile a list of nominators for consideration by the relevant rules and regulations and selection of the appropriate nominators to present for the shareholders approval.

6. The Meeting of shareholders will appoint directors by a majority vote and pursuant to:

- A Shareholder has one vote per one share.

- The selection of Directors, the shareholders may cast their vote individually one at a time or several people together as a group as the meeting of the shareholders may deem appropriate. But each shareholder needs to cast all their votes to one nominator, their votes cannot be split to different nominators or groups of nominators.

- Directors should be elected by majority vote. If there is a tie, the chairman of the meeting will cast the final vote.

7. In case of vacancy for reasons other than retirement by rotation, the Nomination and Selection Committee shall nominate an individual qualified and not disqualified under the laws regarding public company limited and the Securities and Exchange Act to be appointed at the next Board of Directors' Meeting. The resolution of the Board of Directors shall consist of not less than three-fourths vote of the remaining directors, unless the term of the remaining directors are less than two months. The person who has been appointed for replacement will be in the same remaining term of the director whom he replaces.

8. The shareholders' meeting may resolve to remove any director from office before the expiration of their term by the votes of not less than three-fourths of the shareholders that present and vote in the meeting. And the shares of the shareholders are amounting to not less than one-half of the shares held by the shareholders present at the meeting and entitled to vote.

The executive recruitment

On recruiting for the position. Managing Director or Chief Executive Officer, the Executive Committee will be the primary consideration. In screening candidates with the required qualifications. Knowledge, skills and experience to benefit the operations of the company and understand the business of the company as well and can be administered to achieve the goals set forth by the Board of Directors and then present to the Compensation and Nomination Committee for consideration and present to the Board for approval. In 2016, the Company nominated the Compensation and Nomination Committee for considering and reviewing process of recruitment including determine Directors and senior management levels' remuneration for both short term and long term and provide principles for assessment as well.

Corporate Governance of subsidiaries and associates

In the past, the nomination and voting to appoint directors for the Company's subsidiaries and associates has been arranged by the management. From 2014, the company set the regulation for nomination and voting that the Board of Directors shall approve the nomination and the voting. The persons appointed to be directors of subsidiaries and associates shall perform for the optimum benefits of the subsidiaries and associates (not for the Company). And the Company has defined that the persons shall be allowed by the Board of Directors before casting any vote that is in the same level of the matter that needs to be approved by the Board of Directors. However, the nomination for directors in subsidiaries and associates has to be according to the shareholding proportion of the Company.

Also in the case of a subsidiary, Companies require a person who is appointed to represent the company

must ensure that companies comply with the law, the Securities and Exchange Commission in connection with its subsidiaries, provides complete and accurate. Including the need for a regulatory filing. And accounts of the subsidiary companies to check. And collected in the consolidated financial statements with deadlines.

Control of Internal Information

The Company has policies and procedures to handle directors or executives who use the inside information of the company which cannot be disclosed to the public for personal gain, including securities trading as follows:

1. The Company educates directors and executives about the duty to report their security holding and also the holding of their spouse and minor children to the Securities and Exchange Commission regarding Section 59 and penalty under Section 275 of the Securities Exchange Act of 1992.

2. The Company assigns directors and executives to have a duty to report any changes in their security holding to the Securities and Exchange Commission under Section 59 of the Securities and Exchange Act 1992 within next 3 working days from the date of the transaction, and send copies of this report to the Company in the same day that report is sent to the Securities and Exchange Commission.

3. The Company determines that directors, executives and related practitioners who get important inside information which affects the stock price shall suspend the trading of the Company's stock for a period of at least one month before the financial statements or internal information is disclosed to the public and at least 24 hours after disclosure to the public. This also includes prohibiting the disclosure of the information to others

The Company imposes disciplinary action if

there is a violation of inside information used for their own benefits, starting from written warning, pay cut, temporary suspension without paid or

termination, however, the punishment shall be determined by the intent of the action and the seriousness of the offense.

Remuneration of the Auditor

1. Audit fee

The Company and its subsidiaries has engaged EY Office Company Limited to audit the financial

statements of each company and consolidated financial statements of the Group. The audit fee for 2018 is totaling 1.57 million baht.

2. Non audit fee

None

Compliance with the principles of good governance in other matters

Summary table of attendance of Directors on the Board of Directors in 2018

Name of Director (No. of Attendance/No. of Meetings)	Audit Committee	The Executive Board	Shareholder Meeting (AGM)	Compensation and Nomination Committee	Corporate Governance Committee	Corporate Investment and Risk Management Committee
Mr.Manit Jeeradit	5/5		1/1	2/2	1/1	
Mr.Somyos Yan-ubol	5/5		1/1	2/2	1/1	1/1
Mr.Chayawat Pisessith	5/5		1/1	2/2	1/1	
Dr.Kumpol Plussind		24/24	1/1			
Dr.Yudthana Sanguansakdikosol		24/24	1/1			1/1
Dr.Chutima Pinchareon		24/24	1/1			1/1
Dr.Suchai Laoveerawat		24/24	1/1			1/1
Mrs.Wandee Pisanuvanavech		24/24	1/1	2/2	1/1	1/1
Mrs.Prakong Wijakkanodom		24/24	1/1			

The company is aware of the roles, duties and responsibilities of good corporate governance. We set a policy of conducting business alongside the principles of social responsibility that covers all aspects, based on the guidelines of the Stock Exchange of Thailand. There are 8 elements which is encouraged to be a compass, leading to sustainability and guide everyone in the company to realize through the company's core value with the word "iCare" which consists of the meaning in each letter as follows:

I	International Patient Safety Integrity Innovation
C	Care Change
A	Accountability
R	Respect
E	Engagement Education Environment

Ethical Business Conduct

The Company recognizes the importance of engaging with fairness in all aspects. All processes in the Company are transparent and verifiable. The Company limits approval authority for purchasing by a level of position to reduce fraudulent risks. Also, it provides the policy on free competition and establishes an agreement in order to ensure fairness to all parties in the business through appropriate contracts. Finally, the Company has a process to evaluate customer satisfaction and the quality of products and services to maximize benefits for our customers such as:

- **Free competition**

The company has set guidelines in the procurement

process to be transparent. With a method of recruiting fair partners such as drug and pharmaceutical auction. Opportunity for medical device companies to offer standardized tools that what I need and have a comparison partner

- **The business contracts**

The company has assigned the legal department to prepare business contracts such as service agreements, lease agreements, purchase and sale agreements to create fairness and transparency for partners including guaranteeing the quality of products and services that the company has selected to conduct business to build confidence with customers and prevent unfairness that may occur to the company for the maximize profit of shareholders.

- **Non-infringement of intellectual property**

The company has determined that the purchase of computer program licenses, images, various font formats and publish penalties for intellectual property violators in accordance with the Information Systems Security Policy for fairness in the intellectual property of stakeholders

- **Approval authority limitation**

The company set the approval limit and review of approval authority every year for appropriateness and prevent fraud.

- **Clearly disclosed information**

The company has prepared a transparent financial report and passing the examination from the accounting office for fairness and equality in acknowledging the business operations of the company.

Anti-Corruption Policy

- **Compliance with anti-corruption policy**

-The Company has established a policy and guideline on anti-corruption and disseminated to employees in the company in order to acknowledge and adhere to the principle of working as regular.

- **Participation in announcements of intent with external organizations**

- The company has joined the announcement of intention and being a member of the Collective

Action Coalition against Corruption in the Thai Private Sector Collective Action Coalition Against Corruption (CAC) in order to demonstrate the intention and prepare to be a member including monitoring news and corruption issues.



- **News and information dissemination**

- The company has assigned the company secretary to follow news about corruption that published from the Securities and Exchange Commission (SEC) on a regular basis as well as informing the executives to acknowledge in order to be a case study on corruption issues.

- **Corruption risk assessment**

- The Company has discussed in the aspect of corruption with a risk assessment and planning the administration with the potential risks through The Risk committee and arrange the examination for operation plan with experienced and qualified internal auditors.

- **Complaint channel for corruption issues**

- The company has opened a channel for complaints or clues that may cause corruption in the company via the organization's e-mail due to security with encryption before accessing the information of the complainant or various complaints

Department	Contact	E-mail Address
Internal Audit	02 033 2900 Ext. 5090	internalaudit@chularat.com
Anti-Corruption team	02 033 2900 Ext. 3325	anticorruption@chularat.com
Company Secretary	02 033 2900 Ext. 3325	companysecretary@chularat.com

- **Anti-corruption's working group**

- The company has set up a working group responsible for anti-corruption in cooperation with internal auditors. In the case of a complaint or notification of fraud through the specified channels. The working group must comply with the confidentiality policy by keeping information confidential (Name-surname) to prevent potential impacts to whistleblowers that are beneficial to the company and if there is a disclosure of information of the whistleblower. The working group that oversees this matter must be punished by discipline.

- **Define guidelines for cases of complaints or clues of fraud**

- The company has set guidelines in the event of a complaint or notification of fraud. The working

team need to check and find information by adhering to the principles of good corporate governance in conjunction with policies, regulations, hospital practices and relevant laws. In regards of finding fraud or a risk of causing transparency in the operation of the company, the Audit Committee is free to report any findings to the Board of Directors or the Managing Director in order to proceed to solve such problems urgently in time and does not cause any damage. And if any personnel in the company that has violated company policy or having unethical actions according to the status that exists, the company will consider implementing the appropriate guidelines or measures for that person, both disciplined according to the regulations of the company and the legal proceedings.

Respect for Human Rights

- **Cultivate concepts through corporate values**

- The company is well aware of the importance of human rights. Therefore, set the corporate values (iCare) to be linked to providing services that take into account the equal rights by requiring I = International Patient Safety to consider equal treatment. Taking into account the safety of patients is important. And respect and respect for being an individual in R = Respect

- **Training “patient rights” in staff orientation**

- The company has set the topic “Patient rights” in every new employee orientation. So that all employees who come to join the company have been informed and have announced to the patients to be aware of this rights and responsibilities thorough service points.

Fair Treatment of Labor

- **Comply with the laws**

- The company has complied with the labor laws and without child labor.

- **Respect the right to work**

- The company treats people with fairness. Do not use compulsive methods and give freedom to express opinions. Opportunity for participation in work design.

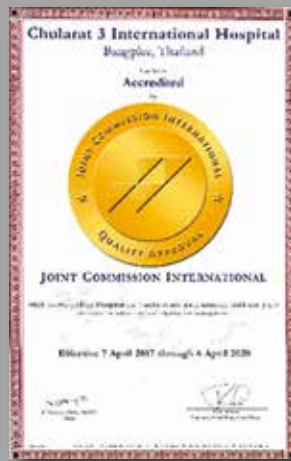
- **Protection of health and safety**

- The company has health protection for all employees with annual health check-up and accident insurance for work safety. The company has established the Safety Health and Environment Committee to oversee the safety and welfare of all employees and patients. which includes care for disaster preparedness, planning for emergency situations. All employees are confident that they will receive health and safety protection.

- **Enhancing the development of knowledge and relationships**

- The Company has set up a training program to increase knowledge and competency of employees with the opportunity for employees to participate in determining training topics. Along with the establishment of a field trip to create a good relationship between colleagues and to relax the tension from work and increase happiness.





• Recruiting specialized medical personnel in various fields

- The company has an efficient medical recruitment processes, a verification of work experience history and the expertise in specific field. All of these methods is to ensure that customer's medical treatment is safe.

• Providing quality medical tools and equipment

- The company has set up a medical equipment department to provide the selection of good quality medical equipment and the maintenance of all medical devices for promptly and effective use.

• Supporting the medical personnel training

- The company is aware of disruptive technology and medical advancement. Therefore, it is essential to support the medical personnel to get academic training on various topics in order to update the knowledge information and current treatment guidelines for enhancing treatment potential.

• Providing knowledge and information necessary for decision making

- The company has set guidelines for providing knowledge and information necessary for

decision-making to the customer before serving the treatment in order to ensure the right understanding with the clients on information provided.

• Customer relationship management

- The company has follow-up treatment results via doctor's appointment to see symptoms, including regularly inquiring about treatment results and listening to comments and suggestions about the service satisfaction in order to improve service quality.

Care for the Environment

•Environment and safety

- The company has set up an environmental and safety department to be responsible for environmental and safety planning, supervise and monitor the safety and environmental work of the hospital, in accordance with the law.

•Environmental Promotion Activities (In-Process)

- The company has set up a sub-working group to create various environmental activities for building the awareness and creating an action among employee in the company. In the year 2018, the

Corporate responsibility to customers

• Certification of treatment and service quality

- The company has adhered to the most important principles of business operation is Patient Safety by focusing on providing medical treatment and standardized services. All of the above have enabled The Company to become a trusted partner and associate of the institutions listed below:

- JCI (Joint Commission International) accreditation. JCI accreditation is the gold standard in global health care.
- Hospital accreditation from Hospital Quality Certification Institute (Public Organization) (Hospital

Accreditation - HA)

- Laboratory Accreditation – LA from The medical technology council of Thailand.
- The “Very Good” grade for Hospital catering food sanitation standard of Health Department.
- Certification of fire prevention and firefighting operations in the “workplace” from the Department of Labor Protection and Welfare.
- Award for Outstanding Automatic Claim System From the central company Together with the Office of the Securities and Exchange Commission (SEC) and the General Insurance Association

maintenance staff participated in energy saving training to plan further projects in each branch of the company, along with studying the feasibility of the solar power generation project which help to reduce electricity consumption from industrial sources. In addition, waste separation project is continued in this year by the waste Management



Committee. They have continued the social waste bank project by selling the segregated waste for the recycling process and donating some unused to help the underprivileged people at Phrabat Nampu Temple, Saeng Sawan Foundation (Orphan), and provide food and medicine for assisting sick animals.

- **Environmental promotion activities (After-Process)**

- In the promotion of environmental projects in 2018, the company has joined Pracha Rat reforestation project, Dong Phraya Yen reforestation, Thap Lan World Heritage reforestation, Prachin Buri province in order to restore the degraded forest resources and reduce the crisis of forest resources, water resources, global warming and natural disasters. Also, joining the reforestation with Hua Samrong Subdistrict Administrative

Organization and the Gateway City Industrial Estate Chachoengsao to increase the green area Reduce global warming crisis.

Social and Community Development

- **Health promotion and disease prevention**

- The company has arranged annual plan for Health promotion and disease prevention among the communities and society through various health projects and activities as follows.



- 10,000 Heart Heroes for safe life in year 3. This program is dedicated to assisting patients with acute myocardial infarction and it aims to reduce the loss of lives from this disease. Based on the CPR program from the year 2013, this new project expanded into "The Heart Heroes" project in 2018. In this year, the company has organized a lecture to educate the general public who are interested in listening to the topic "Acute myocardial infarction", together with providing the preliminary

screening of ischemic heart disease and demonstrations of basic resuscitation (CPR).

- Basic CPR training and the donation of AED equipment to the community. This will help to reduce the number of deaths or disability from ischemic heart disease. In the year 2018, the company gave an automatic heart defibrillator (AED) to Market Village Suvarnabhumi and CPR training for public sector in total 98 times.



- Discussion “Happy Live with cancer” to educate the general public who are interested. Due to the current environment and lifestyles, it is affecting cancer incidence more easily so the company recognizes the importance of providing knowledge, understanding and coping with poten-

tial diseases in the future. In this event, our specialized doctors discussed about cancer topic in current situation and current treatment methods, also giving hepatitis C virus screening activity with no charge for the first 100 registered users.



- “Mother’s Day Classes” lectured by a specialist in obstetrics-gynecology and pediatrics.



- “Bring good health to the community” project was initiated by the cooperation of Chularat 3 International hospital with Suvarnabhumi Eye Center. The medical unit help in screening for heart health and eye health for the communities in the surrounding area of hospital.



- Health education project in the establishment around the hospital’s location. The topics of the lecture will be appropriately selected and lectured by doctors and nurses who have expertise in such matters such as the danger of smoking, drug abuse, chronic non-communicable diseases (Non-communicable diseases: NCD), health care during pregnancy.

- **Build relationships in the community**

- The company recognizes the importance of having a good relationship with the community. We, therefore, have joined a community by doing activities together. In the event of 2018, the company has joined the activities to build relationships in the community as follows.

- Initial health check-ups for people living in neighboring villages such as Khao Bang Sai Temple, Ton son temple. Besides, provide health knowledge in “WE CHEER” activities at



Bangsaen 42, the eye examination for general public who travel by sky train in the 16th Sky Clinic project.

- Providing emergency ambulances in various activities which was held by the community such as Chonburi Senior invitation 2018, Road to Barcelon, Fire evacuation plan at market village Suvarnabhumi.



• Build quality society by helping to share

For the promotion of quality society by sharing, it is another thing that the company gives importance through various activities. So that all employees in the organization are aware of the value of sharing and help to build a livable society. In 2018, the company donated books to various school libraries around the community.



