



Annual Report 2020



กลุ่มโรงพยาบาลชินคอร์ป
CHULABHAI HOSPITAL GROUP



Contents

4	• Message from Chairman of the Board of Directors
5	• Message from CEO
7	• Board of Directors & Executive Committee
25	• Financial Highlights
27	• General Information
28	• Policy and Business Overview
38	• Business Operation
65	• Risk Factors
70	• Shareholding Structure and Management
85	• Corporate Governance
101	• Corporate Social Responsibility
116	• Internal Control and Risk Management
121	• Cross Transactions
124	• Management Discussion and Analysis
140	• Report of the Board of Director on the Financial Statements
141	• The Audit Committee Report to Shareholders
143	• Internal Control System Sufficiency Evaluation Form
154	• Financial Statements

Message from Chairman of the Board of Directors



Kriengsak Plussind

Chairman of the Board of Directors

Dear CHG shareholders,

As I sat down and put my thoughts together to compose this message for this year-end report in the midst of the COVID-19 pandemic, CHG and I are looking forward to Thailand's early achievement of herd immunity, sooner than later, CHG heralds the imminent arrival of vaccines as the knight on the white horse. Let's salute all our medical staffers for their heroic roles in professionally handling our COVID-19 patients and those referred to CHG without any loss of life.

You probably now want to know how much the COVID-19 has disrupted our operations, income, NI, IPD and OPD. Greatly is the answer. Thanks to the management's foresight of such looming disruption, we did everything we could to lean the whole organization, when and where necessary for sustainability.

Another notable achievement I am proud to share : CHG reputation in saving stroke patients' lives recently became talk of the town when we succeeded in treating late arrival stroke patients by Mechanical Thrombectomy (innovative clot-busting technique). On the brighter side of COVID-19 disruptions, CHG has given its reputation a big uplift by virtue of these successes and its world Class JCI standard, of late reaccredited.

CHG more than once has promised our dear shareholders that we would leave no stone unturned to strive for "excellences" in our mission as the hospital that you can always be proud to be a part of. Since, CHG has kept its promises and will never stop until better becomes best.

Sincerely,

Message from CEO



Dr. Kumpol Plussind

Chief Executive Officer

Dear CHG shareholders,

The year 2020 is certainly the year for Chularat Hospital Group (CHG) to extend even more strength to get through the difficult time of the COVID-19 pandemic. On behalf of the Board of Directors and Management, I would like to express my sincere gratitude and appreciation to all medical teams, executives and personnel in providing full support and quality health care to our patients and help each other amidst this COVID-19 crisis.

Undeniably, COVID-19 pandemic has affected overall Thailand's economy, some businesses had to shut down, and therefore we are among who is affected. However, as we are able to well balance patients from different sectors, the impact is not crucial. We are able to maintain income growth at 5.2%. Since we are able to well adjust our strategy together with effective cost management and customers grouping, we get through the crisis strong.

Recently, patients had concerns for receiving care and services at the hospital as well as patients whose treatment are not urgent, they postpone their treatment causing a reduction of cash patient income by 10% - 15%. Together with the decreasing number of foreign patients due to travel restrictions and 14-day quarantine according to the Ministry of Health's regulations also causes approximately around Baht 180 – 200 million loss. Therefore, our management team redirect the opportunity to increase the income by initiating COVID-19 laboratory to provide the COVID-19 Test that deliver result within 48 hours to for all of our customers holding different medical eligibility. The hospital also participates in various quarantine projects of AHQ (Alternative Hospital Quarantine), ASQ (Alternative State Quarantine), ASLQ (Alternative State Local Quarantine) and OQ (Organization Quarantine) to support travelers both Thai and foreign nationals which generate an income more than Baht 150 million. Moreover, the

government welfare schemes (Social Security Office and National Health Security Office) have increased their budgeting which helps reducing the impact on our income. The management team were able to efficiently manage the cost, with the cooperation from all staff allowing CHG to overcome this crisis with flying colors and avoiding the layoff of staffs.

From the COVID-19 pandemic mentioned earlier, CHG still stands proud and maintains the Thailand's Top Corporate Brand 2020 under Medical and Healthcare Industry for the 2nd year with market capital of Baht 20,749 million. Furthermore, Honorary plaque "Favorite Hospital of the year 2020" has been awarded to Chularat 3 International Hospital by Social Security Office with assessment criteria which include a certified from HA (Hospital Accreditation) and JCI (Joint Commission International) in providing medical service with the healthcare standard and promoting customer satisfaction without major complaints.

Amidst the COVID-19 pandemic situation, coming year 2021 situation tends to be positive as the increasing rate of vaccination in many countries around the world helps reduce the rate of infection as well as self-protection awareness that apply to the new way of living (New Normal) which leads to economic recovery and situational improvement. CHG will continue with new various projects such as Specialized Cancer Center at Chularat 3 International Hospital and Chularat Mae Sot International Hospital with easy access in healthcare that would enhance better quality of life for everyone. Lastly, thank you for your continuously trust and support in CHG.

Sincerely,

Board of Directors & Executive Committee



1 Mr. Kriengsak Plussind

- Chairman of the Board of Directors
- Chairman of the Corporate Governance Committee

2 Dr. Kumpol Plussind

- Director
- Chief Executive Officer
- Managing Director

3 Mr. Apirum Panyapol

- Director
- Chairman of the Corporate Investment and Risk Management Committee

4 Dr. Wichit Siritattamrong

- Director

5 Dr. Suchai Laoveerawat

- Director
- Executive Committee
- Hospital Director of Chularat 1, 5, Cholvaej
- Corporate Investment and Risk Management Committee

6 Ms. Kannikar Plussind

- Director
- Corporate Investment and Risk Management Committee



7 Mrs. Kobkul Panyapol

- Director

8 Mr. Yanyong Amornpitakul

- Director
- Nomination and Remuneration Committee
- Corporate Investment and Risk Management Committee

9 Mr. Manit Jeeradit

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

10 Mr. Somyos Yan-ubol

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

11 Mr. Chayawat Pisessith

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

12 Dr. Pinit Kullavanijaya

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



Mr. Kriengsak Plussind

Chairman of the Board of Directors, Chairman
of the Corporate Governance Committee

Age (Year) 71

Education & Training

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

Number of company share (%)

368,587,850 shares (3.35%)

Family Relationship to Management

Brother of Dr.Kumpol Plussind,
Mrs. Kobkul Panyapol,
and Ms. Kannikar Plussind

Work Experience in the past 5 years

2004 - Present

- Chairman of the Board of Directors
Chularat Hospital Public Company Limited

2019 - Present

- Director
Ruampat Chachoengsao Hospital Company Limited
- Director
Shewarat Hospital Company Limited

2016 - Present

- Chairman of the Corporate Governance Committee
Chularat Hospital Public Company Limited
- Director
Sattayabutr International Company Limited
- Director
Chularat Phraek Sa Hospital Company Limited

2014 - Present

- Director
Cholvaej Hospital Company Limited

2013 - Present

- Director
Chularat Arkanay Hospital Company Limited

2004 - Present

- Director
Convenience Hospital Company Limited
- Director
Bangpakong Vejchakij Company Limited

2003 - Present

- Director
Thai Amdon Company Limited

1976 - Present

- Managing Director
Ilicon Company Limited



Dr. Kumpol Plussind

**Director, Chief Executive Officer,
Managing Director**

Age (Year) 68

Education & Training

- Doctor of Medicine, Chulalongkorn University
- Good Governances for Executive M.D. Program Class 1, King Prajadhipok's Institute
- Director Accreditation Program (DAP) Class 2011, Thai Institute of Directors (IOD)
- Advanced Security Management Program (NDCAT-ASMP) Class 5, National Defence College
- Advanced Insurance Program Class 4/2014, Office of Insurance Commission (OIC)
- Leadership Program Class 5, Thammasat University
- CMA Program Class 20, Capital Market Academy
- Senior Finance Executive (Public Sector) Class 3, The Comptroller General's Department (CGD)
- Global Business Leaders Class 1, Lead Business Institute
- Business Revolution and Innovation Network Program (BRAIN) Class 1, The Federation of Thai Industry
- Advanced Master of Management Program Class 4, Graduate School of Public Administration, NIDA

Number of company share (%)

253,670,200 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 Officer, Managing Director
Chularat Hospital Public Company Limited

2019 - Present

- Director
Thai Amdon Company Limited
- Chairman of Board of Director
Sattayabutr International Company Limited

2018 - Present

- Chairman of Board of Director
Shewarat Hospital Company Limited

2016 - Present

- Chairman of Board of Director
Ruampat Chachoengsao Hospital Company Limited
- Chairman of Board of Director
Chularat Phraek Sa Hospital Company Limited

2014 - Present

- Chairman of Board of Director
Cholvaej Hospital Company Limited

2013 - Present

- Chairman of Board of Director
Chularat Arkanay Hospital Company Limited

2004 - Present

- Chairman of Board of Director
Convenience Hospital Company Limited
- Chairman of Board of Director
Bangpakong Vejchakij Company Limited

2003 - Present

- Chairman of Board of Director
Thai Amdon Company Limited



Mr. Apirum Panyapol

Director, Chairman of the Corporate Investment and Risk Management Committee

Age (Year) 69

Education & Training

- Assumption Commercial College,
- Thai Traditional Medicine Doctor – Thai Medicine Program (TM.M)
- Thai Traditional Medicine – Thai Pharmacy Program (TM.P)
- Director Accreditation Program (DAP) Class 2011, Thai Institute of Directors (IOD)
- Risk Management for Corporate Leaders Program (RCL) Class 16/2019

Number of company share (%)

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

Family Relationship to Management

Spouse of Mrs. Kobkul Panyapol.

Work Experience in the past 5 years

2004 - Present

- Director
Chularat Hospital Public Company Limited

2019 - Present

- Director
Sattayabutr International Company Limited
- Director
Ruampat Chachoengsao Hospital Company Limited
- Director
Chularat Phraek Sa Hospital Company Limited
- Director
Shewarat Hospital Company Limited

2018 - Present

- Chairman of the Corporate Investment and Risk Management Committee
Chularat Hospital Public Company Limited

2014 - Present

- Director
Cholvaej Hospital Company Limited

2013 - Present

- Director
Chularat Arkanay Hospital Company Limited

2012 - Present

- Director
Thai Amdon Company Limited

2004 - Present

- Director
Convenience Hospital Company Limited
- Director
Bangpakong Vejchakij Company Limited

1998 - Present

- Director
Steel Link International Company Limited

1992 - Present

- Director
Panyapol Interholding Company Limited

1988 - Present

- Director
Samonkit Company Limited

1985 - Present

- Managing Director
Seameth Company Limited



Dr. Wichit Siritattamrong

Director

Age (Year) 62

Education & Training

- Doctor of Medicine, Mahidol University
- Doctor of Orthopedic Surgery
- Director Accreditation Program (DAP) Class 2011, Thai Institute of Directors (IOD)

Number of company share (%)

5,450,000 shares (0.05%)

Family Relationship to Management

NA

Work Experience in the past 5 years

2004 - Present

- Director
Chularat Hospital Public Company Limited

2019 - Present

- Director
Sattayabutr International Company Limited
- Director
Ruampat Chachoengsao Hospital Company Limited
- Director
Chularat Phraek Sa Hospital Company Limited
- Director
Shewarat Hospital Company Limited

2014 - Present

- Director
Cholvaej Hospital Company Limited

2013 - Present

- Director
Chularat Arkanay Hospital Company Limited

2012 - Present

- Director
Thai Amdon Company Limited

2004 - Present

- Director
Convenience Hospital Company Limited
- Director
Bangpakong Vejchakij Company Limited



Dr. Suchai Laoveerawat

Director, Executive Committee, Hospital Director of Chularat 1, 5, Cholvaej, Corporate Investment and Risk Management Committee

Age (Year) 66

Education & Training

- Doctor of Medicine, Chulalongkorn University
- Urological Surgery Program, 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 (IOD)
- Good Governances for Executive M.D. Program Class 4, King Prajadhipok's Institute

Number of company share (%)

8,409,500 shares (0.08%)

Family Relationship to Management

NA

Work Experience in the past 5 years

2004 - Present

- Director, Executive Committee
Chularat Hospital Public Company Limited

2019 - Present

- Director
Chularat Phraek Sa Hospital Company Limited

2018 - Present

- Director
Shewarat Hospital Company Limited

2016 - Present

- Corporate Investment and Risk Management Committee
Chularat Hospital Public Company Limited
- Director
Sattayabutr International Company Limited
- Director
Ruampat Chachoengsao Hospital Company Limited

2015 - Present

- Hospital Director of Chularat 2, 4, 5
Chularat Hospital Public Company Limited

2014 - Present

- Director
Cholvaej Hospital Company Limited

2013 - Present

- Director
Chularat Arkanay Hospital Company Limited

2012 - Present

- Director
Thai Amdon Company Limited

2004 - Present

- Director
Convenience Hospital Company Limited
- Director
Bangpakong Vejchakij Company Limited



Ms. Kannikar Plussind

**Director, Corporate Investment
and Risk Management Committee**

Age (Year) 66

Education & Training

- Vocational certificate, Convent of Holy Infant Jesus
- Director Accreditation Program (DAP) Class 2011, Thai Institute of Directors (IOD)
- Good Governances for Executive M.D. Program Class 3, King Prajadhipok's Institute
- Advanced Security Management Program (NDCAT-ASMP) Class 7, National Defence College

Number of company share (%)

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

Family Relationship to Management

Sister of Dr.Kumpol Plussind,
Mr. Kriengsak Plussind,
Mrs. Kobkul Panyapol

Work Experience in the past 5 years

2004 - Present

- Director
Chularat Hospital Public Company Limited

2019 - Present

- Director
Convenience Hospital Company Limited
- Director
Bangpakong Vejchakij Company Limited
- Director
Chularat Arkanay Hospital Company Limited
- Director
Cholvaej Hospital Company Limited
- Director
Sattayabutr International Company Limited
- Director
Ruampat Chachoengsao Hospital Company Limited
- Director
Chularat Phraek Sa Hospital Company Limited
- Director
Shewarat Hospital Company Limited
- Director
Thai Amdon Company Limited

2016 - Present

- Corporate Investment and Risk Management Committee
Chularat Hospital Public Company Limited

1984 - Present

- Director
Esco-Thai Company Limited



Mrs. Kobkul Panyapol

Director

Age (Year) 70

Education & Training

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

Number of company share (%)

917,156,600 shares (8.34%)

Family Relationship to Management

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

Work Experience in the past 5 years

2004 - Present

- Director
Chularat Hospital Public Company Limited

2019 - Present

- Director
Convenience Hospital Company Limited
- Director
Bangpakong Vejchakij Company Limited
- Director
Chularat Arkanay Hospital Company Limited
- Director
Cholvaej Hospital Company Limited
- Director
Sattayabutr International Company Limited
- Director
Ruampat Chachoengsao Hospital Company Limited
- Director
Chularat Phraek Sa Hospital Company Limited
- Director
Shewarat Hospital Company Limited
- 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

1985 - Present

- Director
Seameth Company Limited



Mr. Yanyong Amornpitakkul

Director, Nomination and Remuneration
Committee, Corporate Investment and
Risk Management Committee

Age (Year) 65

Education & Training

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

Number of company share (%)

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

- Nomination and Remuneration Committee
Chularat Hospital Public Company Limited
- Corporate Investment and Risk Management
Committee
Chularat Hospital Public Company Limited



Mr. Mani Jeeradit

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

Age (Year) 72

Education & Training

- B.A. (Economics and Accounting), Claremont Men's College (Claremont McKenna College)
- Audit Committee Program (ACP) Class 36/2011, Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) Class 87/2011, Thai Institute of Directors (IOD)
- Director Certification Program (DCP) 187/2014, Thai Institute of Directors (IOD)

Number of company share (%)

200,000 shares (0%)

Family Relationship to Management

NA

Work Experience in the past 5 years

2012 - Present

- Director, Independent Director,
Chairman of the Audit Committee
Chularat Hospital Public Company Limited

2016 - Present

- Nomination and Remuneration Committee,
Corporate Governance Committee
Chularat Hospital Public Company Limited

2015 - Present

- Chairman of the Nomination and Remuneration Committee
Moong Pattana International Public Company Limited
- Director
License2Q Company Limited

2010 - Present

- Independent Director, Audit Committee
Moong Pattana International Public Company Limited



Mr. Somyos Yan-ubol

Director, Independent Director, Audit Committee, Corporate Governance Committee, Nomination and Remuneration Committee, Corporate Investment and Risk Management Committee

Age (Year) 65

Education & Training

- Master of Business Administration (MBA), Kasetsart University
- Bachelor of Science (Accounting), Kasetsart University
- Director Accreditation Program (DAP) Class 97/2012, Thai Institute of Directors (IOD)
- Audit Committee Program (ACP) Class 45/2013, Thai Institute of Directors (IOD)
- Advanced Audit Committee Program (AACP), Thai Institute of Directors (IOD)
- Ethical Leadership Program (ELP) 1/2017, Thai Institute of Directors (IOD)
- Risk Management for Corporate Leaders Program (RCL) Class 16/2019

Number of company share (%)

NA (-%)

Family Relationship to Management

NA

Work Experience in the past 5 years

2012 - Present

- Director, Independent Director, Audit Committee, Nomination and Remuneration Committee
Chularat Hospital Public Company Limited

2016 - Present

- Corporate Governance Committee, Corporate Investment and Risk Management Committee
Chularat Hospital Public Company Limited



Mr. Chayawat Pisessith

**Director, Independent Director, Audit Committee,
Corporate Governance Committee, Nomination
and Remuneration Committee**

Age (Year) 69

Education & Training

- Bachelor of Science (Medical Science), Chulalongkorn University
- Audit Committee Program (ACP) Class 41/2012, Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) Class 97/2012, Thai Institute of Directors (IOD)
- Role of the Chairman Program (RCP) Class 37/2015, Thai Institute of Directors (IOD)

Number of company share (%)

NA (-%)

Family Relationship to Management

NA

Work Experience in the past 5 years

2011 - Present

- Independent Director, Audit Committee
Chularat Hospital Public Company Limited

2017 - Present

- Corporate Governance Committee,
Nomination and Remuneration Committee,
Chularat Hospital Public Company Limited

2017 - Present

- Advisor
The Sport Writers Association of Thailand

2020 - 2021

- Chairman of Bridge Department
The Royal Bangkok Polo Club (RBSC)

2018 - Present

- Registrar
Thai Creative Association (Magic Eye)

2015 - Present

- President of the Association
Contract Bridge League of Thailand

2014 - Present

- Chairman of Boards of Directors
Kingmain CMTI Company Limited



Dr. Pinit Kullavanijaya

Director, Independent Director, Chairman of the Nomination and Remuneration Committee

Age (Year) 78

Education & Training

- 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)
- Security Psychology Program (ISP) Class 40, Institute of Security Psychology, National Defence College
- The Joint State – Private Sector Course Class 4, National Defence College
- Politics and Governance in Democratic System for Executives Program Class 14, King Prajadhipok's Institute
- Advanced Security Management Program (NDCAT-ASMP) Class 3, National Defence College
- Good Governances for Executive M.D. Program Class 2, King Prajadhipok's Institute

Number of company share (%)

NA (-%)

Family Relationship to Management

NA

Work Experience in the past 5 years

2012 - Present

- Director , Independent Director
Chularat Hospital Public Company Limited

2016 - Present

- Chairman of the Nomination and Remuneration Committee
Chularat Hospital Public Company Limited

2011 - Present

- Deputy Secretary
Thai Red Cross Society

Present

- Special Instructor to Gastrointestinal Diseases, Department of Internal Medicine, Faculty of Medicine, Chulalongkorn University
- Chairperson to Faculty of Medicine, Chulalongkorn University (MDCU) Foundation 2020
- Senate Advisor to Public Health Committee
- Senate Advisor to Universal Health Coverage Sub-Committee
- Senate Advisor to Primary Health Care Sub-Committee
- Senate Committee on Emergency Integration and Road Safety
- Senate Sub-Committee on Emergency Recovery
- Chairman of the Working Group on Road Safety Campaign, Thai Red Cross Society
- Committee of the Reference Group on Global Health, The International Federation of Red Cross and Red Crescent Societies (IFRC)
- Committee of the Health and Climate Working, The International Federation of Red Cross and Red Crescent Societies (IFRC)
- Director of Administration to Chulabhorn International College of Medicine, Thammasat University.
- Director of Administration to Faculty of Medicine, Chiangmai University
- Emeritus Regional Advisor, Royal College of Physicians of Edinburgh
- Honorary Committee to Advanced Security Management Program (NDCAT-ASMP), National Defence College



Dr. Yudthana Sanguansakdikosol

**Executive Committee, Deputy Managing Director,
Hospital Director of Chularat 9 Airport
Age (Year) 68**

Education & Training

- Doctor of Medicine, Chulalongkorn University
- Master of Business Administration, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Internal Medicine Residency Program, Chulalongkorn Hospital
- Internal Medicine Residency – Rheumatology Program, Ramathibodi Hospital
- Occupational Medicine Doctor Program, Department of Medical Services, Ministry of Public Health
- Move Ahead for All ASEAN 2016 in Anti-Aging, Regenerative & Aesthetic Medicine Program, Thai Association of Anti-Aging and Regenerative Medicine.
- Good Governances for Executive M.D. Program Class 2, King Prajadhipok's Institute
- Management Problem Solving and Decision Making Program, Kepner-Tregoe International, Princeton, New Jersey, U.S.A.

- Healthcare Quality Management Program, Technology Promotion Association (TPA)
- JCI Standards for Hospitals Program - 5th edition, Department of Health Service Support, Ministry of Public Health
- Quality Forum 2012 : Innovation in Healthcare Organization Program, Bangkok Hospital Medical Center

Number of company share (%)

NA (-%)

Family Relationship to Management

NA

Work Experience in the past 5 years

Present

- Executive Committee,
Deputy Managing Director
Chularat Hospital Public Company Limited

2016 - Present

- Director
Ruampat Chachoengsao Hospital Company Limited

2014 - Present

- Director
Cholvaej Hospital Company Limited

2004 - Present

- Director
Convenience Hospital Company Limited



Dr. Chutima Pinjaroen

**Executive Committee, Deputy Managing Director,
Hospital Director of Chularat 11 International,
Corporate Investment and Risk Management
Committee**

Age (Year) 68

Education & Training

- Doctor of Medicine, Chulalongkorn University
- Diploma of Thai Board of Anesthesiology, Chulalongkorn University
- CMA Program Class 8, Capital Market Academy
- Top Executive Program in Commerce and Trade (TEPCoT) Class 5, Commerce Academy
- Good Governances for Executive M.D. Program Class 3, King Prajadhipok's Institute – The Medical Council of Thailand
- Transformative HR Strategy for maximizing organization capability in VUCA Word, Chief People Officer Program (CPO) Class 7, PIM HR Excellence Center
- Engaging your stakeholders through effective communications Program, TLCA IR Conference 2019 (September 16, 2019)

Number of company share (%)

NA (-%)

Family Relationship to Management

NA

Work Experience in the past 5 years

Present

- Executive Committee,
Deputy Managing Director
Chularat Hospital Public Company Limited

2016 - Present

- Corporate Investment and Risk Management
Committee
Chularat Hospital Public Company Limited

2014 - 2019

- Director
Cholvaej Hospital Company Limited

2006 - Present

- Hospital Director
Bangpakong Vejchakij Company Limited

2006 - Present

- Director
Pinsarakam Company Limited



Mrs. Wandee Pisanuvanavech

**Administrative Director, Chief Financial Officer,
Company Secretary
Age (Year) 50**

Education & Training

- Master of Business Administration (MBA), National Institute of Development Administration (NIDA)
- Bachelor of Business Administration (Accounting), Ramkhamhaeng University
- Director Certification Program (DCP) Class 187/2014, Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) Class 97/2012, Thai Institute of Directors (IOD)
- Company Secretary Program (DSP) Class 50/2013, Thai Institute of Directors (IOD)
- Company Reporting Program (CRP) Class 7/2013, Thai Institute of Directors (IOD)
- Good Governances for Executive M.D. Program Class 2, King Prajadhipok's Institute
- Strategic Financial Leadership Program (SFLP), 27-29 May 2019

Number of company share (%)

855,150 shares (0.01%)

Family Relationship to Management

NA

Work Experience in the past 5 years

2017 - Present

- Administrative Director
Chularat Hospital Public Company Limited

2017 - Present

- Chief Financial Officer
Chularat Hospital Public Company Limited

2012 - 2017

- Deputy Administrative Director
Chularat Hospital Public Company Limited

2014 - 2019

- Director
Cholvaej Hospital Company Limited



Mr. Suppachoke Rojcheewin

Finance and Accounting Manager

Age (Year) 39

Education & Training

- Bachelor of Accountancy

Number of company share (%)

NA (-%)

Family Relationship to Management

NA

Work Experience in the past 5 years

2014 - Present

- Finance and Accounting Manager
Chularat Hospital Public Company Limited

Financial Highlights

	Ended 31 December		
	2018	2019	2020
Statement of financial position (Million Baht)			
Total Assets	5,708.18	6,265.69	6,200.78
Total Liabilities	1,964.75	2,370.25	2,007.60
Total Shareholders' Equity	3,743.43	3,895.44	4,193.18
Statement of comprehensive income (Million Baht)			
Revenues from Hospital Operations	4,406.99	5,165.61	5,432.84
Total Operating Income	4,430.84	5,190.87	5,464.48
Cost of Hospital Operations	3,072.03	3,629.38	3,684.54
Administrative Expenses	570.07	672.38	673.20
Profit for the year	615.22	664.66	852.36
Profit attributable to Equity holders of the Company	633.88	705.24	876.62

		Unit	Ended 31 December		
			2018	2019	2020
Liquidity Ratio					
Current Ratio	x		1.23	1.05	1.23
Quick Ratio	x		0.64	0.57	0.72
Operating Cash Flow Ratio	x		0.60	0.65	0.83
Account Receivable Turnover	x		5.16	5.19	5.33
Average Collection Period	Day		70.80	70.33	68.54
Inventory Turnover	x		23.59	24.01	21.68
Average Inventory Period	Day		15.48	15.20	16.84
Account Payable Turnover	x		5.96	6.19	6.26
Average Payable Period	Day		61.21	59.00	58.29
Cash Cycle	Day		25.06	26.54	27.08
Profitability Ratio					
Gross Profit Margin	%		30.29	29.74	32.18
EBIT to Net Sale	%		17.90	17.21	20.37
Other Income Margin	%		0.18	0.18	0.21
Operating Cash Flow to EBIT	%		88.05	109.56	117.24
Net Profit Margin	%		14.31	13.59	16.04
Return on Equity	%		17.93	18.30	22.06
Efficiency Ratio					
Return on Assets	%		11.54	11.10	13.67
Return on Fixed Assets	%		25.22	25.71	29.60
Asset Turnover	x		0.83	0.87	0.88
Financial Policy Ratio					
Total Liabilities to Equity	x		0.55	0.64	0.50
Interest-bearing Debt to Equity Shareholders	x		0.34	0.42	0.28
Interest Coverage	x		33.25	21.98	31.05
Commitment Coverage on Cash Basis	x		0.69	0.76	1.54
Dividend Payout Ratio	%		55.53	77.99	62.74

General Information

Company Profile

Company Name	Chularat Hospital Public Company Limited
Company Registration Number	0107547000656
Type of Business	Private Hospital
Authorized Share Capital	Baht 1,100,000,000
Issued and Paid-up Capital	11,000,000,000 shares with par value of Baht 0.10 each
Listed Date	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 Road K.M. 14.5, Bangpla, Bangplee, Samutprakarn 10540
Telephone	(662) 033-2900
Fax	(662) 769-2967

References

- 1. Auditor**
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33rd Floor, Lake Ratchada Office Complex
193/136-137 Ratchadapisek Road, Klongtoey, Bangkok 10110
Telephone : (662) 264-0777
Fax : (662) 265-0789-90
- 2. Legal Advisor**
Bangkok Jurist Company Limited
19th Floor, Paso Tower
88 Silom Road, Suriyawong, Bangrak, Bangkok 10500
- 3. Securities Registrar**
Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
Telephone : (662) 009-9726-50
Fax : (662) 009-9001
- 4. Financial Advisor**
Thanachart Securities Public Company Limited
14th, 18th, 19th Floor, MBK Tower
444 Phayathai Road, Wangmai, Pathumwan, Bangkok 10330

Policy and Business Overview

Business Overview

Chularat Hospital Public Company Limited (the “Company”) was founded in 1986 to operate private hospital with registered capital Baht 1,100 million, consists of 10 subsidiaries operating 14 branches (hospitals and clinics). Chularat Hospital Group service areas cover around Suvarnabhumi Airport (Eastern Bangkok area) along Bangna-Trad Road, extend to Chachoengsao province, along 304 highway to Prachinburi province, downtown in Chonburi province, Aranyaprathet Sa-Kaeo province and Amphoe Muang, Rayong province with total registered 495 beds. There are 4 expansion projects at Chularat 11 International Hospital (finished in 2016), Chularat 3 International Hospital (finished in 2016), Chularat 9 Hospital (finished in January 2017), Chularat Cholvaej Hospital (finished in 2017), and 2 green field projects at Chularat 304 International Hospital in Prachinburi province (finished in 2018) and Ruampat Chachoeongsao Hospital in Chachoengsao province (finished in 2018). All of these expansion and green field projects increase the total capacity to 749 beds at the end of the year 2018. In 2020, the Company resolved the construction of Shewarat Hospital (Suvarnabhumi Cancer and Radio Therapy Center) expected to be finished in 2022. Nowadays, the hospital group can support outpatients (OPD) more than 6,000 cases per day, promoting our position to be the best private hospital in the eastern region. In 2019, the Company resolved to invest in Ruampat Mae Sot International Company Limited to operate private hospital in Mae Sot district, Tak province.

Healthcare Service

The Company focuses on good 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 several excellent centers certified by various institutions such as Hand Microsurgery Center, Newborn ICU Center, Stroke Center, Heart Center, and Cancer Center. The Company always focuses on quality of treatment and specialist team, enabling the Company to receive both local and international standards. 3 hospital in the group (Chularat 3 International Hospital, Chularat 9 Airport Hospital and Chularat 11 International Hospital) are certified with The Healthcare Accreditation Institute (HA). In 2014, Chularat 3 International Hospital, the first hospital in the group, received an International Accreditation Standard from Joint Commission International (JCI), USA and reaccredited in 2017 and 2020. (Each accreditation is valid for 3 years.)

The Company provides its services to 2 main types of customers, General patients and Government Welfare patients under the Social Security Office (SSO) and the National Health Security Office (NHSO) with hemodialysis and heart diseases in Samutprakarn province and nearby provinces in the East. The hospitals and clinics in our groups have 14 branches spreading in eastern areas where customers can easily access.

In 2020, the Company had 749 IPD beds with a variety of room types such as special VIP rooms, Deluxe rooms, Single Deluxe rooms, Double Deluxe rooms, special 4-bed rooms, special 8-bed rooms,

intensive care units (ICU), Critical Care Units (CCU), Neonatal intensive care units (NICU) and baby units, etc. The Company has outstanding services as follows:

- **Orthopedic and Micro Vascular Clinic (Available at CH3)*:** provides Hand Microsurgery by the team of well experienced and professional doctors who have expertise, trust and reputation in this field both locally and internationally. This clinic is also a Referral Center for hospitals in Bangkok and the Eastern region. It is also an education center for specialists from medical schools in the country and from abroad.
- **Neonatal Intensive-Care Unit (NICU) (Available at CH3)*:** provides treatment to premature infants with unusual weight by a team of experienced doctors and nurses, enabling them to grow and live normally. The Unit is also a Referral Center for NHSO patients - District 6, Rayong province.
- **Stroke Center (Available at CH3 and CH9)*:** certified by the Institute of Neurology, provides diagnosis of stroke. Chularat 3 International Hospital has been certified of the establishment stroke care unit under Commemorative Stroke Center. In 2015, the center opened Brain surgical center, providing the brain surgery to treat brain tumors through a microscope by a specialist doctors.
- **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 certified by FDA and high quality skin care products for all 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 Hospital began **Open Heart Surgery** and opened a **Comprehensive Heart Center** in the first quarter of 2013. The scope of services includes EKG Ultrasound, Percutaneous Transluminal Coronary Angiography (PTCA) and Cardiac Surgery with high complexity. The Unit is also a Referral Center of the NHSO and SSO patients. In 2015, The Company opened Heart Center Arrhythmias with Cardiac Electrophysiology Lab, the first private hospital in this region. The Company has added Enhanced External Counter Pulsation (EECP) Innovation in the treatment of heart patients who cannot have surgery and Cardiac MRI Scan in case of a complex disorder for evaluation before the surgery.
- **Integrated Cancer Center with HIFU (High Intensity Ultrasound) (Available at CH9)*:** Started in late 2013, the center provides services for abdominal cancer types that cannot be removed by surgery, such as Cholangiocarcinoma, Pancreatic cancer, and uterine fibroid, etc.
- **Prostate Cancer Center using Brachytherapy (Available at CH3)*:** In 2014, the Company provides treatment of prostate cancer using iodine 125 brachytherapy without surgery, an alternative way with better treatment without any complication as the normal surgery does, by the well-known and experienced doctor from the United States.

- **The New Baby Fertility Center (Available at CH11)* :** Established in 2017, Fertility Center provides the complete subfertility services to assist those subfertility couples to solve every single problem, providing a thorough counselling with several investigations including endoscopic surgeries, blood test, hormonal assay, etc. The goal of treatment is pregnancy. Our medical doctors are specialized and well experienced in reproductive medicine and endoscopic surgery with certified training from Thailand and abroad. All professional scientists are certified to give the sophisticated egg, sperm, 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 the couple the complete medical services with good standard of care.
- **Suvarnabhumi Eye Center (Available at CH1)*:** Started in 2017, Suvarnabhumi Eye center specializes in all areas of eye care , providing the complete range of examination, treatment and surgical options for all conditions and for patients of all ages. Our team of experienced ophthalmologist and optometrists are well trained, certified within the field of medicine to diagnose and manage all eye diseases with the new medical technology and equipment.

Other Businesses

1. Import and Distribution of Medical Devices

Thai Amdon Company Limited (“Thai Amdon”), a subsidiary of the Company, imports and supplies surgical and medical equipment such as electric surgery beds, heart rate counter and oxygen saturation equipment, etc. Presently, most medical devices and equipment imported by Thai Amdon are distributed to hospitals and clinics in the Group. The procurement of such medical equipment is performed according to normal market conditions.

2. Thai Traditional Medicine and Beauty services

The Company provides complete spa services under the name “Chularat Thai Traditional Medicine”, providing Thai Traditional 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.

* **Note :** CH3 means Chularat 3 International Hospital.
 CH9 means Chularat 9 Airport Hospital.
 CH11 means Chularat 11 International Hospital.

The Performance of hospitals and clinical services as of 31 December 2020

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 the trade name of : <ul style="list-style-type: none"> • Chularat Suvambhumi Clinic (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 the trade name of : <ul style="list-style-type: none"> • Chularat 7 Medical Clinic • Chularat 8 Medical Clinic • Chularat 9 Airport Hospital Total	- - 139 139
Bangpakong Vejchakij Company Limited ⁽¹⁾	800	100	Provide Medical Services under the trade name of : <ul style="list-style-type: none"> • Chularat 11 Bangpakong Hospital • Chularat 12 Medical Clinic Total	141 - 141
Chularat Arkanay Hospital Company Limited ⁽²⁾	500	70	Provide Medical Services under the trade name of : <ul style="list-style-type: none"> • Chularat 304 International Hospital • 304 Medical Clinic Total	59 - 59
Cholvaej Hospital Company Limited	100	96.38	Provide Medical Services under the trade name of "Chularat Cholvaej Hospital"	56 56
Sattayabutr International Company Limited ⁽³⁾	100	100	Provide Medical Services under the trade name of "Chularat Rayong Hospital"	50 50
Ruampat Chachoengsao Hospital Company Limited ⁽⁴⁾	600	64.58	Provide Medical Services under the trade name of "Ruampat Chachoengsao Hospital".	59 59
Chularat Phreak Sa Hospital Company Limited ⁽⁵⁾	1	100	Acquisition of land for future project expansion. Total	- -
Shewarat Hospital Company Limited ⁽⁶⁾	1	100	Acquisition of land for future project expansion. Total	- -
Ruampat Mae Sot International Company Limited ⁽⁷⁾	1	80	Acquisition of land for future project expansion. Total	- -
Total company and subsidiaries				749

- Note :** (1) The registered capital increased from Baht 500 million to Baht 800 million on December 22, 2016.
- (2) The registered capital increased from Baht 300 million to Baht 500 million on December 23, 2015. On January 29, 2016, the Company reduced the shareholding ratio from 100% to 70% by selling shares to local investors. On June 12, 2018, Chularat 304 Medical Clinic was registered as Chularat 304 International Hospital, operated by Chularat Arkanay Company Limited. In December 2020, 304 Medical Clinic was registered.
- (3) The Company acquired a subsidiary on March 1, 2016 and increased the registered capital from Baht 30 million to Baht 100 million on December 12, 2017.
- (4) Established on June 16, 2016, The Company held the shares by 64.58% and the rest belonged to local healthcare providers.
- (5) Established on September 8, 2016.
- (6) Established on March 20, 2018. On April 20, 2018, the Company name was changed, formerly Nawattasot Suvannabhumi Hospital Company Limited. On February 28, 2020 the Company name was changed to Shewarat Hospital Company Limited.
- (7) Established on November 27, 2019, the Company held 80% shares and the rest 20% shares held by the existing shareholders who are doctors.

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 namely "Chularat Thai Traditional Medicine" • Beauty and laser treatment namely "Chularat Renoir Beauty and Laser Center" • Practical Nurse training center namely "Chularat Inter Health"
Thai Amdon Company Limited ⁽¹⁾	30	100	<ul style="list-style-type: none"> • Imports and supplies surgical and medical equipment • Distributes Beauty Vitamins and Dietary Supplement

Note : (1) Registered to add more purposes on November 9, 2015

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

The Company has set a goal to become a leading private hospital with Good Governance under the concept of "The Star of the East" with an outstanding growth in healthcare industry, medical innovations, personnel development, and environmental cares. The Company aims to be a learning organization in the East and Samutprakarn province and to be recognized by the customers in terms of good service quality, emphasizing on customer satisfaction with a fair price and the safety of the customers (Patient Safety). Moreover, the Company strives to grow together with the growth of the private businesses and the industries in the East and Samutprakarn province, focusing on service network expansion and service quality improvement through the Excellence Centers.

The Board of Directors and management determined the vision, mission, values and objectives as follows:

Vision:

- Chularat Hospital Group is a leading Tertiary care, emphasizing on Excellent Centers, Specialist Clinics and focusing on international hospital quality standards of Joint Commission International (JCI), an accreditation standards of the United States and local hospital quality standards of Thai Hospital Accreditation (HA).
- To become a well-known chain hospital with sustainable growth and network management efficiency.
- Adherence to the ethics of the profession. To be loved and trusted by the patients forever.

Mission:

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

Core Values of Chularat Hospital iCARE

i = International Patient Safety	: Focusing on the patient safety.
i = Integrity	: Being a good governance corporation with integrity.
i = Innovation	: Creativities for developing the corporation.
C = Care	: Continuous Patient Care.
C = Change	: Ready to change for better performance.
A = Accountability	: Social Responsibility and to be trusted by the society.
R = Respect	: Respect and honor people as they are.
E = Engagement	: Love and bond with the Corporation.
E = Education	: Continuous study for knowledge.
E = Environment	: Environmental Care.

Objective

Focusing on primary, secondary and tertiary medical cares with international quality standards to meet the needs of the community with efficient network management and development. To be a leader in providing an outstanding medical logistics network in the eastern area under the concept of **"The Star of the East"**.

