



# ANNUAL REPORT **2019**

BUMRUNGRAD HOSPITAL PUBLIC COMPANY LIMITED

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# Message from the Chairman

Throughout the year 2019, Bumrungrad Hospital has consistently demonstrated its leadership in the health care industry both nationally and in the Asia-Pacific region. We are recognized and accepted as a world-class health care destination that is trusted for our quality and standard of care. This can be attributed to state-of-the-art technology, innovation, internationally board-certified physicians, global quality, world-class safety standards, and a unique "Bumrungrad" culture of operational and service excellence.

The global economy at the end of 2019 had slowed down and similar challenges are likely to continue in 2020 due to the impact of conflicts in various forms. Many countries around the world have gradually turned to expansionary money policy and considered using fiscal policy to sustain economic growth. Significant risk factors include the US-China trade war, geopolitical problems, post-Brexit consequences, conflicts in the Middle East, protests in Hong Kong, and novel diseases.

Despite these challenges, Bumrungrad's international market segment, and notably, the main foreign market groups, such as patients from Middle Eastern and CLMV countries located around Thailand still place their trust in us by seeking our services, especially those with complex diseases or diseases that require a multi-disciplinary approach, high-levels of expertise and advanced technology.

In addition, opportunities are abundant through the government's measures to promote Thailand's health service industry as a regional medical hub within 10 years (2017-2026). Private hospitals are encouraged to expand their market, looking to increase the number of international patients. We are well-placed to capture value in these international markets, as a result of our reputation, partnerships and over 23 year's of experience in international medical tourism.

Although throughout 2019, the Thai economy was negatively affected by economic conditions and external factors such as a slowdown in exports and the strong Thai Baht. However, the underlying demand for high-quality care and service continues to expand. On the whole, domestic, private health care service business in the past year grew, driven by



consumers' increasing interest in health issues, wellness, health food and food supplements and various medical services both for treatment and prevention of diseases.

Underpinning this expansion in the health industry is the effect of an aging population and higher disposable income. According to the Thai National Economic and Social Development Board (NESDB), Thailand is expected to become a full-fledged aging society by 2021 (with the population aged 65 years and over, accounting for more than 13 percent of the total population).

A society with a large number of older people is a favorable factor for hospitals. This is especially relevant to those dealing with highly complex diseases among the elderly, as diseases present in the elderly generally require specialized care as well as advanced treatment technology. Other factors are technologies making medicine more personalized, precise and accessible, higher purchasing power among the upper socio-economic strata and a more urbanized population.

Throughout the past year, Bumrungrad remained committed to the policy of continuous staff development for the hospital's workforce of over 5,000 people, including doctors, dentists, nurses, pharmacists, physiotherapists, nutritionists, other multidisciplinary professionals, as well as support staff and administrators, to keep up with a rapidly changing environment.

We have invested in a number of innovative technologies, such as TrakCare EMR system; Digital marketing; surgical robots; Genomics; and Telemedicine, such as Bumrungrad Anywhere and Telepharmacy applications, which provides more convenient and timely access to services for patients.

We have been reinforcing Bumrungrad's strengths, by investing and developing more Centers of Excellence (CoE) to elevate the level of care, cement trust among our patients as well as to add to our outstanding reputation in advanced clinical care.

Development of excellence centers was also advanced within the Bumrungrad Health Network, through a new business model, which allowed for expansion into high potential middle-market groups in cooperation with interested and ready partner hospitals. The first to join this novel channel was Principal Capital Public Company Limited.

The past year saw intense competition in the industry. The hospital business expanded in various forms. There were hospital expansions and new networks. All this was to tap into higher domestic and international demand, as well as to contribute to the players' competitive advantage in the market. Despite this, Bumrungrad has continued to achieve sustainable growth.

With a policy to focus on the goal of providing treatment that is the best possible, the safest, and most suited for our patients, our success is attested by the fact that each year, over 1.1 million Thai and international patient encounters from more than 180 countries are treated at Bumrungrad Hospital. We have also been featured in both domestic and foreign media regularly as well as continuously recognized for our high quality and high standards, which clearly speak for our global reputation.

Lastly, on behalf of Bumrungrad Hospital Public Company Limited, I would like to express my sincere thanks to our patients, business partners, shareholders, and all stakeholders for their trust and continued support. I would also like to thank all of our Bumrungrad medical professionals and staff, as well as management for their help in maintaining the Bumrungrad spirit of compassionate care to our patients. It is all of these elements put together that maintains our recognition as "a world class hospital".



Chai Sophonpanich  
Chairman of the Board

# Message from the Managing Director

2019 is considered as another year of stable growth for Bumrungrad. We have successfully faced both changes and economic challenges throughout the year, including pressures to keep up with the rapidly changing business competition in meeting patient needs. During the year over 1.1 million patient encounters, over 632,000 of whom are from over 180 countries, have entrusted Bumrungrad with their care.

Over the past 39 years, the hospital has been committed to improving the quality of medical care and to be a world-class hospital, recognized globally as one of Asia's most advanced tertiary care destinations. We aim to provide the highest quality, holistic care, provided by highly qualified professionals or multidisciplinary personnel with a compassionate approach to care for patients of diverse languages and cultures. In addition, Bumrungrad is fully-equipped with cutting-edge technology and innovations, whilst operating in a culture emphasizing excellence, ethics, transparency and the highest of safety standards.

In keeping with the ever growing needs and complexities of our patients, Bumrungrad has been investing continuously in various training programs for physicians and medical personnel, in innovation and technology, in facilities that provide both convenience and comfort. We are committed to achieving the best treatment outcomes for each and every patient.

As physicians' expertise and experience are at the heart of Bumrungrad's operations, we have thus invested in establishing Centers of Excellence (CoE) for various medical fields. Given the complexity of cases handled in these centers, Bumrungrad has excelled in meeting these challenges. Moreover, these CoEs offer comprehensive care for specific diseases from prevention, early diagnosis, treatment, and rehabilitation by highly skilled and well-experienced specialists.

Bumrungrad has many CoEs, including the Critical Care Unit, Heart Center, Horizon Cancer Center, Gastrointestinal-Liver Center, Neurology Center, Robot-assisted Surgery Center, Spine Institute, Orthopedics Center and Eye Center. More CoEs are in the pipeline.



Added to the list, most recently was the Heart Valve Center, which treats problems related to valvular heart disease, offering various methods of treatment including the transcatheter aortic valve implantation (TAVI), which is one of the treatment methods for patients with severe heart valve disease.

Bumrungrad also offers additional services. In addition to the opening of the Heart Valve Center, we offer an OPD Instant Clinic and Afternoon Check Service to satisfy the needs of today's patients with more specific personal needs. We have also launched a 4-digit telephone number: 1378, which makes it easier, faster, and more convenient to contact the hospital in emergency cases, for an ambulance, or to make appointments.