Healthcare Service Innovations

Healthcare Service Innovations in the healthcare business is one of the most important ways to ensure the quality of service, well-being and pain relief for all of the patients that check into our hospitals. In order to achieve that all of the treatments, The Academic studies and knowledge from the experts is very importance too. In the year 2018, the company has published innovations through the 19th HA NATIONAL FORUM event, with the results of the Chularat 11 International Hospital passing the 50 finalists.



In addition, MD Wichit Sirithatthamrong, a specialist in hand and micro surgery, gave an academic lectures for medical students and other doctors interested in. The details are listed below:

- Lecture on “Early Reconstruction in Multilate Hand Injury” at Society of Plastic Surgeons of Thailand and the Association of Cosmetic Surgeons of Thailand.
- Lecture at Somdet Phra Boromathewi Hospital, Sriracha, Thai Red Cross Society, by the Chulalongkorn Surgeon Club of Thailand and the Hand Surgeon Club of Thailand.
- Lecture for educate Orthopedic Group at Maharaj Hospital, Nakhon Ratchasima.



Overview of Internal Control

Board of director and administrative division have a direct duty and responsibility to arrange and maintain an internal control which covers financial control, operation, corporate governance, and risk management. Therefore, the board of director appointed an audit committee authority and duty on verification to make a correct and adequate financial report, check up to ensure that the Company has an internal control and audit with performance and appropriate, make a verification on appropriate risk evaluation and risk management, verify if the securities and exchange act, the stock exchange of Thailand's rules and regulations, and law involved with the Company's business has been followed by the Company.

Internal audit department has duties and responsibilities to make an independent assessment of internal control and for reviewing the Company to follow the present regulation of the government. At present, internal audit department has 6 employees.

The Company has an internal audit to inspect works of various organizations within the Company and subsidiary companies, including composing a report to present to an audit committee in every meeting. The audit committee will examine an internal audit report with the internal audit division to make a suggestion necessary for internal audit

division policy improvement, and for improving internal audit system of the Company. Internal audit committee will hold a meeting four times a year and in 2018 with the five meetings with preparation will make a report on internal audit committee's opinions and submit to the board of director for consideration and disclose in the Company's annual report.

For overseeing subsidiary companies, the Company will appoint a representative to join subsidiary company's board of director and assign an internal audit division of the Company to be in charge for examining sufficiency of an internal audit system of subsidiary companies and report to the Company's audit committee to acknowledge them with various aspects to enable The Company's internal audit department manager the Company efficient inspection for subsidiary company operation.

The Company made a handbook on financial allowance and authority in making an The audit committee meeting on August 15, 2012 no. 1/2012 made a resolution on approval in writings for determine a scope of responsibility, decision authority, and issuing order according to position. The Company have a policy to revise this handbook every year to make it appropriate for the future conditions in business operation.

The Audit Committee has reviewed the internal controls of the Company for the year of internal auditors of Thailand) and Internal Auditing Certificate Program (IACP) (Federation of accounting profession) for 2018 in the meeting 5/2018 dated December 6, 2018 and presented to the Board of Directors' hold an Meeting No. 1/2018 held on February 21, 2018 by 3 Audit Committee members attended the understanding for the Company's activities and operation, thus it is decided for this personnel is meeting. The Board has reviewed the Company's internal control system by requesting suitable for the mentioned duty information from the management concluded that after an assessment of internal control in According to the audit committee meeting no. 5/2018 on December 6 , 2018, all three terms of five elements as follows: 1. Internal control 2. Risk Assessment 3. Control of the operation 4. Information Systems and Data Communications 5. Monitoring systems. The Commission considers that the manager of the Company and agreed that the operation met with internal audit standard and system of internal control is adequate and appropriate. The Company has provided adequate holding a knowledge and ability to work in response with the policy about auditing operation that personnel to implement the system effectively. The internal control system also monitors the operations of its subsidiaries. The assets of the Company and its subsidiaries, directors or management by the wrongful use or without power. Including transactions with persons who may have conflicts of interest and the related parties. Sufficient for local control in another thread. The Commission considers that the company has adequate internal controls as well.

Risk Management

Board of director and administrative division have a direct duty and responsibility to arrange risk management therefore risk management commission was appointed to maintain and provide an appropriate and efficient risk management.

Objective of Risk Management

1. To acknowledge the overall organization risk of the present and which that may occur.
2. To appoint risk management strategy that is suitable for organization culture.
3. To create additional value for organization.

Risk Management Process

1. Objective Establishment
2. Risk Identification
3. Risk Assessment
4. Risk Management Planning
5. Monitoring & Review

4 Classification of Risk

1. Strategic Risk: Risks that are related to the establishing of strategy and implementation. The inappropriate implementation of plans. Moreover, including the change of internal and external environment that affect the strategy executions and organization's vision.
2. Operational Risk : Risks that are related to operational process of every internal process, including Information Technology management and knowledge to support operation that lead to over-all organization purpose.
3. Financial Risk : Risks that are related to financial management which may include internal risk such

as credit liquidity management, investment or external factor such as fluctuation of interest rate, exchange rate or the inability to comply with agreement of partner that may negatively impact organization.

4. Compliance Risk : Risks that are related to compliance of organization rule and regulation such as the compliance to the regulation of the Security and Exchange Commission . The compliance to the regulation of Stock Exchange Market that incompliance would affect organization reputation.

Risk Assessment

Risk assessment emphasize the risk selection

Risk Likelihood Scale

There are 5 rating for evaluating the risk likelihood scale as below:

process that consist of 2 major process which are as below:

1. The risk analysis emphasize the cause and root of risk, positive and negative impact and also positive risk that may follow. Since certain incident could lead to the impact of organization objective. Moreover, in risk analysis should consider current risk treatment and its efficiency.

2. The risk assessment will accommodate the system by applying assessed risk to the acceptable risk rating. If the risk does not fall under acceptable rating, it should immediately be supervise.

Rating	Explanation
5	Almost certain
4	Likely
3	Possible
2	Unlikely
1	Rare

Loss or damage scale

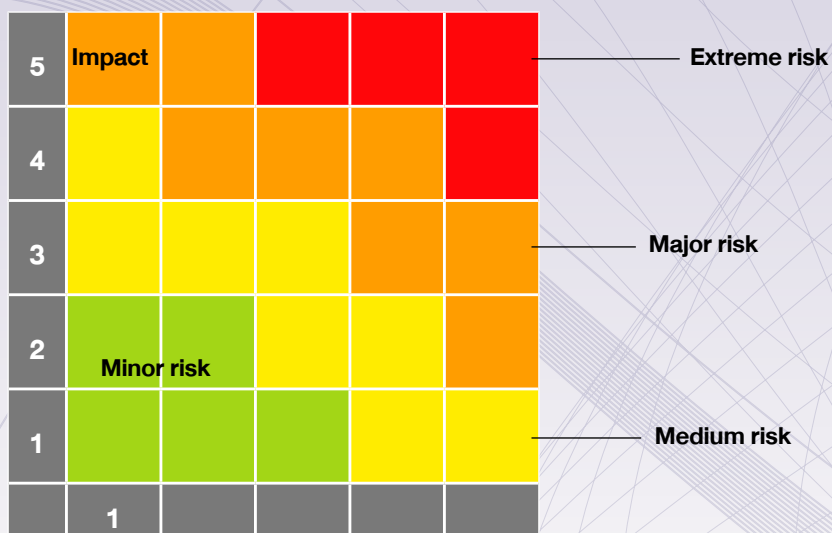
That may occur from the risk are as follow:

1. Financial impact
2. Reputation impact
3. Compliance impact
4. Impact to the key person of stock market
5. Impact from delaines of important projects

Damage level may be divide into 5 rating as follow:

Rating	Explanation
5	Catastrophic
4	Major
3	Moderate
2	Minor
1	Negligible

Risk Map



Risk map is a tool use to report the rating of risk assessment elaborating the relationship of risk impact and risk likelihood.

In order to benefit from the rating of an assessed

risk, Extreme risk (red) Major risks (orange) Medium risks (yellow) Minor risks (green). The risk management commission and the administrative division will proceed as below:

- Analyze and conclude the evaluation of Risk Map then prioritize the important issues of risk.

- Present the conclusion of assessment to the Board of director to select the vital issue that need to manage and assign administrative division for further management.

- Present the risk assessment and solution to risk management commission, auditor commission and the Stock exchange commission.

The identifying of risk management will initial by submitting the range of options to board of directors to consider and approve appropriate resource required to execute risk management. In selecting the most appropriate approach risk appetite will be consider while comparing execution cost with the benefit in relation to Law, regulation and social responsibility.

Acceptable risk is the acceptable risk rating of stock exchange market, which also applicable for business to maintain the purpose versioned. Therefore, in deciding risk management approach, economical perspective are consider to avoid crucial negative impact.

Risk Management Approach

1.Avoid: Is the process to avoid incident that lead to risk, mostly use to approach major risk that are unavoidable and not bring down to acceptable rate.

2. Share: Is the process of sharing or transferring all risk to individual or external organization to manage such as the purchase of insurance.

3. Reduce: Is the process to seek risk management measure to reduce likelihood of risk incident or reduce severity of risk such as preparation of Contingency plan.

4. Accept: Is the process of acknowledging risk by taking no action to reduce the risk. Mostly apply in risk management that cost more than benefit and consider as unworthy.

Control Activity

Control Activity is the policy and operational process to ensure the risk management at the acceptable risk rating. To prevent negative impact

that may violate organization vision. Due to different organization structure there are variety control activity and could be divide into 4 classification.

1. Preventive Control is the control approach to avoid risk incident from the first step.

2. Detective Control is the control approach to detect and control the occurred defect.

3. Directive Control is the control approach to support or urge the targeted success.

4. Corrective Control is the control approach to correct the occurred defect and prevent recurrence.

Therefore, in operating control activity effective and efficiency of cost are considered for maximum benefit. The control activity should consist the following element:

1. Operational procedure

2. The assignment of personnel to responsible for specific control activity, which should hold responsible as per below:

- Consider current risk management efficiency
- Consider additional activity to increase risk

management efficiency

3. Schedule activity time-limit.

Risk management under stock exchange market should be able to communicate risk assessment, risk control, risk control progress and major risk trend monitor and review to ensure as follow:

- Risk Owner: closely monitor, evaluate, analyze and regularly approach risk management.

- Major risk that impact organization should be reported for its progress and management trend to director in charge and risk management commission.

- Internal control are settle efficiently and appropriately. Activity are being applied to prevent and reduce risk that may occur. Internal control are constantly improve and develop to align with the changing of risks.

Risk management committee are entitle to coordinate with administrative division to provide risk management process status report to the Board of Directors, Risk Management Commission, Audit Committee and Stock Market Commission

to consider and approve.

Administrative division should closely analyze and monitor the changing of internal and external environment. The changing of risks that may occur and effect the revision of risk management and the risk prioritization.

Auditor Notification

The firm EY Office Company limited the audited financial statements and quarterly and annual 2018 no observations on the internal control system of accounting, finance. Note by the auditor.

The Company's Internal Audit Department Manager

The audit committee meeting on August 15, 2012 no. 1/2012 made a resolution on appoint to Mrs. Jirawassa Rojanapradit a position of internal audit division manager from August 15, 2012 onward, Mrs. Jirawassa Rojanapradit has an experience on internal audit work for ten years and was trained in programs involving internal audit

operation i.e. Evaluating Internal Controls: A CO-SO-Based Approach (the institute of internal auditors of Thailand) and Internal Auditing Certificate Program (IACP) (Federation of accounting profession), and hold an understanding for the Company's activities and operation, thus it is decided for this personnel is suitable for the mentioned duty.

According to the audit committee meeting no. 5/2018 on December 6, 2018, all three audit committee members have evaluated work result in 2018 of internal audit department manager of the Company and agreed that the operation met with internal audit standard and holding a knowledge and ability to work in response with the policy about auditing operation that was assigned from an audit committee as they was assigned from the board of director. The decision and approval on appointment dismissal and transfer of the personnel who holds a position of internal audit department manager of the Company must be approved from audit committee.

Cross transactions

Cross transactions

Cross transactions are issues happening during 2017 and 2018 ending on December 31, 2017 and December 31, 2018 between the Company and subsidiary company and individual/juristic person with conflict of interest, the conclusions are as follows.

Person/juristic person with conflict of interest and made transaction with the Company and/or subsidiary companies	Character of business	Character of relationship
1. Dr.Kumpol Plussind	-	<ul style="list-style-type: none"> The major shareholder of the Company, at book closing date August 23, 2018, the Plussind group hold 39.16 percent of the Company's share. Holding position as a director and the Chief Executive Officer /Managing Director in the Company and holding a position as director in 7 subsidiary companies.

Cross transactions of the Company and subsidiary companies with involving individuals in the end of fiscal year at December 31, 2017 and December 31, 2018.

Commercial items and general services trades

Related individual/ juristic person	Character of cross issues	Value of issue (Million baht)		Reason and necessity	Opinion(s) of audit committee
		2017	2018		
1. Doctor who holds a director position or executive	Doctor fees : There is compensation in doctor fees for the board and executives of the Company including concerned personnel for 6 individuals.	35.30	27.69	Pricing determination Doctor fee was based on the criteria set by The Medical Council of Thailand which equals to the payment the Company paid for doctor fee to other doctors of the whole hospitals. Condition terms on payment Within 30 days according to normal trade condition. Future transaction tendency The mentioned record is the normal trade that would continuously happen in the future under normal conditions.	That record is necessary and reasonable because the Company has to pay the mentioned doctor fee with equal payment rate to other doctors of the whole hospitals.
	Account payable sum at the end of fiscal year	5.47	2.75		

Lease of land and property

Related individual/ juristic person	Character of cross issues	Value of issue (Million baht)		Reason and necessity	Opinion(s) of audit committee
		2017	2018		
1.Dr.Kumpol Plussind	Building rental fee : The Company has an expense from renting of 2 units of the commercial building with 4.5 storey, with 416 square meter utilizable area for using as a document storage for the Company.	0.36	0.36	Rental fee consideration Lease agreement for 3 years, from November 1, 2015 to November 1, 2018, with rental fee 30,000 baht per month Condition terms on payment Lease agreement specified for the client to make an advance monthly payment, which the client has paid advance payment according to an agreement. Future transaction tendency The mentioned record is the transaction that will continue in the future under fair rental fee evaluation and general lease conditions.	That record is necessary and reasonable because the Company needs to use the mentioned building area for document storage, and rental fee were as evaluate price by independent values.
	Account payable sum at the end of fiscal year	0	0		

The audit committee considered and agreed that the reconstruction of shareholding in the Company's group was performed to achieve objective in registration into the stock market, which will strengthen the Company's financial statement and will have a long term benefit to the Company. The audit committee agreed that conditions of purchasing prices and conditions of transfer in above tables are reasonable.

Measures or procedures for approving cross transaction

The Company established a procedure for approval of cross transaction that agrees to the securities and exchange act and rules, announcements, court orders, or regulations of the office of securities and exchange commission and the stock exchange market of Thailand, so committee or individual who may have a conflict of interest with the Company has no right to vote in the consideration on approval of that cross transaction.

Policy or tendency on future cross transaction

For the future cross transaction, the committee will follow regulations set up, and a committee will have no right to vote for any approval of any record in which him or individual who may have conflict of interest in any case with the Company involved, including the record must be disclosed to the board of director for consideration.

Moreover, in case the audit committee must give an opinion about an appropriateness of such record and the audit committee has no proficiency on making a consideration for that cross transaction record, the audit committee will arrange for an individual with special expertise, i.e. public accountant, independent asset valuer, or an individual with special expertise to make an opinion about cross transaction in which opinions of the audit committee or an individual with special expertise will brought for the board of director or shareholders for making a verdict depends on each case to ensure that the mentioned transaction will not be a transfer of benefits and interests between the Company or a person with conflict of interest, but will be a transaction that the Company has considered the maximum profit of every shareholders

- Normal business transaction and normal business supporting transaction which have a general trading condition i.e. service and buying and selling of commodities. The Company set up a policy in cross transaction to enable conditions that agree with normal trading character in market price which comparable to the price from outsider and strictly act according to an agreement including setting up a clear and fair prices and conditions for each record, and not causing transfer of benefit. The internal audit will take a duty on data inspection and making a report for consideration by the board of director and give an opinion about appropriateness of the price and transaction in every quarter.