Changes and Developments

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, Blood bank, Clinical Microbiology and the Department of Clinical Microbiology.
- March 2018, the Company established Suvarnabhumi Cancer Company Limited to provide comprehensive medical services to general customers and corporate contract customers within Samutprakarn province and nearby areas.
- May 2018, Chularat 3 International Hospital, Chularat 5 Hospital and Chularat 11 International Hospital were awarded with the “E-Claim Award 2017”, an award for enhancing the potential of protection of people benefits 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 added Platelet Rich Plasma service, an innovative treatment for damaged or injured body tissues by using the patients’ own platelets (their own) with 3-4 times higher concentration. This new medical technique has been used in many ways such as sports, orthopedic and aesthetic medicines.
- July 2018, Chularat 304 International Hospital opened an outpatient and inpatient care services for both Cash and insurance patients by providing medical equipment and experienced medical team.
- October 2018, Suvarnabhumi Cancer Company Limited signed an agreement to purchase the radiation - Synergy model for the installation at Suvarnabhumi Cancer Center and Radiation Hospital
- November 2018, Ruampat Chachoengsao Hospital opened outpatient and inpatient care services for cash, insurance and corporate contract 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 in order to increase the potential for diagnosis of radiation diseases.

2019

- February 2019, Chularat 9 Airport Hospital was awarded with “Muang Thai Life Assurance Hospital Award 2018” from Muang Thai Life Assurance Public Company Limited.
- March 2019, Chularat 9 Airport Hospital was awarded with “Allianz Ayudhya Hospital Service Awards 2018” from Allianz Ayudhya Assurance Public Company Limited.
- April 2019, Chularat 11 International Hospital passed HA Certificate Step 3 Re-Accreditation. (2nd Reaccreditation). Each re-accreditation would valid for 3 years.
- August 2019, Chularat Hospital Public Company Limited (CHG) was awarded with “Thailand’s Top Corporate Brand 2019 - Healthcare Service” from the Faculty of Commerce and Accountancy, Chulalongkorn University together with the Stock Exchange of Thailand (SET), an award for a qualified brand with value and long term sustainability. Through the lengthy research together with the Corporate Brand Success Valuation (CBS), the Company eligible for this award shall have a corporate brand value of 5,000 million Baht or more, listed on the Stock Exchange of Thailand (SET) at least 3 years and possessed “Very Good or Excellence” score on Corporate Governance.
- September 2019, Chularat 3 International Hospital opened Building C to support Social Security patients and renovated service area at Building A to support general patients.
- September 2019, Chularat 3 International Hospital was awarded with “Favorite Hospital 2019” under Social Security Scheme from Social Security Office.
- October 2019, Chularat 9 Airport Hospital opened health examination center namely “Airport Health Check and Smile Club Health Check Center”.
- November 2019, Chularat 9 Airport Hospital passed HA Certificate Step 2 Re-Accreditation. (8th Reaccreditation).
- December 2019, Chularat 11 International Hospital received an honor award “Thailand Building Energy Efficiency Disclosure 2019” from the Ministry of Energy.
- December 2019, Chularat 3 International Hospital invested in Ruampat Mae Sot International Company Limited, Mae Sot district, Tak province holding 80% shares and the rest held by existing shareholders who are doctors.

2020

- February 2020, Suvarnabhumi Cancer Company Limited was changed to Shewarat Hospital Company Limited.
- September 2020, Chularat 3 International Hospital received an honorary award “Favorite Hospital 2020” from the Ministry of Labor on the occasion of 30th Anniversary of Social Security office (SSO) at the Social Security office, Tiwanon Road, Nonthaburi.
- October 2020, Chularat 3 International Hospital passed a re-Accreditation of Joint Commission International (JCI) Standard. Each reaccreditation would valid for 3 years.
- November 2020, Chularat Hospital Group was awarded with “Thailand’s Top Corporate Brand 2020 -Healthcare Service” from the Faculty of Commerce and Accountancy, Chulalongkorn University together with the Stock Exchange of Thailand (SET). 2 consecutive years since 2019.
- December 2020, Chularat Hospital Group was nominated for an award “Best in Sector : Healthcare” by IR Magazine.
- December 2020, Chularat Arkanay Company Limited registered to open 304 Medical Clinic.

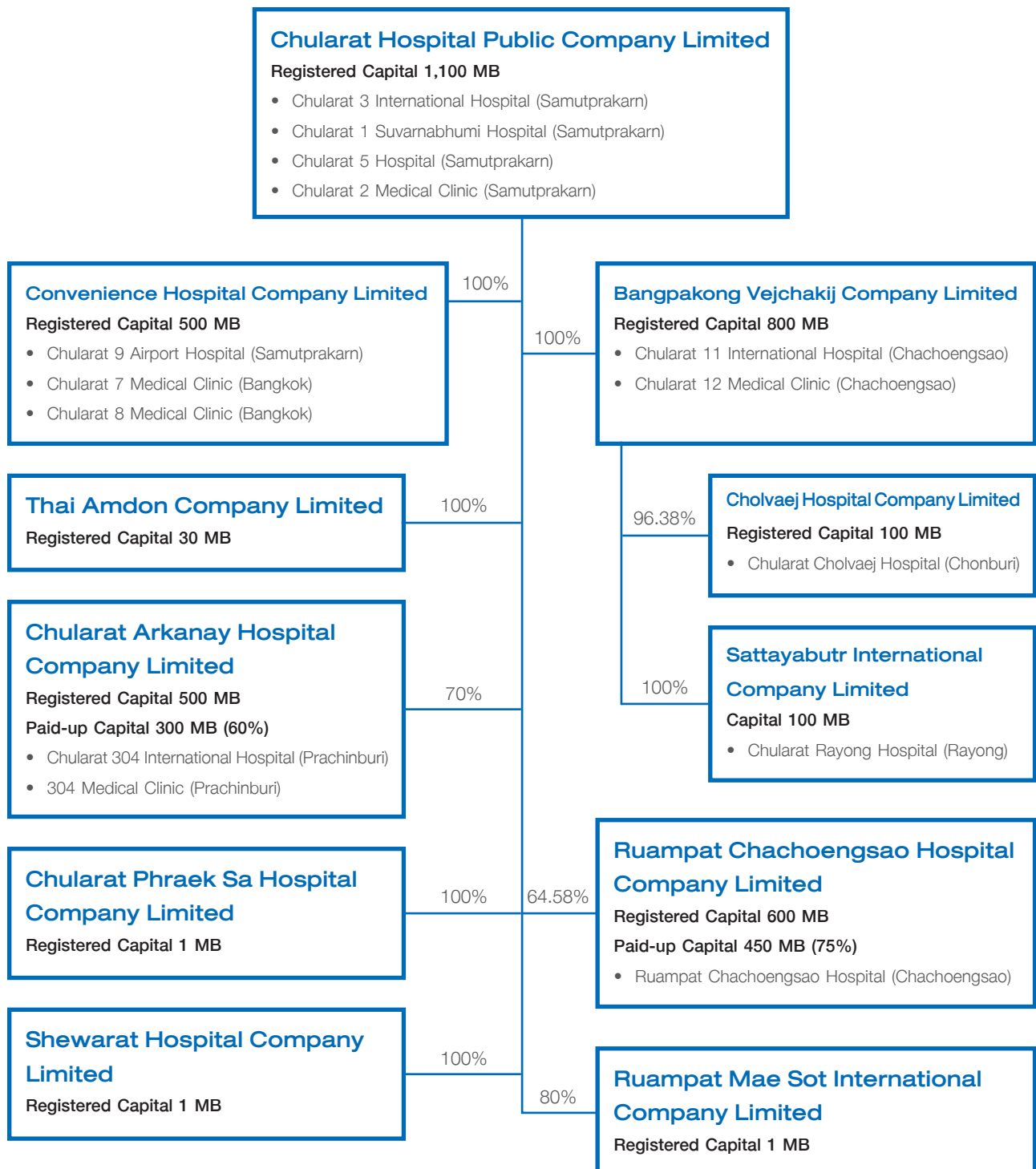
Note : The Ministry of Public Health Act regarding characteristic of clinic and type of services 2002, determining health facilities that doesn’t take overnight patients as “outpatient clinic”, health facilities that take less than 30 overnight patient as “clinic” and health facilities that take more than 30 overnight patient as “hospital”.

Shareholder Structure of the Group

As of 31 December 2020 Chularat Hospital Public Company Limited (“The Company”) consists of 10 subsidiaries which are Convenience Hospital Company Limited, Bangpakong Vejchakit Company Limited, Thai Amdon Company Limited, Chularat Arkanay Hospital Company Limited, Ruampat Chachoengsao Hospital Company Limited, Chularat Phreak Sa Hospital Company Limited, Suvarnabhumi

Cancer Company Limited, Ruampat Mae Sot International Company Limited, and Cholavej Hospital Company Limited and Sattayabutr International Company Limited invested through Bangpakong Vejchakit Company Limited. Chularat Hospital Public Company Limited has shareholder structure as shown below:

Figure 1-1 Shareholder structure of the Group of Chularat Hospital Public Company Limited as of 31 December 2020



Relationship with business group of major shareholder.

The Group has no dependence or competition with the major shareholder's business significantly.

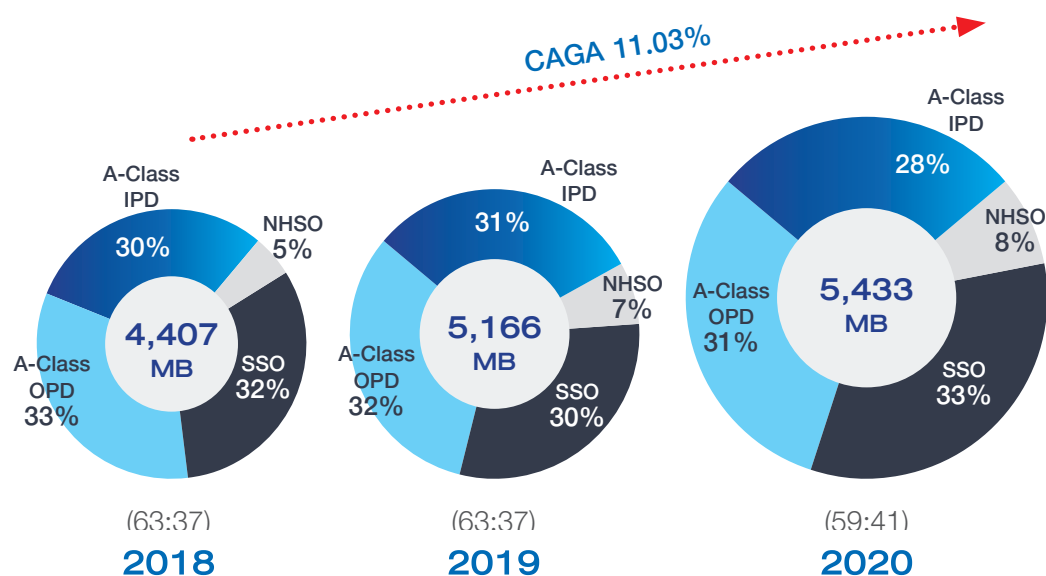
Business Operation

Revenue Structure

The Company's revenues has grown steadily from 2018-2020 as shown below.

Figure 1: Revenue of the Company from 2018-2020

The Company's revenue structure from 2018 - 2020



Revenue from Hospital Operations	Fiscal year, ending on 31 December					
	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from General Patients						
Revenue from Outpatients (OPD)	1,444.71	32.8	1,653.59	32.0	1,688.37	31.1
Revenue from Inpatients (IPD)	1,310.06	29.7	1,580.75	30.6	1,519.86	28.0
Total revenue from General Patients	2,754.77	62.5	3,234.34	62.6	3,208.23	59.1
Revenue from Government Welfare Schemes						
Social Security Scheme	1,409.60	32.0	1,577.83	30.5	1,811.20	33.3
Other Governmental Schemes	242.62	5.5	353.44	6.8	413.41	7.6
Total revenue from Government Welfare Schemes	1,652.22	37.5	1,931.27	37.4	2,224.61	40.9
Total Revenue from Hospital Operations	4,406.99	100.0	5,165.61	100.0	5,432.84	100.0

Products and Service

Chularat Hospital Public Company Limited (“The Company”), operating private hospital business, consists of 6 subsidiaries which are 1) Convenience Hospital Company Limited, 2) Bangpakong Vejchakij Company Limited, 3) Chularat Arkanay Hospital Company Limited 4) The Cholvej Hospital Company Limited 5) Sattayabutr International Company Limited 6) Ruampat Chacheongsao Hospital Company Limited. Chularat Hospital Group’s service coverage are around Suvarnabhumi Airport, Pravet and Lat Krabang districts (Eastern Bangkok area), along King-Kaew Road and Teprarak Road in Bangplee district in Samutprakarn province, extend to Bangna-Trad Road Bangpakong district and Gateway City Industrial Estate in Chachoengsao province, along 304 highway to Srimahaphot district in Prachinburi province, downtown in Chonburi province and Aranyaprathet district in Sa-Kaeo province. In 2016, the Company added new hospital in Rayong province. With our service cluster in the eastern area of Thailand, the customers can easily access to our services. In 2020, the Company added new branch in Prachinburi province. Chularat Hospital Public Company Limited (CHG) has a total of 14 branches : 9 hospitals and 5 clinics with a total of 749 registered beds.

The Company always focuses on quality of treatment and specialist team. 3 hospitals in the group are certified by National and International Standards such as Thai Hospital Accreditation (HA) and Joint Commission International Accreditation (JCI). In 2014, Chularat 3 International Hospital is the first JCI- accredited hospital in Samutprakarn

province and completed 1st re-accreditation in 2017 and 2nd re-accreditation in 2020 (Each accreditation is valid for 3 years.).

The Company provides the services to 2 main types of customers, General patients and Government Welfare patients : the Social security Office (SSO) and the National Health Security Office (NHSO), where the Company (CHG) only acts as a referral center for hemodialysis and heart disease in Samutprakarn province and nearby provinces in the East.

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)*** : provides general medical services and patient care clinics , such as diabetes, high blood pressure, high cholesterol, etc.
- **Internal Medicine Clinic (Available at CH3, 9, 11, 304, Chularat Rayong, Ruampat Chachoengsao)*** : provides treatment and care of patients with the internal medicine diseases such as cardiovascular disease, gastrointestinal tract, skin diseases, cancer, infectious diseases, respiratory diseases, arthritis and rheumatic diseases, endocrine system disorders, brain and nervous system, kidney disease, allergies, blood diseases, etc.

(2) Surgery Clinic

• General and Specialized Surgery Clinic (Available at CH3, 9, 11, 304, Chularat Rayong, Ruampat Chachoengsao)*:

provides diagnosis and treatment of general surgery, including laparoscopy surgery, Hand and micro surgery, Orthopedics surgery, Neuro and Brain Surgery, Maxillofacial Surgery, Plastic Surgery, Urological Surgery, Cardiovascular Surgery, Surgical Oncology, Gynecological Cancer Surgery, General Cancer Surgery, Breast Surgery, Ophthalmology Surgery, ENT Surgery, etc.

(3) Integrated Heart Center (Available at CH3)*

(4) Comprehensive Cancer Treatment Center (Available at CH9)

(5) Other Clinics and Medical Centers

- Neonatal Intensive Care Unit (NICU) (Available at CH3)*
- 24-hour Pediatric Clinic (Available at CH3, 9)*
- Stroke Center (Available at CH3, 9)*
- Allergy Clinic (Available at CH3)*
- ENT Clinic (Available at CH3, 9, 11)*
- Eye Laser Center (Available at CH3)*.
- Dental Center namely “Dr.Dentist” (Available at CH1, 3, 5, 9, 11)*
- Obstetrics – Gynecology Clinic (available at CH3, 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) 24-hour Emergency Care Center (Available at CH3, 9, 11)*

(7) Check-up Center

(8) X- ray Mobile Check-up

(9) Occupational Medicine Center

(10) Laser and Beauty Center (Available at CH3)*

(11) Fertility Center & IVF Clinic (Available at CH11)*

(12) Eye Center (Available at CH1)*

The Competency for Medical Services

As of 31 December 2020, the Company has the capability to provide medical services with service utilizations base on customer groups as follows:

(1) Number of visits and the number of beds

Out-Patient Department (OPD) is assessed by the number of treatment rooms, whereas In-Patient Department (IPD) is assessed by the number of beds. The Company’s service capability as of 31 December 2020 is as follows:

Hospital / Branch	No. of OPD Room	No. of IPD Bed
Chularat Hospital Public Company Limited		
Chularat 1 Suvarnabhumi Hospital	5	26
Chularat 2 Medical Clinic	2	-
Chularat 3 International Hospital	53	193
Chularat 5 Hospital	5	26
Convenience Hospital Company Limited		
Chularat 7 Medical Clinic	1	-
Chularat 8 Medical Clinic	2	-
Chularat 9 Airport Hospital	31	139

Hospital / Branch	No. of OPD Room	No. of IPD Bed
Sattayabutr International Company Limited		
Chularat Rayong Hospital	6	50
Cholvaej Hospital Company Limited		
Chularat Cholvaej Hospital	5	56
Bangpakong Vejchakij Company Limited		
Chularat 11 International Hospital	21	141
Chularat 12 Medical Clinic	2	-
Chularat Arkanay Company Limited		
Chularat 304 International Hospital	14	59
Ruampat Chachoengsao Hospital Company Limited		
Ruampat Chachoengsao Hospital	19	59
Total	166	749

(2) Utilization Rate

The occupancy rates for the patients are assessed by the actual amount of services compared with the potential to provide the maximum service and classified into outpatients (OPD) and inpatient (IPD) groups. In 2018, the outpatient utilization rate decreased from 70.5 percent to 69.1 percent in 2019 and 59.6 percent in 2020, while inpatient utilization rate (Bed Occupancy Rate) decreased from 67.9 percent to 64.3 percent during 2019-2020, mainly due to the impact of the COVID-19 pandemic.

Outpatient

	2018	2019	2020
No. of Diagnosis Room (Average) *	131	147	161
No. of Day	365	365	366
Maximum Capacity (Time) **	3,343,830	3,762,780	4,125,240
No. of date of actual treatment (Time)	2,357,117	2,601,433	2,459,181
Service Rate (Percent)	70.5	69.1	59.6

Inpatient

	2018	2019	2020
No. of Bed (Average) *	649	749	749
No. of Day	365	365	366
Maximum Capacity (Bed)	236,840	273,385	274,134
No. of date of actual treatment (Bed)	155,132	185,676	176,342
Service Rate (Percent)	65.5	67.9	64.3

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 assessed by the management is about 70 times/room/day.

Thai Traditional Medicine

With holistic health awareness trend, the Company sees opportunities to grow Thai Traditional Medicine business. Using an area at Chularat 3 International Hospital, the Company opened the completed spa service under the name “Chularat Thai Traditional Medicine”, providing Spa services, Thai Massage, and foot massage by specialized staff. Chularat Thai Traditional Medicine opens daily from 10.00 am. to 9.00 pm.

Purchasing Medical Devices Business and Practical Nurse Training Business

Thai Amdon Company Limited ("Thai Amdon"), a subsidiary of the Company, imports and supplies medical devices and equipment such as electric beds, heart rate measurement machine and blood oxygen levels calculator, etc. Presently, most of medical devices and equipment imported by Thai Amdon are distributed to hospitals and clinics in the Chularat Hospital Group. However, Thai Amdon is setting a marketing plan to increase their distribution to other hospitals in the future. The Company also operates a Practical Nurse Training namely “Chularat Inter Health” to train personnel to support the future expansion of the hospital.

Marketing and Competition

Marketing Strategy

The Company has its marketing policy to provide medical services to all classes of people living in the area around the hospitals and medical clinics. The Company has provided the primary, secondary and tertiary medical services. The Company aims to be a leading private hospital under the concept of "The Star of the East" with easily access by the customers and to be recognized by the customers in terms of quality of service with Patient Focus at a reasonable and fair price. The Company also aims to grow in line with the business and industry expansions in

the East and Samutprakarn Province, focusing on expanding the service network and enhancing the service qualities through the Excellent Centers.

Presently, The Company has 3 hospitals providing the Secondary medical care which are Chularat 3 International Hospital, Chularat 9 Airport Hospital, Chularat 11 International Hospital. The Company also provide the Tertiary Care through several Excellent Centers : 1. Hand Surgery and Orthopedic Clinic, 2. Neonatal Intensive Care Unit (NICU), 3. Comprehensive Treatment of Heart Disease, 4. Comprehensive Cancer Center including clinical treatment of prostate cancer and 5. Stroke Center, etc. The Company has a total of 14 branches in the group with service cluster in the eastern area of Thailand, starting from Suvarnnabhumi Airport, Pravet and Lat Krabang districts (Eastern Bangkok area), along King-Kaew Road and Teparak Road in Bangplee district in Samutprakarn province, extend to Bangna-Trad Road Bangpakong district and Gateway City Industrial Estate in Chachoengsao province, along 304 highway to Srimahaphot district in Prachinburi province, downtown in Chonburi province and Aranyaprathet district in Sa-Kaeo province. In 2016, the Company opened new branch in Muang district, Rayong province and in 2018 in Muang district, Chachoengsao province. All hospitals and clinics in the group are located closed to several industrial zones in the eastern are of Thailand, including those industrial zones in Samutprakarn (Bangplee) and Bangkok provinces (Lat Krabang).

The Company provides the services to 2 main types of customers, General patients and Government Welfare patients : the Social security Office (SSO) and the National Health Security Office (NHSO), where the Company (CHG) only acts as a referral center for hemodialysis and heart disease in Samutprakarn province and nearby provinces in the East.

Types of Customers

(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 hospitals or medical facilities of the Company, or those who have confidence in the quality of the medical services of the Company. The Company focuses on providing a quality service and specialized medical services, including the public relations and marketing activities to the target customers.
- **Corporate Contracts:** A group of customers who receive medical treatment where their organizations have agreements with the Company and the Company will charge directly to the organization. Also, A group of customers with health insurance where the Company will charge directly to the insurance companies. This customer group is likely to grow in accordance with the increasing growth of insurance business and health care trend.
- **Road Accident Victims Protection Act B.E.2535 (1992):** Patients in this group are patients who have road accident and get treatment under Road Accident Victims Protection Act B.E.2535 (1992). Hospitals in the group are located on major roads with high tendency for car accidents: Theparak Road, Kingkaew Road, and Bangna - Trad Road. Therefore, they provides emergency care to support the patients and able 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 reimburse from the insurance company under this Act.

- **Workers Compensation Fund:** Employees at the factories who have injury due to accidents at work and get the treatment according to the Worker Compensation Fund Act B.E.2537 (1994). The Company's Hand and Micro Surgery Center has the experienced and professional team to support the injured persons. The Company will provide the treatment at no charge and will reimburse the treatment cost from the Compensation Fund.

(2) Government Welfare Scheme

- **Social Security Office (SSO):** The Social Security Act B.E.2533 (1990) requires the employee to contribute a certain amount of their monthly wages to Social Security Fund. Such employee can choose one hospital for medical treatment at no charge among the hospitals under Social Security Network. The hospitals under Social Security Scheme will receive the services fees from Social Security Office (SSO) in 2 forms:
 1. Fixed Payment (Flat rate, Capitation) per each patient. The rate of 2015 is Baht 1,460 per person per year. In July 2017, SSO increased the payment rate from Baht 1,460 to Baht 1,500 per person per year. In January 2020, SSO increased the payment rate from Baht 1,500 to Baht 1,640 per person per year.
 2. Additional fee from other services. (Please see more details in section "Analysis and Comments of the Management")

In 2020, the average number of Company's patients under Social Security Scheme is approximately 442,910 people. With Chularat 3 International Hospital and Chularat 11 International Hospital certified by HA level 3, the Company can increase the quota of insured person to maximum approximately

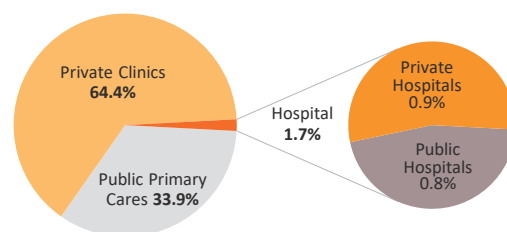
475,000 people. If all of the expansion projects finish in the future, The Company can request to increase quota of insured person under Social Security. However, the management of the Company has no plans to increase this customer group. The future projects are mainly to serve General patients.

- **National Health Security Office (NHSO):** This group of customers can receive the medical treatment only at Chularat 3 International hospital because Chularat 3 International hospital is a “Referral Center for Heart Disease” in Samutprakarn and nearby provinces to help coping with the lack of specialist doctors in Public and Private Hospitals. The Company will receive the medical service payment from NHSO by the relative weight (RW) method, depending on the area of the deliver’s hospitals and the additional medical devices provided.

Industry Outlook, Situation, and Competition

Thailand is home to 38,512 facilities that offer some form of healthcare services. About 35% of these are state-funded (e.g. public health centers, district public health offices, and community and general hospitals), and the remaining 65% are private ventures (i.e. private clinics and hospitals). **Divided according to size and range of medical services offered,** 98.3% are classified as primary healthcare providers (9,800 public health and district health promotion centers and 24,800 private clinics). The remaining 664 (1.7%) are secondary and tertiary healthcare providers, comprising 294 (0.8%) managed by the government, Ministry of Public Health, local administrative bodies, state enterprises or Bangkok Metropolitan Administration, and 370 private hospitals (0.9%) (Figure 1).

Figure 1: Number of Healthcare Facilities in Thailand

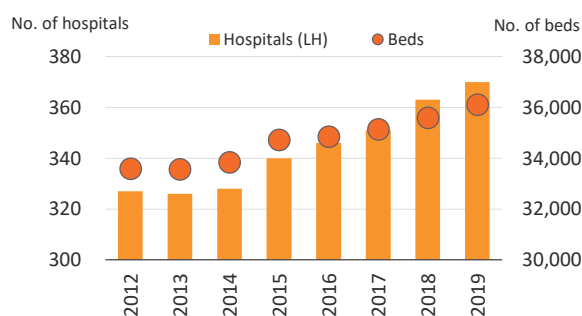


Note: Data as of April 2016

Source: Bureau of Policy and Strategy, Ministry of Public Health (MOPH), Krungsri Research

Although there are state hospitals dotted across the country, their capacity to serve patients is limited in some locations: (1) Bed occupancy rate is high, and in some areas, it is close to or over 100%. This means the supply of public hospital beds in some areas is insufficient to meet demand; and (2) outpatients typically face long waits before being seen by a healthcare professional. **The failure of the government healthcare system to meet rising demand has created an opportunity for private healthcare providers,** which typically emphasize the speed and convenience of their services. This has prompted more middleclass consumers who have sufficient spending power to turn to private hospitals, despite them charging more than government hospitals for equivalent services. Currently, there is 370 registered private hospitals in Thailand. 116 are in Bangkok (31.4%) and 254 in upcountry (68.6%). These hospitals house a total of 36,000 beds, including 14,000 in Bangkok and 22,000 in upcountry (Figure 3).

Figure 3: Numbers of Private Hospitals & Beds

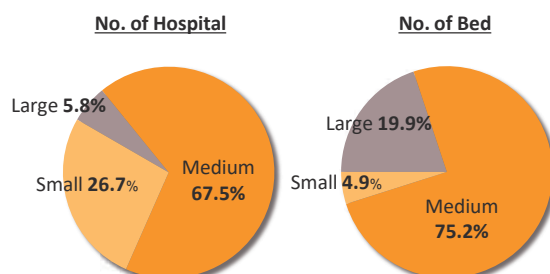


Source: Department of Health Service Support, MOPH, Krungsri Research

Private hospitals may be divided into three subgroups according to the number of registered beds. This is a good proxy to evaluate the range of medical services that each hospital offers (Figure 4).

- **Large Hospitals (more than 250 beds):** Thailand have the highest concentration of mid- to high-income consumers. Hence, about 90% of large hospitals (5.8% of the total) are located in these areas. Currently, there are 22 large private hospitals in Thailand, and although this is only 6% of all private hospitals in the country, they offer a combined 7,162 beds, or 19.9% of all private hospital beds in the country.
- **Medium-size hospitals (31-249 beds):** There are 255 hospitals in this subgroup (67.5% of total) offering 27,069 beds (75.2% of total).
- **Small hospitals (1-30 beds):** There are 101 small hospitals in Thailand (26.7% of total) offering 1,766 beds (4.9% of total).

Figure 4: Share of Private Hospital (2019)



Note: Small size => 30 beds and below
Medium size => 31-249 beds
Large size => 250 beds and up

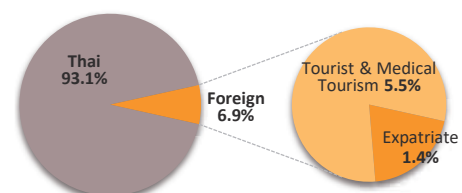
Source: MOPH, Krungsri Research

Private hospitals have benefitted from tax-exemption and other supporting government policies. In addition, business expansion has been driven by rising demand especially from patients in neighboring countries following the opening of the Asian Economic Community in 2015. The number of health and wellness tourists from further afield have also been rising steadily. **These factors helped to stimulate a marked uptick in investment by**

private healthcare operators that has transformed the sector; large, dynamic operators have engaged in mergers and acquisitions, opened new hospitals in Bangkok and important regional centers, and bought into other private hospitals as investment and to extend their commercial networks. This led to the creation of several large commercial groups that operate private hospitals, including Bangkok Hospital Group, Thonburi Healthcare Group and Bangkok Chain Hospital (Kasemrad Hospital group). The mergers have increased their competitiveness, and the groups have their own clear target customer groups. And amid changes in the market structure, mid- and small-size operators have had to adjust their operations by specializing to target more niche markets.

There were a total of 61.6 million patient visits at private hospitals in Thailand (2016, latest data available). Of these, 58.8 million (95.5% of the total) were for outpatient services and 2.8 million (4.5%) were for in-patient treatment. The largest share were registered in Bangkok at 32.2 million (52.2% of total), followed by the central region (29.1%), the north (8.0%), the northeast (5.4%) and the south (5.3%). **93.1% of patients were Thai citizens and 6.9% were foreign nationals** (Figure 6); the latter group comprised expatriates (1.4%) and general and medical tourists (5.5%). **The foreign nationals were mostly from Myanmar, Japan, the Middle East and Europe.**

Figure 6: Patient Structure



Note: Data from the 2017 NSO survey

Source: NSO, Ministry of Commerce (MOC), Krungsri Research

The size of a hospital is important in determining competitiveness and profitability.

Large hospitals tend to have stronger financial footing and will typically be part of an extended business network. This allows them to take advantage of economies of scale because the individual units within a commercial group will be able to pool resources, such as to make joint purchases of medical supplies and equipment to obtain lower pricing. They also provide services to a wide range of customer groups, so revenues are less volatile. And, they have larger capacity to absorb pressures arising from a changing business environment, compared to small- and medium-size competitors. Nevertheless, for all healthcare operators, the industry offers security and relatively low risk because healthcare services are a necessity and economic slowdowns affect healthcare services less than they do other sectors. This also means the operators are in a better position to pass on rising costs to patients. Indeed, revenues and profits of private hospitals listed on the stock exchange have been rising steadily in recent years.

Since 2003, successive Thai governments have pursued the goal of establishing Thailand as a medical hub. This has been a major driver of the growth of the private healthcare sector and development of the medical tourism industry. It has pushed private hospitals to raise their standards and Thai healthcare services are now internationally-recognized for their world-class quality. The industry also benefits from competitive healthcare costs compared to other countries that offer services of a similar standard (Table 1). Thailand is also blessed with many tourist attractions which natural beauty makes them suitable for patients in recovery and long-term care. The country is now home to 62 institutions which are accredited by Joint Commission International (JCI) for meeting international standards. Thailand is in fourth place,

behind the United Arab Emirates with 195 JCI accredited healthcare centers, Saudi Arabia (93), and China (84), but ahead of India (35), Malaysia (16) and Singapore (7). In 2019, foreign patients made 3.42 million visits to Thai hospitals, including 2.8 million for medical tourism and 620,000 by expatriates. These generated THB140bn revenue.

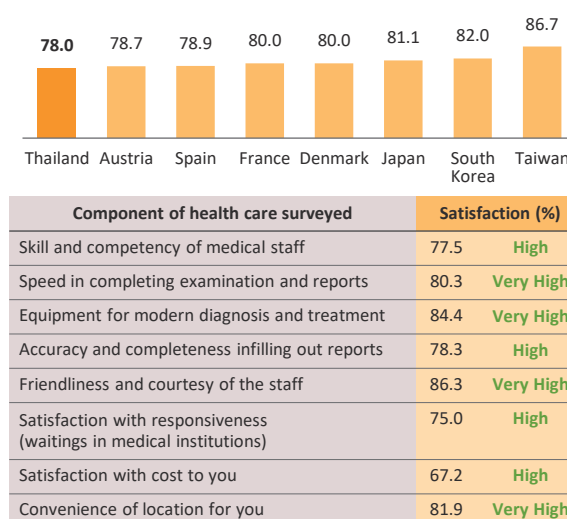
Table 1: Comparison Medical Treatment Costs (2019)

Procedure :	USA	India	Thailand	Singapore
Coronary Angioplasty	28,200 \$	5,700 \$	4,200 \$	13,400 \$
Heart Bypass	123,000 \$	7,900 \$	15,000 \$	17,200 \$
Hip Replacement	40,364 \$	7,200 \$	17,000 \$	13,900 \$
Gastric Bypass	25,000 \$	7,000 \$	16,800 \$	13,700 \$
Hysterectomy	15,400 \$	3,200 \$	3,650 \$	10,400 \$
Lasik (2 eyes)	4,000 \$	1,000 \$	2,310 \$	3,800 \$
Dental Implant	2,500 \$	900 \$	1,720 \$	2,700 \$
Breast Implant	6,400 \$	3,000 \$	3,500 \$	8,400 \$

Source: Medical Tourism Association (MTA), Krungsri Research

Indeed, in 2019, worldsbesthospitals.net declared one of Thailand's hospitals among the five best in the world for medical tourism, CEOWORLD ranked the quality of Thai healthcare sixth in the world after Taiwan, South Korea, Japan, Russia and Denmark. Numbeo (a website with access to the world's most extensive database of cost of living and public healthcare systems) placed Thailand eighth in its world rankings for public healthcare systems (June 2020) (Figure 10).

Figure 10: Health Care Index (June 2020)



Source: NUMBEO, Krungsri Research

The government will continue to support the healthcare industry under a strategic plan to develop Thailand into a global medical & wellness hub by 2026. Some of the priority segments are cosmetic surgery, anti-aging treatments, surgery, dental work and fertility treatments. The measures include:

- (1) extending the length of permitted stay in the country from 30 to 90 days for those seeking treatment (who may travel with up to 4 other people) who come from the CLMV countries or from China. There are plans to include patients from Japan, the US, Sweden, Denmark, and Norway;
- (2) extending long-stay visas for visitors from 14 countries from 1 year to 10;
- (3) offering 30-day visa-on-arrival to those arriving for medical tourism; and
- (4) offering dental and health-check packages to foreign arrivals.

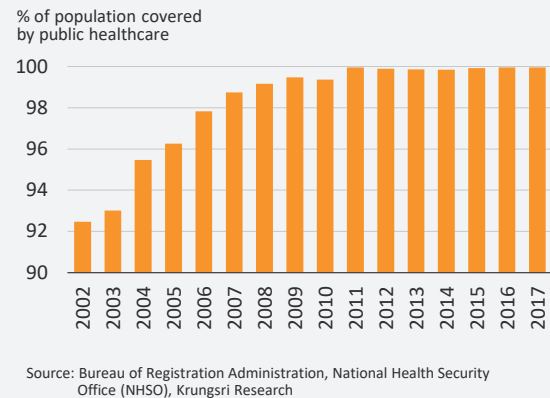
These measures helped to push private hospitals to capture more overseas patients, who typically spend more on healthcare than locals. This has steadily raised revenues and sustained healthy profits across the industry.

Medical services and public healthcare in Thailand

Access to medical services and public healthcare is a fundamental right. The state has an important role to play in establishing a healthcare system and facilitating access. The World Health Organization (WHO) stated that Thailand's Universal Healthcare Coverage (UHC) is one of the best models available for low-cost healthcare systems, even though per capita income in Thailand is relatively low compared to other countries with UHC systems. Thailand implemented the system in 2002 after enacting the National Health Security

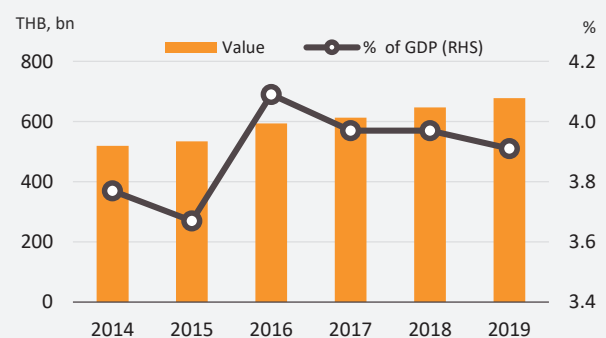
Act. Most recent data show 66.5 million people, or 99.92% of the population, are covered by this scheme (Figure 7). **There are three funds which facilitate this:** (1) Universal Coverage Scheme (UCS); (2) Social Security Scheme (SSS); and (3) Civil Servants Medical Benefit Scheme (CSMBS).

Figure 7: Universal Health Coverage in Thailand



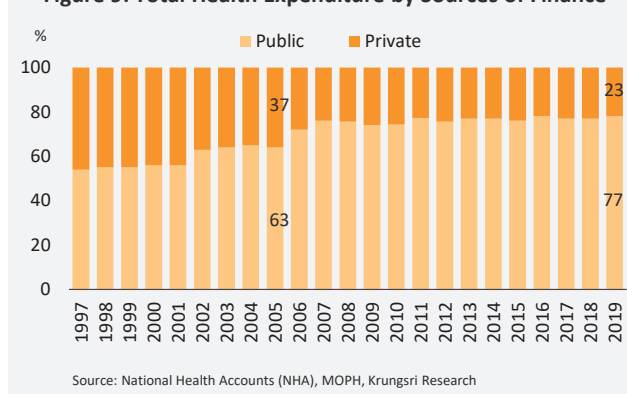
Since implementing the UHC, National Healthcare spending has risen from 3.2% of GDP in 2001 to 3.9% in 2019 (Figure 8). 2019 data indicate 77% of this expenditure originated from public sources (Figure 9), while private sector contributions to the total had been falling. At the same time, the share of Thai households that experienced 'catastrophic health expenditure has dropped from 5.7% of total households in 2003 to 2.3% in 2017.

Figure 8: Health Expenditure



Note: Expenditure on healthcare refers to the costs of medicines and treatments
Source: Office of the National Economic and Social Development Council (NESDC), Krungsri Research

Figure 9: Total Health Expenditure by Sources of Finance



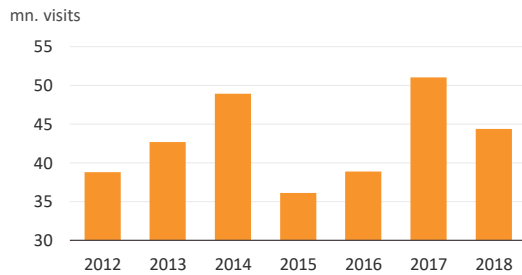
Situation

To increase market share and secure long-term growth, hospitals have been investing more to expand their premises, increase the range of facilities, establish centers for specialist and complicated treatments (to penetrate niche segments), and expand into overseas markets. Large hospitals that are part of wider commercial networks and have advantages in terms of costs and staffing, have been able to attract several patient groups, both domestic and international. But mid- and small-size stand-alone hospitals face greater challenges because their main source of revenue is mostly from the lower-middle income groups (with the exception of hospitals that participate in the social security system or that offer specialist treatment). However, mid- and small-size hospitals have the skills and expertise to raise capital through the stock market for working capital, to renovate their facilities, for business expansion, or to partner with large hospital chains. They have the ability to increase their competitiveness and broaden their revenue base.

