

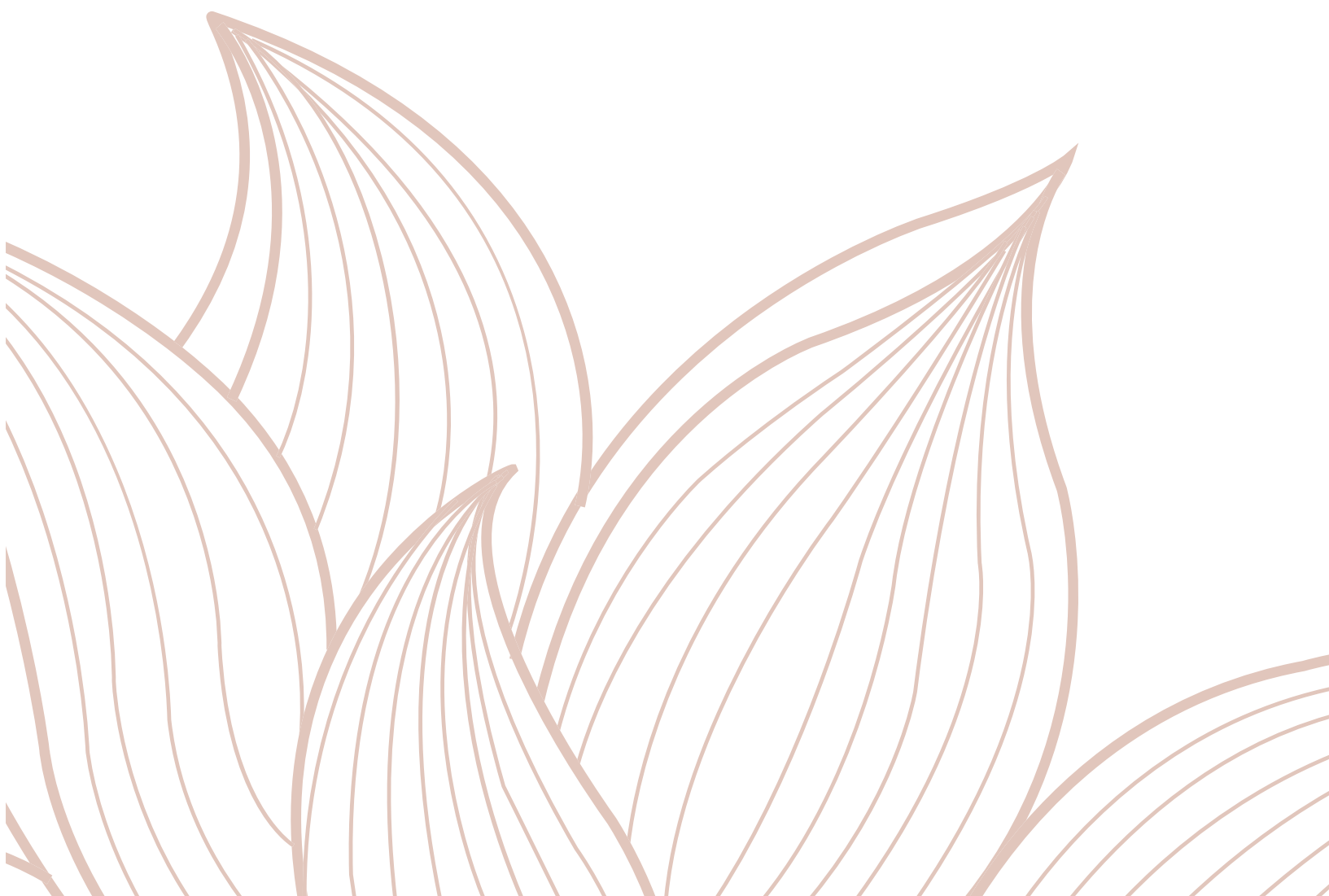
Siam Wellness Group PLC.

— S P A —

Annual Report

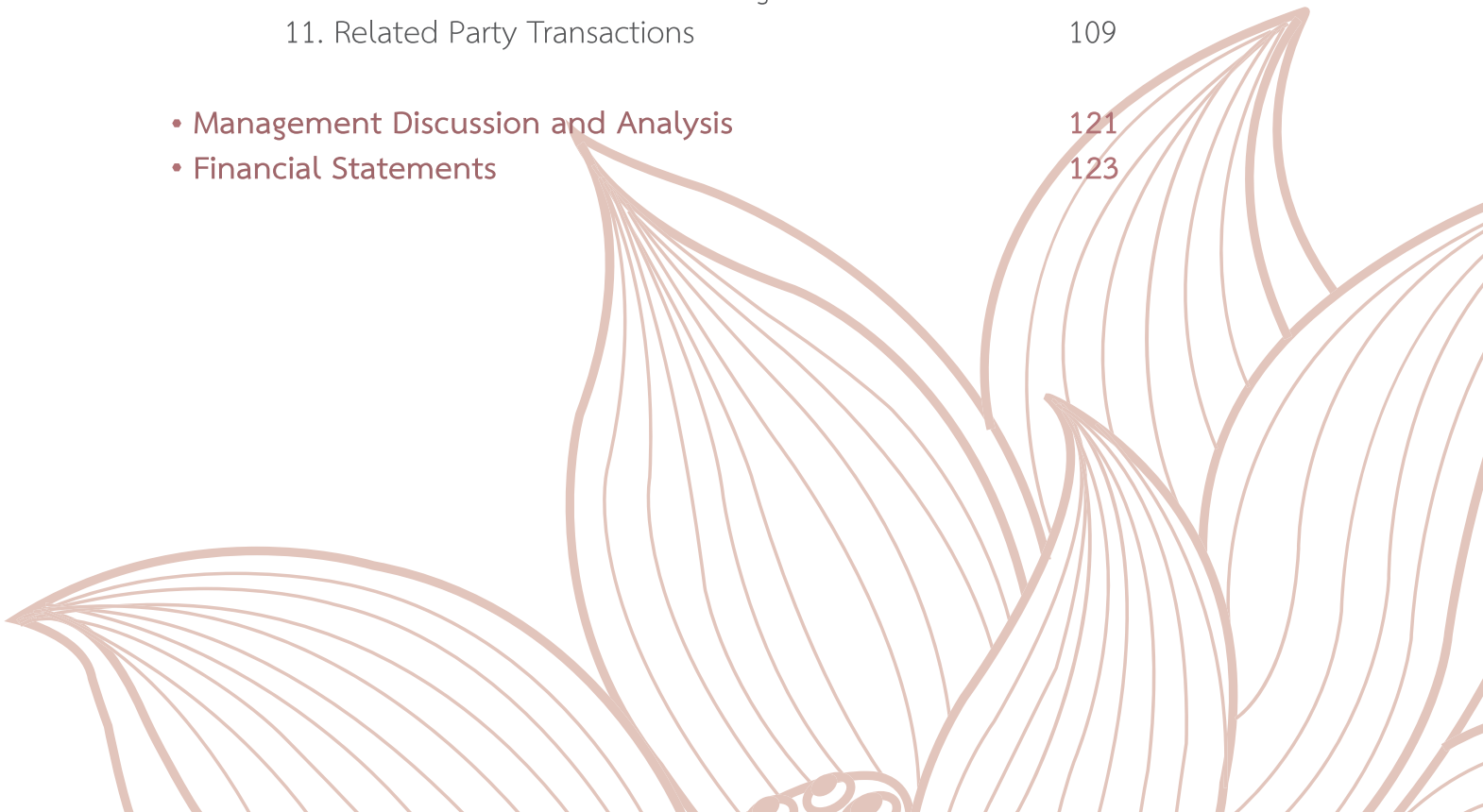
2015

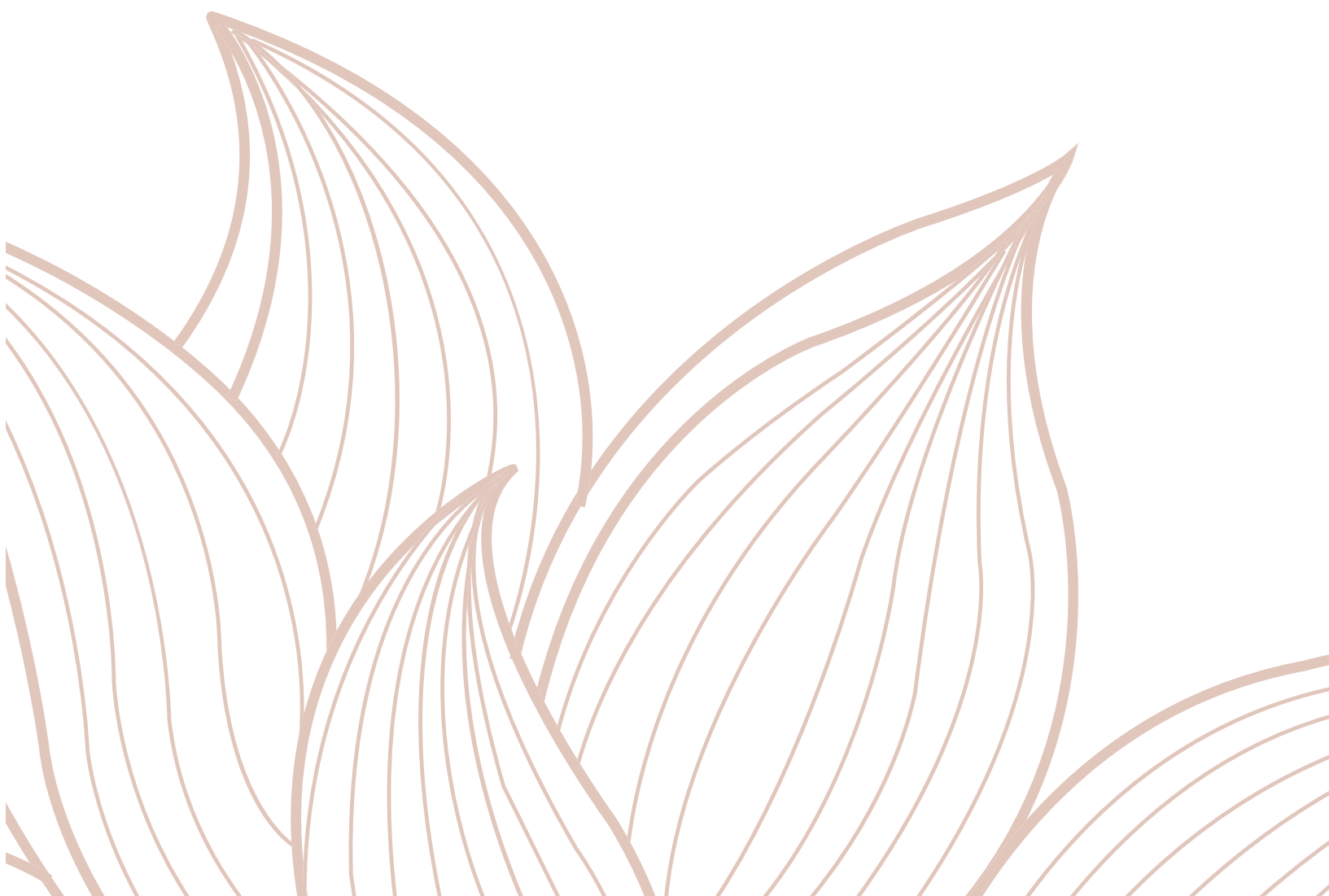




Contents

• Message from Chairman	5
• Board of Directors	6
• General Information and Other Information	8
• News and Events 2015	11
• Financial Highlights	16
• Audit Committee's Report	17
• Section 1 Policy and Overview of Business Operation	19
1. Policy and Overview of Business Operation	20
2. The Characteristics of the Business Operation	26
3. Risk Factors	46
4. The Principal Property Used in the Operation	49
5. Legal Dispute	68
• Section 2 Good Corporate Governance	69
6. Securities and Shareholders Information	70
7. Organizational Structure	72
8. Business Administration	79
9. Corporate Social Responsibility (CSR)	101
10. Internal Control and Risk Management	107
11. Related Party Transactions	109
• Management Discussion and Analysis	121
• Financial Statements	123





Message from Chairman

Dear Shareholders of Siam Wellness Group Public Company Limited [SPA],

On behalf of the Board of Directors of Siam Wellness Group Public Company Limited [SPA], I would like to sincerely thank all of the shareholders for your trust and support in our company. This year is a very good year for the Tourism industry, in which Thailand has received a total of 29.88 million tours, a strong 20% growth from 24.77 million tourists in 2014. This is the highest record for the tourist numbers. Given that 75% of the Company's customers are tourists, as a result, the Company's performance has reflect this with the total revenue of 543 million bahts, a growth of 58 % and the total net profit of 106 million bahts, a growth of 220 %. This year's performance also marks the Company's best financial record.

The overall spa industry in 2015 is expected to grow 15% to the total value of 31.1 billion bahts*, an increase from the 2014's total value of 28 billion bahts. The contributing factors are the increase in spa usages of tourists and locals as well as the increase in spa product purchases. Revenue from Tourism business for 2015 is expected to achieve its target of 2.21 trillion bahts** or approximately 14.8% of GDP through many of campaigns launched by Tourism Authority of Thailand such as Discover Thainess and Quality Leisure Destination.

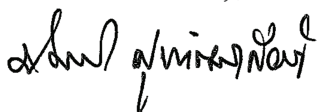
In 2015, Siam Wellness Group Public Company Limited has expanded 4 new branches including Let's Relax Ekkamai, Let's Relax Thapae Chiang Mai, Let's Relax Suanplu and Let's Relax The Street Ratchada. Moreover, on 1st August 2015, the Company acquired Baan Suan Massage, a 3-stars Massage Chain. In addition, the Company has signed a franchise agreement for the 3 provinces of the People's Republic of China – Yunnan, Chongqing and Sichuan. The first branch in Kunming City is expected to open in 2016. As a result, as of 31st December 2015, there is a total 21 branches including 3 branches of RarinJinda Wellness Spas, 14 branches of Let's Relax Spa and 4 branches of Baan Suan Massage.

Together with our international standard of services, the Company has been awarded with many awards including 1 of 8 Most Luxurious Spas in the World organized by Agoda, Best Thai Spa at the Best of Thailand Awards voted by Chinese Tourists organized by Sina Weibo and Tourism Authority of Thailand, Outstanding Day Spa at Thailand Tourism Awards 2015 and 6 awards at Thailand Spa & Well-Being Awards 2015.

Lastly, I would like to sincerely thank our management and staff for their contributions to the Company as well as our advisors for their continuously support for the Company throughout the year. These will be a great will-power and encouragement for the Company to continue to achieve its business goals and commitment and to become the Leader of the Spa Business in Asia in the forthcoming future.

On behalf of the Board of Directors

Yours sincerely,



(Mrs. Pranee Suphawatanakiat)

Chairman

*Thai Spa Association

**Ministry of Tourism and Sports

Board of Directors

As of December 31, 2015, The Board of Directors composed of 9 Directors:



Mrs. Pranee Suphawatanakiat
Chairman of the Board of Directors



Mr. Wiboon Utsahajit
Director
President of the Executive Committee
Chief Executive Officer



Mr. Prasert Jiravanstit
Director
Member of the Executive Committee
Managing Director



Mrs. Thanit Amorntirasan
Director
Member of the Executive Committee
Deputy Managing Director



Mr. Narun Wiwattanakrai
Director
Member of the Executive Committee
Assistant Managing Director





Mr. Polchet Likittanasombat
Director
Chairman of the Audit Committee
Independent Director
(Audit Committee with Accounting Knowledge)



Mr. Chaikut Thienvutichai
Director
Member of the Audit Committee
Independent Director



M.R. Pensiri Chakrabandhu
Director
Member of the Audit Committee
Independent Director



Mrs. Supee Pongpanich
Director
Independent Director



General Information and Other Information

1. General Information

Company Name : Siam Wellness Group Public Company Limited

Stock name : SPA

Company Registration Number : 0107557000144

Business Type : Spa under 3 brands – RarinJinda Wellness Spa, Let's Relax and Baan Suan Massage

Head Office Address : 483 Soi Suthiporn, Prachasongkroh Road, DinDaeng, Bangkok 10400 THAILAND

Branch Address: **1) RarinJinda Wellness Spa**

- 14 Charoenraj Road, Wat Kate sub-district, Muang district, Chiang Mai
- 153/2 Grande Centre Point Ratchadamri Hotel, 6th and 8th Floor, Soi Mahatlekluang 1, Ratchadamri Road, Lumpini sub-district, Pathumwan district, Bangkok
- 100 Grande Centre Point Ploenchit Hotel, 30th and 31st Floor, Wireless Road, Lumpini sub-district, Pathumwan district, Bangkok

2) Let's Relax

- 2,88 Terminal 21 Shopping Mall, Room SH-6-003, 004, 6th Floor, Soi Sukhumvit 19, Klongtoey Nua sub-district, Wattana district, Bangkok
- 145 Pavilion Night Bazaar Shopping Mall, LG, 1st, 2nd Floor, Changklan Road, Changklan sub-district, Muang district, Chiang Mai
- 184/14 Pangmuang Sai Kor Road, Patong sub-district, Kathu district, Phuket
- 209/22-24, Raj-u-thid 200 years old Road, Patong sub-district, Kathu district, Phuket
- 77 Soi Sukhumvit 39, Sukhumvit Road, Klongtun Nua sub-district, Wattana district, Bangkok
- 240/9 Moo 5, Naklua sub-district, Banglamung district, Chonburi
- 108/42 Moo 1, Bophut sub-district, Koh Samui district, Suratthani
- 662 Mandarin Hotel Bangkok, M Floor, Rama 4 Road, Mahapreuttharam sub-district, Bangrak district, Bangkok
- 388 Siam Square 1 Shopping Mall, Room SS6032, 6th Floor, Rama 1 Road, Pathumwan sub-district, Pathumwan district, Bangkok
- 234/1 Hua Hin Market Village Shopping Mall, Room E201, E201_Terrace, E301, A313, 2nd and 3rd Floor, Phetkasem Road, Hua Hin sub-district, Hua Hin district, Prachuab Khiri Khan
- 18 Park Lane Bangkok, Room B205-214, 2nd Floor, Soi Sukhumvit 61, Klongton Nua sub-district, Wattana district, Bangkok
- 97/2, 97/3-4, 97/5, Ratchadamnoen Road, Phra Singha sub-district, Muang district, Chiang Mai
- 7/24 Soi Suanplu, Thungmahamek sub-district, Sathorn district, Bangkok
- 139 The Street Ratchada, 3rd Floor, Ratchadaphisek Road, Dindaeng sub-district, Dindaeng district, Bangkok

3.) Baan Suan Massage

- 1191/2 Ramkamhaeng Road, Hua-mark sub-district, Bangkok district, Bangkok
- 70/40 Moo 9, Talad Kwan sub-district, Muang district, Nonthaburi
- 613/1 Ramintra Road, Khanna Yao sub-district, Khanna Yao district, Bangkok

Telephone/Facsimile : 0 2641 6619-20 / 0 2641 6621

Website : www.siamwellnessgroup.com

Registered Capital : 142,500,000 bahts (one hundred and forty-two millions five hundreds thousands bahts) after initial public offering on October 31, 2014

Par Value : 0.25 bahts (twenty-five satangs)

2. Other registered company that Company holds at least 10% of total shares

2.1 Siam Wellness Resort Company Limited

Head Office Address: 483 Soi Suthiporn, Prachasongkroh Road, DinDaeng
Bangkok 10400 THAILAND

Business Type : Resort and Restaurant

Registered capital : 60,000,000 bahts (sixty millions bahts)

% Shares : 99.99

2.2 Siam Wellness Lab Company Limited

Head Office Address : 483 Soi Suthiporn, Prachasongkroh Road, DinDaeng
Bangkok 10400 THAILAND

Business Type : Spa Products Trading

Registered capital : 1,000,000 bahts (one million bahts)

% Shares : 99.99

2.3 Siam Wellness Education Company Limited

Head Office Address : 483 Soi Suthiporn, Prachasongkroh Road, DinDaeng
Bangkok 10400 THAILAND

Business Type : Massage School

Registered capital : 1,000,000 bahts (one million bahts)

% Shares : 99.97

3. Other references

Registrar :	Thailand Securities Depository Company Limited (TSD) 62 Stock Exchange of Thailand Ratchadaphisek Road, Klongtoey sub-district, Klongtoey district, Bangkok Tel. 0 2229 2800 Fax. 0 2359 1259 Website : http://www.tsd.co.th
Auditor:	Ms. Sumana Punpongsanon, certified public accountant no. 5872 and/or Mr. Sophon Permsirivallop, certified public accountant no. 3182 and/or Ms. Rungnapa Lertsuwankul, certified public accountant no. 3516 and/or Ms. Pimjai Manitkajohnkit, certified public accountant no. 4521 and/or Mrs. Gingsarn Atsawarangsalit, certified public accountant no. 4496 and/or Mr. Chayapol Suppasedtanon, certified public accountant no. 3972 and/or Ms. Rosaporn Decharkorn, certified public accountant no. 5659 EY Office Limited Lake Ratchada Building, 33rd Floor, 193/136-137, Ratchadaphisek Road, Klongtoey district, Bangkok 10110 Tel: (662) 264-9090 Fax: (662) 264-0789-90
Legal Advisor :	HNP Legal Company Limited Q House Convent Building, 11th Floor, Room 11 AB, 38 Convent Road, Silom sub-district, Bangrak district, Bangkok Tel: 0 2632 1800 Fax: 0 2632 1700

4. Other information

- None -

News & Events 2015



March 2015

Students from the Department of Hotel and Tourism Management, Faculty of Business Administration, Bangkok University, visited Let's Relax Mandarin Hotel to learn about Thai Spa Business. Thai Spa is considered as one of Thailand's Tourism Product Champion by the Ministry of Tourism and Sports.

March 2015

SPA received the IPO, Pride of Provinces Project award (IPOP). Management Team received the awards from Dr. Worapol Sokhatoyanurak, Secretary General of the Securities and Exchange Commission, held at Royal Maneeya Ballroom, Renaissance Hotel Bangkok.



March 2015

SPA held the Annual General Meeting 2015 at Mandarin Hotel Bangkok

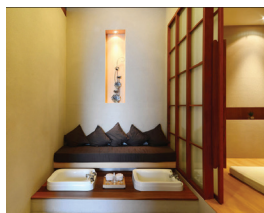
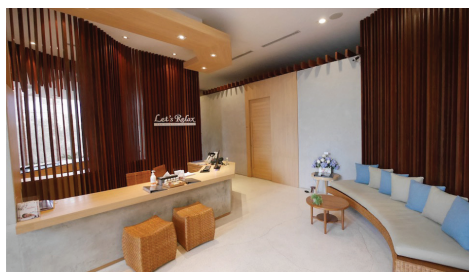


April 2015

Let's Relax Siam Square One opened Phase 2. The area has been expanded from 424 sqm. to 746 sqm.

June 2015

Let's Relax Spa and RarinJinda Wellness Spa received the Best Spa and the First runner-up Best Spa Awards at the Best of Thailand Awards voted by Chinese Tourists. Management Team received the awards from H.E. Kobkarn Wattanavrangkul, Minister of Tourism and Sports, held at Grand Postal Building.



July 2015

Let's Relax Ekkamai was officially opened

July 2015

SPA participated in MAI Forum to share information to interested investors as well as publicize the Company's Spa services.





July 2015

SPA held the Annual Staff Meeting between 14-16 July 2015 at Mandarin Hotel Bangkok

July 2015

SPA welcomed Baan Suan Massage Management Team into the SPA family.

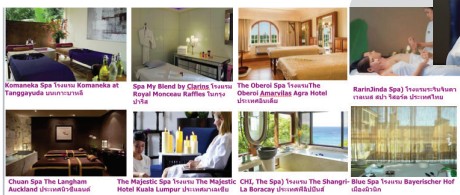


RarinJinda Spa
RarinJinda Wellness spa
Thailand



August 2015

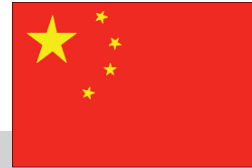
RarinJinda Wellness Spa Chiang Mai has been selected as 1 of 8 Most Luxury Spas in the World by Agoda. RarinJinda Wellness Spa is the only Thai spa to be selected on this esteemed list by Agoda.



August 2015

Let's Relax Thapae and D Bistro held the official Grand Opening.





September 2015

SPA signed the Spa Franchise Agreement with Tailai Spa Management Co.,Ltd for the expansion of Let's Relax Spa in Yunnan, Chongxing and Sichuan Province, People's Republic of China.

September 2015

SPA received 6 awards at Thailand Spa Awards 2015, in which RarinJinda Wellness Spa received 4 awards - Amazing Hotel Spa, Amazing Resort Spa, Amazing Traditional Thai Experience and Amazing Destination Spa and Let's Relax received 2 awards - Amazing Value for Money Spa, Amazing Innovative Marketing Campaign,, held at Grand Diamond Ballroom, Impact Muang Thong Thani



September 2015

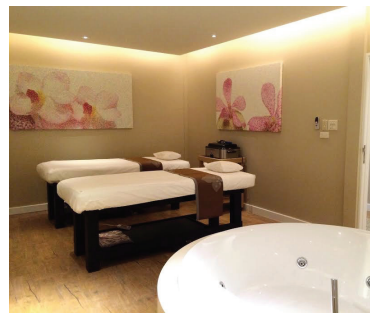
RarinJinda Wellness Spa received the Outstanding Day Spa award at Thailand Tourism Awards 2015



October 2015

SPA publicize its services to bloggers from around the world at TBEX Asia 2015 held at Queen Sirikit Center, Bangkok





November 2015

Let's Relax Suanplu was officially opened



November 2015

SPA Board of Directors held the Annual Business Plan Meeting at RarinJinda Wellness Spa Resort Chiang Mai



December 2015

Let's Relax Spa The Street Ratchada was officially opened.



Financial Highlights

Financial Position	2015	2014	2013
Total Assets (In Thousand Baht)	655,018	600,856	348,720
Total Liabilities (In Thousand Baht)	100,112	117,892	143,520
Total Shareholders' Equity (In Thousand Baht)	554,906	482,964	205,200

Operational Performance	2015	2014	2013
Total Revenues (In Thousand Baht)	543,505	343,358	325,933
Cost of Sales and Services (In Thousand Baht)	334,967	225,344	186,346
Selling Expenses (In Thousand Baht)	21,731	18,333	20,614
Administrative Expenses (In Thousand Baht)	52,043	54,222	39,259
Total Expense (In Thousand Baht)	409,913	303,431	250,221
Profit for the Year Attributable to Shareholders of the Parent (In Thousand Baht)	106,495	33,247	57,325
Net Earnings per Share for Profit for the Year Attributable to Shareholders of the Parent (Baht)	0.19	0.08	0.17

Ratio Analysis	2015	2014	2013
Current Ratio (Times)	1.51	3.92	0.48
Gross Profit Ratio (%)	37.18	33.41	41.72
Net Profit Ratio (%)	19.97	9.68	18.48
Return on Equity (%)	20.52	9.66	40.32
Return on Assets (%)	16.96	7.00	17.28
Debt to Equity Ratio (Times)	0.18	0.24	0.70

Audit Committee's Report

To Shareholders of Siam Wellness Group Public Company Limited

Siam Wellness Group Public Company Limited (“Company”) has the Audit Committee composed of 3 independent directors whom have expertise and are professional in the specific, with the qualifications according to the provision of The Stock Exchange of Thailand. They independently perform the profession under the Charter of Audit Committee, the Audit Committee consists of:

- | | |
|--------------------------------|---------------------------------|
| 1. Mr. Polchet Likittanasombat | Chairman of the Audit Committee |
| 2. Mr. Chaikut Thienvutichai | Audit Committee |
| 3. M.R. Pensiri Chakrabandhu | Audit Committee |

In 2015, the Audit Committee had a meeting total of 5 times. The Audit Committee’s meeting had attended all meetings with the percentage of 100 of the meeting and also invited the management to attend the meeting according to the related agenda of those involved in order to explain the topics matter. As well as invited the internal auditors and certified public accountants to participate in the discussion, the audit results, and the evidences in each quarter. The Audit committee held a meeting with the certified public accountants without the management of the company with total of 4 times.

The Audit Committee’s meeting had strictly followed the profession under the Charter of Audit Committee which approved by the Board of Directors of the Company. And the results from each meeting had been reported with the performance summary with useful suggestions to the Board of Directors of the Company to acknowledge, the essence topics are as followed:

1. Reviewed the annual financial statements for the year 2014 and quarterly financial statements for the year 2015 before submitting to the Board of Directors of the company, to be completely certain that the financial transactions prepared by related parties were accurate and adequate to the accounting standards and legal terms as well as enough disclosure in the notes of financial statements. Along with providing the observations and acknowledgement of the solutions as an advantage for the Company, the Audit Committee supposed that the financial transactions was prepared under the guaranteed accounting standards with the accuracy and adequacy which can be reliable, where the choices of accounting policy are reasonable.

2. By reviewing the adequacy of internal controls and internal audit, the Audit Committee supposed that as a matter fact, there are sufficient and effective and no deficiency with the internal auditor working independently. Herewith, the Audit Committee considered the approval of an internal audit plan for the year 2015, following the risk accordingly and focusing on effective and sufficient performance as well as continuing to improve the internal audit system to enhance internal control.

3. By reviewing the observance under the Securities and Exchange Commission, the regulations of The Stock Exchange of Thailand, and the company’s related laws, the Audit Committee supposed that the Company has followed the regulations appropriately, as well as reviewing the related subjects or the conflict of interest matters. The Audit Committee agreed that it is reasonable to maximize the benefits of the Company following by the regulations and laws of The Stock Exchange of Thailand as noted in financial statements.

4. By reviewing the risk management, the audit report, and the observations on the internal control system, along with exchanging opinions with the management, the Company has scheduled the meeting for the risk management task force frequently as well as imposing the meeting for the Board of Directors at least every quarter. During the meeting, the Audit Committee mentioned about the overall results, the risks, and suggestions in order to avoid or reducing the significant risks, also reported the progress of the overall results of those responsible individuals. The Audit Committee supposed that the measurement of the risk management was appropriate and sufficient to support the great risky performances according to the business's environment nowadays

5. By reviewing the adequacy of the internal control system prescribed by the Securities and Exchange Commission, the results showed that the Company had the adequacy of the internal control system.

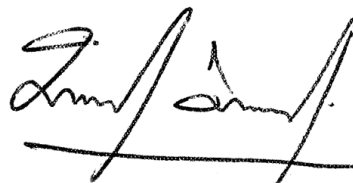
6. Considered selecting the auditors with the transparency and good corporate governance. Along with the overall results of the previous auditors considering the reputation and reliability in auditing with the ability to affirm the financial statements punctually, the Audit Committee suggested that the Board of Directors proposing to the Shareholders' Meeting to approve as followed,

- Appointing the auditors of EY Office Co., Ltd. with the names as followed,
 - Ms. Sumana Punpongsonon, certified public accountant no. 5872 and/or
 - Mr. Sophon Permsirivallop, certified public accountant no. 3182 and/or
 - Ms. Rungnapa Lertsuwankul, certified public accountant no. 3516 and/or
 - Ms. Pimjai Manitkajohnkit, certified public accountant no. 4521 and/or
 - Mrs. Gingkarn Atsawarangsalit, certified public accountant no. 4496 and/or
 - Mr. Chayapol Suppasedtanon, certified public accountant no. 3972

To be auditors of Siam Wellness Group Public Company Limited for the fiscal year 2016 with the audit fees of 1,055,000 bahts (one million and fifty-five thousands bahts)

7. The Audit Committee evaluated the overall results of the Audit Committee by evaluating the overall for the year 2015 and had an agreement that the Audit Committee has followed the Charter of Audit Committee effectively and sufficiently.

Siam Wellness Group Public Company Limited



(Mr. Polchet Likittanasombat)

Chairman of the Audit Committee

The background of the page is a light gray. It features decorative elements: stylized, overlapping leaves in a light gray tone on the left and right sides. Scattered across the page are several hexagons in various shades of gray, some solid and some outlined, creating a geometric pattern.

Section 1

Policy

and Overview of
Business Operation

Policy and Overview of Business Operations

1. The Vision and Objective of the Business Operation of the Group of Companies

Siam Wellness Group of Companies (Plc) operates a health spa and spa-related businesses as well as the hotel (hospitality) business. For this purpose, the Group of Companies defines its operational vision and objective for expansion and growth of the business in the future as follows:

THE VISION

The Group of Companies defines a comprehensive overview of its business as the provider of standard spa service and the most comprehensive spa services of Asia with spas covering multi-level spa services and has the Regional Brand of the products accepted and recognized both in Thai and overseas markets with simultaneous business growth and expansion both in the Group of Companies and in the operation of its business characterized by reciprocity of support. The Group of Companies has defined 4 missions of its business operation, namely,

- As an organization that creates the standard of Thai spa to be recognized internationally and builds reputation for Thai spa at international level and ultimately at global level.
- As an organization that focuses on the integration of the Western and Thai sciences to enable the service of the Company to be increasingly developed.
- As an organization that promotes and gives support to personnel of every part to enable them to learn and develop themselves consistently and continually in the best interest of the Company and for ultimate maximized benefit of the customers.
- As an organization that attaches importance to the fundamental regulations, the law by adhering to the operation of its business with integrity, precision and ethics with awareness of impact on its personnel, on the environment and community being of paramount importance.

ITS BUSINESS OBJECTIVE

• SIAM WELLNESS GROUP PLC. : SPA

SPA defines its business objective to be increasingly on expansion by setting forth its objective to be the leader of Asian spa with brand symbol impressed on the mind of the customers and to further want to expand its health spa business to provide services to fully meet all demands of the target customers through division of service brands; starting from the upper level customers who have plenty of time to be admitted to receive services and with more purchasing power to the customers with less purchasing power. This is to gain access to customers of every needs through emphasis on good staff training from the Company as to provide the best services to the customers and to build the customer base of new customers as to increase the growth of income for every branch of spa on a continual basis and for further growth in net profit continually in the future.

• SIAM WELLNESS RESORT CO., LTD. : SWR

SWR defines the target for its hotel operation business by emphasizing growth in occupancy rate and average room rate at the hotel by the customers through a launch of publicity for room occupancy sale, through

the organizing of MICE for both private and government sectors, both nationally and internationally; As for the restaurant business, SWR will emphasize on growth in occupancy rate and average bill per person. through organizing sales promotion during various festivity periods as to increase operating income for SWR.

• **SIAM WELLNESS LAB CO., LTD. : SWL**

SWL defines the objective of its spa-related products distribution business and health-related products distribution with an aim to expand distribution channels of both domestic and abroad. For the domestic market, it focuses on expanding the distribution channel in a spa place of business established in a hotel; the distribution of goods in medium spa shops in department stores, the distribution of souvenir goods during various festivities such as during the New Year festival and other festive occasions, etc. As for overseas market, SWL is planning to recruit additional distribution agents to handle the export of goods to places of the spa business in leading hotels abroad as to increase income for SWL and to create a business opportunity for expansion and continual growth in the future.

• **SIAM WELLNESS EDUCATION CO., LTD. : SWE**

SWE defines its objective to operate a Thai traditional massage school by emphasizing staff training as to maintain the massage standard and to teach job applicants for the Company's therapeutic staff and to accommodate the launch of SPA branches to promote SPA future growth.

2. Significant Changes and Developments

Siam Wellness Group Plc. the "Company" or "SPA", previously was named "Blooming Spa Co., Ltd. It was established in 2001 by the group of Utsahajit Family and the group of Jiravanstit Family with an authorized capital of 3 million Baht. It operated the spa for health business under the brand "Let's Relax", which emphasized the provision of day-spa type service. It is the 4-star service in the format of the service-user having little time, mostly the customers used about 1-2 hours of service time.

In 2006, as the Company envisioned a channel for providing service to customers who increasingly wish to have more comprehensive healthcare, it expanded its business by establishing more places for providing spa service under the brand of "RarinJinda Wellness Spa", by emphasizing the provision of wellness-type spa service. It is a 5-star spa service of leading standard integrating increasingly new technology in the spa service circle and the time of service provided is 1 hour and a half hour upwards.

In 2007, the Company founded Siam Wellness Lab Co., Ltd. or "SWL", previously "Blooming Lab Co., Ltd." with an authorized capital of 1 million Baht to operate a spa-related products, health products and crispy snack distribution business under the brand of "Blooming" for distribution domestically and abroad.

In 2008, the Company increased the authorized capital to 40 million Baht for working capital funding and for branch expansion.

In 2011, the Company founded Siam Wellness Education Co., Ltd. or "SWE", previously named "Blooming Spa Education Co., Ltd." with an authorized capital of 1 million Baht. It operates an educational institute-type school teaching Thai traditional massages recognized by the Ministry of Education. It has the objective to train employees to be service staff of the Company to accommodate the expansion of SPA branches.

In 2013, the Group of Companies underwent the shareholding restructuring in preparation for listing in the Stock Exchange of Thailand. For this purpose, Siam Wellness Group Limited issued shares for increase of the authorized capital in order to buy the share of Siam Wellness Resort Co., Ltd. previously "RarinJinda Co., Ltd." in the ratio of 99.99 percentage of the authorized capital.

In 2015, the Company acquired Baan Suan Massage, a 3-stars Massage in Bangkok and metropolitan area to expand its spa services for the domestic market.

SIGNIFICANT CHANGES AND DEVELOPMENTS DURING THE PAST 3 YEARS ARE AS FOLLOWS:

Year	Significant changes and developments
2013	<ul style="list-style-type: none"> • The Company opened “Lets Relax” Samui • The Company opened “Let’s Relax” Mandarin • Increased the authorized capital of 60 million Baht to up the total authorized capital to 100 million Baht as to restructure the business of the Group of Companies to be subject to the same control by issuing share for capital increase in exchange for the share of Siam Wellness Resort Co., Ltd., previously “RarinJinda Co., Ltd.”, from Utsahajit Family and Jiravanstit Family as to merge into a subsidiary company of the business at the par value price.
2014	<ul style="list-style-type: none"> • Converted into a public company by changing its share par value from 100 Baht to 0.25 Baht per share and increased the authorized capital to 142.5 million Baht (570 million shares) to make public sale offering of 170 million ordinary shares for increase of the authorized capital and to apply for listing in the mai Stock Exchange. • The Company opened “Lets Relax” Siam Square One • The Company opened “Lets Relax” Hua Hin • The Company opened “RarinJinda Wellness Spa” Ploenchit • The Company rebranded RarinJinda Wellness Spa, Phuket to Let’s Relax, Patong Third Street branch.
2015	<ul style="list-style-type: none"> • The Company acquired S Sense Spa and converted to “Let’s Relax” Ekkamai • The Company acquired Sarahn Relax and converted to “Let’s Relax” Suanplu • The Company opened “Lets Relax” Thapae • The Company opened “D Bistro” Thapae • The Company acquired Baan Suan Massage with branches in Bangkok and Metropolitan • The Company sold the franchise rights of “Let’s Relax” in People’s Republic of China in 3 provinces which are Yunnan, Chongxing and Sichuan • The Company opened “Lets Relax” The Street Ratchada

As at 31 December 2015, the Company had its places of operation opened as follows:

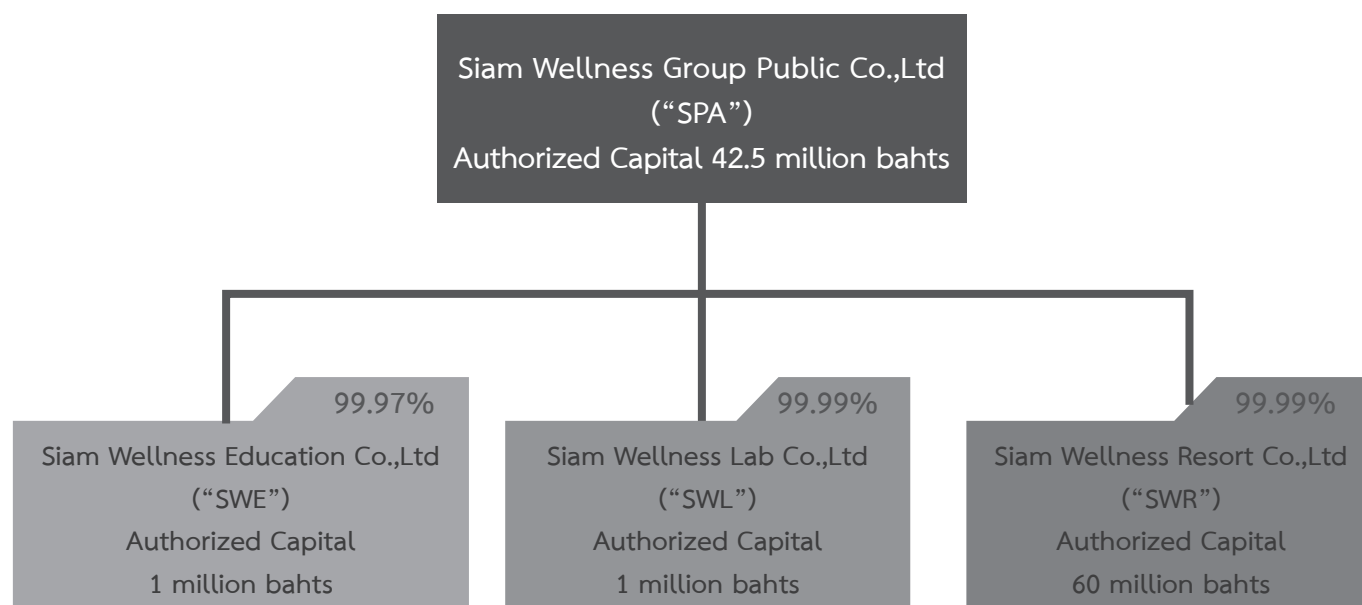
- 3 branches of “RarinJinda Wellness Spa” brand.
- 14 branches of “Let’s Relax” brand
- 3 branches of “RarinJinda Wellness Spa” brand.