In addition to the main business operations, Bumrungrad is expanding its scientific wellness business with significant expected synergies. The Vitallife Scientific Wellness Center (a subsidiary) is a partnership with M.K. Real Estate Development Plc. to open an anti-aging clinic with highly luxurious lodgings, which is expected to open in the 3<sup>rd</sup> quarter of 2020. It will offer integrative, preventative and wellness sanctuary services, at Bangkrachao in Samut Prakan Province.

Core values for all staff were set as a guideline to delivering the best services to our patients in three key areas: Agility, Innovation, and Caring. This is to give a positive experience to all of our patients. In addition to setting clinical practice guidelines according to our core values, Bumrungrad Academy was set up to be responsible for the design and development of Bumrungrad's unique teaching and learning programs for each professional field in various formats and media forms including training, seminars, simulation-based learning, as well as applications for Bumrungrad personnel to learn anywhere anytime at their convenience to fulfill their own potential.

Lastly, on behalf of Bumrungrad Hospital Public Company Limited, I would like to thank all stakeholders, patients, shareholders, business partners, as well as doctors, dentists and all other hospital staff and executives, who have continuously and significantly provided support and contributed to Bumrungrad's business growth and global reputation.



Linda Lisahapanya  
Managing Director

# World Class INNOVATION

With a focus on healthcare innovations, Bumrungrad is one of the first hospitals to make use of technology in various areas, all representing future trends. This includes the big data management leading to precision medicine in dealing with complex diseases, personalized healthcare using DNA and genomics, and the use of AI in reading and analyzing graphics. In addition, the Da Vinci surgical system helps surgeons in performing surgery with even more precision particularly when dealing with complex or hard-to-reach organ systems. The Swisslog Pharmacy Robot boosts efficiency in dispensing medication. The AnyWhere application offers a telemedicine service in which patients can seek consultation from overseas. The IBM Watson for oncology helps with data processing in planning treatment for cancer patients. Zebra AI is used with CT scans to analyze radio-imagery and to diagnose up to four diseases at a time.





LAB

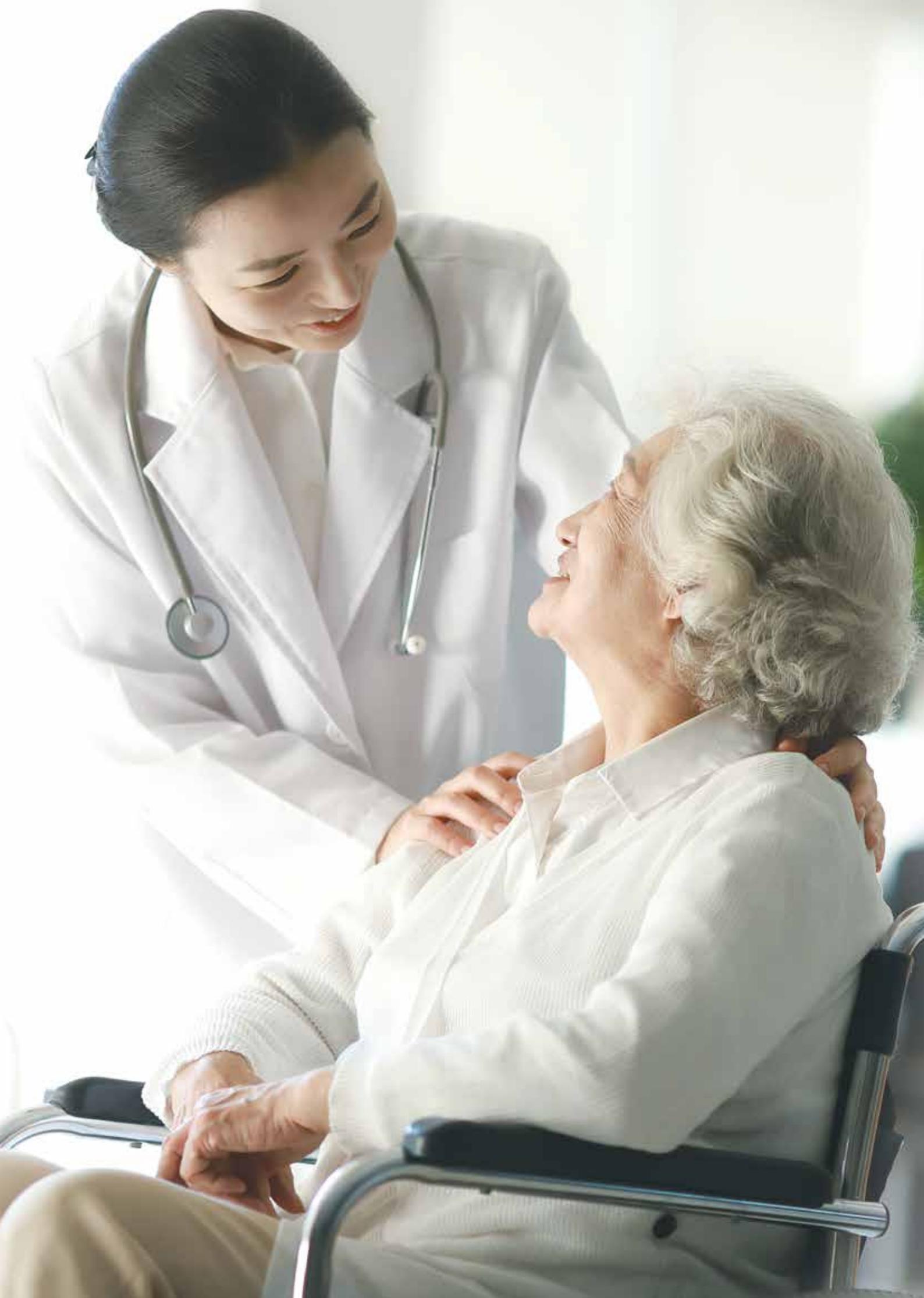


# World Class QUALITY

Quality and safety standards of patients are of utmost importance for Bumrungrad throughout the years in operation. Attesting to this is the world class recognitions of Bumrungrad's information security standards by leading international organizations: ISO/IEC27001 and ISO/IEC27799. Furthermore, as Bumrungrad features a number of well-experienced specialists of international renown in various fields, the hospital has been trusted with organizing several conferences and training programs in major areas, reflecting its leadership in specialization while contributing to the academia and enhancing participants' standards and expertise. Bumrungrad has also hosted an annual international workshop on endoscopic spine surgery in cooperation with St. Anna Hospital of Germany for nine years now. Surgeons from all over the worlds have attended the workshop to learn about the advanced techniques.