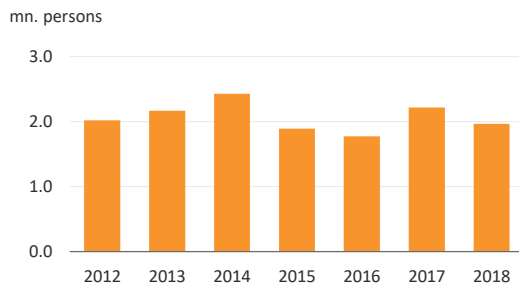
Many large hospitals with potential have been expanding their commercial network. This includes developing existing premises, building new hospitals and clinics in regional centers, tourist locations, and border regions to meet demand from neighboring countries, buying shares (and securing board seats) in other profitable hospital groups (e.g. Bangkok Hospital is a shareholder in Muang Raj Hospital and Mayo Poly Clinic, Bangpakok Hospital

has a stake in Sotharavet and Piyavate hospitals, and Ramkhamhaeng Hospital holds shares in Rajthanee Hospital), or buying shares in hospitals that pay healthy dividends (e.g. Bangkok Hospital bought shares in Bumrungrad Hospital). Some hospitals have formed partnerships with other healthcare providers both at home and abroad, to expand their network to receive or refer patients, or to develop new specialist market segments. Beyond this, some players are also generating additional income by developing new product lines, including pharmaceuticals and medical supplies, food supplements, and cosmetics, and running beauty clinics and care homes for the elderly. Some small and mid-size stand-alone operations have evolved into specialist treatment centers or established a solid income stream by offering treatments to patients covered by the social security system. Overall, the private healthcare sector in Thailand is just as competitive as any other sectors of the economy.

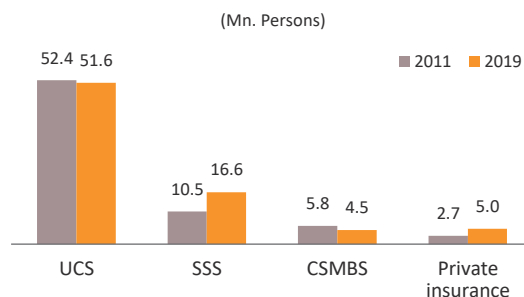
But since 2015, private hospitals have had to deal with the effects of slowing economic growth. This has affected middle income consumers, who are the hospitals' main customer group. For several years, this group has been cautious about spending on healthcare. The number of people seeking treatment in hospitals has fallen significantly (Figure 11 & 12) and healthcare expenditure has dropped as individuals purchase medicines from pharmacies, seek treatment in government-run hospitals or cheaper private-sector clinics, or postpone treatment altogether for less urgent/serious conditions. Most hospitals have responded to this by marketing their services to those who qualify for private or state-backed health insurance, the numbers of which have been rising steadily (Figure 14). However, employing pricing strategies and selling healthcare packages to attract customers have stoked greater competition.

Figure 11: Number of Outpatients

Source: MOPH, Krungsri Research

Figure 12: Number of Inpatients

Source: MOPH, Krungsri Research

Figure 14: Number of registered patients under UHC & Private Insurance

Note: UCS = Universal Coverage Scheme
 SSS = Social Security Scheme
 CSMBS = Civil Servant Medical Benefit Scheme

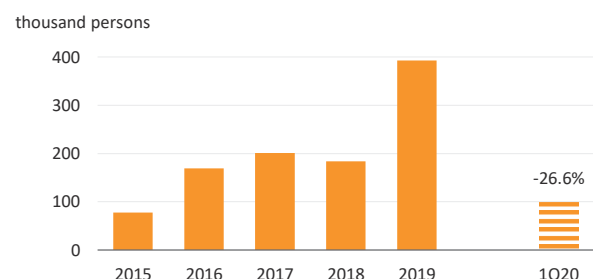
Source: NSO

At the same time, hospitals that target foreign patients were also being pressured, especially hospitals that target patients from the Middle East, where weak oil prices have been pressuring state budgets. The United Arab Emirates has slashed government subsidy for overseas hospital treatments from 90% to 50%, and the UAE, Qatar and Kuwait are reducing demand for overseas treatment by building their own modern, fully-equipped hospitals. In response to falling demand in traditional markets, **private hospitals have developed new markets that comprise high-income earners** from China, Russia, Africa and the CLMV nations. Their efforts have been successful and have helped to sustain the growth of the medical tourism industry. The

Tourism Authority of Thailand estimates an average of 2 million visits annually to Thailand are for medical tourism. The Ministry of Tourism and Sports reported medical tourism generated THB32bn revenue in 2018, an 18% increase on 2017 figure. The most popular treatments sought by medical tourists are health checks, surgery, dental work and anti-aging treatments. **These have been steadily pushing up patient numbers and revenues.**

In 2019, weaker consumer spending power continued to affect the industry. Annual revenue growth for hospitals listed on the stock market slipped to +7.2% from an average of +10.8% in 2014-2018. However, the industry continued to be buoyed by:

- (1) a 35% increase in the number of patients infected with notifiable diseases relative to a year earlier, with a sharp rise in influenza (up 114%) (Figure 15) and dengue fever (up 49.5%);

Figure 15: Number of patients infected with influenza

Source: Minister of Public Health, Krungsri Research

- (2) a 3.6% rise in the number of people covered by the social security system, which benefited hospitals that serve large numbers of social security patients (79 private hospitals are part of this scheme);
- (3) the continuing development of the medical tourism segment, with patient numbers and revenue rising in the year; and
- (4) the creation of new income streams through the development of new integrated healthcare services that offer a mix of traditional and preventative treatments. Bangkok Hospital

opened the Mövenpick BDMS Wellness Resort Bangkok, World Medical Hospital opened the Oasis Wellness Center, and Praram 9 Hospital now runs the W9 Wellness Center. Some operators have opened new hospitals overseas (e.g. Thonburi Healthcare Group opened Ar Yu Hospital in Myanmar in March 2019)

In the first half of 2020, the Covid-19 pandemic caused a crash in the number of people seeking treatment in hospitals, driven by fears of getting infected and to comply with social distancing. Many had delayed or postponed non-urgent hospital visits. In 1Q20, the number of patients reported to have a notifiable disease shrank by 19.5% YoY, with cases of dengue fever and influenza falling by 42.0% and 26.6%, respectively. The number of foreign patients

(business people and medical tourists), particularly those from China, also slumped because of the lockdown first in China and then worldwide. Large hospitals that were heavily dependent on receipts from foreign patients saw revenues tumble. For mid-size and small operations that treat patients who are covered by the social security scheme, revenues dropped by a much smaller magnitude. **However, across the industry, hospitals are now focusing on the domestic market and have adjusted their service offerings to make up the lost revenues.** For example, they are offering telemedicine and 24-hour online consulting services, Covid-19 drive-through testing, home visits for blood tests and injections, and health residences (Table 2).

Table 2: New Services provided by private hospital during the COVID-19 outbreak

Hospital	New services
Praram 9	<ul style="list-style-type: none"> Use telemedicine to treat patients with chronic illness through the <i>Doctor Anywhere</i> app (the hospital is currently developing its own app). Offer drive-in service at a special site for those who require blood tests or vaccination but not full hospital services. Offer home-based blood tests and injections for patients in the BMR. Run screening service outside the main hospital to divert high-risk patients to an ARI clinic, to minimize exposure to the general hospital population.
Bumrungrad International	<ul style="list-style-type: none"> Established a special clinic to reduce risk of cross-infection within the hospital grounds. Offers a '60-second service' which aims to complete processing within 60 seconds following the completion of consultation and writing of prescription. Bumrungrad Health Residence service provides accommodation and care for patients who wish to distance themselves from their families or need time for recovery. Offers home-based care at a standard equivalent to that received by in-patients. Teleconsultation service for long-distance consultations (available from March this year). Remote patient monitoring (RPM) allows for long-distance care of patients with arrhythmic heart condition.
Synphaet Ramintra	<ul style="list-style-type: none"> COVID-19 drive-through testing Telemedicine
Kasemrad	<ul style="list-style-type: none"> Telemedicine Home healthcare
Bangkok	<ul style="list-style-type: none"> Teleconsulting and telehealth Screens incoming patients, sending patients with breathing difficulties straight to an ARI clinic and other patients to a non-ARI clinic Uses a camera- and microphone-equipped <i>health bot</i> to communicate with patients who need check-ups as well as screening for infection Partners with other businesses, including insurers to reimburse insured patients for the cost of telehealth consultation Runs a service that allows medical staff to carry out procedures such as drawing blood and injecting vaccines at patients' home
Samitivej	<ul style="list-style-type: none"> Offers a 'virtual hospital' service
Ramkhamhaeng	<ul style="list-style-type: none"> Drive-through testing for COVID-19
Phyathai	<ul style="list-style-type: none"> <i>Clinic Connect</i> offers 3 services – telemedicine, blood testing and deliver prescriptions within 2-3 working days.

Result of a Survey of Medical Tourism in Thailand

In 2019, the Ministry of Public Health conducted a survey of foreign tourists who had received health/medical care in Thailand. Among the respondents, the five largest groups were from China (4.6%), Myanmar (4.2%), Lao PDR (2.3%), South Korea (1.1%) and Japan (0.8%). The results of the survey are summarized below.

- The Ministry of Tourism and Sports estimates that in 2019, 630,000 travelers came to Thailand for medical treatment and spent THB 120 bn, up 8.5% from 2018 figure. Average spending was THB 254,202 per person per trip (over five-times higher than spending by general tourists), and 72.3% of this or THB183,858 was for medical expenses.
- **The major factors that influenced the decision to seek treatment in Thailand were:**
 - (1) relatively low healthcare cost in Thailand compared to countries that offer similar standards of medical care (85.5%);
 - (2) reputation of Thai hospitals (84.3%);
 - (3) reputation of Thai doctors (77.7%);
 - (4) recommendation by a doctor in their home country(76.2%); and
 - (5) recommendation by an advisor or representative of a healthcare provider (40.5%).
- **The major healthcare providers** were private hospitals (92.7%), followed by public hospitals (4.7%), general clinics (1.5%) and specialist clinics (1.1%)
- **41.7% of respondents said Thai healthcare facilities offered good value for money**, 24.3% said it was extremely good value for money, 31.2% said it was moderately good value, and only 2.8% said they were not worth the money spent.
- **The most commonly sought services** were health checks (50.2%), muscular-skeletal treatments (8.6%), cancer treatment (8.4%),

treatment for cardiovascular diseases (4.1%), and dental work (4.1%) (Table 3).

Table 3: Average Medical Expenses (THB/person/trip)

Anti-Aging and Regenerative Medicine	15,055	Infertility	484,562
Cardiovascular disease	139,989	Cancer	705,521
Bones, joints, tendons, and muscles	124,150	Organ transplant	2,010,000
Dental	29,023	Sex reassignment surgery	502,761
Health check	26,254		

Source: Department of Health Service Support (DHSS), Krungsri Research

- **87.3% of respondents paid for their treatment themselves**, 9.0% were covered by health or accident insurance, 1.0% by their social security system, and 0.8% by a government welfare program. Healthcare costs for 66.7% of Japanese tourists were covered by health or accident insurance.
- **Brief profile of medical tourists from several countries:**

China: 81.3% sought services in private hospitals and 18.8% sought treatment in public hospitals. The most commonly sought services were fertility treatments, treatment for muscular-skeletal conditions, dental work, sex reassignment, anti-aging treatments, and rehabilitation and recovery.

Malaysia: The most commonly sought services were health checks (35.0%), dental work (25.0%), treatment for cardiovascular diseases (10.0%), and treatment for muscular-skeletal conditions (10.0%).

South Korea: The most commonly sought service was sex reassignment (60.0%).

Lao PDR: All visitors came for health checks.

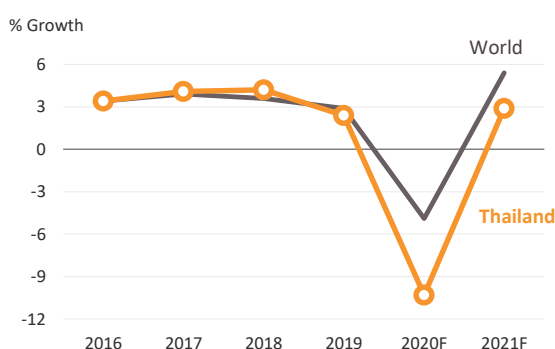
Japan: Japanese visitors came for anti-aging treatment, rehabilitation & recovery, sex reassignment, and health checks in equal proportions.

Industry Outlook

In 2020, private hospital revenues are projected to drop by 10.0-12.0% because of the Covid-19 impact. The IMF forecasts the world economy will shrink by 4.9% this year, while Krungsri Research sees the domestic recession knocking 10.3% off Thai GDP, the worst projection since the Global Financial Crisis in 2009 (Figure 17). This had already caused a sharp drop in consumer spending power in the first half of the year, when uptake of hospital services crashed. But in the second half of 2020, the situation should improve mildly led by

- (1) reopening of economic activities, which could encourage consumers to seek hospital services again;
- (2) the move to gradually allow foreign visitors (including medical tourists) to enter the country, although this is likely to be limited to about 30,000 foreign patients initially. Many hospitals are also generating additional income by registering as 'alternative hospital quarantine' facilities; and
- (3) other positive factors, including an increase in the ceiling for medical treatment costs by the Social Security Office (effective January 1, 2020), which will boost revenues for hospitals that participate in this scheme. However, private hospitals that are heavily dependent on revenues from overseas patients would see a slow recovery in patient numbers and revenues.

Figure 17: World & Thailand GDP Growth



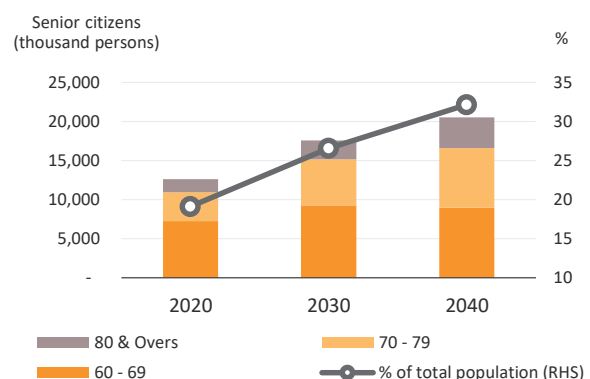
Source: IMF, Krungsri Research

In 2021 and 2022, prospects for private hospitals should improve significantly. This is premised on recovering consumer spending power and the number of medical tourists returning to pre-pandemic level, probably near the end of 2021. Revenues would grow by an average of 4.0-5.0% per year, supported by the following:

Structural changes to support greater demand for healthcare will include the following.

1. An aging Thai society: This will boost demand for more complicated and technologically-intensive medical interventions. The Office of the National Economic and Social Development Council forecasts Thailand will become an 'aged society' - where more than 20% of the population are aged over 60 by 2021. By 2040, this will rise to 32% (Figure 18) and about 60% of the elderly would have some kind of health problem. And, the TDRI expects that by 2032, expenditure on healthcare for the elderly will rise three-fold compared to the base case, implying that as society ages, health costs would rise disproportionately. There would be a larger number of people with circulatory disorders, diabetes, and chronic breathing problems.

Figure 18: Proportion of Aging Population

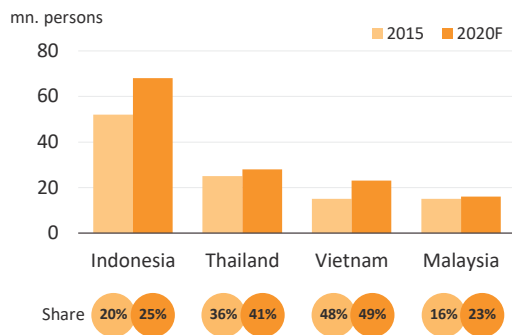


Source: NESDC, Krungsri Research

2. A growing middle-class: In 2020, about 41% of the population will be middle-class compared to 36% in 2015. This expansion and their rising spending power will increase demand for services provided by private hospitals. There is also a growing

middle class population across the ASEAN zone (Figure 19), which would create opportunities for Thai healthcare providers.

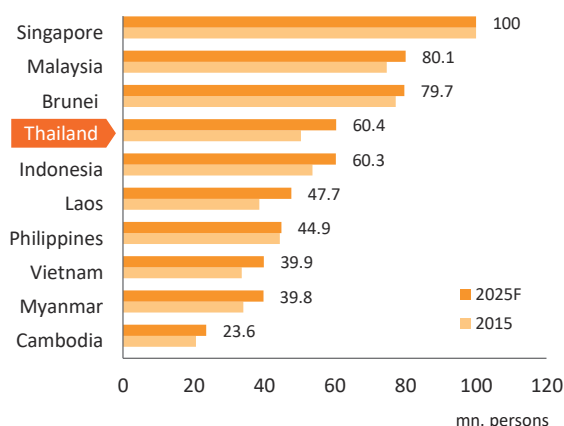
Figure 19: Middle Class of Some ASEAN Countries



Note: In percent = as a share of the total population, data for 2020 are estimates.
Source: BCG's Center for Customer Insight, Economist Intelligence Unit (EIU), Krungsri Research

3. Urbanization: The United Nations projects urbanization rate in Thailand will climb from 50.4% in 2015 to 60.4% by 2025 (Figure 20). Coupled with several government policies including the extensive build out of new infrastructure, establishment of special economic zones (SEZs) and the Eastern Economic Corridor (EEC), these will create opportunities for operators to generate additional income by meeting rising demand in the SEZs, the EEC, and surrounding areas. The rising number of foreigners who invest in or work in these locations will also create a new market for healthcare providers. For example, Ramnakhra Hospital will open in 2021 on Sukhapiban 3 Road to meet anticipated new demand for healthcare services in eastern Bangkok and the EEC.

Figure 20: Urbanization Rate of Thailand & ASEAN Countries



Note: 2025 forecast by United Nations
Source: UN's World cities report 2016, Krungsri Research

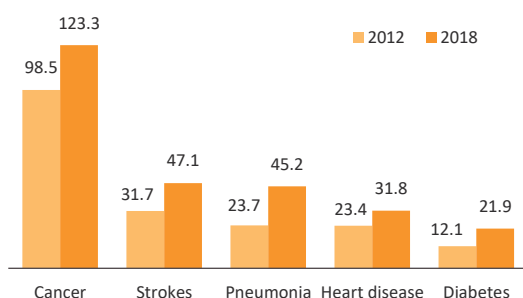
Factors that could affect the health of the Thai population

1. Infections with a notifiable disease, new diseases, and the resurgence of recent diseases:

The Department of Disease Control estimates that in 2020, around 140,000 people will be infected with a notifiable disease such as dengue fever. And the country could see a resurgence of recent diseases such as SARS (severe acute respiratory syndrome, first reported in 2003), H5N1 bird flu (first reported in 2004) or the H1N1 flu (first appeared in 2009, and returned between October 2019 and February 2020 in Taiwan), as well as the emergence of new diseases such as Covid-19 (first appeared in December 2019 and continues to spread). The Red Cross Society claims there are an estimated half a million unknown viruses that could mutate and infect humans.

2. Non-communicable diseases (NCDs): The rate of illness and death from non-communicable diseases (e.g. cancer, stroke, pneumonia, heart disease and diabetes) is rising among the Thai population (Figure 21). The Ministry of Public Health claims about 400,000 people die annually from NCDs (2018), and that NCDs in the working-age population generate at least THB 200 bn losses to the economy annually. Risky behavior is increasing; in 2019, consumption of alcoholic beverages rose by 4.5%, smoking (cigarettes) increased by 1.5%, and consumption of sugar was almost five-times higher than the recommended safe levels. There are also conditions which are becoming a concern - 'computer vision syndrome' which can be caused by spending more than two consecutive hours on a computer or digital device.

Figure 21: Mortality Rates by Leading Cause of Death per 100,000 Population



Source: Strategy and Planning Division, Ministry of Public Health

Private-sector responses and public-sector support

1. Hospitals are trying to penetrate new markets by investing in the development of comprehensive supply chains.

- Meeting increased demand by expanding existing sites and building new branches in Bangkok and upcountry:** Bangkok Hospital plans to expand from 49 branches in 2019 to 50 by 2023, and construct new facilities named 'Bangkok International Hospital'. Bumrungrad Hospital will open a branch on Phetchaburi Tad Mai Road this year. Kasemrad Hospital will open a branch in Aranyaprathet (this year) and Principal Healthcare has ambitious plans to expand from 10 branches in 2019 to 20 by 2023, mostly in second-tier cities. Many mid-size operators are also working with partners to conduct joint-expansion; Synphaet Hospital has tied up with Ramkhamhaeng and Vibhavadi hospital groups to develop the Phatthanakan and Amata branches of Vibharam Hospital. In addition, some hospitals are in joint-ventures with local players upcountry, especially in the EEC where demand for healthcare services is forecast to rise. **Krungsri Research estimates that between 2020 and 2022, the supply of inpatient facilities will increase by at least 2,000 beds nationwide.**

- Partnering with other hospitals to penetrate new, high-potential markets:** Hospitals may benefit from participating in a patient referral network. For example, Praram 9 Hospital works with nine hospitals upcountry to refer patients with kidney problems, and Bumrungrad Hospital has partnered with 58 healthcare providers across the country to establish 'centers of excellence' in partner hospitals which have the potential to engage in joint operations. This helps to expand their customer base to include middle-income earners and those who have private health insurance. These partners need to meet a level of investment, expenses, resources, revenue and supply chain management that would enable them to set prices for their services that are suitably competitive. Earlier this year, Ramkhamhaeng Hospital also expanded their branch network upcountry with the acquisition of shares in Thonburi Hospital Group.
- Developing competitiveness by establishing a unique value proposition:** This applies especially to the increasing use of technology and new innovation to treat illnesses, for example, by using robotic assistants in surgical procedures and establishing centers of excellence to attract domestic and international patients. The latter might include setting up comprehensive cancer treatment centers and selling packages for a course of treatments, or developing the organization as a healthcare leader, like how Bumrungrad Hospital has set a goal to become a world-class holistic healthcare provider by 2022.
- Expanding upstream and downstream into non-hospital businesses:** This include manufacturing medicines, providing medical laboratory services, producing food supplements and medically-approved food, running pharmacies, health centers and care facilities for the elderly, and

selling beauty products and operating beauty clinics. Moving into these separate but related areas will help private hospitals develop more comprehensive supply chains, connect to a wider range of consumer groups, and help them to broaden and grow their sources of income over the long term.

- **Partnering with other types of business:**

Hospitals may tie up with real estate developers, life insurers, and hotels. Bumrungrad group has tied up with MK Real Estate Development and Minor International to invest in an anti-aging and preventative healthcare clinic (scheduled to open in 3Q20).

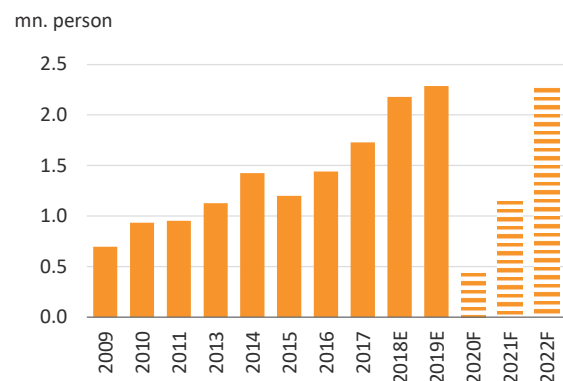
2. Increasing the share of and types of foreign patients being treated:

New markets with significant growth potential include the CLMV region, China, Russia and Africa because healthcare services often fall short of consumer expectations there. This creates an opportunity for Thai hospitals to respond to untapped demand, a move that would also reduce their reliance on a single customer group. In pursuit of this strategy, many hospitals have opened fertility clinics to appeal to the Chinese market, where many couples seek IVF treatment to conceive a second child. Thonburi Healthcare opened Thonburi Bamrungmuang Hospital in 2019 to appeal to foreign and medical tourists. Many other hospitals are expected to follow suit. This would lead to a steady increase in the number of foreign patients coming to the country for treatment (Figure 22). Allied Market Research estimates the market for medical tourism in Thailand will grow by an average of 13.7% p.a. during 2018-2025.

Looking ahead, Thai healthcare operators are also expected to expand their network overseas by building their own hospitals, forming joint ventures with local partners, or setting up an agency to refer local patients to Thai facilities. They include

Thonburi Hospital's new hospital in Lao PDR (a joint investment with Chinese players), Myanmar and Vietnam, Kasemrad Hospital's new Kasemrad International Hospital Vientiane in Lao PDR (opening in 2021), and Ramkamhaeng Hospital's 70% stake in Vientiane International Hospital, also in Lao PDR (opening in 2022).

Figure 22: Number of Foreign Patients in Thailand



Note: 2018-2022 estimated and forecast by Krungsri Research
Source: MOC, Krungsri Research

Government support for the industry included the following:

1. Promoting Thailand as an international healthcare hub:

This strategy is aligned with rising interest worldwide in medical tourism. The Global Wellness Institute estimates that in Asia, the market for medical tourism will grow by 13% annually (Table 5). Additionally, to help attract more foreign patients, the government is trying to raise standards to internationally acceptable levels in the areas of cosmetic and beauty treatments, sex reassignment, treatments for knee and heart disorders, fertility treatment, and dental work. There are also efforts (now successful) to have Thai massage recognized as an intangible cultural heritage. From now to 2024, The Tourism Authority of Thailand will promote the country as the 'medical and wellness resort of the world'. They are trying to achieve this through several programs:

- (1) ‘Telemedicine for overseas Thais’, which aims to help Thais living overseas receive medical and beauty treatment in Thailand. This is expected to generate THB80,000 per person;
- (2) ‘global health insurance companies’, to increase uptake of Thai healthcare services by civil servants in Myanmar, Lao PDR, Cambodia and the Middle East;
- (3) ‘online health’, which focuses on visitors seeking healthcare and beauty treatments arriving from Myanmar, China and the Middle East; the services are promoted on the online marketplace;
- (4) ‘hotelistic’ (a portmanteau of hotel and holistic), which promotes health services such as health checks and checking for toxins in patients and removing these in-situ at tourist hotels or wellness centers; and
- (5) ‘agent/media outreach’, which aims to establish Thailand as a global ‘top of mind destination’ for medical and wellness tourism.

Rising interest in personal health and wellbeing is also prompting hospitals to venture into the wellness industry. These include the BDMS Wellness Clinic (Bangkok Hospital), Vitalife Wellness Center (Bumrungrad Hospital, expected to open this year), and Medical City (Thonburi Hospital). Combined, these measures will support the ongoing growth of the medical tourism industry in Thailand over the long term (Figure 23).

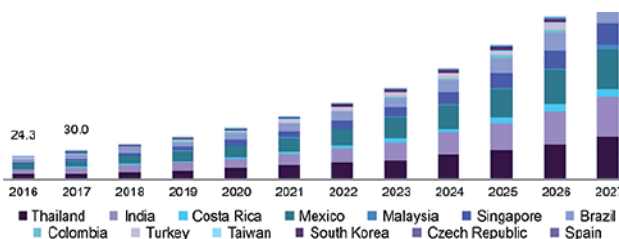
Table 5: Wellness Tourism Growth Projections, 2017-2022

	Projected Expenditures (USD billions)		Projected Average Annual Growth Rate (%)
	2017	2022	2017-2022
North America	241.7	311.3	5.2
Europe	210.8	275.0	5.5
Asia-Pacific	136.7	251.6	13.0
Others	50.2	81.5	10.2
Total Wellness Tourism Industry	639.4	919.4	7.5

Note: Global Wellness Institute estimates, based on tourism industry data from Euromonitor International, economic data from the IMF, and GWI's data and projection model

Source: Global Wellness Institute, Krungsri Research

Figure 23: Global Medical Tourism Market Size, by Country, USD Billion



Source: Grand View Research

2. Designating Thailand's medical industry and 'medical hub' status as 'new S-curve' industries:

The government has offered a range of incentives (including generous tax breaks) to attract overseas players to invest in Thailand. That includes setting up facilities for the research and development of medical innovation and pharmaceutical products. This could help private hospitals to cut costs, increase their competitiveness against overseas players, and strengthen related industries in the area of medical tourism. In April this year, the government responded to anticipated new demand for medical equipment created by the Covid-19 pandemic by introducing more investment support measures. As a result, in 1H20, there received 52 applications (+174% YoY) for investment support for projects related to the medical industry with a combined value of THB13bn (+123% YoY). Within the EEC, the government has also given the green light to Thammasat University's new EECmd project in Pattaya, which will be home to medical innovation and an important part of the medical hub strategy. Several parties have expressed interest in investing in the project, including Japan's Mizuho Bank, which will offer loans to customers who invest in the healthcare industry in the area, Chinese players looking to establish a center for research into traditional Chinese medicine in the ASEAN zone, and a Taiwanese clinic for the elderly. Beyond this, there will also be an international health center that specializes in medical genomics, and there is support for private-sector investment in the construction of a new hospital to meet rising demand for healthcare services from those working in industrial estates in the area.

However, there are lingering challenges for the industry, including the following:

1. Shortage of doctors and other medical staff:

The World Health Organization recommends 2.8 doctors per 1,000 population. But in Thailand, it is only 0.4 per 1,000 population, significantly lower than in Singapore (1.92) and Malaysia (1.2). The rising number of private hospitals would increase competition for doctors and other medical staff, and push up operating costs.

2. Government regulations: The inclusion of pharmaceuticals, medical supplies and fees charged for medical care on the list of controlled prices means hospitals have less room to raise charges. This will affect stand-alone, small and mid-size operations the most. These players are normally more dependent on revenue from patients covered by the social security system, and so any changes to funding regulations would affect their operations.

3. Thai private hospitals lack competitiveness:

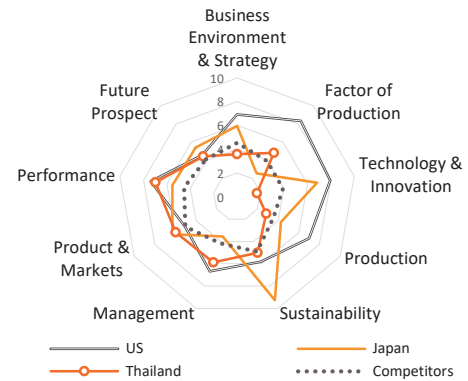
The Fiscal Policy Research Institute awarded Thai hospitals a total of just 4.31 points (table 6), after market leaders Germany (7.0 points), the US, Japan and Singapore, although Thailand performed better than Malaysia and India. Relative to its competitors' average scores, Thailand's worst scores were for technology and innovation, business environment and strategy, and productivity. Thai private-sector hospitals achieved mid-level score for readiness to enter the 'industry 4.0' era. Unfortunately, the worst scores were for strategic readiness and investment. And over the next 5 years, operators need to concentrate their efforts to overcome shortfalls in these two areas

Table 6: Medical Service Competitiveness Index (Comparison between Thailand and other countries)

	US	Japan	Thailand	Singapore	Malaysia	India
Overall	6.9	5.5	4.31	5.7	4.29	2.5
Business Environment & Strategy	6.9	6.0	3.6	6.7	4.6	2.4
Factor of Production	8.3	2.6	4.8	4.4	4.7	2.7
Technology & Innovation	7.9	6.8	1.7	6.4	3.2	2.2
Production	7.0	4.2	2.8	5.5	2.8	2.3
Sustainability	5.8	9.3	5.0	6.8	5.8	2.2
Management	6.7	3.6	5.9	4.2	5.0	3.3
Product & Markets	5.0	6.3	6.0	6.5	4.8	3.8
Performance	7.4	5.5	7.0	6.1	5.7	1.9
Future Prospect	4.6	5.4	4.4	7.8	3.5	1.0

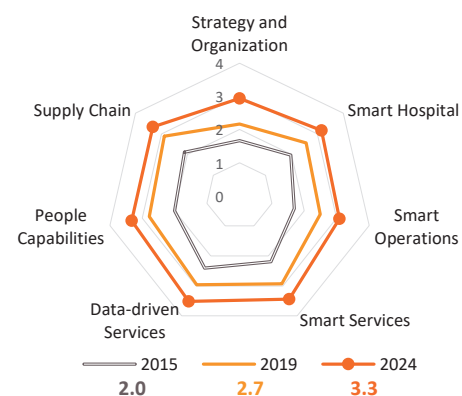
Source: FPRI, Krungsri Research

Figure 24: Medical Service Competitiveness Index



Source: Fiscal Policy Research Institute Foundation (FPRI), Krungsri Research
Note: Competitors include Singapore, Malaysia and India

Figure 25: Thailand's Medical Service 4.0 Readiness Index



Note: 1 = Beginner, 2 = Intermediate, 3 = Experienced and 4 = Expert
Source: FPRI, Krungsri Research

4. Rising competition in the healthcare industry:

There is rising competition not only from other private-sector hospitals, but also from outside the industry.

(1) Hospitals are increasing investments, especially upcountry. This includes government hospitals which have raised service standards to match those in the private sector. They also enjoy advantages with regard to their reputation, use of technology, and expertise of their staff (e.g. Siriraj Piyamaharajkarun Hospital, part of the Siriraj group of hospitals, and Ramathibodi Hospital's Somdech Phra Debaratana Medical Center).

(2) Major investors from other economic sectors

such as real estate, are showing more interest in the industry. This is because, against a background of rising awareness about personal health, investing in private hospitals opens up the possibility of securing recurring, long-term revenues.

Table 7: New Private Hospitals planned to launch in 2020 onward

Hospital	No. of Bed	Major Shareholder
Ramnakara Ramkamhaeng	560	Ramkamhaeng Hospital Group
TPP Healthcare International	550	Mahachai Hospital
RSU International	304	Rangsit University
Ramkamhaeng Chiang Mai	300	Chiang Mai Ram Medical Business Plc.
Synphaet Bangna	264	Synphaet Hospital
Wimut International	250	Pruksa Holding
Lanna 3	250	Chiang Mai Ram Medical Business
Jomtien Pattaya	230	BDMS
Tunyawej Lumlukka	211	Synphaet Hospital
Synphaet Nakhonpathom	200	Synphaet Hospital
Navavej International	152	Saha-Union Plc., Sahapat Co., Ltd.
Intrarat	152	Intrarat Hospital Co., Ltd.
Hathairaj	126	Central General Hospital
Wattanapat Krabi	59	Wattanapat Hospital
Principle Healthcare	n.a	Principle Capital

Source: Compiled by Krungsri Research

(3) **Overseas investors (especially from China)** are interested in opening healthcare centers. They include fertility clinics to meet rising demand from Chinese couples which are seeking treatment in Thailand.

(4) **Many other countries**, particularly in the ASEAN region, have also laid out plans to develop their respective medical tourism industry. In many cases, these plans depend on attracting the same customers as Thailand. Thus:

- (a) **Singapore** has established its own medical hub to attract medical tourists (largely business people) from within the country as well as neighboring countries. This year, Parkway Pantai (a Singapore-based healthcare provider) opened a 250-bed hospital in Myanmar;
- (b) in **Malaysia**, major hospitals and medical centers are focusing on the Muslim market and attracting patients from Indonesia;
- (c) **India** is attracting foreign patients with its low treatment costs;

(d) **China** has plans to develop Hainan Province as a hi-tech center for medical tourism targeted at Chinese citizens who might otherwise travel abroad for medical treatment, while large international healthcare operations are also investing in China (e.g. investments by the University of Pittsburgh Medical Center and Cleveland Clinic, the latter in a new hospital in Shanghai); and

(e) the **UAE** plans to become a medical hub to serve patients from Russia, China and the Gulf.

There is intensifying competition in the global medical tourism industry. If operators do not actively respond to the changing landscape, Thai private-sector healthcare providers would lose market share in the near future.

5. Other factors: Digital and technological transformation is having a larger impact on hospitals. Since the Covid-19 pandemic, consumer behavior have changed and consumers are willing to pay a premium for hygiene and cleanliness. In addition, the success of the Thai public healthcare system in rapidly containing the spread of Covid-19 and gaining worldwide recognition for this, may also increase demand for medical tourism services in the country.

The combined impact of the challenges outlined above could limit growth if operators are unable to adapt quickly and appropriately. Failure to respond to potential problems could cause hospitals to lose customers to competitors. Operators may also need to invest more in technology. So in the coming period, partnerships between hospitals will become more popular as players seek to cut costs, increase competitiveness, and adjust business strategies. This will put hospitals in a better position to address rising competition and seize new opportunities.

Source : "Thailand Industry Outlook 2020-2022 : Private Hospital", Krungsri Research, September 2020

Competition

The Company may face competition with the private hospitals located in a radius of 10 kilometers from the Group. The area covers Bangkok in Prawet and Latkrabang district, 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	Samutprakarn
	Central Park Hospital	Samutprakarn
	Bangna 5 Hospital	Samutprakarn
	Ratharin Hospital	Samutprakarn
	Paolo Memorial Samutprakarn	Samutprakarn
	Meaungsamut Paknam Hospital	Samutprakarn
	Samrong Medical Hospital	Samutprakarn
Chularat 9 Airport Hospital	Thai Nakarin Hospital	Bangkok
	Bangna 1 Hospital	Bangkok
	Sikarin Hospital	Bangkok
Chularat 11 International Hospital	Ruamchaipracharak Hospital	Samutprakarn
	Bangna 2 Hospital	Samutprakarn
	Kasemrad Chachoengsao Hospital	Chachoengsao
	Vibharam Amata hospital	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:
 - *Orthopedics and Micro Vascular Center*: Well equipped with professional and experienced team, the Company's Hand and Orthopedics Center is the specialist in this field in Samutprakarn province and nearby provinces in the eastern region.
 - *Integrated Heart Center* can provide a complete and comprehensive services from the initial diagnosis, using stent and balloon to expand the artery, to Cardiac surgery. In addition, this Center is a Referral Center under the National Health Security Office (NHSO).
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 (OPD) and inpatient (IPD). Moreover, the atmosphere of the hospitals is beautiful, clean, neat and safe.
3. The location of hospitals and clinics in the Group located in the communities with easy access and travel.

- *Neonatal Intensive Care Unit (NICU)*: Chularat 3 International Hospital is a referral center for newborns with unusual weight under the National Health Security Office (NHSO).

Competitive Strategy

The current situation of the hospital business is competitive in both quality of service and the advance of medical technology. To build competitive edge and sustainability, the management of the Company has developed and continually revised Competitive Strategies as follows:

1. Having several hospital networks in potential areas

The Company has 9 hospitals and 5 medical clinics spreading around Samutprakarn and Chachoengsao and covering the East of Bangkok (Prawet and Lat Krabang), Sa-Keaw and in Rayong. All hospitals and Medical clinics are located in the industrial zones and communities with high growth potential and near the Suvarnabhumi International Airport. The Company can provide services to general patients and patients under the government welfare schemes effectively. In Addition, the network of the Company results in economies of scale for 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's medical experts can circulate to other hospitals in the group effectively.

2. Distribution of Revenue from a diverse group of clients

The Company has revenues from multiple client segments such as general customers – Cash patients, Corporate contract and Insurance patients, patients under compensation fund and patients under government welfare 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 government welfare programs. The revenue from general patients was 63 percent in 2018, 63 percent in 2019, and 59 percent in 2020 due to the COVID-19 pandemic since the beginning of 2020. During 2016 to 2020, the revenues from general patients has increased from Baht 1,995.06 million to Baht 3,208.23 million, representing the average increase of 12.61 percent per annum. The Company has policy to increase the number of general patients by increasing the competency of medical services, service area expansion and renovation, and adding more variety of specialty services, such as Comprehensive Heart center, Stroke Comprehensive Cancer Center including clinical prostate cancer, etc. In addition, the Company has an aggressive marketing strategy for general patients such as providing knowledge and understanding on basic healthcare treatment through workshops or activities, including providing discounts to patients who obtain health insurance with the insurance companies which are the partners to the Company.

3. Quality of service

Quality of service is one of the key success factors for hospital business. The Company has recognized the importance of such factors and has a service policy to ensure that patients receive the quality service as follows:

- Providing a standard service quality with speed and safety.
- Having an effective patient assessment, analysis, diagnosis, treatment plan and reassessment plan.
- Having an appropriate and accurate communication with patients and their families.
- Having an appropriate patients-discharge, including after care.