- Normal business transaction and normal business supporting transaction which has no normal trading conditions and other cross transaction, i.e. building rental records, and financial aid records such as loans, guarantee, for example. For these cases, the Company has a policy to submit it on the board of director meeting for approval with members of audit committee joining in and give opinions about appropriateness and necessity of transaction before proceed with the transaction and that will agree to the securities and exchange act and rules, announcements, court orders, or regulations of the office of securities and exchange commission and the stock exchange market of Thailand, including following regulation about disclosing transaction data for involved records and acquirement and dispose of important assets of the Company or subsidiary company (if any) and to follow accounting standard on disclosure of individual data or related activities which was appointed by the federation of accounting profession under the royal patronage of his majesty the king. The Company will disclose cross transaction in financial statement including appendix note including form 56-1 and annual report

For a tendency on future cross transaction, will still exist in the normal business operation part of the Company, i.e. the payment of compensation for director as doctors, drug purchasing, for example. Furthermore, in the future the Company may have a necessity to give an additional support for subsidiary companies on guaranteeing loans and/or giving loans and will do the mentioned transactions with transparency and act according to the policy on cross transaction between companies and strictly correspond with regulations of Securities and Exchange Commission (SEC) and other organization involved.

Commentary and analysis of financial status and operating result

Overview of past operating result

The Company operates a business on medical service for patients. The income from hospital businesses of the Company is divided into 2 categories, which are income from general patients and income from government health welfare programs. The main source of income is from general patients covering 54.9 percent, 57.6 percent, and 62.5 percent of income from hospital operations in 2016, 2017, and 2018 respectively, owing to location advantage of the Company, because it is located in the significant industrial area that lots of industrial factories are located, with dense population, and steady expansion urban growth, combined with our reputation on medical treatment quality and fair pricing policy, therefore the number of clients and income experienced steady increase. The hospital income from operation increased from Baht 3,636.77 million in 2016 to Baht 3,875.79 million and Baht 4,406.99 million in 2017 and 2018 respectively, or increased by 6.57 percent and 13.71 percent, respectively. The key factors behind steady growth of the Company's income as follows:

1. General patients increased:

The Company has a policy to increase our potential for medical service by recruiting more doctors and nurses in service including expand our capability on treating diseases that need medical specialist and curing diseases with high complexity, influencing for more general patients

to choose the Company's treatment. Number of general out-patient (OPD) have increased from 743,666 times in 2016 to 899,551 times in 2018 (average annual growth rate at 9.98 percent) while new service records of general in-patient (IPD) increased from 138 beds daily in 2016 to 167 beds daily in 2018 (average annual growth rate at 14.50 percent)

2. Higher average income by case for general patient service: From service diversity improvement including that the Company could provide complex medical services with high service charge for each treatment, as result, average income from each treatment for general patients was higher. Moreover, during 2016 to 2018 the Company made adjustment for higher service charge to steady improve medical service quality. At any rate, an average income from out-patient increased from Baht 1,470 to Baht 1,606 for each treatment while average income from in-patient increased from Baht 17,945 to Baht 21,459 for each treatment.

3. Number of people with social security account increased:

The Company provide a standard service to every group of patient so we gain high reputation from patients in social security program resulting in more registration from social security program customers gradually increased from 396,676 people in 2016 to 421,700 people in 2018 (average annual growth rate at 3.11 percent)

4. Medical service fee received from social security program was increased:

During 2016–2018, department of public welfare consider raising contract-paid hospital medical expense and consider about adjustment on surplus expense rate to cope with patient treatment of diseases with high treatment cost, includes the result from the fact that the Company has higher than average number of clients who are in risk condition compared to other hospital which entitled in social security program from all over the country, causing the Company to earn an additional income based on increase statistics on services provided. From aforementioned factors, the Company made a steady profit as a result. In 2016, 2017, and 2018,

the Company has Baht 564.29 million, Baht 565.44 million, and Baht 633.88 million net profit, or increased 5.99 percent per annum, and could maintain profit rate better than the industry average in the time mentioned at 15.4 percent, 14.5 percent, and 14.3 percent, respectively. This shows an ability for good control on principal costs from the Company's policy in developing medical service potential to draw attention from general patients group who are willing to pay additional service charge in exchange for a quality of the service. It is estimated that this would make the Company to maintain the same level of profit.

Operating result analysis

1. Income from hospital operations

The Company classified an income from hospital operations ("main income") into 2 main group based on patient's character, which are an income from general patients and an income from government social security program as shown in details in the table below:

Income from hospital business	Fiscal year, ending on 31 December					
	2016		2017		2018	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Income from general patient						
Income from outpatients	1,093.02	30.1	1,215.74	31.4	1,444.71	32.8
Income from inpatients	902.03	24.8	1,016.33	26.2	1,310.06	29.7
Total income from non-traumatic patient	1,995.06	54.9	2,232.07	57.6	2,754.77	62.5
Income from governmental welfare program						
Social security programs	1,314.80	36.1	1,451.67	37.4	1,409.60	32.0
Other governmental programs	326.91	9.0	192.05	5.0	242.62	5.5
Total income from governmental programs	1,641.71	45.1	1,643.72	42.4	1,652.22	37.5
Total income from hospital business	3,636.77	902.03	902.03	100.0	44,06.99	100.0

From the table, the Company has the main income during 2016, 2017 and 2018 of Baht 3,636.77 million, Baht 3,875.79 million, and Baht 4,406.99 million respectively. The annual average growth rate stood at 10.08 percent. The significant growth is due to the policy for promoting a potential in medical treatment service by increasing the number of doctors and nurses who are providing service, including expansion of the capability on treating diseases that need medical specialist and curing diseases with high complexity, influencing for more general patients to choose the Company's treatment and also results in more registration with hospitals in the Company's group from insured persons. If considered separately between each group, it was found that income from general patients increased average value of 17.51 percent per annum while an income from government welfare program increase average value of 0.32 percent per annum. However, the Company has a policy on increasing a ratio of income from general patients because they are the group that yields more initial profit, more than initial profit gained through government welfare. Income from general patients in 2018 was 62.5 percent of income from hospital operations.

Category of main income as follows:

1. Income from general patients

Income from general patients can be separated into income from out-patient department (OPD) and from in-patient department (IPD). During 2016, 2017, and 2018 the Company had income from general patients for Baht 1,995.06 million, Baht 2,232.07, and Baht 2,754.77 million respectively, or average increase by 17.51 percent per annum. Income from out-patient increased from Baht 1,093.02 million in 2016 to Baht 1,444.71 million in 2018 or average

increase by 14.97 percent per annum while income from in-patient increased from Baht 902.03 million in 2016 to Baht 1,310.06 million in 2018 or average increase by 20.51 percent per annum.

The main reason that income from general patients increase significantly during 2016 – 2018 because number of service of general out-patient increased significantly from 743,666 times in 2016 to 804,167 times and 899,551 times in 2016 and 2017 respectively, or average increased by 9.98 percent per annum while the rate of new clients of in-patient increased from 138 beds daily in 2016 to 143 beds daily and 167 beds daily in 2017 and 2018 respectively, or average increased by 10.20 percent per annum. More service registration is a result of opening new hospitals and the attempt on potential of medical service as well as diversity of service, e.g. Beauty center service, Chularat-renoir, and Heart Center. The enhancement of potential caused that the Company can provide a complex medical services, including the diversity of services. As the result, the average of revenue per times from general patients increased. In addition, during 2016 – 2018 the Company has increased service fees from general patients to continuously improve the quality of medical services. As the result, average income from the out-patient increase from Baht 1,470 per visit to Baht 1,606 per visit and the average income from the in-patient increase from Baht 17,945 per visit to Baht 21,459 per visit.

2. Income from government welfare program

Income from government sector program in 2016, 2017, and 2018 equals to Baht 1,641.71 million, Baht 1,643.72 million, and Baht 1,652.22 million respectively. Income from government welfare program consists of two main sources, which are income from social security program and

income from other government program.

Income from government program are mostly from social security program that covers over 80.09 percent, 88.32 percent, and 85.28 percent of the Company's income from government programs in 2016, 2017, and 2018 respectively. Factor influence this income are (1) Number of registered insured persons (2) Government policy in setting up medical service charge by contract and additional medical service fees, and (3) Hospital service potential for insured persons, note that, registered insured persons are steadily increasing from 396,676 peo-

ple in 2016 to 402,018 people in 2017, and 421,700 people in 2018, respectively, or average increase by 3.11 percent per annum while social security program income increased from Baht 3,315 person/year in 2016 to Baht 3,612 person/year, and Baht 3,341 person/year in 2017 and 2018 since the company has a policy to expand more service areas to serve with general patients, resulting in income from social security patients last year has not grown. The average number of registered insured persons of the Company during 2016 – 2018 as below:

Year	Number of insured persons (average)	Income from social security project (Million baht)
2559	396,676	1,314.80
2560	402,018	1,451.67
2561	421,700	1,409.60

In 2018, the Company has an average number of insured persons by 421,700 people, after Chularat 3 International Hospital and Chularat 11 International Hospital was granted with HA level 3. The number of insured persons can extend as a maximum amount at 437,500 people. After program upgraded in the future, the Company can request to additional the amount of insured persons. However, the management of the Company there is no policy to expanding insured persons and most of the programs in the future are mainly from general clients.

Category of income from Social Securities as follows:

Income from Social Securities by contract payment:

refer from service statistics: The Social Security Office considered paying to hospitals be referring

from various statistics, such as critical extent of diseases and frequency of insured persons using hospital services. The rate of service granted to each hospital differs depends on each hospital statistics compared to the statistic of hospitals joined up with social security program all over the country. The income in this category could be divided into two type as the following:

- **Additional income from in-patient treatment with high expense disease:** The new category of income, which start to use in 2012 for cases on in-patient treatment with high expense disease and patient must be admitted to be in-patients. Department of public welfare used a calculation approach by Diagnosis Related Groups: DRGs for comparison an expense of each category of diseases and determine unit for comparison that is an Adjusted Relative Weight (AdjRW). The group of disease with high

expense according to the criteria is conditions of illness with AdjRW more or equal to 2. Since 2012, the Social Security Office established that additional service in each AdjRW not more than Baht 15,000 for each case^{1/}

• **Additional income from service frequency of patients with risky condition:** This income depends on the number of insured person from 2 groups of social security program. First, out-patient with 26 chronic diseases according to criteria assigned by Social Security Office (60 percent of weight given), such as diabetes, hypertension, stroke, and chronic kidney disease etc. Second, in-patient who have conditions with AdjRW less than 2 (40 percent of weight given). In 2011, the Social Security Office assigned the value for additional payment rate according to risky condition Baht 469 person/year. In 2012, the additional payment rate according to risky condition decreased to Baht 432 person/year. Due to the separation of criteria for risky condition diseases and paid as income as in (1) ^{2/}. Since 2013 to 2016, the additional payment rate according to risky condition was still equals to 2012, which is Baht 432 person/year. The ratio of out-patient with 26 chronic diseases according to criteria assigned by Social Security Office was adjustment from 60 percent to 90 percent of weight given. In-patient with conditions with AdjRW less than 2 which decreased from 40 percent to 10 percent of weight given. In 2017, the additional payment rate

according to risky condition increased from Baht 432 person/year to Baht 447 person/year, which has become effective since 1 July 2017.

• **Income from treatment using specialist doctor:** Some type of treatment by specialist doctor, the Company could request service fee on the same amount used for treatment under terms and service rate appointed by Social Security Office, which there were many patients using the service, it would result in additional income for this part. The type of such service are including kidney dialysis, chemotherapy for cancer patients, open heart surgery, artificial organ implants for disease treatment, and brain surgery etc.

The Company has significant improve on an income from social security program which are consecutive results from (1) Increasing number of registered insured persons with the Company (2) Social Security Office considered to arising contract-paid medical service rate and improve additional service charge for treatment of in-patient with high expense disease for insured person group with an appropriate quality of service, and (3) from continuous development of service standard which caused the Company to have a continuous increased opportunity to give services to patients from social security program with risky condition, the Company has higher than average statistical number of clients who are in risk condition compared to other hospital which entitled in social security program from all over the country,

Note:^{1/} In 2012, the government declaration on budget to support aforementioned service not more than Baht 4,460 million, in which case, if hospitals joined up with social security program from all over the country treated a lot of patients with conditions that have AdjRW more or equals to 2, the result may be addition payment rate to AdjRW to be less than Baht 15,000 per person/year.

^{2/}Decreasing of additional payment in cases for risk condition on 26 chronic diseases, and the cancel of payment criteria based on frequency of service in 2012 has been matched with an income from service to in-patient with high expense disease calculated from DRGs incase AdjRW is more than or equal to 2

causing the Company to earn an additional income based on increase statistics on services provided.

Other government project: Such as medical service charge received from national health security office (NHSO), the Company does not join a general disease service provider with NHSO (The 30 Baht Health Care Scheme), but the Company give treatment to some illness which a request could be made for payment of medical service charge on the same amount used for patient treatment under terms and service rate appointed by NHSO. The type of such service under criteria are including kidney dialysis, low birth weight neonates nursing, treatments for patients suffered from emergency illness or accidents with 3 funds, and treatment of patients with strokes. In 2013, heart disease patients were added. Moreover, income from other government program received from NHSO was 19.91 percent, 19.95 percent, and 14.68 percent from the government projects in 2016, 2017, and 2018, respectively.

3. Gross profit

	Fiscal year, ending on 31 December					
	2016		2017		2018	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Income from hospital operations	3,636.77	100.0	3,875.79	100.0	4,406.99	100.0
Cost of hospital operations	(2,468.54)	(67.9)	(2,633.10)	(67.9)	(3,072.03)	(69.7)
Gross profit	1,668.23	32.1	1,242.69	32.1	1,334.95	30.3

2. Cost of hospital operations

Cost of hospital operations ("cost") composed of medical and nurse personnel compensation, medicine, medical supplies, medical consumables, depreciation expenses, and other costs. During 2016, 2017, and 2018, the Company has the operations cost for Baht 2,468.54 million, Baht 2,633.10 million, and Baht 3,702.03 million, respectively, which are calculated as 67.9 percent, 67.9 percent, and 69.7 percent of the main income, respectively.

The Company's cost-to-income has increased in 2018 because the company opened two new hospitals in Prachin Buri and Chachoengsao province. Therefore, the company cost ratio has increased.

Thus, the main costs are doctor fees, medicine, medical supplies, and medical consumables.

The Company has gross profit during 2016, 2017, and 2018, which as Baht 1,168.23 million, Baht 1,242.69 million, and Baht 1,334.95 million, respectively. The gross profit ratio as 32.1 percent, 32.1 percent, and 30.03 percent, respectively. The gross profit margin of the Company is in similar rates regularly. As a result of effectiveness of cost management.

4. Other income

The Company has other income does not relate to hospital operations. These include rental fees, public utility fees, interest income, income from nurse assistant training, and other income. In 2016, 2017, and 2018, the Company had other income less than 1.0 percent of total income.

5. Administrative expenses

During 2016, 2017, and 2018, the Company has administrative expenses of Baht 493.82 million, Baht 550.85 million, and Baht 570.07 million, respectively. The increase of administrative expenses was mostly from increasing in compensation and number of employees for support the company growth. The increase of other administrative expenses which are consequences from arising number of patients.

The proportion of administrative expenses compared to total revenues as 13.5 percent, 14.1 percent and 12.9 percent in 2016, 2017, and 2018, respectively. The similar rate of administrative expenses that showed the effectiveness of the Company' management. Although in 2018, the Company has recruitment for support the future projects that are under construction time.

The administrative expenses consist with employees and administrative executive's expense, depreciation, and utilities expenses. The

mostly expense is involved employee and executives, which was 50 percent of total administrative expenses.

6. Profit from operations

During 2016, 2017, and 2018, the profit from hospital operations of Baht 695.51 million, Baht 712.47 million, and Baht 788.74 million, respectively. Which 19.0 percent, 18.3 percent, and 17.8 percent, respectively.

7. Finance cost

Finance cost consists of interest expense from bank loan and leasing. The Company has financial cost for Baht 9.52 million, Baht 15.87 million, and Baht 23.72 million in 2016, 2017, and 2018, respectively. The Company repaid short-term loans at intervals to keep liquidity and long-term loans for construction of new projects and service area expansions.

8. Corporate income tax

Corporate income tax in 2016, 2017, and 2018 were Baht 121.01 million, Baht 130.82 million, and Baht 130.82 million, respectively. However, in 2013, corporate income tax decreased from 23 percent to 20 percent, from the Government's policy to increase an ability for competition of the country and persuade investment from foreign countries to stimulate economics.

9. Net profit (loss)

The Company has steadily increased of net profit. In 2016, 2017, and 2018, the Company has the net profit of Baht 564.29 million, Baht 565.44 million, and Baht 633.88 million, respectively. Which was the results of (1) General patient increasing (2) Insured persons are increase (3) Increasing the potential to treat and cure diseases more difficult in a specific disease. (4) Increasing

statistic of service for patients with risky condition and more than average value from elsewhere in the country, the Company thus received additional income according to the increased statistics on mentioned service (5) The proportion cost of service and administrative expenses to revenue, the Company has consistently controlled by maintaining effective cost management and cost-effective. However, there are two new opening hospitals and new expansion project which caused the Company had net profit rate decreased to 15.4 percent, 14.5 percent, and 14.3 percent during 2016, 2017, and 2018, respectively. The Company has able to maintain a high level of net profit to continue. As a result of the effective of management costs. The cost of hospital operations, compared to total revenues which was 67.5 percent, 67.6 percent, and 69.3 percent. While the administrative expense compared to total revenues which was 13.5 percent, 14.1 percent, and 12.9 percent in 2016, 2017, and 2018, respectively.