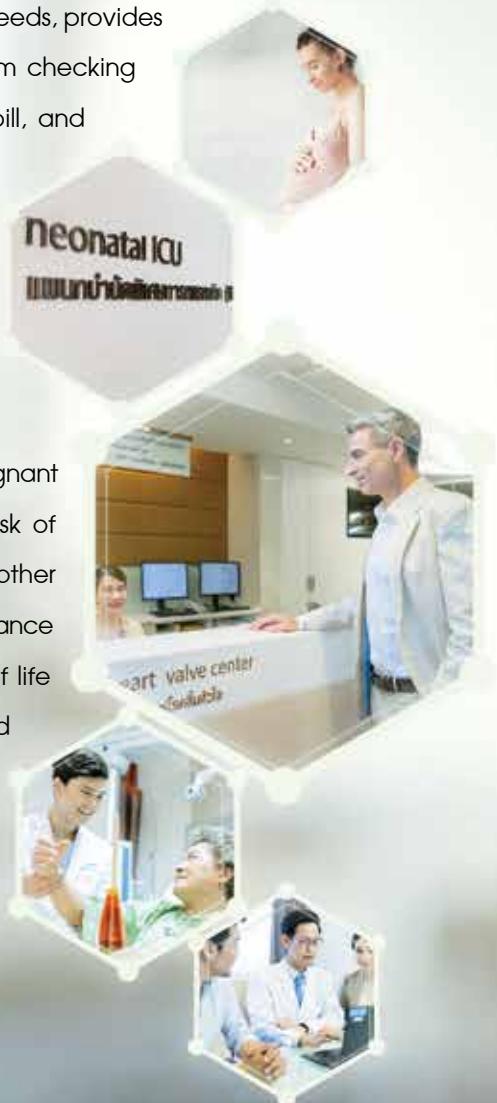






# World Class SERVICES

Bumrungrad offers additional services and develops quality further on a continuing basis to ensure that patients can seek treatment and care for all kinds of diseases. During the past year, several major services were added. To name a few, the Heart Valve Center responds to the aging society trend; the OPD Instant Clinic, responding to people with today's needs, provides speedy and easy medical care from checking in, seeing the doctor, settling the bill, and getting the prescription filled all in under an hour; the Afternoon Check-up offers a non-fasting annual health check-up service for those who find a morning visit inconvenient; the non-invasive prenatal screening test or NIPT for pregnant women helps safely estimate the risk of a fetus having down syndrome or other genetic diseases; the Hearing and Balance Clinic aims to improve the quality of life of both children and adults afflicted with related disorders by expert specialists and specially-trained medical professionals.





# World Class PARTNERSHIPS

Throughout 2019, Bumrungrad has expanded cooperation with various groups of business allies to enhance the quality standards of healthcare. An example is the Bangkrachao Project, a joint undertaking with MK PLC, Minor International PLC, and Vitalife Co.Ltd, a subsidiary of Bumrungrad Hospital PLC. Once opened, the project will operate as a clinic to provide a complete range of anti-aging preventive care and services. Not only will it benefit the community, the project is also expected to help boost medical tourism for Thailand. In addition, Bumrungrad has opened a hospital in Mongolia and a clinic in Yangon, Myanmar, as joint investments with local companies.

Meanwhile, Bumrungrad works closely with more than 40 referral offices in 23 countries. Most recently, a new business model "Bumrungrad Health Network" was launched to collaborate with allied hospitals to set up medical excellence centers. This is to expand into a new market segment of the middle income group both in Bangkok and the provinces, providing more opportunities to quality care access.

The first to open under this model was the Joint and Spine Center, in partnering with Prince Suvanabhumi Hospital. Knowledge transfer and expertise training sessions are arranged for the allied hospital's medical teams.



# World Class HEALTHCARE DESTINATION

There have always been improvements of service areas at Bumrungrad to really make it world class healthcare destination. One is the opening of "Arab patients ward" on the ninth floor of Bumrungrad Hospital Building. The ward is finely and properly decorated according to Arabic culture and religious principles exclusively for Arab patients. At the same time, teams of medical professionals and staff have a thorough understanding of the patients' various cultures and translation services for over 30 languages are available. In addition, as part of the plan to expand service areas for patients' convenience, the development of a 3.9 rai-property is ongoing with three buildings: the OPD and Office Building, the Diagnosis Building, and the Car Park Building. The ground floor lobby of the Hospital Building, which had been in long use, was renovated to feature a more modern look as well as the hospital's long standing identity of warmth and care. Briefly, it can be recognized as a "hospital", where leading medical care and services and premium hotel services are superbly integrated.







# World Class COMMUNITY SERVICES

With a belief in sustainable growth, Bumrungrad focuses on standard development towards excellence along with repaying to society by way of contributing its medical expertise to communities. The hospital has long been involved in a number of social activities as reflected in its policies, processes, and volunteering efforts, integrated into patterns of cooperation both within and outside the organizations to sustain results. Major ongoing projects include the Rak Jai Thai, which offers surgery at no cost to underprivileged children with congenital heart disease. From 2003 to 2017 year end, a total of 804 Thai children had the surgery under this project. Such assistance has now been extended to neighbouring countries like Myanmar, Vietnam, and Cambodia. Starting in 2001, the "Arsa Bumrungrad Mobile Clinic" has been offering medical services, at no cost to underprivileged people in more than 27 areas in Bangkok five days a week. An average of 18,000 people a year benefit from this mobile clinic. In 2019, Bumrungrad was presented with the AMCHAM CSR Excellence Award, Gold Level, for the seventh consecutive year by the American Chamber of Commerce in Thailand.