Branches in the process of being prepared for opening

- “Baan Suan Massage” Prachanukul
- “Let’s Relax” MBK
- “Let’s Relax River Heaven Charoenkrung
- “Let’s Relax Phayathai
- “Let’s Relax Boat Lagoon Phuket
- “Let’s Relax Thonglor

3. Shareholding Structure of the Group of Companies

As of 31 December 2015, the Group of Companies had the shareholding structure as follows:



The details of the operation of each company are as follows:

1) Siam Wellness Group Plc. (“Company”) or (“SPA”)

Founded on 28th November 2001 to operate a health spa business. Currently its authorized capital is 142.5 million Baht and 142.5 million Baht was fully paid up. The Company’s service is divided into 3 types as follows:

- “RarinJinda Wellness Spa”, a 5-star Premium and Innovative Wellness Spa situated in 5-stars Hotels and Resorts targeted the upper segment. Fully equipped with all of the latest spa technologies and facilities at high international standards, yet deeply rooted in the Thai Massage and healing traditions, it offers relaxing and therapeutic spa treatments that harmonize all life sense.
- “Let’s Relax”, a 4-star Boutique Day Spa situated in Shopping Malls, Hotels as well as Standalone in tourist areas targeted upper middle segments. It delicately offers fineness spa pleasure to perfectly balance the body and soul, offers high quality of equipment, products and treatments with experienced and well-trained therapists for a unique and remarkable experience for customers.
- “Baan Suan Massage”, a 3-star Neighborhood Massage Outlet is a standalone in highly populated area targeted middle segment. It offers relaxing massage therapy for local consumers.

Summary of the details of “Rarinjinda Wellness Spa”

Branch No.	Year of Opening	Branch	Location
1	2005	Chiang Mai	RarinJinda Wellness Spa Resort, Charoenraj Road
2	2007	Ratchadamri	Grande Centre Point Hotel Ratchadamri, Ratchadamri Road
3	2014	Ploenchit	Grande Centre Point Hotel Ploenchit, Wireless Road

Summary of the details of “Let’s Relax”

Branch No.	Year of Opening	Branch	Location
1	2001	Pavillion	Chiang Mai Pavillion Night Bazaar, Chiang Mai
2	2003	Patong 2 nd Street	Raj-u-thit Road, Patong, Phuket
3	2004	Pattaya	Sunshine Garden Hotel, Pattaya
4	2004	Sukhumvit 39	Soi Sukhumvit 39, Bangkok
5	2011	Terminal 21	Terminal 21 Shopping Mall, Bangkok
6	2013	Samui	Bophut, Samui
7	2013	Mandarin	Mandarin Hotel Bangkok, Bangkok
8	2014	Siam Square One	Siam Square One Shopping Mall, Bangkok
9	2014	Hua Hin	Hua Hin Market Village, Hua Hin
10	2014	Patong 3 rd Street	Pangmuang Sai Kor Road, Patong, Phuket
11	2015	Ekkamai	Park Lane Bangkok, Bangkok
12	2015	Thapae	Ratchadamnoen Road, Chiang Mai
13	2015	Suanplu	Soi Suanplu, Bangkok
14	2015	The Street	The Street Ratchada, Bangkok

Summary of the details of “Baan Suan Massage”

Branch No.	Year of Opening	Branch	Location
1	2015	Ramkamhaeng	Ramkamhaeng Road, Bangkok
2	2015	Nonthaburi	Nakorn-in Road, Nonthaburi
3	2015	Ramintra	Ramintra Road, Bangkok

2) Siam Wellness Resort Co., Ltd. (“SWR”)

It was founded on 30th March 2005 to operate a boutique hotel resort in the name of “RarinJinda Wellness Spa Resort” and a restaurant under the name of “Deck 1” and “D Bistro” in Chiangmai province. Currently SWR has authorized paid up capital of 60 million Baht.

3) Siam Wellness Lab Co., Ltd. (“SWL”)

It was founded on 6th December 2007 to operate a business of the distribution of spa-related products and health products and crispy snacks under the brand “Blooming” for distribution both domestically and abroad. Currently SWL has paid up authorized capital of 1 million Baht.

4) Siam Wellness Education Co., Ltd. (“SWE”)

It was founded on 6th July 2011 to operate a business of Thai massage training school recognized by the Ministry of Education in the name of “Blooming Thai Massage School” as to impart knowledge of spa and massage both in theory and practice to members of the staff. Currently SWE has paid-up authorized capital of 1 million Baht.

4. Relationship with the Business Group of the Major Shareholders

After the restructuring of the Group of Companies in 2013, the Group of Companies and the major shareholders of the Utsahajit family and the Jiravanstit family have not engaged in the business of the same characteristic or that may compete with the Company.

2

The Characteristics of the Business Operation

Siam Wellness Group Plc. (“SPA”) operates a health spa business and a business secondary to the spa business. The groups of business are divided into 4 principal businesses, namely,

1. Spa business

The spa business provides the spa service to Thai and foreign customers under the brand “RarinJinda Wellness Spa”, “Let’s Relax” and “Baan Suan Massage”

2. Hotel and restaurant businesses

Siam Wellness Resort Co., Ltd. (“SWR”) operates the Boutique Hotel Resort business in Chiangmai province in the name of “RarinJinda Wellness Spa Resort” and the restaurant in the name of “Deck 1” and “D Bistro”

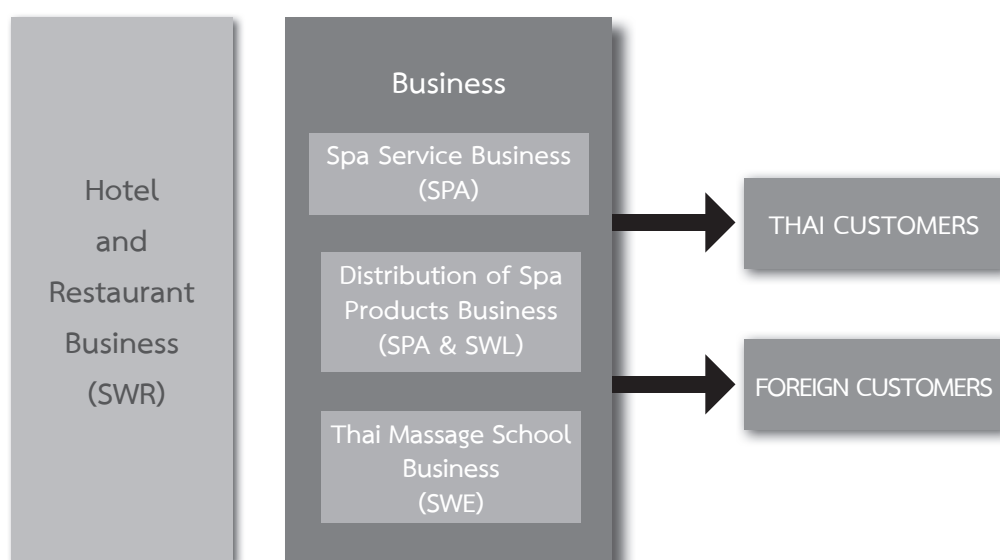
3. Distribution of spa products business

Siam Wellness Lab Co., Ltd. (“SWL”) operates the business of distributing the spa products under the brand “Blooming” for customers in the country and abroad.

4. Thai massage school business

Siam Wellness Education Co., Ltd. (“SWE”) operates the Thai massage school business in the name of “Blooming Thai Massage School,” to provide training on Thai massage and spa to therapist as to accommodate the expansion of the business.

The overview of the business operation of the Group of Companies is as follows:



2.1 SPA Business

The spa business is the principal business of the Group of Companies. It provides service under 3 brands, i.e., “RarinJinda Wellness Spa”, “Let’s Relax” and “Baan Suan Massage”. The operation of the business must have a license to operate a health spa business which is deemed as hazardous to health and a certificate of standard of the health massage parlor. As of 31st December 2015, the details are as follows:

Summary of the License to operate a business that is hazardous to health and the Certificate of the Standard of the place of business of “RarinJinda Wellness Spa”						
Branch No.	Branch	The License		The Certificate		Remarks
		Issue Date	Expiry Date	Issue Date	Expiry Date	
1	Chiang Mai	14 May 2015	14 May 2016	7 Sep 2015	6 Sep 2017	Health Spa Certificate
2	Ratchadamri	8 May 2015	26 Apr 2016	26 Feb 2015	25 Feb 2017	Health Spa Certificate
3	Ploenchit	12 Jan 2015	11 Jan 2016			For the certificate, the officer has completed inspection. The certificate is being processed.

Summary of the License to operate a business that is hazardous to health and the Certificate of the Standard of the place of business of “Let’s Relax”						
Branch No.	Branch	The License		The Certificate		Remarks
		Issue Date	Expiry Date	Issue Date	Expiry Date	
1	Pavillion	18 Jul 2015	17 Jul 2016	24 Apr 2015	23 Apr 2017	Health Massage Certificate
2	Patong 2nd Street	8 Jul 2015	8 Jul 2016	12 Jan 2014	11 Jan 2016	Health Spa Certificate
3	Pattaya	19 Jan 2014	14 Jan 2015	4 Aug 2014	3 Aug 2016	Health Massage Certificate
4	Sukhumvit 39	30 Oct 2015	3 Nov 2016	20 Sep 2013	19 Sep 2015	The License is in renewal process
5	Terminal 21	2 Jul 2015	17 Jul 2016	12 Feb 2014	11 Feb 2016	Health Spa Certificate
6	Samui	19 May 2015	6 Jun 2016	19 Aug 2014	18 Aug 2016	Health Spa Certificate
7	Mandarin	18 Aug 2015	21 Aug 2016	26 Feb 2015	25 Feb 2017	Health Spa Certificate
8	Siam Square One (Phase 1)	16 Feb 2015	15 Feb 2016			For the certificate, the officer has completed inspection. The certificate is being processed.
9	Siam Square One (Phase 2)	7 Aug 2015	6 Aug 2016			For the certificate, the officer has completed inspection. The certificate is being processed.
10	Hua Hin	22 Oct 2015	21 Oct 2016	18 May 2015	17 May 2017	Health Spa Certificate
11	Patong 3rd Street	2 Jul 2015	3 Jul 2016	5 Mar 2014	4 Mar 2016	Health Spa Certificate (In Process of branch name change)
12	Thapae	28 Oct 2015	28 Oct 2016			For the certificate, it's in the application process
13	Ekkamai	19 Nov 2015	18 Nov 2016			For the certificate, it's in the application process
14	Suanplu					For the license and the certificate, it's in the application process
15	The Street Ratchada					For the license and the certificate, it's in the application process

Summary of the License to operate a business that is hazardous to health and the Certificate of the Standard of the place of business of “Baan Suan Massage”						
Branch No.	Branch	The License		The Certificate		Remarks
		Issue Date	Expiry Date	Issue Date	Expiry Date	
1	Nonthaburi	8 Oct 2015	7 Oct 2016	31 Jul 2014	30 Jul 2016	Health Massage Certificate
2	Ramintra	18 Sep 2015	10 Mar 2016	9 Mar 2014	8 Mar 2016	Health Massage Certificate
3	Ramkamhaeng	7 Sep 2015	18 Sep 2016	28 Nov 2014	27 Nov 2016	Health Massage Certificate

REMARKS:

1. As for the License and the Certificate are in the process of being applied for. The Company has already furnished the supporting documents to apply for the License and the Certificate to the competent officer. Currently, the matter is being considered by the local competent officer and the public health officer.
2. For the rules, regulations and procedure for applying for the License to Operate the Business which is hazardous to health and the Certificate of the Standard of the Place of Business of Health Spa category or the Certificate of the Standard of the Place of Business of the Health Massage category are available for viewing in the Share Offer Prospective for sale offer of ordinary share to increase the authorized capital of the Company or at the Website http://www.siamwellnessgroup.com /ir/files/prospectus_spa_2014.pdf.

2.1.1 Characteristics of the Products or Services

The Company operates a health spa business by providing the “Wellness Spa” under the brand of “RarinJinda wellness Spa, “day spa” service under the brand of “Let’s Relax” and the “Massage Outlet” under the brand of “Baan Suan Massage”. The service of the Company is prominently unique as its therapeutic science is derived from the Thai wisdom of traditional medicine integrated in massaging and service combined with Western and Eastern techniques to create a uniquely new service experience of international standard in which new technology is integrated in the spa service coupled with the use of Thai herbs in massaging service for relaxation and massaging for health promotion provided to both Thai and foreign customers.

Characteristics of Wellness Spa service

It is the 5-star service under the brand of “RarinJinda Wellness Spa”. It is the spa located within or on the premises of the same hotel or resort to accommodate guests of the hotel who want to use the spa service for relaxation. It is of larger size than the DAY SPA generally. It is located at the place of tourist attractions or in the community area . In particular, mostly for 4-star or 5-star hotels, the service emphasizes the ambience of a place for relaxation and massage; the place is so arranged to have good atmosphere, beautiful view and landscaped surrounding in tandem with service to care for the body and complexion. Moreover, the Company also integrates the new technology in the spa circle, e.g. the services of Quartz Bed, Hydrotherapy Pool, Vichy Shower with the science of multi-type Thai massage coupled with the use of Thai herbs for relaxation and health promoting massage including aesthetic treatment to both Thai and foreign customer.

Categories of Service of the branches under the brand “RarinJinda Wellness Spa”

The branches which provide service under the brand “RarinJinda Wellness Spa” offers relaxing and therapeutic treatments which combines the latest spa technologies from the West and East with the Thai massage techniques and traditions. Menu includes:

1. Hydrotherapy Service

- Hydrotherapy pool (only at Chiangmai branch)
- Hydro Glow & Tone therapy
- Splashy Vichy Massage

2. Sauna Service

- Detoxifying Infared Sauna
- Herbal Rainforest Steam Sauna

3. Shirodhara Treatment**4. Warm Sand bed Therapy & Tibetan Sound Therapy****5. Four-Hands Aromatherapy Warm Oil Massage****6. Onsen Service** (Service is open particularly for Chiangmai Branch).

Mineral water is filled in 3 service ponds alternately according to the need of the customer, namely,

- Hot mineral water pond
- Soda spa pond and
- Cool water pond

7. Thai Massage**8. Thai Massage with Herbal Compress****9. Aromatherapy Oil Massage****10. Aromatic Hot Stone Massage****11. Back & Shoulder Massage****12. Facial Relaxation****13. Foot Reflexology****14. Body Scrub****15. Body Mask****16. Floral Bath**

Currently, “RarinJinda Wellness Spa” has a total of 3 branches in Chiangmai and in Bangkok. Every branch is open for service from 10.00 hrs. to 24.00 hrs. The details of the branches are as follows:

- **Chiangmai Branch** is situated in the part of the front area adjacent to the RarinJinda Wellness Spa Resort with approx. size of 3,500 sq.m.

- **Rajdamri Branch** is situated on the 6th floor and on the 8th floor of the Grand Center Point Hotel, Rajdamri with approx. size of 903 sq.m.

- **Ploenchit Branch** is situated on 30th floor and 31st floor the Grand Center Point Hotel Ploenchit, with approx. size of 1,087 sq.m.

Characteristics of Day Spa service

The characteristics of providing service under the brand of “Let’s Relax”. The provision of Day Spa type service is a 4-star spa service of the format that can be seen generally in locations where travel to use the service is convenient. The use of this type of Day Spa is characterized by short period of service lasting for 1 to 2 hours for use of one type of the spa service or the longest period of use is 4 hours for a full cycle spa service consisting of massage and spa to Thai and foreign customers. Let’s Relax integrates Thai massaging wisdom and service together with technique of massage derived from the science of the West and the East as to create the unique service experience.

Categories of the provision of service of “Let’s Relax”

1. Thai massage
2. Thai massage with hot herbal ball
3. Aromatherapy Oil Massage
4. Aromatic Hot Stone Massage
5. Back & Shoulder Massage
6. Facial Relaxation Massage
7. Foot Reflexology Massage

8. Body Scrub
9. Body Mask
10. Floral Bath

Currently, Let's Relax has a total of 14 branches in Bangkok and in major tourist destinations of Thailand, namely, Chiang Mai, Pattaya, Phuket, Samui Island and Hua Hin. Every branch is open for service from 10.00 hrs. to 24.00 hrs. The details of the branches are as follows:

- **Terminal 21 Branch** is situated on the 6th floor, Terminal 21 Shopping Mall with approx. size of 752 sq.m.
- **Sukhumvit 39 Branch** is situated on Soi Sukhumvit 39 (Phromphong) with approx. size of 806.82 sq.m.
- **Mandarin Branch** is situated in Mandarin Hotel with approx. size of 1,100 sq.m.
- **Pavilion Branch** is situated in the Pavilion Night with approx. size of 668 sq.m.
- **Pattaya Branch** is situated on the premises on Sunshine Garden Hotel with approx. size of 540 sq.m.
- **Patong 2nd Street** is situated near Jungceylon Mall with approx. size of 1,292 sq.m.
- **Samui Branch** is located near Big C Super Center with approx. size of 1,588 sq.m.
- **Siam Square One Branch** is located on the 6th floor, Siam Square One Mall with approx. size of 756 sq.m.
- **Hua Hin Branch** is located at Hua Hin Market Village (Phase 2- on 2nd and 3rd floor) with approx. size of 743 sq.m.,
- **Patong 3rd Street branch** is located near Jungceylon Mall with approx. size of 2,418 sq.m.
- **Ekkamai branch** is located on 2nd Floor of Park Lane Bangkok with approx. size of 578 sq.m.
- **Thapae branch** is located on Sunday Chiang Mai Walking Street with approx. size of 560 sq.m.
- **Suanplu branch** is located on in Soi Suanplu with approx. size of 560 sq.m.
- **The Street branch** is located on 3rd Floor of The Street Ratchada Bangkok with approx. size of 714 sq.m.

The branch in the Process of being Prepared for Opening

- Let's Relax MBK
- Let's Relax Phayathai
- Let's Relax River Heaven Charoenkrung
- Let's Relax Boat Lagoon Phuket
- Let's Relax Thonglor

Characteristics of Massage Outlet service

The characteristics of providing service under the brand of "Baan Suan Massage". The provision of Massage Outlet type service is a 3-star spa service of the format that can be seen generally in locations where locals live. The use of this type of Day Spa is characterized by short period of service lasting for 1 to 2 hours for use of one type of the massage service to Thai and foreign customers using the Thai massage wisdom.

Categories of the provision of service of "Baan Suan Massage"

1. Thai massage
2. Thai massage with hot herbal ball
3. Aromatherapy Oil Massage
4. Foot Reflexology Massage
5. Body Scrub
6. Body Mask

Currently, Let's Relax launches a total of 3 branches in Bangkok and metropolitan area. Every branch is open for service from 09.00 hrs. to 23.00 hrs. The details of the branches are as follows:

- **Nonthaburi branch** is situated on Nakorn-in Road with approx. size of 465 sq.m.
- **Ramintra branch** is situated on Ramintra with approx. size of 614 sq.m.
- **Ramkamhaeng branch** is situated on Ramkamhaeng Road with approx. size of 369 sq.m.

2.1.2 Marketing

Target Customer

The Company has a majority of foreign customers, mostly coming from Asia such as from China, Hong Kong, Taiwan, Japan, South Korea, Singapore, Malaysia and Europe. The Company has made an analysis of the target customers. According to target customer analysis, the customers are divided into 3 main principal groups based on the income according to the service format and the brand positioning, that is to say:

Customer Group	Income per month (Baht)	Brand of Serviceบริการ
1. A- to A+	>75,000	RarinJinda Wellness Spa
2. B to A-	30,000 – 75,000	Let's Relax
3. C+ to B+	15,000 – 50,000	Baan Suan Massage

Source: Data Company

Distribution Channels

Majority of the Company's customers are foreigners. Our spa brands have been widespread from Word of Mouth to various media such as in magazines and participations in various spa booth events both domestic and abroad with principal objective to publicize the Company's spa business; therefore, the Company's spa brands become well-known among the group of foreign tourists. The overall distribution channels of the Company are summarized as follows:

1. Distribution through the service booking system via the Internet.
2. Direct sale to the customers.
3. Distribution through agents.

Price Determination

The Company fixes the price by calculation based on cost of lease of the premises or the depreciation in the case of the construction of a building for use in the operation of the business plus personnel labor cost and incidental expenses coupled with price comparison of the competitor's spa business in combination with the marketing analysis as to determine the price strategy, taking into account surrounding factors concerned such as the location of the spa business, marketing opportunities, groups of target customers and the operating costs, for instance.

Factors Affecting Competition

The Spa business makes the difference in each provider of service in terms of location, the location of the shop; the convenience of travel, the vicinity of popular tourist attractions in Thailand. The provision of good service for the masseur who provides service, the experience of the provider of service, the quality of service and trust from the customers, the management of the Group of Companies therefore considers the factors affecting the competition in the business to be used as a strategy as to create the difference and to promote the strength for business competition of the Group of Companies as follows:

1. Experience and Professionalism in the Conduct of Business

As the Company has had more than 17 years of spa business experience, it is able to offer various types of massage service to be provided by able and skilled therapist staff that has been trained properly according to the school's training course of the subsidiary company (SWE) in tandem with the premium grade spa products of the subsidiary company (SWL) to create confidence in the consumers and to effectively respond to their needs. This is to make a good impression and create brand loyalty to the business and to the goods. When the customers are impressed with the goods, they are able to buy more for further consumption, thus, resulting in increased distribution of the products for the Group of Companies.

2. Location

The choice of the location for spa business, for "RarinJinda Wellness Spa", the Company would choose the location inside the 5-stars hotel which matches the targeted customer group. The customer prefers premium services with one-on-one service and seeks treatments that harmonize all life senses. For "Let's Relax", the locations is chosen with convenience and the vicinity of tourist attractions factor. For example, for the branches in Bangkok, the Company would choose a location of the spa to be near to the BTS station. For the branches in the provinces of tourist attraction, they will be located in the vicinity of a tourist attraction or a department store. For "Baan Suan Massage", the location is chosen in main streets with highly populated area of middle class with great sight.

3. Creation of the difference in terms of quality

To use the spa service for relaxation and for healthcare due to stress and health problem caused by socio-economic condition and current business competition, the Company therefore provides service that emphasizes safety and reliability when providing the service as the principal service of the spa is involved massaging. Each type of massage requires contacts with various parts of the body. As for RarinJinda Wellness Spa, emphasis will be made on the provision of service for relaxation and massage with full format of services of world standard with integration of new spa technology such as Quartz Bed, Hydrotherapy Pool and Vichy Shower combined with Thai massage science in tandem with the use of herbs.

4. Sales Promotion

The Company arranges for sales promotion such as Loyalty Program offering special price discounts to encourage the customers to decide tentatively to use the spa service with increased ease and to help increase the rate of service use during the tourist Low Season and there is an organized sales promotion during the period of publicity campaign in various tourist events both domestically and abroad with offers of discount coupons through magazines.

2.1.3 Procurement of Products or Services

In conducting a spa business, the Company has the operational factors as to acquire the said services, namely,

1. In the matter of acquiring a location to be used for operating the spa business, the space needed for providing service.
2. Therapist staff.
3. Accessories for providing service.
4. The spa products used in the service branches of the Company.

The Company, therefore, procures various factors as follows:

1. A location to be used to operate a spa business

The location of the spa business for each branch has importance for choice of use of service by customers. The Company therefore takes into account the said factors by selecting a location of the branch of the spa with convenient communication, ease of travel in the neighborhood of important tourist attractions or is located within a hotel. The location will be arranged to have a good environment and safety including beautiful design and decoration of the branch. These are important factors that would influence the decision to choose the spa service by the customers. Furthermore, the Company is acquiring the area, which is divided into 2 formats as follows:

- Lease of the space

Currently, there has been executed the agreement for long-term lease of the area to operate a total of 19 branches of the spa service. Most of the agreement for lease of the area is a 3-year lease. There is negotiation for renewal of the lease agreement for newly opened branches for around 6 - 9 years of lease (a 3-year lease with a further 3-year renewal and/or with a further 3-year renewal). This is for worthy returns on investment in terms of decoration for opening the spa branch; but thereafter, generally, the lease agreement can be renewed once for 2-3 years of lease each. Due to good consistent relationship with the lessor, during the past, there was no problem encountered with the renewal of the lease agreement. For some branches, more than 17-year continuing lease is renewed to operate the business. The details are shown in the Table as follows:

Brand “RarinJinda Wellness Spa”

Branch	Year of Operation	Total Space (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
Chiang Mai	2005	3,500	30 years	1 Jan 2013–31 Dec 2042	<ul style="list-style-type: none"> - Lease of land from affiliated person and improvement made on the wreckage of the building to be used as a place for operating a spa business and to sub-let part of the space connected to the subsidiary company to be converted into a hotel. - Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 3 years in advance prior to the expiry of the Lease Agreement.

Branch	Year of Operation	Total Space (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
Ratchadamri	2007	903	3 years	1 Jan 2014–31 Dec 2016	- Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 6 months in advance prior to the expiry of the Lease Agreement.
Ploenchit	2014	1,087	3 years	1 Nov 2014–31 Oct 2017	- Lease is renewable for two renewals of 3 years each

Brand “Let’s Relax”

Branch	Year of Operation	Total Space (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
Pavillion	1998	668	4 years 5 months 15 days	1 Apr 2012–15 Sep 2016	- 4 lease agreements (expansion of area) with renewal of the agreement to expire simultaneously.
			4 years 3 months 15 days	1 Jun 2012–15 Sep 2016	- Lease is renewable for two renewals of 3 years each.
			3 years	16 Sep 2013–15 Sep 2016	
Pattaya	2004	540	3 years	1 May 2015–30 Apr 2018	- Lease is renewable for two renewals of 3 years each.
Sukhumvit 39	2004	806.82	3 years	1 Jan 2014–31 Dec 2016	- Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 6 months in advance prior to the expiry of the Lease Agreement.
Terminal 21	2011	752	3 years	11 Oct 2014–10 Oct 2017	- Lease is renewable for one renewal of 3 years each.
Samui	2013	1,588	3 years	1 Jan 2016–31 Dec 2018	- Lease is renewable for two renewals of 3 years each.
Mandarin	2013	1,100	3 years	1 Jan 2014–31 Dec 2016	- Lease is renewable for three renewals of 3 years each.
Siam Square One (Phase 1)	2014	424.43	3 years	1 Aug 2014–31 Jul 2017	- Lease is renewable for two renewals of 3 years each.
Siam Square One (Phase 2)	2014	743	3 years	21 Jun 2014–20 Jun 2017	- Lease is renewable for two renewals of 3 years each.
Patong 3rd Street	2014	2,418	2 years 2 months	1 Dec 2014–31 Jan 2017	- Lease is renewable for one renewal of 3 years each.
Ekkamai	2015	579	3 years	1 Jul 2015–30 Jun 2018	- Lease is renewable for two renewals of 3 years each.
Thapae	2015	560	3 years	1 Oct 2015–30 Sep 2018	- Lease is renewable for one renewal of 3 years each.
Suanplu	2015	560	3 years	1 Jan 2016–31 Dec 2018	- Lease is renewable for three renewals of 3 years each.
The Street Ratchada	2015	714	3 years	15 Dec 2015–14 Dec 2018	- Lease is renewable for two renewals of 3 years each.

Brand “Baan Suan Massage”

Branch	Year of Operation	Total Space (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
Nonthaburi	2015	465	3 years	1 Aug 2015–31 Jul 2018	- Lease is renewable for two renewals of 3 years each.
Ramintra	2015	614	2 years 2 months	1 Aug 2015–30 Sep 2017	- Lease is renewable for one renewal of 3 years each.
Ramkam-haeng	2015	369	4 years 10 months	1 Aug 2015–31 May 2020	

REMARKS: The details of the lease and terms of lease are according to the details shown in the heading no 4: Property used for the Operation of the Business.

• PURCHASE OF PROPERTY

The company made a capital investment to purchase 3 compartments in the commercial building located on Rat-Uthid 200 year road in Tambon Patong, Katu district, Phuket province, to operate the only spa business “Let’s Relax”, Patong 2nd Street Branch, of the space of 1,292 sq.m. opened in 2002.

2. Therapist Staff

The therapist staff (the massage staff) is one of the important factors that will enable the Company to provide for spa service. Mostly the Company’s staffs have been working for the Company for a long time. Moreover, the Company had opened subsidiary companies in the name of Siam Wellness Education Co., Ltd. (SWE) to operate a massage training school to support the recruitment of therapist staff of the Company to replace the personnel who resigned and to prime additional staff in anticipation of the expansion of the Company’s branches in the future including its being used as a facility for training the Company’s therapists to provide service and maintain the standard of the therapists for the Company’s spa business to enable the staff to be knowledgeable both in theory and in practice; they can learn to massage according to the correct method for safety to both the provider of service and the recipient of service to the extent that the provider of service is skilled and able to provide advice on relevant matters to the users of service.

Moreover, the in case of some branches with great number of the service users, the Company will be able to relocate its therapist personnel from other branches to provide service in the branches as required to ensure smooth service and in timely manner.

Currently (as of 31 December 2015), the Company has had about 560 therapist personnel stationed at various branches of the spa business.

3. Accessories for Providing Services

To ensure that required spa services can be provided to the customers, the Company must procure the equipment and accessories needed for providing said spa service according the Brand “RarinJinda Wellness Spa”, Let’s Relax” and “Baan Suan Massage”. The details of the service provision can be displayed as follows:

Equipment for Providing Wellness Spa Type as of 31 December 2015

Branch	Thai Bed	Foot Chair	Oil Bed	Quartz Bed	Vichy Bed	Hydro Tub	Jacuzzi	Total
Chiang Mai	19	9	26	2	1	1	9	67
Ratchadamri	6	3	12	2	1	1	5	30
Ploenchit	12	4	15	2	-	-	5	38

Equipment for Providing Day Spa Type as of 31 December 2015

Brand	Branch	Thai Beds	Foot Chairs	Oil Bed	Back & Shoulder Chairs	Total
"Let's Relax"	Pavillion	18	12	10	8	48
	Patong 2 nd Street	32	18	18	8	76
	Pattaya	10	9	10	7	36
	Sukhumvit 39	19	10	13	5	47
	Terminal 21	21	12	17	10	60
	Samui	19	9	21	5	54
	Mandarin	21	8	14	6	49
	Patong 3 rd Street	34	13	29	10	86
	Siam Square One	30	10	33	6	79
	Hua Hin	12	6	9	4	31
	Ekkamai	11	6	11	4	32
	Thapae	10	7	11	4	32
	Suanplu	22	6	8	4	40
	The Street	24	6	17	4	51

Equipment for Providing Massage Outlet Type as of 31 December 2015

Brand	Branch	Thai Beds	Foot Chairs	Oil Bed	Total
"Baan Suan Massage"	Nonthaburi	26	3	4	33
	Ramkamhaeng	31	3	4	38
	Ramintra	30	3	5	38

4. Spa products used in the Company's service branches

The spa products used in the Company's spa business is one of important factors to create an impression with customers in the Company's service such as massage oil and essential oil, the body scrub and body mask products including fresh herbal ball. By relying on its expertise, experience, Company has developed the quality of its products to have unique characteristics in collaboration with a team of pharmacists in the country and in the case of the said products are not consistent with the established requirement, the Group of Company is able to supply the substitute for said products thanks to numerous producers of the same products.

2.1.4 Industry Situation and Competition

Industry situation

Since the Government's announcement of its policy for the development of Thailand to become the International Health Center in the year 2004 and its plan to push for realization of Health Care Service business within a period of 5 years (2009-2013) to promote Thailand to become the "Spa Capital of Asia" by pushing for the creation of the standard for Thai spa business coupled with an offensive marketing strategy through the launch of publicity campaign, the organizing of business promotion activities and support to be given to expansion of the market abroad including investment/joint venture for setting up a business, the creation of a network and a unique brand. The said push is responsible for the Thai spa and Thai massage businesses to be well-known and to be of service standard recognized internationally and it has become another branch of service business to play an important role in strengthening the economic growth of Thailand. It is a service business that Thailand has the potential to become the "exportable service" in the format of accommodating foreigners who enter to use the service in the country, the export of the service including the export of spa personnel to provide the service abroad. Moreover, it is the business that supports the expansion of other secondary service businesses concerned, e.g tourism, health products, etc., resulting in the increased influx of foreign currency from this group of service businesses.

Market Value of the Spa Business

Collectively, the spa industry has continually expanded in term of the place of providing service and the operating income from the spa business thanks to Thailand's readiness in terms of personnel, premises and resources coupled with unique support service of the country such as Thai massage, use of Thai herbs and the salient points in the aspect of friendly disposition and manners in providing service, resulting in rather high growth rate of this branch of service.

Analysis of the market value of Thai spa business according to the compilation of data by the relevant organizations, namely,

The Thai Spa Association reported that the total market value for spa is approximately 31.1 billion bahts, a growth from 2014's sum value of 28 billion bahts, The market is expected to grow as a result of increasing demand from locals and foreigners. Similar expectation is anticipated for the spa products market. The strategy is to maintain the unique Thai ness in both the therapists and the Thai Herbs. This go in line with Tourism Authority of Thailand's policy of Discover Thainess which targets quality leisure tourists. The Ministry of Tourism and Sports is expected that the revenue from the tourism business is expected to be 2.21 trillion bahts or accounted as 14.8% of GDP.

For the local market, there is also expectation of strong growth as the the economy continues to grow which results in higher income per capita and higher proportion of expenses on health related products. Moreover, the people are taking better care of themselves. According to Kasikornbank Research, More than 48% of Bangkok population use natural remedies for relaxation and rejuvenation. Thus, the health sector has potential positive growth.

Overview of Competition

Spa industry in Thailand has started to expand clearly since 2002 both in terms of the number of service users and places of providing the service. Most of the places of providing spa service in Thailand are being operating by small operators. According to the compilation of the statistics of Thai Spa Association, it

was found that during the years 2008 and 2012, Thailand had about 60 percent of the places of business being set up in the hotels and resorts and about 40 percent of the places of business, which were set up in the format of Stand Alone. Moreover, Thai Spa Association yet further forecasted that in the future, the ratio of the place of business of the two formats would switch to 50:50 due to the format of the STAND ALONE spa started to embark on investment in the business format and were increasingly launched for operation in the form of branches. The ratio of the places of business was divided according to the location in the hotels and resorts and according to the type of Stand Alone.

The trend of the increase in the attention to healthcare of the Thai people results in the branching out of the spa business from the hotels and is on rapid expansion in the business and tourist districts. Under the concept of providing diverse services and the attention is focused on the spa business that it is one of the group of healthcare businesses with high potential of growth and it was forecasted that the income from spa business in the tourism market is likely to be expanding continually thanks to the growing trend in tandem with tourism industry being continuously promoted and supported by the government sector; yet it is one of the health service businesses of which the government sector setting forth the target for Thailand to become the Health Center of Asia.

As the trend of paying attention to health among the middle income group is on the increase which forms the majority of the population or accounts for 70 percent of total Thai population, it is an opportunity for the spa business to be expanded into the middle level market comprising the target group of both Thai customers and foreigners who are staying in Thailand including the tourists with the purchasing power of the middle income upwards. The majority of the spa operators are Thai nationals, launching the business in large cities or in business districts, covering the spa business outside of the hotels but focusing on catching the upper market and small-sized spa business focusing on the middle market. Based on the reason stated above, the overview of the spa business within Thailand is a market of high competition thanks to the increase in large number of the spa business operators both in Bangkok and in the provinces, in the format of the full-cycle spa service with luxurious design and decoration including the diversity of spa service together complete with amenities and conveniences that give a feel of relaxation when entering into using the spa service to the format of the row-house spa being open for massage and beautifying services in various formats without placing emphasis on the beauty of the design of the spa shop or luxury, but the emphasis is placed on providing service specially prepared for the customer only.

2.1.5. The Environmental Impact

The Company has a policy to operate the business by strictly complying with the law and regulation, observing the practical procedures of the Ministry of Public Health in operating the said business. With the certification from the Ministry of Public Health to operate the branch spa business of the Company placing an emphasis on the conservation of the natural ecological system by preserving to the utmost the garden-ing area and plants (green foliage) as much as possible and by placing importance to the matter of ecological system, to the preservation of the environment, the products of the Company in providing service to the customers being the produce made from the nature without destroying the environment as to preserve the environment to good condition.

2.2 HOTEL AND RESTAURANT BUSINESSES

The operation of the hotel and restaurant business of the Group of Companies is managed by Siam Wellness Resort Co., Ltd. (SWR), having the details as follows:

2.2.1 Characteristics of the Products or Services

The provision of services of SWR can be classified according to the categories of the service characteristics, that is, hospitality (hotel) business and restaurant services in Chiangmai.

The Hotel Service

It is the hotel service under the name of “RarinJinda Wellness Spa Resort”. It is a boutique-resort hotel of 5-star level and with the maintenance of the ambience of the Northern Lanna style. Every room has the private balcony overlooking the scenic view of Doi Suthep hill and Ping river complete with amenities and conveniences, whether or not it is the high-speed Wi-Fi Internet, the fitness room and Yoga room, an open-air swimming pool, a imousine service and tour-guide service, laundry service including the library with free computer service and DECK 1 restaurant including the availability of RarinJinda Wellness Spa, Chiangmai Branch, to provide full-cycle service; it is situated in the area in front of the hotel.

Moreover, inside the hotel, the ancient teak house aged over 140 years is preserved. It is the integration of Burmese and Lanna ambience. It is placed as part of the Drawing Room of the hotel; the meeting room and Thai massage room of RarinJinda Wellness Spa Resort as to preserve it for posterity generation and for foreigner to touch and to be impressed.

On the part of the hotel which is newly constructed, the architect had designed it to blend with the original ancient wooden house including the landscaping design which emphasizes the green foliage of the plants including the water lines meandering along the building, which is the special feature that is distinct from other architecture in Chiangmai province and resulted in RarinJinda Wellness Spa Resort to receive various awards for preservation of the construction of historical importance, the culture and the good tradition as well as the custom of Thailand.

• Guest Room Service

RarinJinda Wellness spa Resort provides the guest room service as follows:

Room Type	Size (sq.m.)	No. of rooms	Room Rate (THB)
Deluxe	46	22	6,500
Deluxe Pool Access	53	7	10,000
Wellness Suite	93	5	16,000
RarinJinda Villa	164	1	27,000
Total		35	

REMARKS * The price of the guest room according to the Website of the Hotel as of 31 December 2015.

** The above price does not included 10% of Service Charge and 7% VAT.

• Food and Beverage Services

RarinJinda Wellness Spa Resort provides Deck 1 restaurants service. It is located adjacent to the riverside of Ping River. It emphasizes the open perspective outlook with cozy ambiance both inside and outside of the building. The restaurant provides food and drinks including the catering for the party, wedding party, emphasizing the impressive quality of service and the quality of food prepared by experienced chef to provide service to hotel guests and general customers. The details are as follows:

Deck 1 provides healthy food like Modern Asian Fusion, open daily from 07.00 hrs. to 24.00 hrs. with total capacity of 80 seats. For festival period, for example, Songkran festival or New Year festival, total capacity can be increased to total of 120 seats and can be divided the period of service as follows :

Breakfast service	07.00 hrs. – 10.00 hrs.
Lunch	11.00 hrs. – 14.00 hrs.
Afternoon snack	14.00 hrs. – 17.00 hrs.
Dinner	17.00 hrs. – 24.00 hrs.