Financial status analysis

1. Assets

The Company's assets can be classified into 2 categories, which are current assets (Cash and cash equivalents, trade and other receivables, accrued social security income, and inventories), and non-current assets (Investment in subsidiaries, other long-term investment, investment properties, and property, plant and equipment). Total assets at December 31, 2016, 2017, and 2018 was Baht 4,517.88 million, Baht 4,951.18 million, and Baht 5,708.18 million, respectively, with the ratio of current assets between 26.9 percent to 29.5

percent during that time period.

As at December 31, 2016, 2017, and 2018, the Company has current assets amount to Baht 1,334.91 million, Baht 1,332.00 million, and Baht 1,591.95 million, respectively. The decreasing of current assets mostly from cash and cash equivalents and accrued medical treatment income. While trade and other receivables increasing from prior year.

As at December 31, 2016, 2017, and 2018, the Company has non-current assets amount to Baht 3,182.97 million, Baht 3,619.18 million, and Baht 4,116.23 million, respectively. Changes in property, plant and equipment from 2016 to 2018 resulting from hospital expansion plan for support the Company growth.

Account receivable

The Company has trade receivables at December 31, 2016, 2017 and 2018, for Baht 279.67 million, Baht 272.48 million, and Baht 338.24 million, respectively. The steadily increased of trade receivables resulting from the Company's has expansion. The proportion of trade receivables not over three months was 77.8 percent and decreased in debt collection period. Which shows the effective in collection of receivables. As a result of the Company has strict policies on collection of receivables and developing in computer program for control and management of accounts receivable.

In case write-off, accounting division will send the case to law division to proceed according to the Company's policy. If debt could not be collected, the management will be authorized to write-off the bad debt.

Trade receivables at December 31, 2016, 2017, and 2018, as following.

Remaining account receivables	At December 31					
	2016		2017		2018	
	Million B.	percent	Million B.	percent	Million B.	percent
Age of outstanding debts by aging						
Up to 3 months	223.68	84.3	212.68	82.4	249.57	77.8
3 – 6 months	22.34	8.4	27.32	10.6	41.45	12.9
6 – 12 months	10.26	3.9	9.77	3.8	16.38	5.1
Over 12 months	15.46	5.8	15.05	5.8	19.80	6.2
Total account receivable	271.72	102.4	264.83	102.6	327.20	102.0
Less: Allowance for doubtful accounts	(6.26)	(2.4)	(6.63)	(2.6)	(6.54)	(2.0)
Total trade accounts receivable-net	265.47	100.0	258.20	100.0	320.66	100.0

Other debtors

Other receivables are not related with the hospital operations, on December 31, 2016, 2017 and 2018, the Company has other receivables for Baht 14.20 million, Baht 14.27 million, and Baht 17.59 million, respectively.

Accrued social security income

Accrued social security income is income from Social Security Office, which is classified into two categories as the following.

- Accrued social security income according to frequency on medical services, such as, (1.1) accrued income which refers to medical service rates, which was cancelled in 2012, (1.2) accrued income which refers to statistics on in-patient with high expense diseases (AdjRW more than or equals to

2), which was declared since 2012, and (1.3) accrued income which refers to statistics of patients with risky condition. The Social Security Office will collect patient data from hospitals joined up with social security program for calculation the additional payment of service t, which the Company is use an appropriate in estimating income expected to be incurred.

- Other accrued social security income are results from medical services by specialist doctor such as, blood dialysis using artificial kidney unit, chemotherapy for patients with cancer, open heart surgery, artificial organ implant etc. After treatment, the Company will send medical services reference letter to Social Security Office as an evidence for bill payment.

Accrued social security income on December 31, 2016, 2017, and 2018, as following.

Accrued social security income	At December 31					
	2016		2017		2018	
	Million B.	percent	Million B.	percent	Million B.	percent
Accrued medical						
treatment income provided to patients with severe diseases	192.77	39.6	225.82	44.8	179.22	30.1
Accrued medical treatment income of chronic diseases	136.41	28	52.03	10.3	152.80	25.7
Accrued social security income - others	103.94	2.3	157.76	31.3	154.14	25.9
Total accrued social security income	433.12	88.9	435.61	86.4	486.17	81.7
Accrued NHSO income	58.08	11.9	99.31	19.7	126.10	21.2
Total NHSO income	491.20	100.8	534.92	106.1	612.26	102.9
Less: Allowance for doubtful accounts	(3.93)	-0.8	(30.82)	-6.1	(17.42)	-2.9
Total accrued medical income - net	487.27	100.0	504.10	100.0	594.84	100.0

Accrued social security income increased by Baht 2.49 million in 2017, as a result of the improvement in payment process and payment policy via E-Claim system which reduce process and decrease waiting time. The income for 2018 increasing by Baht 50.56 million mostly due to increasing accrued medical treatment income provided to patients with severe diseases, accrued social security income in respect of (HA quality certification) which in 2018, the Social Security Office Has changed the payment conditions.

Accrued NHSO income in 2017 increased Baht 41.23 million and increased Baht 26.79 million in

2018, mostly due to increasing specialized cardiovascular treatment.

Medicine, medical supplies and inventorial consumables

As at December 31, 2016, 2017, and 2018, the Company has medicine, medical supplies, and inventorial consumables ("inventory") of Baht 109.64 million, Baht 118.88 million, and Baht 141.61 million, respectively. The average inventory period was 16 days during 2016-2018. Maintaining inventory and the average inventory period of the Company is at a steady rate due to the effective of management system.

Inventories	As at December 31					
	2016		2017		2018	
	Million B.	percent	Million B.	percent	Million B.	percent
Medicine	70.94	64.7	70.92	59.7	87.68	61.9
Medical supplies	16.02	14.6	20.72	17.4	20.82	14.7
Medical instruments	0.04	0.0	0.38	0.3	1.25	0.9
Other supplies	22.64	20.7	26.86	22.6	31.85	22.5
Total	109.64	100.0	118.88	100.0	141.61	100.0

The Company recognized the provision on inventory in low level because the Company has efficient inventory control and assigned to officer checked medicine and medical supplies inspection in stock and patient hall monthly. Moreover, the Company has a good relationship with medicine distributor, so medicine that are near expiry date could be returned to the distributor for exchange to the new lot.

Property, plant and equipment, net

As at December 31, 2016, 2017, and 2018, the Company has property, plant and equipment amount to Baht 2,935.79 million, Baht 3,385.20 million, and Baht 3,831.02 million, respectively. The Company has been continuously investing on property, plant and equipment to enhance our potential on providing services and support the future growth. Investment cost was Baht 1,016.28 million, Baht 653.28 million, and Baht 683.38 million, respectively. Main category of asset that the Company invested in was medical tools and equipment and building under construction of expanded section of the hospital.

Intangible assets

Intangible assets are computer software. As of December 31, 2016, 2017, and 2018, the Company has intangible assets amount to Baht 17.09 million, Baht 15.75 million, and Baht 16.93 million, respectively. The Company invested continuously in computer software to support the business growth.

2. Liability

The Company's liability divided into 2 categories, which are current liability (e.g. trade account

payable, short-term loans from financial institutions, and current portion of long-term loans from financial institutions) and non-current liability (e.g. long-term loans from financial institutions and provision for long-term employee benefits). The total liability as of December 31, 2016, 2017, and 2018, were Baht 1,294.36million, Baht 1,478.48 million, and Baht 1,964.75 million, respectively. The proportion of current liability between 65.93 percent to 84.69 percent of total liability.

Trade and other payables has the highest proportion in liability. As at December 31, 2016, 2017, and 2018, the Company has ratio of trade and other payables to total liability of 28.28 percent, 31.38 percent, and 28.83 percent, respectively. The mainly trade payable consists of medicine payable, medical supplies, and consumables. The Company purchased for medical service where as other payable consists of accrued doctor fees, accrued expense, and other payable of construction and building expansion.

Loan from financial institutions

Loans from financial institutions consist of short term loans and long term loans.

Short term loans consist of bank overdraft and promissory note. The Company uses short term loans occasionally for operational liquidity. As at December 31, 2016, 2017 and 2018, the Company had outstanding short term loans at amount of Baht 637.0 million, Baht 380.0 million, and Baht 530.0 million, respectively.

Long term loans are used in construction according to expansion plan for service area. As at December 31, 2016, 2017 and 2018, the Company had outstanding long term loans at amount of Baht 164.5 million, Baht 472.3 million, and Baht 682.15

million, respectively.

Commitments and contingent liabilities

As at December 31, 2018, the Company has total amount of contingencies for Baht 552 million, which are capital expenditure for Baht 177 million and operating lease for Baht 42 million. However, capital expenditure composed of construction of building and acquisition of tools and equipment. The Company had capital commitment amounting to Baht 333 million in respect of the uncalled portion of investment in the subsidiary.

3. Shareholders' equity

As at December 31, 2016, 2017 and 2018, the Company has total amount of shareholders' equity for Baht 3,130.37 million, Baht 3,299.84 million, and Baht 3,562.97 million, respectively. The steady growth on shareholders' equity results from the Company maintains income and profit growth.

4. Financial structure

The Company have a strong financial structure, the ratio on December 31, 2016, 2017, and 2018

are shown as follows:

- Debt to equity ratio was 0.41, 0.45, and 0.55 respectively.
- Interest-bearing debt-to-equity ratio was 0.26, 0.26, and 0.34, respectively.
- Interest coverage was 73.05, 44.89, and 33.25 respectively.

Compared to financial structure between the Company with hospital registered in Stock Exchange of Thailand (SET), found that debt to equity ratio are significantly lower than average of hospital registered in SET. These result shows the conservative financial policy and the Company has the potential to call the loan from financial institutions for expansion in the future.

5. Liquidity

Cash flows

Details on source of cash flows are shown in the table below.

(Million Baht)	As at December 31		
	2016	2017	2018
Net cash from (used in) operating activities	705.26	705.26	705.26
Net cash from (used in) investing activities	(1,027.66)	(1,027.66)	(1,027.66)
Net cash from (used in) financing activities	323.98	323.98	323.98
Net increase (decrease) in cash and cash equivalents	1.57	(27.36)	59.64
Cash and cash equivalents at beginning of year	439.78	441.36	414.00
Cash and cash equivalents at beginning of year	441.36	414.00	470.64

From a comparison during 2016 to 2018, the Company has an increase in net profit amounting to Baht 705.26 million and Baht 910.29 million to Baht 742.92 million, respectively. Cash flows from operating activities in 2018 was increase in profit from operations of the Company.

Current ratio

During 2016, 2017, and 2018, the Company has current ratio of 1.22, 1.30, and 1.23, respectively. While the quick ratio was 0.66, 0.67, and 0.64, respectively. From considered found that the Company has been very high liquidity, showed the potential to payment of short-term contingencies.

Cash cycle

During 2016, 2017, and 2018, the Company has an average cash cycle of 37 days, 31 days, and 25 days, respectively. These cycle shows that the Company has been prepared cash for business operations by the average 30-40 days. Over the past, the Company has management the liquidity by using short-term loans from financial institutions.

6. Return on equity analysis

The Company has return on equity (ROE) ratio in 2016, 2017, and 2018, was 18.54 percent, 17.60 percent, and 17.93 percent, respectively. The ratio is similar in each year due to the effectiveness in management of cost. Net income margin ratio was 15.43 percent, 14.51 percent, and 14.31 percent in 2016, 2017, and 2018.

Main factors and influences that could affect an operation or financial in the future

Industry and population in an area of service

All 9 hospitals in the Company's own group are located in important industrial estates of Samut Prakan, Chachoengsao, Chonburi, Prachin Buri, and Rayong province. In the mention area has a lot of employees, and in the past, there were continuously immigrants to these areas along with the growth of industry. As the result, the Company gain the benefit due to patient growth, both in social security group and general patients.

1. Founding of ASEAN Economic Community The health business of Thailand gained the benefits from roadmap on setting up AEC in 2015. Hospital business will be more patients use our service in Thailand because hospitals gain the high standard of treatments and services, including high quality personnel and low medical treatment cost when compared with other countries which have the same quality of service. However, even the majority of patients of the Company are domestic group, but from the Company's plan on developing specialist treatments expertise, and including the fact that 2 of hospitals in the group, which are Chularat 3 International Hospital and Chularat 9 Airport Hospital located within 10 kilometers radius from Suvarnabhumi airport. So it is expected that the Company will have more foreign customer group from AEC in the future. Chularat 3 is a hospital in the group. Which are internationally accredited hospitals JCI (Joint Commission International) and building confidential with foreigners in the quality of international medical service.

2. Ratio of income from general patients

The ratio of income from general patients was 54.9 percent, 57.6 percent, and 62.5 percent in the year 2016, 2017, and 2018, respectively. When considered data from 2016 to 2018, income from general patients arising from Baht 1,995.06 million to Baht 2,754.77 million, or increasing on average of 17.51 percent per annum. While the number of services of general out-patient arising from 743,666 times/year in 2016 to 804,167 times/year in 2017 and 899,551 times/year in 2018, respectively. Increased on average of 9.98 percent per annum. The ratio of general in-patient arising from 138 beds/day to 143 beds/day and 167 beds/day, respectively, in 2016, 2017 and 2018. Increased on average of 10.20 percent per annum.

In the future, the Company has a policy to increase number of general patients by raising the potential to offer medical services and focus on treatments that require specialists. The Company has a plan on expanding and renovating the buildings to get ready and adequate from clients and the latest innovation of medical instruments and increase variety of services, such as a service of 'Chularat renoir' beauty center and Heart Center. Moreover, the Company will also use offensive marketing strategy to penetrate general clients, such as giving a discount for patients who registered on health insurance plan with insurance companies who are the contractors with the Company. Income from general patients generates more profit rate than from government program, thus promoting income ratio from general patients gain a positive effect to the profit trend of the Company in the future.

3. Changes in the government policy

Income from the governmental social welfare for health is the high ratio income of the Company, by which during 2016 – 2018 that income was 45.2 percent, 42.4 percent and 37.5 percent of income from hospital operations. Only income generated from social security program was 36.1 percent, 37.4 percent, and 32.0 percent of income from hospital operations. Therefore, changes in social welfare policy of the government may be significantly effects the Company's operation result in the future.

Furthermore, the government has a policy to decrease corporate income tax to 20 percent since 2013 to increase competitive enhancement and foreign investment to activate the economics. As the results, the Company gained benefits from business operations, financial, and liquidity in the future.

4. Changes in medical services rate of Social Security Office

In 2012, the Social Security Office considered increasing medical services rate for the hospital is ready to provide service for complex and high expense disease. The major changed as follows.

- Increasing the capitation payment rate of social security: The capitation payment rate continuously increased from Baht 1,306 person/year in 2008 to Baht 1,404 person/year in 2009, increase to Baht 1,446 person/year in 2012, increase to Baht 1,460 person/year in 2014, and increase to Baht 1,550 person/year since 1 July 2017. There will be a consideration for rising capitation payment rate every 3 years.
- Changes in additional capitation payment rate

based on quality of hospital: Since July 2012, the hospital with 2nd class HA will receive Baht 40 patient/year, for the hospital with 3rd class HA or JCI will receive Baht 80 patient/year. On December 31, 2014, Chularat 3 hospital was granted with 3rd class HA and JCI quality standards and Chularat 11 International hospital was granted with 3rd class HA quality standard while Chularat 9 Airport hospital was granted with 2nd class HA quality standard.

- Service rate in case of in-patient with high expense diseases: The new category of income, which start to use in 2012 for cases on in-patient treatment with high expense disease and patient must be admitted to be in-patients (IPD). Department of public welfare will use the calculation approach referring to diagnosis related groups (DRGs) for making a comparison expense of each category of disease and determine unit of comparison as adjusted relative weight (AdjRW). If a patient suffered from a disease with AdjRW more than or equal to 2, the Company will receive additional service fee from Social Security Office. In 2012, Social Security Office set the limit of payment additional expense in AdjRW not more than Baht15,000.

- Changes in service rate according to number of services for patients with risky condition: The service payment rate for risky conditions changed from Baht 432 patient/year to Baht 447 patient/year, since 1 July 2017.

Conclusion, the Company gained benefits from changes in payment rate mentioned above, by increasing income from social security programs from Baht 3,315 patient/year in 2016 to Baht 3,341 patient/year in 2018. The government established the service charge of social security program which

are always changing considered from suitability and cost-expense of treatments.