# Directors



**Mr. Chai Sophonpanich**  
Chairman of the Board



**Dr. Chanvit Tanphiphat, M.D.**

Vice Chairman



**Dr. Suvarn Valaisathien**

Vice Chairman



**Mrs. Linda Lisahapanya**

Managing Director

# Directors



**Mr. Soradis Vinyaratn**

Independent Director



**Mr. Prin Chirathivat**

Independent Director



**Mrs. Aruni Kettratad**

Independent Director



**Mr. Chong Toh**

Director



**Mr. Bernard Charnwut Chan**

Director



**Ms. Sophavadee Uttamabol**

Director

# Senior Executives



## 1. Dr. Winyou Ratanachai, M.D.

Chief Medical Officer

## 2. Mrs. Artirat Charukitpipat

Hospital Chief Executive Officer

## 3. Mr. Aniello Sorrentino

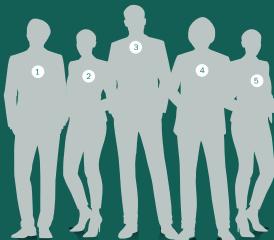
Chief Global Strategist

## 4. Ms. Oraphan Buamuang

Hospital Chief Financial Officer

## 5. Ms. Pantip Chirakarnjanakorn

Company Secretary



- **Financial Information**

## ○ Financial Highlights

	2019	2018	2017	2016	2015
<b>Financial Performance (Baht '000)</b>					
Total current assets	11,736,441	12,094,778	10,544,327	8,796,634	10,087,678
Total assets	26,181,032	24,748,808	23,483,955	21,332,954	21,297,518
Total current liabilities	2,639,052	2,878,134	3,646,891	2,358,096	4,056,456
Total liabilities	5,915,900	6,004,383	6,779,005	6,545,006	8,197,028
Total shareholders' equity	20,265,132	18,744,425	16,704,950	14,787,948	13,100,490
Total revenues	18,718,272	18,541,029	18,271,565	17,896,573	17,735,170
Share of income(loss) from investments in joint venture and associated companies	(3,049)	(4)	3,547	2,212	12,515
Net profit excluding extraordinary items	3,876,060	4,151,886	3,943,888	3,626,174	3,435,834
Net profit for the year	3,747,729	4,151,886	3,943,888	3,626,174	3,435,834
Basic earnings per share	5.14	5.70	5.41	4.98	4.72
Earnings per share - fully diluted	4.32	4.79	4.55	4.18	3.96
Book value per share	27.80	25.72	22.92	20.30	17.98
Book value per share - fully diluted	23.36	21.61	19.26	17.05	15.10
Dividend per share	3.20	2.90	2.70	2.50	2.35
<b>Financial Ratios</b>					
Gross profit margin (%)	48.2	49.2	47.7	46.4	44.9
EBITDA margin (%)	30.9	34.0	33.2	31.6	30.3
Net profit margin excluding extraordinary items (%)	20.7	22.4	21.6	20.3	19.4
Net profit margin (%)	20.0	22.4	21.6	20.3	19.4
Growth on revenues from hospital operations (%)	0.8	1.4	2.3	1.2	13.1
Growth on net profit excluding extraordinary items (%)	-6.6	5.3	8.8	5.5	25.8
Growth on net profit for the year (%)	-9.7	5.3	8.8	5.5	25.8
Return on equity (%)	19.2	23.4	25.0	26.0	28.2
Return on assets (%)	14.7	17.2	17.6	17.0	17.0
Liabilities to equity (x)	0.3	0.3	0.4	0.4	0.6
Debt to equity (x)	0.1	0.1	0.2	0.3	0.4
Net debt to equity (x)	0.0	0.0	0.1	(0.1)	0.0
Interest coverage ratio (x)	45.1	35.9	34.2	23.4	22.1
Liquidity ratio (x)	4.4	4.2	2.9	3.7	2.5
Average collection Period (days)	56.7	47.4	39.2	44.4	41.8
Average inventory Period (days)	13.6	13.6	11.8	11.8	11.3
Average payable Period (days)	28.7	29.9	28.5	28.4	28.3

## ○ Management Discussion and Analysis

Total revenues for 2019 increased to Baht 18,718 million, or 1.0% more than Baht 18,541 million in 2018. Net profit for 2019 decreased by 9.7% to Baht 3,748 million in 2019 from Baht 4,152 million in 2018, with Net profit margin at 20.0% in 2019 compared to 22.4% in 2018.

Net profit for 2019 included adjustments item of Baht 160 million (Baht 128 million after tax). The adjustments were related to additional Thai severance for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation (previously 300 days' compensation) at the latest wage rate, according to the new Thailand Labor Protection Act. These adjustments included one-time adjustment of Baht 146 million (Baht 117 million after tax) recorded in May 2019 and an additional ongoing expense of Baht 14 million (Baht 11 million after tax) recorded for May to December 2019, bringing the total impact of this change to Baht 160 million (Baht 128 million after tax) for 2019.

Excluding the above noted adjustments, Net profit for 2019 decreased by 6.6% to Baht 3,876 million from Baht 4,152 million in 2018, with Net profit margin at 20.7% in 2019, compared to 22.4% in 2018.

Details of the management discussion and analysis follow:

### 1. Income Statement

The Company reported Revenues from hospital operations of Baht 18,409 million, an 0.8% improvement year-over-year from Baht 18,264 million in 2018. This was mostly due to the increase in revenues from non-Thai patients by 1.6%, offset with the decrease in revenues from Thai patients by 0.7%. As a result, the revenue contribution from Thai patients in 2019 was 34.0% and from non-Thai patients was 66.0%, compared with 34.5% and 65.5%, respectively, in 2018.

(Unit: Million Baht)

Operating Expenses and EBITDA	2019	2018	Change
<u>Including the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
Cost of hospital operations	10,285	10,046	-2.4%
Selling expenses	487	386	-26.1%
Administrative expenses	3,264	2,902	-12.5%
EBITDA	5,734	6,256	-8.3%
<i>EBITDA Margin</i>	30.9%	34.0%	
<u>Excluding the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
Cost of hospital operations	10,182	10,046	-1.4%
Selling expenses	485	386	-25.5%
Administrative expenses	3,209	2,902	-10.6%
EBITDA	5,894	6,256	-5.8%
<i>EBITDA Margin</i>	31.8%	34.0%	

The following analyses, down to and including EBITDA level, exclude the above noted Adjustment of Baht 160 million (Baht 128 million after tax):

The Company reported Cost of hospital operations (including Depreciation and amortization) of Baht 10,182 million in 2019, or 1.4% more year-over-year from Baht 10,046 million in 2018. The variance was mostly due to Baht 74 million increase in physicians' fees, which were in line with the increase in gross patient revenues, but grew at a higher rate to net revenue (after discounts); and Baht 60 million increase in personnel cost, mostly associated with the annual merit increase. This contributed to the percentage of cost to Revenues from hospital operations of 55.3% in 2019 compared to 55.0% in 2018.

Selling expenses (including Depreciation and amortization) were Baht 485 million in 2019, or 25.5% more than Baht 386 million in 2018. The variance was mostly due to Baht 66 million more marketing expenses.

Administrative expenses (including Depreciation and amortization) were Baht 3,209 million in 2019, or 10.6% more than Baht 2,902 million in 2018. The variance was primarily from Baht 93 million more software support and maintenance, mostly due to new HIS software support and maintenance and new IT support service and; Baht 75 million increase in depreciation and amortization, which was mostly due to BI Tower building renovation; Baht 53 million more consulting fees; and Baht 35 million more license fees.

EBITDA decreased by 5.8% year-over-year to Baht 5,894 million in 2019 from Baht 6,256 million in 2018, with an EBITDA margin of 31.8% in 2019 compared to 34.0% in 2018.

Ongoing capital spending contributed to higher 2019 Depreciation and amortization of Baht 1,223 million from Baht 1,180 million in 2018.

Corporate income tax of Baht 773 million in 2019 was less than Baht 880 million in 2018. The variance was mostly due to the decrease in taxable operating profit.

Basic EPS was Baht 5.14 in 2019, compared to Baht 5.70 in 2018, while 2019 Diluted EPS was Baht 4.32, compared to Baht 4.79 in 2018. Excluding the above noted adjustment of Baht 160 million (Baht 128 million after tax), Basic EPS was Baht 5.32 in 2019, compared to Baht 5.70 in 2018, while 2019 Diluted EPS was Baht 4.47, compared to Baht 4.79 in 2018.