Moreover, the Company has expanded an additional outlet under “D Bistro” on Ratchadamnoen Road, or better known as Sunday Chiang Mai Walking Street. Offering the Casual Dining style, the bistro serves Sandwiches, Salads, Burgers, Soup, Cakes and Fresh bakeries. The bistro opens from 8.00 am to 11.00 pm (except Sunday opens until midnight). The bistro has a capacity of 50 seas.

2.2.2 Marketing

Characteristics of the customers and target groups of the hotel business

The Company has the ratio of foreign customers to the domestic customers of 80:20. As for the proportion of foreign customers, about 60 percent is the customers from Asia such as from China, Hong Kong, Taiwan, Japan and South Korea. The customers from China form the largest part of the customers group while another 10 percentage is the customers from ASIAN countries and Oceania such as Malaysia, Singapore, Australia and New Zealand and the remaining 10 percent will be customers from Europe and the United States of America

With its Luxury Boutique Hotel service being provided by RarinJinda Wellness Spa Resort which is equivalent to a 5-star hotel comprising luxury rooms complete with various amenities and conveniences, the target customers group therefore for the business will be those with high income, e.g high level staff of the company, the owners of SME businesses including the owners of large-sized business to be in agreement with the price of the guest rooms ranging from 6,500 Baht to 27,000 Baht per month.

Distribution and Distribution Channel of the Hotel Business

The distribution and the distribution channel for customers group of RarinJinda Wellness Spa Resort can be divided as follows:

- 1) Distribution via the room booking system through the Internet
- 2) Distribution via the distribution agents
- 3) Distribution via the Sales and Marketing Department.

Competition Strategy of the Hotel Business

Price Strategy

For the pricing of guest rooms of SWR, as the Group of Companies is positioning its business as a 5-star Luxury Boutique Hotel by focusing on the customers group having a health awareness lifestyle with the introduction of spa service including Healthy Food for health as well as the service and the privacy of the 5-star hotel standard; the Company therefore opts for the Price Skimming strategy as to create an image of being a luxury 5-star boutique hotel and apply the strategy of price adjustment predicating upon the tourist season and Occupancy Rate with the price for walk-in customers at 6,500 – 27,000 Bhat per night, depending on the size of the room and interior decoration.

The Strategy to Make the Difference in Terms of Quality and Products

SWR is characterized by creating the difference in terms of quality and products from the hotel on the same premises as to provide complete services to foreign and Thai tourists on the premises of the hotel. This is a strategy that enables the provision of full-cycle services on the premises of SWR.

1. Emphasizing service to be provided to lovers of good health and hygiene.
2. Having the place centrally located in the middle of Chiangmai town; it is convenient, close to the Night Bazaar Market and is only a 15-minute drive to the Airport. Moreover, beauty is emphasized with a private balcony overlooking the swimming pool in the common area, Doi Suthep hlil range and the scenic view of Ping river.
3. Emphasizing decoration with semi-modern style mixed with Thai style incorporating the antiquity or integration of modernism with original Thai style.
4. There is availability of 5-star on the premises of the hotel; it is the most perfect spa of Chiang Mai complete with the latest technology of spa and amenities of high standard, that is, RarinJinda Wellness Spa offering diverse spa services and multi-format therapies by medical specialists and nurses providing consultancy and advice.
5. Providing service of health food by Deck 1 restaurant which offers the Healthy Food cuisine for health.

2.2.3. Procurement of Products or Services

For the purpose of running hotel business and restaurant of SWR, SWR enters into a sub-lease of parcel of land for a 30-year lease to operate the hotel business and Deck 1 restaurant. Here are the details of importance:

SUB-LEASE OF LAND AGREEMENT

Contract party:	Siam Wellness Group Co., Ltd. (Sub-lessor) (Currently it changed its name to Siam Wellness Group Plc). RarinJinda Co., Ltd. (Lessee) (currently it changed its name to Siam Wellness Resort Co., Ltd.)
Date of the Contract:	1 January 2013
The Objective of the Sub-lease:	To operate the hotel and restaurant businesses.
Ownership of the Building:	Both parties agree that the building of the hotel and the restaurant building which were constructed on the land as of the date of entry into this Agreement is the ownership of the sub-lessee without the rental being charged on the said buildings from the sub-lessee throughout the period of the sub-lease; but for the land lease, the rental will be charged.
Sub-lease of the property:	Specifically for the land size of 0-3-96 rai on which the building of the hotel RarinJinda Wellness Spa Resort and Deck 1 Restaurant is situated and the right to utilize some space on Baan Ruan Thai. Incidentally, for the building which the Sub-lessee has renovated, constructed or made any

Period of Lease:

addition to the leased property, the Sub-Lessee agrees to become the property of the Sub-Lessor upon the expiry of the lease.

The overall period of the sub-lease is 30 years with effect from 1 January 2013 to 31 December 2042. Incidentally, if, upon the expiration of the sub-lease, the Sub-lessee wishes to renew the sub-lease, the Sub-lessee must give a written notice of the intention to renew the sub-lease agreement to the Sub-Lessor for information for not less than 3 years prior to the expiry of the Sublease Agreement. If the Sub-lessor wishes to permit the Sub-lessee to continue the sub-lease, both parties agree to allow the various terms and conditions under the new Sub-lease Agreement to be identical to the terms and conditions of this Agreement in every respect except Clause 3 of the Agreement re: Period of Sub-lease and Clause 4 re: The sub-lease rental payment, in respect of which there will be further mutual agreement in writing.

Sub-lease Rental:

The rental payment will be made on a monthly basis subject to rental adjustment to be made by the Sub-Lessor according to the market situation, but not exceeding 15 percent of the sub-lease rental effective for every 3 years.

Termination of the Agreement:

The lease agreement will be terminated in the following cases:

- Upon the expiration of the sub-lease and there is no exercise of the right to renew the sub-lease according to the terms and conditions of this Agreement.
- Upon the parties mutually agreeing voluntarily to terminate this Agreement.
- When the land is expropriated or the leased property are damaged to the extent that they are rendered useless according to the objective of the lease under this Agreement.

As for D Bistro, SWR has made a rental contract with SPA as details below:

Branch	Opening Date	Area (Sq.m)	Lease Period	Start date and Expiry Date of Lease	Remarks
Thapae	2015	560	3 years	1 Oct 2015–30 Sep 2018	Lease is renewable for one renewals of 3 years each.

2.2.4 Situation of the Industry and Competition

Situation of the industry

In 2015, the economy of Thailand was expected to expand at the rate of 2.5-3.5 percent, a growth from previous period which has a growth of only 0.7%. Tourism will be the key driver for the Thai economy. According to the Department of Tourism, Ministry of Tourism and Sports, Thailand has received a total of 29.88 million tourists in 2015, a growth of 20% from 2014. This contributes the total economic value of 1.42 trillion bahts for foreign tourism revenue, a 5% increase from previous year, According to the forecast of the Ministry of Tourism and Sports, Thailand is expected to welcome 36 million tourists for 2016, an increase of 20% from 2015 with the total economic value of 2.33 trillion bahts from local and foreign tourism revenue.

Overview of the Competition

Based on the data shown above, it can be seen that although the number of tourists is on the increasing trend, in particular, among the groups of foreign tourists, but the number of places of accommodations and hotels are continuously growing at the higher rate is spurring high competition for the hotel business in Chiang Mai. For survival of the business, therefore, the operators must readjust the operation plan or various strategies as to maintain the level of profitability of the business. The format of competition which has become increasingly more intense is the price cut of the guest room, the competition in the aspect of the service quality, the granting of privileges for using other services of the hotel, etc.

As for the part of accommodations in Chiang Mai province which are characterized by providing the service of resort and spa type, according to the tourism data from the Tourism Authority of Thailand, it was stated that there is a total of 139 spa and resorts of 2-5-star quality level and if the emphasis is placed on the accommodations of the same quality level as RARINJINDA WELLNESS SPA RESORT, the number stood at 15 while the accommodations characterized by providing the service of boutique resort of 2-5 star quality, the number stood at 19.

Currently, the increase in the number of boutique hotels undoubtedly has spurred high competition in the market. However, in terms of the characteristics of the operation of the boutique hotel which emphasizes the format of being a small-sized luxury hotel, the importance is attached to the prominence of the architecture, the provision of service with close attention from the staff and the presentation of the story through the architecture, the provision of service of the boutique hotel must be able to respond to the lifestyle of the potential guests so that it serves as a place to reflect the personality and the format of living of the potential guests. Therefore most of the boutique hotels do not place emphasis on the price competition; but the emphasis is mainly placed on the quality, the standard and the provision of service. Each hotel has different sales pitch depending on the lifestyle of each customer.

2.3 SPA PRODUCTS DISTRIBUTION BUSINESS

The operation of the spa products distribution business is managed by the Company and the subsidiary, that is, Siam Wellness Lab Co., Ltd.: SWL. The details are as follows:

2.3.1 The Characteristics of the Products or Services

The operation of SWL is characterized by the procurement of the spa-related products and the consumer products such snacks for distribution to the Company and customers, both of Thai and foreign customers. The distribution of the products is made under the the “Blooming” brand and the purchase is made selectively from among the products of the Group of Companies from the producers expert in the manufacture of the spa products for home use and in the spa shop under the “Blooming” brand. Most of the products are all of natural products. The goods of SWL can be divided into 3 groups as follows:

Spa product for body care

- Massage Oil for Professional Use
- Massage Oil for Home Use
- Essential Oil
- Shower Gel
- Natural Soap
- Body Lotion
- Aloe Vera Soothing Gel
- Body Scrub
- Foot Scrub
- Hand Cream

Other spa products

- Herbal Ball
- Incense
- Aromatic Scented Candle
- Ceramic Oil Burner
- Cooling Oil

Products for consumption

- Cookies
- Snacks
- Herbal Drinks

2.3.2 Market and Competition Condition

Characteristics of the customers and customers target group of the Spa Products Business

Most of the Company's customers will be the customers who are visiting to use the Spa of Let's Relax and RarinJinda Wellness Spa and from the 5-star hotels which distribute the products of the Company, while the remaining number of customers is at the minimum, orders will come from business customers who order the products as a premium items for distributing to the customers and customers from abroad as a result of the goods exhibition booth by the Company.

Distribution and Distribution Outlets of the Spa Products

1) At the shop branches of Let's Relax and RarinJinda Wellness Spa, all kinds of products are on sale at every shop branch of Let's Relax and RarinJinda Wellness Spa to the customers who come to use the service and those who are interested in the products.

2) Direct sale through sale agents who are experienced in the business, who are reliable and accepted by the customers in the same business.

3) Products exhibition fair or tourism event, both in the country and abroad in which the Company participated including the distribution of the spa products via the online market. The customers can order for the goods and make the payment via the Website of the Company at www.siamwellnesslab.com

4) Sale booths in the 5-star hotels in which the products of the Company are distributed such as at Renaissance Hotel, in Bangkok and Samui Island, JW Marriot Hotel, Khao Lak Resort and Spa, etc.

Business Competition Strategy

The Company has the business operation strategy according to the details as follows:

• The Products strategy

The strategy of creating the difference in terms of quality and the products.

The Blooming products are natural products and the raw materials of high quality are selected which are devoid of any hazardous substances. The raw materials are used as an ingredient of the products to derive perfect product ready to sooth the mind and body. The products are rich in the values of Thai herbs and therapeutic scent from the pure essential oil in diverse forms which are agreeably blended between the sciences of the East and the West.

• Marketing Strategy

For the marketing strategy of SWL , the SWL focuses on the marketing of the distribution to groups of consumers who are interested in health care and want to directly consume the products of SWL directly. These are groups of customers who consume the products of good quality, wanting to use the products made from natural raw materials. As they attach lesser importance to the price, SWL is therefore able to make direct sale of the products according to the demand of the groups of the consumers of SWL, thus spurring the increase in sales of the products.

2.3.3 Procurement of the Products or Services

The spa products of Siam Wellness Lab Co., Ltd. are such as massage oil, essential oil, body scrub products and body massage pack as well as herbal products such as herbal balls. Orders for domestic products are possible. The formula will be defined by the Company based on its know-how, knowledge, experience in the spa business. Thereafter, several firms are engaged to make to products according to the formula required by the Company. Currently, most of the spa products are produced by the producers who are experienced in the spa products with export profile.

2.3.4 Industry Situation and Competition

Industry situation

*Currently, the global demand for herbs is high and there is a trend towards the increase, in particular, the Thai herbs of cosmetic groups are valued as high as 180,000 million Baht, while the herbs for the food supplement groups are valued as consumption and export at 80,000 million baht. As for the herbs of the spa products group and the products has the value of consumption and export at approximately 10,000 million Baht. The herbs of the ancient medicine formula groups according to the local wisdom of Thai traditional medicine are of value totaling 10,000 Baht, etc.

(*Data available from the Department of Agriculture)

2.4 THAI MASSAGE SCHOOL BUSINESS

The operation of Thai massage school business is run by Siam Wellness Education Co., Ltd. Presently, the teaching course is open for therapist staff to support the spa business of the Company only. There is no teaching course open for outsiders.

2.4.1 The Characteristics of the Products or Services

The service provided by SWE is the Thai massage teaching service in the name of “Blooming Thai Massage School” . It was opened for operation in 2011 and it was certified by the Ministry of Education to provide training on massage and spa service to therapist staff to accommodate the expansion of the Company’s business. The training courses are divided according to the category of trainees as follows:

- 60-hour and 180-hour Thai massage training course
- Course on general basic knowledge and precautionary measures for providing massage service to customer.

The course to be open will comprise Thai massage course mentioned above. Trainees who have completed the said course will be presented with the Certificate from BLOOMING THAI MASSAGE SCHOOL; the Certificate is the testimonial for employment both domestically and abroad. Currently, SWE will train the personnel wishing to work for the Company for at least one year upwards only. No course is open to the outsiders. In addition to Thai massage course, the therapist staff and trainer of SPA will teach additional techniques for new employees to ensure the performance of diverse services as foot reflexology massage, essential oil massage, hot stone therapy massage , body scrub, body massage pack, learning the spa treatment and hydrotherapy and integrated Thai massage with new technology in the spa business, etc.

3

Risk Factors

In the course of running the business of the Company, various risks and uncertainties were encountered which may have impact on its earning, profit, assets, liquidity and the par value of the share of the Company. Besides the risks of material importance to be further mentioned, there may be other uncertainties unknown to the Company or cannot be specified at this moment. Therefore, the stakeholders should also take into account other risk factors which may befall the Company over and above the risk factors appeared in this Document.

Risk from the Fluctuation of Tourism Industry

For the operation of the spa and hotel businesses of the Company and of the subsidiary companies, there are major groups of foreign tourists in whom there are some factors impacting the confidence in travel for tourism which the Company cannot control such as terrorism, epidemic of the disease, natural disaster, civil commotions within the country and global economic recession, etc. The said impact has had comprehensive effect not only in Thailand alone, but is spread to tourism industry in other countries. The Company has a policy of managing the said risk by way of spreading the business along principal tourist attractions of the country to reduce risk in the event of any particular tourist attraction is facing the problem and has introduced a business plan as to increase the proportion of domestic customers in order to reduce risk of relying on any particular group of the customers.

Risk from Competition with the Competitors in the Principal Business

Siam Wellness Group Plc. operates the health spa business. Moreover, the Company has also had subsidiary company, that is, Siam Wellness Resort Co., Ltd., operating the hotel and restaurant businesses in Chiangmai with many competitors. The Company laid down its strategy to create the difference versus its competitors in terms of premises, service, raw materials, products and technology by focusing on continuing development of innovation as to create the experience for the customers with impression in using the service unique to each brand of the Company.

Competition in Spa Business

Currently, the spa business is fraught with high competition from the downstream to the upstream markets emphasizing the price competition which may impact the earning and profit of the Company. However, the Company is positioning its service to compete with the upstream market, but with the pricing that is more worthwhile than its competitors, which are 5-star hotels. The setting up of the place of service exactly at the point to the target market with the convenience of travel, that is, in the proximity of the mass transit system or tourist attractions. Moreover, the Company has had the time booking for service and payment system directly via the Internet. The system enables the Company to plan the personnel administration very effectively. The Company is convinced that with the said strategy, the Company would gain a competitive advantage against its competitors in the spa business.

Competiton in the Hotel Business

The Company has its subsidiary, that is, Siam Wellness Resort Co., Ltd. operating the hotel and restaurant businesses in Chiangmai province in which there are numerous competitors. Currently, the tourism industry has increased in competition with more opening of hotels by various operators in Chiangmai resulting in price competition, which may impact on the earning and profit of the Company. However, the Company is convinced that with its strategy emphasizing the provision of specific service in the line of the spa and wellness business with a limited number of rooms and avoidance of price competition coupled with a marketing plan and efficient management of cost will enable Siam Wellness Resort Co., Ltd. to compete with its competitors. The salient point of RarinJinda Wellness Spa Resort is its determination to allow the customers to be in touch with the culture and tradition of Chiangmai integrated with leading therapeutic spa technology and unique quality of service and various amenities.

Risk Due to Renewal of Lease Agreement

Lease with the Outsider

Mostly, the Company would use the method of leasing the space to operate its spa business if the said lease agreement is not renewed, the Company may risk losing its income from the Company's branches. However, the Company would enter into an agreement before the commencement of the Lease Agreement to enable it to renew the Lease Agreement for at least about 9 years to 12 years (3 years lease to renew for another 3 years then another 3 years and/or to renew for 3 years) to reduce risk of investment in the leased branch. Moreover, the lease of the business premises instead of investment to buy the business premise as the Company's own property, it would provide the flexibility for the Company to run its business with the ability to manage the cost for expansion or reduction of service premises as to maximize the returns for the stakeholders. Incidentally, the Company would have good relationship with every lessor by being a good lessee to maintain the leased premises to good order and proper compliance with the terms and conditions of the lease agreement in every respect. Thus, the Company is able to secure the renewal of the lease with the Lessor consistently. If the Company is unable to secure the renewal of the lease agreement for any particular branch, the Company will be able to procure a location to set up a new branch in place of the said unrenewed leased branch.

Lease Agreement with Affiliated Person

For the lease entered into with an affiliated person in the case of the opening of the spa branch and the office of the Company, the Company enters into a lease agreement in the same fashion as the lease with the outsider subject to the terms and conditions of renewal of the lease for about 6 to 9 years (3 years lease to be renewed for 3 years and/or to renew for 3 years). For the land in Chiangmai, the Company has leased it from the affiliated person for use to launch the RarinJinda Wellness Spa, Chiangmai Branch and to allow Siam Wellness Resort Co., Ltd. to sublease the land to operate the hotel and restaurant in Chiangmai. The land will be leased from the affiliated person for 30 years with the terms that the lease is renewable. In this case, a notice will be given to the party to the agreement for acknowledgement and to agree in advance prior to the expiration of the agreement. This is deemed to be a long-term obligation and helps reduce risk against the uncertainty. But, however, upon expiration of the lease agreement, the renewal of the said lease agreement is not possible, the Company will then find necessary to acquire a new parcel of land to continue the business. For this purpose, the Company has entered into a lease agreement with the affiliated person according to said terms and time frame at the fair market rate. The fair price will be assessed by an independent evaluator to

assess the proper lease price before it is proposed to the Board for examination and prior approval. Incidentally, the Company had established RarinJinda Wellness Spa Resort as a prototype for operating the Health Resort Hotel. If successful as anticipated and with the availability of sufficient accommodating market, the Company may consider expanding this business into the market and in a suitable time frame. The lease of the said premises enables the Company to reduce investment risk in immovable property and to maximize the efficient management of investment capital. However, nearing the expiration of the lease agreement, the Company would assess the feasibility of the renewal of the lease agreement by taking into account the maximum returns of the stakeholders.

Risk from Dependence on the Executives

The Company operates the business under the management of two founders and executives of the Group of Companies, that is, Mr. Wiboon Utsahajit and Mr. Prasert Jiravanstit, who play an important role in the management of the Company to the extent of being famous and recognized in the industry and enabling the Company to enjoy good operating profit continually. If in the absence of the said executives, it may impact the management of the Company. However, the Company has decentralized the power of operation, the scope of duty and accountability to the executives of various lines according to the ability and experience as to reduce risk from dependence on the said executives. The plan for listing in the mai securities exchange will enable the company to improve the operational system in accordance with the international style continually.

Risk from Lawsuit from the Customers Using the Service

As the Company operates the Health Spa business, in the course of providing service to the customers by the therapist staff, if they are careless in providing massage service to customer that may cause physical harm to the customer, to prevent the risk of being sued by the customer, the Company therefore takes out the Professional Liability Insurance to cover the expense of being sued to the tune of not exceeding 5,000,000 Baht during the validity of the Insurance Policy. Incidentally, the Company will be liable for the first deductible of not exceeding 200,000 Baht per incident. Moreover, the Company has initiated the briefing to exercise utmost care in providing service to the customer. Since the inception of its business, the Company not yet been sued in the said case at all.

Risk due to Shortage of Therapist Staff

As the Company operates the health spa business which is a business requiring a lot of therapists. The shortage of the said labor may impact the Company's business of material importance. Therefore the Company has arranged for the availability of proper management system of the said personnel by allocating the therapist personnel to be suitable for the number of customers and provision of the staff welfare benefit to the said therapist personnel. This is made possible through providing insurance to cover the minimum wage for the personnel who are working at the newly opened branch of the Company; the provision of personnel living quarters and taking out a life assurance policy for the therapist personnel, etc., as to reassure them and to restore their confidence in the Company so that they will be working with the Company for a long time. Moreover, the Company is opening the massage training school under the subsidiary company as to develop the personnel in accordance with the standard of the Company and to accommodate the expansion of the business and to substitute for those personnel who resigned. This is to ensure that the Company would not have the therapist personnel shortage problem in the future.

The Principal Property Used in the Operation

The principal property used in the operation of the Company and of the subsidiary company comprise of land, building and equipment and the rights under the land lease agreement and the space of the building with the details as follows:

4.1 LAND, BUILDING AND EQUIPMENT

The land, building and equipment used to operate the business of the Company and of its subsidiary companies have the value according to the Consolidated Financial Statement of the Company and its subsidiaries as follows:

Unit : Thousand Baht

Items	Ownership	Net value according to the Book as of 31 Dec 2016	Encumbrances/Obligations
1. The Land *1 1.1) Nor.Sor. 3 Kor (Certificate of Utilization) No. 5241,5242, 5243,5896,5918 and 5919, of total area of 112.50 sq.wah located on Rat-Uthid 200-Year Road, in Tambon Patong, Katu district, Phuket province (Let's Relax Patong 2nd Street and Staff Living Quarters	Company	53,175	Nor.Sor.3 Kor No 5241, 5242, 5243 and 5919 are mortgaged to the credit line of 80 million Baht as a loan guarantee of 80 million Baht and used as a guarantee for 2 new additional loan agreements amounting to 55 million Baht and 10 million Baht with Kasikornbank Plc. Nor.Sor. 3 Kor No 5896 to the credit line of 10 million Baht as a guarantee against the overdraft facility of 3 million Baht and the Letter of Guarantee of 10 million Baht used as a guarantee for 2 new additional loan agreements amounting to 55 million Baht and the amount of 10 million Baht with Kasikornbank Plc.
1.2) Land Title Deed No.110538 of area 18.1 square wah, located on Pattaya Nua Road, in Tambon Naklua, Banglamoon district, Chonburi province (the staff living quarters)	Company	2,715	None
1.3) Land Title Deed No 20725 of 26.4 sq. wah in area, located on Rob Koh Road, Tambon Bo Phud, Koh Samui district, Suratthani province (Samui staff living quarters)	Company	3,168	Mortgage of additional security against the mortgage of Land Title Deed No. 90025 and Nor.Sor. 3 Kor No 5896 as a security for overdraft facility of 3 million Baht and the Letter of Guarantee of 10 million Baht and used as a guarantee for 2 new additional loan agreements amounting to 55 million Baht and the amount of 10 million Baht with Kasikornbank Plc.
1.4) Land Title Deed No. 90025, of 54 sq.wah in area, located on Soi Yoo Charoen Soi 5, Khwaeng Huay Khwang, Bangkok (The land for construction of the Bangkok Staff Living Quarters.	Company	9,720	The mortgage of first rank to the credit line of 10 million Baht and second rank to the credit line of 10 million Baht as a security against the overdraft facility of 3 million Baht and 10 million Baht against the Letter of Guarantee and is used as security against 2 new additional loan contracts to the credit line of 55 million Baht and 10 million Baht with the Kasikornbank Plc.
Total Land		68,778	

Unit : Thousand Baht

Items	Ownership	Net value according to the Book as of 31 Dec 201	Encumbrances/Obligations
2. Improvements on Land	Subsidiary	6	None
3. Building and improvements on the building *1 3.1) A 5-storey commercial building, 3 compartments, No. 209/22-24; a 5-storey commercial building together with the deck floor, 1 compartment, No. 207/47 and a 4-storey commercial building, 2 compartments, No. 207/6 and No. 207/5. (Let's Relax, Patong 2nd Street and Phuket staff living quarters.)	Company	15,499	Is part of collateral security encumbered on Nor.Sor. 3 Kor No. 5241, 5242, 5243, 5896, and 5919 in Tambon Patong, Katu district, Phuket province, which are mortgaged with Kasikornbank Plc.
3.2) A 4-storey commercial building together with deck floor, 1 compartment, No 6/67 (Pataya staff living quarters).	Company	1,151	None
3.3) A 3-storey commercial building together with mezzanine floor No 119/25 in Tambon Bo Phud, Koh Samui district, Suratthani province (The living quarters of Koh Samui staff.)	Company	3,022	Is part of collateral security encumbered on the Title Deed No. 20725, in Tambon Bo Phud, Koh Samui district, Suratthani province, which are mortgaged with Kasikornbank Plc.
3.4) RarinJinda Wellness Spa Resort Hotel building at No. 14 on Charoenrat Road, Tambon WatKet, Amphoe Muang, Chiangmai province.	Subsidiary	60,112	None
3.5) Staff Living Quarters on Soi Yoo Charoen 5	Company	11,655	The first rank mortgage to the credit line of 10 million Baht and the second rank mortgage to the credit line of 10 million Baht as security against the overdraft facility of 3 million Baht and 10 million Baht against the Letter of Guarantee and is used as security against 2 new additional loan contracts to the credit line of 55 and 10 million Baht with the Kasikornbank Plc.
3.6) The Compartment at River Heaven Condominium No. 2258/529 Building 1, River Heaven, Condominium Register No. 4/2547 Bangkorlaem sub-district, Bangkorlaem district, Bangkok	Company	31,980	None
3.7) Part of improvement on the building comprising: - Head Office Building - Let's Relax Pavilion branch - Let's Relax Sukhumvit 39 branch - Let's Relax Pattaya branch - Let's Relax Patong 2nd Street branch - Let's Relax Samui branch - Let's Relax Terminal 21 branch - Let's Relax Mandarin branch - Let's Relax Patong 3rd Street branch - Let's Relax Siam Square One branch - Let's Relax Hua Hin branch - Let's Relax Thapae branch - Let's Relax Ekkamai branch	Company and Subsidiary	237,978	None

Unit : Thousand Baht

Items	Ownership	Net value according to the Book as of 31 Dec 201	Encumbrances/Obligations
<ul style="list-style-type: none"> - Let's Relax Suanplu branch - Let's Relax The Street branch - RarinJinda Wellness Spa, Chiangmai Branch - RarinJinda Wellness Spa, Rajdamri Branch - RarinJinda Wellness Spa, Ploenchit Branch - RarinJinda Wellness Spa Resort, Deck1, D Bistro - Baan Suan Nonthaburi branch - Baan Suan Ramkamhaeng branch - Baan Suan Ramintra branch - Baan Suan Prachanukul branch - Phuket and Pattaya Staff Living Quarters 			
TOTAL LAND, BUILDING AND EQUIPMENT NET		361,397	
3. Decorations, fixtures and equipment	Company and Subsidiary	31,239	None
4. Vehicles	Company and Subsidiary	4,609	None
5. Works under construction as at 31 Dec 2015 consisting of the buildings and improvements on the buildings of: <ul style="list-style-type: none"> - Head Office - RarinJinda Wellness Spa Chiang Mai branch - Let's Relax Patong Thonglor branch - Let's Relax Patong 3rd Street branch - Let's Relax MBK branch - Let's Relax Suanplu branch - Baan Suan Ramkamhaeng branch - D Bistro Thapae branch 	Company	13,988	None
TOTAL LAND, BUILDING AND EQUIPMENT NET		480,017	

REMARKS:

*1 The land is valued at cost price according to the Book is at 17,899,106 Baht. There was improvement on the value based on new assessment totalling 42,042,894 Baht (improvements made in 2012 amounting 38,593,865 Baht and improvements made in 2013 amounting to 651,546 Baht) and the improvements made in 2014 amounting to 2,797,483 Baht) amounting to grand total according to the Book of 59,942,000 Baht. The details of the new assessment are as follows:

1.1 Nor.Sor. 3 Kor No. 5241, 5242, 5243, 5896 and 5919 in Tambon Patong, Katu district, Phuket province, has the cost price according to the Book of 5,604,765 Baht. The price was appraised by the 15 Business Consultants Co., Ltd., represented by Mr. Watthana Jumpavan, the principal appraiser, who signed in the Report. The appraisement was carried out on 26 December 2012 for public purpose. The appraisal was made of the land together with the structures upon the land comprising 5-storey, 3 compartments, commercial building No. 209/22-24; the 5-storey commercial building together with the deck floor, No 207/47 and the 4-storey commercial building, 1 compartment, No. 207/6 (according to the property in sub-clause 3.1) by method of comparison with the market price, of total value of 81,500,000 Baht and the 15 Business Consultants Co., Ltd.,

sent the Letter No. FO13/031 dated 4 March 2013, giving additional notice of the calculation of the appraised price by separating part of the land and the building in the interest of recording in the Book of Account, being the value of the land being 43,350,000 Baht and the value of the structures being 38,500,000 Baht.

1.2 The Land Title Deed No. 110538 Tambon Naklua, BangLamoong district, Chonburi province, has the cost price according to the Book of 1,427,332 Baht. Price was appraised by the 15 Business Consultants Co., Ltd., represented by Mr. Watthana Jumpavan, the principal appraiser, who signed in the Report. The appraisal was carried out on 28 December 2012 for public purpose. The appraisal was made of the land together with the structures upon the land comprising 4-storey commercial building together with the deck floor, 1 compartment, at No. 6/67 (according to the property in sub-clause 3.2) by method of comparison with the market price, of total value being 4,600,000 Baht and the 15 Business Consultants Co., Ltd., sent the Letter No. FO13/032 dated 4 March 2013, giving additional notice of the calculation of the appraised price by separating part of the land and the building in the interest of recording in the Book of Account, being the value of the land being 2,172,000 Baht and the value of the structures being 2,428,000 Baht.

1.3 The Land Title Deed No. 20725 Tambon Bo Phud, Koh Samui district, Suratthani province, has the cost price according to the Book of 1,988,454 Baht. Price was appraised by the 15 Business Consultants Co., Ltd., represented by Mr. Watthana Jumpavan, the principal appraiser, who signed in the Report. The appraisal was carried out on 13 August 2013 for public purpose. The appraisal was made of the land together with the structures upon the land comprising 3-storey commercial building together with the mezzanine floor, located at No. 119/25 (according to the property in sub-clause 3.3) by method of comparison with the market price, of total value being 5,500,000 Baht and the 15 Business Consultants Co., Ltd., sent the Letter No. FO13/056 dated 15 August 2013, giving additional notice of the calculation of the appraised price by separating part of the land and the building in the interest of recording in the Book of Account, being the value of the land being 2,640,000 Baht and the value of the structures being 2,860,000 Baht.

1.4 The Land Title Deed No. 90025, Khwaeng HoueyKhwang, Khet HoueyKhwang, Bangkok, has the cost price according to the Book of 4,411,800 Baht. The price was appraised by the 15 Business Consultants Co., Ltd., represented by Mr. Watthana Jumpavan, the principal appraiser, who signed in the Report. The appraisal was carried out on 29 March 2013 for public purpose. The appraisal was made exclusively of the value of the land by means of comparison with the market price being at 7,020,000 Baht.

1.5 Nor.Sor. 3 Kor No 5918 Tambon Patong, Katu district, Phuket province, has the cost price according to the Book of 1,962,517 Baht. The price was appraised by Sasiratchada Co., Ltd., represented by Mrs. Karuna Keopornsawan, the principal appraiser, who signed in the Report. The appraisal was carried out on 20 January 2015 for public purpose. The appraisal was made exclusively of the value of the land together with the structures upon the land comprising the 5-storey commercial building together with the addition of deck floor, numbering 1 compartment, No. 207/5 by means of comparison with the market price being at total value of 4,760,000 Baht with additional notice of the calculation of appraisal separated land and the building, incidentally, in the interest of recording in the Book of Account, being the value of the land at 1,962,517 Baht and the value of the structure at 2,797,483 Baht.

*2 RarinJinda Wellness Spa Resort building was appraised by the 15 Business Consultants Co., Ltd., represented by Mr. Watthana Jumpavan, the principal appraiser, who signed in the Report. The appraisal was carried out on 27 December 2012 for public purpose. The appraisal was made exclusive the 5-storey high-rise hotel, having the utility area of 3,703.27 square meters and the swimming pool of 316.95 square meters, located at No. 14 Charoenrat road, Tambol WatKet, Amphur Muang, Chiangmai province. The appraisal was made specifically of the structure by means of cost method at total value of 84,000,000 Baht.

4.2 RIGHT OF LAND LEASE/ BUILDING LEASE

The Company operates the spa business. Most of its branches have been leasing the space in the building to operate the business and have the value according to Consolidated Financial Statement of the Company and of its subsidiaries as follows:

Unit : Thousand Baht

Items	Ownership	Net value to the Book as of 31 Dec 2015	Terms and Conditions
Right of Land Lease /building lease (Let's Relax Pattaya, Siam Square one, Saunplu, Thapae	Company	14,134	Right of lease shows the cost price less accumulated write-off calculated by straight line according to the period of lease

For all these items ,the accounting items on the part of the right of land lease will be exclusively the lease right for which royalties must be paid for advance lease. The period of write-off will be according to the time frame under the lease agreement with right for renewal as specified in the agreement.

The Company and its subsidiaries have entered into the land and the structure lease agreement for use as an office building, the therapist staff living quarters and use for operating its spa business as well as for use to operate the hotel and restaurant businesses of the subsidiaries as follows:

Date of the Lease Agreement	Particulars	Period of Time	Rental and Service	Other Terms and Conditions
23 Jan 2014	The Company enters into the lease of the building agreement with Mr. Santiwat Amnornthirasant, for the lease of the building No. 322/202 and No. 322/203 on Asoke Din Daeng road to be used as a living quarters of the therapist staff in Bangkok.	3 years to be expired on 31 December 2016; being the renewal of the 7 th – 9 th year.	The building No. 322/202, the monthly rental for the years 2014 - 2016 is at 30,900 Baht, at 31,800 Baht and at 32,800 Baht respectively; the building No. 322/203, the monthly rental for the years 2014 -2016 is at 20,600 Baht, 21,200 Baht and 21,800 Baht respectively.	<ul style="list-style-type: none"> - Renewable for 3 years subject to advance notice of 60 days before expiration of the agreement. - Early termination of the agreement subject to advance notice of 120 day. - On 15th September 2014, the Company executed the Memorandum of the Understanding to terminate the lease agreement of the Building No. 322/203 which is effective on 1 November 2014 onwards.
13 Nov 2015	The Company enters into the lease of the building with Mr. Vithit Utsahajit, for the lease of the 1st floor and the 2nd floor of the Building No. 483-483/6 and for the lease of the 3rd floor of the Building No. 483/6 on Soi Suthiporn, Prachasongkroh Road, Khwaeng DinDaeng, Khet DinDaeng for total utility space of 1,392 square meters for use as the office building of the Company and of the subsidiary.	3 years to be expired on 31 December 2018.	The rental is 110,000 Baht/ per month and the increased rental may be adjustable according to the market condition, but not exceeding 15 per cent of the rental in force on every 3 years.	<ul style="list-style-type: none"> - Lease is renewable for 2 times of 3 years each subject to 30-day advance notice prior to expiration. - The Lessee has the duty to maintain, improve, repair the leased building to good condition. -The Lessee is liable for payment of property tax and other fees. - The Lessee is responsible for the cost of public utilities.

Date of the Lease Agreement	Particulars	Period of Time	Rental and Service	Other Terms and Conditions
26 Aug 2014	The Company enters into the land and structure lease agreement with Mrs. Pranee Suphawatanakiat, Mr. Narun Wiwattanakrai, Mr. Thanawat Utsahajit, Mr. Prasert Jiravanstit, Mrs. Thanit Amorntirasana and Mr. Wiboon Utsahajit, by paying the rental to RarinJinda Limited Partnership jointly founded by the 6 persons, for the land under the Land Title Deed No. 117, 2875, 8985, 554, 3010, 3009 and 103754 totalling 7 Land Title Deeds, having total area of 2 rai 3 ngan 62.4 square wah for operating the spa business (RarinJinda Wellness Spa, Chiangmai branch) and some part of the land being subleased to Siam Wellness Resort Co., Ltd., to operate the hotel and restaurant business (RarinJinda Wellness Spa Resort and Deck 1 Restaurant).	30 years. Effective on 1 January 2013. Expires on 31 December 2042.	The rental of 241,125 Baht/per month and the increased rental may be adjustable but not exceeding 15 per cent of the rental in force on every 3 years.	<ul style="list-style-type: none"> - The lease is renewable subject to not less than 3 years advance notice in writing before expiration. - Upon the expiration of the Lease Agreement, the Lessee must remove the Lessee's property from the leased premises failing which, the Lessor shall be entitled to repossess the leased premises and remove the property of the Lessee from the leased premises at the expense of the Lessee. - The lease parties must register the right of lease at the Land Officer for which the Lessee is liable to meet all the expenses for registration of the lease (The lease was registered on 29 Aug 2014). - The debris of the 4-storey of the building No 14/1 and 2-storey Thaistyle house No. 14 on Charoenrat Road, in Tambon WatKet, Amphoe Muang, Chiangmai province, on the land, the Lessee shall be responsible for improvement without charging the rental throughout the period of the Lease Agreement. - The Lessee has the duty to maintain, improve the leased premises to good condition. - The Lessee is responsible for property tax and other fees. - The Lessee is responsible for paying the cost of public utilities. - The agreement is substituted for the original agreement dated 1 January 2013.
22 Jan 2014	The Company enters into the Lease Agreement and Space Service Agreement with Asian Fortune Property Co., Ltd. Located at No 184/14 Pung Muang Sai Kor Road, in Tambon Patong, Katu district, Phuket province, on the side of the shop, of 2,418 square meters in area to use to operate the Spa business Let's Relax, Patong 3rd Street branch).	3 years. To expire on 31 Jan 2017. Being the renewal of the 4 th -6 th year.	The rental for the 4 th year at 150,000 Baht per month; for the 5 th and the 6 th year, the rental is 172,500 Baht per month. Lease Agreement security deposit of 600,000 Baht; The service charge for the 4 th year is at 350,000 Baht per month; the 5 th year and then 6 th year at 402,500 Baht per month; the Agreement security deposit of 1,400,000 Baht.	<ul style="list-style-type: none"> - Renewable for 3 years subject to advance notice of 6 months before expiration. - The Lessee is responsible for property tax, tax on insurance premium and other fees. - The Lessee is responsible for public utilities actually incurred at the rate defined by PEA and PWA. - The rental and the service charge are adjusted downward from 172,500 Baht to 150,000 Baht; the service charge is reduced from 402,500 Baht to 350,000 Baht during 1 Feb 2014

Date of the Lease Agreement	Particulars	Period of Time	Rental and Service	Other Terms and Conditions
				<ul style="list-style-type: none"> - 31 Jan 2015 according to the Notice of the Reduction Adjustment dated 13 Jan 2014. - Adjusted reduction of the rental and service charge from 150,000 Baht to 75,000 Baht; the service charge is reduced from 350,000 Baht to 175,000 Baht, between 1 July 2014 - 31 Dec 2014 according to the Reduction Adjustment Letter dated 18 Aug 2014. - On 24 Nov 2014, the Company entered into the Memorandum of Understanding for Amendment of the Space in the Building Lease Agreement with Asean Fortune Property Co., Ltd., for change of name of the business name from “RarinJinda Wellness Spa” to “Let’s Relax” effective from 1 Dec 2014.
1 Jan 2014	The Company enters into the Space and Service Lease Agreement with Madarin Hotel Plc. for the space on M floor of the Hotel on the Mandarin Hotel No. 662 on Rama IV road, Khwaeng MahaPheutaram, Khet Bangkrak, Bangkok, of 1,100 square meters in utility area for use to operate the spa business (Let’s Relax, Mandarin Hotel branch).	3 years to be expired on 31 December 2016.	Monthly rental payment is 288,000 Baht and monthly service charge is 192,000 Baht altogether totaling 480,000 Baht and the rental is adjustable according to the market situation, but not more than 15 percent of the rental effective for every 3 years. Security deposit for lease and service agreement totaling 1,920,000 Baht.	<ul style="list-style-type: none"> - Renewable for 3 times at 3 years each subject to advance notice of not less than 6 months. - The Lessee is responsible for property tax and other fees to be averaged out according to the area. - The Lessee is responsible for cost of public utilities as actually incurred. For electricity, the charge rate is 5.50 Baht/unit and the charge rate for water supply is 50 Baht for the first unit and the following unit is 20 Baht/unit.
1 Jan 2014	The Company enters into the Lease and Space Service Lease Agreement with L&H Property Co., Ltd., for the utility space of Grand Center Point Rajdamri hotel No. 153/2 on Soi MahaadlekLuang 1, on Rajdamri road, Khwaeng Lumpini, Khet Pathumwan, Bangkok; part of the shop on 6th floor and on 8th floor, of 823 square wah in space for use in operating the spa business (RarinJinda Wellness Spa, Rajdamri Branch).	To be expired on 31 December 2016 Being the renewal of the 7 th – 9 th year.	The rental for the 7 th year – the 9 th year at monthly of 246,900 Baht. The security deposit against the lease agreement is 855,920 Baht. The service charge of the 7 th month – 9 th month at 370,350 Baht per month. The security deposit against the agreement is 1,283,880 Baht. Fee for use of the carpark area at 8,000 Baht per month.	<ul style="list-style-type: none"> - If the agreement is to be renewed, 6 months advance notice before expiry must be given. - The Lessee is responsible for property tax, other taxes, insurance premium and other fees averaged out according to the area. - The power charge is 5.50 Baht/unit; the water supply is 20 Baht per cubic meter.