5. Effect from change of accounting standard

To get Thai financial statement standard comparable to international financial statement, the Federation of Accounting Professions announced a revised accounting standards and new accounting standards. Part of the standards that will be effected are in following details;

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Stan-

dards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

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

TFRS 15 Revenue from Contracts with Customers

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

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model. The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments Accounting standard:

TAS 32 Financial Instruments: Presentation

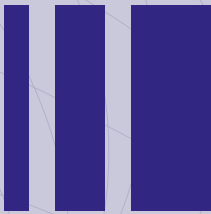
Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.



Report of the Board of Directors on the Financial Statements

The Board of Director is responsible for the separate financial statement, and consolidated financial statement of the Company and its subsidiaries, including the financial information contained in the annual report for the year ended 31 December 2018, which the Company has prepared in accordance with accounting standards generally accepted in Thailand by choosing the appropriate accounting policies and has been practicing regularly with discretion and reasonable estimation in the preparation. As well as the reins adequate disclosure of information in the notes to the financial statement that can reflect the financial position, performance, and cash flows accurately, transparently and beneficially to the shareholders and general investors, and has been audited by the CPA of the Company, EY Company Limited, which gave unconditional opinions to the Company.

The Company provided support in information and documents to EY Company Limited, so they can audit and express opinions according to auditing standards. The Board has established and maintained suitable and effective system of risk management, internal control, internal audit and

corporate governance to ensure the accounting information is accurate and complete and sufficient to maintain the assets, manage risks and prevent fraud or irregular conduct significantly.

The Board of Directors has appointed the Audit Committee consisting of independent directors to be responsible for reviewing the accounting policies and responsible for the quality of financial report, a review of the internal control, internal audit and risk management and also consider the disclosure of related transactions to be fully adequate and appropriate. The comments of the Audit Committee have been put in the report of the Audit Committee which is published in the Annual Report.

The Board of Directors has the opinion that the Company's overall internal control system is adequate and appropriate. The Board is reasonably confident that the separate financial statements and consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018 are reliable and complying with generally accepted accounting standards and the practice is in compliance with related law and regulations.

Kriengsak Plussind
Chairman of the Board of Directors

Kumpol Plussind
Managing Director

THE AUDIT COMMITTEE REPORT TO SHAREHOLDERS

Dear Shareholders of Chularat Hospital Public Company Limited,

The Board of Directors has appointed the Audit Committee of Chularat Hospital Public Company Limited, which consists of three independent directors who qualify under the rules of the Stock Exchange of Thailand. Two Audit Committee members are the persons with sufficient knowledge and experience to be responsible to review the reliability of financial statements. The Audit Committee comprises of:

1. Mr. Manit Jeeradit Chairman of the Audit Committee
2. Mr. Somyos Yan-ubol Audit Committee
3. Mr. Chayawat Pisessith Audit Committee

Mrs. Jirawassa Rochanapradit is the Secretary to the Audit Committee.

In 2018 the Audit Committee had a total of 5 meetings in which every audit committee has attended. There was a meeting with the auditor without management attended the meeting. In each meeting, there was an agenda with the auditor; the internal audit department manager has attended the meeting as the secretary of the Audit Committee in order to facilitate the performance of the Audit Committee to be in accordance with the Charter of the Audit Committee. The Audit Committee has summarized the meeting of the Audit Committee and presented to the Board of Directors to acknowledge. The Board of Directors summarizes the essence of the performing in 2018 as follows:

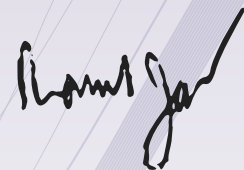
1. The Audit Committee has reviewed the quarterly financial statements and the annual financial statements 2018 of the Chularat Hospital Public Company Limited and its subsidiaries on significant issues by querying and gathering comments from management and auditors about the accuracy, completeness and reliability of the financial statements and adequate disclosure of information that the Audit Committee has agreed with the auditor that the financial statements have been prepared correctly in accordance with general accounting standards.
2. The Internal control system of the Company is appropriate and effective as it should be.
3. The related transactions that appeared in 2018 were as usual as normal business. The transaction is reasonable and based on the interests of the stakeholders of the company, including adequate disclosure of information according to the requirements of the Stock Exchange of Thailand.
4. The framework of the Company was according to the law regarding the Securities and Exchange Commission

as well as other laws and regulations related to the business of the company.

5. For The fiscal period Ended 31 December 2018, the certified public accountant to audit the financial statements of the Company is Ms. Kosum Cha-em (CPA License No. 6011). The Company has considered the performance of the auditor in the past fiscal periods, and agreed that EY Office Limited is a professional who operates independently and has understanding towards the business of the Company. So the Board of Directors of the Company has proposed to the Annual General Meeting of Shareholders to appoint EY Office Limited to be the Auditor of the Company for another year. The Board of Directors has proposed Ms. Manee Rattanabunnakit, Certified Public Accountant No. 5313 and/or Ms. Kosum Cha-Em, Certified Public Accountant No. 6011 and/or Mr. Kritsada Lerdwana, Certified Public Account No. 4958 of EY Office Limited to be the auditors of the Company for the fiscal year 2019, with their total remuneration of up to 4.82 million Baht.

The Audit Committee has performed the duties and responsibilities assigned by the Board of Directors with caution in order to fully benefit the shareholders and all stakeholders of the Company.

On behalf of the Audit Committee,



(Manit Jeeradit)

Chairman of the Audit Committee
Chularat Hospital Public Company Limited
21 February 2019

Internal Control System Sufficiency Evaluation Form

CHULARAT HOSPITAL GROUP (PUBLIC) COMPANY LTD,
February 18, 2018

This evaluation form is prepared by the Board of Directors.
This is the opinion of the Board regarding the Sufficiency of the
Internal control system.

Control Environment

1. Demonstrates commitment to integrity and ethical values

Question	Yes	No
<p>1.1 Board of directors and management set principles of integrity and operations code of conduct which are being practiced in the following area:</p> <p>1.1.1. Daily routines and decisions making.</p> <p>1.1.2. Treatment of partners, customers and third party.</p>	✓ ✓	
<p>1.2 There are written regulations to ensure that executives and employees operates with integrity and ethics which include:</p> <p>1.2.1 Suitable code of conduct for executives and employees.</p> <p>1.2.2. There are regulations forbidding the management as well as the employees from acting in the way that could cause conflicts of interests with the business and also forbids corruption which may damage the organization.</p> <p>1.2.3. There is appropriate penalty in case of violation of the aforementioned regulations.</p> <p>1.2.4. All executives and employees are informed of the aforementioned regulations and penalties. For example, they are included in the orientation for new employees, the employees annually signed an acknowledgment of the regulations and penalties, the code of conduct is publicized to the employees and third parties</p>	✓ ✓ ✓ ✓	
<p>1.3 Code of Conduct There is a procedure to monitor and assess that code of conduct are being followed.</p> <p>1.3.1. Monitoring and assessment by an internal audit unit or a compliance unit.</p> <p>1.3.2. Self-assessment by executives and employees.</p> <p>1.3.3. Assessment by independent professional from outside the organization.</p>	✓ ✓ ✓	
<p>1.4 There is a timely management when there is non-compliance in regulation on integrity and code of conduct.</p> <p>1.4.1. There is a procedure that would timely identify any non-compliant action.</p> <p>1.4.2. There is a procedure to timely and suitably penalize or manage the non-compliant action.</p> <p>1.4.3. Actions that are in violation of principles on integrity and code of conduct are timely and suitably corrected</p>	✓ ✓ ✓	

2. The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.

Question	Yes	No
2.1 Roles and duties of the Board of Directors are set separately from that of the Management. The Board of Directors' authorities are clearly defined.	✓	
2.2 The Board of Directors oversees that there is clear and measurable business target to use as guidelines for the executives and employees' operations	✓	
2.3 The Board of Directors oversees that the Company follows the laws and charters regarding the roles and duties of board of directors and management as well as the roles of audit committee, auditor, internal auditor and the person who is responsible for the financial statements.	✓	
2.4 The Board of Directors are knowledgeable about the company's business and has the expertise that would be beneficial to the Company or able to seek advice from experts in the field.	✓	
2.5 The Board of Directors comprises suitable number of knowledgeable and reliable independent directors who can perform his/her duty independently. For example, the independent directors do not have any business relation with the Company or any other relationship that could influence their independent judgement.	✓	
2.6 The Board of Directors oversees the development and practice of the organization's internal control including the creation of control environment, risk assessment, control activities, information and communication, and the follow up.	✓	

3. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Question	Yes	No
3.1 Top management sets an organizational structure that support the Company's goal by considering the business functions and legal requirements. There is also effective internal control. For example, there is a separation of duties in important business unit which would result in check and balance; there is an internal audit units which reports directly to the Audit Committee; there is a clear line of report.	✓	
3.2 Top management sets up line of report by considering duties, responsibilities and communication	✓	
3.3 Roles and responsibilities are suitably defined and assigned between the Board of Directors, top executives, management and employees.	✓	

4. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.

Question	Yes	No
4.1 The company has the policy and practice for recruiting, developing and retaining knowledgeable personnel and regularly reviews such policy and practice.	✓	
4.2 There is performance evaluation process, incentives and rewards to personnel with good performance, management measure for the personnel who did not reach their targets and the process is communicated to all executives and employees.	✓	
4.3 The company has the process to timely solve or prepare for the event that the company lack knowledgeable personnel.	✓	
4.4 The company has process to recruit, developed and retain all executives and employees such as providing mentoring system or training.	✓	
4.5 The company provides succession plan for significant roles	✓	

5. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

Question	Yes	No
5.1 The Board of Directors and the Management have the procedure and communication to enforce all personnel to have responsibilities for internal control and if necessary, provide corrective measure for such procedure.	✓	
5.2 The Board of Directors and the Management set indicators for performance appraisal, give suitable incentives and rewards by considering the compliance of code of conduct and the company's short-term and long-term objectives.	✓	
5.3 The Board of Directors and the Management regularly evaluates the incentives and rewards by focusing on the connection between the success of the performance and the compliance of internal control.	✓	
5.4 The Board of Directors and the Management make sure that there is not too much pressure on each personnel duty.	✓	

Risk Assessment

6. The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Question	Yes	No
6.1 The Company can comply with generally accepted accounting standards which is appropriate to the business at that time by showing that the transaction in the financial report exists, complete, correctly show the rights or obligations of the Company, have the right value and is properly disclosed.	✓	
6.2 The Company defines the essence of the financial statements by considering the major factor such as the user of the financial report, the size of transaction and the business trend.	✓	
6.3 The Company's financial report truly reflects the Company's operational activities	✓	
6.4 The Board of Directors or the Risk Management Committee approved and communicate the risk management policy to all executives and employees such the policy is acknowledged and practiced as a part of the organizational culture.	✓	

7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.

Question	Yes	No
7.1 The company identifies all risks that may affect the company's operations in organizational level, business unit level, department level, and work level.	✓	
7.2 The company analyze all internal and external risk factors including strategic risk, operational risk, reporting risk, rule and regulation compliance risk and technological risk.	✓	
7.3 All levels of management are involved with risk management.	✓	
7.4 The company evaluate the risk by considering the chance of occurrence and the effect that may occurred.	✓	
7.5 The company has the measure and action plan to handle risk by accepting, reducing, avoiding or sharing risks.	✓	

8. The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Question	Yes	No
8.1 The company evaluates the chance of fraud, covering all type of fraud including the faultily financial report, assets loss, corruption, management override of internal controls, the change of important information in report, wrongly acquisition or disposition of property, etc.	✓	
8.2 The company review its operational target by considering the possibility of the target achievement as well as considering that the incentive or rewards given to employees would not instigate wrong doing. For example, the sale goal is not unreasonably high that would motivate employees to give false sale figure.	✓	
8.3 The Audit Committee has considered and questioned the Management regarding the chance of fraud and the prevention or correction measure.	✓	
8.4 The company has communicated with all employees so that they understand and comply with existing policies and guidelines.	✓	

9. The organization identifies and assesses changes that could significantly impact the system of internal control.

Question	Yes	No
9.1 The company evaluates external changes that may affect the operations, internal control, and financial report and defines adequate measures to handle such changes	✓	
9.2 The company evaluates the change in business model that may affect the operations, internal control and financial statements and define suitable measure in response to such change.	✓	
9.3 The company evaluates the change of the organization leader which may affect business operation, internal control, and financial statements and defines suitable measure in response to such change.	✓	

Control Activities

10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Question	Yes	No
10.1 The company's control measure is suitable to the risk and the organization's unique condition such as environment, the complexity of work, scope of work and other specific condition.	✓	
10.2 The company has written internal control procedure that appropriately covers all procedure such as policy and regulation on financial transaction, procurement, general management, and defines clear authorization and level of approval for each level of management in order to prevent fraud. For example, the size of budget and the level of approval for each management level, the procedure for investment approval, procurement and seller selection procedure, the record of buying decision details, procedure for releasing tools and equipment. There is also the following procedures: 10.2.1. The record of major shareholder, directors, management and related person including connected person, in order to monitor and review connected transaction or transaction that may have conflict of interest. Such record should also be regularly updated. 10.2.2. In the event that the company approves a transaction or enters into long term contract with related person such as purchase and sale of goods, lending, guaranteeing; the company has monitors that all conditions are kept during the time the contract is effective. For example, monitoring that the debt is paid in due time and the contract is reviewed for suitability.	✓ ✓ ✓	
10.3 The company sets up suitable varieties of internal control namely manual and automated control or the prevention and monitoring control.	✓	
10.4 The company defines internal control throughout all level in the organization namely the company's group, business unit, function, department, division or process	✓	
10.5 The company completely separates 3 following responsibilities from one another in order to have check and balance: (1) Approving duty (2) Recording accounting transaction and information and (3) Assets storing	✓	

11. The organization selects and develops general control activities over technology to support the achievement of objectives.

Question	Yes	No
11.1 The company should identify the connection between the use of information technology in operations and the general control of the information technology system.	✓	
11.2 The company should define suitable control for technology system fundamental.	✓	
11.3 The company should define suitable security control for technology system	✓	
11.4 The company should define suitable control for the procurement, development and maintenance of the technology system	✓	

12. The organization deploys control activities through policies that establish what is expected and procedures that put policies into place.

Question	Yes	No
12.1 The company has strict policy to monitor that the transaction of the major shareholder, director, management or related person go through approval process as defined in the company's articles of association, rules and regulations of the Stock Exchange of Thailand, the Security Exchange Commissions, etc. In order to protect the company's benefit against the use for personal gain.	✓	
12.2 The company has a policy that a transaction must be approved by the person who has no personal interest in such transaction.	✓	
12.3 The company has the policy to approve transaction by considering the company's utmost benefit and consider the transaction on the at arms' length basis	✓	
12.4 The Company has the process to monitor the performance of subsidiaries or associates including setting guidelines to the person who is appointed as a director or executives in the subsidiaries or associates. (If the company does not have subsidiaries or associates, the company does not have to answer this question)	✓	
12.5 The company sets the role and responsibilities that the executives and the employees are to implement the policy in their operations.	✓	
12.6 The company's policies and processes are suitably implement by capable personnel including the process of operation correction.	✓	
12.7 The company regularly reviews its policy and process of practice.	✓	

13. The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.

Question	Yes	No
13.1 The company specifies the related information that are required for its operation from both in and outside of the organization.	✓	
13.2 The company considers the cost and benefit as well as the quantity and correctness of the information.	✓	
13.3 The company provides the Board of Directors with sufficient information for their decision making such as the detail of the proposed agenda, the reasons, and the effect to the company and other alternatives.	✓	
13.4 The company provides the meeting notice or meeting documents that contain necessary and sufficient information for the directors' consideration before the meeting at least for the minimum requirement of the law.	✓	
13.5 The company provides detailed minutes of Board of Directors' meeting so that the each director's performance can be reviewed. For example, record of directors' question, opinion, comment on the considered matters; the opinion of the directors who did not approve the proposed agenda and his/her reason.	✓	
13.5 The company provides detailed minutes of Board of Directors' meeting so that the each director's performance can be reviewed. For example, record of directors' question, opinion, comment on the considered matters; the opinion of the directors who did not approve the proposed agenda and his/her reason.	✓ ✓	
13.6 The company has the following actions;		
13.6.1. Filing and categorizing all important document.		
13.6.2. In the event that the auditor or the internal auditor report about flaws in internal control, such flaws has been corrected.		

14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.