(Unit: Million Baht)

Income statements	2019	2018	Change
<u>Including the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
Revenues from Hospital Operations	18,409	18,264	0.8%
Total Revenues	18,718	18,541	1.0%
EBITDA	5,734	6,256	-8.3%
Net Profit	3,748	4,152	-9.7%
<i>EBITDA Margin</i>	30.9%	34.0%	
<i>Net Profit Margin</i>	20.0%	22.4%	

(Unit: Million Baht)

Income statements	2019	2018	Change
<u>Excluding the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
Revenues from Hospital Operations	18,409	18,264	0.8%
Total Revenues	18,718	18,541	1.0%
EBITDA	5,894	6,256	-5.8%
Net Profit	3,876	4,152	-6.6%
<i>EBITDA Margin</i>	<i>31.8%</i>	<i>34.0%</i>	
<i>Net Profit Margin</i>	<i>20.7%</i>	<i>22.4%</i>	

(Unit: Baht)

EPS	2019	2018	Change
<u>Including the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
EPS - Basic	5.14	5.70	-9.7%
EPS - Fully Diluted	4.32	4.79	-9.7%
<u>Excluding the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>			
EPS - Basic	5.32	5.70	-6.6%
EPS - Fully Diluted	4.47	4.79	-6.6%

## 2. Statement of Financial Position

As at 31 December 2019, the Company reported Total current assets of Baht 11,736 million, a decrease from Baht 12,095 million as at 31 December 2018. The variance was mostly due to a net decrease of Baht 510 million in Cash, Cash equivalents, and Short-term investments, mainly as a result of Baht 2,151 million dividend payment in 2019; Baht 1,885 million capital spending in 2019; Baht 1,316 million increase in Other long-term investments in bonds and debentures; offset with Baht 4,897 million increase in cash from operating activities. Trade receivables were Baht 2,742 million as at 31 December 2019 versus Baht 2,541 million as at 31 December 2018. The collection period was 56.7 days as at 31 December 2019 compared to 47.4 days as at 31 December 2018, mostly due to revenues and the collection periods associated with certain Middle East accounts.

Total non-current assets increased to Baht 14,445 million as at 31 December 2019 from Baht 12,654 million as at 31 December 2018, mostly due to Baht 1,316 million Other long-term investments in bonds and debentures and Baht 604 million increase in Property, plant and equipment.

Total current liabilities were Baht 2,639 million as at 31 December 2019, a decrease from Baht 2,878 million as at 31 December 2018. The variance was mostly due to Baht 168 million less in Short-term loan and interest payable to a related party, as a result of the liquidation of a related party in December 2019; and Baht 94 million less in Trade and other payables.

Non-current liabilities were Baht 3,277 million as at 31 December 2019, an increase from Baht 3,127 million as at 31 December 2018. The variance was mostly due to Baht 193 million additional Provision for long-term employee benefits, mostly associated with the Baht 160 million impact from the above noted change in Thai severance according to the new Labor Protection Act; offset with Baht 44 million decrease in Deferred tax liabilities associated with the liquidation of a related party in December 2019.

The Company's Interest coverage ratio improved to 45.1x in 2019 from 35.9x in 2018, due to less interest expense from the repayment of Baht 1,000 million Series 2 debentures in December 2018. Excluding the above adjustment of Baht 160 million (Baht 128 million after tax), the interest coverage ratio improved to 46.4x in 2019 from 35.9x in 2018.

Total shareholders' equity grew to Baht 20,265 million as at 31 December 2019 from Baht 18,744 million as at 31 December 2018. This increase resulted mostly from the Company's 2019 Net profit of Baht 3,748 million, offset with the dividend payment of Baht 2,153 million. Average return on assets (ROA) was 14.7% in 2019, compared to 17.2% in 2018. Average return on equity (ROE) was 19.2% in 2019, compared to 23.4% in 2018. Excluding the above adjustment of Baht 160 million (Baht 128 million after tax), Average return on assets (ROA) was 15.2% in 2019, compared to 17.2% in 2018, while Average return on equity (ROE) was 19.8% in 2019, compared to 23.4% in 2018.

(Unit: Million Baht)

	31-Dec-19	31-Dec-18	Change
Total Assets	26,181	24,749	5.8%
Total Liabilities	5,916	6,005	-1.5%
Total Shareholders' Equity	20,265	18,744	8.1%

	2019	2018
<u>Including the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>		
Interest Coverage Ratio (x)	45.1	35.9*
<u>Excluding the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>		
Interest Coverage Ratio (x)	46.4	35.9*

\* After adding back the 2018 capitalized interest expenses related to the campus expansion.

	2019	2018
<u>Including the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>		
Average Collection Period (days)	56.7	47.4
Average Inventory Period (days)	13.6	13.6
Average Payables Period (days)	28.7	29.9
Net Debt to Equity (x)	0.0	0.0
Average Return on Assets (%)	14.7%	17.2%
Average Return on Equity (%)	19.2%	23.4%
<u>Excluding the above noted adjustment of Baht 160 million (Baht 128 million after tax)</u>		
Average Collection Period (days)	56.7	47.4
Average Inventory Period (days)	13.8	13.6
Average Payables Period (days)	29.0	29.9
Net Debt to Equity (x)	0.0	0.0
Average Return on Assets (%)	15.2%	17.2%
Average Return on Equity (%)	19.8%	23.4%

### 3. Liquidity

The Company's Net cash flows from operating activities in 2019 were Baht 4,897 million, compared to Baht 4,734 million in 2018. This increase was mainly due to Baht 588 million less in Trade and other receivables, Baht 150 million decrease in Inventories, offset with Baht 373 million less income from operating activities before changes in operating assets and liabilities, Baht 132 million decrease in Accrued physicians' fees and Baht 88 million decrease in Trade and other payables. Net cash flows used in investment activities were Baht 2,855 million in 2019, compared to Baht 1,431 million in 2018. This variance was mainly due to Baht 1,316 million increase in Other long-term investments in bonds and debentures, Baht 992 million net increase in acquisition of PP&E and computer software, offset with Baht 748 million decrease in Short-term investments. The Company reported Net cash flows used in financing activities of Baht 2,476 million in 2019, compared to Baht 3,245 million in 2018. This variance was mostly due to the repayment of Baht 1,000 million Series 2 debentures in December 2018. As a result of the above, Cash and cash equivalents was Baht 2,081 million as at 31 December 2019, compared to Baht 2,523 million as at 31 December 2018.

The Company's Liquidity ratio as at 31 December 2019 was 4.4x compared to 4.2x as at 31 December 2018, while the Quick ratio as at 31 December 2019 and 31 December 2018 were 1.8x.

(Unit: Million Baht)

	2019	2018
Cash Flow from Operating Activities	4,897	4,734
Cash Flow used in Investing Activities	(2,855)	(1,431)
Cash Flow used in Financing Activities	(2,476)	(3,245)
Net increase (decrease) in cash and cash equivalents	(442)	58
Cash and cash Equivalents at end of year	2,081	2,523

	31-Dec-19	31-Dec-18
Liquidity Ratio (x)	4.4	4.2
Quick Ratio (x)	1.8	1.8

#### 4. Other Matter

On September 30, 2019, TRIS Rating affirmed the Company rating and the senior unsecured debenture ratings at “A+” with a “stable” outlook. The ratings reflect the Company’s leading position in the premium segment of Thailand’s private healthcare market, its well-accepted brand among international and local patients, and its strong financial profile supported by high profitability and very low debt level. The ratings are constrained by its single premise and the slowdown in both the domestic and global economies which could lead to a lower growth prospect and more intense competition in the domestic healthcare service industry.