Date of the Lease Agreement	Particulars	Period of Time	Rental and Service	Other Terms and Conditions
1 Jan 2014	The Company enters into the Lease and Space Service Agreement with the Property Mutual Fund and Land & House Lease Right Agreement, the space on 1st -3rd floor of the Center Point Residence Building Phromphong No 77 on Soi Sukhumvit 39 (Phromphong), Sukhumvit road, Khwaeng Khlongtan Nua, Khet Watthana, Bangkok, of totaling space of 706.82 sq.m and the car park space on 3rd floor, of 100 sq.m in space to be used for operating the spa business (Let's Relax Sukhumvit 39 branch).	3 years to be expired on 31 Dec 2016. Being the renewal of the 10 th – 12 th year.	The monthly rental is 190,841.40 Baht. Security deposit against the agreement of 735,092.82 Baht. The monthly service charge is 282,262.10 Baht. Security deposit against the agreement of 1,102,639.20 Baht. Lease of car park space on 3rd floor at 11,000 Baht per month.	<ul style="list-style-type: none"> - If wishing to renew the agreement, 6-month prior notice is required before expiration. - The Lessee is responsible for property tax, tax on insurance premium and other fees to be averaged out according to the area. - Power charge is at 4.50 Baht/unit; the water supply charge is 20 Baht/ cubic meter to be adjustable according to the ratio to be levied by PEA and PWA.
27 Jan 2011	The Company enters into the Lease Agreement and Space Service Agreement with L&H Property Co., Ltd., the space on the 6th floor of the Terminal 21 Trade Center, at No 2, 88 Soi Sukhumvit 19 (Soi Watthana), Sukhumvit Road, Khwaeng KhlongToeyNua, Khet Watthana, Bangkok, of 752 sq.m as utility area for operating the spa business (Let's Relax, Terminal 21 Branch)	3 years. Starting 1 Jul 2014 to be expired on 30 Jun 2017	The monthly rental is at 96,256 Baht. The security deposit for the agreement is 577,536 Baht. Monthly service charge is 144,384 Baht. The cost of public utilities is 172,960 Baht per month (230 Baht/sq.m subject to adjustment for increase during the validity of the agreement.) Security deposit against damage is 866,304 Baht.	<ul style="list-style-type: none"> - If wishing to renew the agreement, 90 days advance notice before expiration is required. Renewable for 1 time for 3 years each. The rental and the service charge can be increased to not more than 25 percent of the rental and the service charge of the 3rd year. - The Lessee is responsible for property tax, other taxes, insurance premium and other fees to be averaged out according to the area. - The Lessor adjusted the monthly cost of public utilities to 275 Baht/sq.m. on 1 Oct 2013.
25 Sept 2014	The Company enters into the lease of space agreement and the provision public utilities service agreement, the Terminal 21 Shopping mall	3 years. Starting 11 Oct 2014. To be expired on 10 Oct 2017.	The monthly rental is 120,320 Baht. Security deposit against the agreement is 721,920 Baht. Monthly service charge is 180,480 Baht. Monthly public utility cost is 206,800 Baht (230 Baht/sq.m. Subject to increase adjustment during the life of the Agreement). The security deposit against damage of 1,082,880 Baht.	<ul style="list-style-type: none"> - Other terms and conditions will be according to the agreement specified in the Lease of Space Agreement and Public Utility Service Agreement, Terminal 21 Shopping Mall dated 27 January 2011.

Date of the Lease Agreement	Particulars	Period of Time	Rental and Service	Other Terms and Conditions
21 Aug 2012	The Company enters into the Land and Structure Lease Agreement with PhumLampha Resident Co., Ltd., a 1-storey building at No. 108/42 Moo 10, Tambon Bo Phud, Koh Samui district, Suratthani province, of 1,588 sq.m. of the utility area to be used for operating the spa business (Let's Relax Samui Branch).	3 years starting from 1 January 2013, to be expired on 31 Dec 2015.	The rental for the 1 st -3 rd year is 100,000 Baht per month. The rental for the 4 th -6 th year is 110,000 Baht per month. The rental for the 7 th -9 th year is at 121,000 Baht per month. The service charge for the 1 st - 3 rd year is at 100,000 Baht per month. The service charge for the 4 th - 6 th year is at 110,000 Baht per month. The service charge for the 7 th - 9 th year is at 121,000 Baht per month. The Special Remuneration of 3,000,000 Baht. Payment made in Spa Reward Coupon of 575,000 Baht.	<ul style="list-style-type: none"> - If wanting to renew the agreement must give 6-month advance notice before expiration. - Is renewable for 2 times at 3 years each. - The Lessee is responsible for property tax, other taxes, insurance premium and other fees. - The Lessee is responsible for cost of public utilities.
1 Dec 2015	The Company enters into the Land and Structure Lease Agreement with PhumLampha Resident Co., Ltd., a 1-storey building at No. 108/42 Moo 10, Tambon Bo Phud, Koh Samui district, Suratthani province, of 1,588 sq.m. of the utility area to be used for operating the spa business (Let's Relax Samui Branch).	3 years starting from 1 January 2016, to be expired on 31 Dec 2018	The rental for 1 January 2016 – 31 December 2018 is 110,000 Baht per month. The service charge is at 110,000 Baht per month.	<ul style="list-style-type: none"> - If wanting to renew the agreement must give 6-month advance notice before expiration. - Is renewable for 1 time at 3 years each. - The Lessee is responsible for property tax, other taxes, insurance premium and other fees. - The Lessee is responsible
24 Apr 2015	The Company enters into the Building Lease Agreement with Sunshine Garden Pattaya Co., Ltd. The Building No. 240/9 Moo 5 Tambon Naklua, BangLamoong district, Chonburi province; the utility space is 500 sq.m. to be used for operating the spa business (Let's Relax Pattaya branch)	3 years starting from 1 May 2015 to be expired on 30 April 2018.	The rental is 150,000 Baht per month.	<ul style="list-style-type: none"> - The Lessee is responsible for cost of public utilities and other service charges. - The Lessee is responsible for every category of taxes concerned with the business (such as property tax, signboard tax and VAT) - Is renewable for 2 times at 3 years each.
24 Apr 2015	The Company enters into the Building Lease Agreement with Sunshine Garden Pattaya Co., Ltd. A one-storey building at No. 240/9 Moo 5, in Tambon Nakua, BangLamoog district, of the utility space of about 40 sq.m. for use as a living quarters for Pattaya therapist staff.	3 years starting from 1 May 2015 to be expired on 30 Apr 2018.	The rental is at 19,500 Baht per month.	<ul style="list-style-type: none"> - The Lessee is responsible for the cost of public utilities. - Is renewable for 1 time at 3 years each.

Date of the Lease Agreement	Particulars	Period of Time	Rental and Service	Other Terms and Conditions
1 Mar 2012	The Company enters in the Lease and Service Agreement with Moo Baan Seri Co., Ltd., for the utility space of the Pavilion Night Bazaar No. 145 on Chang Klan Road, Tambon Chang Klan, Amphoe Muang, Chiangmai province, 2nd floor, Room U32 special, U41 and U42, of total space of 122 sq.m for use to operate the spa business (Let's Relax Pavilion branch).	3 years starting from 1 Apr 2012 to be expired on 31 Mar 2015; and the agreement was renewed on 16 Sep 2013 ; to be expired on 15 Sep 2016.	The rental is at 34,160 Baht per month; monthly service charge is 14,640 Baht. Electricity guarantee deposit is 60,000 Baht. Water supply guarantee deposit is 4,000 Baht.	<ul style="list-style-type: none"> -If wishing to renew the agreement, 6 months advance notice must be given before expiration. -It is renewable for 2 times for 3 years each. -The Lessor can readjust the service charge by giving 1 month advance notice. - The power charge is 4 Baht/unit; the water supply charge is at 23 Baht/cu.m subject to rate adjustment by giving advance notice. - Letter of Lease Guarantee to the credit line of 429,000 Baht. -The rental and service charge are adjusted downward from 42,700 Baht and 18,300 Baht to 34,160 Baht and 14,640 Baht respectively according to the Memorandum of Understanding attached to the Space Lease Agreement and Service Agreement for use of the premises dated 16 Sep 2013.
5 Mar 2012	The Company enters into the Lease and Space Service Agreement with Moo Baan Seri Co., Ltd., for the utility space at Pavilion Night Bazaar Building No. 145 on Chang Klan road, Tambon Chang Klan, Amphoe Muang Chiangmai, Chiangmai province, on 1st floor, Room U 27, of 150 sq.m in space, for use to operate the spa business (Let's Relax, Pavilion Branch)	3 years starting from 1 April 2012 to expired on 31 Mar 2015; and the agreement was renewed on 16 Sep 2013 to be expired on 15 Sep 2016.	The rental is at 105,000 Baht per month. The monthly service charge is at 45,000 Baht. Electricity guarantee deposit is 30,000 Baht. Water supply guarantee deposit is 2,000 Baht.	<ul style="list-style-type: none"> - If wishing to renew the agreement, 6 months advance notice must be given. - It is renewable for 2 times at 3 years each. - The Lessor can adjust the service charge subject to 1 month advance notice. - The power charge is 4 Baht/unit; the water supply charge is 23 Baht/cu.m. The rate is adjustable subject to advance notice. - Letter of Lease Guarantee is to the credit line of 517,500 Baht. -The rental and service charge are adjusted downward from 120,750 Baht and 51,750 Baht to 105,000 Baht and 45,000 Baht respectively according to the Memorandum of Understanding attached to the Space Lease Agreement and Service Agreement for use of the premises dated 16 Sep 2013.

Date of the Lease Agreement	Particulars	Period of Time	Rental and Service	Other Terms and Conditions
1 Jun 2012	The Company enters into the Lease and Space Service Agreement with Moo Baan Seri Co., Ltd., for the utility space at Pavilion Night Bazaar Building No. 145 on Chang Klan road, Tambon Chang Klan, Amphoe Muang Chiangmai, Chiangmai province, on 2nd floor, Room U 39 and U40 , of 64 sq.m in space, for use to operate the spa business (Let's Relax, Pavilion Branch).	2 years 10 months ending on 31 Mar 2015 to and the agreement was renewed on 16 Sep 2013 to be expired on 15 Sep 2016.	The rental is at 17,920 Baht per month. The monthly service charge is at 7,680 Baht. Electricity guarantee deposit is 20,000 Baht. Water supply guarantee deposit is 2,000 Baht.	<ul style="list-style-type: none"> - If wishing to renew the agreement, 6 months advance notice must be given. - It is renewable for 2 times at 3 years each. - The Lessor can adjust the service charge subject to 1 month advance notice. - The power charge is 4 Baht/unit; the water supply charge is 23 Baht/cu.m. The rate is adjustable subject to advance notice. - Letter of Lease Guarantee is to the credit line of 96,000 Baht. -The rental and service charge are adjusted downward from 22,400 Baht and 9,600 Baht to 17,920 Baht and 7,680 Baht respectively according to the Memorandum of Understanding attached to the Space Lease Agreement and Service Agreement for use of the premises dated 16 Sep 2013
16 Sep 2013	The Company enters into the Lease and Space Service Agreement with Moo Baan Seri Co., Ltd., for the utility space at Pavilion Night Bazaar Building No. 145 on Chang Klan road, Tambon Chang Klan, Amphoe Muang Chiangmai, Chiangmai province, on A-G and A-2 Floor, Room U14-U16, U32, U35, U35/1, U36 and U37 totaling 8 units with total space of 332 square meters for use to operate the spa business (Let's Relax, Pavilion Branch).	3 years to be expired on 15 Sep 2016.	The rental is at 89,040 Baht per month. Service charge is at 38,160 Baht per mionth.	<ul style="list-style-type: none"> - If wishing to renew the agreement, 6 months advance notice must be given. - It is renewable for two times of 3 years each. - The Lessor can readjust the service subject to 1 month advance notice. - The power charge is 4 Baht/unit. The water supply charge is 23 Baht/cu.m. The rate is adjustable subject to advance notice. There is the Letter of Lease Guarantee, Power Charge Guarantee Deposit and Water Supply Guarantee Deposit to the credit line of 489,600 Baht.
1 May 2014	The Company enters into the Lease Agreement and Space Service Agreement with Q.H. International Co., Ltd. for lease of space ion 30th floor and some part of 31st floor, The Grand Center Point Hotel Building, Ploenchit No. 100 on Wireless Road, Khwaeng Lumpini, Khet Pathumwan, Bangkok, of total space of 1,087 sq.m, for use to operate the spa business (RarinJinda Wellness Spa, Ploenchit Branch).	3 year Starting from 1 Nov 2014 Expiring on 31 October 2017.	The rental is at 200,000 Baht per month. First rental instalment is due in January 2015. The Lease guarantee deposit is 600,000 Baht. Space service charge is at 300,000 Baht/month. Space service charge guarantee deposit is 900,000 Baht.	<ul style="list-style-type: none"> - Decoration during the months of May 2014-Oct 2014. - It is renewable for 2 times at 3 years each. - If the agreement is renewed, the rental and service charge may increase not exceeding 15 % of the rental and the service charge in the 3rd year. - The Lessee is responsible for property tax, other taxes, insurance premium and other fees to be averaged according to the space.

Date of the Lease Agreement	Particulars	Period of Time	Rental and Service	Other Terms and Conditions
				- On 1 Sep 2014, the Company entered into the Memorandum of Understanding to assign the rights and duty under the Space Lease Agreement and Provision of Service Agreement from Q.H. International Co., Ltd., to L&H Hotel Management Co., Ltd., with effect from 1 Sep 2014 onwards.
15 May 2014	The Company enters into the Lease Agreement and Space Service Agreement with Market Village Co., Ltd. The Hua Hin Market Village Trade Center Project, on the 2nd floor, Room E201 and E201 Terrace, on the 3rd floor, Room A313 and E301, of total space of 743 sq.m. at No. 234/1 on Phetkasem Road, Tambon Hua Hin, Hua Hin district, Prachuab Khirikhan province, for use to operate the spa business (Let's Relax, Hua Hin Branch).	3 years starting on 21 June 2014 and to be expired on 20 June 2017.	The rental is at 88,836 Baht/month. The Lease Guarantee Deposit of 533,016 Baht. Space Service charge at 59,224 Baht/month. Space Service Charge Guarantee Deposit of 355,344 Baht. Power Meter Guarantee deposit of 60,000 Baht. Common Area Service Charge of 188,440 Baht/month (at 280 Baht/sq.m).	- It is renewable for 2 times at 3 years each subject to not less than 180 days advance Notice before expiration of the agreement. - If the agreement is renewed, the rental and the space service charge is to be increased not exceeding 15 % of the rental and the service charge in the 3rd year. - The common area service is adjustable according to the policy of the Lessor and according to the burden of direct cost and expense incurred. - The Lessee is responsible for insurance premium to be averaged out according to the area. The power charge and water supply charge are payable according to the amount actually consumed at the rate defined by the service provider. Presently the power charge is 5.02 Baht per unit and the water supply is 20.50 Baht per unit.
1 Jan 2015	The Company enters into the House Lease Agreement with Ms. Sarinna Suramongkol. A House at 236/17 Phetkasem Road Hua Hin sub-district, Hua Hin district as a living quarters for Hua Hin therapist staff	3 years starting on 1 Jan 2015 and to be expired on 20 June 2017.	The rental is at 25,000 Baht per month. The security deposit is 75,000 Baht.	- The Lessee is responsible for cost of public utilities and other associated cost caused by the lessee.
5 Sep 2014	The Company enters into the Lease Agreement and Space Service Agreement with Chulalongkorn University. The Project Siam Square One, 6th floor, Room SS 6032, having total space of 424.43 sq.m on Rama 1 Road Bangkok to be used for operating the spa business (Let's Relax, Siam Square One Branch Phase 1)	3 years. Starting on 1 Aug 2014 Expiring on 31 Jul 2017	The rental is at 114,841 Baht/month. The Lease Guarantee deposit of 459,364 Baht. Space Service Charge is at 172,261 Baht / month. Space Service Charge Guarantee deposit of 689,044 Baht. Public utilities service charge of 84,886 Baht/month. Public utilities cost guarantee deposit of 339,544 Baht. Power Meter guarantee deposit of 10,000 Baht. Water supply meter guarantee deposit of 5,000 Baht. Education cost subsidy of 1,887,912 Baht.	- The Lease is renewable for 2 times at 3 years each subject to advance notice of not less than 3 months. - The rental rate and other terms and conditions are as defined by the Lessor. - The Lessee is responsible for property tax, other levies and other fees to be averaged out by the space area.

Date of the Lease Agreement	Particulars	Period of Time	Rental and Service	Other Terms and Conditions
				<ul style="list-style-type: none"> - Power charge and water supply charge are as actually consumed. The power charge rate is 5 Baht/unit and the water supply rate is 20 Baht per unit. Incidentally, in the case of the adjustment of the service charge is based on these external sources of service charge, the provider of service can readjust the price subject to advance notice in writing of not less than 7 days.
31 Oct 2014	The Company executes the Letter of Booking for the Lease Right with Chulalongkorn University for the Siam Square One Project on 6th floor, Room SS6041, of the space of 321.29 sq.m, on Rama I Road, Bangkok, to be used for operating the spa business (Let's Relax, Siam Square Phase 2 Branch).	3 years	Pay the education subsidy of 1,387,980 Baht for signing the Lease Agreement on the date of booking for lease right.	
31 Jan 15	The Company enters into the Lease Agreement with Chulalongkorn University. The Project Siam Square One, 6th floor, Room SS 6041, having total space of 332.01 sq.m on Rama 1 Road Bangkok to be used for operating the spa business (Let's Relax, Siam Square One Branch Phase 2)	3 years. Starting on 18 Apr 2015 Expiring on 17 Apr 2018	The rental is at 87,391 Baht/month. The Lease Guarantee deposit of 349,564 Baht. Space Service Charge is at 172,261 Baht /month. Power Meter guarantee deposit of 10,700 Baht (Not including VAT). Water supply meter guarantee deposit of 5,350 Baht (Not including VAT).. Education cost subsidy of 1,696,716 Baht (Not including VAT). Pay the education subsidy of 9,561,888 Baht on the date of signing the Lease Agreement	<ul style="list-style-type: none"> - Monthly Rental shall be paid on every 5th of the month - The Lessee is responsible for property tax, other levies and other fees to be averaged out by the space area. - Power charge and water supply charge are as actually consumed. - For default or renewal of contract, each subject to advance notice of not less than 3 months. - The Lease is renewable for 2 times at 3 years and the rate shall not increase more than 15% every 3 years.
31 Mar 15	Amendment of the Lease Agreement of Siam Square One branch	3 years. Starting on 18 Apr 2015 Expiring on 17 Apr 2018		<ul style="list-style-type: none"> - Amend the details in the Lease Agreement No. 0211-58/090101 as followed: - No. 7.6 "The lessee will remove decorations and adjust the floor space within 30 days after the contract completion date - No. 16.1 (Khor) In the event of the default of the contracts, the lessee will have the liability of rental contract. - No. 17.3 "The lessee will need to remove all assets and personnels from the rental space within 30 days after the contract completion date

Date of the Lease Agreement	Particulars	Period of Time	Rental and Service	Other Terms and Conditions
31 Mar 2015	The Company enters into the Space Service Agreement with Chulalongkorn University. The Project Siam Square One, 6th floor, Room SS 6041, having total space of 332.01 sq.m on Rama 1 Road Bangkok to be used for operating the spa business (Let's Relax, Siam Square One Branch Phase 2)	3 years. Starting on 18 Apr 2015 Expiring on 17 Apr 2018	Space Service Charge is at 140,262.02 Baht /month (VAT included). Space Service Charge Guarantee deposit of 845,248.64 Baht, payable on signing date. Public utilities service charge of 71,050.14 Baht/month (200 THB/sq.m.).	- Space Service Charge should be paid within the 5th of the month - Space Service includes roads within Siam Square One Building, Entrance and Exit, Stairs, Balconies, Common Area, 24 hours securities, electricity and air conditioning in common area, elevators, fire security system, cleaning and pest control service (except rental area), property and landscape maintenance in common area,
1 Jul 2015	The Company enters into the Lease Agreement and Space Service Agreement with Gelson Development Co., Ltd. for lease of space in Park Lane Bangkok located at 18 Soi Sukhumvit 61, Room No. B205-214, 2nd Floor of total space of 578.25 sq.m, for use to operate the spa business (Let's Relax Spa Ekkamai).	9 years. Starting on 1 Jul 2015 Expiring on 30 Jun 2024	For Year 1-3, monthly rental is 54,000 baht, First month, pays one month rental and one month advance rental total 108,000 baht. Security rental deposit is 108,000 baht. For Year 4-6, monthly rental is 62,100 baht . First month, pays one month rental and one month advance rental total 124,200 baht. Security rental deposit is 124,200 baht. For Year 7-9, monthly rental is 71,415 baht , First month, pays one month rental and one month advance rental total 142,830 baht. Security rental deposit is 142,830 baht	- Rental waive for July (total 30 days) - Monthly rental shall be paid on every 5th of the month - Start payment on 1 August 2015. - Electricity is 5.50 baht+- VAT/unit - Water is 18 baht+VAT/ unit - Lessee is responsible for property tax and govt levy For renewal of contract, each subject to advance notice of not less than 6 months and contract should be signed at least 3 months
1 Jul 2015	The Company enters into the Space Service Agreement with Gelson Development Co., Ltd. for lease of space in Park Lane Bangkok located at 18 Soi Sukhumvit 61, Room No. B205-214, 2nd Floor of total space of 578.25 sq.m, for use to operate the spa business (Let's Relax Spa Ekkamai).	9 years. Starting on 1 Jul 2015 Expiring on 30 Jun 2024	For Year 1-3, monthly service charge is 60,000 baht and monthly public utility charge is 50,000 baht, First month, pays one month service charge and one month advance service charge total 120,000 baht. Security service charge deposit is 120,000 baht. For Year 4-6, monthly service charge is 69,000 baht and monthly public utility charge is 50,000 baht. First month, pays one month rental and one month advance rental total 138,000 baht. Security rental deposit is 124,200 baht. For Year 7-9, monthly service charge is 79,350 baht and monthly public utility charge is 50,000 baht. First month, pays one month rental and one month advance rental total 158,700 baht. Security rental deposit is 158,700 baht	Monthly service charge and public utility charge shall be paid on every 5th of the month

Date of the Lease Agreement	Particulars	Period of Time	Rental and Service	Other Terms and Conditions
17 Aug 15	The Company enters into the Lease Agreement with Asian Fortune Property Co., Ltd. for lease of space in 3 storeys commercial building located at 97/2-5 Ratchadamnoen Road, Phra Singha sub-district, Muang district, Chiang Mai to operate the spa business (Let's Relax Spa Thapae)	3 years. Starting on 1 Oct 2015 Expiring on 30 Sep 2018	The rental is at 39,000 Baht/month. The Lease Guarantee deposit of 117,000 Baht. Pay the subsidy of 7,000,000 Baht. Space Service Charge is at 91,000 Baht /month. Space Service Charge Guarantee is at 273,000 Baht	- The Lease is renewable for 1 times at 3 years - For renewal of contract, each subject to advance notice of not less than 6 months. - Power charge and water supply charge are as actually consumed.
2 Nov 2015	The Company enters into the Lease Agreement with MBK Public Co., Ltd. for lease of space No. PLA.F05. A010000 on 5th Floor with total area of 615.49 sq.m. to operate the spa business (Let's Relax Spa MBK)	3 years. Starting on 1 Feb 2016 Expiring on 31 Jan 2019	The rental is at 615,490 Baht/month (Not including VAT). The Lease Guarantee deposit of 5 months is 3,228,245.03 Baht (VAT included). The deposit is separated into 3 payments. Advance one month rental rate and property tax of 674,269.29 Baht (VAT included)	- The Lease is renewable for 2 times at 3 years - For renewal of contract, each subject to advance notice of not less than 3 months with no more than 15% increase in rental rate every 3 years.
15 Dec 2015	The Company enters into the Lease Agreement with The Street Retail Development Co., Ltd. for lease of space No. 310 on 3rd Floor with total area of 714 sq.m. to operate the spa business (Let's Relax Spa The Street)	3 years. Starting on 15 Dec 2015 Expiring on 14 Dec 2018	The rental for Year 1-3 is at 299,880 Baht/month. Space Service Charge is at 342,720 /month (Not including VAT). The Lease Guarantee deposit of 1,541,383.20 Baht (VAT included).	- The lessee will pay the property tax to the lesser as a monthly payment of 37,485 bahts. This will be paid along with the monthly rental rate. - The Lease is renewable for 2 times at 3 years - For renewal of contract, each subject to advance notice of not less than 3 m
1 Aug 2015	The Company enters into the Lease Agreement with Un-Pan Limited Partnership for lease of land and building at 7/24 Soi Suanplu, Bangkok to operate the spa business (Let's Relax Spa Suanplu)	9 years 5 months. Starting on 1 Aug 2015 Expiring on 31 Dec 2020	First 5 month (Aug 2015-Dec 2015), monthly rental rate of 130,000 baht Year 1-3, monthly rental rate of 140,000 baht Year 4-6, monthly rental rate of 160,000 baht Year 7-9 monthly rental rate of 180,000 baht Subsidy of 2,750,000 baht	- Telephone, Power charge and water supply charge are as actually consumed. Other associated costs are beared by lessee.

Date of the Lease Agreement	Particulars	Period of Time	Rental and Service	Other Terms and Conditions
1 Aug 2015	The Company enters into the sub-Lease Agreement with Ms. Chuenjit Raipitaksin for lease of land and building at 613/1 Ramintra Road, Bangkok to operate the spa business (Baan Suan Massage Ramintra)	2 years 2 months. Starting on 1 Aug 2015 Expiring on 30 Sep 2017	The rental is 76,000 Baht/month. The Lease Guarantee deposit of 120,000 Baht The electricity charge of 36,000 Baht	- Monthly Rental shall be on every 5th of the month - The Lease is renewable for 1 times at 3 years at the same rate - For default or renewal of contract, each subject to advance notice of not less than 2 months.
29 Jul 2015	The Company enters into the Lease Agreement with Ms. Withara Pornsubsit for lease of land and building at 1191/2 Ramkamhaeng Road, Bangkok to operate the spa business (Baan Suan Massage Ramkamhaeng)	4 years 10 months. Starting on 1 Aug 2015 Expiring on 31 May 2020	The rental for 1 Aug 2015-31 May 2017 is at 70,000 Baht/month. Payment must be made in sum of 3 months in advance. The rental for 1 Jun 2017 - 31 May 2020 is at 90,000 Baht/month. Payment must be made in sum of 3 months in advance. The Lease Guarantee deposit of 240,000 baht	- Monthly Rental shall be on every 5th of the month (every 3 months) - For default or renewal of contract, each subject to advance notice of not less than 2 months.
1 Aug 2015	The Company enters into the Lease Agreement with Ms. Chuleeporn Vichinrojjarus for lease of land and building at 70/40 Moo 9 Nonthaburi to operate the spa business (Baan Suan Massage Nonthaburi) 4 years 10 months. Starting on 1 Aug 2015 Expiring on 31 May 2020	3 years Starting on 1 Aug 2015 Expiring on 31 Jul 2018	The rental is at 72,000 Baht/month. The Lease Guarantee deposit of 144,000 baht	- Monthly Rental shall be on every 5th of the month - The Lease is renewable for 2 times at 3 years with the increasing rate of no more than 15% every 3 years - For default or renewal of contract, each subject to advance notice of not less than 2 months.

4.3 INVESTMENT POLICY IN SUBSIDIARY AND ASSOCIATED COMPANY

4.3.1 Principal Definitions

1. The Definitions in this Policy

- 1) “Company” means Siam Wellness Group Public Limited Company.
- 2) “Subsidiary” means “associated company” and “ persons who may have conflicts” shall have the same meaning as defined in the Notification of the Securities and Exchange Commission S.E.C No GorJor. 17/2551 Re Determination of the Definition Clause in the Notification In Relation to the Issuance and Offer for Sale of the Securities (including those amended).

2. This policy besides applying to the case of the “company” as an investor, it also applies to the subsidiary and associated company which has invested in other companies to the extent that such other companies also directly become a subsidiary or an associated company of the “company” in every succession as well.

4.3.2 A Business to be Considered Investing

1. The company falling within the scope of being considered investing.

- 1) It does not operate illegal businesses nor takes part in the support of illegal activities.
- 2) It does not operate the business which “a person who may have conflicts” has already operated.
- 3) There has been assessed the worthiness or feasibility thereof necessarily or appropriately.
- 4) The “company”, “the subsidiary” and the “associated company” will not hold share retroactively to the company which is its own shareholder in the characteristic of cross holding of the share except there is a necessary reason but, incidentally, it does not contravene the law to the extent that the company becomes disqualified to be authorized to make a public offering of the share in accordance with the law concerned.

2. Persons with whom the company will consider jointly investing.

- 1) The Company will not jointly make an investment with “a person who may have conflicts” unless there is a necessary reason. Incidentally, such person who may have conflicts to jointly invest in the amount that the company is disqualified to be authorized to make a public offering.
- 2) The criteria whereby the company uses to consider selecting persons to make a joint investment are as follows:
 - There is no history of committing illegal activities.
 - The person has the knowledge, experience, ability or a comprehensive network of relationship that helps support the operation of the business of the subsidiary or the associated company to make such joint investment.

3. The ratio or the amount of investment in the subsidiary or associated company.

- 1) If it does not contradict the other requirements, the company should hold share in the company in which it has made investment directly and/or indirectly combined in the ratio or in the characteristic that the company is able to control or to participate in the formulation of a policy and in the management of the business in which the company has made investment or will receive other interest which the company requires.
- 2) The amount of capital invested in each business is to be approved by the authorized person according to the manual of work performance regarding the power of action of the company.

4. Other financial assistance to be given to the subsidiary and the associated company.

1) Lending the money to the company which is investing must charge the interest at the rate applicable in the market or is in proximity to the interest rate which the financial institution charges to a preferred customer or a general customer or is slightly higher than the cost of borrowing of the lending company so that the lender company is not put at a disadvantage and to eliminate the doubt regarding the transfer of the property.

2) To allow the “Company” to underwrite particularly the subsidiary or the associated company which the “Company” holds share directly only and the terms and conditions of underwriting must be reasonable in relation to the debt which such subsidiary or associated company has received; incidentally, the line of credit which the company underwrites must not exceed the ratio of shareholding which the company holds in such company.

5. The management of the subsidiary and associated company.

1) The company should have its agent to sit as a director on the Board of Directors of the subsidiary company or of the associated company. The number of the agent of the company will be at least according to the ratio of shareholding of the company.

2) The authorized director to sign binding upon the subsidiary or the associated company should always have the company’s agent to countersign.

3) The company’s agent should have the right to participate in choosing the high executive or any person who is responsible for accounting and finances.

4) In the case that the subsidiary agrees to enter into a related transaction or acquired transaction or to dispose of the property of material importance, the company should take action according to the criteria stipulated by the law for executing the said transaction.

6. Steps of approving the investment and evaluation

1) Approval of investment

The approval of investment to buy share should undergo the assessment of the worthy returns or the feasibility of investment. The said assessment will have its scope and details to any extent, the management must consider as appropriate to the said investment project prior to being proposed to the company’s Board of Directors or shareholders for approval.

2) Evaluation of the investment

- The management of the company must follow up on the operation of the subsidiary and of the association company on a consistent basis and to prepare a summary of the performance on a quarterly basis to be proposed to the Audit Committee for opinion and proposal to the company’s Board of Directors within 45 days of the end of each quarter.

- The management of the company is to coordinate the work with the management of the subsidiary or the associated company to provide needed convenience to the Audit Committee of the company to have a tour of the business or to inquire about the work performance at least once a year.

3) Audit of the implementation of this policy.

- The management of the company is to conduct an internal audit or to have the internal audit department of the company to conduct an audit of the implementation of this policy. Incidentally in the case of the subsidiary or the associated company, the management of the company is to coordinate the work with the agent of the company in such company to furnish adequate documentation for audit by the internal auditor or by the internal audit department.
- The internal auditor or the Internal Audit Department of the Company is to submit the report on the result of the audit to the Audit Committee within 45 days of the end of each quarter so the Audit Committee will further report to and offer the opinion to the meeting of the company's board of directors.

4.4 THE POLICY TO OPEN NEW BRANCHES

Incidentally, the opening of a new spa branch will be carried out by the Company or if there is a new hotel project to be emerged in the future, the action will be then taken by Siam Wellness Resort Co., Ltd., the subsidiary which is already operating the hotel business in Chiangmai.

For opening additional branch in each location, the management would conduct a study of the data as to the feasibility in tandem.

- The area surrounding the branch to be opened is a source of the presence of the target customers who have easy access to use the service.
- Suitability and adequacy of the area for opening new branch.
- Cost of rental and service charge of the space is appropriate and the lease agreement is renewable to medium length of time, that is, inclusive of the lease period and renewal period, the lease period is about 6 - 9 years.
- Availability of the location for use as a living quarters for the therapist personnel in the neighborhood and at attractive price.
- Having made a financial estimate, it is expected that the branch would be profitable and the point of returns on capital invested will not exceed 3-4 years.

As in the case of additional hotel is to be opened of the subsidiary, if investment will be made, the hotel would be characterized by a Wellness Spa Report of small size, of Low Rise type, with the capacity of not less than 35 guest rooms. By estimate, about 50 guest rooms would worth a return on the capital invested. The hotel would be a health hotel in tandem with the spa of the Company to reciprocally support a joint business only. The Company and the subsidiary do not have a policy to principally focus on the hotel business. Incidentally, the project depends on the feasibility of the area; there are available clear groups of the target customers; the study of the feasibility study of the project, source of financial support and opportunity for investment at that time without fixed requirement that investment must be made in the company's own area or on the leased premises. However, if the project is on the leased land, the lease period must be not less than 30 years and the right of lease can be granted continuously as to be worthy of investment in the hotel project involving a large investment and longer period of return on capital.

Incidentally, based on the data of the feasibility study on investment in the said branch, the management is of the opinion that the project is feasible. Then the proposal should be made via the Executive Committee for consideration to be further proposed to the Company's Board of Directors for consideration and approval or may be presented to the meeting of the shareholders according to the criteria of acquisition of the property for approval before further carrying out the investment in the said branch.

5

Legal Dispute

As of 31 December 2015, the Company and the subsidiary had no legal dispute whatsoever or there is no case in the process of lawsuit which may have negative impact on the operation of the business of the Company and the subsidiary and the Company and the subsidiary have no legal dispute which have negative impact or requires indemnity exceeding 5 percent of the Company's shareholders' equities.

The background features a light gray background with a series of stylized, overlapping leaf-like shapes on the left side, rendered in a fine, light gray line art style. Scattered across the page are several hexagonal shapes in various shades of gray, some solid and some outlined, creating a modern, geometric aesthetic.