All processes take into account the safety of the patient (Patient Safety) under the standard of World Health Organization (WHO) along with the continuous development of patient treatment. The hospitals have set up the 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' need (Patient Focus). The Company also try to educate personnel to have service mind which will help maintain service quality to meet the standards continuously.

In addition, with continuous improvement in service quality, the Company's hospitals have received Hospital Accreditation Standard (HA). In 2012 and 2013, Chularat 3 International Hospital and Chularat 11 International Hospital have been certified HA Step 3 respectively. (Re-accreditation is valid for 2 years.) In 2014, Chularat 3 International Hospital has been certified by Joint Commission International Standard (JCI) from the United States. (Re-accreditation is valid for 3 years). Moreover, the Company has continuously updated the technology of tools and medical equipment 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 as to provide 24-hour service. The Company also provides the training courses to educate employees on a regular basis, especially to medical staff and employees who closely interact with customers.

4. Setting the rate for medical fee

The Company has the policy to set the medical fee to be consistent with the types and severity of the disease and 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, as a part of the community, the Company recognizes the importance of its roles and responsibilities to the community and society. With the Company's philosophy **"The hospital not only exists for profit, but also the responsibility social and the environment"**, the Company has organized several social activities in collaboration with several government organizations on a regular basis which helps build good relationships with people in the community, such as 10,000 Hearts Project in commemoration of King Bhumiphol, Heart Hero Project, etc. The Company also provides trainings both within and outside the hospitals to the public and the employees of the clients' companies 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 and consider these issues as personal and every person is responsible to change their behavior to reduce resource consumption as well as using recycled materials, etc.

6. Distribution Channel

The hospitals and health care facilities of the Company are located in prime location with high population community and close 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 CALL CENTER 1609 ambulances to transfer patients to other hospitals in the group for emergency case in a timely manner. Moreover, with 9 hospitals and 5

clinics in the group, patients under Social Security Scheme (SSO) can easily access to services from every hospitals and clinics in the Group.

7. Cost Control

The Company's revenue from Social Security Scheme is paid base on the flat rate per person per year. Therefore, the Company's revenue from Social Security Scheme is depend on the Company's ability to control cost, while maintaining the good quality of service. The Company determined the strategic plan to ensure that patients is safe while there is no waste. The Company set up "Quality assurance with No waste Program" and continuously reviewed the activities with assigned personnel. The Company also organized a special activity to encourage the employees to give their comments on how to save cost and increase work efficiency. Having hospital network, the Company can use resources efficiently (Cost and Facilities Sharing) by sharing certain tools and medical equipment together.

Provision of products and services

Medicine and Medical supplies

Main Products for hospital business are medicines and medical supplies for patient's treatment. Pharmaceutical Department will gather all information of pharmaceutical and medical quantity needed and send the information to Procurement Department. The Company has 2 methods for procurement which are purchasing through auction and direct purchasing.

When making procurement through auction, the Company will cooperate with other private hospitals to gather the amount of medicines and medical supplies. With higher quantity (Big Lot), the Company has more bargaining power on price and commercial terms. The Company, acting as a mediator, will gather all demands for medicines and supplies and invite the distributors and medical supply tenders to join an online auction. Then, the Company will

find the particular supplier who offers the most affordable and appropriated 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 of the Company and other hospitals participating in the procurement, the Company has set up a Joint Committee to evaluate and consider purchasing medicines and medical supplies each time. The Committee members are the representatives of hospitals that join the auction. The Committee will consider the appropriateness of price, quality standards and Good Manufacturing Practice (GMP), enabling the Company to acquire medicines and medical supplies at affordable price under quality standards.

However, the Company will purchase some medicine and medical supplies directly from distributors, not through the auction system. This procurement method is mainly for the purchase of medicines and medical equipment with low demand (Low Volume) or for Original Medicines which are specialized and expensive imported medicines.

The inventory management of hospitals is another important factor that the Company is focusing on. The Company has set up a medicines or medical provision policy with a high frequency of use to be regularly sufficient and uses rotation system between the pharmaceutical medicines warehouse in each branches to be used in case of shortage. The Company has Inventory System to maintain quality by controlling the temperature and humidity at an appropriate level for each medicines or medical equipment, also prevent the exposure to direct sun light for particular medicines and medical supplies to last as indicated which is between 2-5 years. The Company has good relationship with distributors enabling the Company to receive the good after-sales-services and medicine and medical supplies quality assurance where the distributors allow the Company to return medicines and medical supplies

if having any quality problems, including the return those medicines and medical supplies that are nearly expired.

The Company has held a monthly meeting to monitor the amount of medicines, including those almost reaches the expiration date but still be in good quality and the remaining date is still good for use, to find the best solution. However, as required by law the Company needs to set a provision for certain medicines and cannot return but such medicines need to be destroyed when they reach the expiration date.

The Company purchases medicines and medical supplies from local vendors with 3-7 days delivery, or within 24-hour for urgent cases and with 30-90 days credit terms. The Company has low dependence on any particular suppliers because there are no vendors supplying to the Company more than 30 percent of the value of all the medicines and medical supplies. During 2018 to 2020, the Company is not obligated to purchase the medicines or medical suppliers for more than 30 percent of the value of raw materials in the future.

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 Joint Commission International Standard (JCI) and Hospital Accreditation Standard (HA). Some medical devices and equipment are imported and supplied by Thai Amdon Company Limited, the Company's subsidiary, such as Electric beds, heart rate measuring counter and blood oxygen levels machine, etc. However, the procurement of medical equipment through a subsidiary has strictly followed the guidelines according to Joint Commission International Standard (JCI) and Hospital Accreditation Standard (HA).

Medical Personnel

As of 31 December 2020, the Company and its subsidiaries had a total of 4,457 medical personnel from all branches. In the past, the Company can continuously recruit medical professionals to work with the Company continually mainly because of the management of the Company has a good relationship with medical schools and nurse training schools. 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 to provide training to nursing assistants under the operation of Chularat Inter Health, which is responsible for providing nurse assistances to all 14 branches of the group (9 hospitals and 5 clinics).

Environmental Management

The Company strives to be a caring and environmental friendly organization. The Company has a policy 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 to recognize the impact of global warming by starting the "Tree Planting Campaign" to plant trees in free space in the hospital area to reduce energy consumption, 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. Well aware of these conditions, the management of the Group has set a policy to control the amount of waste, reduce waste and all kinds of energy consumption, and aim to reduce emissions of carbon dioxide and methane. The management has set up the workshops and projects to educate all personnel, aiming to create employee's awareness and change their behaviors that are harmful to environment.

The ongoing projects of the Company are : Tree Planting Campaign in the organization and community, campaign to reduce the use of plastic bags and Styrofoam boxes, including change the use of cleaning chemicals to be biological, 2 sided paper Campaign, reduce paper copying through the use of IT resulting in lower amount of toners,

electricity, paper, storage space and the change to replace fluorescent bulbs and fluorescent lights with LED to reduce electricity use, and reduce heat by switching off lights in office, tune office temperature to be constant, reduce elevator use, turn off computers when not in use, unplug all electrical appliances after use and car pool campaign to reduce energy consumption, etc.

Wastewater Treatment

The hospitals in the Group have sewage system and waste water treatment 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 monitored regularly.

Every year, the Company has passed the audit by the Social Security Office and meets all conditions and requirements to be hospitals under Social Security Office. The Company has developed and improved the wastewater treatment to ensure that the quality and safety standards are met before releasing to the public. The treated water will be used for watering plants and cleaning hospitals' parking lots.



Risk Factors

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 resulting in 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 personnel in various fields. Currently, the number of medical personnel is limited and the expansion of the medical business required qualified personnel with experience to join the organization. It would take time for medical personnel 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's appropriate Compensation and Benefits policies along with the atmosphere and good hygiene in the workplace. Moreover, the Company has a policy to provide training and scholarships to employees of the Company, including the aforementioned medical personnel, with an objective to develop skills and continually learning attitude in various fields, resulting in making people become

attached to the Company. The Company believes that the policy can help reducing the risk of shortage of medical personnel. In addition, the Company also has divisions to provide training to nursing assistants under the operation of the Chularat Inter Health to meet the needs of the Company.

Legal Risk

Healthcare businesses are at risk of being sued by patients or relatives of patients, which might be because the standard of service or treatment provided by the Company does not meet the expectations of such persons.

The Company recognizes this risk factor and has tried to continuously strengthen the service standards both for the treatment process and treatment evaluation. The Company has prepared the 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 factor. There are no cases of prosecution significantly as of 31 December 2020.

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 primary personnel to provide medical services. The Company has a written agreement under "Contracts for the clinical practitioner of Healing Arts Practices" 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 medical clinic for the treatment of patients. The medical doctor will share their earnings to the Company and they are is not an employee of the Company. The medical doctor will charge the medical treatments and services according to the difficulty and complexity of the disease and assign 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 related to agreements between hospitals and medical doctors in the same manner as the Company, the medical treatment fee received from patients for medical treatment is considered as independent professional remuneration under the Revenue Code, Section 40 (6). When the Company collects the medical treatment fee on the medical bill or medical personnel fees (Doctor Fee) from patients, the Company shall repay the money to medical doctors without deducting the withhold income tax.

However, in practical the interpretation of tax legislation related to types of doctor fee are different in details. Therefore, the Company may be liable for additional income tax withholding and payment in the event that the Revenue Department's assessments on Medical Doctors' taxes are different from the Company's assessment. To reduce the impact of this risk factor, the Company shall specify in the Company Agreement with the medical doctors that the partner will be responsible for any possible additional expenses that may arise from additional withholding tax assessments of the individual medical doctors caused to the Company.

The Risk of Competition in Medical Services Business

Currently, healthcare business is likely to have intense competition as the major operators in the market do joint venture arrangement continuously, resulting in costs advantages and various service channels. 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 the pricing policies to attract customers. The impact of the liberalization of trade and services under the terms of the AEC may attract new competitors from the ASEAN countries to expand the scope of services to Thailand. These competing factors may adversely affect the Company unavoidably.

The Company may face the 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, Choburi, Prachinburi and Sakeaw provinces where there are many hospitals and healthcare facilities. As a result, the competition is quite high. However, in compared with hospitals in the neighboring area, the Company has the competitive advantages in many aspects such as the location of hospitals and affiliated clinics and the Company's specialized medical services with high standard.

In addition, aware of the risk of such competition, the Company set the policy to improve quality of services by improving the quality of service to meet the standard of Hospital Accreditation (HA) and Joint Commission International (JCI) so as to provide healthcare services to patients both Thai and foreigners. Chularat 3 International and Chularat 11 International hospitals are respectively

certified with 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. Chularat 3 International hospital has been certified with Joint Commission International (JCI) standard in April 2014, re-accredited in 2017 and 2020 respectively where each valid for 3 years. The Company also continues to expand its scope of services to cover more of alternative medicines and beauty services such as the establishment of a Comprehensive Heart Center, Comprehensive Cancer Center and Clinical Prostate cancer. Clinical Chinese Medicine, Laser and Beauty Center namely Chularat - Renoir along with spa services and Thai massage, etc. In 2017, the Company opened IVF Center at Chularat 11 International Hospital and Suvarnabhumi Eye Center at Chularat 1 Suvarnabhumi Hospital. In terms of cost control to enhance competitiveness, the Company has executed E-Procurement together with other affiliate hospitals resulting in higher bargaining power with medicine and medical supplies suppliers effectively.

Risk of not receiving the payment of medical fees

Besides SSO and NHSO patients, according to medical ethic, the Company will provide medical services to general patients prior to billing process. Therefore, the Company has the risk that the Company may not be able to collect medical fee from general patients after the service is completed.

Therefore, the Company shall notify the medical fee incurred to general patients from time to time throughout the treatment process. In order to reduce this risk, the Company has a receivable management unit to monitor the risk, find preventive

guidelines along with an appropriated solutions for the Company and patients if problems of paying medical bills occur.

Considering the quality of a company's receivables in 2020, the Company's main receivables are accrued medical treatment income from Social Security Office of Baht 501.43 million and accounts receivable of Baht 462.89 million, which were mainly from the Social Security Office, life insurance companies and casualty insurance companies, having low risk of not paying debt. Therefore, the Company has low risk in collecting medical billing.

Risk of Medical Technology Change

The Company, focusing on providing medical services to more sophisticated diseases through its specialized medical centers, depends on medical equipment and devices with modern technologies. Presently, medical technology has changed dramatically, causing some medical devices to become obsolete and have a high cost of maintenance. However, the Company has a policy to consider the functions 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 relatively high proportion of revenue from medical services under the Social Security scheme of around 32.0%, 30.5% and 33.3% in 2018, 2019, 2020 respectively. The impact of the change in the Social Security Policy from the government is quite high to the Company. However, 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 Scheme, enabling the Company to fully assess the risk of changing policies and to provide critical comments and suggestions before the policies become effective.

Risk of Dissociation between Social Security revenue and medical service cost

In 2018, 2019 and 2020, the Company's revenue from medical services under the Social Security scheme were 32.0%, 30.5% and 33.3% of the hospital revenue. The Company faces risk when there is no correlation between the payment from the Social Security revenue and the actual cost of medical service. The payment of Social Security is dependent on government policy, number of registered member in a hospital which may vary due to the relocation of the patients and companies in that area, statistic data on services provided to patients with 26 chronic diseases and services provided to patients with sophisticated diseases with high medical expenses. The Company has a policy to manage the patients under the Social Security Scheme by focusing on efficient cost management, providing knowledge on hygiene, health care and basic illness treatment and also providing point of care services throughout medical clinics so as to prevent and care for patients before symptoms become serious.

The Company has a strong patient referral system of which the patients can be transferred to the hospitals in the group with full medical equipment and experienced doctors so as to have prompt and safe medical diagnosis and treatment. As a result, The Company can reduce the risk for patients with critical diseases and chronic diseases and manage the cost of services efficiently and match with the SSO payment. In addition, with Social Security Office's additional payment for patients with critical diseases (High Cost Care, more details under 14 Analysis and Commentary of Administration), the Company would be able to reduce the cost of services provided to the aforementioned patients.

The Company has a policy to focus more on general patients in order to manage cost more efficiently, thus leading to the lower SSO patients and finally reduce the risk from SSO revenue.

Interest Rates Volatility Risk

The Company has a conservative financial policy, with no emphasis on external financing and use additional loan only during the period with long term investment plan. By December 31, 2020, the Company has 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 has a policy to consider low-cost loans.

Risk of Major Shareholders' Power in management policy

The Plussind Family is a major shareholder group in the Company (More details in Section 2 - Item 7, Securities and Shareholders). As at the latest book closing date on 30 December 2020, this major group hold shares in the company accounted for 37.56 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 to consist of the Board of Directors, Executive Committee, and the Audit Committee with knowledge and experience. The Company will appoint 4 independent directors from the 'outside' who have knowledge and experience to join the Board of Directors, and 3 of them will be appointed as the Audit Committee to audit and closely monitor the crossed transactions before presenting them to the Board of Directors or at the Annual General Meeting.

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

The Company operates its business under the supervision of the Ministry of Public Health and other related government agencies. The Company shall 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 price control by the Ministry of Commerce proposing a list of controlled medicine, medical supplies and medical services 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 quality standards such as Joint Commission International (JCI) and Hospital Accreditation (HA) which requires the Company to operate and follow the standard in order to maintain the service quality standard and ensure that it meets the Safety standards and environment, including other risks. These may help to lessen the effects of changes in related laws and regulations.



Shareholding Structure and Management

Shareholding Structure and Management

Authorized capital and paid-in capital

On December 31, 2020 the Company has an authorized capital of Baht 1,100 million and paid-up Baht 1,100 million, divided into 11,000,000,000 units of common stock with 0.10 baht par value each. (On April 28, 2015)

Shareholders

The latest shareholder book closed on December 30, 2020, major shareholders of the Company including those related shareholders according to Section 258 of the Securities and Exchange Act B.E. 2535 and shareholders under the same authority are as follows.

Major Shareholder List		On the latest shareholder book closing date December 30, 2020	
		No. of Share	Ratio (percent)
1	Plussind group	4,131,599,100	37.56
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	1,173,639,050	10.67
1.2.1	Mr. Kriengsak Plussind*	368,587,850	3.35
1.2.2	Ms. Suwimol Atikij	283,877,650	2.58
1.2.3	Dr. Kumpol Plussind*	253,670,200	2.31
1.2.4	Mr. Polsin Plussind	15,745,250	0.14
1.2.5	Dr. Polsant Plussind	6,320,100	0.06
1.2.6	Ms. Panitra Plussind	338,600	0.00
1.2.7	Ms. Rujee Thongprakob	59,900,450	0.54
1.2.8	Ms. Prayong Yimmak	4,399,200	0.04
1.2.9	Ms. Siriporn Trasee	37,500,000	0.34
1.2.10	Ms. Kollapha Plussind	69,474,100	0.63
1.2.11	Mr. Krid Plussind	74,225,700	0.67
2	Panyapol group	2,044,345,650	18.58
2.1	Mr. Apirum Panyapol*	1,127,189,050	10.25
2.2	Ms. Kobkul Panyapol*	917,156,600	8.34

Major Shareholder List	On the latest shareholder book closing date December 30, 2020	
	No. of Share	Ratio (percent)
3 Lady Pattama Leesawatrakul	399,655,300	3.63
4 ThaiNVDR Co., Ltd.	397,008,597	3.61
5 THE BANK OF NEW YORK MELLON	286,763,500	2.61
6 LGT BANK (SINGAPORE) LTD	200,000,000	1.82
7 SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	160,777,860	1.46
8 STATE STREET EUROPE LIMITED	143,051,490	1.30
9 Amornpitakkul group	114,259,650	1.04
9.1 Mr. Yanyong Amornpitakkul*	49,552,150	0.45
9.2 Mr. Samol Amornpitakkul	33,522,400	0.30
9.3 Dr. Tanet Amornpitakkul	18,685,100	0.17
9.4 Ms. Anchalee Amornpitakkul	12,500,000	0.11
10 TISCO Master Pooled Fund	89,182,800	0.81
11 Other shareholders	3,033,356,053	27.58
Total	11,000,000,000	100

Note : * Company's Director

On the latest shareholder book closing date on December 30, 2020, the 1st shareholder has considered a relationship with 2nd - 11th shareholders as 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 reserves have been deducted. Dividend payment may change as deemed appropriate

depend on operating result, business growth, investment plan, financial status, liquidity, and other necessity in the future. In order to consider an annual dividend payment of the company, a consent of shareholders' meeting is required, except for interim dividend payment which the Board of Directors has an authorization to approve the payment and report to the shareholders' meeting 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 reserves have been deducted. Dividend payment may change as deemed appropriate depend on operating result, cash flow, business growth, investment plan, financial status, terms and conditions in various contracts that the company is legally abide, and any future necessities.

Year	2018	2019	2020
Net Profit (Million Baht)	633.88	705.24	876.62
Number of Share	11,000,000,000	11,000,000,000	11,000,000,000
Dividend* (Baht per share)	0.050	0.050	0.050
Total dividend paid (Million Baht)	550.00	550.00	550.00
Dividend paid to net profit ratio*	87%	78%	63%

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

Administrative Structure

The Board of Directors

Details on Chularat Hospital Group's Board of Director as of December 31, 2020:

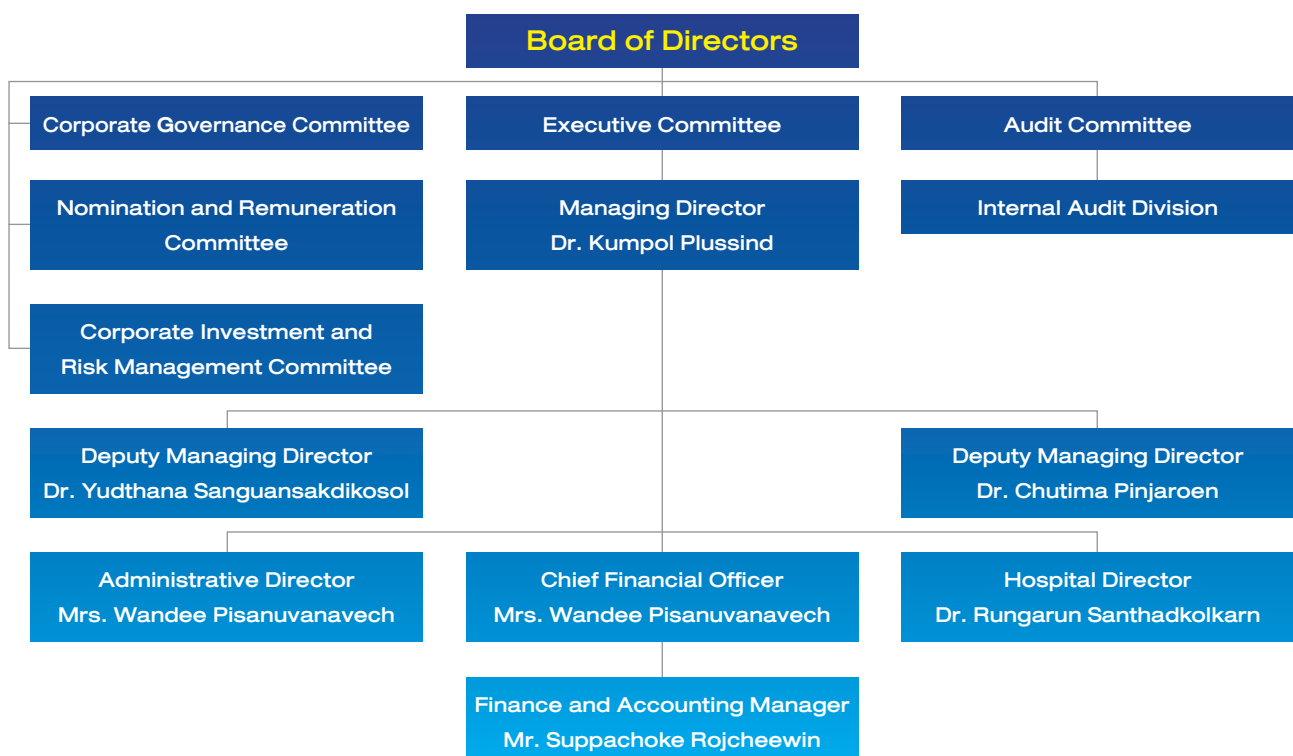
Name of Director	Position	Number of Attendance / Total of Attendances				
		Year 2020				
		Board Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Corporate Governance Committee Meeting	Corporate Investment and Risk Management Committee Meeting
1 Mr. Kriengsak Plussind *	Chairman of Board of Directors, Chairman of Corporate Governance Committee	7/7			1/1	
2 Dr. Kumpol Plussind *	Director, Chief Executive Officer, Managing Director	7/7				
3 Mr. Apirum Panyapol *	Director, Chairman of the Corporate Investment and Risk Management Committee (appointed on 13 December 2018)	7/7				1/1
4 Dr. Wichit Siritattamrong *	Director	7/7				
5 Dr. Suchai Laoveerawat	Director, Executive Committee, Corporate Investment and Risk Management Committee	7/7				1/1
6 Mrs. Kobkul Panyapol	Director	7/7				
7 Mr. Yanyong Amornpitakkul	Director, Nomination and Remuneration Committee, Corporate Investment and Risk Management Committee	7/7		2/2		1/1
8 Ms. Kannikar Plussind	Director, Corporate Investment and Risk Management Committee	7/7				1/1
Mr. Manit Jeeradit	Chairman of the Audit Committee, Independent Director, Corporate Governance Committee, Nomination and Remuneration Committee	7/7	5/5	2/2	1/1	

Name of Director	Position	Number of Attendance / Total of Attendances				
		Year 2020				
		Board Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Corporate Governance Committee Meeting	Corporate Investment and Risk Management Committee Meeting
10 Mr. Somyos Yan-ubol	Audit Committee, Independent Director, Corporate Governance Committee, Nomination and Remuneration Committee, Corporate Investment and Risk Management Committee	7/7	5/5	2/2	1/1	1/1
11 Mr. Chayawat Pisessith	Audit Committee, Independent Director, Nomination and Remuneration Committee	7/7	5/5	2/2	1/1	
12 Dr. Pinit Kullavanijaya	Independent Director, Chairman of the Nomination and Remuneration Committee	7/7		2/2		
13 Dr. Yudthana Sanguansakdikosol	Executive Committee, Chairman of the Corporate Investment and Risk Management Committee (Holding the position until December 13, 2018)	-				
14 Dr. Chutima Pinjareon	Executive Committee, Corporate Investment and Risk Management Committee	-				1/1

Note : * Authorized Director

The Authorized Directors comprise of Dr. Kumpol Plussind, Mr.Kriengsak Plussind, Dr.Wichit Siritattamrong and Mr. Apirum Panyapol. Two out of 4 (2 out of 4) directors sign together and affix the Company's seal.

The Management Structure of the Company as at 31 December 2020



Sub-Committee

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

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

The Board of Directors and management comprise of qualified individuals under Section 68 of the Public Companies Act B.E. 2535 (1992) and the related Notification of the Capital Market Supervisory Board. The aforementioned committees have duties and responsibilities as follows:

1. The Board of Directors

The Board of Directors as of 31 December 2020 comprises of 12 directors as follows:

Name	Position
1. Mr. Kriengsak Plussind	Chairman of the Board of Directors
2. Dr. Kumpol Plussind	Director and Chief Executive Officer
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	Chairman of the 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. 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 (2 out of 4) sign together and affix the Company's seal.

Duties and responsibilities

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

1. Arrange an 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' meeting 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 as appropriate.

The Board of Directors may authorize the executive committee to perform various tasks within the scope of the authorization of the executive. Such authorization shall not authorize the executive 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, frameworks, policies, plans and budgets of the Company and monitor, control, oversee and manage the operations of the Management to be in accordance with the assigned policies, except the following matters that the Board of Directors needs to get approval from shareholders before implementing such matter, e.g. recapitalization, reducing capital, bond issuance, 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 of regulations and the code of conduct, etc.

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

6. Consider the structures of management and appointment of the Board of Directors, Executive Committee and other committees as appropriate.
7. Track the Company's performance in accordance with plan and budget consistently.
8. Not engage in any business with 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 with 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 reported to the shareholders' meeting 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 increased or decreased shares or other securities in the Company or its affiliates.

Term of Office

At the ordinary meeting in every year, at least one-third of the directors shall resign from the position. If their number is not a multiple of three, then the number nearest to one-third shall retire from term of office. During the first two years after Company Registration, the directors shall retire by drawing lots. For the later years, the directors holding the position the longest shall retire. However, a retiring director is eligible for re-election.

2. The Executive Committee

As of 31 December 2020, the Company has 4 executive committees as follows:

Name	Position
1. Dr. Kumpol Plussind	Chief Executive Officer
2. Dr. Yudthana Sanguansakdikosol	Executive Committee
3. Dr. Chutima Pinjaroen	Executive Committee
4. Dr. Suchai Laoveerawat	Executive Committee

Mrs. Wandee Pisanuvanavech-Secretary of the Executive Committee

Duties and responsibilities

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' meeting of the Company in all aspects.
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 presenting to the Board of Directors for consideration and approval.
5. Approve Capital Expenditure payment in an amount not to exceed Baht 5 million 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 non-executive employees and management level 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 appropriate and within the Management Board's discretion. The Management Board may revoke or amend the power of attorney or the person receiving it as appropriate.
11. Perform any other duties according to the Board of Directors' assignment 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 manners or inconsistent with the Company or its subsidiaries under the laws of the Stock Exchange of Thailand (SET). The approval of such transactions shall be presented to the Board of Directors and/or shareholders' meeting in accordance with the regulations of the Company or relevant laws.

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

Term of Office

The Executive Committee shall hold their position for a term of three years. The Executive Committee who retires by rotation may be re-elected to the position.

3. The Audit Committee

As of 31 December 2020, there are 3 audit committee members as follows:

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

Ms. Khemkulkorn Toomthong-Secretary of the Audit Committee.

Mr. Manit Jeeradit and Mr. Somyos Yan-ubol have finance and accounting knowledge, whereas Ms. Khemkulkorn Toomthong is appointed as the Secretary to the Audit Committee.

Duties and responsibilities

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

1. Review financial report of the Company to ensure an accuracy and adequacy.
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 unit as well as approve the appointment, transfer and dismissal of the head of internal audit or any other agencies responsible for internal audit.
3. Review the Company to comply with the laws regarding the Securities and Exchange, regulations of the Stock Exchange of Thailand (SET) 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 attend the 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 (SET) 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 shall be signed by the Chairman of the Audit Committee and must contain the information 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, the Stock Exchange of Thailand (SET) 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 Nomination and Remuneration Committee

As of 31 December 2020, there are 5 members of the Nomination and Remuneration Committee as follows:

Name	Position
1. Dr. Pinit Kullavanijaya	Chairman of the Nomination and Remuneration Committee
2. Mr. Yanyong Amornpitakkul	Nomination and Remuneration Committee
3. Mr. Manit Jeeradit	Nomination and Remuneration Committee
4. Mr. Chayawat Pisessith	Nomination and Remuneration Committee
5. Mr. Somyos Yan-ubol	Nomination and Remuneration Committee

Mrs. Wandee Pisanuvanavech-Secretary of the Nomination and Remuneration Committee

Duties and responsibilities

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

1. Suggest structure, size and element of company's committee and sub-committee including the determination of the standards or policies for considering nominated person to be selected as committee and sub-committee according to defined structure, size and element of the Company's committee and sub-committee.

2. Consider nominated person to be selected as managing director and directors and present to the Board of Directors meeting and/ or shareholders' meeting, in case of vacancy, including to set guidelines for succession.
3. Suggest policy and guidelines for remuneration package, both financial and nonfinancial compensation, for committee and sub-committee and managing director in accordance with company's operating result and other companies in the same industry and present to Board of Directors meeting and/ or shareholders' meeting for approval.
4. Suggest criteria for performance assessment of the committees.
5. Assess company's operating result for determination of salary structure, bonus and other remuneration by considering an appropriate standards in healthcare business.
6. Other duties according to Board of Directors' assignment.

Term of Office

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

5. The Corporate Governance Committee

As of 31 December 2020, there are 4 Corporate Governance Committee members as follows:

Name	Position
1. Mr. Kriengsak Plussind	Chairman of the 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

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

1. Determine and review Corporate Governance policy as appropriated for the Company's business and present to the Board of Directors, as well as monitor the Company's operation in accordance with good corporate governance.
2. Provide suggestions to the Board of Directors on matter related to Corporate Governance.
3. Review Corporate Governance principle, business ethics, employee ethics, significant regulations, and up-to-date working process as appropriated for Company's business and in accordance with the Stock Exchange of Thailand (SET)'s practice, Securities and Exchange Commission of Thailand (SEC)'s practice and other laws related to the Company's business.
4. Report the practice in accordance with good corporate governance to the Board of Directors and determine the appropriated practice in accordance with good corporate governance in Annual Registration Statement (form 56-1) and Annual Report.
5. Other duties according to the 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. Corporate Investment and Risk Management Committee

As of 31 December 2020, there are 6 members of the Corporate Investment and Risk Management Committee as follows:

Name	Position
1. Dr. Apirum Panyapol	Chairman of the 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

Duties and responsibilities

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

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 presented by the management, including to consider an annual capital expenditures, budget plan for corporate expansion plan, merger and acquisition plan and/or joint investment by the Company and subsidiaries both domestically and internationally and present to the Board of Directors for approval.
3. Consider the Company's financial position and assess capability in investment.
4. Investigate, monitor and assess projects which are already approved for investing and present the investment result to the Board of Directors for acknowledgement, including the determination of appropriate control for reducing investment risk.
5. Assess contingent risk both internal and external and possible effects to the Company.
6. Determine policy and measure of risk management for the Company's practice.
7. Review and develop the policy or measure for risk management regularly by assessing and monitoring risk management procedure in accordance with the determined and defined policies.
8. Report the occurred risk and suggestion for risk reduction to the Audit committees and the Board of Directors.
9. Other duties according to the 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 may be appointed for the next term as the Board of Directors' approval.

The Management

As at December 31, 2020, there are 6 members of the Company's Executive Committee as follows:

Name	Position	Number of all meeting over a year (time)
		Year 2020
Dr. Kumpol Plussind *	Chief Executive Officer, Managing Director	24/24
Dr. Yudthana Sanguansakdikosol	Deputy Managing Director, Director of Chularat 9 Airport Hospital, Executive Committee	24/24
Dr. Chutima Pinjareon	Deputy Managing Director, Director of Chularat 11 International Hospital, Executive Committee	24/24
Dr. Suchai Laoveerawat	Director of Chularat 3 International Hospital and Executive Committee	24/24
Mrs. Wandee Pisanuvanavech	Administrative Director, Chief Financial Officer, Secretary to the Executive Committee	24/24
Mr. Suppachoke Rojcheewin	Finance and Accounting Manager	24/24

Payment Approval Authority

Managing Director's maximum limit of authorization in the acquisition of fixed assets or projects shall be not more than Baht 2 Million per one acquisition. If the acquired amount is over Baht 2 Million but not more than Baht 5 Million, such acquisition shall be approved by the Board of Directors.

Company Secretary

The Company's Board of Director approved a resolution to appoint Mrs.Wandee Pisanuvanavech to hold a position of the Company Secretary,

effective from November 30, 2012 by the resolution of the Board of Directors meeting no. 7/2012 dated November 30, 2012 and was bestowed a scope of authority and responsibility as follows : provide initial advice to Directors related to the laws, rules, regulations, and principles of the Company , keep monitoring the correct practice on a regular basis, take a responsibility on disclosure of data and information records in accordance with the rules and regulation of the Stock Exchange of Thailand (SET) and Securities and Exchange Commission (SEC) and keep the following documents;

1. The registration log on committee.
2. Meeting invitation for the Board of Directors and the Board of Directors' meeting report.
3. Meeting invitation for shareholders and shareholders' meeting report.
4. The Company's Annual Report.
5. Report of interest of Directors and management members.

Qualification: A person holding a position as a Company Secretary shall complete accounting and legal studies and the trainings related to the duties of Company Secretary.

Remuneration for Directors and Management

The Company has considered a reasonable remuneration program to the Board of Directors, by proposing in the shareholders' meeting for approval,

in the form of bonuses, meeting remuneration and Audit Committee 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 listed on the Stock Exchange of Thailand (SET). The Executive Committee has no remuneration.

Remuneration for Executive Committee is in the form of salary and bonuses, depend on their roles, responsibilities and performance and the Company's operating result.

Details of Directors' remuneration for the year 2020, approved by the AGM will be disclosed individually as follows.

(1) Remuneration in Cash

Remuneration for Directors consists of the meeting allowance paid base on number of the meeting attendance as follows;

(Unit: Baht)

Name	Remuneration for Directors as of December 2020						Total
	Board of Directors	Audit Committee	Corporate Governance Committee	Nomination and Remuneration Committee	Corporate Investment and Risk Management Committee	Bonus	
1. Mr. Kriengsak Plussind	165,000		25,000			270,000	460,000
2. Dr. Kumpol Plussind	115,000					225,000	340,000
3. Mr. Apirum Panyapol	115,000				25,000	225,000	365,000
4. Dr. Wichit Siritattamrong	115,000					225,000	340,000
5. Dr. Suchai Laoveerawat	115,000				15,000	225,000	355,000
6. Ms. Kobkul Panyapol	115,000					225,000	340,000
7. Mr. Yanyong Amornpitakul	115,000			25,000	15,000	225,000	380,000
8. Ms. Kannikar Plussind	115,000				15,000	225,000	355,000
9. Mr. Manit Jeeradit *	115,000	165,000	15,000	25,000		225,000	545,000
10. Mr. Somyos Yan-ubol *	115,000	115,000	15,000	25,000	15,000	225,000	510,000
11. Mr. Chayawat Pisessith *	115,000	115,000	15,000	25,000		225,000	495,000
12. Dr. Pinit Kullavanijaya *	115,000			45,000		225,000	385,000
13. Dr. Yudthana Sanguansakdikosol							
14. Dr. Chutima Pincharean					15,000		15,000
15. Dr. Rungarun Santhadkolkarn					15,000		15,000
Total	1,430,000	395,000	70,000	145,000	115,000	2,745,000	4,900,000

Remuneration for Executive Committee

In 2020, the Company paid a compensation which includes the salary and bonus to 5 members of Executive Committee with a total amount of Baht 12.67 million. The Company also paid the doctor fee to 4 Executive Committee with a total amount of Baht 23.72 million.

Note: Finance and Accounting manager was excluded from four members of Executive Committee team in 2020 because the manager position is not at the same level as the fourth executive members.

(2) Other Compensations

Other compensation for Directors

The Company does not pay other compensations to the Directors and the Audit Committee as disclosed in the table above. The Company does not pay other remuneration to Executive Committee.

Other compensation for Executive Committee

- Provident fund

The Company provided a provident fund for Executive Committee by contributing at 3 percent of

the salary. In 2020, the Company paid provident fund allowance for 5 members of Executive

Committee with a total amount of Baht 0.11 million. Moreover, the Company has a policy on paying other compensations for the Executives such as the company car, company mobile phones, including expenses related to company car and mobile phone, gasoline bills and monthly bills.

Personnel

In 2020, the Company has a total of 3,616 employees and the Company paid a compensation to employees with an overall amount of Baht 690.16 million. Compensations consist of salary, overtime wages, living expense subsidy, bonus, special subvention, social security, and provident fund allowance etc. Furthermore, subsidiary companies paid the compensations to their employees with the same criteria as the Company with a total amount Baht 802.44 million.

On December 31, 2020	Chularat Hospital Public Co., Ltd.	Convenience Hospital Co., Ltd.	Bangpakong Vejjakijt Co., Ltd.	Cholvaej Hospital Co., Ltd.	Sattayabutr International Co., Ltd.	Chularat Arkanay Hospital Co., Ltd.	Ruampat Chachoengsao Hospital Co., Ltd.	Thai Amdon Co., Ltd.	Total
Residency Doctor	64	38	31	3	9	14	10	-	169
Overtime Doctor	209	131	89	31	71	65	76	-	672
Nurse	689	376	311	51	120	157	46	-	1,750
Pharmacist	31	17	10	-	5	6	4	-	73
Radiological Technologists	17	5	6	1	2	3	2	-	36
Medical Technologists	20	11	8	2	5	6	3	-	55
Other employees	710	247	256	56	122	110	199	2	1,702
Total (persons)	1,740	825	711	144	334	361	340	2	4,457
Employee's compensation (Million Baht)	690.16	278.00	217.35	37.41	87.21	104.55	76.54	1.38	1,492.60

The Company has increased the number of doctors and staff to accommodate the service area expansion projects as well as in 2018, the Company opened 2 new hospitals in Prachinburi province and Chachoengsao province.

Details on the Company's Directors and Controlling persons of the Company as of 31 December 2020 are as follow.