#### 5. Contractual Obligations

(Unit: Million Baht)

As at 31 December 2019

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1–5 years	Over 5 years				
Long-term debentures	-	2,495	-	-	-	2,495	4.97
	-	2,495	-	-	-	2,495	

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios which include:

- a) maintenance of a net debt to equity ratio not exceeding 1.75:1
- b) maintenance of a net debt to EBITDA ratio not exceeding 3.25:1

## ○ Report of the Audit Committee

To the Shareholders of Bumrungrad Hospital Public Company Limited

The Board of Directors appointed the Audit Committee, consisting entirely of three independent directors of the Board. Miss Sophavadee Uttamobol was appointed as Chairperson with Mr. Soradis Vinyaratn and Mr. Prin Chirathivat as members. Its main duties and responsibilities are to review financial reports, internal control systems and internal audits, risk management systems, and the compliance with laws, and to consider potential conflict of interest transactions.

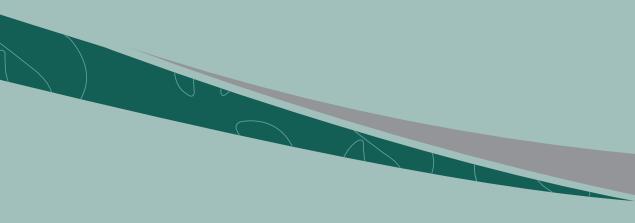
In the year 2019, the Audit Committee held totally 4 meetings, including a meeting with the independent auditor without the presence of management, to perform its duties and responsibilities. The committee's main activities are summarized as below:

1. Reviewed the Company and its subsidiaries' financial statements prior to submission to the Board of Directors. Based on due consideration, after discussions with the executives, a non-management meeting with the Company's independent auditor, and consideration of the auditor's recommendations in the Management Letter, the Audit Committee has the opinion that the above financial statements are prepared accurately, completely, and creditably.
2. Reviewed and assessed the internal control systems. The Audit Committee has the opinion that the Company has appropriate, effective, and adequate systems, sufficient to mitigate its risks to the acceptable level, and help the Company to achieve its operation goals.
3. Reviewed the compliance with laws and regulations relating to the Company's business operations. The Audit Committee has the opinion that the Company has no legal violation that may significantly affect the Company's reputation and financial status.
4. Considered, selected, and nominated the Company's independent auditor, which is Ms. Vissuta Jariyathanakorn and/or Ms. Sumalee Reewarabandith and/or Ms. Kosum Cha-em from EY Office Limited, and proposed the remuneration to the Board.
5. Considered connected transactions or potential conflict of interest transactions. The Audit Committee has the opinion that all such transactions were the Company's normal business transactions.
6. Considered and approved the internal audit plan, which were determined to be suitable for the Company's nature of business, including its administrative policies, business plans, work processes, and business risks.
7. Considered and approved the Corporate Internal Audit Division's yearly expenditure budget and manpower requirements.
8. Considered and approved the Internal Audit Charter.

The Audit Committee has performed its duties and responsibilities as delegated by the Company's Board of Directors with care and at its fullest capability for the benefits of the Company, the shareholders, and all the stakeholders.



Miss Sophavadee Uttamobol  
Chairperson of Audit Committee  
26 February 2020



# ○ Report and Consolidated Financial Statements

31 December 2019

## Independent Auditor's Report

To the Shareholders of Bumrungrad Hospital Public Company Limited

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matter

Key audit matter is this matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

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

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

### Revenue recognition

Revenues from hospital operations are significant to the financial statements because the amount is high (approximately 98% of consolidated total revenues). In addition, it consists of many compositions, such as revenues from sales of medicines, revenues from medical services, revenues from patient rooms, etc., including discounts for counterparties, e.g. insurance companies, embassies and other several counterparties, whereas the agreements contain vary conditions for each party. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, and with special consideration given to expanding the scope of the testing of the internal controls which respond to the above risks.
- Applying a sampling method to select sales and service agreements of the Group to assess whether the recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- Performing analytical procedures on disaggregated data to detect possible irregularities in revenues transactions throughout the period, including accounting entries made through journal vouchers.
- On a sampling basis, examining supporting documents for revenue transactions occurring during the period.
- Reviewing credit notes that the Group issued after the period-end.

## Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when

it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

Kosum Cha-em  
Certified Public Accountant (Thailand) No. 6011  
EY Office Limited  
Bangkok: 26 February 2020

Bumrungrad Hospital Public Company Limited and its subsidiaries

## Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	2,080,581,051	2,522,746,904	1,770,480,242	2,281,031,130
Short-term investments	8	6,409,686,163	6,477,818,697	6,370,563,975	6,446,149,016
Trade and other receivables	9	2,747,661,934	2,560,672,526	2,763,295,571	2,565,570,531
Inventories	10	330,321,038	391,809,186	278,337,450	321,393,764
Prepaid expenses		116,865,265	109,234,010	94,992,325	86,415,849
Other current assets		51,326,122	32,496,577	45,931,136	27,216,506
<b>Total current assets</b>		<b>11,736,441,573</b>	<b>12,094,777,900</b>	<b>11,323,600,699</b>	<b>11,727,776,796</b>
<b>Non-current assets</b>					
Restricted bank deposits		6,004,356	6,004,356	6,004,356	6,004,356
Long-term loan and interest receivable from a related party	6	-	-	84,571,767	-
Investments in subsidiaries	11	-	-	1,684,022,723	1,683,772,798
Investment in associates	12	78,102,175	219,841,286	-	1,447,047
Other long-term investments	13	1,317,556,181	1,700,000	1,317,556,181	1,700,000
Property, plant and equipment	14	11,860,082,943	11,256,012,745	10,421,344,168	9,741,079,891
Intangible assets	15	771,568,521	789,315,193	767,813,254	784,778,284
Goodwill	16	66,772,800	74,320,236	-	-
Deferred tax assets	26	326,857,306	289,744,775	319,225,300	282,454,993
Other non-current assets		17,646,632	17,092,333	16,068,048	16,973,203
<b>Total non-current assets</b>		<b>14,444,590,914</b>	<b>12,654,030,924</b>	<b>14,616,605,797</b>	<b>12,518,210,572</b>
<b>Total assets</b>		<b>26,181,032,487</b>	<b>24,748,808,824</b>	<b>25,940,206,496</b>	<b>24,245,987,368</b>