Question	Yes	No
14.1 The company has effective internal information communication process and has appropriate communication channel to support internal control.	✓	
14.2 The company regularly reports important information to the Board of Directors and the Board of Directors has the access to the information source that is necessary to its work or required revision. For example, defining the contact center for information in order to search for information other than one that the Board received from the Management, including requesting information from auditor, internal auditor, the meeting between the Board and the Management outside of the Board meeting, etc.	✓	
14.3 The company provides special channel or secret channel so that its personnel can securely report information or clue regarding fraud or corruption (whistle-blower hotline) to the company.	✓	

15. The organization communicates with external parties regarding matters affecting the functioning of internal control.

Question	Yes	No
15.1 The company has the process for the effective information communication to stakeholders outside the organization as well as appropriate communication channels to support internal control such as providing investors relation officers or complaint center.	✓	
15.2 The company provides special channel or secret channel so that the stakeholders outside the organization can securely report information or clue regarding fraud or corruption (whistle-blower hotline) to the company.	✓	

Monitoring Activities

16. The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.

Question	Yes	No
16.1 The Company provides a process to monitor the compliance with the code of conduct and prohibited the management and employees from conducting themselves in a manner is likely to cause conflicts of interests, such as assigning each unit to monitor the operations and report to their supervisor or assigning the internal audit unit to monitor the operation and report to the Audit Committee.	✓	
16.2 The Company reviews the internal control system through self-assessment and/or independent assessment by internal auditor.	✓	
16.3 The frequency of monitoring and assessment is suitable for the company's change.	✓	
16.4 The internal audit system is monitored and assessed by knowledgeable personnel.	✓	
16.5 The result of internal audit is reported directly to the Audit Committee	✓	
16.6 The company encourages the internal auditor to follow the International Standards for the Professional Practice of Internal Auditing (IIA)	✓	

17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Question	Yes	No
17.1 The company evaluates and communicates the deficiencies of its internal control system and timely proceed to monitor and rectify such deficiencies in the event that the operating result significantly differs from the predefined goal.	✓	
17.2 The company has the following reporting policies:		
17.2.1. Management must immediately report to the board of directors in the event of fraud or suspicion of fraud, violation of laws or other unusual actions that may significantly affect the company's reputation of financial position.	✓	
17.2.2. Significant deficiencies along with problem solving guideline (although the problem may have already been managed) are timely reported to the company's board of directors/audit committee for consideration.	✓	
17.2.3. Progress on the remedy of significant flaws are reported to the company's board of directors/audit committee	✓	

Chularat Hospital Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018

Independent Auditor's Report

To the Shareholders of Chularat Hospital Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Chularat Hospital Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Chularat Hospital Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chularat Hospital Public Company Limited and its subsidiaries and of Chularat Hospital Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Estimation of accrued medical treatment income

The Group has revenues from the provision of medical services to patients under the government welfare schemes of the Social Security Office and the National Health Security Office. The amounts of such revenues are determined based on government policy, the number of insured persons registered with the Group, and statistical information on the services provided by the Group. As discussed in Note 9 to the financial statements, as at 31 December 2018, the Group had accrued medical treatment income from the above government agencies amounting to Baht 595 million, representing 10% of total assets. An estimation of accrued medical treatment income requires management to exercise significant judgement. There is thus a risk of the amount of revenue from hospital operations.

I have examined the revenue recognition from hospital operations and the accrued medical treatment income by

- Assessing and testing the Group's internal controls with respect to the revenue cycle and the estimation of accrued medical treatment income by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, and with special consideration given to expanding the scope of the testing of the internal controls which respond to the above risks.
- Assessing the appropriateness of the criteria, methodology and conditions applied by the Group in estimating accrued medical treatment income in accordance with government policy.

- Performing the reasonableness of past estimates of accrued medical treatment income by comparing those estimates with the actual amounts received.
- Examining cash receipt transactions relating to accrued medical treatment income subsequent to the period-end date.

Revenue recognition from hospital operations, excluding revenue from government sector welfare schemes

Revenue from hospital operations, excluding revenue from the Social Security Office and the National Health Security Office, is considered an account significant to the financial statements because there are a large number of revenue transactions. The revenue also has a number of components, such as revenue from medical fees, revenue from sales of medicines and revenue from hospital rooms, and is derived from provision of services to various types and a large number of customers. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, and with special consideration given to expanding the scope of the testing of the internal controls which respond to the above risks.
- Performing analytical procedures on disaggregated data and significant ratios relating to revenue recognition, including comparison with historical data, in order to detect possible irregularities in revenue transactions throughout the period, especially accounting entries made through journal vouchers.
- On a sampling basis, examining supporting documents for revenue transactions occurring during the year.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Kosum Cha-em

Certified Public Accountant (Thailand) No. 6011

EY Office Limited

Bangkok: 21 February 2019

Chularat Hospital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	470,639,295	413,999,840	173,076,666	139,755,309
Current investments		23,720,878	1,600,000	-	-
Trade and other receivables	8	338,244,146	272,475,482	249,258,428	160,953,270
Short-term loans to related parties	6	-	-	362,938,476	208,064,000
Accrued medical treatment income	9	594,839,629	504,106,542	377,239,854	351,054,862
Inventories	10	141,612,387	118,875,051	60,315,717	58,017,900
Other current assets		22,895,181	20,948,035	15,025,330	14,547,623
Total current assets		1,591,951,516	1,332,004,950	1,237,854,471	932,392,964
Non-current assets					
Restricted bank deposits		406,276	405,916	-	-
Advance for share subscription	11	-	-	-	30,000,000
Investments in subsidiaries	11	-	-	1,747,669,447	1,685,419,447
Other long-term investment	12	-	-	-	-
Investment properties	13	114,368,885	114,368,885	39,013,000	39,013,000
Property, plant and equipment	14	3,831,015,698	3,385,204,602	918,771,830	904,013,549
Intangible assets	15	16,932,995	15,749,188	12,616,090	12,798,184
Leasehold rights	16	5,918,630	6,868,630	-	-
Goodwill		47,283,766	47,283,766	-	-
Deferred tax assets	23	12,707,944	6,992,717	6,919,232	3,791,601
Other non-current assets		87,598,549	42,303,200	27,675,700	22,944,567
Total non-current assets		4,116,232,743	3,619,176,904	2,752,665,299	2,697,980,348
Total assets		5,708,184,259	4,951,181,854	3,990,519,770	3,630,373,312

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

Chularat Hospital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	530,000,000	380,000,000	530,000,000	380,000,000
Trade and other payables	18	566,388,054	463,965,951	235,295,756	215,551,927
Current portion of long-term loans from financial institutions	19	98,760,000	69,630,000	-	-
Current portion of liabilities under					
finance lease agreements		2,799,696	3,809,144	1,818,354	1,136,789
Income tax payable		44,327,444	44,494,366	18,514,361	18,551,672
Other current liabilities					
Withholding tax payable		9,756,380	20,474,035	5,261,542	16,472,879
Others		43,352,159	41,725,948	22,619,572	18,093,722
Total current liabilities		1,295,383,733	1,024,099,444	813,509,585	649,806,989
Non-current liabilities					
Long-term loans from financial institutions					
- net of current portion	19	583,390,000	402,690,000	-	-
Liabilities under finance lease agreements					
- net of current portion		12,253,023	5,980,994	7,957,258	5,222,543
Deferred tax liabilities	23	11,154,494	11,676,882	-	-
Provision for long-term employee benefits	20	62,572,618	34,028,480	33,717,058	18,078,906
Total non-current liabilities		669,370,135	454,376,356	41,674,316	23,301,449
Total liabilities		1,964,753,868	1,478,475,800	855,183,901	673,108,438

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

Chularat Hospital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital					
Registered					
11,000,000,000 ordinary shares of Baht 0.1 each		1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Issued and fully paid					
11,000,000,000 ordinary shares of Baht 0.1 each		1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Share premium		1,146,084,819	1,146,084,819	1,146,084,819	1,146,084,819
Retained earnings					
Appropriated - statutory reserve	21	110,000,000	110,000,000	110,000,000	110,000,000
Unappropriated		1,206,951,362	943,796,365	779,251,050	601,180,055
Other components of shareholders' equity		(70,400)	(44,800)	-	-
Equity attributable to owners of the Company		3,562,965,781	3,299,836,384	3,135,335,869	2,957,264,874
Non-controlling interests of the subsidiaries		180,464,610	172,869,670	-	-
Total shareholders' equity		3,743,430,391	3,472,706,054	3,135,335,869	2,957,264,874
Total liabilities and shareholders' equity		5,708,184,259	4,951,181,854	3,990,519,770	3,630,373,312
		-	-	-	-

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

Directors

Chularat Hospital Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Revenues from hospital operations		4,406,986,825	3,875,791,377	2,196,030,069	1,949,180,161
Dividend income from subsidiaries	11	-	-	230,000,000	161,000,000
Interest income		3,490,686	2,460,415	14,611,455	11,529,277
Other income		20,364,412	18,172,121	14,209,614	14,229,552
Total revenues		<u>4,430,841,923</u>	<u>3,896,423,913</u>	<u>2,454,851,138</u>	<u>2,135,938,990</u>
Expenses					
Cost of hospital operations		3,072,032,029	2,633,103,297	1,497,220,853	1,308,927,177
Administrative expenses		570,065,948	550,849,619	340,551,450	343,521,049
Total expenses		<u>3,642,097,977</u>	<u>3,183,952,916</u>	<u>1,837,772,303</u>	<u>1,652,448,226</u>
Profit before finance cost and income tax expenses		<u>788,743,946</u>	<u>712,470,997</u>	<u>617,078,835</u>	<u>483,490,764</u>
Finance cost		(23,723,072)	(15,870,266)	(10,061,956)	(11,737,312)
Profit before income tax expenses		<u>765,020,874</u>	<u>696,600,731</u>	<u>607,016,879</u>	<u>471,753,452</u>
Income tax expenses	23	(149,796,499)	(130,818,582)	(66,587,443)	(59,080,658)
Profit for the year		<u>615,224,375</u>	<u>565,782,149</u>	<u>540,429,436</u>	<u>412,672,794</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain (loss) on change in value of available-for-sale investments		(32,000)	28,000	-	-
Less: Income tax effect	23	6,400	(5,600)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(25,600)</u>	<u>22,400</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(23,422,898)	-	(12,965,401)	-
Less: Income tax effect	23	4,684,580	-	2,593,080	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(18,738,318)</u>	<u>-</u>	<u>(10,372,321)</u>	<u>-</u>
Other comprehensive income for the year		<u>(18,763,918)</u>	<u>22,400</u>	<u>(10,372,321)</u>	<u>-</u>
Total comprehensive income for the year		<u>596,460,457</u>	<u>565,804,549</u>	<u>530,057,115</u>	<u>412,672,794</u>

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

Chularat Hospital Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit attributable to:				
Equity holders of the Company	633,879,435	565,443,660	540,429,436	412,672,794
Non-controlling interests of the subsidiaries (loss)	(18,655,060)	338,489		
	<u>615,224,375</u>	<u>565,782,149</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	615,115,517	565,466,060	530,057,115	412,672,794
Non-controlling interests of the subsidiaries (loss)	(18,655,060)	338,489		
	<u>596,460,457</u>	<u>565,804,549</u>		
Basic earnings per share	24			
Profit attributable to equity holders of the Company (Baht per share)	<u>0.058</u>	<u>0.051</u>	<u>0.049</u>	<u>0.038</u>
Weighted average number of ordinary shares (shares)	<u>11,000,000,000</u>	<u>11,000,000,000</u>	<u>11,000,000,000</u>	<u>11,000,000,000</u>

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

Chularat Hospital Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit before tax	765,020,874	696,600,731	607,016,879	471,753,452
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	276,087,455	255,304,868	135,317,039	136,372,242
Increase in allowance for doubtful accounts (reversal)	(13,485,894)	27,269,627	(8,366,242)	19,226,800
Dividend income	-	-	(230,000,000)	(161,000,000)
Loss on sales and write-offs of assets	865,948	3,314,325	2,030,200	1,505,289
Loss on write-offs of intangible assets	-	56,659	-	-
Increase in provision for long-term employee benefits	6,025,826	8,904,188	2,672,751	5,818,266
Interest income	(3,490,686)	(2,460,415)	(14,611,455)	(11,529,277)
Interest expenses	<u>23,723,072</u>	<u>15,870,266</u>	<u>10,061,956</u>	<u>11,737,312</u>
Profit from operating activities before changes in operating assets and liabilities	1,054,746,595	1,004,860,249	504,121,128	473,884,084
Operating assets (increase) decrease				
Trade and other receivables	(65,558,761)	6,767,405	(75,166,231)	31,733,985
Accrued medical treatment income	(77,336,289)	(43,726,974)	(17,818,750)	(77,697,259)
Inventories	(22,737,336)	(9,239,033)	(2,297,817)	(4,848,015)
Other current assets	(1,947,146)	(5,540,347)	(477,707)	(4,364,295)
Other non-current assets	(54,253,355)	(9,965,346)	(3,483,311)	(12,260,622)
Operating liabilities increase (decrease)				
Trade and other payables	102,862,176	98,269,320	20,123,865	54,347,956
Other current liabilities	(9,091,444)	13,211,903	(6,685,487)	3,112,870
Cash paid for long-term employee benefits	<u>(904,586)</u>	<u>(1,298,073)</u>	<u>-</u>	<u>(118,500)</u>
Cash from operating activities	925,779,854	1,053,339,104	418,315,690	463,790,204
Cash paid for interest expenses	(31,348,830)	(21,629,998)	(10,061,956)	(12,499,260)
Cash paid for corporate income tax	<u>(151,510,056)</u>	<u>(121,417,370)</u>	<u>(67,159,305)</u>	<u>(54,991,578)</u>
Net cash from operating activities	<u>742,920,968</u>	<u>910,291,736</u>	<u>341,094,429</u>	<u>396,299,366</u>

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

Chularat Hospital Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
Increase in current investment	(22,152,878)	-	-	-
Increase in restricted bank deposit	(360)	(357)	-	-
Dividend received from subsidiaries	-	-	230,000,000	347,700,000
Increase in short-term loans to related parties	-	-	(154,874,476)	(25,971,881)
Cash receipt from non-controlling interests				
of investments in subsidiaries	26,250,000	79,379,387	-	-
Net cash paid for investments in subsidiaries	-	-	(32,250,000)	(96,620,612)
Advance for share subscription	-	-	-	(30,000,000)
Increase in advance payment for construction of buildings	(9,678,244)	(14,755,741)	(3,678,243)	-
Acquisition of property, plant and equipment	(683,381,027)	(653,278,555)	(145,087,665)	(74,850,739)
Acquisition of intangible assets	(5,234,470)	(3,769,857)	(2,531,682)	(2,272,170)
Proceed from sales of assets	1,633,440	1,624,118	3,099,191	1,343,084
Interest income	3,369,879	2,509,640	1,472,528	7,688,887
Net cash from (used in) investing activities	(689,193,660)	(588,291,365)	(103,850,347)	127,016,569
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	150,000,000	(257,000,000)	150,000,000	(180,000,000)
Cash paid for long-term loans	(69,630,000)	(5,475,000)	-	-
Cash receipt from long-term loans	279,460,000	313,318,000	-	-
Repayment of liabilities under finance lease agreements	(4,931,733)	(4,200,970)	(1,936,605)	(2,046,659)
Dividend paid	(351,986,120)	(395,998,320)	(351,986,120)	(395,998,320)
Net cash from (used in) financing activities	2,912,147	(349,356,290)	(203,922,725)	(578,044,979)
Net increase (decrease) in cash and cash equivalents	56,639,455	(27,355,919)	33,321,357	(54,729,044)
Cash and cash equivalents at beginning of year	413,999,840	441,355,759	139,755,309	194,484,353
Cash and cash equivalents at end of year	470,639,295	413,999,840	173,076,666	139,755,309
	-	-	-	-
Supplement cash flows information				
Non-cash transactions				
Transfer advance payment for construction to buildings	18,636,250	37,145,778	2,430,421	-
Acquisition of assets under finance lease agreements	9,691,848	7,374,000	4,972,849	6,828,000
Interest capitalised as cost of assets	7,688,151	5,848,736	-	-
Transfer advance payment for share subscription				
to investment in subsidiaries	-	-	30,000,000	61,250,000

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

Chularat Hospital Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements									
	Equity attributable to owners of the Company				Other components of equity				
	Issued and paid-up share capital	Share premium	Retained earnings		Surplus (deficit) on changes in value of available-for-sale investments	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
			Appropriated	Unappropriated					
Balance as at 1 January 2017	1,100,000,000	1,146,084,819	110,000,000	774,351,025	(67,200)	3,130,368,644	93,151,794	3,223,520,438	
Profit for the year	-	-	-	565,443,660	-	565,443,660	338,489	565,782,149	
Other comprehensive income for the year	-	-	-	-	22,400	22,400	-	22,400	
Total comprehensive income for the year	-	-	-	565,443,660	22,400	565,466,060	338,489	565,804,549	
Increase in equity attributable to non-controlling interests of the subsidiaries from investment in subsidiaries	-	-	-	-	-	-	79,379,387	79,379,387	
Dividend paid (Note 27)	-	-	-	(395,998,320)	-	(395,998,320)	-	(395,998,320)	
Balance as at 31 December 2017	1,100,000,000	1,146,084,819	110,000,000	943,796,365	(44,800)	3,299,836,384	172,869,670	3,472,706,054	
Balance as at 1 January 2018	1,100,000,000	1,146,084,819	110,000,000	943,796,365	(44,800)	3,299,836,384	172,869,670	3,472,706,054	
Profit for the year	-	-	-	633,879,435	-	633,879,435	(18,655,060)	615,224,375	
Other comprehensive income for the year	-	-	-	(18,738,318)	(25,600)	(18,763,918)	-	(18,763,918)	
Total comprehensive income for the year	-	-	-	615,141,117	(25,600)	615,115,517	(18,655,060)	596,460,457	
Increase in equity attributable to non-controlling interests of the subsidiaries from investment in subsidiaries	-	-	-	-	-	-	26,250,000	26,250,000	
Dividend paid (Note 27)	-	-	-	(351,986,120)	-	(351,986,120)	-	(351,986,120)	
Balance as at 31 December 2018	1,100,000,000	1,146,084,819	110,000,000	1,206,951,362	(70,400)	3,562,965,781	180,464,610	3,743,430,391	