Directors' Information

Name	Company	Subsidiary Companies										Related Companies							
		Convenience Hospital	Bangkok Vejjakij	Chularat Arkanay Hospital	Thai Amdon	Cholvaej	Chularat Rayong	Ruampat Chachoengsao	Chularat Phraek Sa	Shewarat	Ilicon	Panyapol Interholding	Samonkit	Steel Link International	Seameth	Esco-Thai	Moong Pattana	Kingmain CMTI	License2q
1. Mr. Kriengsak Plussind	X	/	/	/	/	/	/	/	/	/	/,M								
2. Dr. Kumpol Plussind	/,C,M	/,C,M	/,C,M	/,C,M	/,C,M	/,C,M	/,C,M	/,C,M	/,C,M	C,M									
3. Mr. Apirum Panyapol	/	/	/	/	/	/	/	/	/	/		/	/	/	/,M				
4. Dr. Wichit Siritattamrong	/	/	/	/	/	/	/	/	/	/									
5. Dr. Suchai Laoveerawat	/,/,///	/	/	/	/	/	/	/	/	/									
6. Mrs. Kobkul Panyapol	/	/	/	/	/	/	/	/	/	/		/	/	/	/				
7. Mr. Yanyong Amornpitakkul	/																		
8. Ms. Kannikar Plussind	/	/	/	/	/	/	/	/	/	/						/			
9. Mr. Manit Jeeradit	/,AC																/,AC		/
10. Mr. Chayawat Pisessith	/,AC																	C	
11. Mr. Somyos Yan-ubol	/,AC																		
12. Dr. Pinit Kullavanijaya	/																		
13. Dr. Yudthana Sanguansakdikosol	//,///																		
14. Dr. Chutima Pincharoen	//,///																		
15. Mrs. Wandee Pisanuvanavech	///																		
16. Mr. Suppachoke Rojcheewin	///																		

NOTE : X is Chairman of the Board of Directors, C is Chief Executive Officer, AC is Audit Committee, / is Director, // is Executive Committee, /// is Management, M is Managing Director,



Corporate Governance

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 confidence of shareholders, investors and all concerned parties. Initiated and participated in preparation and approval of the policies, the Board of Directors therefore has established a policy and principles of Corporate Governance in compliance with the guidelines of good corporate governance as set by the Stock Exchange of Thailand (SET). 5 principles of corporate governance of the Company are as follows:

1. The Rights of Shareholders

The Company recognizes the importance of all shareholders' rights, including major and minority shareholders. Shareholders' rights include the basic rights as investors and also as owners of the Company, such as rights to buy, sell, transfer their shares; right to receive dividends from the Company; rights to attend the 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 Director, approval of important transactions affecting the direction of the business and operation of the Company, amendment of Memorandum of Association and Articles of Association of the Company.

In 2020, the Company has implemented the followings to encourage and facilitate the exercises of shareholders' rights in the annual general meeting of shareholders:

1. The Company gives shareholders the right to propose important and appropriate issues 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 informing the meeting agendas and the opinion of the Board of Directors on each agenda item, together with supporting documents and information sufficient to facilitate shareholders in making their decisions and fully exercise their rights. 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 for annual general meeting of shareholders is posted and disclosed on the Company's website at least 30 days prior to the meeting date in 2020.
3. The Company proposes and discloses all forms of remuneration provided to Directors in the meeting for shareholders' approval. These remunerations include an attendance fee (the rate per meeting and the number of times per year) and the criteria determining an annual bonus/reward base on annual operation result with total amount not exceeding the amount offered per year and the length of service. In 2020, the Company has adjusted the disclosure of compensation in case of "No Pay", specifying those remuneration and

other benefits that 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, as a chairman of the meeting, assigns the Company Secretary to inform 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 items. The Chairman and management see the importance of every questions and give precise and clear answers.
7. The Company Secretary records the minutes of the shareholders' meetings with complete and accurate details on voting results of each agenda and submits them to the Stock Exchange of Thailand (SET) and posts on the Company's website within 14 days after the meeting date, so that shareholders are promptly informed and are able to verify.

2. 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, through 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 considered for the position of the Company's Director. The announcement has been made through the Stock Exchange of Thailand (SET) 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 exercise 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 sudden change to the important agenda or information in the shareholders' meeting.

4. The Company sees the importance of the consideration on transactions which may have conflict of interest or any connected or related transactions, and in compliance with good corporate governance principles, including rules and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). For these mentioned transactions, Directors, management and those related persons do not participate in the approval process.
5. The Company provides oversight and control to prevent the improper use of inside information. Details can be found in section of Internal Control and Risk Management. In addition, Directors and management of the Company must report their purchase or sale of the Company's securities to the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and the Company within three business days.

3. 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:

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.

Customers/Patients: The Company provides patient care in an ethical manner, and at the best possible service 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 care of customer complaints and to monitor and regularly improve the quality of the care provided to all patients, taking into consideration patients' needs and suggestions. In addition the Company has implemented a program measuring the level of satisfaction of the customer/patient to the hospital with an objective to develop and improve the system and quality of service.

Employees: The Company believes that its employees are valuable resources and therefore gives all employees an equal opportunity in their employment. The Company has the policy to provide employees with appropriate compensation plans both in short term and long term. The Company assigns Human Resource Department to prepare the payroll system for each position and individual and career path. The Company also 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 to motivate and enhance their potential for the promotion to higher position. The Company also provides an 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 and also get to 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 those supporting employees, they have to be trained for knowledge development at least 18 hours per employee per year. Training program for knowledge and capability 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 complaint directly to management, implements an **Innovation Program** where employees are able propose suggestions to improve work process and services, and organizes an **Employees' Recognition Program** to encourage the employees' proud feeling and exchange learning. Moreover, the Company also has a policy to organize Organization Development activities every year and the Glory activities for those employees who work with the Company for several years. The Company has a 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 base on age and risk. The occupational medical department and human resource department will take check-up results and categorize them into group, specifying those employees with risk of chronic disease such as diabetes or high blood pressure etc. Then, the Company will arrange the activities to provide knowledge, understanding and guidelines on how

to reduce this risk, closely monitor and assess them until they are in normal stage or controllable stage. The Company also has a policy determining all employee to receive annual influenza vaccine for reducing risk of plague. To reduce the risk of occupational accident, the Company set up the department of Occupational Health Safety and Environment to provide plans or policies for risk reduction and identify the risk from both internal and external factors with a monthly monitoring by Safety and Environment Committees, including the presentation of result every 3 months and 6 months, successively review of 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.

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.

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.

Competitors: The Company competes with competitors within the rules and regulations, and treats competitors fairly and with integrity. The Company considers its competitors as key factors to encourage the Company to commit to an improvement of service quality and efficiency of service for the best benefit of the customers and patients.

Community: The Company has delegated the particular unit responsible for the CSR (Corporate Social Responsibility) to oversee and guide the CSR activities and programs to the society, both at the corporate level and the staff level, and ensure an efficient and effectiveness of the program. Details of CSR activities can also be found in the topic of Social Responsibility.

4. Disclosure and Transparency

The Company realizes the importance of disclosing information equally which is significant for shareholders and investors in making their decisions. The Company has a policy to disclose transparent, complete, reliable and timely information through various channels which are easily accessible and convenient for shareholders and investors. The Company also ensures it abides by the rules and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Information disclosed to the public includes both financial and non-financial information (in Thai and English), 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, cross 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 (SET), and other communication channels, such as the Company's website in the Investor Relations section, which are consistently updated both in Thai and English. Meetings with local and international analysts and fund managers in Thailand through Company Visits - One on one & Group meetings, Site Visit, Analyst Meetings, due to the COVID-19 pandemic some activities were done in the form of Virtual Conference. (21 times in 2018, 32 times in 2019, 26 times in 2020).

Participations in local Roadshow and Investor Conference both in form of Face to Face and Virtual Conference were 19 times in 2020. However, due to the COVID-19 there was no International Roadshow and Investment Conference in 2020 (4 times in Singapore and Hong Kong in 2018, 1 time in Singapore in 2019). Local and international conference calls were 30 times in 2018, 40 times in 2019 and 50 times in 2020). 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 the interested investors and shareholders. Information can be requested by phone at 02-033-2900 to 3325 or by e-mail at ir@chularat.com, companysecretary@chularat.com and through the Company's website. www.chularat.com.

Details of the Board of Directors' Shareholding of Chularat Hospital Public Company Limited as at December 31, 2020:

Director	Position	Holding of Securities on closing date Register on begin and end of the year (share)		Changed Increase (Decrease)
		Dec.30, 2019	Dec. 30, 2020	
1. Mr. Kriengsak Plussind *	Chairman of the Board of Directors, Chairman of the Corporate Governance Committee	368,587,850	368,587,850	-
2. Dr. Kumpol Plussind *	MD, CEO	253,670,200	253,670,200	-
3. Mr. Apirum Panyapol *	Director, Chairman of the Corporate Investment and Risk Management Committee	1,127,189,050	1,127,189,050	-
4. Dr. Wichit Siritattamrong *	Director	5,450,000	5,450,000	-
5. Dr. Suchai Laoveerawat	Director, Executive Committee, Corporate Investment and Risk Management Committee	8,909,500	8,409,500	(500,000)
6. Mrs. Kobkul Panyapol	Director	917,156,600	917,156,600	-
7. Mr. Yanyong Amornpitakkul	Director, Nomination and Remuneration Committee, Corporate Investment and Risk Management Committee	49,552,150	49,552,150	-
8. Ms. Kannikar Plussind	Director, Corporate Investment and Risk Management Committee	1,994,750,400	1,994,750,400	-
9. Mr. Manit Jeeradit	Chairman of Audit Committee, Independent Director, Corporate Governance Committee, Nomination and Remuneration Committee	700,000	200,000	(500,000)
10. Mr. Somyos Yan-ubol	Independence Director, Audit Committee, Corporate Governance Committee, Nomination and Remuneration Committee, Corporate Investment and Risk Management Committee	-	-	-
11. Mr. Chayawat Pisessith	Independent Director, Audit Committee, Corporate Governance Committee, Nomination and Remuneration Committee	-	-	-
12. Dr. Pinit Kullavanijaya	Independent Director, Chairman of Nomination and Remuneration Committee	-	-	-

Remark : * Authorized Directors

Dr. Kumpol Plussind, Mr. Kriengsak Plussind, Dr. Wichit Siritattamrong and Mr. Apirum Panyapol. Two out of four (2 of 4) directors jointly sign and affix the Company's seal.

5. 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 result assessment for reviewing, reforming or developing Company's vision, mission, strategies, goals, business plans and budgets for improvement every year. The Board of Directors also has a policy on Business Ethics and Ethical Code of Conduct to ensure 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 every 2 months to review the management's report on the Company's operations.

As at 31 December 2020, there are 12 directors, as follows:

1. 10 Non-Executive Directors :

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 Dr. Pinit Kullavanijaya.

2. 2 Executive Committee :

Dr. Kumpol Plussind, Dr. Suchai Lawveerawat

3. 4 Independent Directors :

Mr. Manit Jeeradit, Mr. Somyos Yan-ubol, Mr. Chayawat Pisessith, Dr. Pinit Kullavanijaya, who possess the qualifications as stipulated by the Securities and Exchange Commission (SEC). 4 Independent Directors account for 33.3% of total Board of Directors and not less one-third of the Board of Directors in accordance with the Securities and Exchange Act (No.4) B.E. 2551.

Separation: The Company clearly defines the roles and responsibilities of the Board of Directors and Executive Committee. The Board of Directors is responsible for policy making and oversight of the operations of the Executive Committee at policy level. Therefore, the Chairman of Board of Directors and the Managing Director is not the same person. The Chairman of Board of directors is not the Executive Committee and is not involved in the management of the company. The senior management of the Company are responsible for implementing the defined business plan and policies and controlling costs and an annual investment budget approved by the Board of Directors.

In 2020, Chairman of Board of Directors and all directors provided the meeting of non-management directors without any management team to brainstorming the ideas for Company Development in all directions.

Directorship in other listed companies: The Company allows the Directors and Executive Committee of the Company to act as Directors of other companies, including companies that are listed on the Stock Exchange of Thailand (SET), not more than 5 companies in order to allocate sufficient time to each company. However, they should not hold a position as a Director or Executive Committee in the similar or competing business of the company. For Executive Committee, in addition to the position of the Director of subsidiary companies and/or the independent director of other companies should not be more than 3 companies and such positions must be approved by the Board of Directors.

Company Secretary: The Board of Directors has appointed Mrs. Wandee Pisanuvanavech as a Company Secretary to oversee and manage the meetings of the Board of Directors, Subcommittees and Shareholders, including the preparation of

meeting minutes, Annual report, and important documents required by the law. Corporate Secretary also provides an advice on the rules and regulations of the Stock Exchange of Thailand (SET) to the Board of Directors and the management for acknowledgement and coordinate and supervise the Board of Directors' activities to comply with the resolution of the Board of Directors and the 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, to ensure 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 ethic, taking into account the interests of all stakeholders and under law and the Articles of Association of the Company. To closely monitor the operations, the Board of Directors assign the groups of committee to take care of the followings.

- **Corporate Governance Policy:** The Company has established a written corporate governance policy, which is initiated, participated and approved by the Board of Directors. The Board of Directors has arranged the Good Corporate Governance Committee and the Compliance Unit to regularly review policies and monitor the Company's compliance.
- **Business Ethics:** The Company has set up a policy with a manual on the ethics of the Board of Directors, the management, staff and any 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 regularly monitor the implementation of such guidelines.

- **Conflict of Interest:** The Company has set a policy of conflict of interest base on the concept that any decision making of the Board of Directors are for maximized benefit of the Company only and to prevent from any actions with conflict of interest. Member of the Board of Directors has to inform the Company in case of any transactions related or connected with the conflicts of interest and not to attend the consideration process nor the approval of that transactions. The Board of Directors consider transactions which may have conflict of interest or related transactions with caution, fairness and transparency, and strictly follows the rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC), 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 form.
- **Internal Control and Internal Audit Systems:** The Company has given an importance of 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, focusing on effectiveness and efficiency, appropriateness of expenses and costs, and operations 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.

- **Risk Management.** In 2016, the Company established the Corporate Investment and Risk Management Committee to review the procedures of risk assessment, the adequacy of internal controls and to reform or modify operation process to be more effective.
- **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. The Board of Directors is responsible for the consolidated financial report of the Company, including the information technology system as shown on the financial report. Financial report is prepared in accordance with Thai Accounting Standards and audited by external auditor, including the disclosure of important financial and nonfinancial information completely and accurately.

3. Board of Directors' Meeting

All directors will have to attend the Board of Directors' meeting regularly, in order to acknowledge and make decision relating to the business 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 issue. All Directors shall have an attendance of at least 75% of annual meetings. In 2020, there are seven regular meetings. Details of the meeting attendance of each director are shown in the table in Section: Remuneration of

Directors, Sub-Committees and Management.

For each meeting, the member of the Board of Directors attending the meeting shall be not less than 2 from 3 (67%) of all member. 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 the meeting to be constituted quorum and agendas are clearly set in advance. The Chairman of Board together with the Managing Director shall set the meeting agenda and give each directors an opportunity to propose issues as the meeting agendas. The Company Secretary prepares and distributes the invitation letters with details on meeting agendas, and other supporting documents to the Board of Directors at least seven days in advance in order to allow directors sufficient time to review and study the information prior to the meeting.

Normally, each meeting shall last 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 resolution of the meeting shall be two out of 3 of total members in the meeting, where each member will have one right. The majority vote is the passing resolution for each agenda. In case that 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 implemented in the Company's operations.

Upon completion of each meeting, the Company Secretary is responsible for preparing the meeting minutes and submit them for the accuracy certification at the next Board of Directors' meeting. Directors are able to comment, amend and make additions to the minutes so as to make them as accurate and complete as possible. The Company Secretary keeps the certified minutes, 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. Performance Evaluation of the Board and Individual

The performance evaluation of the Board of Directors, Chairman of the Board of Directors and CEO/Managing Director.

Performance	2018	2019	2020
1. The Board of Directors	96.06%	97.45%	98.61%
2. Chairman of the Board of Directors	100.00%	100.00%	100.00%
3. CEO/Managing Director	97.50%	98.18%	98.41%
4. The Corporate Governance Committee	95.83%	100%	97.92%
5. The Nomination and Remuneration Committee	89.00%	92.00%	98.00%
6. The Corporate Investment and Risk Management Committee	86.16%	92.86%	91.80%
7. The Executive Committee	96.02%	94.32%	84.66%
8. The Audit committee	95.24%	100%	97.62%

Criteria for Performance Evaluation of the Board and Individual

Performance Evaluation of the Board of Directors, Chairman and Managing Director shall be assessed once a year, using the evaluation forms which include topics in assessment, obligations and responsibilities of the Board of Directors, Chairman, Managing Director, the Corporate Governance Committee, the Nomination and Remuneration Committee, the Corporate Investment and Risk Management Committee, the Executive Committee and the Audit Committee. The Company Secretary shall distribute the evaluation forms to each individuals and submit the result to the Chairman of the Board of Director for approval and present it in 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 80% - 90% is Good
3. Score 70% - 80% is Fair
4. Score lower than 70% is Poor

The Assessment Table:

Assessor	Assessee			
	Board of Directors	Chairman	Managing Director	Sub-Committee
1. Board of Directors	✓	None-assessment	✓	None-assessment
2. Chairman of the Board	✓	✓	✓	None-assessment
3. Sub-Committee	None-assessment	None-assessment	None-assessment	✓

✓ : The Assessment

5. Development for Directors and senior management

The Board of Directors set policy to provide the training to the directors related to the Corporate Governance which consist of all committees including senior management level in order to continuous develop the business 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 take the position in the Company for the first time. In case of changing directors and senior management level, the Company will provide the orientation for new directors or senior management level to

introduce and suggest the Company's business operation, including to provide significant information and encourage them to perform their roles and responsibility efficiently under good corporate governance.

In addition, the Company regularly supports various directors and management development programs such as training and seminars which are organized by the Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand (SET), and the Office of the Securities and Exchange Commission (SEC). The Company's directors have passed the training courses for being a director from the Thai Institute of Directors Association as follows.

Name	Course										
	Director Accreditation Program (DAP)	Director Certification Program (DCP)	Ethical Leadership Program (ELP)	Audit Committee Program (ACP)	Advanced Audit Committee Program (AACP)	Ethical Leadership Program (ELP)	Role of the Chairman Program (RCP)	Company Secretary Program (DSP)	Company Reporting Program (DRP)	Risk Management Program for Corporate Leaders Thai Program (RCL)	Strategic Financial Leadership (SFLP)
1. Mr. Kriengsak Plussind	/										
2. Mr. Kumpol Plussind	/										
3. Mr. Apirum Panyapol	/									/	
4. Dr. Wichit Siritattamrong	/										
5. Dr. Suchai Laoveerawat	/										
6. Mrs. Kobkul Panyapol	/										
7. Mr. Yanyong Amornpitakkul	/										
8. Ms. Kannikar Plussind	/										
9. Mr. Manit Jeeradit	/	/		/							
10. Mr. Chayawat Pisessith	/			/			/				
11. Mr. Somyos Yan-ubol	/		/	/	/	/				/	
12. Dr. Pinit Kullavanijaya	/										
13. Dr. Yudthana Sanguansakdikosol											
14. Dr. Chutima Pincharean											
15. Mrs. Wandee Pisanuvanavech	/	/						/	/		/

Nomination and Appointment of Directors and Senior Management Levels

Independent Directors

When the Independent Directors completed their term or there is necessary reason to appoint an additional 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 and then present to the Board of Directors or shareholders' meeting for approval 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 there shall be at least three Independent Directors. The Company determines the qualification of Independent Directors in accordance with the requirements of the Capital Market Supervisory Board. The Independent Directors of the Company shall have all qualifications as follows:

1. Hold company shares not exceeding one per cent of the total 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 mentioned manner for not less than 2 years before the date of filing an application to the SEC on or before the date of appointment as 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 mentioned 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 Baht 20 million 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 for related 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, non-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 mentioned manner for not less than 2 years before the date of filing an application to the SEC on or before the date of appointment as the Audit Committee.
6. Never is or was any professional service provider acting as the legal counsel or financial advisor and receives the payment more than Baht 2 million 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 mentioned manner for not less than 2 years before the date of filing an application to the SEC on or before the date of appointment as 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 operating business with the same nature and in competition to the business of the Company's contractor or its subsidiaries.
9. Have no any other ways that makes it impossible to comment freely about the business operations of the Company.
10. Not being a director appointed by the Board of directors to make decisions in business operation 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 shall be independent directors and have independent qualification according to the Notification of the Securities and Exchange Commission (SEC) 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 shall 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 the position for more than 9 consecutive years.

Directors and Senior Management Level

The Company shall consider the basic qualifications and the selection criteria under Section 68 of the Public Companies Act B.E.2535 (1992) and the Notification of the Securities and Exchange Commission (SEC) 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 is three 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. The Board of Directors consists of the 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 shares 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 maybe 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. However, each shareholder shall cast all their votes to one nominator, thus 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-fourth vote of the remaining directors, unless the term of the

remaining directors are less than two months. The appointed person 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-fourth 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

In recruiting the person for the position of Managing Director or Chief Executive Office, the Executive Committee shall consider and screen 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, can manage to achieve the goals set forth by the Board of Directors and then present to the Nomination and Remuneration Committee for consideration and to the Board for approval. In 2016, the Company nominated the Nomination and Remuneration 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.

Corporate Governance of subsidiaries and associates

In the past, the nomination and voting to appoint directors of 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). The persons shall be allowed and approved by the Board of Directors before casting any vote on any important matter. However, the nomination for directors in subsidiaries and associates shall be according to the shareholding proportion of the Company.

In case of a subsidiary, the Company requires a person appointed to represent the Company to ensure that subsidiaries comply with the law set by the Securities and Exchange Commission (SEC) in connection with its subsidiaries, including the requirement of regulatory filing, accounting records of subsidiaries and consolidated financial statements within deadlines.

Control of Internal Information

The Company has policies and procedures for directors or executives who have the inside information of the Company not disclosed to the public yet for personal benefit, including securities trading as follows:

- 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 (SEC) under Section 59 and penalty under Section 275 of the Securities Exchange Act B.E.2535 (1992).

- The Company assigns directors and executives to have a duty to report any changes in their security holding to the Securities and Exchange Commission (SEC) under Section 59 of the Securities and Exchange Act B.E.2535 (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.
- The Company determines that directors, executives and related practitioners who get important inside information affecting 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. Total audit fee for 2020 of Chularat Hospital Public Company Limited is Baht 4.67 million.

2. Non Audit Fee

None

Compliance with the principles of good governance in other matters

Summary of meeting attendance in subcommittee meetings in 2020

Name (No. of Attendance/No. of Meetings)	Audit Committee	Executive Committee	Shareholders' Meeting (AGM)	Nomination and Remuneration Committee	Corporate Governance Committee	Corporate Investment and Risk Management Committee
1. Mr. Manit Jeeradit	5/5		1/1	2/2	1/1	
2. Mr. Somyos Yan-ubol	5/5		1/1	2/2	1/1	1/1
3. Mr. Chayawat Pisessith	5/5		1/1	2/2	1/1	
4. Dr. Kumpol Plussind		24/24	1/1			
5. Dr. Yudthana Sanguansakdikosol		24/24	1/1			
6. Dr. Chutima Pinchareon		24/24	1/1			1/1
7. Dr. Suchai Laoveerawat		24/24	1/1			1/1
8. Mrs. Wandee Pisanuvanavech		24/24	1/1	2/2	1/1	1/1
9. Mr. Suppachoke Rojcheewin		24/24	1/1			

Corporate Social Responsibility

Corporate Social Responsibility

With 34 years of intention and commitment of Dr.Kumpol Plussind and the medical team who founded Chularat Hospital aiming to be one of the healthcare service providers for patients in Samutprakarn province, to help the people to have a good quality of life and to be able to access to medical treatment and care easily and conveniently, until now the Company's Board of Directors, the executives, medical teams and employee of Chularat Hospital Group still have not given up the original intention of striving to provide excellence quality of medical cares and services at a reasonable price, easily accessible and be dependable to patients in Samutprakarn and nearby provinces such as Chachoengsao, Prachinburi, Chonburi and Rayong. With a total of 14 branches (9 Hospitals and 5 Clinics), the Company is ready to provide the medical treatment and care to people at all levels, while continuing to focus on and promote Social and Environmental Care and Protection.

Fair Business Practice

The Company has operated the hospital business with fairness by applying good governance principles in business management under the core values - iCare (Integrity, Accountability) and taking into account all stakeholders in all groups, not only limit to those specified by law but also to refrain from any violation of the rights of stakeholders with details as follows.

The Company conducts its business in accordance with the laws, rules, regulations and relevant regulations.

The company discloses information by reporting the operating result and performance of the Company to shareholders equally, consistently,

completely and accurately as reviewed and audited by a credible accounting firm.

The Company prohibits the disclosure of confidential information of the Company to others illegally and any action in a manner which may cause a conflict of interest with the Company.

The Company promotes free competition and refrains from monopoly trade by determining guidelines for transparent procurement processes and fair trade partner recruitments such as bidding for both the construction project and medicines and medical supplies, providing opportunities for companies to offer products and services that meet the company's needs in the field of medical devices, medical equipment and general purchases for business operations. The Company requires that the procurement process shall have comparison partners for approval at all times.

The Company has determined the duties and responsibilities, credit limit authorization and scopes of decision making based on positions, duties, and hierarchy that can verify transparency.

The Company has a procurement system which the previous purchase records of products and services can be reviewed and verified at all time.

The Company has established a contract to build confidence and show transparency to trade partners and ready to comply with contracts, agreements or other conditions as well as to jointly find the ways to solve and prevent damages in the event that either party is unable to comply with the contract.

The Company treats its partners equally and fairly base on fair compensation for both parties.

The Company does not violate the intellectual property by acquiring the licenses on computer program, images, font and various character formats and setting the penalties for intellectual property

infringers in accordance with Information Systems Security Policy.

The Company is committed to provide quality, safe, fast, standardized services.

The Company provides accurate and complete information about the service without exaggerated advertisement.

The Company has provided channels for complaints and dissatisfactions as well as having the responsible persons to respond to complaints.

The Company treats employees fairly without human rights violations including providing the right to freely express their opinions.

The Company strictly abides by the environmental law and establishes a policy to promote and care for the environment.

Anti-Corruption

The Company is aware of the problem of corruption that may occur in the organization. Therefore, the Company has established a mechanism to prevent the occurrence of corruption by setting guidelines for prevention and participation against corruption as follows.

Announcement of Anti-Corruption Policy

The Company has announced the intention to participate in the Collective Action Coalition of the private sector against corruption and announced the commitment to fight against corruption in various departments within the Company and its subsidiaries through various channels including staff training and intranet system to all concerned parties for acknowledgement and implementation.

Corruption News Release Follow-Up

The Company requires the company secretary to follow up the news about corruption which is regularly distributed from the Securities and Exchange Commission (SEC) as well as to notify the executives to acknowledge them as a case study on corruption issues.

Risk Assessment for Corruption

The Company's Executive Committee has a meeting to discuss the risk of corruption along with conducting a risk assessment and plan to manage any potential risks and submit to Risk Management Committee for consideration.

Control and prevention of Corruption

The Company has appointed the Internal Audit department with experienced and qualified internal auditor to follow up the risk assessment plan, examine the operations of various departments to ensure the compliance with code of conduct and laws and bring out efficient and transparent operations in accordance with good corporate governance guidelines

The Company has set rules for procurement, agreement and reimbursement by specifying the credit limit, approval authority, and purpose of the transactions with full and clear supporting documents as well as an audit system from internal auditors.

The Company has an internal control system covering finance, accounting, data recording and other internal processes related to finance and accounting to ensure that such financial transactions are in accordance with the approved purposes and for transparent business operations.

Corruption Report

The Company has a joint meeting with the executives and the internal audit department to acknowledge the inspection report and potential risks and jointly plan for prevention.

The Company provides channels for reporting corruption to employees in the organization and general public in the events of violations, illegal acts, unethical behaviors or behavior that implies corruption are seen through electronic systems with personal access codes which can effectively prevent and protect the reporters or complaints.

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

Guidelines in the case of a complaint or notification of fraud

The Company has established guidelines in the case of complaint or notification of fraud for the working group to examine and find supplementary information by adhering to the principles of good corporate governance together with the policies, rules, regulations, hospital guidelines and other relevant laws. If it is found that there is a risk of causing non-transparency in the company's operations, the Audit Committee would independently report the findings to the Board of Directors or Managing Director in order to have a timely solution to the problem and not cause any damages. If any personnel in the Company violates the Company's policy or behaves unethical, the Company will consider the implementation of penalty guidelines or measures suitable for that person according to the regulations of the Company including the relevant legal actions.

Working Group on Anti-Corruption

The Company has appointed a working group responsible for overseeing anti-corruption together with the Internal Auditor. In the event that a complaint or notification of fraud occurs via the specified channels, the working group must comply with the confidentiality policy by keeping the confidentiality of the information (Name-surname of the reporter or whistleblower.) to prevent the effects that may occur to those who report clues that are beneficial to the Company. And if the information of the whistleblower is disclosed, the working group overseeing this matter will be subject to disciplinary sanctions.

Respect for Human Rights

The Company sees the importance of human rights, which means basic rights and freedoms of everyone, equality and without discrimination on nationality, race, color, gender, religion, ethnicity, social status, disability or patient. With a focus on both human rights and patient rights through the core values “iCare”, **I = International Patient Safety** (focusing on equal medical treatment and the safety of patients.) and **R = Respect** (emphasizing on respect for individuality.), all employees of the Company will have the orientation training to acknowledge these key core values.

In addition, the Company has adhered to the patient rights in the business operation and all employees' operation by including this as one of the topics in the Orientation Process to ensure that all employees are well informed of patient rights. Moreover, the Company has announced the Patient Right thoroughly at various service points to ensure that the patients are well aware of their rights and responsibilities.

The Company provides a place accessible to both clients and employees for religious ceremonies base on their beliefs as well as allowing the employees to take ordination leave to perform religious ceremonies.

The Company has protected the information and privacy of clients by establishing clear policies and guidelines for all employees. To protect the clients' information and privacy, the Company will record the clients' information into the Hospital Information System which requires the password for access. The password is set according to rights of the working units to prevent and control an access to the clients' information.

The Company has protected the information and privacy of its employees. According to the Company's policy, all human resource officers are responsible for maintaining the personal information of all employees and other information in their information systems as well as protecting the right to access information and privacy of all employees. Human Resource department will keep employee profile and private documents in a secured cabinet with a lock to prevent any access from any unauthorized person. For the data stored on the computer, a password is required to access the data.

The Company has security systems throughout the hospital area with 24-hour security guards both inside and outside the hospital buildings and CCTV cameras covering the entire hospital area and the secret spots to ensure that all clients and employees would have confidence in their safety both physical and mental properties at all time when they come for service or come to work.

The Company has provided a complaint box for the customers when they feel their rights have been violated or treated unfairly in order to find solutions and remedies. The Company has also appointed human resource department to listen to various problems and suggestions from all employees about their rights or any actions that they feel their rights are violated in order to find the solutions and ways for improvement.

Fair Treatment to Labor

The Company strictly complies with labor laws and regulations or other relevant laws against Child Labor.

The Company treats its employee fairly by not using coercion and intimidation while giving freedom to share the opinion and providing an opportunity to participate in work design process.

The Company has determined a fair wage and compensation plan through compensation management base on knowledge, ability and responsibility. The Company provides compensation in both monetary and non-monetary forms to promote employees' morale at work as well as adjusting compensation rates to be in line with economic conditions and be competitive in the market.

The Company has provided health care for all employees through the annual health check on the specified items as deemed appropriate base on gender, age and working characteristics and conditions. In case of abnormal health examination results, the Company has provided the medical treatment and organized a specific health promotion project for employees to participate in for health improvement and reduce medication that may affect the quality of life in the long run together with a regular follow-up, such as a diet and exercise behavior adjustment program for groups with high levels of sugar or cholesterol, Stop Smoking program, etc.

The Company has provided the employee an Accident Insurance to protect the safety of employees in the event of emergency and appointed the Occupational Health Safety and Environment Committee to look after the work safety and security of the employees, including to prepare the contingency plan for any emergency cases, fire and the preparedness and safety of public utility systems. All employees can rest-assured of health, security and safety protection at work.

In 2020, the Company's medical personnel and all staff working in the hospital are considered as one of the country's major forces in providing medical cares and assistance to the COVID-19 patients. The Company provided insurance to all medical personnel at risk, including personal protective equipment (PPE) while working. In addition, to

ensure the health safety at work to all medical personnel and staff, the service area in the hospital was appropriately organized and separated and the common area within the hospitals and contact points were cleaned every 30 minutes.

The Company has provided the training programs to develop employees' knowledge and competency, including giving employees the opportunity to participate in proposing training topics of interest as well as organizing an offsite seminar to build good relationships among work colleagues and members which would help relieving stress from work and increasing happiness in working environment and work place.

Responsibility to Consumers

Being a healthcare service provider, The Company's primary missions therefore are to provide and deliver the standardized healthcare services to patients by adhering to the safety of patients (International Patient Safety), as well as to provide the continuous care (Care). Therefore, the Company has focused on the quality services to patients as follows.

Quality Service and Treatment Accreditation:

- International Quality Standard Accreditation from the Joint Commission International (JCI) from the United States, an accreditation internationally accepted worldwide.
- Hospital Accreditation (HA) from Hospital Accreditation Institute
- Laboratory Accreditation (LA) and accreditation for Quality Management System from the Medical Technology Council (MTC)
- Food Sanitation Standards Certification from the Department of Health
- Certification for the management of fire prevention and fire suppression in the workplace from the Department of Labor Protection and Welfare

- Outstanding Automatic Claim System Award from Road Accident Victims Protection Co., Ltd in cooperation with the Office of Insurance Commission (OIC) and Thai General Insurance Association (TGIA).

Talented Medical Personnel Recruitment

The Company has an efficient recruitment process to acquire the well experienced personnel and experts with knowledge in the field, including the work history verification process to ensure that the patients are confident with the safe medical treatment services.

Procurement of Quality Medicine and Medical Supplies

The Company has appointed a working group responsible for acquiring the good quality medicines and medical supplies for use in hospitals. The working group, consisting of doctors, nurses, pharmacists, technicians and those involved in the use of medicines and medical supplies, will look for and examine medicines and medical supplies to ensure the quality, safety, and appropriateness, including tracking the medicines and medical supplies recalls that may not occur from the manufacturer so as to verify and prevent the risks before delivering to patients or clients.

Procurement of Quality Medical Equipment

The Company has set up a medical equipment department to select and acquire quality medical devices and equipments, as well as to look after the maintenance so that all medical devices and equipments are ready to use at all time, including having a system to check the medical equipment recalls to prevent any risks and dangers that may occur to patients or clients.

Medical Personnel Training Programs

The Company supports and arranges the training courses to medical personnel in various fields according to the work characteristics of each person to develop and increase knowledge, understanding and ability to perform tasks, resulting in an accurate, safe and good standard of quality care for patients.

Providing Knowledge and Information necessary for Decision Making

The Company has set guidelines to always provide knowledge, information and alternatives necessary for decision making before treatments to patients and to always review the patients' understanding after providing the information.

Relationship Management with Clients

The Company has followed up the treatment results of the patients through doctor appointments and enquiry on the treatment results and their satisfaction on a regular basis as well as listening to their comments and suggestions for service improvement.

Environmental Care

The Company has set up a department of Environment and Safety responsible for environmental and safety planning and to examine the safety and environment of the hospital in accordance with the laws and regulations.

The Company has set up sub-working group to create activities with all employees in the Company to promote environmental care and protection and to encourage an awareness and actions for environmental care. In 2020, the Company organized various environmental activities as follows.

- Support the maintenance personnel to attend energy-saving seminar and have them applying the acquired knowledge to each branch of the Company.

- Encourage all employee to be aware of electricity-saving by creating the posters and signboards and arranging annual internal activities.
- Acquire energy-saving devices and equipment.
- Conduct and implement the Waste Separation project for wastes from the Company's internal operations throughout the Group.
- Focus on reducing the use of plastic bags and drinking straws, started with the reduction of medical plastic bags for patients with chronic diseases by providing the fabric bag free of charge and requesting them to reuse this fabric bag on their next visit.
- Reduce the use of plastic bottles in the hospital by encouraging all employees to have their personal glass and provide a discount for their drinks at the Hospital's Coffee Shop if they bring their own glasses.

The Company has encouraged all branches of the Group to care for and promote the environmental care in addition to the normal operations of the Company. In 2020, the Company has participated in environmental care activities as follows.

- "Mangrove Plantation and Beach Cleaning Activity" in Rayong province to restore the ecosystem and reduce the amount of waste that affects the marine life.





- “Afforestation Project” on the Mother’s Day to increase green area and promote environmental conservation of 2020 with Hua Samrong Sub-district and Gateway City Industrial Estate, Chachoengsao province.



Community and Social Development

Considered as one of the founder’s intentions being held and carried on for more than 30 years, the Company is committed to “the Development of the Community or Society” by using the organization’s core competencies in healthcare services as a key guideline to develop communities and society and improve the quality of life by providing medical care that allows patients to survive without abnormalities or continue to live daily life without disability. The Company would continue to develop the center of excellence in various fields to provide the patients an access to the state of art medical care with high quality, to reduce the mortality rate and disorder of the body, allowing the patients to live their lives with quality.

Development of Medical Care Potential and Competency

- *Neonatal Intensive Care Unit (NICU)*

“Neonatal Intensive Care Unit (NICU) center” is one of the centers of excellence of the Chularat Hospital Group, which the founder intends to develop the potential to provide care services for newborns in crisis or newborns with high risk to survive without any complications or to prevent the occurrence of complications to a minimum level. Intended to be a part of sustainable social development without focusing on profit to develop and nurture the future human resources who have

good quality of life, NICU Center was opened in 2002 mainly because of an awareness of the importance of future human resources who can develop and bring the country to stability and sustainability together with the lack of good hospitals that have the potential to care for the newborns in crisis and the pregnant mothers with health problem. For more than 18 years, doctors, nurses and care teams have accumulated experience, knowledge, expertise in the care of a newborn baby in crisis until it is well accepted and trusted to be a “Reserve Center” for newborn babies in crisis in the eastern region from the National Health Security Office (NHSO) to help them to survive, grow and live normally, bring happiness and fulfillment to all family members.

- *Heart Center*

The Company sees the importance of every second (every second counts) which may cause the loss in many families of heart patients. The Company therefore has established the “Heart Center” providing Coronary Angiography service at Chularat 3 International Hospital, the first 24-hour heart center in Samutprakarn province, taking care of all heart patients with all medical treatment rights and acting as a “Referral Center” for heart disease in the eastern region. Up till now, Chularat 3 International Hospital has developed a full range of medical care for heart patients with a team of specialists and doctor in Cardiology, Cardiac Catheterization (CAG-

PCI) and Heart surgery, providing 24-hour service with 2 catheterization laboratories and expand this service at Chularat 11 International Hospital with 1 cardiac catheterization laboratory. Considered as one of the pride of the Company, this heart center has helped saving many patients with acute coronary artery disease (STEMI), improving the quality of life of the people in the eastern region and reducing the loss arising from heart disease.

- *Stroke Center*

The Company has committed to the development of medical care potential to create the quality of life for the people in the area. Being well aware of the importance of disability to live a daily life, a significant loss – no less than death, Stroke Center was opened in 2020 at Chularat 3 International Hospital. The Company has increased the potential in the treatment of ischemic stroke by Mechanical

Thrombectomy technique, which is the removal of blood clots in the cerebral vessels through a catheter to open the artery allowing the blood flow to the brain. This technique allows the ischemic stroke patients who arrive late to the hospital (more than 4.5 hours) and cannot be treated with blood clot dissolving drug to have alternative for treatment and return to normal life without disability (paralysis).

Health Promotion and Disease Prevention

Due to the COVID-19 outbreak in Thailand and other countries, a new virus which the general public do not have full understanding on the symptoms and transmissions, the Company organized the lectures and seminars on COVID-19 in companies, factories and communities in the hospital area to promote an understanding of the COVID-19 and knowledge on how to protect themselves from infection by infection control nurses.



“Smart Kids – Not addicted to Smart Phone” activity on the occasion of National Children's Day with a purpose to educate interested parents and guardians on child development. Various activities were provided with the purpose to foster the growth

and potential talented children who are the future children of the country such as talent contest, healthy baby contest, as well as various D.I.Y activities to promote the development and creativity.



“Mother Class” project was intended to have the pregnant prepare for their childbirth, have correct practices during pregnancy, learn about infant development, including knowledge on various

topics provided by specialized doctors, baby care demonstration from specialized nurses in child care to develop the knowledge and ability to look after the baby and promote good family relationships



Being aware of the importance of Safety in Workplace where the workers spent most of their daily lives (at least 8 hours a day.) and patients support in emergencies, the Company has provided “Healthcare Education and Knowledge” project in the workplaces around the hospital location. Considering to be a part to help the community and

society to have better quality of life, the Company therefore has provided the knowledge on life saving and disease prevention in various workplaces with the designed topics suitable for each workplace by knowledgeable person and experts in the said topics.