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

Bumrunggrad Hospital Public Company Limited and its subsidiaries

## Statement of financial position (Continued)

As at 31 December 2019

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Trade and other payables	17	870,348,667	964,663,451	862,779,431
Accrued physicians' fees		720,774,549	739,345,490	705,741,212
Short-term loan and interest payable to a related party	6	-	168,182,018	-
Accrued expenses		568,833,322	518,982,264	557,950,608
Income tax payable		413,227,209	407,471,762	387,853,604
Other current liabilities		65,868,588	79,490,045	49,638,689
<b>Total current liabilities</b>		<b>2,639,052,335</b>	<b>2,878,135,030</b>	<b>2,563,963,544</b>
				<b>2,801,432,015</b>
<b>Non-current liabilities</b>				
Long-term loan and interest payable to an unrelated party	18	18,426,190	19,701,778	-
Long-term debentures	19	2,494,615,225	2,492,080,893	2,494,615,225
Deferred tax liabilities	26	4,270,118	47,817,240	-
Provision for long-term employee benefits	21	759,537,233	566,649,310	734,917,654
<b>Total non-current liabilities</b>		<b>3,276,848,766</b>	<b>3,126,249,221</b>	<b>3,229,532,879</b>
<b>Total liabilities</b>		<b>5,915,901,101</b>	<b>6,004,384,251</b>	<b>5,793,496,423</b>
				<b>5,846,531,675</b>

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

## Statement of financial position (Continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Shareholders' equity</b>					
Share capital	23				
Registered					
921,491,820 ordinary shares of Baht 1 each (2018: 921,401,820 ordinary shares of Baht 1 each)		921,491,820	921,401,820	921,491,820	921,401,820
1,210,865 preference shares of Baht 1 each (2018: 1,300,865 preference shares of Baht 1 each)		1,210,865	1,300,865	1,210,865	1,300,865
		922,702,685	922,702,685	922,702,685	922,702,685
Issued and paid-up					
728,841,357 ordinary shares of Baht 1 each (2018: 728,751,357 ordinary shares of Baht 1 each)		728,841,357	728,751,357	728,841,357	728,751,357
1,210,865 preference shares of Baht 1 each (2018: 1,300,865 preference shares of Baht 1 each)		1,210,865	1,300,865	1,210,865	1,300,865
		730,052,222	730,052,222	730,052,222	730,052,222
Premium on ordinary shares		285,568,300	285,568,300	285,568,300	285,568,300
Convertible bonds treated as equity					
securities	22	550,000,000	550,000,000	550,000,000	550,000,000
Retained earnings					
Appropriated - statutory reserve	24	92,275,000	92,275,000	92,275,000	92,275,000
Unappropriated		18,560,050,743	16,789,303,287	18,488,814,551	16,741,560,171
Other components of shareholders' equity		(244,579,450)	7,414,636	-	-
Equity attributable to owners of the Company		19,973,366,815	18,454,613,445	20,146,710,073	18,399,455,693
Non-controlling interests of the subsidiaries		291,764,571	289,811,128	-	-
<b>Total shareholders' equity</b>		<b>20,265,131,386</b>	<b>18,744,424,573</b>	<b>20,146,710,073</b>	<b>18,399,455,693</b>
<b>Total liabilities and shareholders' equity</b>		<b>26,181,032,487</b>	<b>24,748,808,824</b>	<b>25,940,206,496</b>	<b>24,245,987,368</b>

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

## Income statement

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Revenues</b>					
Revenues from hospital operations		18,409,146,769	18,264,201,222	17,586,031,037	17,564,086,153
Rental income		65,164,995	61,760,610	97,449,629	84,576,604
Interest income		159,067,395	125,395,853	148,689,512	116,750,559
Dividend income	11	-	-	315,241,852	319,158,870
Gain on investment in the associate	12.1	-	-	210,961,165	-
Other income		84,892,912	89,670,542	116,022,508	111,321,085
<b>Total revenues</b>		<b>18,718,272,071</b>	<b>18,541,028,227</b>	<b>18,474,395,703</b>	<b>18,195,893,271</b>
<b>Expenses</b>					
Cost of hospital operations		10,285,083,377	10,045,964,169	9,845,105,142	9,714,416,067
Selling expenses		486,897,870	386,073,734	452,337,280	353,020,949
Administrative expenses		3,264,285,475	2,902,219,828	3,343,927,920	2,967,860,632
Loss on investment in the associate	12.1	6,005,148	-	-	-
Exchange losses		12,433,821	5,181,798	10,597,629	3,137,179
<b>Total expenses</b>		<b>14,054,705,691</b>	<b>13,339,439,529</b>	<b>13,651,967,971</b>	<b>13,038,434,827</b>
<b>Profit before share of loss from investments in associates, finance cost and income tax expenses</b>					
Share of loss from investments in associates	12.2	4,663,566,380 (3,049,132)	5,201,588,698 (4,274)	4,822,427,732 -	5,157,458,444 -
<b>Profit before finance cost and income tax expenses</b>					
Finance cost		4,660,517,248 (127,012,989)	5,201,584,424 (165,154,581)	4,822,427,732 (126,784,499)	5,157,458,444 (164,857,977)
<b>Profit before income tax expenses</b>					
Income tax expenses	26	4,533,504,259 (773,190,708)	5,036,429,843 (880,204,635)	4,695,643,233 (765,930,736)	4,992,600,467 (831,670,614)
<b>Profit for the year</b>		<b>3,760,313,551</b>	<b>4,156,225,208</b>	<b>3,929,712,497</b>	<b>4,160,929,853</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		3,747,729,295	4,151,885,684	<b>3,929,712,497</b>	<b>4,160,929,853</b>
Non-controlling interests of the subsidiaries		12,584,256	4,339,524		
<b>Earnings per share</b>	27	<b>3,760,313,551</b>	<b>4,156,225,208</b>		
Basic earnings per share		5.14	5.70	5.39	5.71
Profit attributable to equity holders of the Company		4.32	4.79	4.53	4.80
Diluted earnings per share					
Profit attributable to equity holders of the Company					

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

## Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Profit for the year</b>	<b>3,760,313,551</b>	<b>4,156,225,208</b>	<b>3,929,712,497</b>	<b>4,160,929,853</b>
<b>Other comprehensive income:</b>				
Other comprehensive income to be reclassified to income statement in subsequent periods:				
Exchange differences on translation of financial statements in foreign currencies	(53,845,628)	(89,043,333)	-	-
Other comprehensive income to be reclassified to income statement in subsequent periods	(53,845,628)	(89,043,333)	-	-
Other comprehensive income not to be reclassified to income statement in subsequent periods:				
Actuarial gain - net of income tax	82,606	48,780,426	3,385,599	50,738,030
Other comprehensive income not to be reclassified to income statement in subsequent periods - net of income tax	82,606	48,780,426	3,385,599	50,738,030
<b>Other comprehensive income for the year</b>	<b>(53,763,022)</b>	<b>(40,262,907)</b>	<b>3,385,599</b>	<b>50,738,030</b>
<b>Total comprehensive income for the year</b>	<b>3,706,550,529</b>	<b>4,115,962,301</b>	<b>3,933,098,096</b>	<b>4,211,667,883</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	3,704,597,086	4,128,723,231	3,933,098,096	4,211,667,883
Non-controlling interests of the subsidiaries	1,953,443	(12,760,930)		
	<b>3,706,550,529</b>	<b>4,115,962,301</b>		