Section 2

Good

Corporate Governance

6

Securities and Shareholder Information

6.1 Registered Capital and Paid up Capital

As of December 31, 2015, the Company has the registered capital of 142.5 million bahts and the paid up capital of 142.5 million bahts with the ordinary shares of 570 million shares with par value of 0.25 bahts

6.2 Shareholders

As of December 15, 2015, the Company has the following shareholders:

No.	Name	No. of Shares	%
1.	Utsahajit Group		
	Mr. Wiboon Utsahajit	78,640,000	13.80
	Mrs. Pranee Suphawatanakiat	60,720,000	10.65
	Mrs. Thanit Amornpirasarn	60,720,000	10.65
	Mr. Thanawat Utsahajit	24,560,000	4.31
	Mr. Napat Wiwattanakrai	20,329,600	3.57
	Mr. Narun Wiwattanakrai	20,240,000	3.55
	Mr. Narut Wiwattanakrai	20,240,000	3.55
	Mr. Wiwat Utsahajit	3,224,400	0.57
	Total	288,674,000	50.65
2.	Jiravanstit Group		
	Mr. Prasert Jiravanstit	78,640,000	13.80
	Ms. Pornpit Jiravanstit	18,000,000	3.16
	Mrs. Praorn Jiravanstit	18,000,000	3.16
	Mr. Parin Jiravanstit	2,900,000	0.51
	Total	117,540,000	20.63
3.	Mr. Amornrat Thirakritporn	11,114,900	1.95
4.	Mr. Kachen Benjakul	9,107,300	1.60
5.	Mr. Jiradech Jongwattanasilpikul	4,000,000	0.70
6.	Mr. Songpol Sumsiripong	3,466,600	0.67
7.	Ms. Sutthinan Asavasopon	3,249,100	0.57
8.	Mr. Suparoj Rojveera	3,111,000	0.55
9.	Ms. Waraporn Tantitanawat	3,000,000	0.53
10.	Ms. Naline Thongthae	3,000,000	0.53
11.	Mr. Pisit Durongpittaya	2,971,000	0.52
12.	Mr. Pornthep Satitthavornchai	2,955,600	0.52
	Total	45,975,500	8.08
13.	Other Shareholders	117,810,500	20.64
	Total	570,000,000	100.00

6.3 Dividend Policy

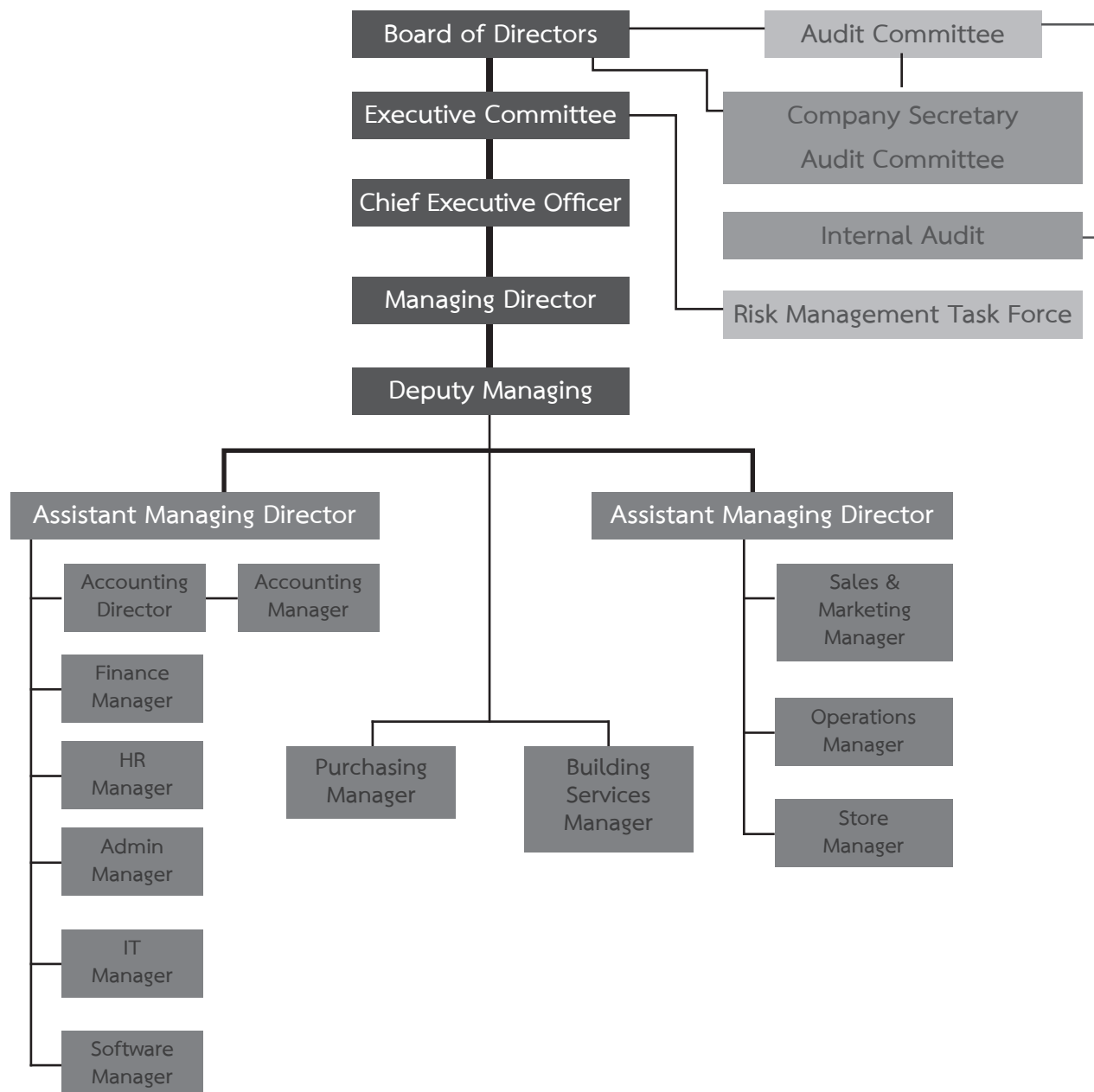
The Company's dividend policy is to pay out at least 40 percent of its net profit, after deducting income tax and legal reserve. Each year's payout depends on the Company's investment plan, necessity, and future considerations. Upon approval by the Board of Directors, the annual dividend payout shall be presented to the shareholders' meeting for approval. However, for an interim dividend, the Board has the authority to pay the dividend and report the payout at the next shareholders' meeting.

7

Organizational Structure

7.1 Organizational Chart

As of December 31, 2015, The Company's Organization is as followed:



7.2 Board of Directors

As of December 31, 2015, The Company's Board of Directors composed of 9 Directors as followed:

Name	Position
1. Mrs. Pranee Suphawatanakiat	Chairman
2. Mr. Wiboon Utsahajit	Director/President/Chief Executive Officer
3. Mr. Prasert Jiravanstit	Director/Member of Executive Committee/Managing Director
4. Mrs. Thanit Amorntirasan	Director/Member of Executive Committee/Deputy Managing Director
5. Mr. Narun Wiwattanakrai	Director/Member of Executive Committee/Assistant Managing Director
6. Mr. Polchet Likittanasombat	Director/Chairman of the Audit Committee/Independent Director (Audit Committee with Accounting Knowledge)
7. Mr. Chaikut Thienvuthichai	Director/Member of the Audit Committee/Independent Director
8. MR. Pensiri Chakrabandhu	Director/Member of the Audit Committee/Independent Director
9. Mrs. Supee Pongpanichs	Director/Independent Director

Authorized Persons

"Mr. Wiboon Utsahajit or Mr. Prasert Jiravanstit or Mrs. Thanit Amorntirasan, two out of the three directors sign together accompanied by the Company seal".

Board of Directors' Meeting Attendance as of December 31, 2015

No.	Director's Name	2015 Meetings Attended/Total Meetings
1.	Mrs. Pranee Suphawatanakiat	6/6
2.	Mr. Wiboon Utsahajit	6/6
3.	Mr. Prasert Jiravanstit	6/6
4.	Mrs. Thanit Amorntirasan	6/6
5.	Mr. Narun Wiwattanakrai	6/6
6.	Mr. Polchet Likittanasombat	6/6
7.	Mr. Chaikut Thienvuthichai	6/6
8.	MR. Pensiri Chakrabandhu	6/6
9.	Mrs. Supee Pongpanichs	6/6

7.3 Audit Committee

Audit Committee composed of 3 Directors as followed:

Director's Name	Position
1. Mr. Polchet Likittanasombat	Chairman of the Audit Committee/Independent Director (Audit Committee with Accounting Knowledge)
2. Mr. Chaikut Thienvuthichai	Member of the Audit Committee/Independent Director
3. MR. Pensiri Chakrabandhu	Member of the Audit Committee/Independent Director

Audit Committee's Meeting Attendance as of December 31, 2015

Director's Name	2015 Meetings Attended/Total Meetings
1. Mr. Polchet Likittanasombat	5/5
2. Mr. Chaiyut Thienvuthichai	5/5
3. MR. Pensiri Chakrabandhu	5/5

7.4 Executive Committee

As of December 31, 2015, The Company's Executive Committee composed of 5 Directors as followed:

Director's Name	Position
1. Mr. Wiboon Utsahajit	Director/President/Chief Executive Officer
2. Mr. Prasert Jiravanstit	Director/Member of Executive Committee/Managing Director
3. Mrs. Thanit Amorntirasan	Director/Member of Executive Committee/Deputy Managing Director
4. Mr. Narun Wiwattanakrai	Director/Member of Executive Committee/Assistant Managing Director
5. Mr. Juckpat Jiravanstit	Member of Executive Committee

Executive Committee's Meeting Attendance as of December 31, 2015

Director's Name	2015 Meetings Attended/Total Meetings
1. Mr. Wiboon Utsahajit	18/18
2. Mr. Prasert Jiravanstit	18/18
3. Mrs. Thanit Amorntirasan	18/18
4. Mr. Narun Wiwattanakrai	18/18
5. Mr. Juckpat Jiravanstit	14/18

7.5 Management Team

As of December 31, 2015, The Company's Management Team composed of 5 Members as followed:

Director's Name	Position
1. Mr. Wiboon Utsahajit	Chief Executive Officer
2. Mr. Prasert Jiravanstit	Managing Director
3. Mrs. Thanit Amorntirasan	Deputy Managing Director
4. Mr. Narun Wiwattanakrai	Assistant Managing Director
5. Ms. Yonlawan Eiamalongkorn	Assistant Managing Director (Chief Financial Officer)

Remarks:

- On 3rd October 2015, Ms. Ladaporn Limpakarn has resigned from the position of Assistant Managing Director (Chief Financial Officer). The Executive Committee has submitted Ms. Yonlawan Eiamalongkorn as the new Assistant Managing Director (Chief Financial Officer). On 9th November 2015, The Board of Directors 5/2015 has approved the appointment of Ms. Yonlawan Eiamalongkorn as the new Assistant Managing Director (Chief Financial Officer)

7.6 Company Secretary

On May 11, 2015 at the BOD 2/2015, the Board of Directors approved the appointment of Ms. Srisuphang Lekjaisue as Company Secretary to comply with the Securities and Stock Exchange Act B.E. 2535 with responsibilities as followed:

1. Documenting and Recording important documents
 - 1.1 Director's Record.
 - 1.2 Invitation Letter for Board of Director's Meeting, Minutes of Board of Director's Meeting and Annual Report.
 - 1.3 Invitation Letter for Shareholder's Meeting and Minutes of Shareholder's Meeting.
2. Keep in record all documents that may have conflict of interest with directors or management and send to Chairman or Chairman of Audit Committee within 7 days after receive of such report.
3. Administering other matters according to Securities Commission announcement.

7.7 Director's and Management Remuneration

7.7.1 Monetary Remuneration

Director's Remuneration

On February 23, 2016 at the BOD 1/2016, the Board of Directors approved the remuneration for Directors and Audit Committee as followed :

(Bahts)			
Position	Monthly Allowance	Meeting Allowance	Annual Bonus
Chairman of Board of Directors	20,000	10,000	300,000
Director	10,000	10,000	200,000
Chairman of Audit Committee	20,000	10,000	300,000
Member of Audit Committee	15,000	10,000	200,000

Remark :

- If Director has appointed to more than 1 position, the Director will receive the highest rate of monthly allowance only
- Directors that are Management will not receive monthly allowance
- If Director has appointed to more than 1 position, the Director will receive the highest rate of annual bonus only
- Audit Committee will receive the monthly allowance as Audit Committee only and will not receive the monthly allowance as Director

In 2015, Company has paid total remuneration to Director and Audit Committee as followed:

Director's Remuneration as of December 31, 2015

Director's Name	Position	2016 Remuneration	
		Monthly Allowance (Bath)	Meeting Allowance (Bath)
1. Mrs. Pranee Suphawatanakiat	Chairman	240,000	60,000
2. Mr. Wiboon Utsahajit	Director	-	60,000
	President		
	Chief Executive Officer		
3. Mr. Prasert Jiravanstit	Director	-	60,000
	Member of Executive Committee		
	Managing Director		
4. Mrs. Thanit Amorntirasan	Director	-	60,000
	Member of Executive Committee		
	Deputy Managing Director		
5. Mr. Narun Wiwattanakrai	Director	-	60,000
	Member of Executive Committee		
	Assistant Managing Director		
6. Mr. Polchet Likittanasombat	Director	240,000	110,000
	Chairman of the Audit Committee		
	Independent Director		
7. Mr. Chaiyut Thienvuthichai	Director	180,000	110,000
	Member of the Audit Committee		
	Independent Director		
8. MR. Pensiri Chakrabandhu	Director	180,000	110,000
	Member of the Audit Committee		
	Independent Director		
9. Mrs. Supee Pongpanichs	Director	120,000	60,000
	Independent Director		
Total		960,000	690,000

Management Remuneration

In 2015, one Management resigned on October 3, 2015 and the replacement started on November 9, 2015. Thus, as of December 31, 2015, Company has total of 5 members in the Management. The Company paid total of 12,410,059 bahts as salary and annual bonus

7.7.2 Other Remuneration

In 2015, Company has paid total of 331,760 bahts as provident fund, social securities and health insurance (excludes salary and annual bonus)

Personnels

As of December 31, 2015, The total of staff (excludes Management) are as followed

SPA

NO.	Department	Total Staff
1	Accounting	14
2	Finance	2
3	Human Resource	3
4	Admin	4
5	IT	2
6	Software	1
7	Purchasing	3
8	Building Services	2
9	Sales, Marketing, Operations (Head Office)	10
10	Operations (Branch)	174
11	Store	7
	Total	222

SWR

NO.	Department	Total Staff
1	Accounting	6
2	Human Resource	1
3	Sales & Marketing	2
4	Operations	1
5	Front Office	12
6	Kitchen (Deck1)	27
7	Housekeeping	19
8	Engineering	5
9	Food & Beverage (Deck1)	24
10.	Food & Beverage & Kitchen (D Bistro)	25
	Total	122

SWL

NO.	Department	Total Staff
1	Management	1
2	Product	3
3	Store	2
	Total	6

SWE

NO.	Department	Total Staff
1	Management	1
2	Trainers	4
	Total	5

As of December 31, 2015, Company has total of 222 staffs (excludes Management). In 2015, total monthly remuneration for staff (excludes Management) such as salary, commission, bonus, provident fund, Social securities and OT is 43,477,775.95 bahts.

On June 1, 2013, the Company set up AIA Masterpool Provident Fund with objectives of creating motivations for staff and to encourage to work with Company in a long term.

Labour Objections in the past 3 years

None

Human Development Policy

Company has human development policy in which the training is conducted through Department Managers, then Department Managers will be the one who trained to their sub-ordinates.

English Language Training	2 times per year
Administration Process (Stock, Sales) Training	1 times per year
POS Training	2 times per year
Service Manners Training Continuously	throughout the year

Annual Spa Manager Meetings were conducted July 15-16, 2015 at Head Office of Siam Wellness Group Public Company Limited

8.1 Policies on Business Administration

Having realized that good corporate affairs can lead to enhancement of the operation and powerful and sustainable growth of the Company which will benefit all parties concerned, namely employees, investors, shareholders and other stakeholders, the Board of Directors have therefore adopted policies to better corporate governance. Such policies cover the structure, the roles and responsibilities of director and the principles of transparent management of the organization that can be audited that can be used as guidelines for management of the organization to ensure fairness and carefully consideration of the best interests of shareholders and all interested parties under the rules of SET which cover:

Section 1 The Rights of Shareholders

Section 2 Equitable Treatment

Section 3 Stakeholders

Section 4 Transparency

Section 5 Responsibilities

Section 1: The Rights of Shareholders

Having recognized the shareholders' right to receive correct and complete information on the Company within good time on an equitable treatment basis and to make decisions on major changes that affect the Company, the following policies have been adopted:

1. We will sent an invitation to attend a meeting with the items on the agenda and views of the Board of Directors thereon to shareholders at least 7 or 14 days before the meeting of shareholders, whichever the case may be. Any shareholder who cannot personally attend the meeting can appoint an independent director or any person as a proxy to attend the meeting for and on his behalf, using the proxy appointment form attached to the invitation to attend the meeting.

2. We will hold the meeting at the most suitable venue and time to ensure that the shareholders find it convenient to travel. There will be enough time for the meeting to deal with all the items on the agenda. A map will also be provided.

3. Before commencing the meeting, the shareholders will be informed of their rights to vote, express views and raise any questions at the meeting in respect of the items on the agenda. During meeting, the shareholders will be given equal rights and opportunities to express their views within the time well allocated by the Board Chairman. The directors and executives concerned will also attend the meeting to answer such questions.

4. We will use our website as another communication channel. The news and information will be published on our website. Shareholders can download the invitation to meeting with the items on the agenda well in advance before the day of the meeting so that they will have plenty of time to examine the Company's documents. Shareholders can even raise any questions online before the day of the meeting. Our website contains information on how to download meeting invitation and raise questions online.

5. To ensure accuracy and speediness, vote counting and decision may be done on line.

6. An independent person will be appointed to count and examine the votes at the meeting of shareholders, reveal the outcome to the meeting and record it in the minutes of the meeting.

7. The minutes of the meeting will be correctly and completely taken to cover all the important questions and views raised at the meeting for perusal by the shareholders. After being listed on SET, the meeting will be video recorded for future reference. The minutes of meetings will be published on our website for shareholders' consideration. Such minutes of meeting will be submitted to SET within 14 days of the meeting.

8. The decision made by the meeting of shareholders will be published on our website on the next working day.

9. Shareholders will have their dividends transferred into their bank accounts (if any dividend is paid). This method of payment will eliminate the problems of checks being damaged, lost or sent to payees in delay.

10. Shareholders will have equal voting rights: one share per one vote.

11. Shareholders have the right to be informed of the results of operations of the Company. In particular, the results of operations for the year. We will prepare the documents which clearly and completely explain the operations for fiscal year which cover the activities related to the operations of the company.

12. Shareholders will be entitled to consider and approve the financial statements of the Company. We will prepare financial statements that are accurate and reliable and cover all the essential facts and figures according to the generally accepted accounting standards and have been audited by an independent and well-known auditor who also expresses his views thereon.

13. Shareholders will be entitled to consider and approve the Company's dividend payment. We will present detailed calculation of dividends which clearly cover all the essential facts for the consideration of the shareholders, e.g. dividend payment policy, comparison of dividend paid in the previous year. Good explanation will be given for non-dividend payment. The dividend payment proposed to shareholders will be reviewed carefully for thoughtful consideration and approval by the Board of Directors before presentation to the Meeting of Shareholders for consideration and approval.

14. Shareholders have the right to determine and appoint each director. We will provide the clear and correct records and details of the persons nominated for directors such as work records and the number of years in office (if a retiring director is nominated), type of director required, rules and procedures for recruitment, shares in the company, the positions in other companies, both related and unrelated to the business of the Company, etc. and definition of independent directors. In the case of independent directors, the person nominated for shareholders to approve the appointment shall be reviewed carefully for approval by the Board before proposal to the Meeting of Shareholders for approval.

15. Shareholders are entitled to consider and approve the remuneration of Directors. We will provide clear and comprehensive details of remuneration of directors is required for consideration by shareholders, such as policy on payment of remuneration, payment based on position, duties, responsibilities and comparison with previous year's payments for careful consideration by the Remuneration Committee and approval by the Board prior to submission to the Meeting of Shareholders for approval.

16. Shareholders shall have the right to consider and appoint the auditor and approve the audit fees. We will prepare complete and correct details for consideration by shareholders, such as name of auditor, the office that he comes under, his independence, the number of years he works for the Company, his audit fees with complete breakdown and other service charges (if any) and comparison with the audit fees of the

previous year for careful consideration by shareholders and review by the Audit Committee based on past performance of the auditor before proposal to the Meeting of Shareholders for approval.

17. In the interest of the shareholders and the Company, the shareholders shall be entitled to consider and approve the significant related transactions and the same shall also be considered and approved by the Audit Committee comprising independent members.

18. We will provide the correct and complete information on capital increase which cover all essential details such as objectives, necessity, methods, conditions, effects on the Company and shareholders for consideration and approval of the Board before proposal to the Meeting of Shareholders for approval.

Section 2: Equitable Treatment

It is our policy to ensure that all shareholders will have equal rights to conduct examination and express their views, as follows:

1. Minor shareholders will be allowed to nominate persons for directorship or propose the items on the agenda to be dealt with by the Meeting of Shareholders.

2. The rules on the nomination of person for directorship and proposal of the items on the agenda by minor shareholders will be clearly set forth.

3. The Meeting of Shareholders will only deal with the items on the agenda without changing any important details or adding any items on the agenda without notice, unless otherwise approved by the Meeting in compliance with the law.

4. The shareholder who cannot attend the meeting by himself may nominate an independent director or appoint a person as a proxy who will attend and vote at the meeting on his behalf. The name of such proxy shall be indicated in the meeting invitation.

5. All shareholders, whether they are major or minor shareholders of any nationalities will be treated equally.

6. To ensure transparency and traceability and avoid conflict, voting on any matter shall be done by ballot and each shareholder will be allowed to nominate the persons for directorship.

7. There shall be written guidelines on maintenance and protection of data for compliance by all people in the Company. All directors and executives are required to report the securities in their holding to the Board of Directors.

8. The director or executive who has vested interest or conflict of interest in any transaction under consideration shall disclose such vested interest or conflict of interest to ensure that the Board of Directors can equitably consider such transaction for the benefit of the Company. Such vested interest or conflict of interest shall be recorded in the minutes of the meeting.

9. The Board of Directors shall recognize the rights of shareholders and the Company shall treat all shareholders fairly and equally, whether they are executive or non-executives and irrespective of the number of shares they hold and their nationalities. It is our policy to treat shareholders equally and protect their basic rights. Therefore, all shareholders shall have equal rights to buy or sell shares, get fair share in the Company's profit, receive sufficient information on the operations, attend the meeting to vote for appointment or removal of director, appointment of auditor and the matters affecting the Company such as dividend payment, revision of memorandum or articles of association, capital increase or decrease and approval of special transactions.

10. All shareholders shall have equal rights to vote: each share is eligible to one vote.

11. Company will release Company News to shareholders on regular basis via SET portal and Company Website

12. Shareholders shall be allowed to propose the items on the agenda or nominate the person for directorship to be included in the items on the agenda at least 1 month before the day of the annual meeting of shareholders as set forth by the Company.

13. We will sent to meeting invitation along with the documents on the items on the agenda and the views of the Board of Directors on all the items on the agenda, to all shareholders at least 7 days before the day of the meeting, unless otherwise set forth by SET or SEC. Such meeting invitation and related documents which are the same as the ones to be sent to the shareholders shall also be published on our website at least one month before the day of the meeting so that the shareholders will have enough time to examine all the details and can make the right decisions.

14. The rules and procedures for meeting attendance, questions, answers, voting and decision making shall be clearly set forth in the meeting invitation. Shareholders will be allowed to raise any questions before the day of the meeting. Shareholders can register for the meeting at least one hour before the time of the meeting and continue to do so until the meeting concludes.

15. We shall not prejudice the shareholders' rights to examine the information which must be disclosed or attend the meeting. We shall not suddenly distribute additional documents for the meeting, change the items on the agenda or amend essential data without notifying the shareholders, nor shall we put restrictions on late attendance of any shareholders.

16. All shareholders are encouraged to attend and vote at the Meeting of Shareholders. All the proper procedures are set forth in the meeting invitation. At the meeting for director appointment, each shareholder may vote for any person. At any meeting, shareholders will be allowed to raise any questions or express any views. The directors concerned will answer all such questions to the satisfaction of the shareholders.

17. The shareholder who cannot personally attend the meeting may appoint an independent director as proxy to attend and vote at the meeting for and on his behalf. For this purpose, Proxy Form A and B shall be used. Form B can be used to grant the proxy the right to vote at the meeting for and on behalf of the shareholder. Both forms can be downloaded from the Company's website.

18. Minutes of meeting shall be taken clearly, correctly and completely for examination by shareholders. After submission to SET, such minutes of meeting will be published on our website.

Section 3: Roles of Stakeholders

We recognize the rights of all stakeholders, whether they are internal ones such as shareholders and employees or external ones such as customers, trading partners, creditors, competitors, government agencies, organizations and nearby communities. The reasons are they support us and help us to become more competitive and make more profit which is worthwhile in the long run. We treat all stakeholders as required by law or as agreed with them. Therefore, we have adopted the following policies:

Treatment of and responsibilities for shareholders

Having realized that shareholders are the owners of the business and the Company, we create added value in the long run for them by setting the following guidelines for our employees, directors and executives:

1. To perform duties on a bona fide basis and make decisions carefully and fairly in the interest of all shareholders.
2. To oversee the operations to ensure that the Company has stable financial status and good performance; to present correct and complete reports on the Company's standing, returns on operations, financial status, accounting and others on a regular basis.
3. Present to all shareholders the reports on the Company's future aspects, whether positive or negative, which are reliable and have sufficient proofs.
4. Not to seek interest for oneself other from the information not disclosed by the Company to the public, nor to perform any acts which may cause conflict of interest with the organization.
5. To treat all shareholders equally at the Meeting of Shareholders.

Practices and responsibilities in respect of government sector

We operate our business in compliance with the laws, rules and regulations on government agencies. In particular, we avoid the acts that influence government employees to act improperly. In stead, we try to build good relations whenever possible, e.g. talking in public places, greeting at certain time of season within the following guidelines:

1. To follow proper procedures at the time of making contact with government agencies or their employees.
2. To become aware that the laws, rules and regulations on government agencies may vary and require strict compliance.

Practices and Responsibilities in Respect of Employees

We realize that all employees are our most valuable assets that will help us attain our objectives. To ensure fairness in opportunity, remuneration, transfer and enhancement of potential, we shall adopt the following practices:

1. To respect employees' rights and honor.
2. To maintain workplace in good conditions – safe for them and their properties.
3. To appoint, transfer, reward and punish employees on a bona fide basis, taking into account their knowledge, abilities and suitability.
4. To attach importance to employees' constant knowledge and skill acquisition: offer training, hold seminars for all employees.
5. To offer fair remuneration based on the market condition, competition, job description, the employee's ability and performance.
6. Not to perform any unfair acts which affect the career of the employee.
7. To allow employees to air their grievances about working conditions and suggest solutions for the benefit of all parties and create good relations at work.
8. To strictly observe all the laws and regulations on employment.

Practices and Responsibilities in Respect of Customers

We provide the service of health massage. We intend to create, present and manage our products and services for our customers with the following the standards, ethics and practices:

1. To strive to provide service with politeness, earnestness, readiness, sincerity, good intention and attention as if the customers are close relative, taking into account safety and satisfaction of customers.
2. To inform customers of you service methods to ensure maximum efficiency and satisfaction.
3. To provide correct and complete information on our products and services so that customers can make the right decisions. Not to over advertise, exaggerate or cause misunderstanding about the quality, quantity, terms or conditions of the products or services.
4. Provide communication channels for customers to make complaints about our products or services so that we can find solutions and improve our products and services.
5. Treat our customers' information as confidential; not to disclose it or use it for personal gain.

Practices and Responsibilities in Respect of Trading Partners and the other Parties to the Agreements

Trading partners and other parties to the agreements help us to achieve success in our operations. We therefore treat them equally to ensure join interests as follows:

1. To supply products and provide services according to the following principles:
 - To allow fair competition.
 - To adopt criteria for assessment and recruitment of trading partners and parties to the agreements.
 - To draw up suitable agreements which are fair to all parties.
 - To have a management and follow-up system to ensure full compliance with the agreement and avoid fraud and dishonesty in procurement process.
 - To pay trading partners and parties to the agreements within the deadline according to the terms of payment.
2. We intend to maintain and improve relations with trading partners and parties to the agreements whose objectives are clear in respect of product quality and worthwhile services on a bona fide basis.
3. All of our employees and executives are forbidden from receiving direct or indirect interests from trading partners or parties to the agreements.
4. Not to use the information obtained from purchase or supply for personal gain or for the benefit of any other persons.

Practices and Responsibilities in Respect of Creditors

We uphold principles and discipline in our operations to earn trust from creditors. We adopt the following practices:

1. Not to dishonestly demand, accept or offer any benefits in dealing with creditors.
2. If any dishonest demand, acceptance or offer of any benefits is known, the information must be disclosed to the creditors, and joint efforts should be made to resolve the issues.
3. To strictly observe all the terms and conditions of the contracts or agreements.
4. If it is not possible to observe the terms and conditions of the contracts or agreement, the Company will inform its creditors of the facts so that the parties will try to find solutions.

Practices and Responsibilities in Respect of Competitors

We want to achieve long term sustainable success and become a leading company in fair and ethical competition in the industries. We have adopted the following practices:

1. To compete under good rules.
2. Not to obtain competitors' secret information by dishonest or improper means for our own benefit.
3. Not to commit libel against competitors.
4. Not to infringe the intellectual properties of competitors or any persons.

Practices and Responsibilities in Respect of Society

We attach importance to surrounding communities and society, thinking that we are a part of them and intend to achieve sustainable development of the society and surroundings. We constantly hold social and community activities while operating the business while being responsible for the society and communities, as follows:

1. To operate business, taking into account the environment and in strict compliance with the laws and regulations on the environment.
2. To clearly adopt the CSR policies and uphold such policies.
3. To ensure that our employees become aware of their responsibilities towards the environment and society.
4. To respect the customs, traditions and cultures of the areas where we operate our business.
5. To constantly engage in the activities for creation of society, communities and the environment for the betterment of life quality in cooperation with government agencies, private organizations and communities.
6. To take part in activities in nearby communities.
7. To quickly and efficiently respond to the events that affect the community surrounding, lives and properties in connection with our operations. To fully cooperate with the government officials and the agencies concerned.

Practices and Responsibilities in Respect of Anticorruption

We have adopted the following anticorruption policies:

1. Our employees shall not demand or accept any interests or property in exchange for performance or omission of any acts which may cause the Company to lose interest.
2. Our employees shall not use their own capacity to offer any interest or property to third parties to influence them to perform or omit any acts. Interested parties will be allowed to make inquiries, make complaints or report any illegal acts, incorrectness of financial statements, impaired internal control or unethical acts on the website of the Company, independent director or audit committee. Such complaints shall be treated as confidential. The independent directors or audit committee will issue order to examine the reports and try to find solutions (if any), and submit a report to the Board of Directors.

Section 4: Disclosure of Information and Transparency

The Company recognizes the importance of disclosure of accurate and complete information in a timely and transparent manner. We will also report financial and other information according to the regulations of SET and SEC on the disclosure of data and information. We will adopt the following practices:

1. Board of Directors will in a timely fashion disclose complete and accurate financial information and other information related to the Company's business, performance and potentials.

2. The Board of Directors will strive to ensure compliance with relevant laws and regulations regarding the release and disclosure of information on a transparent basis. To provide the information both in Thai and English language on the website of the company and other channels such as mass media and communication channel of SET and SEC to the shareholders and the persons concerned. Such information will be updated in line with the guidelines set forth by SET and SEC.

3. To employ Investor Relations in order to communicate with investors, shareholders, institutional investors and minority shareholders or government agencies in an equal and fair manner. We will arrange a meeting to analyze the results of operations on a regular basis. And to publish the information, both financial and other information, in Thai and English, to our shareholders, securities analysts, credit rating and other government agencies involved through various channels such as report to SEC, SEC and publication on our website so that shareholders will receive up-to-date information. The information such as our visions, missions, balance sheet, newsletters, annual report, structure of the Company and executives, structure of shareholding and major shareholders.

4. We attach importance to financial reports which truly and completely reflect our financial status and performance according to the generally recognized accounting standards which have been audited by independent auditor.

5. The Company will disclose information about individual directors, the roles and functions of the Board of Directors and Committees in our annual report (Form 56-2) and annual information (Form 56-1), number of meetings, attendance of directors in the previous year, remuneration of directors and high level executives.

6. To publish on our website the essential information both in Thailand and English such as our visions, missions, nature of business, balance sheet, performance on Form 56-1, annual report, shareholding structure, invitation to meeting of shareholders, articles of association, memorandum of association, policies, charter and ethics of the Board of Directors, Audit Committee and all employees.

Section 5: Responsibilities of the Board of Directors

The Board of Director shall be responsible to the shareholders for the Company's operations, compliance with the laws, objectives, articles of associations, resolutions of Meeting of Shareholders, as follows:

Responsibilities of the Board of Directors – Structure and Committees

Board of Directors

Directors on the Board

The Board of Directors comprises the directors who have knowledge, ability and experience in business operation; adopt policies, visions, missions and strategies; set goals; make business plans and allocate budgets and oversee the Executive Committee; administer in accordance with the policies set forth to ensure efficiency and effectiveness within the framework of the laws, objectives, articles of association, resolutions of the Board Meeting and Shareholders Meeting with responsibility, honesty and care according to good practices to add economic value to the business and highest security to our shareholders.

The Board of Directors Consist of at least 9 people; the number of independent directors shall be at least 1 in 3 of all the directors. The independent directors shall have the qualifications as set forth in the notifications of SET and SEC. At least half of the directors must live in Thailand.

Without being under the influence of any persons, each director can act independently and use his discretion in determining decisions; can raise questions, express his views or raise objection against any issues that may affect the interests of shareholders or interested persons.

Responsibilities of the Board of Directors – Roles, Duties and Responsibilities

In accordance with good corporate governance, in addition to operation in accordance with the laws, objectives, articles of association and resolutions of the Meeting of Shareholders, the Board of Directors shall also set forth their roles and responsibilities, the details as shown in terms of scope of authority and responsibility of the Board of Directors.

Responsibilities of the Board of Directors – Board Meeting

Regulations on Board Meeting:

1. Board Meeting will be held at least once every three months. A Special Meeting can be held as necessary. A call for a meeting shall be made at least 7 days in advance. At each meeting, a quorum is formed only when at least half of the directors attend.

2. The items on the agenda should be fixed. The Board Chairman and the Managing Director shall jointly choose the items on the agenda. The Secretary shall ensure that all the directors shall have all the documents before the meeting so that they can carefully examine them, express their views and know how to vote.

3. The Board of Directors should receive sufficient information on a continuous and timely basis. They may freely contact the Secretary. The Secretary is responsible to provide guidance to the Board of Directors on the matters related to compliance with the laws and regulations.

4. The Board Chairman shall allocate sufficient time for the management to present documents and information for discussion by the Board of Directors the important issues. Each director will have the opportunity to express his views before the ruling by the meeting.

5. The Board of Directors shall allow non-executive directors to meet and discuss the management issues without the management being present. The outcome of the meeting shall be reported to the CEO.

6. The Board of Directors shall encourage the CEO and the Managing Director to invite high level executives to attend the Board Meeting to offer additional information as the persons directly deal with the matters. This will be the opportunity to get to know the high level executives and consider the plan for work assignment.

7. The director who has vested interest in the transaction being voted shall not be entitled to vote and he must be outside the meeting at the time of voting.

8. The minutes should be taken for every meeting, and such minutes shall be endorsed by the Board of Directors and kept for future examination.

Responsibilities of the Board of Directors – Self Assessment

After turning public and being listed on SET, the Board of Directors shall conduct a self assessment every year to find ways of improving efficiency of their work in the next year.

Responsibilities of the Board of Directors – Remuneration of Director

The Company shall offer suitable remuneration to the directors and executives with regard to the Company's performance in consistent with the industries and appropriate to the duties and responsibilities of directors executives. Such remuneration shall be clearly and transparently fixed and approved by the Meeting of Shareholder and it must be disclosed on the form provided by the SET and SEC.

Responsibilities of the Board of Directors – Development of the Board

The Board of Directors is dedicated to promoting and facilitating the training and education of directors involved in the corporate governance such as company's directors, Audit Committee, management, etc., to provide improved performance; and in the event of a change of directors or the appointment of new directors, the management will provide documentation and information beneficial to the performance of the new directors as well as provide advice. All directors shall undergo training programs held by the Thai Institute of Directors, Certification Director Accreditation Program (DAP), and some are trained in the course Director Certification Program (DCP) from the same institution.

Responsibilities of the Board of Directors – Internal Control

The Board of Directors have adopted the internal control system covering all aspects such as finance and operation in compliance with the laws, rules and regulations. And provide a mechanism of checks and balances that are powerful enough to safeguard the assets of the company at all times. Set forth the authority and responsibilities of the management. And the employees shall conduct the check and balance. The work regulations shall be set forth in writing. There shall be an internal audit unit which is independent. This unit shall monitor the performance of all the units in accordance with the rules laid down, and evaluate the effectiveness and the adequacy of internal controls in the various departments in the company.

Responsibilities of the Board of Directors – Use of internal information

The Board of Directors recognize the importance of corporate governance, transparency and prevention of employees from seeking personal gain from the use the Company's information which has not been disclosed to the public. Guidelines on the use of such information appear in the internal information use policy.

Responsibilities of the Board of Directors – Annual Report

The Board of Directors is responsible for the preparation of financial reports, the information contained in the annual report. The financial report shall be prepared in accordance with the generally accepted accounting standards, choosing the accounting policies which are appropriate and consistent. Attention and careful judgment in the preparation of preparation are required. Essential information should be disclosed in the Notes to Financial Statements. The Board of Directors assign the Audit Committee to oversee the quality of the financial reports and express their views to the Board of Directors.

Remuneration of Directors and Executives

Remuneration of Directors

The Annual General Meeting of Shareholders No. 1/2014 held May 7, 2014 has clearly and transparently set the remuneration of directors. Such remuneration is in line with the industry and it is sufficient to attract and maintain the directors who have desirable qualifications and assume the duties and responsibilities commensurate with such payment.

Remuneration of Executives

Remuneration of the executive complies with the principles and policies set by the Board of Directors, which is based on the Company's operations and each executive's performance, taking into account the remuneration offered by companies of the same size in the same industry.

Business Ethics and best practices in work.

The Company has set forth the business ethics and practices in work which are notified to the directors, management and employees so that they comply with them in the performance of their duties to ensure honesty, ethics and integrity in order to attain the objectives.

Conflict of interest

The Board of Directors have set forth the policies on transactions among related persons in the best interests of the Company. The Company has set forth the procedures for consideration of such transaction to ensure transparency and avoid conflict of interest for the maximum benefit of the Company and all shareholders.

1. The Company shall consider if the transactions are related or not. If they are normal transactions, we will consider whether or not they are typical commercial terms and condition based on our price, terms and conditions offered to our customers in the market, and in the absence of market prices that can be applied. If the products or services are unique, the Company will have the Audit Committee, auditor or independent experts review and comment on the appropriateness of the price and value and good reasons for making such transactions.

2. If related transactions support normal business which have general commercial terms and the values cannot be determined from the assets or reference to the property or the transactions are for normal business support without typical commercial conditions, or they are rental charges or lease of property for not more than 3 years but not indicate typical commercial conditions or they are other types of transactions, the Company will determine the size of the transactions to see whether they are small, medium or large to be able to make decisions such as seeking approval from the Board of Directors or the Meeting of Shareholders.

3. The Company will present the related transactions of the Company or its affiliates to the Audit Committee for consideration. If they have to be approved by the Board of Directors or the Meeting of Shareholders, the Company shall submit the views of the Audit Committee to the Board of Directors or the Meeting of Shareholders for consideration.

4. The Company shall report on the agreement to make related transactions to SEC, giving all the details as set forth in the Notification of SEC, and shall disclose the related transactions in the annual report and financial statement, using the annual report form or other report form as set forth by SEC.

5. As for the related transactions that may be made in the future, the Board of Directors must comply with the laws of securities and exchange, SET's regulations, notifications, orders or regulations, and comply with the regulations on the disclosure of related transactions, acquisition or disposal of essential assets of the Company or affiliate according to the accounting standards set by the Association of Accountants and Auditors of Thailand.

6. In case where there are related transactions beyond typical commercial business between the persons who may have conflict of interest or joint interest now or hereafter, the Company shall have the Audit Committee express their views on the need and appropriateness of such transactions. If the Audit Committee do not have expertise in such related transactions, the Company may request an independent expert or auditor express his views on such related transactions to assist the Board of Directors or the Meeting of Shareholder, whichever the case may be, in decision making. The Company shall disclose the related transactions in the notes for the balance sheet which will be audited by the Company's auditor.

7. The person having interest in any transaction shall not be eligible to vote on the approval of such transaction.

Internal Control and Audit

The Board of Directors and the Audit Committee and the management have tested the internal control system and are of the opinion that the such internal control system is adequate for the protection of the assets from being used improperly by executives. The powers of approval are set forth in the work regulations. The Company attaches importance to the internal control system that it hires experts on internal audit to do the work. It is also possible to follow up and assess the internal control. Essential documents are systematically stored to allow timely inspection by directors, auditor and legally authorized persons.

8.2 Committees

There are the Board of Directors, Audit Committee and Executive Committee. Their scope of powers, duties and responsibilities are set forth as follows:

8.2.1 Scope of Powers, Duties and Responsibilities of the Board of Directors

On 7 May 2014, the Extraordinary Meeting of Shareholders No. 1/2014 resolved in favor of setting forth the scope of powers, duties and responsibilities of the Board of Directors in the articles of association, as follows:

The Board of Directors shall have the following powers, duties and responsibilities:

1. To perform duties with good care, great responsibility and honesty in compliance with the laws, objectives set forth in the articles of association, resolutions of the Board Meeting and the Meeting of Shareholders.

2. To consider and approve the visions, missions, business strategies, orientations, policies, targets, guidelines, operation plan, capital management plan, risk management plan and the budgets of the company and its affiliates which are proposed by the Executive Committee and Management.

3. To monitor work of the Executive Committee, CEO, Managing Director, Management or any persons to ensure attainment of the objectives and compliance with the business plans and policies adopted by the Board of Directors.

4. To follow up the Company's operations to ensure compliance with the operation plan, capital management plan, risk management plan and the budgets of the Company and its affiliates.

5. To ensure that the Company and its affiliates adopt appropriate and efficient accounting procedures, internal control and audit.

6. To prepare balance sheet and profit and loss statement at the end of the fiscal year and certify them; to disclose in the financial statement the financial status and performance in the previous year; to prepare an annual report for presentation to the Ordinary Meeting of Shareholders for endorsement.

7. To consider and approve the recruitment and appointment of an auditor and appropriately fix his remuneration, taking into account the proposal of the Audit Committee, before presentation to the Ordinary Meeting of Shareholders for endorsement.

8. To adopt written policies on corporate governance and efficiently review them to ensure responsibilities of the Company for all the shareholders; to consider the policies and compliance therewith at least once a year.