Community Relationship Management

The Company realizes the importance of having a good relationship with the community by participating in and being a part in communities' activities.

“Walk - Run Rally” with an objective to fund the purchase of medical equipment for Phuttasothorn Hospital in Chachoengsao province and to strengthen the relationship between public and private hospitals, including helping the patients admitted in Phuttasothorn Hospital to have complete and modern medical equipment.



“Blood Donation against the COVID-19 Campaign” to the 3rd National Blood Service Division in Chonburi province and the Red Cross Office in Chachoengsao province with an objective to provide blood to patients in various hospitals nationwide.



Recognizing the importance of saving lives of patients with coronary artery disease who may have acute heart attack while exercising, the Company has provided the automatic defibrillators to clubhouses in villages in the surrounding communities for primary life-saving support purpose.



In collaboration with the Provincial Social Security Offices, Chularat Hospital Group has provided the influenza vaccines to the insured person aged 50 years old or older under “Kick Off Healthy Thailand” campaign.



Quality Society Promotion by Sharing

In addition to helping the society by using the organization's core competency in medical care, the Company also understands other needs of the society. The Company has helped the society by providing donations, utensils and supplies, including the effort and contribution from clients and employees of the Company. In 2020, the Company

has initiated the activities to help the society in various ways as follow.

Many people faced with difficulties and economic crisis during the COVID-19 pandemic. To help the society and foster a sharing society, the Company has organized “Too-Pun-Suk” or “Happy Cabinet” project in all branches of Chularat Hospital Group.



Due to the COVID-19 pandemic, in order to reduce the exposure to the outbreak and keep social distancing, most Buddhists did not go out to make merit at the temples, causing the monks lacking of

the necessities for their daily life. Dr.Kumpol Plussind, CEO of CHG, has initiated the projects to provide surgical masks and hand sanitizers to the monks and the people in the community.



Innovation and the Dissemination of Innovation

In 2020, Thailand has faced with the COVID-19 pandemic, an emerging disease affecting Thailand and other countries, causing Thais to protect themselves from exposure to the virus. Chularat Hospital Group has innovated to provide New Normal patient care by implementing the communication technology together with the patient management method to provide the medical screening service via wireless networks and homecare services in order to lessen the congestion at the hospital and reduce the risk of exposure to the virus. In addition, Chularat Hospital Group has invented the hand-free alcohol hand gel dispensers and anti-touch screen to prevent the exposure to secretion during the communication. etc.

For the dissemination of innovative medical knowledge of the Company as a healthcare operator, the Company promotes and improves the quality of life of people in society by disseminating the knowledge and experience of Dr. Wichit Siritattamrong, a specialist in hand and microsurgery and a team of experienced orthopedics. Located in industrial

estate areas or factory area, the Company has more patients in the areas than any other areas. Aiming to create different types of treatment methods for the patients to receive the best medical treatment, the Company has granted home physicians and clinical specialists to attend the training program and field trips in the Orthopedic and Joint Center at Chularat 3 International Hospital to increase and develop this knowledge and expertise without any obligations. Trained physicians and doctors do not have to work with the Chularat Hospital Group. The Company has an intention that all trained doctors and specialists would move to several service areas other than Samutprakarn province to support and prevent Thai people all over the country from disability or loss of organs caused by various accidents enabling them to have better life and get back to work normally, resulting in a decrease in social problem arising from the disability. In 2020, the Company has disseminated the knowledge to a total of 4 doctors: 2 doctors from Police General Hospital, 1 doctors from Maharat Nakhonratchasima Hospital and 1 doctors from Thammasat University.



Internal Control and Risk Management

Overview of Internal Control

The Board of Directors and administrative division have a direct duty and responsibility to arrange and maintain an internal control system covering financial control, operation, corporate governance, and risk management. Therefore, the Board of Directors has appointed an Audit Committee with authority and duty to verify and ensure that the Company's financial reports are correct and adequate, the Company has an appropriate and effective internal control, the Company has an appropriate risk evaluation and management, the Company acts in accordance with the Securities and Exchange Acts, the Stock Exchange of Thailand (SET)'s rules and regulations, and laws involved with the Company's business.

Internal Audit department has duties and responsibilities to make an independent assessment of internal control and to ensure that the Company follows the present regulations of the government. The Company has an internal audit to inspect the works of various departments within the Company and subsidiary companies, including composing a report to present to an Audit Committee in every meetings. The Audit Committee will examine an internal audit report with the internal audit division to make a suggestion necessary for improving the policy of the internal audit division and for improving internal audit system of the Company. Internal Audit Committee will hold a meeting at least four times a year and in 2020 with the five meetings with a report on internal audit committee's opinions, submitting to the Board of Directors for consideration and to be disclosed in the Company's annual report.

For overseeing subsidiary companies, the Company will appoint a representative to join subsidiary companies' Board of Directors and assign an internal audit division of the Company to be in charge for examining the sufficiency of an internal audit system of subsidiary companies and report to the Company's Audit Committee for acknowledgement of various aspects so that the Company can examine the subsidiary companies' operation efficiently.

The Company has prepared a handbook on financial allowance (credit limit) and authorization, determining the scope of responsibility, decision authority and commands base on the level of position. The Company has a policy to review the said handbook every year to make it appropriate for future condition of business operation.

The Audit Committee has reviewed the internal controls of the Company for the year 2020 in the meeting No. 5/2020 dated December 8, 2020 and presented to the Board of Directors' Meeting No. 1/2021 held on February 25, 2020 with 3 Audit Committee members attended this meeting. The Board of Directors has reviewed and assessed the Company's internal control system by requesting for the information from the management and concluded that the Company's internal control systems for 5 elements are adequate and appropriate which are 1. Internal Control 2. Risk Assessment 3. Control of the operation 4. Information Systems and Data Communications 5. Monitoring systems. The Company has provided adequate personnel to implement the system effectively, including

having the internal control system to monitor the operations of its subsidiaries to ensure that the assets of the Company and its subsidiaries are not wrongly used by directors or management without an authorization, including any transactions with persons who may have conflicts of interest and the related parties. For other internal controls, the Board of Directors agreed that the Company has adequate internal controls as well.

Risk Management

The Board of Directors and administrative division have a direct duty and responsibility to arrange risk management. Therefore, Risk Management Committee 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 the future.
2. To appoint risk management strategy suitable for organization culture.
3. To create added-value to organization.

Risk Management Process

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

4 Classifications of Risk

1. **Strategic Risk:** Risks that are related to the establishing of strategy, the implementation and the inappropriate implementation plan. Strategic risks also include 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 each internal process and procedures, including Information Technology and Knowledge Management to achieve the operational goals. Operational Risk will affect the efficiency of overall organization's operational procedures and purposes.

3. **Financial Risk:** Risks that are related to financial management, which may arise from internal factors such as credit liquidity management and investment or external factors such as fluctuation of interest rate, exchange rate or the partner's inability to comply with agreement, causing the negative impacts to organization.

4. **Compliance Risk:** Risks that are related to compliance to regulator's rules and regulations such as the rules and regulations of the Security and Exchange Commission (SEC) and the Stock Exchange Market (SET), which could negatively affect the organization's reputation and image.

Risk Assessment

Risk assessment, a process and procedures after risk identification, consists of 2 major processes as follows:

1. **Risk Analysis** determines the root cause, source of risk, positive and negative impacts and also the chances of the impacts which may follow. Certain incident could affect several organization's purposes and objective. Moreover, risk analysis should also consider the current risk management measures and its efficiency.
2. **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 supervised.

Risk Likelihood Scale

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

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

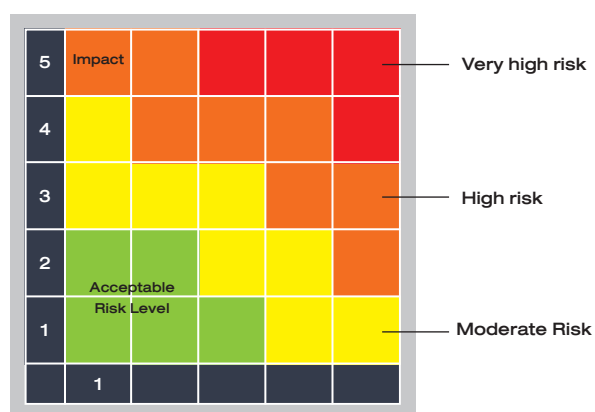
Risk Impact There are 5 risk impacts as below:

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

Damage Levels are classified into 5 rating as follow:

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

Risk Map



Risk map is a tool used 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) or Minor risks (green), risk management commission and the administrative division shall proceed as below:

- Analyzing and concluding Risk Map Evaluation and prioritizing the importance of risk.
- Presenting the conclusion of assessment to the Board of Director so as to select the key issues needed to manage and assign an administrative division for further management.
- Presenting the risk assessment and measures to risk management commission, auditor commission and the Stock Exchange Commission (SEC) for acknowledgement.

Risk management plan will be presented to the Board of Directors for consideration and approval on appropriated resources required to execute risk management. In order to select the most appropriate risk management, risk appetite in comparable with execution cost and benefits in relation to Law, regulation and social responsibility should be considered.

Acceptable risk is the risk rating which the stock exchange market can accept, allowing the organization to continue the operation and achieve the organization's purposes and goals. Therefore, in deciding risk management approach, the risk that may occur if there no risk management which seems unreasonable in the economic view, such as the risks that have significant negative impact but rarely occur, should be considered. Guideline for risk management shall be considered on case-by-case basis or may be considered together with other risks.

Risk Management Approach

- **Avoid:** The process to avoid incidents that lead to risk, mostly use in case of major risk that are unavoidable and could not bring down to acceptable level.
- **Share:** The process of sharing or transferring some or all risk to individual or organization outside such as the purchase of insurance.
- **Reduce:** The process to seek risk management measure to reduce likelihood of risk incident or reduce risk impact to an acceptable level such as preparation of contingency plan.
- **Accept:** The process of acknowledging current risk by taking no action to reduce the risk likelihood or risk impact, mostly applying with risk management in which the execution cost is more than the benefit.

Control Activity

Control Activity is the policy and operational process to ensure the risk management at an acceptable risk rating in order to prevent the negative impact that may affect organization's vision. Each organization has specific objectives and implementation techniques for their organization. Therefore, there are a variety control activities which could be divided into 4 categories as follows.

- **Preventive Control** is the control approach to avoid risk incident from the first step.
- **Detective Control** is the control approach to detect and control the occurred defect.
- **Directive Control** is the control approach to support or urge the targeted success.
- **Corrective Control** is the control approach to correct the occurred defect and prevent recurrence.

Therefore, to operate the control activities effectively and efficiently, execution cost and benefits expected to receive should be considered. The control activity should consist of the following elements:

- Operational procedures
- The assignment of personnel responsible for specific control activity, which should hold responsibilities as per below:
 1. Consider current risk management efficiency
 2. Consider additional control activity to increase risk management efficiency
- Schedule activity time-limit.

Risk management under stock exchange market should be communicated on risk assessment, risk control, risk control progress and major risk monitoring, including the unusual events to ensure as follows:

- Risk Owner closely monitors, evaluates, analyzes and manage appropriate risk management.
- Major risks that impact organization should be reported for its progress and risk tendency to director in charge and risk management commission.
- Set an appropriated and efficient internal control and being conducted to prevent and reduce any possible risks. Internal control are constantly reviewed and revised to be in line with the situation and the changed risks.

Risk Management Committee are entitled to coordinate with administrative division to provide risk management process report to the Board of Directors, Risk Management Commission, Audit Commission and Stock Market Commission for consideration and approval.

Administrative division should closely analyze and monitor the changing of internal and external environment, leading to the revision of overall risk management and risk prioritization.

Auditor's Notification

EY Office Company Limited, an auditor of financial statements – Quarterly and 2020, has no notification /observation on the Finance and Accounting Internal Control System of the Company.

The Company's Internal Audit Department Manager

The Audit Committee meeting on February 18, 2019 No. 1/2019 made a resolution to appoint Ms. Khemkulkorn Toomthong as an internal audit department manager from January 1, 2019 onward. Ms. Khemkulkorn Toomthong has an experience on internal audit work for ten years and was trained in programs involving internal audit operation i.e.

Certified Professional Internal Audit of Thailand (CPIAT) from The Institutes of Internal Auditors Thailand and Internal Auditing Certificate Program (IACP) from Federation of Accounting Profession and hold an understanding of the Company's activities and operations, thus it is decided that Ms. Khemkulkorn Toomthong is suitable for the mentioned duty.

According to the Audit Committee meeting No. 5/2020 on December 8, 2020, all three Audit Committee members have evaluated the performance of internal audit department manager of the Company for 2020 and agreed that the performance and operation met with internal audit standard, holding a knowledge and ability to work in response with the audit operation policy assigned by an Audit Committee. An appointment, an approval, a dismissal and transfer of personnel holding a position of internal audit department manager of the Company are approved by Audit Committee.



Cross Transactions

Cross transactions are transactions happening during 2019 and 2020, ending on December 31, 2019 and December 31, 2020 between the Company and subsidiary companies and individual/juristic person with a possibility of 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 December 30, 2020, the Plussind group holds 37.56 percent of the Company's share. Holding position as a Director and 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, 2020.

Commercial items and general service trades

Related individual / juristic person	Character of cross transactions	Value of transaction (Million Baht)		Reason and necessity	Opinion(s) of Audit Committee
		2019	2020		
1. Doctor who holds a position as director or executive	Doctor fees : There is compensation in doctor fees for directors and executives of the Company, including concerned personnel for 6 individuals.	29.83	28.83	Pricing Determination : Doctor fee was based on the criteria set by Royal Colleges of Medical Doctor which equals to the payment the Company paid for doctor fee to other doctors of the whole hospitals.	That transaction 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	2.55	2.64	Terms of payment : Within 30 days according to normal trade condition. Future transaction tendency : The mentioned transaction is the normal trade that would continuously happen in the future under normal conditions.	

Lease of land and property

Related individual / juristic person	Character of cross transactions	Value of transaction (Million Baht)		Reason and necessity	Opinion(s) of Audit Committee
		2019	2020		
1. Dr. Kumpol Plussind	Building rental fee : The Company has an expense from renting 2 units of the commercial building with 4.5-storey, 416 square meter utilizable space as an area for document storage of the Company. Account payable sum at the end of fiscal year	0.36	0.36	Rental Fee Determination : Lease agreement for 3 years, from November 1, 2018 to October 30, 2021, with rental fee of Baht 30,000 per month Terms of payment : Lease agreement requires the client to make an advance monthly payment as specified on an agreement. Future transaction tendency : The mentioned transaction is the transaction that will continue in the future under fair rental fee evaluation and general lease conditions.	The mentioned transaction is necessary and reasonable because the Company needs to use the mentioned building area for document storage, and the rental fee is in line with the evaluated price by independent valuer.
		- 0 -	- 0 -		

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 (SEC) and the Stock Exchange of Thailand (SET), so director 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 directors will follow regulations set up, and a directors 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 transaction 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 transaction and the Audit Committee has no proficiency on making a consideration for that cross transaction, the Audit Committee will arrange for an individual with special expertise, i.e. public accountant, independent asset valuer, to make an opinion about cross transaction in which opinions of the Audit Committee or an individual with special expertise will bring 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 benefit of every shareholders

- Normal business transactions and normal business supporting transactions 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 transaction, and not causing transfer of benefit. The internal audit will take a duty on data inspection and making a report for consideration to the Board of Director and give an opinion about appropriateness of the price and transaction in every quarter.
- Normal business transactions and normal business supporting transactions which has no normal trading conditions and other cross transaction, i.e. building rental records, and financial aid records such as loans, guarantee, etc. For these cases, the Company has a policy to submit it to 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 (SEC) and the Stock Exchange of Thailand (SET), including following regulation about disclosing transaction data for involved records and acquirement and dispose of important assets of the Company or subsidiary companies (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, form 56-1 and Annual Report.

The tendency on future cross transactions will be in the normal business operation of the Company, i.e. the payment of compensation for director as doctors, drug purchasing, building rental, etc. Furthermore, in the future the Company may have a necessity to give an additional support to its 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), the Stock Exchange of Thailand (SET) and other organizations involved.



Management Discussion and Analysis

Overview of past operating result

The Company operates a medical service business for patients. The income from hospital operation of the Company is divided into 2 categories, which are income from general patients and income from governmental welfare schemes. Main source of income is from general patients covering 62.5 percent, 62.6 percent, and 59.1 percent of total income from hospital operations in 2018, 2019, and 2020 respectively. Owing to the competitive location of the Company, located in the major industrial estates with lots of industrial factories, dense population, and steady urban growth, combined with our reputation on medical treatment quality and fair pricing policy, the Company experienced the constant revenue growth and increasing number of patients. The hospital income from operation increased from Baht 4,406.99 million in 2018 to Baht 5,165.61 million and Baht 5,432.84 million in 2019 and 2020 respectively, or increased by 17.21 percent and 5.71 percent respectively. The key factors behind steady growth of the Company's income are as follows:

- Increased General Patients:** The Company has a policy to increase our potential for medical service by recruiting more experienced doctors, nurses and specialists, including expand our capability on treating diseases with high complexity to attract general patients to choose the Company's treatment and services. As a result, number of general out-patient (OPD) have increased from 899,551 times in 2018 to 940,921 times in 2020 (average annual growth rate at 2.27 percent) while new service records of general in-patient (IPD) increased from 167 beds daily in 2018 to 184 beds daily in 2020 (average annual growth rate at 4.76 percent)
- Higher Average Income by case for general patient service:** With diversified medical service improvement and the Company's complicated medical services with high service charge for each treatment, an average income from each treatment to general patients was higher. Moreover, during 2018 to 2020, the Company made an adjustment for higher service charge to steady improve medical service quality. An average income from out-patient increased from Baht 1,606 to Baht 1,794 for each treatment while average income from in-patient increased from Baht 21,459 to Baht 22,688 for each treatment.
- Increased number of insured person under SSO:** The Company provides a standard quality service to every group of patients, enabling the Company to gain high reputation from patients in Social Security scheme. The number of registered person under Social Security scheme gradually increased from 421,700 people in 2018 to 442,910 people in 2020 (average annual growth rate at 2.48 percent)
- Increased medical service payment from SSO:** During 2018 - 2020, Social Security Office increased the reimbursement rate for basic payment (Fixed payment) and adjusted the global budget for statistics – High complexity diseases and Chronic diseases. Thanks to the Company's competency, the Company has higher than average number of patients with

chronic diseases compared to other hospitals under Social Security program from all over the country, resulting in an additional income based on an increased statistics for the services provided.

From aforementioned factors, the Company made a steady profit. In 2018, 2019, and 2020, the Company had net profit of Baht 633.88 million, Baht 705.24 million, and Baht 876.62 million, or an average increased 18.48 percent per annum, and could maintain net profit margin better than an industry average at 14.3 percent, 13.6 percent, and 16.1 percent respectively. Amidst the COVID-19 pandemic, the Company could manage to control costs very efficiently. Moreover, 2 new hospitals (Chularat

304 International and Ruampat Chachoengsao) could manage to have satisfactory operating result (lower loss) as planned. With a policy to improve the capability and competency on complicated diseases and good quality services, the Company expects to maintain the similar profit margin.

Operating Result Analysis

1. Income from Hospital Operations

The Company classified an income from hospital operations (“main income”) into 2 main groups based on patient’s types, which are an income from general patients and an income from governmental welfare schemes as shown in details in the table below:

Income from Hospital Operation	Fiscal year, ending on 31 December					
	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Income from general patients						
Income from outpatients (OPD)	1,444.71	32.8	1,653.59	32.0	1,688.37	31.1
Income from inpatients (IPD)	1,310.06	29.7	1,580.75	30.6	1,519.86	28.0
Total income from general patients	2,754.77	62.5	3,234.34	62.6	3,208.23	59.1
Income from governmental welfare schemes						
Social Security scheme	1,409.60	32.0	1,577.83	30.5	1,811.20	33.3
Other governmental schemes	242.62	5.5	353.44	6.8	413.41	7.6
Total income from governmental welfare schemes	1,652.22	37.5	1,931.27	37.4	2,224.61	40.9
Total income from hospital operations	4,406.99	100.0	5,165.61	100.0	5,432.84	100.0

From the table, the Company’s income during 2018, 2019 and 2020 were of Baht 4,406.99 million, Baht 5,165.61 million, and Baht 5,432.84 million respectively with an average annual growth rate at 11.03 percent. This significant growth is mainly due to the policy for promoting a potential in medical treatment service by increasing the number of doctors and nurses, including expansion of the capability on treating specialized diseases that

need medical specialists and diseases with high complexity, resulting in more general patients to choose the Company’s treatment and the increased number of insured persons under Social Security scheme. An average increase of income from general patients was 7.92 percent per annum, while that from governmental welfare program increased 16.04 percent per annum. However, the Company has a policy to increase the proportion of an income from

general patients because they yield more initial profit than those from governmental welfare programs. Income from general patients in 2020 was 59 percent of total income from hospital operations.

Main income classification:

(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). In 2018, 2019, and 2020 the Company had income from general patients of Baht 2,754.77 million, Baht 3,234.34 million, and Baht 3,208.23 million respectively, or average increase by 7.92 percent per annum. Income from out-patient (OPD) increased from Baht 1,444.71 million in 2018 to Baht 1,688.37 million in 2020 or average increase by 8.09 percent per annum while income from in-patient (IPD) increased from Baht 1,310.06 million in 2018 to Baht 1,519.86 million in 2020 or average increase by 7.72 percent per annum.

Main reason for a significant increased income from general patients during 2018 - 2020 was because visiting number of out-patient (OPD) increased significantly from 899,551 times in 2018 to 980,304 times and 940,921 times in 2019 and 2020 respectively, or average increased by 2.27 percent per annum while the rate of new clients of in-patient (IPD) increased from 167 beds daily in 2018 to 199 beds daily and 184 beds daily in 2019 and 2020 respectively, or average increased by 4.76 percent per annum. Increasing number of services provided was from an increased competency on medical service as well as diversity of services, e.g. Cancer Center, Gastrointestinal Center, Heart Center. The enhancement of medical service potential helps the Company to provide a complex medical services, resulting in an increased

average of revenue per times from general patients. In addition, the Company also added the medical service innovations in order to continuously improve the quality services. An average income from the out-patient (OPD) increased from Baht 1,606 per visit to Baht 1,794 per visit, while an average income from the in-patient (IPD) increase from Baht 21,459 per visit to Baht 22,688 per visit.

(2) Income from governmental welfare schemes

Income from government sector program in 2018, 2019, and 2020 were of Baht 1,652.22 million, Baht 1,931.27 million, and Baht 2,224.61 million respectively. Income from governmental welfare program consists of two main groups, which are income from Social Security program and income from other governmental programs.

Income from governmental welfare program are mostly from Social Security program covering over 85.28 percent, 81.71 percent, and 81.41 percent of the Company's income from governmental welfare programs in 2018, 2019, and 2020 respectively. Key Factors for this income are (1) Number of registered insured persons (2) Payment Policy for Basic payments and additional medical service fees, and (3) Hospital service potential/capability. Number of registered insured persons are steadily increased from 421,700 people in 2018 to 435,537 people in 2019, and 442,910 people in 2020 respectively or average increase by 2.48 percent per annum, while an income per head per year increased from Baht 3,341 person/year in 2018 to Baht 3,623 person/year in 2019, and Baht 4,089 person/year in 2020 mainly due to an increased reimbursement rate for basic payment (Fixed payment) and additional medical service fees. The average number of registered insured persons of the Company during 2018 - 2020 are as below:

Year	Number of insured persons (average)	Income from Social Security scheme (Million Baht)
2018	421,700	1,409.60
2019	435,537	1,577.83
2020	442,910	1,811.20

In 2020, the Company has an average number of insured persons by 442,910 people. After Chularat 3 International Hospital and Chularat 11 International Hospital are re-accredited for HA level 3, the Company can increase the number of quota at a maximum of 475,000 people. In addition, after an expansion in the future, the Company can also request for an additional quota. However, the management of the Company has no policy to expand the insured persons and most of the programs in the future are mainly for general patients.

Category of income from Social Security Office (SSO) :

- **Fixed Income from Social Security Office:**

Social Security Office established a fixed medical service for hospitals participated in Social Security program based on registered insured persons. There are two types of fixed income as follows.

- (1) **Initial or basic income (Capitation):** In

2012, capitation payment rate was Baht 1,446 person/year, increased to Baht 1,460 person/year in 2014 and increased to Baht 1,500 person/year effective since 1 July 2017. Effective from 1 January 2020, this basic payment increased to Baht 1,640 persons/year, with monthly payment to the Company. Therefore, income from capitation will depends on number of insured persons and subject to change in each month.

(2) Additional income from by Hospital

Accreditation (HA): During 2010 - June 2012, Social Security Office determined to pay additional service charge to hospitals with HA level 2 and level 3 at the rate of Baht 80 person/year. However, effective from July 2013, hospitals with HA level 2 would receive an additional service payment at the rate of Baht 40 person/year while hospitals with HA level 3 will receive additional service payment at the rate of Baht 80 person/year. As at 28 December 2012, Chularat 3 International hospital was accredited with HA level 3, in July 2013 Chularat 11 International hospital received HA level 3 while Chularat 9 Airport hospital was granted with HA level 2. In January 2018, Social Security Office changed this policy to provide Baht 60 person/year for Customer Complaint and Baht 60 person/year for Discharge Type services. Nevertheless, Social Security Office cancelled such policy effective by 1 January 2020.

- **Additional Social Security income base on**

statistics: Social Security Office provided an additional payment base on various statistics, such as complexity of diseases and service frequency of insured persons. The payment rate to each hospital differs depends on each hospital statistics compared to other hospitals' statistics under SSO program all over the country. The income in this category could be divided into two types as follows:

- (1) **Additional income from in-patient treatment**

(IPD) with high expense diseases: Effective in 2012, this income is for in-patient (IPD) admitted to the hospitals with high expense diseases. Social Security Office (SSO) used

a calculation approach by Diagnosis Related Groups (DRGs) for comparison on an expense of each category of diseases and determine unit for comparison called an Adjusted Relative Weight (Adj.RW). Note that Relative Weight is a measure of the average cost of caring for individual patients. The group of diseases with high expense according to this criteria should have an Adj.RW more than or equal to 2 ($\text{Adj.RW} \geq 2$) with the payment not more than Baht 15,000 per Adj.RW.^{1/}

(2) 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 (OPD) with 26 chronic diseases assigned by Social Security Office (60 percent of weight given), such as diabetes, hypertension, stroke, and chronic renal failure (CRF), etc. Second, in-patient (IPD) who have diseases with $\text{Adj.RW} < 2$ (40 percent of weight given). In 2011, 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 that of 2012,

which is Baht 432 person/year. However, the ratio of out-patient (OPD) with 26 chronic diseases was increased from 60 percent to 90 percent of weight given and in-patient (IPD) with diseases/conditions with $\text{Adj.RW} < 2$ decreased from 40 percent to 10 percent of weight given. Effective from 1 July 2017, the additional payment rate increased from Baht 432 person/year to Baht 447 person/year. In 2018, Social Security Office reduced the ratio of an $\text{Adj.RW} < 2$ from 10% to 0% and increased the ratio for chronic diseases from 90% to 100%. Effective from 1 January 2020, Social Security Office announced a global budget increase to Baht 453 person/year.

- **Income from treatment by specialist doctor:**

Some type of treatment by specialist doctor, the Company could request the service fee at actual under terms and service rate appointed by Social Security Office. If there were many patients using this specialized service, the Company would have an additional income. This service type includes hemodialysis, chemotherapy for cancer patients, open heart surgery, artificial organ implants for disease treatment, and brain surgery etc.

The Company has significant income increase from Social Security program due to (1) Increasing number of registered insured persons with the Company (2) Social Security Office considered

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 Adj.RW more or equals to 2, the result may be addition payment rate to Adj.RW 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 in case Adj.RW is more than or equal to 2

increasing the reimbursement rate for basic payment (Capitation) and the improved payment for in-patients (IPD) with high expense diseases enabling the insured person to receive an appropriated quality service and (3) the Company's continuous development of service standard. The Company had an opportunity to continuously provide the services to insured persons with risky condition, which is higher than an average statistical number compared to other hospitals under Social Security program from all over the country, enabling the Company to earn an additional income based on statistics.

Income from other governmental welfare programs is medical service charge received from National Health Security Office (NHSO), which the Company is not a primary service provider under NHSO (The 30 Baht Health Care Scheme). The Company provided the treatment to some illness with medical service charge under terms and service rate appointed by NHSO. The service types include hemodialysis, low birth weight neonates nursing (NICU), 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. Income from National Health Security Office (NHSO) was 14.68 percent, 18.28 percent, and 18.61 percent of the total income from governmental welfare schemes in 2017, 2018, and 2019, respectively.

Cost of Hospital Operations

Cost of hospital operations ("cost") composed of medical personnel and nurse compensation, medicine, medical supplies, medical consumables, depreciation expenses, and other costs. During 2018, 2019, and 2020, the Company's operations cost were of Baht 3,072.03 million, Baht 3,629.38 million, and Baht 3,684.54 million, respectively, accounted for 69.7 percent, 70.3 percent, and 67.8 percent of the total income, respectively.

The Company's average cost-to-income has decreased in 2020 because the Company has efficiently managed cost in line with the negative impact to revenue growth during the COVID-19 pandemic, resulting in a decreased cost ratio.

Major costs are doctor fees, medicine, medical supplies, and medical consumables.

Gross Profit

Income from hospital operations	Fiscal year, ending on 31 December					
	2018		2019		2020	
	Million baht	%	Million baht	%	Million baht	%
Income from hospital operations	4,406.99	100.0	5,165.61	100.0	5,432.84	100.0
Cost of hospital operations	(3,072.03)	(69.7)	(3,629.38)	(70.3)	(3,684.54)	(67.8)
Gross profit	1,334.95	30.3	1,536.24	29.7	1,748.30	32.2

The Company has gross profit during 2018, 2019, and 2020 of Baht 1,334.95 million, Baht 1,536.24 million, and Baht 1,748.30 million respectively with gross profit margin at 30.3 percent, 29.7 percent, and 32.2 percent, respectively. The Company's gross profit margin increased due to the Company's effective cost management policy.

Other Income

The Company has other income not related to hospital operations. These include rental fees, public utility fees, interest income, income from nurse assistant training, and other income. In 2018, 2019, and 2020, the Company's other income was less than 1.0 percent of total income.

Administrative Expenses

During 2018, 2019, and 2020, the Company has administrative expenses of Baht 570.07 million, Baht 672.38 million, and Baht 673.20 million, respectively. The increase of administrative expenses was mostly from an increasing in compensation and number of employees to support the company growth. The increase of other administrative expenses are the consequences of arising number of patients.

The proportion of administrative expenses compared to total revenues was 12.9 percent, 13.0 percent and 12.3 percent in 2018, 2019, and 2020, respectively. The similar rate of administrative expenses showed the effectiveness of the Company's management, although in 2018, the Company has recruited more personnel to support the growth.

The administrative expenses consist of employees and administrative executive's expense, depreciation, and utilities expenses. Major expenses are those related to employee and executives, which account for more than 50 percent of total administrative expenses.

Profit from Hospital Operations

During 2018, 2019, and 2020, the profit from hospital operations were of Baht 785.25 million, Baht 885.95 million, and Baht 1,103.96, respectively, or 17.7 percent, 17.1 percent, and 20.2 percent, respectively.

Financial Cost

Financial cost consists of interest expense from bank loan and leasing. The Company has financial cost for Baht 23.72 million, Baht 40.45 million, and Baht 35.64 million in 2018, 2019, and 2020 respectively. The Company used short-term loans at intervals for liquidity purpose and long-term loans for the construction of new projects and service area expansions.

Corporate Income Tax

Corporate Income Tax in 2018, 2019, and 2020 were of Baht 149.80 million, Baht 184.00 million, and Baht 218.73 million, respectively. However, with the Government's policy to promote the competitiveness of Thailand, stimulate the country's economy and attract foreign investments, Corporate Income Tax decreased from 23 percent to 20 percent in 2013.

Net Profit (loss)

The Company's net profit has steadily increased. In 2018, 2019, and 2020, the Company has the net profit of Baht 633.88 million, Baht 705.24 million, and Baht 876.62 million respectively, which was the results of (1) Increasing number of General patient (2) Increasing number of insured persons under SSO scheme (3) Increasing competency to treat and cure the complicated diseases at each Excellence Centers (4) Increasing statistics of service provided to SSO patients with risky condition and more than an average from other hospitals under SSO scheme (5) The Company's effective cost management. However, with the opening of 2 new hospitals and the continuous service area expansion to support the future growth, the Company's net profit margin slightly decreased to 14.3 percent, 13.6 percent, and 16.1 percent during 2017, 2018, and 2019, respectively. With the Company's cost management efficiency, the Company could manage to maintain high level of net profit margin. The Company's cost of hospital operations was 69.4 percent, 70.0 percent, and 67.5 percent of the total revenue, while the administrative expense to total revenues was 12.9 percent, 13.0 percent, and 12.3 percent in 2018, 2019, and 2020, respectively.

Financial Status Analysis

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, medicine and medical supplies and inventories), and Non-Current Assets (Investment in subsidiaries, other long-term investment, investment properties, and property, plant and equipment). Total assets as at December 31, 2018, 2019, and 2020 was of Baht 5,708.18 million, Baht 6,265.69 million, and Baht 6,200.78 million, respectively, with the ratio of current assets between 27.9 percent to 28.4 percent during that time period.

As at December 31, 2018, 2019, and 2020, the Company's Current Assets were of Baht 1,591.95 million, Baht 1,764.17 million, and Baht 1,763.21 million, respectively. The decreasing of Current Assets was mostly from accrued medical treatment income.

As at December 31, 2018, 2019, and 2020, the Company has Non-Current Assets amounting to Baht 4,116.23 million, Baht 4,501.52 million, and Baht 4,437.57 million, respectively. Changes in

property, plant and equipment from 2018 to 2020 were from hospital expansion plan to support the Company growth.

Account Receivable

The Company has trade receivables at December 31, 2018, 2019, and 2020, for Baht 338.24 million, Baht 443.63 million, and Baht 481.21 million, respectively. The constant increase of trade receivables was a result from the Company's expansion. The proportion of trade receivables not over three months was 74.0-77.8 percent of total trade receivables. A decrease in debt collection period showed the Company's effective management in the collection of receivables, resulting from the strict policies on collection of receivables and from computer program development for account receivable control and management.

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, they will be written-off with an approval from management.

Trade receivables at December 31, 2018, 2019, and 2020 are as follows.

Outstanding Account Receivables	At December 31					
	2018		2019		2020	
	Million baht	%	Million baht	%	Million baht	%
Age of outstanding debts by aging						
Up to 3 months	249.57	77.8	322.05	76.0	342.55	74.0
3 - 6 months	41.45	12.9	58.11	13.7	48.67	10.5
6 - 12 months	16.38	5.1	27.25	6.4	34.85	7.5
Over 12 months	19.80	6.2	22.77	5.4	48.15	10.4
Total account receivable	327.20	102.0	430.17	101.5	474.21	102.4
<u>Less : Allowance for doubtful accounts</u>	(6.54)	(2.0)	(6.40)	(1.5)	(11.32)	(2.4)
Total trade accounts receivable - net	320.66	100.0	423.78	100.0	462.89	100.0

Other receivables

Other receivables are receivables not related with the hospital operations. As at December 31, 2018, 2019, and 2020, the Company had other receivables of Baht 17.59 million, Baht 19.85 million, and Baht 18.32 million, respectively.

Accrued Medical Treatment Income

Accrued medical treatment incomes from Social Security Office (SSO) and National Health Security Office (NHSO) can be categorized into 3 groups as follows.

- 1) **Accrued Social Security income according to medical service statistics**, such as, (1.1) accrued income base on medical service rates, which was cancelled in 2012, (1.2) accrued income base on statistics for in-patient (IPD) with high expense diseases (Adj.RW > 2, Severe Diseases.) effective since 2012, and (1.3) accrued income base on statistics for patients with risky condition (Chronic Diseases). The Social Security

Office will collect patient statistic data from all hospitals under SSO program for the calculation of additional service payment to each hospitals, which the Company used an appropriated assumption in estimating expected income each time.

- 2) **Other accrued Social Security income** are results from medical services by specialist doctor such as blood dialysis using artificial kidney unit (hemodialysis), chemotherapy for patients with cancer, equipment used for open heart surgery, artificial organ implant etc. After treatment, the Company will send medical service report to Social Security Office as an evidence for bill payment.
- 3) **Accrued National Health Security Office (NHSO) income** are medical services by specialist doctor such as hemodialysis and a referral center for Heart Diseases.

Accrued medical treatment income as at December 31, 2018, 2019, and 2020 are as follows.

Accrued Medical Treatment Income	At December 31					
	2018		2019		2020	
	Million baht	%	Million baht	%	Million baht	%
Social Security Office						
Accrued medical treatment income provided to patients with severe diseases	179.22	30.1%	103.32	16.8%	197.46	39.4%
Accrued medical treatment income of chronic diseases	152.80	25.7%	186.73	30.4%	98.60	19.7%
Accrued social security income - others	154.14	25.9%	148.21	24.1%	99.99	19.9%
Total accrued social security income	486.17	81.7%	438.27	71.4%	396.05	79.0%
National Health Security Office						
Accrued NHSO income	126.10	21.2%	178.20	29.0%	107.90	21.5%
Total accrued medical treatment income	612.26	102.9%	616.46	100.4%	503.95	100.5%
Less Allowance for doubtful accounts	(17.42)	-2.9%	(2.52)	-0.4%	(2.52)	-0.5%
Total accrued medical income - net	594.84	100.0%	613.95	100.0%	501.43	100.0%

Accrued Social Security income in 2019 decreased by Baht 47.90 million mostly due to faster payment process management for medical treatment income provided to patients with severe diseases by the Social Security Office. In 2020, Accrued Social Security income decreased by Baht 42.22 million due to the payment criteria adjustment for accrued medical treatment income of chronic diseases and faster payment process management for medical treatment provided to patients with severe diseases. However, the medical treatment income provided to patients with severe diseases increased in 2020 mainly due to an increasing number of IPD, reflecting the revenue growth from Social Security Office.

Accrued NHSO income in 2019 increased Baht 52.10 million and decreased Baht 70.30 million in 2020, mostly due to the faster payment process management by National Health Security Office.

Medicine, medical supplies and inventorial consumables

As at December 31, 2018, 2019, and 2020, the Company has medicine, medical supplies, and inventorial consumables (“inventory”) of Baht 141.61 million, Baht 160.73 million, and Baht 179.16 million, respectively. The average inventory period was 15-15-17 days during 2018-2020. Inventory level and the average inventory period of the Company is at a constant rate due to the effective inventory management system.

Inventories are shown in the table below,

Inventories	At December 31					
	2018		2019		2020	
	Million baht	%	Million baht	%	Million baht	%
Medicine	87.68	61.9	94.56	58.8	110.46	61.7
Medical supplies	20.82	14.7	27.31	17.0	32.42	18.1
Medical instruments	1.25	0.9	0.52	0.3	0.14	0.1
Other supplies	31.85	22.5	38.34	23.9	36.15	20.2
Total	141.61	100.0	160.73	100.0	179.16	100.0

The Company has no provision for deteriorated inventories from expiration because the Company has inventory management efficiency, including assigning the officers to inspect the medicines and medical supplies in the warehouse and patient wards on a monthly basis. Moreover, with the Company’s good relationship with medicine distributor, medicines near expiry date could be returned for exchange to the new lot.

Property, Plant and Equipment, net

As at December 31, 2018, 2019, and 2020, the Company has property, plant and equipment amounting to Baht 3,831.02 million, Baht 4,220.51

million, and Baht 4,091.33 million, respectively. The Company has continuously invested in property, plant and equipment to enhance the service capability and support the future growth. Cash for investment was Baht 634.97 million, Baht 706.95 million, and Baht 256.11 million, respectively. Main category of non-current asset that the Company invested in was medical tools and equipment, new buildings and service area expansion.