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

Chularat Hospital Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up share capital	Share premium	Retained earnings	Unappropriated	Total shareholders' equity
Balance as at 1 January 2017	1,100,000,000	1,146,084,819	110,000,000	584,505,581	2,940,590,400
Profit for the year	-	-	-	412,672,794	412,672,794
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	412,672,794	412,672,794
Dividend paid (Note 27)	-	-	-	(395,998,320)	(395,998,320)
Balance as at 31 December 2017	<u>1,100,000,000</u>	<u>1,146,084,819</u>	<u>110,000,000</u>	<u>601,180,055</u>	<u>2,957,264,874</u>
Balance as at 1 January 2018	1,100,000,000	1,146,084,819	110,000,000	601,180,055	2,957,264,874
Profit for the year	-	-	-	540,429,436	540,429,436
Other comprehensive income for the year	-	-	-	(10,372,321)	(10,372,321)
Total comprehensive income for the year	-	-	-	530,057,115	530,057,115
Dividend paid (Note 27)	-	-	-	(351,986,120)	(351,986,120)
Balance as at 31 December 2018	<u>1,100,000,000</u>	<u>1,146,084,819</u>	<u>110,000,000</u>	<u>779,251,050</u>	<u>3,135,335,869</u>

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

Chularat Hospital Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

1. General information

Chularat Hospital Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the operating of clinics and hospitals. The registered office of the Company is at 88/8-9, Teparak Km. 15 Road, Tambol Bangpla, Amphur Bangplee, Samutprakarn. As at 31 December 2018, the Company and its subsidiaries totally have 14 branches of clinics and hospitals.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Chularat Hospital Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u>	<u>2017</u>
			Percent	Percent
<u>Subsidiaries directly held by the Company</u>				
Convenience Hospital Company Limited	Operating of clinics and hospitals	Thailand	100	100
Bangpakong Vejchakij Company Limited	Operating of clinics and hospitals	Thailand	100	100
Thai Amdon Company Limited	Distribution of medical instruments and dietary supplement	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of Shareholding	
			<u>2018</u> Percent	<u>2017</u> Percent
Chularat Arkanay Hospital Company Limited	Operating of clinics and hospitals	Thailand	70	70
Ruampat Chachoengsao Hospital Company Limited	Operating of clinics and hospitals	Thailand	64.58	64.58
Chularat Phraek Sa Hospital Company Limited	Operating of clinics and hospitals	Thailand	100	100
Cancer Suvarnabhumi Co., Ltd.	Operating of clinics and hospitals	Thailand	100	-
<u>Subsidiaries held by Bangpakong Veichakij Company Limited</u>				
Cholvaej Hospital Company Limited	Operating of clinics and hospitals	Thailand	96.38	96.38
Sattayabutr International Company Limited	Operating of clinics and hospitals	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

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

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

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

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

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

4. Significant accounting policies

4.1 Revenue recognition

Revenue from hospital operations

Revenues from hospital operations, mainly consisting of medical fees, medicine sales and hospital room sales, are recognised as income when medicine delivered or services have been rendered. Except for operating revenues from the Social Security Office and National Health Security Office which are recognised as income according to annual lump sum amount and adjust relative weights per the number of registrants of the Company and its subsidiaries.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Rental income

Rental income is recognised over the rental period and at the rate determined in the agreement.

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of 3 months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Medicine and supplies are valued at the lower of cost (under the average method) and net realisable value.

Medical instruments are valued at the lower of cost (under the average method) and net realisable value.

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year when the asset is derecognised.

4.7 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	-	5 - 20	years
Buildings and improvement	-	5 - 40	years
Tools and medical instruments	-	5 - 10	years
Machinery and equipment	-	5 - 10	years
Office furniture, fixtures and equipment	-	3 - 10	years
Motor vehicles	-	5 - 10	years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Borrowing costs

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

4.9 Intangible assets

Intangible assets represent computer software which is stated at cost less accumulated amortisation and accumulated impairment losses (if any). Amortisation is calculated by reference to their costs on the straight-line basis over the estimated useful life of 3 - 10 years.

The amortisation expense is charged to profit or loss.

4.10 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of

4.11 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the operations of the Company and its subsidiaries.

4.12 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.11 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the operations of the Company and its subsidiaries.

4.12 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and their employees have jointly established a provident fund of each entity. The funds are monthly contributed by employees and by the Company and its subsidiaries. The funds' assets are held in a separate trust fund, and contributions of the Company and its subsidiaries are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.15 Provisions

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

4.16 Income tax

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

Current tax

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

Deferred tax

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

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Fair value measurement

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

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

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

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

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Accrued medical treatment income

Accrued medical treatment income represents medical income that has not been collected from the Social Security Office and National Health Security Office. The Company and its subsidiaries are not able to determine the certain amount to be collected. In this regard, the management is required to make an estimation of such accrued income in accordance with bases, methods and terms specified by such authority, and consider the amount of the latest actual collection together with the current circumstances.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
<i>(Eliminated from the consolidated financial statements)</i>					
Sales of medicine and supplies	-	-	2.9	2.6	At cost
Purchases of medicine and supplies	-	-	0.4	0.1	At cost
Medical service expenses	-	-	1.4	2.0	Market price
Rental income	-	-	1.7	0.6	Contract price
Rental expenses	-	-	0.2	0.2	Contract price
Interest income	-	-	13.1	10.2	Rate of 5% per annum
Sales of instruments	-	-	2.1	1.2	Market price
Purchases of instruments	-	-	0.1	2.1	Market price

As at 31 December 2018 and 2017, the balances of accounts between the Company and related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade and other receivables - related parties (Note 8)</u>				
Subsidiaries	-	-	68,312	31,441
	-	-	68,312	31,441
<u>Interest receivable from related parties (Note 8)</u>				
Subsidiaries	-	-	24,296	11,157
	-	-	24,296	11,157
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	362,938	208,064
	-	-	362,938	208,064
<u>Trade and other payables - related parties (Note 18)</u>				
Related company	4,339	197	3,757	165
	4,339	197	3,757	165

Short-term loans to related parties

As at 31 December 2018 and 2017, the balance of loans between the Company and its subsidiaries and the movement are as follows:

Loans to	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
Cholvaej Hospital Company Limited	59,064	28,000	-	87,064
Chularat Phraek Sa Hospital Company Limited	149,000	4,555	-	153,555
Chularat Arkanay Hospital Company Limited	-	88,719	-	88,719
Cancer Suvarnabhum Co., Ltd	-	33,600	-	33,600
Total	208,064	154,874	-	362,938

Short-term loans from related party

The movement of loans between the Company and its subsidiary are as follows:

Loans from	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
Cancer Suvarnabhum Co., Ltd.	-	1,000	(1,000)	-
Total	-	1,000	(1,000)	-

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	48	62	25	32
Total	48	62	25	32

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its subsidiaries, as described in Note 28.3 a) to the financial statements, with free of charge.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	9,377	9,785	3,997	5,785
Savings and current deposits at bank	401,262	367,188	169,080	133,970
Fixed deposit receipts with an original maturity at call	10,000	5,000	-	-
Fixed deposit receipts with an original maturity of 3 months or less	50,000	32,027	-	-
Total	470,639	414,000	173,077	139,755

As at 31 December 2018, bank deposits in saving accounts and fixed deposit receipts carried interests between 0.13 and 1.30 percent per annum (2017: between 0.10 and 1.35 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade accounts receivable - related parties</u>				
Age of outstanding debts by due date				
Past due up to 3 months	-	-	42,487	29,021
Total trade accounts receivable - related parties	-	-	42,487	29,021
<u>Trade receivables - unrelated parties</u>				
Age of outstanding debts by due date				
Past due				
Up to 3 months	249,570	212,685	110,546	83,046
3 - 6 months	41,449	27,323	18,049	13,101
6 - 12 months	16,373	9,772	9,141	5,030
Over 12 months	19,803	15,053	10,389	8,524
Total	327,195	264,833	148,125	109,701
Less: Allowance for doubtful accounts	(6,543)	(6,632)	(3,089)	(3,089)
Total trade accounts receivable - unrelated parties, net	320,652	258,201	145,036	106,612
<u>Other receivables</u>				
Other receivable - related parties	-	-	25,825	2,420
Other receivable - unrelated parties	17,592	14,274	11,614	11,743
Interest receivable from related parties	-	-	24,296	11,157
Total other receivables	17,592	14,274	61,735	25,320
Total trade and other receivables - net	338,244	272,475	249,258	160,953

9. Accrued medical treatment income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Social Security Office</u>				
Accrued medical treatment income of chronic diseases	152,799	52,035	59,295	19,307
Accrued medical treatment income provided to patients with severe diseases	179,224	225,823	112,234	145,439
Accrued social security income - others	154,144	157,755	97,681	114,141
Total	486,167	435,613	269,210	278,887
<u>National Health Security Office</u>				
Accrued medical treatment income	126,095	99,313	120,569	93,073
Total accrued medical treatment income	612,262	534,926	389,779	371,960
Less: Allowance for doubtful accounts	(17,422)	(30,819)	(12,539)	(20,905)
Total accrued medical treatment income - net	594,840	504,107	377,240	351,055

The Company and its subsidiaries are not able to determine the certain amount of medical treatment income provided to patients with severe diseases and medical income for treatment of chronic diseases, that has not been collected from the Social Security Office and National Health Security Office. In this regard, the management of the Company and its subsidiaries makes an estimation of accrued income based on the amount of the latest actual collection together with the current circumstances. The management believes that the actual results will not significantly differ from the estimate.

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Medicine	87,684	70,916	37,223	31,207
Medical supplies	20,823	20,720	9,931	12,815
Medical instruments	1,254	376	-	-
Other supplies	31,851	26,863	13,162	13,996
Total	141,612	118,875	60,316	58,018

11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)				
Convenience Hospital Company Limited	500,000	500,000	100	100	500,000	500,000	80,000	161,000
Bangpakong Vejchakij Company Limited	800,000	800,000	100	100	810,751	810,751	150,000	-
Thai Amdon Company Limited	30,000	30,000	100	100	30,680	30,680	-	-
Chularat Arkanay Hospital Company Limited	300,000	300,000	70	70	210,000	148,750	-	-
Ruampat Chachoengsao Hospital Company Limited	300,500	300,500	64.58	64.58	194,238	194,238	-	-
Chularat Phraek Sa Hospital Company Limited	1,000	1,000	100	100	1,000	1,000	-	-
Cancer Suvarnabhum Co., Ltd.	1,000	-	100	-	1,000	-	-	-
Total					1,747,669	1,685,419	230,000	161,000

Chularat Arkanay Hospital Company Limited

In July 2017, the meeting of the Board of Directors of Chularat Arkanay Hospital Company Limited approved the call up of an additional 17.5% of the value of its 100 million registered ordinary shares with a par value of Baht 5 each, or a total of Baht 87.5 million. This is to be paid within 31 October 2017.

On 20 October 2017, the meeting of the Board of Directors of such company approved the extension of the payment period from 31 October 2017 to within 31 March 2018. As at 31 December 2017, the Company made advance payment for the shares of Baht 30 million to this subsidiary.

In February 2018, the Company made additional advance payment for share of Baht 31.25 million, or a total of Baht 61.25 million. During the current period, Chularat Arkanay Hospital Company Limited received full payment of the additional called up share capital of Baht 87.5 million from its shareholders and the Company recorded Baht 61.25 million advance payment of shares to be investment in subsidiaries.

Cancer Suvarnabhum Co., Ltd.

In March 2018, the Company invested in Cancer Suvarnabhum Co., Ltd., a newly established company. This company has registered share capital of Baht 1 million. The Company had 100 % holding in such company and paid for the investment amounting to Baht 1 million. This company registered its incorporation with the Ministry of Commerce on 20 March 2018.

12. Other long-term investment

This represents an investment in 8,791 ordinary shares of UB (Thailand) Company Limited, representing 11% of the share capital of such company. The balance of this investment as at 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	Consolidated/ Separate financial statements	
	<u>2018</u>	<u>2017</u>
Investment in UB (Thailand) Company Limited - cost	879	879
Less: Allowance for impairment of investment	(879)	(879)
Net	-	-

13. Investment properties

The investment properties of the Company and its subsidiaries are land awaiting development. A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	114,369	114,369	39,013	39,013
Net book value at end of year	114,369	114,369	39,013	39,013

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land awaiting development	217,079	217,079	72,677	72,677

The fair value of the above investment properties has been determined based on market price by an accredited independent valuer.

14. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Buildings and improvement	Tools and medical instruments	Equipment	Office furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
Cost								
1 January 2017	878,530	1,502,845	884,680	58,332	476,289	105,811	292,642	4,199,125
Additions	5,018	8,030	106,055	3,404	35,630	9,880	529,781	697,795
Disposals/ write-offs	-	(1,416)	(22,257)	-	(9,666)	(9,242)	-	(42,581)
Transfers in (out)	703	204,860	13,174	1,530	22,860	-	(243,127)	-
Capitalised interest	-	-	-	-	-	-	5,849	5,849
31 December 2017	884,251	1,714,319	981,652	63,266	525,113	106,449	585,145	4,860,195
Additions	6,968	19,571	113,193	2,581	61,091	12,370	495,935	711,705
Disposals/ write-offs	-	-	(13,595)	-	(11,367)	(3,412)	-	(28,374)
Transfers in (out)	12,745	773,870	78,556	27,951	32,366	4,716	(930,204)	-
Capitalised interest	-	-	-	-	-	-	7,688	7,688
31 December 2018	903,964	2,507,760	1,159,806	93,798	607,203	120,123	158,564	5,551,215
Accumulated depreciation								
1 January 2017	17,940	452,867	402,386	28,783	296,721	64,639	-	1,263,335
Depreciation for the year	3,875	57,975	105,605	5,428	63,083	13,331	-	249,297
Depreciation on disposals/ write-offs	-	(246)	(20,683)	-	(8,985)	(7,729)	-	(37,645)
31 December 2017	21,815	510,596	487,308	34,211	350,819	70,241	-	1,474,990
Depreciation for the year	3,920	66,859	114,415	5,444	67,077	13,372	-	271,087
Depreciation on disposals/ write-offs	-	-	(11,574)	-	(11,260)	(3,041)	-	(25,875)
31 December 2018	25,735	577,455	590,149	39,655	406,636	80,572	-	1,720,207
Net book value								
31 December 2017	862,436	1,203,723	494,344	29,055	174,294	36,208	585,145	3,385,205
31 December 2018	878,229	1,930,305	569,657	54,143	200,567	39,551	158,564	3,831,015
Depreciation for the year								
Year 2017 (Baht 204 million included in cost of hospital operations, and the balance in administrative expenses)								249,297
Year 2018 (Baht 241 million included in cost of hospital operations, and the balance in administrative expenses)								271,087

(Unit: Thousand Baht)

Separate financial statements

	Land improvement	Buildings and improvement	Tools and medical instruments	Equipment	Office furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
Cost								
1 January 2017	134,109	739,674	433,640	23,863	229,291	60,995	2,495	1,624,070
Additions	14	3,171	33,889	2,966	19,897	8,484	13,258	81,677
Disposals/ write-offs	-	-	(16,153)	-	(1,449)	(3,155)	-	(20,759)
Transfers in (out)	-	7,373	155	-	1,036	-	(8,564)	-
31 December 2017	134,123	750,218	451,531	26,829	248,775	66,324	7,189	1,684,964
Additions	908	3,211	35,680	480	23,765	6,233	82,214	152,491
Disposals/ write-offs	-	-	(9,422)	-	(4,348)	(5,129)	-	(18,899)
Transfers in (out)	-	13,749	25,856	-	1,540	1,992	(43,137)	-
31 December 2018	135,031	767,178	503,645	27,309	269,732	69,420	46,266	1,818,531
Accumulated depreciation								
1 January 2017	11,488	266,329	201,860	14,866	138,181	33,134	-	665,858
Depreciation for the year	2,256	29,573	58,205	1,836	33,490	7,666	-	133,026
Depreciation on disposals/ write-offs	-	-	(14,915)	-	(1,346)	(1,648)	-	(17,924)
31 December 2017	13,744	295,902	245,150	16,702	170,325	39,152	-	780,901
Depreciation for the year	2,175	29,298	56,995	1,374	33,814	8,947	-	132,613
Depreciation on disposals/ write-offs	-	-	(5,754)	-	(4,251)	(3,764)	-	(13,719)
31 December 2018	15,919	325,200	296,391	18,076	199,888	44,335	-	899,821
Net book value								
31 December 2017	120,379	454,316	206,381	10,127	78,450	27,172	7,189	904,007
31 December 2018	119,112	441,978	207,254	9,233	69,844	25,085	46,266	918,777
Depreciation for the year								
Year 2017 (Baht 107 million included in cost of hospital operations, and the balance in administrative expenses)								133,026
Year 2018 (Baht 106 million included in cost of hospital operations, and the balance in administrative expenses)								132,613

The subsidiaries recorded borrowing costs amounting to Baht 8 million during the year ended 31 December 2018 (2017: Baht 6 million). The weight average rate of 3.40 percent per annum has been used to determine the amount of borrowing costs eligible for capitalisation (2017: 3.38 - 3.40 percent per annum).