9. To consider and approve the appointment of directors when existing directors vacate their office due to retirement or other reasons in compliance with the Public Company Limited Act of 1992 (and its revisions), Securities and Stock Exchange Act of 1992 (and its revisions), notifications, rules and/or regulations applicable thereto, taking into account the desirable and undesirable qualifications of such persons as set forth in such acts.

10. To form the Audit Committee, Executive Committee and other committees and subcommittees for the assistance and support of the Board of Directors, and fix their scope of powers and duties.

11. To consider, set forth and review the directors who are authorized to sign their names to bind the Company.

12. To consider and appoint the executives as defined by the SET, SEC, Capital Market Supervisory Board or the Company's secretary, and fix the remuneration thereof.

13. To seek at the Company's expense the professional opinions from any organizations to assist the Company's decision making.

14. To encourage the directors and executives to take the training courses of Thai Institute of Directors Association that are suitable for their duties and responsibilities.

15. To adopt the mechanism for monitoring the Company's affiliates for the protection of the Company's interest and investments, taking into account the qualities of the persons to take the office of director in the affiliates, to ensure management in compliance with the Company's policies and transactions in compliance with the securities laws, other laws and the regulations and notifications of SET and SEC. The powers, duties and responsibilities granted and assigned to the director shall not enable them or their attorneys to approve the transactions that they or the persons with conflict of interest (as defined by the SEC's Notifications or Capital Market Supervisory Board's Notifications) or the interested persons or the persons who may benefit from or have conflict of interest with the Company or its affiliates, unless otherwise such approval is granted on individual basis subject to the policies or the criteria adopted or set forth by the Meeting of Shareholders or the Board of Directors.

However, the following transactions require prior approval of the Meeting of Shareholders:

(a) The matters legally require prior approval of the Meeting of Shareholders.

(b) The transaction in the interest of the director which requires prior approval of the Meeting of Shareholders according to the laws or SEC's Regulations.

The director who has interest in or conflict with the transactions or the Company shall not be eligible to vote.

8.2.2 Scope of Powers, Duties and Responsibilities of the Audit Committee

On 7 May 2014, the Extraordinary Meeting of Shareholders No. 1/2014 resolved in favor of setting forth the powers, duties and responsibilities of the Audit Committee, as follows:

1. To verify that the Company's financial reports are correct and complete.
2. To ensure that the Company has appropriate and efficient internal control and audit system and that the internal audit unit is truly independent; to consider and approve the appointment, transfer and disengagement of the Chief of the Internal Audit Unit or any other unit in charge of internal audit.
3. To ensure that the Company complies with the Securities and Stock Exchange Act, SET's Regulations and Capital Market Supervisory Board's Notifications and other laws applicable to the Company's business.
4. To consider, screen and nominate an independent person for the appointment as the Auditor and propose his remuneration; to hold a meeting with the Auditor without the management being present at least once a year.
5. To consider related or intercompany transactions or the transactions that may create conflict of interest in compliance the laws, Capital Market Advisory Board and SET's Regulations to ensure that such transactions are appropriate and are in the interest of the company.
6. To ensure that the Company has an appropriate and efficient risk management system.
7. To prepare a report signed by its Committee Chairman to be disclosed in the Company's annual report containing at least the following details:
 - 1) views on the correctness, completeness and reliability of the Company's financial report;
 - 2) views on the adequacy of the company's internal control system;
 - 3) views on compliance with the Securities and Stock Exchange Act, SET's Regulations and the laws applicable to the Company's business;
 - 4) views on the suitability of the Auditor;
 - 5) views on the transactions which may create a conflict of interest;
 - 6) views on the management of risks;
 - 7) the number of meetings held by the Audit Committee and the record of attendance of each member;
 - 8) views or remarks on compliance with the Charter;
 - 9) other information that the shareholders and investors should know which can be disclosed within the scope of powers, duties and responsibilities granted and assigned by the Board of Directors.
8. Monitor the work of the Internal Audit Unit as follows:
 - 1) To ensure that the scope of work, audit plan, budget and staff are adequate and sufficient for the support and assistance of the Audit Committee.
 - 2) To consider the appointment, transfer or disengagement of the Department Directors or Internal Auditor.
 - 3) To present report on the operation.
 - 4) To ensure the independence of the Internal Audit Unit or the Internal Auditor.
9. To constantly consider and review the criteria and method of inspection and ensure that it is suitable to the business environment.

10. To present report on its work to the Board of Directors at least 4 times a year.

11. To report to the Board of Directors any of the following acts that may significantly affect the Company's financial status and operation so that improvement can be made within the deadline set by the Audit Committee:

- 1) any transaction that may create a conflict of interest;
- 2) fraud, irregularities or flaws in the internal control;
- 3) violation of the Securities and Stock Exchange Act, Capital Market Supervisory Board, SET's Regulations or any laws applicable to the Company's business. If the Board of Directors or executives fails to make improvement within the deadline under the foregoing paragraph, any Audit Committee Member may report such incident to SEC or SET.

12. If the Auditor finds any circumstances that lead to suspicion that a director, manager or the person responsible for the operation of the Company perform any acts in violation of the Securities and Stock Exchange Act and reports such incident to the Audit Committee for investigation, the Audit Committee shall conduct investigation and inform SEC and the Auditor within 30 days of notification by the Auditor.

13. To ensure independence of the Auditor and consider receiving other non-audit services from such Auditor.

14. To act according to 1-13 in respect of the operations of the affiliates as assigned or requested by the affiliates within the scope of the Audit Committee.

15. To perform any other acts as directed by the Board of Directors subject to the approval of the Audit Committee. The Audit Committee have the authority to invite director, officer or employee of the Company to attend a meeting to clarify or answer questions on matters relating duties and responsibilities of the Audit Committee; to consult the expert or consultant of the Company at (if any) or hire a consultant or an expert from time to time at the Company's expense; to request any employees to submit documents related to the company's operations for examination; to conduct investigation or examination in any matters to ensure successful performance of duties; to request one or many employees to perform any acts within the scope of powers of theirs; to perform and acts related to and in connection with the affiliates or as assigned or requested by the affiliates, within the scope other power and duties. Mr. Polchet Likittanasombat is the director who has knowledge and experience in the audit of financial statements. He used to be the Managing Director of Magnet Management and Consultant Co., Ltd.

8.2.3 Scope of Power, Duties and Responsibilities of the Executive Committee

On 7 May 2014, the Extraordinary Meeting of Shareholders No. 1/2014 resolved in favor of setting forth the scope of powers, duties and responsibilities of the Board of Directors in the articles of association, as follows:

The Executive Committee shall have the following powers, duties and responsibilities:

1. To manage the operations of the Company in compliance with the objectives, articles of association, policies, rules, regulations, instructions or resolution of the Board Meeting or the Meeting of Shareholders; to review the matters before presentation to the Board of Director for approval.

2. To adopt visions, missions, business strategies, orientations, business policies, set targets, guidelines, make operation plan and personnel development plan and allocation of budgets for the Company and its affiliates, and present them to the Board of Directors for approval.

3. To efficiently examine, follow up and implement polies and guidelines on the management as assigned by the Board of Directors.

4. To consider and approve any normal transactions of the Company within the annual budget approved by the Board of Directors and in compliance with the Operation Manual provision on the powers to act as granted.

5. To submit to the Board of Directors the following reports:

5.1 quarterly report on the Company's operation;

5.2 auditor's reports on the Company's financial status: annual balance sheet and quarterly financial statement which should be submitted within the deadline set by SET.

5.3 Other reports as it deems appropriate.

6. To conduct feasibility studies of various projects.

7. To set forth the criteria and allocate budgets for pay raise, rewards and other benefits; to set forth and revise the welfare and benefits of the employees.

8. To offer advice and suggestions to the Managing Director to assist his decision making.

Appointment of working teams or persons

1. To appoint working teams or persons who review the work for presentation to the Audit Committee; to perform any acts for the benefit of its own work; to perform any acts as assigned by itself within its own scope of powers and duties.

2. To have the power to appoint attorneys who will perform any acts for an on its behalf within the scope of powers granted in the Power of Attorney and/or as set forth in the rules, regulations or instructions issued by the Board of Directors, subject to the condition that the powers so granted to the attorneys shall not exceed the powers granted to itself; the powers so granted shall not enable the Audit Committee or its attorneys to make any transactions which may create a conflict of interest (as defined in the Notifications of Capital Market Supervisory Board or SEC) or enable them to reap benefits which may create a conflict of interest with the Company or its affiliates.

8.2.4 Scope of Powers, Duties and Responsibilities of Managing Director

On 7 May 2014, the Extraordinary Meeting of Shareholders No. 1/2014 resolved in favor of setting forth the scope of powers, duties and responsibilities of the Managing Director, as follows:

The Managing Director shall have the following powers, duties and responsibilities:

1. To manage and control the Company's day to day operations.

2. To act as assigned by the Board of Directors and/or the Executive Committee; to appoint attorneys to perform any acts for and on his behalf without creating a conflict of interest.

3. To issue orders, regulations, notifications and memorandums for operation in compliance with the Company's policies, in the Company's interest and for enforcement of discipline within the organization.

4. To perform the acts or and on behalf of the Company in favor of third parties related to Company's business and in the Company's interest.

5. To consider and review investments for proposal to the Board of Directors and/or Executive Committee.

6. To consider and appoint consultants necessary to the Company's operations for proposal to the Board of Directors and/or Executive Committee.

7. To consider and revise working positions, salaries, bonuses and other benefits, employ or engage staff within the allocated budget, offer pay and promotion to employees, transfer employees, hire consultants, renew contracts, impose disciplinary actions or penalties against employees who have committed offenses, appoint Investigation Committee.

8. To perform other acts as assigned from time to time by the Board of Directors and/or Executive Committee; not to consider and approve the transactions which create a conflict of interest between a director and the Company or its affiliate, unless otherwise such transactions are approved in compliance with the policies or criteria approved by the Board Meeting or the Meeting of Shareholders in compliance with the laws.

8.3 Recruitment and Engagement of Directors and Executives

The directors and executives shall be recruited and engaged as follows:

Directors:

A director shall have knowledge of the Company's business or other knowledge that can be used in the Company's operations, and have reasonable experiences; a shareholder or a director may nominate a person for the office of director, as follows:

1. Each shareholder may cast one vote for each share he holds.
2. Each shareholder may vote for the appointment of one or may directors. In case of appointment of many directors, a shareholder may not cast unequal votes for candidates.

If an office of director is vacant for any reasons other than retirement, the Board of Directors may appoint a person without undesirable qualifications under the Public Company Limited Act as the new director at the next Board Meeting, unless otherwise the office term of director is shorter than 2 (two) months.

The newly appointed director shall remain in office only for the remaining term or the director so replaced. The ruling vote of the directors must come from at least three quarters (3/4) of the remaining directors.

High Level Executives

High level executives such as CEO or Managing Director must be appointed by the Meeting of Shareholders, Board of Directors or the persons assigned by shareholders or Board of Director, taking into account the candidates' knowledge, abilities, skills and experiences that will benefit the Company's operations and their understanding of the Company's business and ability to manage work to attain the objectives and targets set by the Board of Directors.

Audit Directors/Independent Directors

The Board of Directors or the Meeting of Shareholders shall be empowered to form an Audit Committee comprising of at least 3 independent directors, each of which shall be in office for 3 years at a time. The audit director whose office term comes to an end may be reappointed for up to 3 times, unless otherwise the Board of Directors approve renewal of office term. An Audit Director must be and Independent Director with the following qualifications:

1. Hold shares not more than 1 % of the shares that are eligible to vote of the Company, parent company, affiliates and joint venture company, major shareholders or the persons having the powers to control the Company. The shares of the persons related to the independent director should also be counted.

2. Not being or having been a director who took part in the management, employee, worker, consultant receiving regular salary, the person who have the powers to control the Company, unless otherwise not having such status for at least 2 years before appointment. Such undesirable qualifications shall not include the independent director who has been a government employee or a consultant of a government agency who is a major shareholder or the person who has the powers to control the Company.

3. Not having relation by consanguinity or registration as father, mother, spouse, sibling, child or spouse of child of another director, executive, major shareholder, the person who has the power to control the Company or the person about to be nominated for director, executive or the person who has the power to control the Company or its affiliate.

4. Not having or having had business relationship with the company, parent company, affiliate, joint venture, major shareholder or the person who has the power to control the Company in the manner that may prevent him from using his discretion freely; not being or having been a significant shareholder or the person who has the power to control the person who has business relationship with the company, parent company, affiliate, joint venture, major shareholder or the person who has the power to control the company, unless otherwise having ended such status for at least 2 years before appointment. Business relationship shall include the ones under Capital Market Supervisory Board's Notification No. ThorJor. 28/25581: Application for and Approval of Offering Newly Issued Shares, the normal business transactions, leasing or renting real properties, transactions related to assets or services, offer or acceptance of financial assistance, offer or take out loan, guarantee, putting up assets as collaterals for loan or other similar circumstances which result in the company or the other party to the agreement is under obligation to may payment to the other party at the rate of 3% of the net and tangible assets of the company or more or from 20 million baht, whichever is larger. The calculation of loan obligations shall take into account the related transactions set forth in the Capital Market Supervisory Board's Notification on Intercompany Transactions and the loan obligations arising during the period of one year before having business relationship with the same person.

5. Not being or having been an auditor of the Company, parent company, affiliate, joint venture, major shareholder or the person who has the power to control the Company; not being a significant shareholder, the person with control power, a partner of an accounting Company which provides an audit service to the Company, parent Company, affiliate, join venture, major shareholder or the person who has the power to control the Company, unless otherwise such status has ceased for at least 2 years before appointment.

6. Not being or having been the provider of professional service such as legal counsel or financial consultant receiving more than two million baht per year from the Company, parent Company, affiliate, join venture, major shareholder or the person who has the power to control the company, unless otherwise such status has ceased for at least 2 years before appointment.

7. Not being the director who is appointed to represent a director, major shareholder or the shareholder related to the major shareholder of the Company.

8. Not operating the business of the same type or in competition with the Company or its affiliate; not being a significant partner or director who manage work, employee or consultant with regular salary, nor hold more than 1 % of all the shares that are eligible to vote of another company which operate the same business and in competition with the Company or its affiliate.

9. Not having other qualities that prevent him from freely expressing views on the Company's operation.

10. Not being a director assigned by the Board of Directors to make decisions on the operations of the company, parent company, affiliate, joint venture, company in the same order, major shareholder or the person who has the power to control the company.

11. Not being a director of the parent company, affiliate or affiliate of the same order – only registered companies.

Audit Committee must also have the following qualifications:

1. Being appointed by the Board of Directors or the Meeting of Shareholders as an Audit Director.

2. Being an independent director of the Company.

3. Not being a director assigned by the Board of Directors to make decisions on the operations of the company, parent company, affiliate, joint venture, company in the same order, major shareholder or the person who has the power to control the Company.

4. Not being a director of the parent company, affiliate or affiliate of the same order – only registered companies.

5. Having the duties set forth in SET's Notification on Qualifications and Scope of Work of Audit Committee.

6. Having sufficient knowledge and experience to work as an Audit Director. At least one Audit Director must have sufficient knowledge and experience to conduct audit of the company's balance sheet to verify its reliability.

7. The Chairman of the Audit Committee must be appointed by the Meeting of Shareholders, Audit Committee or the Board of Directors.

8. The Audit Committee Secretary shall be the Company Secretary, Director of Internal Audit Department, internal auditor or Director of Finance and Accounts Department.

* In our Company, the Company secretary is the Secretary of the Audit Committee.

Office Term

An Audit Director shall be in office for 3 years. A retiring Audit Director may be reappointed up to 3 times, unless otherwise the Board of Directors approve renewal of office term.

Directors

The Board of Directors shall be made up of at least 9 directors, and at least one third of them should be independent directors. At least half of the directors must live in Thailand.

Directors shall have knowledge, ability and experience in business operation; they shall adopt policies, visions and strategies, set targets and missions, make business plans, allocate budgets and monitor the management's performance to ensure compliance with the policies, the laws, objectives, articles of association, resolutions of the Board Meeting and solutions of the Meeting of Shareholders; work with care, responsibility and honesty according to good practices to maximize the economic value of the business and ensure security of shareholders.

Each Director shall freely perform his duties and use his discretion in the making decisions on any matters; without being under the influence of any persons he may express views, raise questions or objections against any issues which may affect the interest of the shareholders or interested parties.

Office Term

At each annual Ordinary Meeting of Shareholders, one third of the directors shall vacate their office. If the number is not divisible by 3, the nearest number shall apply. In the first and second year after going public, the decision which directors shall vacate their office shall be made by a draw. Subsequently, the directors who have been in office for the longest period shall vacate their office. A retiring director may be reappointed by the Meeting of Shareholders. Apart from ending his office term, a Director shall vacate his office on any of the following grounds:

1. death
2. resignation
3. lacking qualifications or having undesirable qualifications under the law
4. being removed from office by resolution of the Meeting of Shareholders with at least three quarters of the votes of the shareholders present at the meeting and eligible to vote and representing at least half of the shares held by the shareholders at the meeting that are eligible to vote
5. being removed from office by the Court's order

Executives

The Board of Directors or the persons assigned by the Meeting of Shareholders shall appoint executives from the person who have knowledge, experience and expertise in relevant fields.

8.4 Monitoring and Operation of Affiliated and Associated Companies

It is our policy to invest in the business which benefit us to enhance our competitive edge, taking into account the values for such investments. WE shall monitor our affiliated and associated companies as follows:

1. To appoint our representatives as directors in an affiliated company or an associated Company; the number of our representatives shall be in proportion of the number of shares we hold—they are our directors or assigns.
2. The directors authorized to sign and legally bind the affiliated Company or associated Company shall include our representatives – our representatives shall always sign their names.
3. Our representatives shall be entitled to take part in the appointment of high level executives or the persons responsible for the finance and accounting of the affiliated Company or associated Company.
4. Any related transaction, acquisition or disposal of any major assets by an affiliated Company must comply with applicable laws. Such related transactions shall comply with the policies on related transactions.

8.5 Control of Access of Internal Information

It is our policy to monitor the access by directors and executives of the Company's information which has not been disclosed to the public to prevent them from using such information for personal gain which includes securities trading, as follows:

1. To inform the directors, executives and the persons managing the finance and accounts at the level of director, equivalent or higher that they have to submit reports on securities held by them, their spouses and non-sui juris children to SEC pursuant to Section 59 and the penalties for noncompliance under Section 275 of the Securities and Stock Exchange Act of 1992.

2. The Company requires that the directors, executives and the persons managing the finance and accounts at the level of director, equivalent or higher submit reports on securities held by them, their spouses and non-sui juris children to SEC and SEC within 30 days from the day of commencing their office term or within 3 (three) days of trading or transferring such securities.

3. The Company requires that the directors, executives and the persons managing the finance and accounts at the level of director, equivalent or higher and the persons in the position to receive essential information which may affect the securities prices must suspend securities trading until the Company discloses such information to the public. The Company shall request the directors, executives and the persons managing the finance and accounts at the level of director, equivalent or higher to suspend securities trading for at least 30 days prior to disclosure of such information to the public and at least 24 hours after disclosure of such information to the public – they shall not disclose such information to other persons either.

Penalties for disclosure of information for personal gain:

1. Verbal warning
2. Suspension from work without pay
3. Dismissal.

The penalties depend on the seriousness of the offenses.

8.6 Remuneration of Auditor

The Company and its subsidiaries paid 1,650,000 baht for audit fee (the Company's audit fee is 960,000 baht)

8.7 Good Corporate Governance

Risk Management Task Force

To ensure compliance with good corporate governance, business stability and attainment of targets, the management and staff should realized all types of risks and be prepared to manage or reduce them to acceptable level. On 7 May 2014, the Extraordinary Meeting of Shareholders No. 1/2014 resolved in favor of managing the risks as follows:

Duties of Risk Management Task Force:

1. To determine the risks which the Company faces or is likely to face.
2. To determine the impact of such risks on the Company and the likelihood of such impact.
3. To adopt the measures for minimizing risks to acceptable level.
4. To compile manuals and make plans for minimization of risks.
5. To propose the measures/plans for risk management to the Executive Committee for approval.
6. To hold activities according to the risk management plan and notify or advise all sections and departments to comply with the measures for the management of risks.
7. To follow up the causes of risks and constantly implement the measures for the management of risks.
8. To determine all the risks and prepare the reports for the Board of Directors.
9. To report risks to the Internal Auditor and the Audit Committee every quarter.
10. To make continuous and effective communication of risks.

In 2015, the Risk Management Task Force held 4 meetings to assess strategic, compliance, financial, operational and assets risks which may arise and to try to prevent and manages such risks in a timely manner.

Corporate Social Responsibilities (CSR)

9.1 Overview

It is our policy to operate business of the company and its affiliates with responsibility for society, the environment and interested parties. Our visions: To be a part of the society and will jointly walk to sustainable development of society and the environment. Our missions: To engage in activities for communities and society on a continuous basis; to operate business with responsibility for community and society as a whole for our sustainable growth. It is our policy to clearly adopt CSR practices throughout our organization.

On 21 May 2014, the Board Meeting No. 1/2014 resolved in favor of CSR under the following principles:

1. To operate business fairly.
2. To counter corruption.
3. To respect human rights.
4. To treat workers fairly.
5. To be responsible for consumers.
6. To protect the environment.
7. To develop communities or society.
8. To have culture and disseminate innovations obtained from operation with responsibility for society, the environment and interested parties.

It is our policy to engage in such activities according to the written guidelines on CSR. We shall accomplish the following missions:

1. Fair business operation

We uphold operation of business according to the laws; put emphasis on operation of business honestly, straightforwardly and ethically; strive to operate business fairly; not to take advantage of clients, trading partners, other parties in contracts, creditors, competitors and shareholders, as follows:

Practices and Responsibilities in Trading Partners and other Parties in the Contracts

It is our policy to equally treat trading partners and the other parties to the contracts, which are regarded as partners and the factors toward business success, taking into account joint interests, as follows:

- 1) We intend to supply goods and provide services efficiently under the following principles:
 - to compete on the basis of equal information;
 - to adopt criteria for assessment and choosing trading partners and the other parties to the contracts;
 - to draw up contracts in suitable formats and be fair to all parties;
 - to monitor and follow up to ensure full compliance with the terms and conditions of the contracts; to prevent frauds and corruption in all stages of procurement;
 - to pay trading partners and the other parties to the contracts in a timely fashion in compliance with the terms of payment.

2) To strive for sustainable development and maintenance of good relations with trading partners and the other parties to the contracts; to clearly specify the objectives of product quality, value for money services and mutual trust.

3) Not to allow the management and staff to accept any favors directly or indirectly from trading partners or the other parties to the contracts.

4) Not to use the information obtained from purchase or supply for personal gain or for the benefit of others.

Practices and Responsibilities in Respect of Creditors

We uphold principles and discipline in our operations to earn trust from creditors. We adopt the following practices:

1. Not to dishonestly demand, accept or offer any benefits in dealing with creditors.
2. If any dishonest demand, acceptance or offer of any benefits is known, the information must be disclosed to the creditors, and joint efforts should be made to resolve the issues.
3. To strictly observe all the terms and conditions of the contracts or agreements.
4. If it is not possible to observe the terms and conditions of the contracts or agreement, the Company will inform its creditors of the facts so that the parties will try to find solutions.

Practices and Responsibilities in Respect of Competitors

We want to achieve long term sustainable success and become a leading company in fair and ethical competition in the industries. We have adopted the following practices:

1. To compete under good rules.
2. Not to obtain competitors' secret information by dishonest or improper means for our own benefit.
3. Not to commit libel against competitors.
4. Not to infringe the intellectual properties of competitors or any persons.

Practices and Responsibilities in Respect of Shareholders

Having realized that shareholders are the owners of the business and the Company, we create added value in the long run for them by setting the following guidelines for our employees, directors and executives:

1. To perform duties on a bona fide basis and make decisions carefully and fairly in the interest of all shareholders.
2. To oversee the operations to ensure that the Company has stable financial status and good performance; to preset correct and complete reports on the Company's standing, returns on operations, financial status, accounting and others on a regular basis.
3. Present to all shareholders the reports on the Company's future aspects, whether positive or negative, which are reliable and have sufficient proofs.
4. Not to seek interest for oneself other from the information not disclosed by the Company to the public, nor to perform any acts which may cause conflict of interest with the organization.
5. To treat all shareholders equally at the Meeting of Shareholders.

2. Anticorruption

We have adopted the following anticorruption policies:

1. Our employees shall not demand or accept any interests or property in exchange for performance or omission of any acts which may cause the Company to lose interest.
2. Our employees shall not use their own capacity to offer any interest or property to third parties to influence them to perform or omit any acts.

We also take the following anticorruption measures:

1. To communicate with directors, executives and employees about operation of business in strict compliance with the laws; those who commit offenses due to carelessness or ignorance shall receive punishments by government agencies without any help from the Company.
2. Guidelines on anticorruption are set forth in our good corporate governance practices which will be reviewed by the Board of Directors annually.
3. The Risk Management Team holds a meeting every quarter to assess risks and determine if the operations of the Company and its affiliate may create risks from corruption, and try to find solutions (if any).
4. Interested persons can make inquiries, lodge complaints, report illegal acts, raise doubts on the correctness of any financial statements, deficient internal control or unethical acts of the Company on our website Good Corporate Governance page or by contacting our independent directors or Audit Committee. Such communications shall be treated as confidential, and investigation shall be conducted to find solutions; and a report shall be submitted to the Board of Directors.

3. Respect of Human Rights

Having realized that all of our employees are valuable assets which are the factors for attainment of our business objectives, we respect the honor and personal rights of our employee and maintain workplace in good working conditions which is safe for their lives and properties.

4. Fair treatment of employees

- To appoint, transfer, reward and punish employees on a bona fide basis, taking into account their knowledge, abilities and suitability.
- To attach importance to employees' constant knowledge and skill acquisition: offer training, hold seminars for all employees.
- To offer fair remuneration based on the market condition, competition, job description, the employee's ability and performance.
- Not to perform any unfair acts which affect the career of the employee.
- To allow employees to air their grievances about working conditions and suggest solutions for the benefit of all parties and create good relations at work.
- To strictly observe all the laws and regulations on employment.

5. Responsibilities in for Customers

We provide the service of health massage. We intend to create, present and manage our products and services for our customers with the following the standards, ethics and practices:

1. To strive to provide service with politeness, earnestness, readiness, sincerity, good intention and attention as if the customers are close relative, taking into account safety and satisfaction of customers.
2. To inform customers of our service methods to ensure maximum efficiency and satisfaction.
3. To provide correct and complete information on our products and services so that customers can make the right decisions. Not to over advertise, exaggerate or cause misunderstanding about the quality, quantity, terms or conditions of the products or services.
4. To provide communication channels for customers to make complaints about our products or services so that we can find solutions and improve our products and services.
5. To treat our customers' information as confidential; not to disclose it or use it for personal gain.

We strictly comply with the laws, rules, regulations of Public Health Ministry and Interior Ministry; we have the license to operate spa business; we ensure customer's safety; we have 24-hour security system: security guard, CCTV, firefighting system and fire exits which meet the standards set by the government.

We provide after sale service to find out our customer's level of satisfaction. We have guidelines for dealing with customers' dissatisfaction according to our visions.

6. Protection of the Environment

We attach importance to surrounding communities and society, thinking that we are a part of them and intend to achieve sustainable development of the society and surroundings. We constantly hold social and community activities while operating the business while being responsible for the society and communities, as follows:

1. To operate business, taking into account the environment and in strict compliance with the laws and regulations on the environment.
2. To ensure that our employees become aware of their responsibilities towards the environment and society.
3. To quickly and efficiently respond to the events that affect the community surrounding, lives and properties in connection with our operations. To fully cooperate with the government officials and the agencies concerned. Our branches put emphasis ecosystem conservation; they carefully maintain garden and trees in good conditions; they pay attention to:

- Ecosystem

We attach importance to the site and its surroundings; our branches maintain and conserve the ecosystem in natural conditions; in the design, the maintenance of site, the surroundings, gardens and trees is taken into account

- Conservation of the Environment

We constantly maintain the surroundings of all of our branches in good conditions all the time. To avoid pollution, we properly manage and dispose of waste and waste water -- waste of different types are separated.

- Minimization of Chemicals

We minimize the use of chemicals. We produce compresses from herbs. We scatter herbs from used compressed around our branches to drive mosquitoes away and keep the place beautifully scented. We also use essential oil to drive mosquitoes away instead of using chemicals.

7. Development of Communities or Society

We attach importance to the development of the surrounding communities or society; strive to constantly operate business to create society, communities and the environment for better lives; we engage in those activities by ourselves or in cooperation with government agencies, private firms and communities with the aims to make the residents in the communities earn more incomes and lead better life, as follows:

We attach importance to surrounding communities and society, thinking that we are a part of them and intend to achieve sustainable development of the society and surroundings. We constantly hold social and community activities while operating the business while being responsible for the society and communities, as follows:

1. To respect the customs, traditions and cultures of the areas where we operate our business.
2. To constantly engage in the activities for creation of society, communities and the environment for the betterment of life quality in cooperation with government agencies, private organizations and communities.
3. To take part in activities organized by nearby communities.
4. To recruit staff from the residents within the area where our branches are located.
5. To use local raw materials for branch decoration; buy from local producers or domestic suppliers.

8. Innovations from Operation with CSR

We intend to disseminate the innovations obtained from spa business for sustainable support and development of Thai spa business. We will disseminate the knowledge of Thai spa by accepting students for apprenticeship in our branches.

9.2 Operation and Reporting

We operate according to the overview of operation of business with CSR as follows:

9.2.1 Staff Training

We have an annual personnel development plan; encourage staff to undergo training constantly; hold orientation for all new staff to help them understand working as organization so that they can work in compliance with our policies. We also offer other trainings to enhance staff potential, e.g. training in service.

9.2.2 Reporting

We have a plan for the report of compliance with CSR policies, positive and negative impact of our operation on the social economy and the environment; the information will be disclosed in our annual report after being listed on SET.

9.3 Operation Affecting CSR

None.

9.4 Activities for the Benefit of Society and the Environment

1. The Company has signed the Memorandum of Understanding (MOU) with Sukhothai Commercial Technology College to support and develop curriculum of the Department of Spa and Service Studies to match the spa operator's needs.

2. The Company offers spa site visit to students in this field to strengthen their knowledge about Thai Spa. Visitors includes:

- Students from Department of Hotel and Tourism Management, Bangkok University
- Students from Department of Service and Tourism Industry Management, Bangkok University
- Students from Department of Interior Architecture, Rajamangala University of Technology Lanna
- Students from Department of Tourism, Naresuan University
- Students from Service Innovation Programme, Thammasat University
- etc.

3. The Company offers intership to students to understand the real business experience with the length at least 60 days in which students receive the minimum wage allowance. Students from different universities include:

- Lampang Rajabhat University
- Rattanaabundit University
- King Mongkut's University of Technology Thonburi
- Sukhothai Commercial Technology College
- Chiang Mai Vocational College
- etc.

4. The Company adds value to local products such as the Tea Oil from Chai Pattana Foundation in which the company develops as base oil for the Massage Oil and OTOP Baskets to use as the containers for the Spa Products Gift Basket etc.

5. In the drought season, the Company encourages the customer not to use the treatments that consume a lot of water such as Jacuzzi, Vichy Shower and Hydrotherapy Tub

6. The Company supports local artists to display their work on the wall of D Bistro under the project "Mini Wall Gallery"

7. The Company encourages the Head Office Staff to donate blood to Thai Red Cross Society as part of the Company's role of Co-host of Special Blood Donation event at B.U. Place.

8. The Company donates money to The First Church of Chiang Mai for the Children's Day and Special Events.



Internal Control and Risk Management

10.1 Internal Auditor's comment about internal control system

The Company realised about the importance of a good internal control system which will support the running of the business efficiently and effectively. The Siam Wellness Group's Board of Director Meeting no. 2/2014 on April 3, 2014 agree to assign the Audit Committee and Extraordinary General Shareholders' Meeting no. 1/2014 on May 7, 2014 had approved the Audit Committee which consist of 3 members to review the efficiency and sufficiency of the internal control system and to make sure that the Company and its subsidiaries have been running business according to the law and regulation of the Stock Exchange of Thailand and also related law and regulation.

The Company had assigned Acc-Plus Consultant Company Limited ("Internal Auditor") to be our internal auditor because the company doesn't have an internal audit department. Internal Auditor will audit and evaluate the sufficiency of the internal control system including suggest and follow up the improvement of the internal control system according to the policy and regulation specified in the internal audit plan. Including the evaluating of The Committee of Sponsoring Organization of the Treadway Commission : COSO 5 ways which are

- 1) Control Environment
- 2) Risk Assessment
- 3) Control Measurement
- 4) Information and Communication System
- 5) Tracking System

The Internal auditor has reported the result of the audit and the improvement to the Audit Committee to make sure that the running of the Company and its subsidiaries including related transactions between the Company and its subsidiaries and related person are efficient and accord to the law.

The Company realised about the importance of a good internal control system which can improve the efficiency of the business. Therefore, the Audit Committee and the Board of Director have assigned the Internal Auditor to follow up and report to the Audit Committee for consideration and to the Board of Director for acknowledgement. The internal auditor has presented the quarterly 2015 plan for internal audit and will do the internal audit and report to the Audit Committee and the Board of Director quarterly.

In the Board of Director Meeting no. 1/2016 on February 23, 2016, all 3 member of the Audit Committee attended that meeting. The Board of Director evaluate the sufficiency of the internal control system by asking information from the managements and according to the result of evaluating internal control system which evaluate by the Executive Committee no. 2/2016 on February 5, 2016. The Board of Director decided that the internal control system of the Company is adequate and appropriate for the current size of the Company and present situation.

Internal Auditor's notices on the internal control system In 2015, the Internal Auditors had audited the Company 4 times. The results are as followed:

1. The internal audit report no. 1/2015 on April 29, 2015 which audit the Company based on the activity of assessing stock and cost control systems.
2. The second internal audit report no. 2/2015 on August 6, 2015 to follow up on the internal audit report no. 4/2014 dated February 9, 2015 which audit the Company based on the activity of assessing information control systems.
3. The third internal audit report no. 3/2015 on October 27, 2015 which audit the Company based on the activity of control system: sale and money collecting system.
4. The fourth internal audit report no. 4/2015 on February 12, 2016 which audit the Company based on the activity of assessing operational system by Walk-through Method in the Spa and Hotel Operations in Chiang Mai.

From the assessment of sufficiency and efficiency of the internal control system base on plan of actions and management, overall the company has appropriate internal control system and some improvement need. However, the overall efficiency of the internal control can give confident that the company can reach the goal and policies as expected. The suggestions to the company can be seperated into 2 categories – Important Suggestions in which the company should take actions and Considered Suggestions.

10.2 Auditor's notice about the internal management system

EY Office Limited, the accounting auditor of the Company had audited the Company's financial statement for year end 31 December 2015 and stated that the Company's financial statement show correct financial position, financial performance and cash flow according to the general financial standard.

Related Party Transactions

11.1 Relationship of related party

Company and subsidiary companies have related transactions with related party in which related party includes shareholders and/or directors and/or management. Moreover, the related party also includes other companies that the Company and subsidiary's companies' directors act as authorized directors. Related parties are listed as below:

Company Name/Person's Name	Business Type	Relationship
Blooming Co.,Ltd	Selling Herbal Balls and Gifts	Joint Shareholder
B.U. Enterprise Co.,Ltd	Restaurant / Service Apartment	Joint Shareholder and Director
Cyberprint Group Co.,Ltd	Printing Services	Joint Shareholder and Director
Asian Fortune Property Co.,Ltd	Real Estate	Joint Shareholder and Director
RarinJinda Limited Partnership (formerly RarinJinda Ordinary Partnership)	Real Estate	Joint Shareholder and Director
Mr. Vithit Utsahajit	Real Estate	Brother of Mrs. Pranee, Mrs. Thanit and Mr. Wiboon
Mr. Santiwat Amorntirasana	Real Estate	Husband of Mrs. Thanit
Mr. Wiboon Utsahajit	-	Director of Company
Mr. Narun Wiwattanakrai	-	Director of Company
Mrs. Pranee Suphawatanakiat	-	Director of Company
Mrs. Thanit Amorntirasana	-	Director of Company
Mr. Prasert Jiravanstit	-	Director of Company
Mr. Juckpat Jiravanstit	-	Director of Company

Summary of Directorship and Shareholding of related companies

	Cyberprint Group Co.,Ltdv.			Blooming Co.,Ltd.			B.U. Enterprises Co.,Ltd.			Asian Fortune Property Co.,Ltd.			RarinJinda Limited Partnership			Utsahajit Holdings Co.,Ltd.		
	Director	Amount of shares hold	%	Director	Amount of shares	%	Director	Amount of shares	%	Director	Amount of shares hold	%	Director	Amount of shares hold	%	Director	Amount of shares hold	%
1. Mr. Vithit Utsahajit	✓	5	0.00%	-	38,750	7.75%	-	1	0.01%	-	-	0.00%	-	-	0.00%	✓	2,500,000	8.33%
2. Mrs. Pranee Suphawatanakiat	✓	5	0.00%	-	38,750	7.75%	✓	1	0.01%	✓	400,000	20.00%	✓	20,000,000	16.67%	✓	2,500,000	8.33%
3. Mr. Thanawat Utsahajit	✓	5	0.00%	-	38,750	7.75%	-	1	0.01%	✓	400,000	20.00%	✓	20,000,000	16.67%	✓	2,500,000	8.33%
4. Mrs. Thanit Amorntirasan	✓	5	0.00%	-	38,750	7.75%	-	1	0.01%	✓	400,000	20.00%	✓	20,000,000	16.67%	✓	2,500,000	8.33%
5. Mr. Wiboon Utsahajit	✓	5	0.00%	-	38,750	7.75%	-	1	0.01%	✓	400,000	20.00%	✓	20,000,000	16.67%	✓	2,500,000	8.33%
6. Mrs. Suvimol Utsahajit	✓	5	0.00%	-	38,750	7.75%	✓	1	0.01%	-	-	0.00%	-	-	0.00%	✓	2,500,000	8.33%
7. Mr. Wiwat Utsahajit	✓	5	0.00%	-	38,750	7.75%	-	1	0.01%	-	-	0.00%	-	-	0.00%	✓	2,500,000	8.33%
8. Mr. Wichai Utsahajit	✓	5	0.00%	-	38,750	7.75%	-	1	0.01%	-	-	0.00%	-	-	0.00%	✓	2,500,000	8.33%
9. Mr. Napat Wiwattanakrai	✓	5	0.00%	-	12,916	2.58%	-	1	0.01%	-	133,333	6.67%	-	-	0.00%	✓	833,334	2.78%
10. Mr. Banlue Utsahajit	-	5	0.00%	-	38,750	7.75%	✓	1	0.01%	-	-	0.00%	-	-	0.00%	✓	7,500,000	25.00%
11. Mr. Narun Wiwattanakrai	-	5	0.00%	-	12,917	2.58%	-	1	0.01%	✓	133,334	6.67%	✓	20,000,000	16.67%	-	833,333	2.78%
12. Mr. Narut Wiwattanakrai	-	5	0.00%	-	12,917	2.58%	-	1	0.01%	-	133,333	6.67%	-	-	0.00%	-	833,333	2.78%
13. Mr. Prasert Jiravanstit	-	-	0.00%	-	112,500	22.50%	-	-	0.00%	-	-	0.00%	✓	20,000,000	16.67%	-	-	0.00%
14. Mr. Issawong Suphawatanakiat	-	-	0.00%	✓	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	0.00%
15. Utsahajit Holdings Co.,Ltd	-	69,999,940	100%	-	-	0.00%	-	19,988	99.94%	-	-	0.00%	-	-	0.00%	-	-	0.00%
Total		70,000,000	100.00%		500,000	100.00%		20,000	100.00%		2,000,000	100.00%		120,000,000	100.00%		30,000,000	100.00%

Remarks : Shareholding percentage is calculated using 2 decimal points. If sum of many shareholders, it may partially different to total sum.