Intangible assets

Intangible assets are computer software. As at December 31, 2018, 2019, and 2020, the Company has intangible assets amounting to Baht 16.93

million, Baht 34.59 million, and Baht 35.43 million, respectively. The Company continuously invested in computer software to support the business growth.

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, 2018, 2019, and 2020, were Baht 1,964.75 million, Baht 2,370.25 million, and Baht 2,007.60 million, respectively. The proportion of current liability was between 65.93 percent to 71.19 percent of total liability.

Trade and other payables are the highest proportion in liability without interest. As at December 31, 2018, 2019, and 2020, the Company has ratio of trade and other payables to total liability of 28.83 percent, 25.60 percent, and 28.39 percent, respectively. Major trade payables consist of medicine, medical supplies, and consumables which the Company purchased to provide the medical treatment services, whereas other payable consists of accrued doctor fees, accrued expense, and other payables 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 used short term loans occasionally for operational liquidity. As at December 31, 2018, 2019, and 2020, the Company had outstanding short term loans at amount of Baht

530.0 million, Baht 820.0 million, and Baht 570.0 million, respectively.

Long term loans were used for the purpose of the building construction according to service area expansion plan. As at December 31, 2018, 2019, and 2020, the Company had outstanding long term loans at amount of Baht 682.15 million, Baht 676.61 million, and Baht 543.53 million, respectively.

Commitments and contingent liabilities

As at December 31, 2020, the Company has total commitments of Baht 544 million, divided into capital expenditure of Baht 278 million and operating lease of Baht 29 million. Capital expenditure consisted of construction of building for service area expansion and acquisition of tools and equipment. The Company had capital commitment amounting to Baht 237 million in respect of the uncalled portion of investment in the subsidiaries.

Shareholders' equity

As at December 31, 2018, 2019, and 2020, the Company has total shareholders' equity amounting to Baht 3,562.97 million, Baht 3,702.47 million, and Baht 4,024.47 million, respectively. The steady growth on shareholders' equity was because the Company could manage to continuously maintain the revenue growth and net profit margin.

Financial Structure

The Company has a strong financial structure with key ratios as at December 31, 2018, 2019, and 2020 as follows:

- Debt to equity ratio was 0.55, 0.64, and 0.50 respectively.
- Interest-bearing debt-to-equity ratio was 0.34, 0.42, and 0.28, respectively.
- Interest coverage was 33.25, 21.98, and 31.05 respectively.

Compared to other hospitals registered in the Stock Exchange of Thailand (SET), the Company's debt to equity ratio is still at the industry average, showing the Company's conservative financial policy and increasing the Company's potential to borrow additional loans from financial institutions for future expansion plan.

Liquidity

Cash flows

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

(Million Baht)	As at December 31		
	2018	2019	2020
Net cash from (used in) operating activities	694.51	974.12	1,297.59
Net cash from (used in) investing activities	(667.03)	(757.46)	(266.52)
Net cash from (used in) financing activities	29.16	(219.75)	(951.08)
Net increase (decrease) in cash and cash equivalents	56.64	(3.09)	80.00
Cash and cash equivalents at beginning of year	414.00	470.64	467.55
Cash and cash equivalents at end of year	470.64	467.55	547.54

During 2018 to 2020, the Company has an increase in net cash from operating activities amounting to Baht 694.51 million, Baht 974.12 million and Baht 1,297.59 million, respectively. Cash flows from operating activities was increased in line with an increase of operating profit and good debt collection.

Current ratio

During 2018, 2019, and 2020, the Company has current ratio of 1.23, 1.05 and 1.23, respectively, while the quick ratio was 0.64, 0.57, and 0.72, respectively. Considering all liquidity ratios, it is found that the Company's liquidity is very high, showing the Company's capability to pay short-term obligations.

Cash cycle

During 2018, 2019, and 2020, the Company has an average cash cycle of 25 days, 27 days, and 27 days, respectively. These cycles show that the Company has to prepare cash for business operations by an average of 30-40 days. The Company managed the liquidity by using internal cash flows and occasionally used short-term loans from financial institutions.

Return on Equity Analysis

The Company's Return on Equity (ROE) ratio in 2018, 2019, and 2020, was at 17.93 percent, 18.30 percent, and 22.06 percent, respectively. These steady ratios are mainly because of the Company's effective cost management. Net Profit Margins were at 14.31 percent, 13.59 percent, and 16.04 percent in 2018, 2019, and 2020 respectively, increased due to the Company's effective cost management policy.

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

Industry and population in service area

All 9 hospitals in the Group are located in important industrial estates of Samutprakan, Chachoengsao, Chonburi, Prachinburi, and Rayong provinces where there are a lot of employees. Moreover, there were more immigrants continuously moving to these areas along with the industry growth. As the result, the Company gain the benefit from patient growth, both in social security program and general patients.

ASEAN Economic Community (AEC)

Healthcare business of Thailand gained the benefits from roadmap on setting up AEC in 2015. Thanks to high standard of treatments and services, including high quality personnel and low medical treatment cost compared other countries with the same quality of service, it is expected that there will be more international patients coming to Thailand. With the Company's policy to continuously develop the specialized treatments through Excellence Centers, including the fact that Chularat 3 International Hospital and Chularat 9 Airport Hospital are located within 10 kilometers radius from Suvarnabhumi airport, it is expected that the Company will have more international patients from AEC in the future. Chularat 3 International hospital is internationally accredited by Joint Commission International (JCI), which could create international patients' confidence in the quality service standard of the Company.

Ratio of income from general patients

The ratio of income from general patients was 62.5 percent, 62.6 percent, and 59.1 percent in the year 2018, 2019, and 2020, respectively. During 2018 to 2020, income from general patients

increased from Baht 2,754.77 million to Baht 3,208.23 million, or increased on average of 7.92 percent per annum. The visiting number of general out-patient (OPD) increased from 899,551 times/year in 2018 to 980,304 times/year in 2019 and 940,921 times/year in 2020, respectively or increased on average of 2.27 percent per annum. The admission number of general in-patient (IPD) increased from 167 beds/day to 199 beds/day and 184 beds/day, respectively, in 2018, 2019, and 2020 or increased on average of 4.76 percent per annum.

In the future, the Company has a policy to increase number of general patients by enhancing the potential to offer and focus on specialized medical services, expanding and renovating the service areas, adding the medical instruments and equipment with the latest technology and increasing **a variety of Excellence Centers such as Neurology and Stroke Center, Brain and Spine Surgery, In Vitro Fertilization (IVF), and Heart Center**. Moreover, the Company will also use proactive marketing strategy to penetrate general clients, such as giving a discount to patients having health insurance plan with insurance companies who are the contractors with the Company. Income from general patients generates higher profit margin than those from governmental welfare programs, thus promoting income ratio from general patients would contribute positively to the profit trend of the Company in the future.

Changes in the Government Policy

Income from the governmental welfare schemes of the Company during 2018 – 2020 was 37.5 percent, 37.4 percent and 40.9 percent of total income from hospital operations. Income from Social Security program was 32.0 percent, 30.5 percent, and 33.3 percent of total income from hospital

operations. Therefore, changes in social welfare policy of the government may significantly affect the Company's operating result in the future.

Furthermore, the government announced a policy to decrease the Corporate Income Tax to 20 percent since 2013 to enhance the competitiveness of Thailand, promote the country's economy and attract foreign investments. As the results, this would contribute positively to the Company's business operations, financial status, and liquidity in the future.

Changes in Medical Services Rate of Social Security Office

In 2012, the Social Security Office considered increasing medical services rate for the hospitals providing medical treatments and services for severe diseases with high expense. The major changes are as follows.

- **Increasing the basic payment rate (Capitation):** The capitation payment rate continuously increased from Baht 1,306 person/year in 2008 to Baht 1,404 person/year in 2009, to Baht 1,446 person/year in 2012, to Baht 1,460 person/year in 2014, and to Baht 1,500 person/year since 1 July 2017. Effective from 1 January 2020, Social Security Office announced to increase to Baht 1,640 person/year with a consideration for increasing this payment every 3 years.
- **Changes in additional capitation payment rate based on quality of hospital:** Since July 2012, the hospital with HA level 2 will receive an additional payment of Baht 40 patient/year and the hospital with HA level 3 or JCI will receive Baht 80 patient/year. On 31 December 2014, Chularat 3 International hospital was accredited with HA level 3 and JCI standards, Chularat 11 International hospital was granted with HA level

3 and Chularat 9 Airport hospital was accredited with HA level 2 standard. In 2017, Social Security Office cancelled this payment criteria and switched to pay base on Customer Complaint and Discharge Type with a purpose to have the insured person participating in the payment assessment. However, in 2020 Social Security Office announced to cancel such payment.

- **Medical Service rate in case of in-patient (IPD) with high expense diseases:** This new additional payment started in 2012 for cases of in-patient (IPD) with high expense disease and patient must be admitted to the hospital. Social Security Office used the calculation approach related to Diagnosis Related Groups (DRGs) for making a comparison expense of each category of disease and determine unit of comparison called Adjusted Relative Weight (Adj.RW). If a patient suffered from a disease with Adj.RW more than or equal to 2 ($\text{Adj.RW} \geq 2$), the Company will receive additional service fee from Social Security Office with the limit of not more than Baht 15,000 per Adj.RW.
- **Changes in medical service rate according to number of services provided to patients with risky condition (Chronic Diseases):** The Global budget of medical service rate for risky conditions changed from Baht 432 patient/year to Baht 447 patient/year since 1 July 2017. Effective from 1 January 2020, the global budget increased to Baht 453 patient/year.

Conclusion, the Company gained the benefits from changes in payment rate mentioned above, with an increasing income from Baht 3,341 patient/year in 2018 to Baht 4,089 patient/year in 2020. The government will determine the medical service rate

for each category of social security program, which are subject to change base on appropriateness and cost of treatments.

Effect from New and Revised Accounting Standard

Aiming to align Thai Financial Statement standard with the corresponding International Financial Statement standard, the Federation of Accounting Professions announced a revised accounting standards and new accounting standards. Part of the standards effective now and will be effective are as follows;

(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 2019) which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarized below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosure
TFRS 9 Financial Instruments

Accounting standards:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standards 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. The adoption of these standards has the impact on the Group's financial statements to result in the following adjustments.

- Recognition of credit losses that the Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables and the general approach to consider the impairment of loan.

The Group recognized the cumulative effect of the adoption of these financial reporting standards as an adjustment to the retained earnings and other components of shareholders' equity as at 1 January 2020, and the comparative information was

not restated. The cumulative effect of the change is described in Note 4 to the consolidated financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to the retained earnings and other components of shareholders' equity as at 1 January 2020, and the comparative information was not restated. The cumulative effect of the change is described in Note 4 to the consolidated financial statements.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to the situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, impairment of assets, and impairment of goodwill.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Group's financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

Report of the Board of Directors on the Financial Statements

The Board of Director is responsible for the separated 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 2020, 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 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 Office Company Limited, which gave unconditional opinions to the Company. The Company provided support in information and documents to EY Office Company Limited, so they can audit and express opinions according to auditing standards.

The Board of Directors 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.

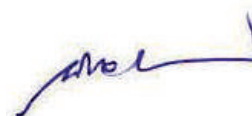
The Board of Directors has appointed the Audit Committee consisting of independent directors to be responsible for reviewing the accounting policies and Internal Control System, the quality of financial report and the internal audit, including the assessment of risk management system together with Risk Management Committee. The Audit Committee also consider and review 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 of Directors is reasonably confident that the separate financial statements and consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020 are reliable in compliance with generally accepted accounting standards and the 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 qualified under the rules of the Stock Exchange of Thailand (SET). 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 |

Ms. Khemkulkorn Toomthong is the Secretary to the Audit Committee.

In 2020, the Audit Committee had a total of 5 meetings in which all Audit Committee have 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 and acted 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 result in the report of Audit Committee and presented to the Board of Directors for acknowledgement.

Base on the performance of 2020, the Audit Committee concluded the opinions with key information as follows:

1. The Audit Committee has reviewed the quarterly financial statements and the annual financial statements 2020 of the Chularat Hospital Public Company Limited and its subsidiaries on significant issues by querying and gathering comments from management and the auditors about the accuracy, completeness and reliability of the financial statements and adequate disclosure of information. The Audit Committee has agreed with the auditor that the financial statements have been prepared correctly in accordance with generally accepted accounting standards.
2. The Internal Control system of the Company is appropriate and effective as it should be.
3. The related transactions or the transactions with conflicts of interest appeared in 2020 were considered as usual as normal business and reasonable for the interests of the Company, including adequate disclosure of information according to the requirements of the Stock Exchange of Thailand (SET).
4. The Company acted in accordance with the framework of the law regarding the Securities and Exchange Commission (SEC) as well as other laws and regulations related to the business of the company.
5. For the fiscal period ended 31 December 2020, the certified public accountant to audit the financial statements of the Company is Ms. Kosum Cha-Em, Certified Public Accountant

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. Therefore, 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 or Ms. Kosum Cha-Em, Certified Public Accountant No. 6011 or Mr. Kritsada Lerdwana, Certified Public Account No. 4958 of EY Office Limited to be the auditors of the Company for 2021 with their total remuneration of 1.62 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



Internal Control System Sufficiency Evaluation Form

[CHULARAT HOSPITAL GROUP (PUBLIC) COMPANY LTD,
February 19, 2021]

This evaluation form is prepared by the Board of Directors

This is the opinion of the Board of Directors
regarding the Sufficiency of the Internal Control System

Control Environment

1. Demonstrates commitment to integrity and ethical values

Question	Yes	No
1.1 The Board of Directors and Management set principles of integrity and operational code of conduct which are being practiced in the following area:		
1.1.1. Daily routine and decisions making.	●	
1.1.2. Treatment of partners, customers and third party.	●	
1.2 There are written regulations to ensure that executives and employees operates with integrity and ethics which include:		
1.2.1. Suitable code of conduct for executives and employees.	●	
1.2.2. 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 corruption which may damage the organization.	●	
1.2.3. Appropriate penalty in case of violation of the aforementioned regulations.	●	
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.	●	
1.3 Code of Conduct: There is a procedure to monitor and assess that code of conduct are being followed.		
1.3.1. Monitoring and assessment by an internal audit unit or a compliance unit.	●	
1.3.2. Self-assessment by executives and employees.	●	
1.3.3. Assessment by independent professional from outside the organization.	●	
1.4 There is a timely management when there is non-compliance in regulation on integrity and code of conduct.		
1.4.1. There is a procedure that would timely identify any non-compliant action.	●	
1.4.2. There is a procedure to timely and suitably penalize or manage the non-compliant action.	●	
1.4.3. Actions that are in violation of principles on integrity and code of conduct are timely and suitably corrected	●	

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.	<input checked="" type="radio"/>	<input type="radio"/>
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	<input checked="" type="radio"/>	<input type="radio"/>
2.3 The Board of Directors oversees that the Company follows the laws and charters regarding the roles and duties of the 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.	<input checked="" type="radio"/>	<input type="radio"/>
2.4 The Board of Directors are knowledgeable about the Company's business and possess expertise that would be beneficial to the Company or able to seek advice from experts in the field.	<input checked="" type="radio"/>	<input type="radio"/>
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.	<input checked="" type="radio"/>	<input type="radio"/>
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.	<input checked="" type="radio"/>	<input type="radio"/>

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, including an 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 unit which reports directly to the Audit Committee; there is a clear line of report.	<input checked="" type="radio"/>	<input type="radio"/>
3.2 Top management sets up line of report by considering duties, responsibilities and communication.	<input checked="" type="radio"/>	<input type="radio"/>

Question	Yes	No
3.3 Roles and responsibilities are suitably defined and assigned between the Board of Directors, top executives, management and employees.	<input checked="" type="radio"/>	<input type="radio"/>

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 a policy and practice for recruiting, developing and retaining knowledgeable personnel and regularly reviews such policy and practice.	<input checked="" type="radio"/>	<input type="radio"/>
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.	<input checked="" type="radio"/>	<input type="radio"/>
4.3 The Company has a process to timely solve or prepare for the event that the company lack knowledgeable personnel.	<input checked="" type="radio"/>	<input type="radio"/>
4.4 The Company has a process to recruit, develop and retain all executives and employees such as providing mentoring system or training.	<input checked="" type="radio"/>	<input type="radio"/>
4.5 The Company provides succession plan for significant roles	<input checked="" type="radio"/>	<input type="radio"/>

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 Management have procedure and communication to enforce all personnel to have responsibilities for internal control and if necessary, provide corrective measure for such procedure.	<input checked="" type="radio"/>	<input type="radio"/>
5.2 The Board of Directors and 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.	<input checked="" type="radio"/>	<input type="radio"/>
5.3 The Board of Directors and Management regularly evaluates the incentives and rewards by focusing on the connection between the success of the performance and the compliance of internal control.	<input checked="" type="radio"/>	<input type="radio"/>
5.4 The Board of Directors and Management make sure that there is not too much pressure on each personnel duty.	<input checked="" type="radio"/>	<input type="radio"/>

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.	<input checked="" type="radio"/>	<input type="radio"/>
6.2 The Company defines the essence of the financial statements by considering the major factors such as the user of the financial report, the size of transaction and the business trend.	<input checked="" type="radio"/>	<input type="radio"/>
6.3 The Company's financial report truly reflects the Company's operational activities.	<input checked="" type="radio"/>	<input type="radio"/>
6.4 The Board of Directors or the Risk Management and Investment Committee approves and communicates the risk management policy to all executives and employees to ensure that such policy is acknowledged and practiced as a part of the organizational culture.	<input checked="" type="radio"/>	<input type="radio"/>

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.	<input checked="" type="radio"/>	<input type="radio"/>
7.2 The Company analyses all internal and external risk factors including strategic risk, operational risk, reporting risk, rule and regulation compliance risk and technological risk.	<input checked="" type="radio"/>	<input type="radio"/>
7.3 All levels of Management are involved with risk management.	<input checked="" type="radio"/>	<input type="radio"/>
7.4 The Company evaluates the risk by considering the chance of occurrence and the effect that may occur.	<input checked="" type="radio"/>	<input type="radio"/>
7.5 The Company has measures and action plans to handle risk by accepting, reducing, avoiding or sharing risks.	<input checked="" type="radio"/>	<input type="radio"/>

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 types 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.	<input checked="" type="radio"/>	<input type="radio"/>
8.2 The Company reviews 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 figures.	<input checked="" type="radio"/>	<input type="radio"/>
8.3 The Audit Committee has considered and questioned the Management regarding the chance of fraud and the prevention or correction measure.	<input checked="" type="radio"/>	<input type="radio"/>
8.4 The Company has communicated with all employees so that they understand and comply with existing policies and guidelines.	<input checked="" type="radio"/>	<input type="radio"/>

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 statement and defines adequate measures to handle such changes.	<input checked="" type="radio"/>	<input type="radio"/>
9.2 The Company evaluates the change in business model that may affect the operations, internal control, and financial statement and defines suitable measures in response to such change.	<input checked="" type="radio"/>	<input type="radio"/>
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.	<input checked="" type="radio"/>	<input type="radio"/>

Control Activities

10. The organization selects and develops control measures 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 conditions.	<input checked="" type="radio"/>	<input type="radio"/>
<p>10.2 The Company has written internal control procedure that appropriately covers all procedures 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 are also the following procedures:</p> <p>10.2.1. The record of major shareholders, 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.</p> <p>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 cCompany has monitored and ensured 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.</p>	<input checked="" type="radio"/>	<input type="radio"/>
10.3 The Company sets up suitable varieties of internal control namely manual and automated control or the prevention and monitoring control.	<input checked="" type="radio"/>	<input type="radio"/>
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.	<input checked="" type="radio"/>	<input type="radio"/>
<p>10.5 The Company completely separates 3 following responsibilities from one another in order to have check and balance:</p> <p>(1) Approving duty</p> <p>(2) Recording accounting transaction and information and</p> <p>(3) Assets storing</p>	<input checked="" type="radio"/>	<input type="radio"/>

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.	<input checked="" type="radio"/>	<input type="radio"/>
11.2 The Company should define suitable control for technology system fundamental.	<input checked="" type="radio"/>	<input type="radio"/>
11.3 The Company should define suitable security control for technology system	<input checked="" type="radio"/>	<input type="radio"/>
11.4 The Company should define suitable control for the procurement, development and maintenance of the technology system	<input checked="" type="radio"/>	<input type="radio"/>

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.	<input checked="" type="radio"/>	<input type="radio"/>
12.2 The Company has a policy to ensure that a transaction must be approved by the person who has no personal interest in such transaction.	<input checked="" type="radio"/>	<input type="radio"/>
12.3 The Company has a policy to approve transaction by considering the Company's utmost benefit and consider the transaction on an arms' length basis.	<input checked="" type="radio"/>	<input type="radio"/>
12.4 The Company has a 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. <i>(If the Company does not have subsidiaries or associates, the Company does not have to answer this question)</i>	<input checked="" type="radio"/>	<input type="radio"/>
12.5 The Company sets the roles and responsibilities that the executives and the employees are to implement the policy in their operations.	<input checked="" type="radio"/>	<input type="radio"/>
12.6 The Company's policies and processes are suitably implemented by capable personnel including the process of operation correction.	<input checked="" type="radio"/>	<input type="radio"/>
12.7 The Company regularly reviews its policy and process of practice.	<input checked="" type="radio"/>	<input type="radio"/>

Information & Communication

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.	<input checked="" type="radio"/>	<input type="radio"/>
13.2 The Company considers the cost and benefit as well as the quantity and correctness of the information.	<input checked="" type="radio"/>	<input type="radio"/>
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.	<input checked="" type="radio"/>	<input type="radio"/>
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.	<input checked="" type="radio"/>	<input type="radio"/>
13.5 The Company provides detailed minutes of Board of Directors' meeting so that each director's performance can be reviewed. For example, record of Directors' questions, opinions, comments on the considered matters; the opinion of the Directors who do not approve the proposed agenda and his/her reason.	<input checked="" type="radio"/>	<input type="radio"/>
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.	<input checked="" type="radio"/> <input checked="" type="radio"/>	<input type="radio"/>

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.	<input checked="" type="radio"/>	<input type="radio"/>

Question	Yes	No
14.2 The Company regularly reports important information to the Board of Directors and the Board of Directors has an access to the information source 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 Management outside of the Board meeting, etc.	<input checked="" type="radio"/>	<input type="radio"/>
14.3 The Company provides special or confidential communication channel so that its personnel can securely report information or clue regarding fraud or corruption (whistle-blower hotline) to the Company.	<input checked="" type="radio"/>	<input type="radio"/>

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

Question	Yes	No
15.1 The Company has a 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.	<input checked="" type="radio"/>	<input type="radio"/>
15.2 The Company provides special or confidential communication channel so that the stakeholders outside the organization can securely report information or clue regarding fraud or corruption (whistle-blower hotline) to the Company.	<input checked="" type="radio"/>	<input type="radio"/>

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 prohibits the Management and employees from conducting themselves in a manner 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.	<input checked="" type="radio"/>	<input type="radio"/>
16.2 The Company reviews the internal control system through self-assessment and/or independent assessment by internal auditor.	<input checked="" type="radio"/>	<input type="radio"/>

Question	Yes	No
16.3 The frequency of monitoring and assessment is suitable for the Company's change.	<input checked="" type="radio"/>	<input type="radio"/>
16.4 The internal audit system is monitored and assessed by knowledgeable personnel.	<input checked="" type="radio"/>	<input type="radio"/>
16.5 The result of internal audit is reported directly to the Audit Committee	<input checked="" type="radio"/>	<input type="radio"/>
16.6 The Company encourages the internal auditor to follow the International Standards for the Professional Practice of Internal Auditing (IIA)	<input checked="" type="radio"/>	<input type="radio"/>

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 proceeds to monitor and rectify such deficiencies in the event that the operating result significantly differs from the predefined goal.	<input checked="" type="radio"/>	<input type="radio"/>
17.2 The Company has the following reporting policies:	<input checked="" type="radio"/>	<input type="radio"/>
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 and financial position.	<input checked="" type="radio"/>	<input type="radio"/>
17.2.2 Significant deficiencies along with problem solving guidelines (although the problem may have already been managed) are timely reported to the Company's Board of Directors/Audit Committee for consideration.	<input checked="" type="radio"/>	<input type="radio"/>
17.2.3 Progress on the remedy of significant flaws are reported to the Company's Board of Directors/Audit Committee	<input checked="" type="radio"/>	<input type="radio"/>

Financial Statements

Chularat Hospital Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2020

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 2020, 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 2020, 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 11 to the consolidated financial statements, as at 31 December 2020, the Group had accrued medical treatment income from the above government agencies amounting to Baht 501 million, representing 8% 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: 25 February 2021

Chularat Hospital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	547,540,408	467,548,173	241,038,739	133,690,366
Current investments	4, 9	-	53,716,000	-	-
Trade and other receivables	4, 10	481,213,692	443,629,519	390,185,466	344,908,947
Accrued medical treatment income	11	501,433,066	613,946,101	282,027,673	376,256,998
Inventories	12	179,163,687	160,727,044	75,315,173	64,890,080
Other current financial assets	4, 13	32,140,000	-	-	-
Other current assets		21,718,609	24,602,819	11,208,858	15,296,467
Total current assets		1,763,209,462	1,764,169,656	999,775,909	935,042,858
Non-current assets					
Restricted bank deposits		607,003	406,638	-	-
Long-term loans to related parties	7	-	-	797,521,748	668,738,476
Other non-current financial assets	4, 14	-	-	-	-
Investments in subsidiaries	15	-	-	1,845,090,060	1,845,090,060
Other long-term investment	4	-	-	-	-
Investment properties	16	75,653,885	114,368,885	298,000	39,013,000
Property, plant and equipment	17	4,091,330,715	4,220,507,604	1,075,719,560	1,088,939,642
Right-of-use assets	4, 22	70,401,320	-	10,812,410	-
Intangible assets	18	35,425,021	34,586,666	21,934,317	20,565,352
Leasehold rights	4	-	4,968,630	-	-
Goodwill		47,283,766	47,283,766	-	-
Deferred tax assets	27	23,024,973	21,030,673	12,368,397	11,010,070
Other non-current assets		93,850,598	58,367,358	6,807,750	8,495,231
Total non-current assets		4,437,577,281	4,501,520,220	3,770,552,242	3,681,851,831
Total assets		6,200,786,743	6,265,689,876	4,770,328,151	4,616,894,689

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 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	19	570,000,000	820,000,000	570,000,000	820,000,000
Trade and other payables	20	569,981,059	606,874,759	237,100,672	278,020,486
Current portion of long-term loans from financial institutions	21	136,200,000	136,200,000	-	-
Current portion of liabilities under					
finance lease agreements	4	-	9,752,925	-	2,358,661
Current portion of lease liabilities	4, 22	17,637,677	-	3,844,155	-
Income tax payable		96,779,913	70,567,847	53,374,519	25,574,894
Other current liabilities					
Withholding tax payable		12,173,047	11,747,724	6,475,586	6,798,434
Others		26,480,918	27,102,515	22,883,019	22,895,846
Total current liabilities		1,429,252,614	1,682,245,770	893,677,951	1,155,648,321
Non-current liabilities					
Long-term loans from financial institutions					
- net of current portion	21	407,330,000	540,410,000	-	-
Liabilities under finance lease agreements					
- net of current portion	4	-	32,677,893	-	6,999,083
Lease liabilities, net of current portion	4, 22	47,458,234	-	8,747,549	-
Deferred tax liabilities	27	11,052,651	10,644,107	-	-
Provision for long-term employee benefits	23	111,301,878	104,274,263	59,183,591	54,171,250
Other non-current liabilities		1,210,000	-	-	-
Total non-current liabilities		578,352,763	688,006,263	67,931,140	61,170,333
Total liabilities		2,007,605,377	2,370,252,033	961,609,091	1,216,818,654

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 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
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	24	110,000,000	110,000,000	110,000,000	110,000,000
Unappropriated		1,668,388,156	1,346,339,341	1,452,634,241	1,043,991,216
Other components of shareholders' equity		-	48,000	-	-
Equity attributable to owners of the Company		4,024,472,975	3,702,472,160	3,808,719,060	3,400,076,035
Non-controlling interests of the subsidiaries		168,708,391	192,965,683	-	-
Total shareholders' equity		4,193,181,366	3,895,437,843	3,808,719,060	3,400,076,035
Total liabilities and shareholders' equity		6,200,786,743	6,265,689,876	4,770,328,151	4,616,894,689
		-	-	-	-

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

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Directors

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Chularat Hospital Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Profit or loss:					
Revenues					
Revenues from hospital operations		5,432,838,606	5,165,614,508	2,463,790,464	2,388,094,412
Dividend income	15	-	-	515,000,000	474,000,000
Other income		28,864,952	22,091,145	16,085,731	15,225,186
Total revenues		<u>5,461,703,558</u>	<u>5,187,705,653</u>	<u>2,994,876,195</u>	<u>2,877,319,598</u>
Expenses					
Cost of hospital operations		3,684,539,849	3,629,378,834	1,584,511,459	1,616,746,956
Administrative expenses		673,203,460	672,375,131	361,933,978	370,319,505
Total expenses		<u>4,357,743,309</u>	<u>4,301,753,965</u>	<u>1,946,445,437</u>	<u>1,987,066,461</u>
Operating profit		<u>1,103,960,249</u>	<u>885,951,688</u>	<u>1,048,430,758</u>	<u>890,253,137</u>
Finance income		2,774,932	3,163,671	29,620,226	23,457,219
Finance cost	25	(35,643,593)	(40,447,649)	(14,079,519)	(15,070,164)
Profit before income tax expenses		<u>1,071,091,588</u>	<u>848,667,710</u>	<u>1,063,971,465</u>	<u>898,640,192</u>
Income tax expenses	27	(218,732,420)	(184,004,902)	(102,715,596)	(76,413,124)
Profit for the year		<u>852,359,168</u>	<u>664,662,808</u>	<u>961,255,869</u>	<u>822,227,068</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gain on change in value of available-for-sale investments		-	148,000	-	-
Income tax effect	27	-	(29,600)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		-	118,400	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		-	(20,129,069)	-	(9,358,769)
Income tax effect	27	-	4,025,813	-	1,871,754
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(16,103,256)	-	(7,487,015)
Other comprehensive income for the year		<u>-</u>	<u>(15,984,856)</u>	<u>-</u>	<u>(7,487,015)</u>
Total comprehensive income for the year		<u>852,359,168</u>	<u>648,677,952</u>	<u>961,255,869</u>	<u>814,740,053</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 2020

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Profit (loss) attributable to:					
Equity holders of the Company		876,616,460	705,235,986	961,255,869	822,227,068
Non-controlling interests of the subsidiaries (loss)		(24,257,292)	(40,573,178)		
		<u>852,359,168</u>	<u>664,662,808</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		876,616,460	689,506,266	961,255,869	814,740,053
Non-controlling interests of the subsidiaries (loss)		(24,257,292)	(40,828,314)		
		<u>852,359,168</u>	<u>648,677,952</u>		
Basic earnings per share					
	28				
Profit attributable to equity holders of the Company					
(Baht per share)		<u>0.080</u>	<u>0.064</u>	<u>0.087</u>	<u>0.075</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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before tax	1,071,091,588	848,667,710	1,063,971,465	898,640,192
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	353,534,472	329,797,928	129,882,989	127,649,373
Increase in allowance for expected credit losses	309,556	-	-	-
Reversal of allowance for doubtful accounts	-	(15,054,378)	-	(12,538,759)
Gain on fair value adjustments of financial assets	(424,000)	-	-	-
Loss on sales and write-off of assets	(1,567,055)	(1,074,999)	(667,853)	(351,573)
Loss on write-off of intangible assets	-	9,665	-	-
Increase in provision for long-term employee benefits	12,199,441	26,228,760	6,187,986	14,030,986
Dividend income	-	-	(515,000,000)	(474,000,000)
Finance income	(2,774,932)	(3,163,671)	(29,620,226)	(23,457,219)
Finance cost	35,643,593	40,447,649	14,079,519	15,070,164
Profit from operating activities before changes in operating assets and liabilities	1,468,012,663	1,225,858,664	668,833,880	545,043,164
Operating assets (increase) decrease				
Trade and other receivables	(42,477,408)	(105,226,871)	(19,062,491)	(73,604,205)
Accrued medical treatment income	112,513,035	(4,199,487)	94,229,325	13,521,615
Inventories	(18,436,643)	(19,114,657)	(10,425,093)	(4,574,363)
Other current assets	2,884,210	(1,707,638)	4,087,609	(271,137)
Other non-current assets	(3,004,470)	32,143,030	187,481	19,432,647
Operating liabilities increase (decrease)				
Trade and other payables	17,830,291	71,132,703	(2,795,068)	15,840,880
Other current liabilities	(196,274)	(14,258,300)	(335,675)	1,813,166
Cash paid for long-term employee benefits	(5,171,826)	(4,656,184)	(1,175,645)	(2,935,563)
Cash from operating activities	1,531,953,578	1,179,971,260	733,544,323	514,266,204
Cash paid for interest expenses	(35,651,067)	(40,588,171)	(14,079,519)	(15,070,164)
Cash paid for corporate income tax	(198,714,880)	(165,261,063)	(76,274,298)	(71,571,675)
Net cash from operating activities	1,297,587,631	974,122,026	643,190,506	427,624,365

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Increase in current investments	-	(29,847,122)	-	-
Decrease in other current financial assets	22,000,000	-	-	-
Increase in restricted bank deposits	(200,365)	(362)	-	-
Dividend received from subsidiaries	-	-	515,000,000	474,000,000
Increase in short-term loans to related parties	-	-	-	(305,800,000)
Increase in long-term loans to related parties	-	-	(128,783,272)	-
Net cash paid for investments in subsidiaries	-	-	-	(97,420,613)
Increase in advance payment for construction of buildings	(33,000,000)	(3,500,000)	-	(3,500,000)
Acquisition of property, plant and equipment	(256,114,783)	(706,953,892)	(118,179,140)	(264,603,347)
Acquisition of intangible assets	(4,870,981)	(22,186,929)	(3,339,963)	(10,450,347)
Proceed from sales of assets	2,927,170	1,871,436	2,306,384	1,775,540
Interest income	2,742,863	3,152,562	793,251	1,410,905
Net cash from (used in) investing activities	(266,516,096)	(757,464,307)	267,797,260	(204,587,862)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(250,000,000)	290,000,000	(250,000,000)	290,000,000
Cash receipt from long-term loans	-	93,220,000	-	-
Repayment of long-term loans	(133,080,000)	(98,760,000)	-	-
Repayment of liabilities under finance lease agreements	-	(7,538,341)	-	(2,422,916)
Repayment of lease liabilities	(17,999,402)	-	(3,639,495)	-
Cash receipt from non-controlling interests				
of investments in subsidiaries	-	53,329,387	-	-
Dividend paid	(549,999,898)	(549,999,887)	(549,999,898)	(549,999,887)
Net cash used in financing activities	(951,079,300)	(219,748,841)	(803,639,393)	(262,422,803)
Net increase (decrease) in cash and cash equivalents	79,992,235	(3,091,122)	107,348,373	(39,386,300)
Cash and cash equivalents at beginning of year	467,548,173	470,639,295	133,690,366	173,076,666
Cash and cash equivalents at end of year	547,540,408	467,548,173	241,038,739	133,690,366
	-	-	-	-
Supplement cash flows information				
Non-cash transactions				
Transfer advance payment for construction to buildings	5,130,000	3,247,822	1,500,000	3,247,822
Transfer investment properties to land	38,715,000	-	38,715,000	-
Acquisition of fixed assets which cash has not been paid	16,514,918	67,721,320	2,654,836	40,292,127
Acquisition of assets under finance lease agreements	-	33,749,015	-	1,611,016
Increase in right-of-use assets and lease liabilities				
from additional lease agreements	12,948,744	-	3,912,876	-
Reclassify short-term loans to related parties				
to long-term loan to related parties	-	-	-	668,738,476

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 2020

	Consolidated financial statements										(Unit: Baht)
	Equity attributable to owners of the Company										
	Other components of equity										
	Other comprehensive income										
	Surplus (deficit) on changes in value of available-for-sale investments										
	Retained earnings										
	Issued and paid-up share capital	Share premium	Appropriated	Unappropriated		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity			
Balance as at 1 January 2019	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			
Dividend paid (Note 31)	-	-	-	(549,999,887)	-	(549,999,887)	-	(549,999,887)			
Profit (loss) for the year	-	-	-	705,235,986	-	705,235,986	(40,573,178)	664,662,808			
Other comprehensive income for the year	-	-	-	(15,848,120)	118,400	(15,729,720)	(255,136)	(15,984,856)			
Total comprehensive income for the year	-	-	-	689,387,866	118,400	689,506,266	(40,828,314)	648,677,952			
Increase in equity attributable to non-controlling interests of the subsidiaries from investment in subsidiaries	-	-	-	-	-	-	53,329,387	53,329,387			
Balance as at 31 December 2019	1,100,000,000	1,146,084,819	110,000,000	1,346,339,341	48,000	3,702,472,160	192,965,683	3,895,437,843			
Balance as at 1 January 2020	1,100,000,000	1,146,084,819	110,000,000	1,346,339,341	48,000	3,702,472,160	192,965,683	3,895,437,843			
Cumulative effect of change in accounting policies (Note 4)	-	-	-	(4,567,747)	(48,000)	(4,615,747)	-	-			
Balance as at 1 January 2020 - as restated	1,100,000,000	1,146,084,819	110,000,000	1,341,771,594	-	3,697,856,413	192,965,683	3,890,822,096			
Dividend paid (Note 31)	-	-	-	(549,999,898)	-	(549,999,898)	-	(549,999,898)			
Profit (loss) for the year	-	-	-	876,616,460	-	876,616,460	(24,257,292)	852,359,168			
Other comprehensive income for the year	-	-	-	-	-	-	-	-			
Total comprehensive income for the year	-	-	-	876,616,460	-	876,616,460	(24,257,292)	852,359,168			
Balance as at 31 December 2020	1,100,000,000	1,146,084,819	110,000,000	1,668,388,156	-	4,024,472,975	168,708,391	4,193,181,366			

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 2020

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up share capital	Share premium	Retained earnings	Unappropriated	Total shareholders' equity
Balance as at 1 January 2019	1,100,000,000	1,146,084,819	110,000,000	779,251,050	3,135,335,869
Dividend paid (Note 31)	-	-	-	(549,999,887)	(549,999,887)
Profit for the year	-	-	-	822,227,068	822,227,068
Other comprehensive income for the year	-	-	-	(7,487,015)	(7,487,015)
Total comprehensive income for the year	-	-	-	814,740,053	814,740,053
Balance as at 31 December 2019	1,100,000,000	1,146,084,819	110,000,000	1,043,991,216	3,400,076,035
Balance as at 1 January 2020	1,100,000,000	1,146,084,819	110,000,000	1,043,991,216	3,400,076,035
Cumulative effect of change in accounting policies (Note 4)	-	-	-	(2,612,946)	(2,612,946)
Balance as at 1 January 2020 - as restated	1,100,000,000	1,146,084,819	110,000,000	1,041,378,270	3,397,463,089
Dividend paid (Note 31)	-	-	-	(549,999,898)	(549,999,898)
Profit for the year	-	-	-	961,255,869	961,255,869
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	961,255,869	961,255,869
Balance as at 31 December 2020	1,100,000,000	1,146,084,819	110,000,000	1,452,634,241	3,808,719,060
					-

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 2020

1. General information

1.1 Corporate 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 2020, the Group totally has 13 branches of clinics and hospitals (2019: 13 branches).

1.2 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is currently impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

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, 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 and the following subsidiary companies (collectively as “the Group”):

Company's name	Nature of business	Country of	Percentage of	
		incorporation	shareholding	
			2020	2019
			Percent	Percent
Subsidiaries directly held by the Company				
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
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
Shewarat Hospital Company Limited (formerly known as “Cancer Suvarnabhumi Company Limited”)	Operating of clinics and hospitals	Thailand	100	100
Ruampat Mae Sot International Company Limited	Operating of clinics and hospitals	Thailand	80	80
Subsidiaries held by Bangpakong Vejchakij Company Limited				
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 Group 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 Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The adoption of these standards has the impact on the Group's financial statements to result in the following adjustments.