The Company and its subsidiaries have mortgaged their land and constructions thereon with the net book value as at 31 December 2018 amounting to approximately Baht 2,070 million (2017: Baht 1,887 million) as collateral against credit facilities received from banks (the Company only: Baht 338 million, 2017: Baht 356 million).

As at 31 December 2018, certain items of buildings and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,029 million (2017: Baht 828 million) (the Company only: Baht 579 million, 2017: Baht 440 million).

As at 31 December 2018, the Company and its subsidiaries had vehicles and equipment with net book value of Baht 15 million (2017: Baht 12 million) (the Company only: Baht 9 million, 2017: Baht 8 million) which were acquired under finance lease agreements.

15. Intangible assets

The net book value of intangible assets, which are computer software, as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost				
Balance - beginning of year	48,411	45,187	33,376	31,104
Additions	5,234	3,770	2,532	2,272
Write-offs	-	(546)	-	-
Balance - end of year	53,645	48,411	35,908	33,376
Accumulated amortisation				
Balance - beginning of year	32,662	28,094	20,578	17,231
Amortisation for the year	4,050	5,057	2,714	3,347
Write-offs	-	(489)	-	-
Balance - end of year	36,712	32,662	23,292	20,578
Net book value	16,933	15,749	12,616	12,798

16. Leasehold rights

This leasehold rights arose as a result of an agreement which the subsidiary entered into in August 2015, to lease office space for a period of 10 years.

The leasehold rights balances as of 31 December 2018 and 2017 detail as follow:

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2018</u>	<u>2017</u>
Cost of leasehold rights	9,500	9,500
Less: Accumulated amortisation	(3,581)	(2,631)
Leasehold rights - net	<u>5,919</u>	<u>6,869</u>
Amortisation for the year (included in cost of hospital operations)	<u>950</u>	<u>950</u>

17. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated/Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Promissory notes	1.87 - 2.30	2.00 - 2.40	<u>530,000</u>	<u>380,000</u>
Total			<u>530,000</u>	<u>380,000</u>

A short-term loan facilities of the Company are secured by the mortgage of land with structures thereon of the Company and its subsidiaries.

18. Trade and other payables

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - unrelated parties	197,011	177,225	81,795	84,017
Trade payables - related parties	-	-	61	-
Other payables - unrelated parties	167,711	110,910	62,409	49,919
Other payables - related parties	4,339	197	3,696	165
Accrued physicians' fee	118,092	107,197	54,337	51,703
Accrued expenses	79,235	68,437	32,998	29,748
Total trade and other payables	<u>566,388</u>	<u>463,966</u>	<u>235,296</u>	<u>215,552</u>

19. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements	
			2018	2017
1	BIBOR+1.75	Monthly installments, the first installment due in November 2017	115,000	145,000
2	3.40, MLR-2.875	Monthly installments, the first installment due in November 2018	244,800	177,320
3	3.15, MLR-2.875	Monthly installments, the first installment due in February 2018	115,570	150,000
4	3.40, MLR-2.875	Monthly installments, the first installment due in January 2020	206,780	-
Total			682,150	472,320
Less: Current portion			(98,760)	(69,630)
Long-term loans, net of current portion			583,390	402,690

The above loans are secured by the mortgage of the subsidiaries' land and structure thereon.

The loan agreements contain covenants as specified in the agreement, that among other things, require the subsidiaries to maintain debt-to-equity ratio and debt service coverage ratio according to the agreements.

As at 31 December 2018, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 93 million (2017: Baht 373 million).

20. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Provision for long-term employee benefits				
at beginning of year	34,028	26,422	18,079	12,379
Included in profit or loss:				
Current service cost	4,808	7,745	2,085	5,203
Interest cost	1,218	1,159	588	615
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumption changes	8,836	-	5,529	-
Financial assumption changes	607	-	554	-
Experience adjustments	13,980	-	6,882	-
Benefits paid during the year	(904)	(1,298)	-	(118)
Provisions for long-term employee benefits at end of year	62,573	34,028	33,717	18,079

Line items in profit or loss under which long-term employee benefit expenses are recognised as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of hospital operations	3,479	2,653	1,028	1,055
Administrative expenses	2,547	6,251	1,645	4,763
Total expenses recognised in profit or loss	6,026	8,904	2,673	5,818

The Company and its subsidiaries expect to pay Baht 7 million of long-term employee benefits during the next year (2017: Baht 0.4 million) (the Company only: Baht 4 million 2017: Baht 0.1 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 10 - 26 years (2017: 8 - 20 years) (the Company only: 15 years 2017: 18 years).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.6 - 3.2	2.5 - 3.5	3.1	3.5
Salary increase rate	4.0	4.2 - 6.4	4.0	4.2
Turnover rate	1.9 - 45.8	8.0 - 43.0	5.7 - 17.2	8.0 - 15.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

	(Unit: Million Baht)			
	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(3.1)	3.3	(1.7)	1.8
Salary increase rate	3.1	(2.7)	1.7	(1.4)
Turnover rate	(3.2)	4.1	(1.8)	2.3

	(Unit: Million Baht)			
	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(1.7)	1.9	(0.9)	0.9
Salary increase rate	1.8	(1.7)	0.9	(0.8)
Turnover rate	(2.0)	2.2	(1.0)	1.1

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 16 million (the Company only: Baht 9 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in profit or loss of the period in which the law is effective.

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act. B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered share capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

22. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries, wages and other employee benefits	1,267,524	1,096,244	656,331	577,489
Physicians' fee	928,991	791,958	469,890	405,265
Depreciation and amortisation	276,087	255,305	135,317	136,372
Rental expenses from operating lease agreements	20,977	19,255	11,458	7,956
Inventories used	789,114	675,084	419,422	364,182

23. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	151,343	132,862	67,121	60,221
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,547)	(2,043)	(534)	(1,140)
Income tax expenses reported in the statements of comprehensive income	<u>149,796</u>	<u>130,819</u>	<u>66,587</u>	<u>59,081</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax on loss (gain) from the change in value of available-for-sale investments	6	(6)	-	-
Deferred tax relating to actuarial loss	4,685	-	2,593	-
Total	<u>4,691</u>	<u>(6)</u>	<u>2,593</u>	<u>-</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	<u>765,021</u>	<u>696,601</u>	<u>607,017</u>	<u>471,753</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	153,004	139,320	121,403	94,351
Utilisation of previously recognised tax losses that have not been recognised as deferred tax assets	-	(344)	-	-
Tax losses for the year that have not been recognised as deferred tax assets	15,252	2,356	-	-
Effects of:				
Non-deductible expenses	2,770	4,820	3,213	4,675
Dividend income exempt	-	-	(46,000)	(32,200)
Additional expense deductions allowed	(21,230)	(15,333)	(12,029)	(7,745)
Total	<u>(18,460)</u>	<u>(10,513)</u>	<u>(54,816)</u>	<u>(35,270)</u>
Income tax expenses reported in the statement of comprehensive income	<u>149,796</u>	<u>130,819</u>	<u>66,587</u>	<u>59,081</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets				
Allowance for diminution in value of investment	176	176	176	176
Provision for long-term employee benefits	12,515	6,806	6,743	3,616
Unrealised loss on changes in value of investments	17	11	-	-
Total	<u>12,708</u>	<u>6,993</u>	<u>6,919</u>	<u>3,792</u>
Deferred tax liabilities				
Gain on fair value adjustment of fixed assets of subsidiaries as at acquisition date	11,154	11,677	-	-
Total	<u>11,154</u>	<u>11,677</u>	<u>-</u>	<u>-</u>

As at 31 December 2018, the subsidiaries had unused tax losses totaling Baht 95 million (2017: Baht 19 million). No deferred tax assets have been recognised on these amounts as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses. The unused tax losses will expire within 2023.

24. Basic earnings per share

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

25. Segment information

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

The Group have two reportable segments that are hospital operations and other businesses that support hospital business including distribution of medical instruments. These two segments have similar economic characteristics. They both have common customer group, similar service provision methods and similar management. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

For the year 2018, the Group have revenue from two major customers in amount of Baht 1,410 million and Baht 242 million (2017: revenue from two major customers in amount of Baht 1,452 million and Baht 192 million), arising from hospital business.

26. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at the rates of 2 - 15 percent of basic salary (2017: at the rates of 2 - 8 percent of basic salary). The fund, which is managed by CIMB Principal Asset Management Company Limited (2017: TISCO Asset Management Company Limited and MFC Asset Management Public Company Limited), will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 12 million (2017: Baht 11 million) (the Company only: Baht 6 million, 2017: Baht 5 million) were recognised as expenses.

27. Dividend paid

Dividends	Approved by	Number of shares (Thousand shares)	Dividend per share (Baht)	Total dividends (Thousand Baht)
Dividends on operating results for 2016	Annual General Meeting of the shareholders on 20 April 2017	10,999,935	0.012	131,999
Interim dividends on operating results for the six-month period ended 30 June 2017	Board of Directors' Meeting on 10 August 2017	11,000,000	0.012	132,000
Interim dividends on operating results for the nine-month period ended 30 September 2017	Board of Directors' Meeting on 9 November 2017	10,999,960	0.012	131,999
Total dividends for 2017				395,998
Dividends on operating results for 2017	Annual General Meeting of the shareholders on 25 April 2018	10,999,962	0.012	132,000
Interim dividends on operating results for the six-month period ended 30 June 2018	Board of Directors' Meeting on 9 August 2018	10,999,329	0.020	219,986
Total dividends for 2018				351,986

28. Commitments and contingent liabilities

28.1 Capital commitments

- a) The Company and its subsidiaries had capital commitments relating to the construction of buildings and the acquisition of tools and equipment as follows:

	(Unit: Million Baht)			
	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Construction of buildings	20	101	13	1
Acquisition of tools and equipment	157	96	9	47

- b) As at 31 December 2018, the Company had capital commitment amounting to Baht 333 million (2017: Baht 364 million) in respect of the uncalled portion of investment in the subsidiary.

28.2 Operating lease commitments and service commitments

The Company and its subsidiaries have entered into several operating lease agreements in respect of the lease of land, buildings and motor vehicles, including service agreements. The terms of the agreements are generally between 1 and 10 years.

Future minimum lease payments required under these operating leases contracts were as follows:

	(Unit: Million Baht)			
	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable:				
In up to 1 year	29	24	12	10
In over 1 year and up to 5 years	13	3	6	1

As at 31 December 2018, the subsidiary future minimum sublease payments expected to be received under non-cancellable subleases totaled approximately Baht 3 million (2017: Baht 5 million). During the year 2018, the Company recognised rental expenses and subleasing revenue in profit or loss as follows:

(Unit: Million Baht)		
As at 31 December		
	<u>2018</u>	<u>2017</u>
Rental expenses	0.04	0.04
Subleasing revenue	1.86	0.50

28.3 Guarantees

- As at 31 December 2018, the Company has guaranteed bank credit facilities for subsidiaries amounting to Baht 145 million (2017: Baht 145 million).
- As at 31 December 2018, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries amounting to Baht 56 million (2017: Baht 47 million) (the Company only: Baht 26 million, 2017: Baht 17 million), in respect of certain performance bonds as required in the normal course of business. The details of the letters of bank guarantee are as follows:

(Unit: Million Baht)					
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Guarantee	contractual				
performance		46	39	23	14
Guarantee electricity use		10	8	3	3
Total		56	47	26	17

29. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets for which fair value are disclosed by using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2018				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets for which fair value are disclosed				
Investment properties	-	217	-	217

(Unit: Million Baht)

	Consolidated financial statements as at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	217	-	217

(Unit: Million Baht)

	Separate financial statements as at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	73	-	73

(Unit: Million Baht)

	Separate financial statements as at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	73	-	73

30. Financial instruments

30.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, short-term loans, short-term and long-term loans, trade and other payables and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposures to interest rate risk relate primarily to their deposits with financial institutions, and short-term and long-term borrowings. Most of the financial assets and liabilities of the Company and its subsidiaries bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2018 and 2017 significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2018

	Fixed interest rates		Floating	Non-		
	Within	1-5	interest	interest		Effective
	1 year	years	rate	bearing	Total	interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	62	-	361	48	471	Note 7
Current investments	22	-	-	2	24	1.40
Trade and other receivables	-	-	-	338	338	-
	84	-	361	388	833	
Financial liabilities						
Short-term loans from financial institutions	530	-	-	-	530	Note 17
Trade and other payables	-	-	-	566	566	-
Liabilities under finance lease agreements	3	12	-	-	15	4.11 - 7.09
Long-term loans from finance institutions	-	-	682	-	682	Note 19
	533	12	682	566	1,793	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2017

	Fixed interest rates		Floating	Non-		
	Within	1-5	interest	interest		Effective
	1 year	years	rate	bearing	Total	interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	39	-	297	78	414	Note 7
Current investments	-	-	-	2	2	-
Trade and other receivables	-	-	-	273	273	-
	39	-	297	353	689	
Financial liabilities						
Short-term loans from financial institutions	380	-	-	-	380	Note 17
Trade and other payables	-	-	-	464	464	-
Liabilities under finance lease agreements	4	6	-	-	10	4.11 - 7.09
Long-term loans from finance institutions	-	-	472	-	472	Note 19
	384	6	472	464	1,326	

(Unit: Million Baht)

Separate financial statements as at 31 December 2018

	Fixed interest rates		Floating	Non-		
	Within	1-5	interest	interest		Effective
	1 year	years	rate	bearing	Total	interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	2	-	157	14	173	Note 7
Trade and other receivables	-	-	-	249	249	-
Short-term loans to subsidiaries	363	-	-	-	363	5.00
	365	-	157	263	785	
Financial liabilities						
Short-term loans from financial institutions	530	-	-	-	530	Note 17
Trade and other payables	-	-	-	235	235	-
Liabilities under finance lease agreements	2	8	-	-	10	4.11 - 4.14
	532	8	-	235	775	

(Unit: Million Baht)

Separate financial statements as at 31 December 2017

	Fixed interest rates		Floating	Non-		
	Within	1-5	interest	interest		Effective
	1 year	years	rate	bearing	Total	interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	2	-	108	30	140	Note 7
Trade and other receivables	-	-	-	161	161	-
Short-term loans to subsidiaries	208	-	-	-	208	5.00
	210	-	108	191	509	
Financial liabilities						
Short-term loans from financial institutions	380	-	-	-	380	Note 17
Trade and other payables	-	-	-	216	216	-
Liabilities under finance lease agreements	1	5	-	-	6	4.11 - 4.14
	381	5	-	216	602	

Foreign currency risk

The Company and its subsidiaries do not consider themselves exposed to foreign currency risk because they have no significant foreign currency transactions.

30.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or loans and borrowings bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

31. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.52:1 (2017: 0.43:1) and the Company's was 0.27:1 (2017: 0.23:1).

32. Debentures

On 20 April 2017, the Annual General Meeting of the Company's shareholders passed the resolution to issue and offer up to Baht 2,000 million of debentures for sale, with a tenor of not more than 10 years. Further consideration and determination of significant conditions and details of the debentures relating to the financing of each issue of debentures are at the discretion of the Company's Board of Directors or other persons assigned by the Board of Directors.

33. Event after the reporting period

On 21 February 2019, the Board of Directors' Meeting pass a resolution to approve of dividend payment of Baht 0.030 per share, or a total of Baht 330 million, to the shareholders in respect of the profit for the year 2018.

The above resolutions will be proposed to the Annual General Meeting of shareholders for the year 2019 for approval.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2019.

--



กลุ่มโรงพยาบาลจุฬารัตน์
CHULARAT HOSPITAL GROUP