12.2 Related Transactions

Company and subsidiary companies have related transactions with related party which can be summarized as below:

Unit: thousands baths

No.	Related Party	Transaction Details	Value 2015	Reasons and Audit Committee's comments
1.	Blooming Co.,Ltd	Revenue from Sales	95	<ul style="list-style-type: none"> Blooming Co.,Ltd purchases spa products from subsidiaries at market price for gifts and premium goods Company and subsidiaries purchase herbal balls, scrub, Thai herbs as well as packing and screening services at agreed prices Audit Committee approved above transactions since the prices were comparable and lower than market. In addition, some of them were special formula produced only for Company and subsidiaries.
		Purchases and Services	9,213	
		Trade Receivable	1	
		Trade Payables	898	
2.	B.U. Enterprises Co.,Ltd	Revenue from Sales	8	<ul style="list-style-type: none"> BU Enterprises Co.,Ltd. purchases spa products from subsidiaries for gifts at market prices. Company and subsidiaries purchase cookies for spa customers and for resales at market price. Audit Committee approved mentioned transactions which were considered as normal activities and the prices were comparable to market.
		Purchases and Services	695	
		Trade Receivable	-	
		Trade Payables	63	
3.	Cyberprint Group Co.,Ltd	Revenue from Sales	258	<ul style="list-style-type: none"> Cyberprint Co.,Ltd. purchases spa vouchers from Company and spa products from subsidiaries for gifts at market price. Cyberprint Co.,Ltd. provides printing services for Company and subsidiaries at agreed prices. Audit Committee approved above services given by Cyberprint Co.,Ltd. since they were normal activities and the prices were comparable to market.
		Purchases and Services	1,401	
		Trade Receivable	112	
		Trade Payables	305	
4.	Asian Fortune Property Co.,Ltd	Rental and Utilities Expense	9,202	<ul style="list-style-type: none"> Company has rented building for spa business (Let's Relax Patong 3rd Street) at agreed price. Audit Committee approved the extension of rental and services contract (Contract from 1st February 2014 – 31 January 2017) in the Audit Committee Meeting 1/2014 on 20 January 2014
		Trade Payables	243	

Unit: thousands baths

No.	Related Party	Transaction Details	Value 2015	Reasons and Audit Committee's comments
5.	RarinJinda Limited Partnership	Rental and Utilities	2,893	<ul style="list-style-type: none"> Company has rented land and building improvement for spa business and partial sub-lease to Siam Wellness Resort Co.,Ltd for the hotel operation and restaurant for 30 years at agreed price. Audit Committee approved the rental and service contract (Contract from 1 January 2013 – 31 December 2042) in the Audit Committee Meeting 2/2013 on 28 March 2013.
6.	Mr. Vithit Utsahajit	Rental and Utilities	1,253	<ul style="list-style-type: none"> Company has rented 7 commercial buildings (483-483/6) for Head Office at agreed price Audit Committee approved the rental contract (Contract from 1 January 2013 – 31 December 2015) in the Audit Committee Meeting 2/2013 on 28 March 2013.
7.	Mr. Santiwat Amorntirasan	Rental and Utilities	382	<ul style="list-style-type: none"> Company has rented two 2-storeyed houses (322/202 and 322/203) for living quarter for therapist, and later reduce to one 2-storeyed house since 1st November 2014 after the new Employee Building at Soi Yu Charoen 5 was completed. Audit Committee approved the rental contract (Contract from 1 January 2014 – 31 December 2016) in the Audit Committee Meeting 1/2014 on 20 January 2014.
8.	Mr. Wiboon Utsahajit	Advance Payables	-	<ul style="list-style-type: none"> Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2015
		Total Advance Payables for 2015	3	
9.	Mr. Narun Wiwattanakrai	Advance Payables	131	<ul style="list-style-type: none"> Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2015
		Total Advance Payables for 2015	457	
10.	Mrs. Pranee Suphawatanakiat	Advance Payables	-	<ul style="list-style-type: none"> Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2015
		Total Advance Payables for 2015	-	

Unit: thousands baths

No.	Related Party	Transaction Details	Value 2015	Reasons and Audit Committee's comments
11.	Mrs. Thanit Amorntirasan	Advance Payables	78	<ul style="list-style-type: none"> Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2015
		Total Advance Payables for 2015	381	
12.	Mr. Prasert Jiravanstit	Advance Payables	20	<ul style="list-style-type: none"> Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2015
		Total Advance Payables for 2015	56	
13.	Mr. Juckpat Jiravanstit	Advance Payables	17	<ul style="list-style-type: none"> Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2015
		Total Advance Payables for 2015	27	

Rental Contracts which are related transactions and their conditions

Lease Contract Date	Details	Lease Term	Rent and Service Charges	Other Terms & Conditions
23 Jan 2014	The Company enters into the lease of the building agreement with Mr. Santiwat Amorntirasan, for the lease of the building No. 322/202 and No. 322/203 on Asoke DinDaeng road to be used as a living quarters of the therapist staff in Bangkok.	3 years to be expired on 31 December 2016, being the renewal of the 7 th – 9 th year.	The building No. 322/202, the monthly rental for the years 2014 - 2016 is at 30,900 Baht, at 31,800 Baht and at 32,800 Baht respectively; the building No. 322/203, the monthly rental for the years 2014 -2016 is at 20,600 Baht, 21,200 Baht and 21,800 Baht respectively.	<ul style="list-style-type: none"> - Renewable for 3 years subject to advance notice of 60 days before expiration of the agreement. - Early termination of the agreement subject to advance notice of 120 day. - On 15th September 2014, the Company executed the Memorandum of the Understanding to terminate the lease agreement of the Building No. 322/203 which is effective on 1 November 2014 onwards.
13 Nov 2015	The Company enters into the lease of the building with Mr. Vithit Utsahajit, for the lease of the 1st floor and the 2nd floor of the Building No. 483-483/6 and for the lease of the 3rd floor of the Building No. 483/6 on Soi Suthiporn, Prachasongkroh Road, Khwaeng DinDaeng, Khet DinDaeng for total utility space of 1,392 square meters for use as the office building of the Company and of the subsidiary.	3 years to be expired on 31 December 2018.	The rental is 110,000 Baht/ per month and the increased rental may be adjustable according to the market condition, but not exceeding 15 percent of the rental in force on every 3 years.	<ul style="list-style-type: none"> - Lease is renewable for 2 times of 3 years each subject to 30-day advance notice prior to expiration. - The Lessee has the duty to maintain, improve, repair the leased building to good condition. - The Lessee is liable for payment of property tax and other fees. - The Lessee is responsible for the cost of public utilities.

Lease Contract Date	Details	Lease Term	Rent and Service Charges	Other Terms & Conditions
26 Aug 2014	The Company enters into the land and structure lease agreement with Mrs. Pranee Suphawatanakiat, Mr. Narun Wiwattanakrai, Mr. Thanawat Utsahajit, Mr. Prasert Jiravanstit, Mrs. Thanit Amorntirasan and Mr. Wiboon Utsahajit, by paying the rental to RarinJinda Limited Partnership jointly founded by the 6 persons, for the land under the Land Title Deed No. 117, 2875, 8985, 554, 3010, 3009 and 103754 totalling 7 Land Title Deeds, having total area of 2 rai 3 ngan 62.4 square wah for operating the spa business (RarinJinda Wellness Spa, Chiangmai branch) and some part of the land being subleased to Siam Wellness Resort Co., Ltd., to operate the hotel and restaurant business (RarinJinda Wellness Spa Resort and Deck 1 Restaurant).	30 years. Effective on 1 January 2013. Expires on 31 December 2042.	The rental of 241,125 Baht/per month and the increased rental may be adjustable but not exceeding 15 percent of the rental in force on every 3 years.	<ul style="list-style-type: none"> - The lease is renewable subject to not less than 3 years advance notice in writing before expiration. - Upon the expiration of the Lease Agreement, the Lessee must remove the Lessee's property from the leased premises failing which, the Lessor shall be entitled to repossess the leased premises and remove the property of the Lessee from the leased premises at the expense of the Lessee. - The lease parties must register the right of lease at the Land Officer for which the Lessee is liable to meet all the expenses for registration of the lease (The lease was registered on 29 Aug 2014). - The debris of the 4-storey of the building No 14/1 and 2-storey Thaistyle house No. 14 on Charoenrat Road, in Tambon WatKet, Amphoe Muang, Chiangmai province, on the land, the Lessee shall be responsible for improvement without charging the rental throughout the period of the Lease Agreement. - The Lessee has the duty to maintain, improve the leased premises to good condition. - The Lessee is responsible for property tax and other fees. - The Lessee is responsible for paying the cost of public utilities. - The agreement is substituted for the original agreement dated 1 January 2013.

Lease Contract Date	Details	Lease Term	Rent and Service Charges	Other Terms & Conditions
22 Jan 2014	The Company enters into the Lease Agreement and Space Service Agreement with Asian Fortune Property Co., Ltd. Located at No 184/14 Pung Muang Sai Kor Road, in Tambon Patong, Katu district, Phuket province, on the side of the shop, of 2,418 square meters in area to use to operate the Spa business Let's Relax, Patong 3rd Street branch).	3 years. To expire on 31 Jan 2017. Being the renewal of the 4th-6th year.	The rental for the 4th year at 150,000 Baht per month; for the 5th and the 6th year, the rental is 172,500 Baht per month. Lease Agreement security deposit of 600,000 Baht; The service charge for the 4th year is at 350,000 Baht per month; the 5th year and then 6th year at 402,500 Baht per month; the Agreement security deposit of 1,400,000 Baht.	<ul style="list-style-type: none"> - Renewable for 3 years subject to advance notice of 6 months before expiration. - The Lessee is responsible for property tax, tax on insurance premium and other fees. - The Lessee is responsible for public utilities actually incurred at the rate defined by PEA and PWA. - The rental and the service charge are adjusted downward from 172,500 Baht to 150,000 Baht; the service charge is reduced from 402,500 Baht to 350,000 Baht during 1 Feb 2014 - 31 Jan 2015 according to the Notice of the Reduction Adjustment dated 13 Jan 2014. - Adjusted reduction of the rental and service charge from 150,000 Baht to 75,000 Baht; the service charge is reduced from 350,000 Baht to 175,000 Baht, between 1 July 2014 - 31 Dec 2014 according to the Reduction Adjustment Letter dated 18 Aug 2014. - On 24 Nov 2014, the Company entered into the Memorandum of Understanding for Amendment of the Space in the Building Lease Agreement with Asean Fortune Property Co., Ltd., for change of name of the business name from "RarinJinda Wellness Spa" to "Let's Relax" effective from 1 Dec 2014.

Remarks

The contract with the related party has been assessed by independent appraisal firms. These are,

1. 2 Single 2-stories home located at no. 322/202 and 322/203 Soi Yu Charoen Yaek 18 Ratchadaphisek Road, Huaykwang sub-district, Huaykwan district, Bangkok. The property was appraised by Sasiratchada Company Limited. Mr. Korakot Hendeengarm was the main valuer and assessor. Appraisal was made on October 21, 2013 with the public purpose. The assessment of rental rate for the house is 1,845,000 bahts for the period of 3 years or the monthly rate is 58,000 bahts and increase of rental rate of 3% year.

2. 7 blocs of 3-stories concrete building located at no. 483 Soi Suthiporn Phrachasongkhro Road, Dindaeng sub-district, Dindaeng district, Bangkok. The property was appraised by 15 Business Advisory Limited. Mr. Wattana Jumpawan was the main valuer and assessor. Appraisal was made on April 18, 2014 with the public purpose. The assessment of rental rate for the building is 258,804 bahts per month and increase of rental rate of 10% every 3 years.

3. Land no. 117, 2875, 8985, 554, 3010, 3009 and 103754 total of 7 with the total area of 2 rai 3 ngams and 62.4 square wa located at no. 14 Charoenraj Road, Wat Kate sub-district, Muang district, Chiang Mai. The property was appraised by 15 Business Advisory Limited. Mr. Wattana Jumpawan was the main valuer and assessor. Appraisal was made on April 17, 2014 with the public purpose. The assessment of rental rate of land without building is 2,906,000 bahts per year and increase of rental rate of 15% every 3 years.

4. Land with 4-stories building and additional extension on roof located at 184/14 Pangmuang Sai Kor Road, Patong sub-district, Kathu district, Phuket. The property was appraised by 15 Business Advisory Limited. Mr. Wattana Jumpawan was the main valuer and assessor. Appraisal was made on April 16, 2014 with the public purpose. The assessment of rental rate of building is 771,900 bahts per month and increase of rental rate of 15% every 3 years

11.3 Policy and Procedures of Related Party Transactions

11.3.1 Policy of Related Party Transactions

When the Company or subsidiary companies agreed to transact with related party according to the Board of Stock Exchange of Thailand, Company has set up a procedure in approving such transactions, in order for that transaction to be fair and does not have conflict of interest. Moreover it will bring the maximum benefit to the Company and the shareholders.

(1) Company will determine whether the transaction is normal business transaction or supporting transaction. Then, Company will determine whether it has the standard terms and conditions or not, taking into account the pricing and terms of other customers or terms that are used in similar transactions. In the event that there is no referencing market price, the Company will submit to the Audit Committee or Auditor or Specialist to determine the fair price of such transaction and the justify the underlying reason behind such transaction

(2) For following transactions (a) For supporting transactions with standard terms and conditions, where price cannot be calculated from the asset or reference point (b) normal business transaction or supporting transaction that does not have terms and conditions (c) rental transaction or lease transaction not more than 3 years and does not state terms and conditions (d) other transactions. Company will determine whether such transaction is small, medium or large according to the guideline. Procedures will be determined according to particular type of transaction such as approval from Board of Directors or Shareholders.

(3) Company will submit the related transactions of Company or its subsidiaries to the Audit Committee for comments. Audit Committee's comments must be attached to the minutes of the Board of Director's or Shareholder's Meeting.

(4) Company will submit the report of related party transactions to the Stock Exchange of Thailand with detailed attachment according to the principles of Board of Stock Exchange of Thailand and will include in the Annual Report, Annual Registration Statement or other statements according to the guidelines of the Board of the Stock Exchange of Thailand, as well as in Financial Report according to the Accounting Standards.

(5) For future related party transactions, Board of Directors must conduct in accordance with the Securities and Exchange Commission Act and other guidelines set by Stock Exchange of Thailand, as well as the related party transactions disclosure guideline including selling or buying of Company or its subsidiaries key assets according to the Certified Public Accountant Association's standards.

(6) For other related party transactions that are not normal business transactions, Company will assign Audit Committee to determine the transparency of the transaction. If the Audit Committee does not have specialization in that particular field, specialist or auditor can be requested for assist. These comments must be report in the minutes and used in the decision of the Board of Director or Shareholder's Meeting. It should also be disclosed in the Notes in the Financial Statments certified by auditor.

(7) Those who has conflict of interest with any particular transaction will have no right to vote or authorize that transaction

11.3.2 Authorization of related party transactions

Company has set individual or committee to authorize related party transactions as followed:

(1) For related party transaction that is normal business or supporting transactions with standard terms and conditions, the Managing Director has the authority to authorize

(2) For related party transaction that is normal business or supporting transactions without standard terms and conditions where price cannot be calculated from asset or reference point, the authorizing party has to be in accordance with the principles of related party transactions of Board of Securities Exchange Commission and Board of Stock Exchange of Thailand

11.3.3 Presentation of related party transactions to Audit Committee

(1) For related party transactions under approval authority of the management, matters shall be assigned to the department that has the responsibility related to that transaction such as Accounting, Operations or Executives with the responsibilities related to that transaction according the Approval Authority Chart. After management's approval, it will be submitted to the Audit Committee to review and disclosed in the Annual Registration Statement and Annual Report. These transactions should be submitted to Audit Committee via Management.

(2) Related party transactions under approval authority of the Board of Directors, matters shall be submitted to the Audit Committee via Purchasing or related department(s) before proceed to Board of Director's decisions

2.1 Purchasing or related department (s) submits the summary of related party transactions and supporting documents to the Audit Committee via Management

2.2 After receiving the decisions of the Audit Committee, the Company Secretary shall collect and present to the Board of Directors for approval. For director(s) with the conflict of interest to that transaction shall leave and shall not vote in that agenda

2.3 Report the Board of Director's decision to the Stock Exchange of Thailand and disclose in the Annual Registration Statement and Annual Report

(3) Related party transactions under approval authority of the shareholders, matters shall be submitted to the Audit Committee via Management before proceed to Board of Director's decisions and Shareholder's decisions respectively

3.1 Purchasing or related department (s) submits the summary of related party transactions and supporting documents to the Audit Committee via Management

3.2 After receiving the decisions of the Audit Committee, the Company Secretary shall collect and present to the Board of Director for approval.

3.3 After receiving the decisions of the Board of Directors, the Company Secretary shall collect and present to the Shareholders for approval. Supporting documents must be sufficient according the Stock Exchange of Thailand's rule and must be distributed to all shareholders at least 14 days before the meeting date. Information of shareholders with conflict of interest, such as name and number of shares held, must be disclosed. Shareholders with conflict of interest cannot vote. The passing of resolution requires . of the total votes of shareholders excluding those with conflict of interest.

3.4 Report the Board of Director's decision to the Stock Exchange of Thailand and disclose in the Annual Registration Statement and Annual Report

11.4 Policy and Possibilities of Related Party Transactions

11.4.1 Normal business transactions

Normal business transactions or support transactions with standard terms and conditions are those with pricing and terms and conditions that are fair and transparent should have following conditions:

- is the price that the Company or its subsidiaries as well as other person receives
- is the price and terms and conditions that related parties gives to other person
- is that price and terms and conditions that illustrates that other business operators in similar characteristics gives to other person

11.4.2 Policy for reviewing related party transactions

Auditor has set guidelines for reviewing related party transactions as followed:

Type 1 Transactions that cause long term contracts, it shall be reviewed at the next meeting

Type 2 Transactions that is normal business transactions such as purchase of herbal balls, purchase of cookies, printing of materials, it shall be reviewed in principles to set standard guidelines for management and reviewed by the Audit Committee quarterly. Moreover, the price comparison shall be made according to the following:

- same specification
- for items that cannot be classified, the specification should be clearly stated in the quotation
- the comparing quotation should not have any conflict of interest and shall use normal business practices
- at least 2 comparing quotations
- comparing quotations shall be made at similar time period

11.4.2 Possibilities of future related business transactions

Selling of goods and services

Company and its subsidiaries will continue to sell goods and services to related party under the same conditions to selling to other buyers. These transactions do not have significant effect on Company and its subsidiaries' operations.

Purchasing of Herbal Balls, Cookies and Printing and packaging services

Company and its subsidiaries will continue to buy Herbal Balls, Cookies and Printing and packaging services from related party because after comparing with other suppliers, the related party offers the fit product at a more competitive rate. Price comparison shall be conducted regularly to comply with the Audit Committee's guidelines.

Rent of Land and Building

Company and its subsidiaries will continue to rent land and buildings from related party because these land and buildings are used in the operations of the Company such as Head Office, Warehouse and Massage School as well as use as branches of spa, hotel and restaurant business. Thus, rental terms are in the medium to long term in order for the investment to be efficient. Price comparison shall be conducted prior to the signing of rental agreement and the rental rate is assessed by independent appraisal that is registered with the Securities Exchange Commission. These transactions must be approved by the Audit Committee.

Management Discussion and Analysis

SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED (“The Company”) would like to give details of the Management Discussion and Analysis of the financial statements of the Company and subsidiaries for the year 2015, ended of 31 December 2015 and to explain the causes of performance that has changed more than 20% from the same period last year. The Company and subsidiaries have the total revenue of 543.50 million baht, an increase of 200.15 million baht from the same period last year (or an increase of 58.29%). The net profit is 106.49 million baht, an increase of 73.25 million baht from the same period last year (or an increase of 220.31%). Net profit is accounted as 19.97% of sales and services’ revenue. The main factor that contributes to the growth of the Company’s Operation results are (a) Increase of Staff Utilization Rate as a result of increase of the number of customers. 75% of Company’s customer are foreigners, in which 2015 Thailand has welcomed total of 29.88 million foreign tourists (b) Company’s Branch Expansion under Let’s Relax in Bangkok and Upcountry total 4 branches (c) Company’s Branch Expansion under M&A by acquiring Baan Suan Massage, a 3-stars Spa, which targets local customers. (d) The Sale of Let’s Relax Spa Franchise Agreement to People’s Republic of China. This is explained in details below.

Revenue

The Company and subsidiaries have the total revenue of 543.50 million baht, an increase of 200.15 million baht from the same period last year (or an increase of 58.29%). The main source of revenue is from the spa business, which contributes 84% of total revenue. The revenue growth is mainly from (i) The increase of same store sales growth such as Let’s Relax Siam Square One and Let’s Relax Patong 3rd Street (ii) Company’s Branch Expansion under Let’s Relax in Bangkok and Upcountry total 4 branches which are Let’s Relax Ekkamai, Let’s Relax Thapae, Let’s Relax Suanplu and Let’s Relax The Street Ratchada (iii) Company’s Branch Expansion under M&A by acquiring Baan Suan Massage, a 3-stars Spa, which is located in Nonthaburi, Charoennakorn, Ramintra and Ramkhamhaeng since 1 August 2015 (iv) The Sale of Let’s Relax Spa Franchise Agreement to People’s Republic of China

In terms of the Hotel and Restaurant business, the Company expanded one branch in Chiang Mai under the name “D Bistro” in Chiang Mai Walking Street. The overall growth of revenue of hotel and restaurant business is mainly from the increase in the occupancy rate as a result of increasing numbers of Chinese Tourists and an increase in direct flight to Chiang Mai. In terms of the Spa product business, the main revenue is from the sale through the spa’s branches. This still has revenue growth from expansion stores and same store sales growth.

Cost of Sales and Services

In 2015, the Company and subsidiaries had the cost of sales and services of 334.97 million baht, accounting for to 62.82% of sales and services’ revenue. This is an increase of 109.62 million baht from the same quarter of the previous year (or an increase of 48.65%). The increase is a reflection of the increase in revenue. The main variable cost of sales and services are therapist cost and the main fixed cost of sales and services are the rental and service cost and the depreciation cost.

Selling and Administrative Expenses

In 2015, the Company and subsidiaries had the selling and administrative expenses of 73.77 million baht, accounted to 13.83% of the revenue from sales and services. This is an increase of 1.07 million baht from the same period last year (or an increase of 1.47%). The main selling and administrative expense is the labor cost and cost associated with sales (Credit Card Fees). Moreover, the Company has extra expenses related to the M&A such as appraisal fees and legal fees.

Net Profit

In 2015, the Company and subsidiaries had the net profit of 106.50 million baht or accounted 19.97% of the revenue from sales and services. The net profit of the Company and subsidiaries increased 73.25 million baht (or an increase of 220.31%) compared to the same period last year. This is the result from the increase in revenue from sales and services of the new branches located in Bangkok and the Upcountry as well as from the new Baan Suan Massage branches (M&A in August 2015). The overall tourism situation in 2015 is better than in 2014, which were affected by the political unrest. The overall revenue increases significantly compared to the same period last year.

Although, the cost of sales and services and selling and administrative expenses increased, the increase is partly from the increase in variable costs related to the increase in sales and from other expenses related to the branch expansion and staff. Thus, costs increased by less than the growth rate of revenue resulting in an increase in net profit of the Company and subsidiaries.

Siam Wellness Group Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2015



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

ปอง-อิสิง จิตววงวงศ์
๑

Independent Auditor's Report

To the Shareholders of Siam Wellness Group Public Company Limited

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

ปองสิทธิ์ จักรวรรดิสิทธิ์

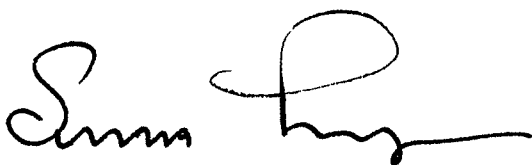
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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

Other matter

The consolidated financial statements of Siam Wellness Group Public Company Limited and its subsidiaries and the separate financial statements of Siam Wellness Group Public Company Limited for the year ended 31 December 2014 were audited by another auditor who expressed an unqualified opinion on those statements, under his report dated 25 February 2015.

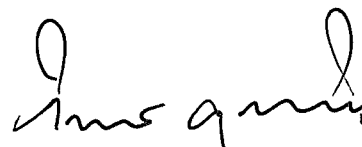


Sumana Punpongsanon
Certified Public Accountant (Thailand) No. 5872

EY Office Limited
Bangkok: 23 February 2016



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED



นางสาว อังคณา นาคะกุล
อ

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	8	60,246,123	104,039,050	36,563,126	89,819,388
Current investments	9	26,245,682	100,000,000	26,245,682	100,000,000
Trade and other receivables	7, 10	4,085,201	6,324,136	2,450,211	4,183,505
Short term loans to and interest receivables from subsidiary	7	-	-	-	5,023,425
Inventories	11	13,827,086	7,482,996	11,066,434	6,886,145
Other current assets		9,218,830	3,159,069	8,736,008	2,975,542
Total current assets		113,622,922	221,005,251	85,061,461	208,888,005
Non-current assets					
Investments in subsidiaries	12	-	-	101,705,460	101,705,460
Leasehold rights	13	14,134,283	4,641,544	14,134,283	4,641,544
Property, plant and equipment	14	480,016,885	358,976,738	410,925,688	291,951,845
Goodwill	6	20,340,000	-	20,340,000	-
Intangible assets	15	5,022,223	538,137	4,742,592	303,761
Deferred tax assets	26	212,113	208,745	-	-
Other non-current assets	16	21,669,882	15,485,377	21,667,882	15,485,377
Total non-current assets		541,395,386	379,850,541	573,515,905	414,087,987
Total assets		655,018,308	600,855,792	658,577,366	622,975,992

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



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

Signature

รองเลขาธิการ
จ.เวลเนสลิค

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	7, 17	43,323,843	31,917,283	38,333,874	30,551,628
Current portion of long-term loans	18	-	12,240,000	-	12,240,000
Current portion of liabilities under financial lease agreements	19	494,034	467,835	494,034	467,835
Income tax payable		14,343,266	2,662,024	11,858,482	1,068,119
Advance received		14,847,703	7,481,763	12,984,374	5,793,939
Other current liabilities		2,405,249	1,614,766	2,084,521	1,112,382
Total current liabilities		75,414,095	56,383,671	65,755,285	51,233,903
Non-current liabilities					
Long term loans from financial institution - net of current portion	18	-	44,809,000	-	44,809,000
Liabilities under financial lease agreements - net of current portion	19	747,607	1,241,641	747,607	1,241,641
Provision for long-term employee benefits	20	4,173,332	3,760,414	3,543,420	3,210,420
Deferred tax liabilities	26	9,612,747	6,496,771	9,612,747	6,496,771
Other non-current liabilities		10,164,032	5,200,696	9,654,190	4,770,726
Total non-current liabilities		24,697,718	61,508,522	23,557,964	60,528,558
Total liabilities		100,111,813	117,892,193	89,313,249	111,762,461
Shareholders' equity					
Share capital					
Registered	21				
570,000,000 ordinary shares of Baht 0.25 each		142,500,000	142,500,000	142,500,000	142,500,000
Issued and paid-up					
570,000,000 ordinary shares of Baht 0.25 each		142,500,000	142,500,000	142,500,000	142,500,000
Share premium		278,905,854	278,905,854	278,905,854	278,905,854
Retained earnings					
Appropriated - statutory reserve	23	9,919,593	4,836,092	9,473,612	4,836,092
Unappropriated		129,103,892	69,313,297	97,681,536	51,337,270
Other components of shareholders' equity		(5,523,364)	(12,592,164)	40,703,115	33,634,315
Equity attributable to shareholders' of the Company		554,905,975	482,963,079	569,264,117	511,213,531
Non-controlling interests of the subsidiaries		520	520	-	-
Total shareholders' equity		554,906,495	482,963,599	569,264,117	511,213,531
Total liabilities and shareholders' equity		655,018,308	600,855,792	658,577,366	622,975,992

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

Directors



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

[Handwritten signature]

ปองเทพ วัฒนศิริกุล

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Profit or loss:					
Revenues					
Revenue from sales		47,719,121	38,192,411	19,685,693	13,703,279
Revenue from services		485,523,611	300,220,952	449,862,578	271,641,591
Other income		10,262,023	4,945,061	22,229,123	11,297,549
Total revenues		543,504,755	343,358,424	491,777,394	296,642,419
Expenses					
Cost of sales		29,307,836	24,900,977	11,749,796	8,693,995
Cost of services		305,658,938	200,442,839	298,243,035	193,120,251
Selling expenses		21,731,331	18,333,016	18,833,681	15,792,649
Administrative expenses		52,042,724	54,370,422	46,041,695	48,279,719
Total expenses		408,740,829	298,047,254	374,868,207	265,886,614
Profit before finance cost and income tax expenses		134,763,926	45,311,170	116,909,187	30,755,805
Finance cost		(1,172,147)	(5,384,111)	(1,172,147)	(5,092,924)
Profit before income tax expenses		133,591,779	39,927,059	115,737,040	25,662,881
Income tax expenses	26	(27,097,104)	(6,679,896)	(22,986,654)	(3,929,553)
Profit for the year		106,494,675	33,247,163	92,750,386	21,733,328
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Changes in revaluation of land - net of income tax		7,068,800	2,237,986	7,068,800	2,237,986
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gains (losses) - net of income tax		1,129,477	(421,168)	981,400	(541,813)
Total other comprehensive income for the year		8,198,277	1,816,818	8,050,200	1,696,173
Total comprehensive income for the year		114,692,952	35,063,981	100,800,586	23,429,501
Profit attributable to:					
Equity holders of the Company		106,494,675	33,247,163	92,750,386	21,733,328
Non-controlling interests of the subsidiaries		-	-	-	-
		106,494,675	33,247,163		
Total comprehensive income attributable to:					
Equity holders of the Company		114,692,952	35,063,981	100,800,586	23,429,501
Non-controlling interests of the subsidiaries		-	-	-	-
		114,692,952	35,063,981		

Earnings per share

27

Basic earnings per share

Profit attributable to equity holders of the Company

0.19	0.08	0.16	0.05
------	------	------	------



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

บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

[Signature]

นางสาวกัญญา ชื่นชูเกียรติ

Siam Wellness Group Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2015

(Unit: Baht)

Consolidated financial statements										
Equity attributable to shareholders of the Company										
Other components of shareholders' equity										
Other comprehensive										
Discount on business combination under common control										
Surplus on revaluation of assets										
Total components of shareholders' equity										
Total equity attributable to shareholders of the Company										
Equity attributable to non-controlling interests of the subsidiaries										
Total shareholders' equity										
	Note	Issued and paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated					
Balance as at 1 January 2014		100,000,000	38,706,000	-	81,323,394	(46,226,479)	31,396,329	(14,830,150)	520	205,199,764
Profit for the year		-	-	-	33,247,163	-	-	-	-	33,247,163
Other comprehensive income for the year		-	-	-	(421,168)	-	2,237,986	2,237,986	-	1,816,818
Total comprehensive income for the year		-	-	-	32,825,995	-	2,237,986	2,237,986	-	35,063,981
Increase share capital	21	42,500,000	240,199,854	-	-	-	-	-	-	282,699,854
Appropriation of retained earnings		-	-	4,836,092	(4,836,092)	-	-	-	-	-
Dividend paid	24	-	-	-	(40,000,000)	-	-	-	-	(40,000,000)
Balance as at 31 December 2014		142,500,000	278,905,854	4,836,092	69,313,297	(46,226,479)	33,634,315	(12,592,164)	520	482,963,599
Balance as at 1 January 2015		142,500,000	278,905,854	4,836,092	69,313,297	(46,226,479)	33,634,315	(12,592,164)	520	482,963,599
Profit for the year		-	-	-	106,494,675	-	-	-	-	106,494,675
Other comprehensive income for the year		-	-	-	1,129,477	-	7,068,800	7,068,800	-	8,198,277
Total comprehensive income for the year		-	-	-	107,624,152	-	7,068,800	7,068,800	-	114,692,952
Appropriation of retained earnings		-	-	5,083,501	(5,083,501)	-	-	-	-	-
Dividend paid	24	-	-	-	(42,750,056)	-	-	-	-	(42,750,056)
Balance as at 31 December 2015		142,500,000	278,905,854	9,919,593	129,103,892	(46,226,479)	40,703,115	(5,523,364)	520	554,906,495

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



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

Ins qumy
บริษัท สยามเวลเนส

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2015

(Unit: Baht)

Separate financial statements									
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income			
						Surplus on revaluation of assets	other components of shareholders' equity	Total	
2014									
Balance as at 1 January 2014		100,000,000	38,706,000	-	74,981,847	31,396,329	31,396,329	31,396,329	245,084,176
Profit for the year		-	-	-	21,733,328	-	-	-	21,733,328
Other comprehensive income for the year		-	-	-	(541,813)	2,237,986	2,237,986	2,237,986	1,696,173
Total comprehensive income for the year		-	-	-	21,191,515	2,237,986	2,237,986	2,237,986	23,429,501
Increase share capital	21	42,500,000	240,199,854	-	-	-	-	-	282,699,854
Appropriation of retained earnings		-	-	4,836,092	(4,836,092)	-	-	-	-
Dividend paid	24	-	-	-	(40,000,000)	-	-	-	(40,000,000)
Balance as at 31 December 2014		142,500,000	278,905,854	4,836,092	51,337,270	33,634,315	33,634,315	33,634,315	511,213,531
2015									
Balance as at 1 January 2015		142,500,000	278,905,854	4,836,092	51,337,270	33,634,315	33,634,315	33,634,315	511,213,531
Profit for the year		-	-	-	92,750,386	-	-	-	92,750,386
Other comprehensive income for the year		-	-	-	981,400	7,068,800	7,068,800	7,068,800	8,050,200
Total comprehensive income for the year		-	-	-	93,731,786	7,068,800	7,068,800	7,068,800	100,800,586
Appropriation of retained earnings		-	-	4,637,520	(4,637,520)	-	-	-	-
Dividend paid	24	-	-	-	(42,750,000)	-	-	-	(42,750,000)
Balance as at 31 December 2015		142,500,000	278,905,854	9,473,612	97,681,536	40,703,115	40,703,115	40,703,115	569,264,117



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

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

นางสาวกัญญา วัฒนศิริ
Secretary

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit before tax	133,591,779	39,927,059	115,737,040	25,662,881
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	39,018,757	27,846,111	34,549,646	23,134,483
Unrealised gain on the change in fair value of trading securities	(299,050)	-	(299,050)	-
Bad debts and allowance for doubtful accounts (reversal)	19,657	(149,897)	(2,994)	3,489
Reduction of inventories to net realisable value	5,790	761,673	43,705	481,723
Impairment loss on assets (reversal)	(2,565,416)	2,565,416	(2,565,416)	2,565,416
Gain (loss) on sales of property, plant and equipment	(499)	335,908	(1,231)	335,908
Loss on write-off of equipment	58,113	-	7,584	-
Loss on write-off of withholding taxes	-	64	-	-
Long-term employee benefits expenses	1,821,529	1,239,789	1,559,750	1,012,347
Dividend income	-	-	(4,992,556)	-
Interest income	(1,232,700)	(434,738)	(1,048,814)	(444,578)
Interest expenses	1,172,147	5,384,111	1,172,147	5,092,924
Profit from operating activities before changes in operating assets and liabilities	171,590,107	77,475,496	144,159,811	57,844,593
Decrease (increase) in operating assets				
Current investments	74,053,368	(100,000,000)	74,053,368	(100,000,000)
Trade and other receivables	2,219,278	(258,010)	1,736,288	(2,396,557)
Inventories	(6,115,664)	1,233,913	(3,989,778)	(24,720)
Other current assets	(6,059,762)	(1,844,995)	(5,760,467)	(1,943,639)
Other non-current assets	(5,762,505)	(5,672,875)	(5,760,505)	(5,677,065)
Increase (decrease) in operating liabilities				
Trade and other payables	12,943,622	2,807,321	9,907,495	4,483,057
Advance received	7,365,940	2,040,355	7,190,435	1,411,622
Other current liabilities	790,483	(183,301)	972,139	(160,670)
Other non-current liabilities	4,854,619	577,344	4,774,747	485,594
Cash flows from operating activities	255,879,486	(23,824,752)	227,283,533	(45,977,785)
Cash paid for interest expenses	(1,063,429)	(5,738,018)	(1,063,429)	(5,004,173)
Cash paid for income tax	(14,349,589)	(14,358,629)	(11,092,866)	(12,487,320)
Net cash flows from operating activities	240,466,468	(43,921,399)	215,127,238	(63,469,278)

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



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

[Handwritten signature]

นางสาว ชัยวรรณ นิลรัตน์
α

Siam Wellness Group Public Company Limited and its subsidiaries
Statement of cash flows (continued)
For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from investing activities				
Decrease (increase) in loans to and interest receivables from subsidiary	-	-	5,023,425	(5,000,000)
Cash paid for purchase of spa business (Note 6)	(40,000,000)	-	(40,000,000)	-
Cash paid for acquisition of leasehold rights	(11,446,716)	(63,936)	(11,446,716)	(63,936)
Cash paid for acquisition of property, plant and equipment	(128,974,419)	(90,237,678)	(123,067,078)	(89,094,862)
Cash paid for acquisition of intangible assets	(4,808,084)	(283,537)	(4,677,570)	(283,537)
Proceeds from disposal of property, plant and equipment	4,015	1,686,543	9,904	1,686,543
Cash received from dividend	-	-	4,992,556	-
Cash received from interest income	1,232,700	220,217	1,048,814	206,632
Net cash flows used in investing activities	(183,992,504)	(88,678,391)	(168,116,665)	(92,549,160)
Cash flows from financing activities				
Decrease in short-term loans from financial institution	-	(16,000,000)	-	-
Decrease in liabilities under financial lease agreements	(467,835)	(443,025)	(467,835)	(443,025)
Increase in long-term loans from financial institution	-	80,500,000	-	80,500,000
Repayment of long-term loans from financial institution	(57,049,000)	(89,751,000)	(57,049,000)	(89,751,000)
Proceeds from increase in share capital	-	42,500,000	-	42,500,000
Proceeds from share premium	-	246,500,000	-	246,500,000
Transaction costs for issuance of share capital	-	(6,300,146)	-	(6,300,146)
Cash paid for dividend	(42,750,056)	(40,000,000)	(42,750,000)	(40,000,000)
Net cash flows from (used in) financing activities	(100,266,891)	217,005,829	(100,266,835)	233,005,829
Net increase (decrease) in cash and cash equivalents	(43,792,927)	84,406,039	(53,256,262)	76,987,391
Cash and cash equivalents at beginning of year	104,039,050	19,633,011	89,819,388	12,831,997
Cash and cash equivalents at end of year (Note 8)	60,246,123	104,039,050	36,563,126	89,819,388

Supplemental cash flows information

Non-cash transactions

Increase in surplus on revaluation of land	8,836,000	2,797,483	8,836,000	2,797,483
Increase (decrease) in liabilities from acquisition of property, plant and equipment	(1,537,062)	688,213	(2,125,249)	688,213
Transfer deposits to leasehold rights	-	1,823,976	-	1,823,976
Actuarial (gains) losses	(1,408,611)	524,751	(1,226,750)	677,266

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



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

พงษ์วิทย์ จันทวนนภกิจ

Siam Wellness Group Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2015

1. General information

Siam Wellness Group Public Company Limited ("the Company") was incorporated as limited company under the laws of Thailand on 28 November 2001. The Company operates in Thailand and principally engages in massage for health. Its registered head office is at No. 483, Soi Suthiporn, Pracha-Songkroh Road, Dindang, Dindang, Bangkok. As at 31 December 2015, the Company has a total of 21 branches in Bangkok and upcountry (2014: 13 branches).

The Company registered in the Stock Exchange of Thailand on 31 October 2014 and its common shares had been approved to be listed in the MAI (MAI: Market of Alternative Investment).

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Siam Wellness Group Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):



ปณิธิ์ ชัยวัฒนวงศ์

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015 (Percent)	2014 (Percent)
Siam Wellness Resort Co., Ltd.	Hotel and restaurant operations	Thailand	99.99	99.99
Siam Wellness Lab Co., Ltd.	Manufacturing and distributing spa product	Thailand	99.99	99.99
Siam Wellness Education Co, Ltd.	A school for Thai massage	Thailand	99.97	99.97

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

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

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

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of reporting and terminology, and provision of interpretations and

accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

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

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 *Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Franchise income

Franchise income is recognised on an accrual basis in accordance with the substance of the relevant franchise agreements.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

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

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.



4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of cost under the first-in, first-out method and net realisable value.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value as at the end of reporting period.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Leasehold rights

Leasehold rights on land is stated at cost less accumulated amortisation and allowance for impairment (if any). Amortisation is charged to the statement of comprehensive income on a straight-line basis over a period of lease.