- Recognition of credit losses that the Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables and the general approach to consider impairment of loan to.

The Group recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to the retained earnings and other components of shareholders' equity as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the consolidated financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the consolidated financial statements.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, impairment of assets, and impairment of goodwill.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Group's financial statements.

b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the consolidated financial statements, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings and other components of shareholders' equity as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
		The impacts of		
	31 December	Financial		1 January
	2019	reporting		2020
		standards		
		related to		
		financial		
		instruments	TFRS 16	
Statement of financial position				
Assets				
Current assets				
Current investments	53,716	(53,716)	-	-
Trade and other receivables	443,630	(4,616)	-	439,014
Other current financial assets	-	53,716	-	53,716
Non-current assets				
Other non-current financial assets	-	-	-	-
Other long-term investments	-	-	-	-
Property, plant and equipment	4,220,508	-	(43,203)	4,177,305
Right-of-use assets	-	-	73,587	73,587
Leasehold rights	4,969	-	(4,969)	-
Liabilities and shareholders' equity				
Current liabilities				
Current portion of liabilities under				
finance lease agreements	9,753	-	(9,753)	-
Current portion of lease liabilities	-	-	15,163	15,163
Non-current liabilities				
Liabilities under finance lease				
agreements - net of current portion	32,678	-	(32,678)	-
Lease liabilities, net of current portion	-	-	52,683	52,683
Shareholders' equity				
Retained earnings - unappropriated	1,346,339	(4,568)	-	1,341,771
Other components of shareholders' equity	48	(48)	-	-

(Unit: Thousand Baht)

	Separate financial statements			
	The impacts of			
	31 December	Financial		1 January
	2019	reporting		2020
		standards		
		related to		
		financial		
		instruments	TFRS 16	
Statement of financial position				
Assets				
Current assets				
Trade and other receivables	344,909	(2,613)	-	342,296
Non-current assets				
Other non-current financial assets	-	-	-	-
Other long-term investments	-	-	-	-
Property, plant and equipment	1,088,940	-	(8,326)	1,080,614
Right-of-use assets	-	-	10,799	10,799
Liabilities and shareholders' equity				
Current liabilities				
Current portion of liabilities under				
finance lease agreements	2,359	-	(2,359)	-
Current portion of lease liabilities	-	-	2,899	2,899
Non-current liabilities				
Liabilities under finance lease				
agreements - net of current portion	6,999	-	(6,999)	-
Lease liabilities, net of current portion	-	-	8,932	8,932
Shareholders' equity				
Retained earnings - unappropriated	1,043,991	(2,613)	-	1,041,378

4.1 Financial instruments

- a) Details of the impact on retained earnings and other components of shareholders' equity as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	Consolidated financial statements		Separate financial statements	
	Retained earnings	Other components of shareholders' equity	Retained earnings	Other components of shareholders' equity
Classification of available-for-sale investments as financial assets at fair value through profit or loss	48	(48)	-	-
Recognition of an allowance for expected credit losses on financial assets at amortised cost	(4,616)	-	(2,613)	-
Impacts of the adoption of financial reporting standards related to financial instruments	(4,568)	(48)	(2,613)	-

(Unit: Thousand Baht)

- b) As at 1 January 2020, classification and measurement of financial assets required by TFRS 9, in comparison classification and the former carrying amount, are as follows:

	Consolidated financial statements					(Unit: Thousand Baht)
	The former carrying amount	Classification and measurement in accordance with TFRS 9				
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	
Financial assets as at 1 January 2020						
Cash and cash equivalents	467,548	-	-	467,548	467,548	
Trade and other receivables	443,630	-	-	439,014	439,014	
Other current financial assets	53,716	1,716	-	52,000	53,716	
Restricted bank deposits	407	-	-	407	407	
Other non-current financial assets	-	-	-	-	-	
Total financial assets	965,301	1,716	-	958,969	960,685	

		Separate financial statements				(Unit: Thousand Baht)
		The former carrying amount	Classification and measurement in accordance with TFRS 9			
			Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Financial assets as at 1 January 2020						
Cash and cash equivalents		133,690	-	-	133,690	133,690
Trade and other receivables		344,909	-	-	342,296	342,296
Long-term loans to related parties		668,738	-	-	668,738	668,738
Other non-current financial assets		-	-	-	-	-
Total financial assets		1,147,337	-	-	1,144,724	1,144,724

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to lease that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application of TFRS 16.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	56,545	29,705
Less: Short-term leases and leases of low-value assets	(1,847)	(473)
Add: Option to extend lease term	15,322	1,303
Less: Contracts reassessed as service agreements	(42,255)	(27,561)
Less: Others	(526)	(327)
Less: Deferred interest expenses	(1,824)	(174)
Increase in lease liabilities due to TFRS 16 adoption	25,415	2,473
Liabilities under finance lease agreements as at 31 December 2019	42,431	9,358
Lease liabilities as at 1 January 2020	67,846	11,831
Incremental borrowing rate (percent per annum)	3.00 - 4.32	3.00 - 4.32
The above lease liabilities comprise of:		
Current lease liabilities	15,163	2,899
Non-current lease liabilities	52,683	8,932
	67,846	11,831

5. Significant accounting policies

5.1 Revenue and expense recognition

Revenue from hospital operations

Revenues from hospital operations, mainly consisting of medical fees, hospital room sales, and medicine sales, are recognised as income when services have been rendered or medicine delivered and are measured at the amount of the consideration received or receivable after deducting discounts. Except for operating revenues from the Social Security Office and Nation 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 Group.

Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

Rental income

Rental income is recognised over the rental period and at the rate determined in the agreement.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 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.

5.3 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.

5.4 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

5.5 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.

5.6 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 building 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.

5.7 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.

5.8 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.

5.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

5.10 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs or the revalued amount, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land and land improvement	-	4 - 5 years
Buildings and building improvement	-	2 - 6 years
Tools and medical instruments	-	5 - 10 years
Furniture, fixtures and office equipment	-	5 years
Motor vehicles	-	5 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

5.11 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operation.

5.12 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use asset, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Group and its employees have jointly established a provident fund of each entity. The funds are monthly contributed by employees and by the Group. The funds' assets are held in a separate trust fund, and contributions of the Group are recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

5.14 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.16 Financial instruments

Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020

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.

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 Group classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.17 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 Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an 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 Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for expected credit losses of trade accounts receivable

In determining an allowance for expected credit losses of trade accounts receivable, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

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 Group is 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

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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.

7. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2020	2019	2020	2019	
<u>Transactions with subsidiaries</u>					
<i>(Eliminated from the consolidated financial statements)</i>					
Sales of medicine and supplies	-	-	4.0	3.0	At cost
Purchases of medicine and supplies	-	-	0.2	-	At cost
Laboratory service income	-	-	18.5	-	Market price
Laboratory service expenses	-	-	2.6	1.7	Market price
Rental income	-	-	1.3	1.3	Contract price
Rental expenses	-	-	0.2	0.2	Contract price
Interest income	-	-	28.8	22.0	Rate of 3 - 5% per annum (2019: Rate of 5% per annum)
Sales of equipment	-	-	0.4	1.3	Market price
Purchases of equipment	-	-	10.4	9.0	Market price

As at 31 December 2020 and 2019, the balances of accounts between the Company and related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Trade and other receivables - related parties (Note 10)</u>				
Subsidiaries	-	-	75,153	95,829
	-	-	75,153	95,829
<u>Interest receivable from related parties (Note 10)</u>				
Subsidiaries	-	-	75,171	46,342
	-	-	75,171	46,342
<u>Long-term loans to related parties</u>				
Subsidiaries	-	-	797,522	668,738
	-	-	797,522	668,738
<u>Trade and other payables - related parties (Note 20)</u>				
Subsidiaries	-	-	5,272	193
Related company	60	275	12	250
	60	275	5,284	443

Long-term loans to related parties

As at 31 December 2020 and 2019, 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	Increase	Decrease	Balance as at
	31 December 2019	during the year	during the year	31 December 2020
Cholvaej Hospital Company Limited	97,064	11,000	-	108,064
Chularat Phraek Sa Hospital Company Limited	153,555	-	-	153,555
Chularat Arkanay Hospital Company Limited	215,319	66,000	-	281,319
Shewarat Hospital Company Limited (Formerly know as Cancer Suvarnabhum Company Limited)	33,600	-	-	33,600
Ruampat Mae Sot International Company Limited	169,200	51,784	-	220,984
Total	668,738	128,784	-	797,522

The above loans to the subsidiaries represent the loans in accordance to loan agreements which are repayable within 2022 and unsecured. The loans carry interest at between 3 and 5 percent per annum (2019: 5 percent per annum)

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term employee benefits	41.7	42.9	19.9	18.7
Long-term employee benefits	0.1	0.1	0.1	0.1
Total	41.8	43.0	20.0	18.8

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its subsidiaries, as described in Note 32.3 a) to the consolidated financial statements, with free of charge.

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash	6,395	7,082	2,015	1,880
Savings and current deposits at banks	533,145	330,466	239,024	131,810
Fixed deposit receipts with an original maturity at call	8,000	10,000	-	-
Fixed deposit receipts with an original maturity of 3 months or less	-	120,000	-	-
Total	547,540	467,548	241,039	133,690

As at 31 December 2020, bank deposits in saving accounts and fixed deposit receipts carried interests between 0.13 and 0.25 percent per annum (2019: between 0.13 and 1.30 percent per annum).

9. Current investments

As of 31 December 2019, details of current investments are as below.

	(Unit: Thousand Baht)	
	Interest rate (percent per annum)	Consolidated
Notes receivable	1.40	52,000
Other	-	1,716
Total		53,716

10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Trade accounts receivable - related parties</u>				
Age of outstanding debts by due date				
Past due up to 3 months	-	-	37,583	60,199
Total trade accounts receivable - related parties	-	-	37,583	60,199
<u>Trade accounts receivable - unrelated parties</u>				
Age of outstanding debts by due date				
Past due				
Up to 3 months	342,552	322,050	141,682	132,198
3 - 6 months	48,669	58,109	29,244	31,727
6 - 12 months	34,846	27,250	24,720	16,301
Over 12 months	48,146	22,765	33,499	12,431
Total	474,213	430,174	229,145	192,657
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(11,320)	(6,395)	(5,702)	(3,089)
Total trade accounts receivable - unrelated parties, net	462,893	423,779	223,443	189,568
Total trade accounts receivable - net	462,893	423,779	261,026	249,767
<u>Other receivables</u>				
Other receivable - related parties	-	-	37,570	35,630
Other receivable - unrelated parties	18,321	19,851	16,418	13,170
Interest receivable - related parties	-	-	75,171	46,342
Total other receivables	18,321	19,851	129,159	95,142
Total trade and other receivables - net	481,214	443,630	390,185	344,909

11. Accrued medical treatment income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Social Security Office</u>				
Accrued medical treatment income				
of chronic diseases	98,596	186,734	31,049	65,220
Accrued medical treatment income provided				
to patients with severe diseases	197,462	103,317	107,506	69,861
Accrued social security income - others	99,987	148,214	56,058	77,270
Total	396,045	438,265	194,613	212,351
<u>National Health Security Office</u>				
Accrued medical treatment income	107,903	178,196	87,415	163,906
Total accrued medical treatment income	503,948	616,461	282,028	376,257
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(2,515)	(2,515)	-	-
Total accrued medical treatment income - net	501,433	613,946	282,028	376,257

The Group is 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 Group 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.

As of 31 December 2020, most of the Group's accrued medical treatment income are not overdue more than 12 months which have the reimbursements in accordance with terms and conditions stipulated by Social Security Office and National Health Security Office.

12. Inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Medicine	110,459	94,557	43,808	35,830
Medical supplies	32,417	27,314	16,952	15,413
Medical instruments	138	515	-	-
Other supplies	36,150	38,341	14,555	13,647
Total	179,164	160,727	75,315	64,890

13. Other current financial assets

As at 31 December 2020, details of other current financial assets are as below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
<u>Debt instruments at amortised cost</u>	
Notes receivable	30,000
Total debt instruments at amortised cost	30,000
<u>Financial assets at FVTPL</u>	
Other investment	2,140
Total financial assets at FVTPL	2,140
Total other current financial assets	32,140

As at 31 December 2020, notes receivable carried interest at the rate of 1.05 percent per annum.

14. Other non-current financial assets

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 2020 are as follows:

	(Unit: Thousand Baht)
	Consolidated/Separate
	financial statements
Investment in UB (Thailand) Company Limited - cost	879
Less: Fair value adjustments of financial instruments	(879)
Net	-

15. Investments in subsidiaries

15.1 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	
	2020	2019	2020	2019	2020	2019	2020	2019
			(%)	(%)				
Convenience Hospital Company Limited	500,000	500,000	100	100	500,000	500,000	195,000	275,000
Bangpakong Vejchakij Company Limited	800,000	800,000	100	100	810,751	810,751	320,000	199,000
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	210,000	-	-
Ruampat Chachoengsao Hospital Company Limited	450,250	450,250	64.58	64.58	290,859	290,859	-	-
Chularat Phraek Sa Hospital Company Limited	1,000	1,000	100	100	1,000	1,000	-	-
Shewarat Hospital Company Limited (Formerly known as Cancer Suvarnabhum Company Limited)	1,000	1,000	100	100	1,000	1,000	-	-
Ruampat Mae Sot International Company Limited (Established on 27 November 2019)	1,000	1,000	80	80	800	800	-	-
Total					1,845,090	1,845,090	515,000	474,000

Cholvaej Hospital Company Limited (subsidiary held by Bangpakong Vejchakij Company Limited)

On 7 December 2020, the Extraordinary General Meeting of the subsidiary's shareholders No. 1/2020 approved the increase of registered capital from Baht 100 million to Baht 200 million, through the issuance of 20,000,000 ordinary shares with a par value of Baht 5 each to offer to shareholders in the same shareholding percentage. The subsidiary will notice the right to buy shares within 8 January 2021 and this is to be paid within 1 March 2021.

Ruampat Mae Sot International Company Limited

On 12 November 2020, a meeting of the Company's Board of Directors No. 6/2020 passed a resolution to approve an investing in the additional ordinary share capital of Ruampat Mae Sot International Company Limited amounting to Baht 400 million. At present, the subsidiary is on the process of increasing its share capital.

15.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	(Unit: Million Baht)					
	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit (loss) allocated to non-controlling interests during the year	
	2020	2019	2020	2019	2020	2019
	(%)	(%)				
<u>Subsidiaries directly held by the Company</u>						
Chularat Arkanay Hospital Company Limited	30	30	40.5	54.9	(14.4)	(19.8)
Ruampat Chachoengsao Hospital Company Limited	35.42	35.42	125.7	134.2	(8.5)	(20.2)
Ruampat Mae Sot International Company Limited	20	20	(1.3)	0.1	(1.4)	(0.1)
<u>Subsidiary held by Bangpakong Vejchakij Company Limited</u>						
Cholvaej Hospital Company Limited	3.62	3.62	3.9	3.8	0.1	(0.5)

15.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

	(Unit: Million Baht)							
	Chularat Arkanay Hospital Company Limited		Ruampat Chachoengsao Hospital Company Limited		Ruampat Mae Sot International Company Limited		Cholvaej Hospital Company Limited	
	2020	2019	2020	2019	2020	2019	2020	2019
Current assets	81.3	65.3	89.9	136.7	0.4	0.2	31.5	23.8
Non-current assets	637.0	656.6	588.3	588.8	223.7	170.0	270.6	289.9
Current liabilities	147.7	139.2	77.9	62.8	8.5	0.3	59.0	54.2
Non-current liabilities	436.0	400.3	245.0	283.6	222.2	169.2	135.9	155.3

Summarised information about comprehensive income

	Chularat Arkanay Hospital Company Limited		Ruampat Chachoengsao Hospital Company Limited		Ruampat Mae Sot International Company Limited		(Unit: Million Baht)	
							Cholvaej Hospital Company Limited	
							For the period as from	
							For the year ended 27 November	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenue	305.8	269.4	230.5	107.8	-	-	126.6	125.7
Gain (loss) for the year/period	(47.9)	(66.2)	(23.9)	(57.0)	(7.3)	(0.3)	3.1	(12.5)
Other comprehensive income	-	(0.8)	-	-	-	-	-	(1.9)
Total comprehensive income	(47.9)	(67.0)	(23.9)	(57.0)	(7.3)	(0.3)	3.1	(14.4)

Summarised information about cash flow

	(Unit: Million Baht)					
	Chularat Arkanay Hospital Company Limited	Ruampat Chachoengsao Hospital Company Limited	Ruampat Mae Sot International Company Limited	Cholvaej Hospital Company Limited		
	For the period as from					
	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	
	31 December	31 December	31 December	31 December	31 December	
	2020	2019	2020	2019	2020	2019
Cash flow from (used in) operating activities	(10.2)	(46.9)	12.3	(37.4)	0.6	0.3
Cash flow from (used in) investing activities	(24.3)	(46.0)	(37.0)	(135.0)	(52.4)	(170.0)
Cash flow from (used in) financing activities	34.8	95.4	(46.3)	239.5	51.8	170.2
Net increase (decrease) in cash and cash equivalents	0.3	2.5	(65.0)	67.1	-	0.5
					6.4	(4.4)

16. Investment properties

The investment properties of the Group are land awaiting development. A reconciliation of the net book value of investment properties for the years 2020 and 2019 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	114,369	114,369	39,013	39,013
Transfer to property, plant and equipment	(38,715)	-	(38,715)	-
Net book value at end of year	<u>75,654</u>	<u>114,369</u>	<u>298</u>	<u>39,013</u>

The fair value of the investment properties as at 31 December 2020 and 2019 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Land awaiting development	145,607	217,079	417	72,677

The fair value of the above investment properties has been determined based on market price by an accredited independent valuer.

17. Property, plant and equipment

	Consolidated financial statements							(Unit: Thousand Baht)
	Land and land improvement	Buildings and building improvement	Tools and medical instruments	Equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
Cost								
1 January 2019	903,964	2,507,760	1,159,806	93,798	607,203	120,123	158,564	5,551,218
Additions	183,630	13,958	122,400	1,734	60,261	920	331,710	714,613
Disposals/ write-off	-	-	(9,208)	(12)	(13,165)	(6,225)	-	(28,610)
Transfers in (out)	6,944	138,408	119,133	16,484	37,818	5,730	(324,517)	-
31 December 2019	1,094,538	2,660,126	1,392,131	112,004	692,117	120,548	165,757	6,237,221
Adjustments due to TFRS 16 adoption	-	-	(30,580)	-	(2,110)	(19,731)	-	(52,421)
Additions	3,266	10,861	44,173	10,177	33,698	6,449	101,414	210,038
Disposals/ write-off	-	(530)	(6,105)	(17)	(15,546)	(12,095)	-	(34,293)
Transfers in (out)	289	52,339	47,725	1,337	6,698	8,097	(116,485)	-
Transfers from investment properties	38,715	-	-	-	-	-	-	38,715
31 December 2020	1,136,808	2,722,796	1,447,344	123,501	714,857	103,268	150,686	6,399,260

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvement	Buildings and building improvement	Tools and medical instruments	Equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress
							Total
Accumulated depreciation							
1 January 2019	25,735	577,455	590,149	39,655	406,636	80,572	-
Depreciation for the year	4,083	80,158	140,446	8,657	78,282	12,699	-
Depreciation on disposals/ write-off	-	-	(8,587)	(12)	(13,008)	(6,207)	-
31 December 2019	29,818	657,613	722,008	48,300	471,910	87,064	-
Adjustments due to TFRS 16 adoption	-	-	(1,599)	-	(544)	(7,075)	-
Depreciation for the year	4,520	86,993	142,406	9,427	81,143	8,878	-
Depreciation on disposals/ write-off	-	(442)	(5,992)	(12)	(15,459)	(11,028)	-
31 December 2020	34,338	744,164	856,823	57,715	537,050	77,839	-
Net book value							
31 December 2019	1,064,720	2,002,513	670,123	63,704	220,207	33,484	165,757
31 December 2020	1,102,470	1,978,632	590,521	65,786	177,807	25,429	150,686
Depreciation for the year							
2019 (Baht 274 million included in cost of hospital operations, and the balance in administrative expenses)							324,325
2020 (Baht 291 million included in cost of hospital operations, and the balance in administrative expenses)							333,367

(Unit: Thousand Baht)

	Separate financial statements						
	Land and land improvement	Buildings and improvement	Tools and medical instruments	Equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress
Total							
Cost							
1 January 2019	135,031	767,178	503,645	27,309	269,732	69,420	46,266
Additions	97,130	8,031	59,544	1,647	23,885	595	105,908
Disposals/ write-off	-	-	(6,386)	(12)	(6,897)	(3,024)	-
Transfers in (out)	5,740	68,243	29,492	9,122	1,754	2,056	(116,407)
31 December 2019	237,901	843,452	586,295	38,066	288,474	69,047	35,767
Adjustments due to TFRS 16 adoption	-	-	(900)	-	(2,110)	(10,497)	-
Additions	3,107	7,038	23,480	473	16,427	4,209	27,307
Disposals/ write-off	-	-	(3,097)	-	(2,241)	(7,695)	-
Transfers in (out)	3	25,885	19,067	-	842	321	(46,118)
Transfers from investment properties	38,715	-	-	-	-	-	-
31 December 2020	279,726	876,375	624,845	38,539	301,392	55,385	16,956
							2,193,218

(Unit: Thousand Baht)

	Separate financial statements						
	Land and land improvement	Buildings and improvement	Tools and medical instruments	Equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress
Total							
Accumulated depreciation							
1 January 2019	15,919	325,200	296,391	18,076	199,888	44,335	-
Depreciation for the year	1,759	25,137	57,260	1,676	31,246	8,070	-
Depreciation on disposals/ write-off	-	-	(5,026)	(12)	(6,850)	(3,007)	-
31 December 2019	17,678	350,337	348,625	19,740	224,284	49,398	-
Adjustments due to TFRS 16 adoption	-	-	(75)	-	(544)	(4,562)	-
Depreciation for the year	2,187	27,210	55,845	2,510	30,691	5,569	-
Depreciation on disposals/ write-off	-	-	(2,689)	-	(2,075)	(6,631)	-
31 December 2020	19,865	377,547	401,706	22,250	252,356	43,774	-
Net book value							
31 December 2019	220,223	493,115	237,670	18,326	64,190	19,649	35,767
31 December 2020	259,861	498,828	223,139	16,289	49,036	11,611	16,956
Depreciation for the year							
2019 (Baht 103 million included in cost of hospital operations, and the balance in administrative expenses)							125,148
2020 (Baht 106 million included in cost of hospital operations, and the balance in administrative expenses)							124,012

The Group has mortgaged their land and constructions thereon with the net book value as at 31 December 2020 amounting to approximately Baht 2,012 million (2019: Baht 2,062 million) as collateral against credit facilities received from banks (the Company only: Baht 304 million, 2019: Baht 321 million).

As at 31 December 2020, 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 1,478 million (2019: Baht 1,289 million) (the Company only: Baht 901 million, 2019: Baht 774 million).

18. Intangible assets

The net book value of intangible assets, which are computer software, as at 31 December 2020 and 2019 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cost				
Balance - beginning of year	74,347	53,645	46,302	35,908
Additions	4,871	22,187	3,340	10,450
Write-off	(13)	(1,485)	-	(56)
Balance - end of year	79,205	74,347	49,642	46,302
Accumulated amortisation				
Balance - beginning of year	39,760	36,712	25,737	23,292
Amortisation for the year	4,033	4,523	1,971	2,501
Write-off	(13)	(1,475)	-	(56)
Balance - end of year	43,780	39,760	27,708	25,737
Net book value	35,425	34,587	21,934	20,565

19. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate		Consolidated/	
	(percent per annum)		Separate financial statements	
	2020	2019	2020	2019
Promissory notes	1.20 - 2.00	1.70 - 2.00	570,000	820,000
Total			570,000	820,000

A short-term loan facilities of the Company are secured by the mortgage of land with structures thereon of the Group.

20. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade payables - unrelated parties	293,076	244,823	116,399	104,820
Trade payables - related parties	-	-	172	193
Other payables - unrelated parties	39,110	138,817	19,185	77,438
Other payables - related parties	60	275	5,112	250
Accrued physicians' fee	136,399	132,960	60,795	60,004
Accrued expenses	101,336	90,000	35,438	35,315
Total trade and other payables	569,981	606,875	237,101	278,020

21. Long-term loans from financial institutions

			(Unit: Thousand Baht)	
Loan	Interest rate (percent per annum)	Repayment schedule	Consolidated financial statements	
			2020	2019
1	BIBOR+1.75	Monthly installments, the first installment due in November 2017	55,000	85,000
2	MLR-2.875	Monthly installments, the first installment due in November 2018	182,400	213,600
3	MLR-2.875	Monthly installments, the first installment due in February 2018	40,450	78,010
4	3.40, MLR-2.875	Monthly installments, the first installment due in February 2020	265,680	300,000
Total			543,530	676,610
Less: Current portion			(136,200)	(136,200)
Long-term loans, net of current portion			407,330	540,410

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 2020 and 2019, the long-term credit facilities of the subsidiaries were drawn down in full amount.

22. Leases

The Group as a lessee

The Group has lease contracts for used in its operations. Leases generally have lease terms between 1 - 10 years.

a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements					Total
	Land and land improvement	Buildings and building improvement	Tools and medical instrument	Furniture, fixtures and office equipment	Motor vehicles	
As at 1 January 2020	6,940	22,811	29,614	1,566	12,656	73,587
Additions	-	4,451	1,125	414	6,959	12,949
Depreciation for the year	(1,508)	(5,333)	(4,045)	(474)	(4,775)	(16,135)
As at 31 December 2020	5,432	21,929	26,694	1,506	14,840	70,401

(Unit: Thousand Baht)

	Separate financial statements					Total
	Buildings and building improvement	Tools and medical instrument	Furniture, fixtures and office equipment	Motor vehicles		
As at 1 January 2020	1,840	1,458	1,566	5,935		10,799
Additions	-	-	414	3,499		3,913
Depreciation for the year	(626)	(260)	(474)	(2,540)		(3,900)
As at 31 December 2020	1,214	1,198	1,506	6,894		10,812

b) Lease liabilities

Details of lease liabilities as at 31 December 2020 are as below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Lease payments	69,749	13,609
Less: Deferred interest expenses	(4,653)	(1,017)
Total	65,096	12,592
Less: Portion due within one year	(17,638)	(3,844)
Lease liabilities - net of current portion	47,458	8,748

A maturity analysis of lease payments is disclosed in Note 34.1 to the consolidated financial statements under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

Expenses relating to lease that are recognised in profit or loss for the year ended 31 December 2020 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Depreciation expense of right-of-use assets	16,135	3,900
Interest expense on lease liabilities	2,300	488
Expense relating to short-term leases	8,066	4,286

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 26 million (the Company only: Baht 8 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of 13 million (the Company only: Baht 4 million).

23. 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	
	2020	2019	2020	2019
Provision for long-term employee benefits				
at beginning of year	104,274	62,573	54,171	33,717
Included in profit or loss:				
Current service cost	10,522	8,135	5,309	4,192
Interest cost	1,678	2,214	880	1,184
Past service cost and gain or losses on settlement	-	15,879	-	8,655
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
- Demographic assumption changes	-	(14)	-	(15)
- Financial assumption changes	-	12,706	-	6,867
- Experience adjustments	-	7,437	-	2,507
Benefits paid during the year	(5,172)	(4,656)	(1,176)	(2,936)
Provisions for long-term employee benefits				
at end of year	111,302	104,274	59,184	54,171

The Group expects to pay Baht 4 million of long-term employee benefits during the next year (2019: Baht 12 million) (the Company only: Baht 3 million, 2019: Baht 6 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 6 - 21 years (2019: 6 - 21 years) (the Company only: 16 years, 2019: 16 years).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Discount rate	1.3 - 2.0	1.3 - 2.0	1.8	1.8
Salary increase rate	4.0	4.0	4.0	4.0
Turnover rate	1.9 - 45.8	1.9 - 45.8	5.7 - 22.9	5.7 - 22.9

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

	Consolidated financial statements as at 31 December 2020			
	Sensitivity analysis	Employee benefit	Sensitivity analysis	Employee benefit
	increase	increase (decrease)	decrease	increase (decrease)
	(%)	(Million Baht)	(%)	(Million Baht)
Discount rate	0.5	(5.8)	0.5	6.3
Salary increase rate	1.0	12.9	1.0	(11.1)
Turnover rate	20.0	(17.1)	20.0	22.1

	Consolidated financial statements as at 31 December 2019			
	Sensitivity analysis	Employee benefit	Sensitivity analysis	Employee benefit
	increase	increase (decrease)	decrease	increase (decrease)
	(%)	(Million Baht)	(%)	(Million Baht)
Discount rate	0.5	(5.5)	0.5	6.0
Salary increase rate	1.0	11.2	1.0	(9.7)
Turnover rate	20.0	(14.8)	20.0	19.0

Separate financial statements as at 31 December 2020

	Sensitivity analysis increase	Employee benefit increase (decrease)	Sensitivity analysis decrease	Employee benefit increase (decrease)
	(%)	(Million Baht)	(%)	(Million Baht)
Discount rate	0.5	(3.1)	0.5	3.3
Salary increase rate	1.0	6.8	1.0	(5.9)
Turnover rate	20.0	(9.0)	20.0	11.7

Separate financial statements as at 31 December 2019

	Sensitivity analysis increase	Employee benefit increase (decrease)	Sensitivity analysis decrease	Employee benefit increase (decrease)
	(%)	(Million Baht)	(%)	(Million Baht)
Discount rate	0.5	(2.9)	0.5	3.2
Salary increase rate	1.0	6.0	1.0	(5.2)
Turnover rate	20.0	(7.9)	20.0	10.1

24. 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.

25. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Interest expenses on borrowings	33,344	39,280	13,592	14,676
Interest expenses on lease liabilities	2,300	1,168	488	394
Total	35,644	40,448	14,080	15,070

26. Expenses by nature

Significant expenses classified by nature are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Salaries, wages and other employee benefits	1,492,607	1,509,025	690,164	733,467
Physicians' fee	1,084,359	1,101,102	478,585	505,565
Depreciation and amortisation	353,534	329,798	129,883	127,649
Inventories used	1,013,945	915,981	481,649	448,782

27. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge	220,317	188,842	104,074	78,632
Deferred tax:				
Relating to origination and reversal				
of temporary differences	(1,585)	(4,837)	(1,358)	(2,219)
Income tax expenses reported in profit or loss	218,732	184,005	102,716	76,413

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are made up as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax on gain from the change				
in value of available-for-sale investments	-	(30)	-	-
Deferred tax relating to actuarial loss	-	4,026	-	1,872
Total	-	3,996	-	1,872

The reconciliation between accounting profit and income tax expense is shown below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2020	2019	2020	2019
Accounting profit before tax	1,071,092	848,668	1,063,971	898,640
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	214,218	169,733	212,794	179,728
Tax losses for the year that have not been recognised as deferred tax assets	19,021	30,387	-	-
Effects of:				
Non-deductible expenses	3,012	710	1,170	614
Dividend income exempt	-	-	(103,000)	(94,800)
Additional expense deductions allowed	(17,519)	(16,825)	(8,248)	(9,129)
Total	(14,507)	(16,115)	(110,078)	(103,315)
Income tax expenses reported in profit or loss	218,732	184,005	102,716	76,413

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	financial statements	financial statements
	2020	2019	2020	2019
Deferred tax assets				
Fair value adjustments of financial instruments (2019: Allowance for diminution in value of investment)	176	176	176	176
Provision for long-term employee benefits	22,260	20,855	11,837	10,834
Lease	589	-	355	-
Total	23,025	21,031	12,368	11,010
Deferred tax liabilities				
Gain on fair value adjustment of fixed assets of subsidiaries as at acquisition date	10,110	10,632	-	-
Unrealised gain on change in value of investments	97	12	-	-
Lease	846	-	-	-
Total	11,053	10,644	-	-

As at 31 December 2020, the subsidiaries had unused tax losses totaling Baht 334 million (2019: Baht 243 million), on which deferred tax assets have not been recognised as the subsidiaries considered that there are uncertain economic future to allow utilisation of the unused tax losses. The unused tax losses will expire within 2025.

28. 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.

29. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. 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 2020, the Group has revenue from two major customers in amount of Baht 1,811 million and Baht 413 million (2019: revenue from two major customers in amount of Baht 1,578 million and Baht 357 million), arising from hospital business.

30. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contributes to the fund monthly at the rates of 2 - 15 percent of basic salary. The fund, which is managed by CIMB Principal Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to approximately Baht 14 million (2019: Baht 13 million) (the Company only: Baht 7 million, 2019: Baht 7 million) were recognised as expenses.

31. Dividend paid

Dividends	Approved by	Number of shares (Thousand shares)	Dividend per share (Baht)	Total dividends (Thousand Baht)
Final dividends for 2018	Annual General Meeting of the shareholders on 26 April 2019	10,999,997	0.030	330,000
Interim dividends on operating result for the six-month periods ended 30 June 2019	Board of Directors' Meeting on 13 August 2019	10,999,998	0.020	220,000
Total dividends for 2019				550,000
Interim dividends on operating result for the year ended 31 December 2019	Board of Directors' Meeting on 17 April 2020	10,999,997	0.030	330,000
Interim dividends on operating result for the six-month periods ended 30 June 2020	Board of Directors' Meeting on 13 August 2020	10,999,998	0.020	220,000
Total dividends for 2020				550,000

32. Commitments and contingent liabilities

32.1 Capital commitments

- a) The Group 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	
	2020	2019	2020	2019
Construction of buildings and building improvement	171	9	-	3
Acquisition of tools and equipment	107	124	18	25

- b) As at 31 December 2020, the Company had capital commitment amounting to Baht 237 million (2019: Baht 237 million) in respect of the uncalled portion of investment in the subsidiaries.

32.2 Service commitments

The Group has entered into service agreements. The terms of the agreements are generally between 1 and 3 years. Future minimum payments required under these service contracts were as follows:

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Payable:				
In up to 1 year	29	35	20	21
In over 1 year and up to 3 years	-	7	-	7

32.3 Guarantees

- a) As at 31 December 2020, the Company has guaranteed bank credit facilities for subsidiaries amounting to Baht 145 million (2019: Baht 145 million).
- b) As at 31 December 2020, there were outstanding bank guarantees issued by the banks on behalf of the Group amounting to Baht 91 million (2019: Baht 54 million) (the Company only: Baht 58 million, 2019: Baht 26 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	
	2020	2019	2020	2019
Guarantee contractual				
performance	82	43	54	22
Guarantee electricity use	9	11	4	4
Total	91	54	58	26

33. Fair value hierarchy

As at 31 December 2020 and 2019, the Group had the assets that were measured at fair value or for which fair value was disclosed by using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated financial statements as at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Other investment	-	2.1	-	2.1
Assets for which fair value are disclosed				
Investment properties	-	145.6	-	145.6

	(Unit: Million Baht)			
	Consolidated financial statements as at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Other investment	-	1.7	-	1.7
Assets for which fair value are disclosed				
Investment properties	-	217.1	-	217.1

	(Unit: Million Baht)			
	Separate financial statements as at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	0.4	-	0.4

	(Unit: Million Baht)			
	Separate financial statements as at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	72.7	-	72.7

34. Financial instruments

34.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, long-term lendings, investments, trade and other payables, short-term borrowings, long-term borrowings and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables, lendings, and deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade accounts receivable

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored. In addition, the Group does not have high concentrations of credit risk since they have a large and diverse customer base.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and rating. The Group does not hold collateral as security. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, long-term lending, short-term borrowings and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2020 and 2019, 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 2020						
	Fixed interest rates		Floating	Non-		Effective
	Within	1-5	interest	interest		interest rate
	1 year	years	rate	bearing	Total	(% per annum)
Financial assets						
Cash and cash equivalents	10	-	458	80	548	Note 8
Trade and other receivables	-	-	-	481	481	-
Other current financial assets	30	-	-	2	32	Note 13
	40	-	458	563	1,061	
Financial liabilities						
Short-term loans from financial institutions	570	-	-	-	570	Note 19
Trade and other payables	-	-	-	570	570	-
Lease liabilities	18	47	-	-	65	3.00 - 4.32
Long-term loans from financial institutions	-	-	544	-	544	Note 21
	588	47	544	570	1,749	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2019

	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	133	-	260	75	468	Note 8
Current investments	52	-	-	2	54	1.40
Trade and other receivables	-	-	-	444	444	-
	185	-	260	521	966	
Financial liabilities						
Short-term loans from financial institutions	820	-	-	-	820	Note 19
Trade and other payables	-	-	-	607	607	-
Liabilities under finance lease agreements	10	32	-	-	42	3.48 - 5.25
Long-term loans from financial institutions	-	-	677	-	677	Note 21
	830	32	677	607	2,146	

(Unit: Million Baht)

Separate financial statements as at 31 December 2020

	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	-	223	16	241	Note 8
Trade and other receivables	-	-	-	390	390	-
Long-term loans to related parties	-	798	-	-	798	3.00 - 5.00
	2	798	223	406	1,429	
Financial liabilities						
Short-term loans from financial institutions	570	-	-	-	570	Note 19
Trade and other payables	-	-	-	237	237	-
Lease liabilities	4	9	-	-	13	3.00 - 4.32
	574	9	-	237	820	

(Unit: Million Baht)

Separate financial statements as at 31 December 2019

	Fixed interest rates		Floating	Non-	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	interest rate	interest bearing		
Financial assets						
Cash and cash equivalents	2	-	109	23	134	Note 8
Trade and other receivables	-	-	-	345	345	-
Long-term loans to related parties	-	669	-	-	669	5.00
	<u>2</u>	<u>669</u>	<u>109</u>	<u>368</u>	<u>1,148</u>	
Financial liabilities						
Short-term loans from financial institutions	820	-	-	-	820	Note 19
Trade and other payables	-	-	-	278	278	-
Liabilities under finance lease agreements	2	7	-	-	9	3.57 - 4.14
	<u>822</u>	<u>7</u>	<u>-</u>	<u>278</u>	<u>1,107</u>	

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of floating rate borrowings affected as at 31 December 2020.

Currency	Increase/decrease	Effect on profit before tax
	(% per annum)	(Thousand Baht)
Baht	+ 0.25	(1,202)
	- 0.25	1,202

The above analysis has been prepared assuming that the amounts of the borrowings and all other variables remain constant over one year. Moreover, the floating legs of these loans from are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest payable for the full 12-month period of the sensitivity calculation. This information is not a forecast or prediction of future market conditions and should be used with care.

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank loans and lease contracts. As at 31 December 2020, the Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term loans from financial institutions	470,000	100,271	-	-	570,271
Trade and other payables	-	569,981	-	-	569,981
Lease liabilities	-	19,634	49,187	928	69,749
Long-term loans from financial institution	-	151,893	373,062	68,589	593,544
Total	470,000	841,779	422,249	69,517	1,803,545

(Unit: Thousand Baht)

	Separate financial statements				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term loans from financial institutions	470,000	100,271	-	-	570,271
Trade and other payables	-	237,113	-	-	237,113
Lease liabilities	-	4,276	9,161	172	13,609
Total	470,000	341,660	9,161	172	820,993

34.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or lendings and borrowings carry interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

35. 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 2020, the Group's debt-to-equity ratio was 0.48:1 (2019: 0.61:1) and the Company's was 0.25:1 (2019: 0.36:1).

36. 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.

37. Event after the reporting period

On 25 February 2021, a meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of shareholders to pay a dividend of Baht 0.05 per share, or a total of Baht 550 million to the shareholders in respect of the 2020 profit. The Company already approved an interim dividend of Baht 0.02 per share, or a total of Baht 220 million on 13 August 2020. The remaining dividend of Baht 0.03 per share, or a total of Baht 330 million will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2021.



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