4.7 Property, plant and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to its fair value. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:



- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	-	5 years
Buildings and building on rental land	-	20 years and a period of lease
Buildings improvement	-	5, 20 years and a period of lease
Furniture, fixtures and office equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Intangible assets

Intangible intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.



A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Licenses	5 and 10 years
Trademark	10 years
Computer software	5 years

4.9 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.

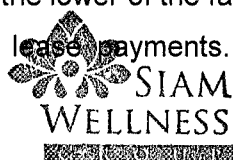
4.10 Related party transactions

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

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

4.11 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance



charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the useful life of the asset.

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

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company 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. However, in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate 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 unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.



4.15 Provisions

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

4.16 Income tax

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

Current tax

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

Deferred tax

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

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

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation

technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

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.

The Company measures land at revalued amounts. Such amounts are determined by the independent valuer using the comparable market approach.

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 is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.


6. Acquisition of spa business

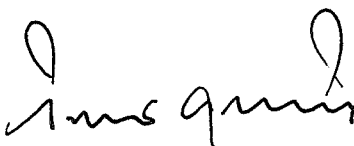
On 29 June 2015, a meeting of the Company's Board of Directors approved an acquisition of spa business from non-related persons for its business expansion regarding the Company's 3-stars spa project. The Company and non-related persons entered into the relevant agreements on 1 August 2015.

The fair values of acquired assets as at the acquisition date are as follows:

	(Unit: Thousand Baht)
Inventories	234
Property, plant and equipment (Note 14)	19,004
Other non-current assets	422
Total assets	19,660
Net assets value at the acquisition date	19,660
Excess of purchase price over net asset value	20,340
Purchase price	40,000

The Company has recorded the net assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price over the fair value of the net assets acquired has been recorded as goodwill. Details of purchase price are as follows.


บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED


ปองแปง จิตวongwong

(Unit: Thousand Baht)

Fair value of net assets received	19,660
Goodwill	20,340
Purchase price	40,000

7. Related party transactions

The relationships between the Company and its related parties are summarised below.

Name of related parties	Type of business	Type of relationship
Siam Wellness Lab Co., Ltd.	Manufacturer and sale of spa products	A subsidiary
Siam Wellness Education Co., Ltd.	A school for Thai massage	A subsidiary
Siam Wellness Resort Co., Ltd.	Hotel and restaurant operations	A subsidiary
Blooming Co., Ltd.	Sale of gift , a blesses card and a notebook	Common shareholders
B.U. Enterprise Co., Ltd.	Properties rental	Common shareholders
Cyberprint Co., Ltd.	Printing business	Common shareholders
Asian Fortune Property Co., Ltd.	Real estate development	Common shareholders
Rarinjinda Ordinary Partnership	Properties rental	Common directors

During the years, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties. Below is a summary of those transactions.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2015	2014	2015	2014	
Transactions with subsidiaries					
(Being eliminated from the consolidated financial statements)					
Revenue from services	-	-	0.4	0.5	Market price
Revenue from sales	-	-	0.1	-	Market price
Revenue from rental and utilities	-	-	6.5	5.7	Contract price
Other income	-	-	2.1	1.8	Actual price
Dividend income	-	-	5.0	-	Declared rate
Purchase of goods and services	-	-	17.4	14.5	Market price
Interest expenses	-	-	-	0.2	Fixed deposit rate plus 1.50% p.a.
Commission expenses	-	-	1.5	1.0	Contract price



Signature
นางสาว อรุณรัตน์ อัครกุล

	(Unit: Million Baht)				
	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2015	2014	2015	2014	
<u>Transactions with related parties</u>					
Revenue from services	0.1	0.1	0.1	-	Market price
Revenue from sales	0.3	0.1	-	-	Market price
Purchase of goods and services	11.3	7.4	9.9	6.6	Market price
Rental and utilities expenses	13.7	10.4	13.7	10.4	Contract price

As at 31 December 2015 and 2014, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade receivables - subsidiaries (Note 10)				
(Being eliminated from the consolidated financial statements)				
Siam Wellness Resort Co., Ltd.	-	-	631	320
Siam Wellness Lab Co., Ltd.	-	-	7	7
Siam Wellness Education Co., Ltd.	-	-	6	-
Total	-	-	644	327
Trade receivables - related parties (Note 10)				
Blooming Co., Ltd.	1	2	-	-
Cyberprint Co., Ltd.	112	49	96	24
B.U. Enterprise Co., Ltd.	-	2	-	-
Total	113	53	96	24
Short-term loans to and interest receivables from subsidiary				
(Being eliminated from the consolidated financial statements)				
Siam Wellness Resort Co., Ltd.				
Short-term loans	-	-	-	5,000
Interest receivables	-	-	-	23
Total	-	-	-	5,023
Trade payables - subsidiaries (Note 17)				
(Being eliminated from the consolidated financial statements)				
Siam Wellness Resort Co., Ltd.	-	-	187	112
Siam Wellness Lab Co., Ltd.	-	-	1,828	1,575
Siam Wellness Education Co., Ltd.	-	-	339	287
Total	-	-	2,354	1,974



[Handwritten signature]

ปณิกร ฐิตะวณิช
2

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<u>Trade payables - related parties (Note 17)</u>				
Blooming Co., Ltd.	898	703	767	635
B.U. Enterprise Co., Ltd.	63	65	47	48
Cyberprint Co., Ltd.	305	354	135	247
Asian Fortune Property Co., Ltd.	243	77	243	77
Total	1,509	1,199	1,192	1,007
<u>Other payables - related parties (Note 17)</u>				
Directors of the Company	246	362	169	276
Total	246	362	169	276

During the current year, movements of short-term loans and interest receivables from subsidiary were as follows:

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2015	Increase	Decrease	31 December 2015
<u>Short-term loans to and interest receivables from subsidiary</u>				
Siam Wellness Resort Co., Ltd.	5,023	-	(5,023)	-
Total	5,023	-	(5,023)	-

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	Consolidated financial		(Unit: Million Baht)	
			Separate financial	
	statements		statements	
	2015	2014	2015	2014
Short-term employee benefits	17.7	16.1	17.7	16.1
Post-employment benefits	0.7	0.3	0.7	0.3
Total	18.4	16.4	18.4	16.4



[Handwritten signature]

Significant agreements with related parties

1. On 1 January 2013, the Company entered into a lease agreement with Rarinjinda Ordinary Partnership (formerly known as "Rarinjinda, A Body of Persons") for the period of 30 years, due in December 2042 and such agreement is renewable by a formal notice letter not less than 3 years before term due of agreement. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 2.9 million and not more than 15% of rental fee can be increased every 3 years.

Furthermore, on 1 January 2013, the Company made a sublease agreement with Siam Wellness Resort Co., Ltd. for partial areas for the period of 30 years, due in December 2042 and such agreement is renewable by a formal notice letter 3 years before term due of agreement. Under the agreement, Siam Wellness Resort Co., Ltd. committed to pay an annual rental fee amounting to Baht 1.9 million and not more than 15% of rental fee can be increased every 3 years.

Under the lease and sublease agreements, assets which the Company and the subsidiary build or modify will be transferred the rights to Rarinjinda Ordinary Partnership on maturity date.

2. On 1 January 2013, the Company entered into a head office rental agreement with a related person for the period of 3 years, due in December 2015 and such agreement is renewable twice for every 3 years. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 1.3 million and not more than 15% of rental fee can be increased every 3 years.

Furthermore, on 1 January 2013, the Company made sublease agreements with Siam Wellness Lab Co., Ltd. and Siam Wellness Education Co., Ltd. ("sublessees") for partial areas for the period of 3 years, due in December 2015 and such agreements are renewable twice for every 3 years. Under the agreements, the sublessees committed to pay an annual rental fee amounting to Baht 0.6 million.

3. On 23 January 2014, the Company has entered into rental agreements for residence for employees with a related person for the period of 3 years, due in December 2016, and such agreement is renewable by a formal notice letter not less than 2 months before term due of agreement. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 0.4 million.



4. On 1 February 2014, the Company has entered into a rental and service agreement with Asian Fortune Property Co., Ltd. for the period of 3 years, due in January 2017 and such agreement is renewable twice for every 3 years. Under the agreement, the Company committed to pay an annual rental and service fees amounting to Baht 6.6 million.
5. On 17 August 2015, the Company has entered into a rental agreement with Asian Fortune Property Co., Ltd. for the period of 3 years, due in September 2018 and such agreement is renewable every 3 years. Under the agreement, the Company committed to pay an annual rental and service fees amounting to Baht 1.6 million.

Furthermore, on this date, the Company made a sublease agreement with Siam Wellness Resort Co., Ltd. ("sub lessees") for partial areas for the period of 3 years, due in September 2018 and such agreement are renewable for every 3 years. Under the agreement, the sub lessees committed to pay an annual rental and service fee amounting to Baht 1.1 million.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash	3,245	2,629	2,755	2,257
Bank deposits	57,001	101,410	33,808	87,562
Total	60,246	104,039	36,563	89,819

As at 31 December 2015, bank deposits in saving accounts and fixed deposits carried interests between 0.25 and 0.38 percent per annum (2014: between 0.35 and 0.38 percent per annum).



[Handwritten signature]

นางสาว ชัยวรรณ วัฒนศิริกุล

9. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Fixed deposits	-	100,000	-	100,000
Trading securities				
Investment units	25,947	-	25,947	-
Add: Unrealised gain on the change in fair value of investments	299	-	299	-
Investment units - net	26,246	-	26,246	-
Total trading securities	26,246	-	26,246	-
Total current investments	26,246	100,000	26,246	100,000

10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2015	2014	2015	2014
Trade receivables - related parties (Note 7)				
Aged on the basis of due dates				
Not yet due	113	51	740	351
Past due				
Up to 3 months	-	2	-	-
Total trade receivables - related parties, net	113	53	740	351
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	1,997	1,996	1,051	469
Past due				
Up to 3 months	318	956	101	364
3 - 6 months	38	126	-	109
6 - 12 months	11	6	-	6
Over 12 months	122	105	1	1
Total	2,486	3,189	1,153	949
Less: Allowance for doubtful debts	(128)	(108)	(1)	(4)
Total trade receivables - unrelated parties, net	2,358	3,081	1,152	945
Total trade receivable - net	2,471	3,134	1,892	1,296



	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2015	2014
<u>Other receivables</u>		
Other receivables - unrelated parties	1,850	3,426
Less: Allowance for doubtful debts	(236)	(236)
Total other receivables, net	1,614	3,190
Total trade and other receivables - net	4,085	6,324

11. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2015	2014	2015	2014	2015	2014
Finished goods	4,339	1,928	(219)	(159)	4,120	1,769
Supplies	7,363	5,012	(470)	(502)	6,893	4,510
Food and beverage	177	154	-	-	177	154
Others	3,022	1,457	(385)	(407)	2,637	1,050
Total	14,901	8,551	(1,074)	(1,068)	13,827	7,483

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2015	2014	2015	2014	2015	2014
Finished goods	4,433	2,880	(200)	(127)	4,233	2,753
Supplies	6,948	4,623	(461)	(490)	6,487	4,133
Others	346	-	-	-	346	-
Total	11,727	7,503	(661)	(617)	11,066	6,886



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

Signature
นางสาว อรุณรัตน์ นาคกุล

During the current year, the Company reduced cost of inventories by Baht 0.3 million (2014: Baht 0.8 million) (The Company only: Baht 0.2 million and 2014: Baht 0.5 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 0.3 million (2014: Nil) (The Company only: Baht 0.2 million and 2014: Nil), and reduced the amount of inventories recognised as expenses during the year.

12. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements as at 31 December 2015 and 2014 are as follows:

Company's name	Called-up share capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2015	2014	2015	2014	2015	2014	2015	2014
			(%)	(%)				
Siam Wellness Lab Co., Ltd.	1,000	1,000	99.99	99.99	2,000	2,000	2,363	-
Siam Wellness Education Co., Ltd.	1,000	1,000	99.97	99.97	1,000	1,000	-	-
Siam Wellness Resort Co., Ltd.	60,000	60,000	99.99	99.99	98,705	98,705	2,629	-
Total					101,705	101,705	4,992	-

13. Leasehold rights

	(Unit: Thousand Baht) Consolidated and Separate financial statements
Cost	
1 January 2014	4,313
Additions	64
Transfer in	1,824
31 December 2014	6,201
Additions	11,447
31 December 2015	17,648
Amortisation	
1 January 2014	603
Amortisation for the year	957
31 December 2014	1,560
Amortisation for the year	1,954
31 December 2015	3,514



[Handwritten signature]

ปองสวัสดิ์ จักรวรรพณ์

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Net book value	
31 December 2014	4,641
31 December 2015	14,134
Amortisation	
2014	957
2015	1,954

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis	Cost basis					
						Assets under installation and under construction	Total
	Land	Land improvements	Buildings and building improvements	Furniture, fixtures and equipment	Motor vehicles		
Cost/Revalued amount:							
1 January 2014	55,182	2,684	333,771	66,790	13,627	4,632	476,686
Additions	1,963	-	9,005	9,698	958	69,301	90,925
Revaluations	2,797	-	-	-	-	-	2,797
Disposals/Write-off	-	-	(2,773)	(4,540)	-	-	(7,313)
Transfer in (out)	-	-	67,259	2,803	-	(70,062)	-
31 December 2014	59,942	2,684	407,262	74,751	14,585	3,871	563,095
Additions	-	-	61,625	11,473	1,668	52,670	127,436
Revaluations	8,836	-	-	-	-	-	8,836
Increase due to acquisition of business (Note 6)	-	-	16,492	2,512	-	-	19,004
Disposals/Write-off	-	-	-	(3,211)	-	-	(3,211)
Transfer in (out)	-	-	40,030	2,523	-	(42,553)	-
31 December 2015	68,778	2,684	525,409	88,048	16,253	13,988	715,160
Accumulated depreciation:							
1 January 2014	-	2,647	120,904	48,751	7,774	-	180,076
Depreciation for the year	-	19	18,107	6,770	1,872	-	26,768
Depreciation on disposals/ write-off	-	-	(1,001)	(4,290)	-	-	(5,291)
31 December 2014	-	2,666	138,010	51,231	9,646	-	201,553
Depreciation for the year	-	12	26,002	8,728	1,998	-	36,740
Depreciation on disposals/ write-off	-	-	-	(3,150)	-	-	(3,150)
31 December 2015	-	2,678	164,012	56,809	11,644	-	235,143
Allowance for impairment loss:							
1 January 2014	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	-	2,565	2,565
31 December 2014	-	-	-	-	-	2,565	2,565
Decrease during the year	-	-	-	-	-	(2,565)	(2,565)
31 December 2015	-	-	-	-	-	-	-



Consolidated financial statements

(Unit: Thousand Baht)

Separate financial statements



0 0
 1ms 9ms
 0ms 0ms

(Unit: Thousand Baht)

Separate financial statements

Separate financial statements

	Revaluation basis	Cost basis				
		Buildings and building improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under installation and under construction	Total
	Lands					
Allowance for impairment loss:						
1 January 2014	-	-	-	-	-	-
Increase during the year	-	-	-	-	2,565	2,565
31 December 2014	-	-	-	-	2,565	2,565
Decrease during the year	-	-	-	-	(2,565)	(2,565)
31 December 2015	-	-	-	-	-	-
Net book value:						
31 December 2014	59,942	205,108	20,848	4,748	1,306	291,952
31 December 2015	68,778	295,910	27,804	4,518	13,916	410,926
Depreciation for the year						
2014 (Baht 19.3 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)						22,139
2015 (Baht 29.4 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)						32,358

The Company arranged for an independent professional valuer to appraise the value of land in 2015 and 2014. Land was revalued using the comparable market approach for the basis of the revaluation.

Had the lands carried in the financial statements on a historical cost basis, their net book value as of 31 December 2015 and 2014 would have been as follows:

(Unit: Thousand Baht)

Consolidated and Separate
Financial statements

	2015	2014
Land	17,899	17,899



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

อุษณวิง จันทมนต์
~

A breakdown of the land carried on a revaluation basis is as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2015	2014
Original costs	17,899	17,899
Surplus from revaluations	50,879	42,043
Revalued amount	68,778	59,942

As at 31 December 2015, the Company had vehicles with net book value of Baht 1.5 million (2014: Baht 2.2 million), which were acquired under finance lease agreements.

As at 31 December 2015, certain items of plant 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 87.8 million (2014: Baht 88.5 million) (The Company only: Baht 54.6 million (2014: Baht 52.7 million)).

As at 31 December 2015, the Company has pledged its land and structures thereon amounting to Baht 85.1million (2014: Baht 78.5 million) as collateral against its bank overdraft, the letter of guarantees issuance, and long-term loans facility received from financial institution as disclosed in Note 18 and Note 30.3 to the financial statements.

15. Intangible assets

The net book value of intangible assets as at 31 December 2015 and 2014 is presented below.

	Consolidated financial statements				Separate financial statements		
	Computer						
	Licences	software	Trademark	Total	Licences	Trademark	Total
As at 31 December 2015							
Cost	579	680	4,673	5,932	579	4,673	5,252
Less: Accumulated amortisation	(314)	(400)	(196)	(910)	(314)	(196)	(510)
Net book value	265	280	4,477	5,022	265	4,477	4,742



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

[Handwritten signature]

บงกชวิมล จักรวาลกุล

	(Unit: Thousand Baht)						
	Consolidated financial statements				Separate financial statements		
	Computer						
	Licences	software	Trademark	Total	Licences	Trademark	Total
As at 31 December 2014							
Cost	575	550	-	1,125	575	-	575
Less: Accumulated amortisation	(271)	(316)	-	(587)	(271)	-	(271)
Net book value	304	234	-	538	304	-	304

A reconciliation of the net book value of intangible assets for the years 2015 and 2014 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Net book value at beginning of year	538	375	304	59
Acquisition during the year	4,807	284	4,677	284
Amortisation	(323)	(121)	(239)	(39)
Net book value at end of year	5,022	538	4,742	304

16. Other non-current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deposits - lease agreements	21,034	14,521	21,034	14,521
Others	636	964	634	964
Total other non-current assets	21,670	15,485	21,668	15,485

17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Trade accounts payable	12,833	11,343	8,074	9,366
Trade accounts payable - related parties				
(Note 7)	1,509	1,199	3,546	2,981
Retention	3,071	4,766	3,071	4,766
Other payables - related parties				
(Note 7)	246	362	169	276
Accrued payroll and bonus expenses	10,309	7,455	9,794	7,265
Accrued expenses - others	10,169	5,241	9,579	4,914
Other payables	5,187	1,551	4,101	984
Total trade and other payables	43,324	31,917	38,334	30,552

18. Long-term loans from financial institution

(Unit: Thousand Baht)				
Consolidated and Separate				
financial statements				
Loan	Facility amount (Million Baht)	Interest rate (% p.a.)	2015	2014
1.	80	MLR - 1.30	-	13,250
2.	10	MLR - 1.40	-	5,800
3.	55	MLR - 1.40	-	37,999
Total			-	57,049
Less: Current portion			-	(12,240)
Long-term loans, net of current portion			-	44,809

The loans are secured by the mortgage of land and structures thereon of the Company as disclosed in the Note 14 to the financial statements.

The loan agreements contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

[Handwritten signature]
นางสาววิมล จันทนกุล

As at 31 December 2014, the long-term credit facilities of a Company which had not yet been drawn down amounted to Baht 15.5 million. However, as at 31 December 2015, these long-term credit facilities that had not yet been drawn down already expired.

Movements in the long-term loans from financial institution during the year 2015 are summarised below:

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2015	57,049
Less: Repayments	(57,049)
Balance as at 31 December 2015	-

19. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2015	2014
Liabilities under finance lease agreements	1,328	1,878
Less: Deferred interest expenses	(86)	(168)
Total	1,242	1,710
Less: Portion due within one year	(494)	(468)
Liabilities under finance lease agreements - net of current portion	748	1,242

The Company has entered into the finance lease agreement with leasing company for rental of motor vehicle for use in its operation, whereby it is committed to pay rental on a monthly basis. The term of the agreement is 5 years.

Future minimum lease payments required under the finance lease agreement as at 31 December 2015 and 2014 were as follows:

(Unit: Million Baht)			
Consolidated and Separate financial statements			
2015			
Less than			
	1 year	1-5 years	Total
Future minimum lease payments	0.6	0.7	1.3
Deferred interest expenses	(0.1)	-	(0.1)
Present value of future minimum lease payments	0.5	0.7	1.2

(Unit: Million Baht)			
Consolidated and Separate financial statements			
2014			
Less than			
	1 year	1-5 years	Total
Future minimum lease payments	0.6	1.3	1.9
Deferred interest expenses	(0.1)	(0.1)	(0.2)
Present value of future minimum lease payments	0.5	1.2	1.7

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Provision for long-term employee benefits at beginning of year	3,760	1,996	3,210	1,521
Included in profit or loss:				
Current service cost	1,598	1,092	1,368	896
Interest cost	224	148	192	116
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(2,126)	-	(1,833)	-
Financial assumptions changes	1,240	307	989	236
Experience adjustments	(523)	217	(383)	441
Provision for long-term employee benefits at end of year	4,173	3,760	3,543	3,210



[Handwritten signature]

อุบลรัตน์ จำรัสกุล

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Cost of sales	515	464	348	331
Selling and administrative expenses	1,307	776	1,212	681
Total expenses recognised in profit or loss	1,822	1,240	1,560	1,012

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 17 - 33 years (the Company only: 20 - 27 years) (2014: 24 - 33 years, the Company only: 27 - 29 years).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Discount rate	3.34 - 4.09	4.01 - 4.46	3.62 - 3.91	4.76 - 4.95
Salary increase rate	6.07	5.00	6.07	5.00
Turnover rate	5.00	1.82 - 5.88	5.00	1.82

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	(Unit: million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Discount rate	(0.2)	0.3	(0.2)	0.2
Salary increase rate	0.3	(0.2)	0.2	(0.2)
Turnover rate	(0.3)	0.3	(0.2)	0.2



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

[Handwritten signature]

อุบลรัตน์ ช่างทองผลผลิต
๑

21. Share capital

At the Extraordinary Shareholders' Meeting No.1/2014 held on 7 May 2014, the shareholders had a resolution to change registered share capital from 1 million shares at Baht 100 par value to 400 million shares at Baht 0.25 par value and increase its registered share capital from Baht 100 million to Baht 142.5 million by issuing 170 million new ordinary shares at Baht 0.25 par value. Then, after its increase in registered share capital, its registered share capital will be Baht 142.5 million, divided into 570 million ordinary shares at Baht 0.25 par value. The Company registered such changes with the Department of Business Development on 8 May 2014.

On 20 to 22 October 2014, the Company offered 170 million ordinary shares, with a par value of Baht 0.25 each, at an offering price of Baht 1.70 each through Initial Public Offering. The net amount received from share subscription was Baht 282.7 million (less the subscription expenses of Baht 6.3 million.) The Company recognised premium on share capital of Baht 240.2 million. The Market for Alternative Investment (MAI) approved the 570 million ordinary shares with a par value of Baht 0.25 each as listed securities to be traded, effective from 31 October 2014.

Reconciliation of number of ordinary shares

	Consolidated and Separate financial statements		
	Number of ordinary		
	Par value (Baht per share)	shares (shares)	Amount (Thousand Baht)
<u>Registered share capital</u>			
As of 1 January 2014	100.00	1,000,000	100,000
Decrease par value of ordinary shares from approval of the Extraordinary General Meeting of the Company's shareholders on 7 May 2014	0.25	400,000,000	100,000
Increase share capital from approval of the Extraordinary General Meeting of the Company's shareholders on 7 May 2014	0.25	170,000,000	42,500
As of 31 December 2014	0.25	570,000,000	142,500



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

[Handwritten signature]

นางสาว อรุณรัตน์ นาคกุล
อ

	Consolidated and Separate financial statements		
	Number of ordinary		
	Par value	shares	Amount
	(Baht per share)	(shares)	(Thousand Baht)
<u>Issued and paid-up share capital</u>			
As of 1 January 2014	100.00	1,000,000	100,000
Decrease par value of ordinary shares from approval of the Extraordinary General Meeting of the Company's shareholders on 7 May 2014	0.25	400,000,000	100,000
Increase share capital from approval of the Extraordinary General Meeting of the Company's shareholders on 7 May 2014	0.25	170,000,000	42,500
As of 31 December 2014	0.25	570,000,000	142,500

22. Revaluation surplus on revaluation of assets

This represents surplus arising from revaluation of land. Its movement during the years 2015 and 2014 are detailed below.

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
	2015	2014
Balance - beginning of year (before net of income tax)	42,043	39,246
Add: Revaluation (before net of income tax)	8,836	2,797
Balance - end of year (before net of income tax)	50,879	42,043

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

24. Dividends

Dividends	Approved by	Dividend (Million Baht)	Dividend per share (Baht)
Interim dividends for 2015	Board of Directors' Meeting No.6/2015 on 28 November 2015	28.50	0.050
Final dividends for 2014	Annual General Meeting of the Company's shareholders on 30 March 2015	14.25	0.025
Final dividends for 2013	Annual General Meeting of the Company's shareholders on 19 April 2014	40.00	40.000

25. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	2015	2014	2015	2014
Changes in inventories	(6,350)	1,234	(4,224)	(25)
Purchases of inventories	57,057	38,127	46,969	32,672
Depreciation and amortization	39,019	27,846	34,550	23,134
Impairment losses on assets (reversal)	(2,565)	2,565	(2,565)	2,565
Employee expenses	182,341	121,161	166,617	105,412
Directors' remuneration	1,700	1,912	1,700	1,912
Rental expenses ^f	62,664	45,350	62,664	46,557
Public utilities	15,804	11,699	15,042	10,808
Maintenance and decorate locations expenses	10,892	7,295	10,906	7,979
Advertising and promotion expenses	13,373	12,210	13,314	12,470
Laundry expenses	12,130	5,680	11,358	5,680
Consulting fees	2,967	3,977	2,243	3,480



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

Signature

ประวิทย์ จันทนพงศ์

26. Income tax

26.1 Deferred tax assets / liabilities

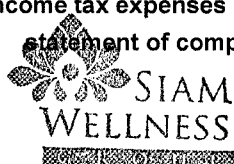
The components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2015	2014	2015	2014
Deferred tax assets				
Allowance for doubtful accounts	73	69	47	48
Allowance for diminution in value of inventories	202	200	132	123
Allowance for impairment of assets	-	513	-	513
Provision for long-term employee benefits	825	746	709	642
Rental straight-line method	431	508	431	501
Interest and depreciation from decommissioning estimation	144	84	144	84
Total	1,675	2,120	1,463	1,911
Deferred tax liabilities				
Surplus on revaluation of land	10,176	8,408	10,176	8,408
Unrealised gain from revaluation of trading investments	60	-	60	-
Deferred sales and marketing revenues	840	-	840	-
Total	11,076	8,408	11,076	8,408
Deferred tax assets - net	212	209	-	-
Deferred tax liabilities - net	9,613	6,497	9,613	6,497

26.2 Income tax expenses

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2015	2014	2015	2014
Current income tax:				
Current income tax charge	26,031	7,834	21,884	5,104
Deferred tax:				
Relating to origination and reversal of temporary differences	1,066	(1,154)	1,103	(1,174)
Income tax expenses reported in the statement of comprehensive income	27,097	6,680	22,987	3,930



26.3 Income tax relating to each component of other comprehensive income

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deferred tax on gain from revaluation of land	1,767	559	1,767	559
Deferred tax on actuarial gains (losses)	279	(103)	246	(135)
	<u>2,046</u>	<u>456</u>	<u>2,013</u>	<u>424</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Accounting profit before tax	<u>133,592</u>	<u>39,927</u>	<u>115,737</u>	<u>25,633</u>
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	27,263	7,845	23,148	5,133
Effects of:				
Exempt dividend income	(999)	-	(999)	-
Non-deductible expenses	849	163	849	112
Additional expense deductions allowed	(11)	(1,315)	(11)	(1,315)
Others	(5)	(13)	-	-
Total	<u>(166)</u>	<u>(1,165)</u>	<u>(161)</u>	<u>(1,203)</u>
Income tax expense reported in the statement of comprehensive income	<u>27,097</u>	<u>6,680</u>	<u>22,987</u>	<u>3,930</u>



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

Signature

ปณณิกร จันทมนะกุล

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the change in the par value from Baht 100 to Baht 0.25 per share as if the change in par value had occurred since the earliest period reported, in accordance with the resolution of the Extraordinary General Meeting of the Company's shareholders held on 7 May 2014.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial		Separate financial	
	statements		statements	
	2015	2014	2015	2014
Profit for the year (Thousand Baht)	106,495	33,247	92,750	21,733
Weighted average number of ordinary shares (Thousand shares)				
Issued ordinary shares at 1 January	570,000	400,000	570,000	400,000
Effect of ordinary shares issued	-	30,274	-	30,274
Total	570,000	430,274	570,000	430,274
Earnings per share (Baht)	0.19	0.08	0.16	0.05

28. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows:

- Spa service, which operates day spa and destination spa. Also, provides spa management and spa consultancy services.
- Sales of spa products and healthy products, which distributes natural spa products both for domestic and international market.
- Hotel and restaurant, which operates boutique resort and restaurant.



[Handwritten signature]

บงกชวิมล อภิวัฒนกุล

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2015 and 2014, respectively.

(Unit: Million Baht)

	Spa services		Sales of spa products and healthy products		Hotel and restaurant		Elimination		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenues from external customers	450	271	20	14	64	53	-	-	534	338
Internal - segment revenues	4	2	13	10	1	-	(18)	(12)	-	-
Total revenues	454	273	33	24	65	53	(18)	(12)	534	338
Segment profit	153	81	3	10	42	22	-	-	198	113
Revenues and expenses which have not been allocated :										
Other income									10	5
Selling expenses									(22)	(18)
Administrative expenses									(52)	(54)
Finance cost									(1)	(6)
Profit before income tax expenses									133	40
Income tax expenses									(27)	(7)
Profit for the year									106	33



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

[Handwritten signature]

อุบลรัตน์ จันทนกุลรัตน์

The segment assets of the Company and its subsidiaries as at 31 December 2015 and 2014 are as follows:

(Unit: Million Baht)

	Spa services and sales of spa products and healthy products*		Hotel and restaurant		Elimination		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Property, plant and equipment	411	292	69	67	-	-	480	359
Other assets	260	340	21	12	(106)	(110)	175	242
Total assets	671	632	90	79	(106)	(110)	655	601
Additions (decreasing) to non-current assets other than financial instruments and deferred tax assets	153	67	2	(4)	-	-	155	63

* Spa services business has using assets jointly with sales of spa products and healthy products business.

Geographic information

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major Customer

For the years 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

29. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by American International Assurance Co., Ltd., will be paid to employees upon termination in accordance with the fund rules.



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

[Handwritten signature]

อุบลรัตน์ จันทนศิลป์
อ

During the years 2015 and 2014, the contributions to the fund is as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	2015	2014
Contributions to provident fund	0.6	0.5

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2015 and 2014, the Company has the outstanding commitments for construction, which the contracts have already been signed. These are summarised as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	2015	2014
Construction costs	20.4	12.3

30.2 Operating lease commitments

The Company and its subsidiaries have entered into several operating lease agreements in respect of the lease of service locations and equipment. The terms of the agreements are generally between 1 and 5 years. In addition, the Company has entered into operating lease agreements in respect of the lease of land with 30 years of the term of the agreement.

As at 31 December 2015 and 2014, future minimum payments required under these non-cancellable operating leases agreement and related service agreements were as follows.

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	2015	2014
Payable:		
In up to 1 year	90	58
In over 1 and up to 5 years	114	75
In over 5 years	84	69



[Handwritten signature]

บรรณวิทย์ จันทมนะกุล

As at 31 December 2015, future minimum sublease payments expected to be received under non-cancellable subleases amounting to Baht 55.6 million (2014: Baht 53.0 million). For the year 2015, the Company recognised rental expenses of Baht 4.9 million (2014: Baht 4.5 million) and subleasing revenue of Baht 2.8 million (2014: Baht 2.5 million).

30.3 Guarantees

As at 31 December 2015, there were outstanding bank guarantees of Baht 2.2 million (2014: Baht 4.2 million) (the Company only: Baht 1.6 million (2014: Baht 3.6 million)) issued by the banks on behalf of the Company and its subsidiaries as required in the normal course of business.

31. Fair value hierarchy

As at 31 December 2015, the Company had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated and Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Unit trusts - domestic	-	26,246	-	26,246
Lands	-	68,778	-	68,778

32. Financial instruments

32.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, investments, trade and other receivables, loans, trade and other payables, liabilities under finance lease agreements, and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since their business is sales and services to minor customers. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their deposit at financial institutions, investments, loans, liabilities under finance lease agreements, and long-term loans. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2015 and 2014, 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							
31 December 2015							
Fixed interest rates							Interest rate (% per annum)
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total		
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	56	4	60	0.25 - 0.38
Current investments	-	-	-	-	26	26	-
Trade and other receivables	-	-	-	-	4	4	-
	-	-	-	56	34	90	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	43	43	-
Liabilities under financial lease agreements	-	1	-	-	-	1	5.46
	-	1	-	-	43	44	



[Signature]

นางสาว อังคณา นนทสิทธิ์

(Unit: Million Baht)

Separate financial statements

31 December 2015

Fixed interest rates

	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
--	------------------	--------------	-----------------	---------------------------	-----------------------------	-------	--------------------------------

Financial Assets

Cash and cash equivalent	-	-	-	34	3	37	0.25 - 0.38
Current investments	-	-	-	-	26	26	-
Trade and other receivables	-	-	-	-	2	2	-
	-	-	-	34	31	65	

Financial liabilities

Trade and other payables	-	-	-	-	38	38	-
Liabilities under financial lease agreements	-	1	-	-	-	1	5.46
	-	1	-	-	38	39	

(Unit: Million Baht)

Consolidated financial statements

31 December 2014

Fixed interest rates

	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
--	------------------	--------------	-----------------	---------------------------	-----------------------------	-------	--------------------------------

Financial Assets

Cash and cash equivalent	-	-	-	101	3	104	0.35 - 0.38
Current investments	100	-	-	-	-	100	2.90
Trade and other receivables	-	-	-	-	6	6	-
	100	-	-	101	9	210	

Financial liabilities

Trade and other payables	-	-	-	-	32	32	-
Liabilities under financial lease agreements	1	1	-	-	-	2	5.46
Long-term loans	-	-	-	57	-	57	Note 18
	1	1	-	57	32	91	



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

[Handwritten signature]

นางสาว รุ่งเรือง ชื่นวาทะกิจ
๒

(Unit: Million Baht)

Separate financial statements							
31 December 2014							
Fixed interest rates							
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
Financial Assets							
Cash and cash equivalent	-	-	-	88	2	90	0.35 - 0.38
Current investments	100	-	-	-	-	100	2.90
Trade and other receivables	-	-	-	-	4	4	-
Short-term loans to subsidiary	-	-	-	5	-	5	MLR - 1.05
	100	-	-	93	6	199	
Financial liabilities							
Trade and other payables	-	-	-	-	31	31	-
Liabilities under financial lease agreements	1	1	-	-	-	2	5.46
Long-term loans	-	-	-	57	-	57	Note 18
	1	1	-	57	31	90	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises from deposit at overseas bank and service transactions that are denominated in foreign currencies. The Company and its subsidiaries do not expect to incur material losses from the exchange rates as their business is sales and services to minor customers. The Company and its subsidiaries had no forward contracts outstanding balance as at the end of reporting period.

As at 31 December 2015 and 2014, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated and Separate financial statements				
Foreign currencies	Financial assets		Average exchange rate	
	2015	2014	2015	2014
	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	0.3	0.3	36.09	32.96
Hong Kong dollar	132.4	993.9	4.66	4.25



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน)
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

ประวิทย์ ชัยวัฒนศิริ
๒

32.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature. Loans are bearing floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

During the current year, there were no transfers within the fair value hierarchy.

33. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2015, the Group's debt-to-equity ratio was 0.18:1 (2014: 0.24:1) and the Company's was 0.16:1 (2014: 0.22:1).

34. Event after the reporting period

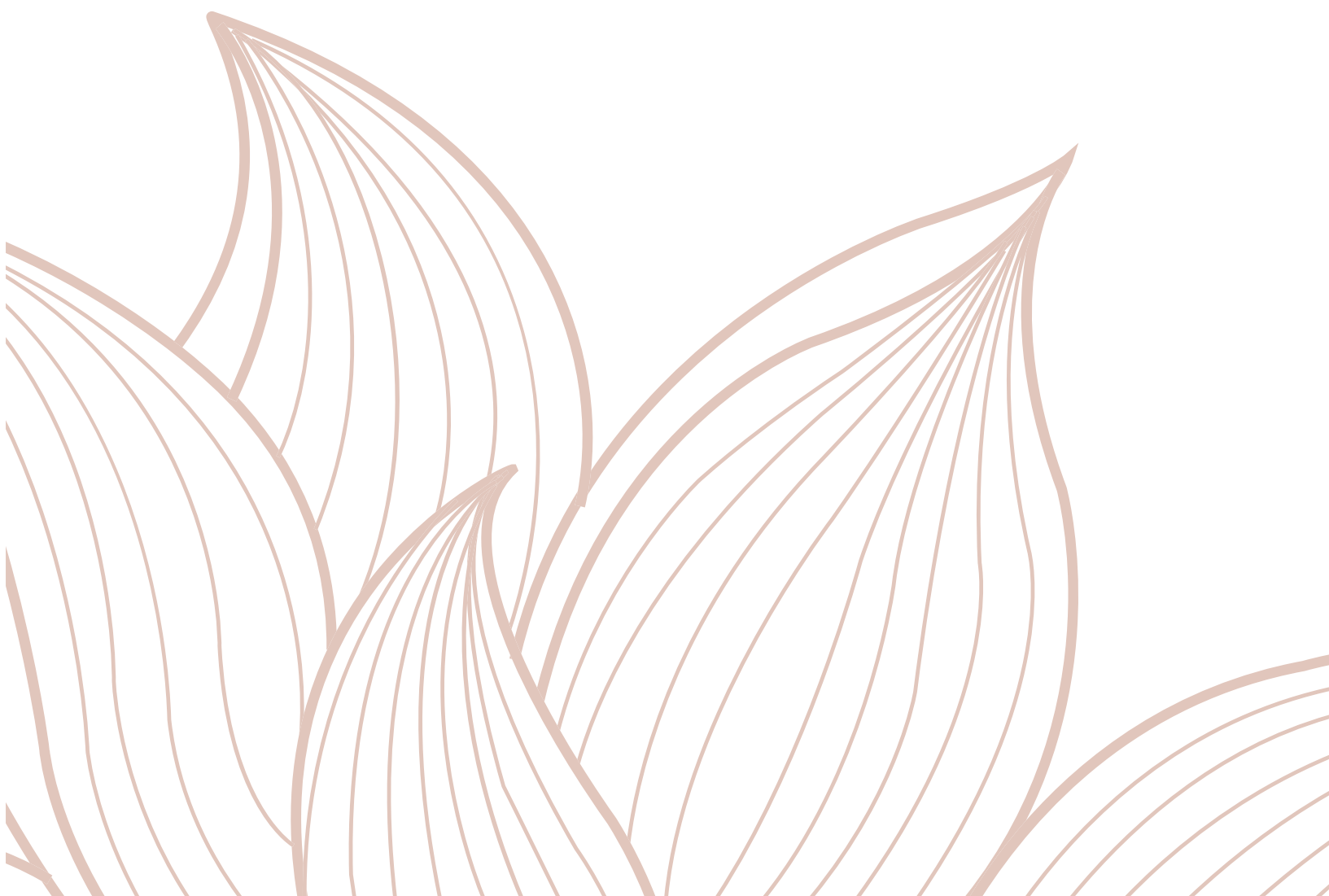
On 23 February 2016, the meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of the Company's shareholders for approval the dividend payment from operating results for the period as from 1 October 2015 to 31 December 2015, at a rate of Baht 0.05 per share, totally Baht 28.5 million. This dividend will be paid in April 2016.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2016.



อรุณรัตน์ จันทนพงศ์



Siam Wellness Group PLC.
—— SPA ——

483 Soi Suthiporn, Prachasongkroh Road,
Din Daeng, Bangkok 10400 THAILAND
Tel: +662 641 6619 - 20 Fax: +662 641 6620

www.siamwellnessgroup.com