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

## Statement of changes in shareholders' equity

For the year ended 31 December 2019

Bumrungrad Hospital Public Company Limited  
For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements									
Equity attributable to owners of the Company					Other components of shareholders' equity				
Issued and paid-up share capital	Preference shares	Convertible bonds treated as equity securities	Premium on ordinary shares	Retained earnings	Other comprehensive income	Other surplus of an associated company	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries
					Exchange differences on translation of financial statements in foreign currencies				
<b>Balance as at 1 January 2018</b>									
Profit for the year	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-
Preference shares converted to ordinary shares (Note 23)	62,500	(62,500)	-	-	-	-	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	-	-	-	-
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2018</b>	728,751,357	1,300,865	285,568,300	550,000,000	92,275,000	16,789,303,287	(201,364,635)	208,779,271	7,414,636
	728,751,357	1,300,865	285,568,300	550,000,000	92,275,000	16,789,303,287	(201,364,635)	208,779,271	7,414,636
Profit for the year	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-
Preference shares converted to ordinary shares (Note 23)	90,000	(90,000)	-	-	-	-	-	-	-
Transfer other surplus of an associated company to retained earnings (Note 12.1)	-	-	-	-	-	-	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	-	-	-	-
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2019</b>	728,841,357	1,210,865	285,568,300	550,000,000	92,275,000	18,560,050,743	(244,579,450)	-	(244,579,450)
	728,841,357	1,210,865	285,568,300	550,000,000	92,275,000	18,560,050,743	(244,579,450)	-	(244,579,450)
								291,764,571	20,265,131,386

## Statement of changes in shareholders' equity (Continued)

For the year ended 31 December 2019

		Separate financial statements				Total shareholders' equity	
	Issued and paid-up share capital	Premium on ordinary shares	Convertible bonds treated as equity securities	Retained earnings Appropriated	Unappropriated		
<b>Ordinary shares</b>	Ordinary shares	Preference Shares					
<b>Balance as at 1 January 2018</b>	728,688,857	1,363,365	285,568,300	550,000,000	92,275,000	14,606,380,484	16,264,276,006
Profit for the year	-	-	-	-	-	4,160,929,853	4,160,929,853
Other comprehensive income for the year	-	-	-	-	-	50,738,030	50,738,030
Total comprehensive income for the year	-	-	-	-	-	-	-
Preference shares converted to ordinary shares (Note 23)	62,500	(62,500)	-	-	-	-	4,211,667,883
Dividend paid (Note 30)	-	-	-	-	-	-	-
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	(2,043,988,196)	(2,043,988,196)
<b>Balance as at 31 December 2018</b>	728,751,357	1,300,865	285,568,300	550,000,000	92,275,000	(32,500,000)	(32,500,000)
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	(32,500,000)	(32,500,000)
<b>Balance as at 1 January 2019</b>	728,751,357	1,300,865	285,568,300	550,000,000	92,275,000	16,741,560,171	18,399,455,693
Profit for the year	-	-	-	-	-	3,929,712,497	3,929,712,497
Other comprehensive income for the year	-	-	-	-	-	3,385,599	3,385,599
Total comprehensive income for the year	-	-	-	-	-	-	-
Preference shares converted to ordinary shares (Note 23)	90,000	(90,000)	-	-	-	3,933,098,096	3,933,098,096
Dividend paid (Note 30)	-	-	-	-	-	-	-
Interest paid for convertible bonds treated as equity securities (Note 22)	-	-	-	-	-	(2,153,343,716)	(2,153,343,716)
<b>Balance as at 31 December 2019</b>	728,841,357	1,210,865	285,568,300	550,000,000	92,275,000	18,488,814,551	20,146,710,073

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

## Cash flow statement

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before tax	4,533,504,259	5,036,429,843	4,695,643,233	4,992,600,467
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,223,296,584	1,179,529,412	1,170,557,814	1,122,581,883
Bad debts and doubtful debts	67,178,726	78,031,565	65,828,051	71,655,757
Reduction of cost of inventories to net realisable value (reversal)	(934,831)	1,783,255	-	-
Gain on sales and write-off of building and equipment	(1,774,432)	(672,480)	(1,920,496)	(1,329,921)
Long-term employee benefits expenses	260,108,618	96,696,764	252,890,695	94,294,357
Share of loss from investments in associates	3,049,132	4,274	-	-
Loss (gain) on investment in the associate	6,005,148	-	(210,961,165)	-
Interest income	(159,067,395)	(125,395,853)	(148,689,512)	(116,750,559)
Dividend income	-	-	(315,241,852)	(319,158,870)
Amortisation of debenture issuing costs to interest expenses	2,534,332	3,838,676	2,534,332	3,838,676
Interest expenses	124,478,657	161,315,905	124,250,167	161,019,301
Profit from operating activities before changes in operating assets and liabilities	6,058,378,798	6,431,561,361	5,634,891,267	6,008,751,091
Operating assets (increase) decrease				
Trade and other receivables	(254,168,134)	(841,701,762)	(263,553,091)	(842,333,440)
Inventories	63,836,274	(85,695,559)	43,056,314	(60,457,983)
Prepaid expenses	(7,631,255)	1,828,685	(8,576,476)	11,809,326
Other current assets	1,073,149	15,079,195	1,102,910	16,742,950
Other non-current assets	(554,299)	8,371,718	905,155	8,370,941
Operating liabilities increase (decrease)				
Trade and other payables	(65,103,988)	23,330,051	(66,834,250)	6,505,881
Accrued physicians' fees	(18,570,941)	113,018,910	(19,879,364)	106,137,072
Accrued expenses	49,849,315	14,016,525	48,759,410	11,624,657
Other current liabilities	(13,621,457)	3,515,476	(9,407,560)	2,410,888
Paid for long-term employee benefits	(66,760,186)	(45,461,235)	(66,759,810)	(44,820,280)
Cash flows from operating activities	5,746,727,276	5,637,863,365	5,293,704,505	5,224,741,103
Cash paid for corporate income tax	(849,380,867)	(903,934,358)	(796,709,956)	(855,623,758)
<b>Net cash flows from operating activities</b>	<b>4,897,346,409</b>	<b>4,733,929,007</b>	<b>4,496,994,549</b>	<b>4,369,117,345</b>

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

## Cash flow statement (Continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from investing activities</b>				
Decrease (increase) in short-term investments	68,132,534	(679,929,960)	75,585,041	(652,515,616)
Increase in loan to related party	-	-	(84,500,000)	-
Cash paid for investments in subsidiary	-	-	(249,925)	-
Cash paid for investments in associate	(79,815,783)	-	-	-
Cash received from return of investment in the associate	212,408,212	-	212,408,212	-
Increase in other long-term investments	(1,315,856,181)	-	(1,315,856,181)	-
Cash paid for acquisition and payment of account payable - construction and purchase of property, plant and equipment	(1,754,778,241)	(508,241,635)	(1,739,559,048)	(458,780,504)
Cash paid for acquisition and payment of account payable - purchase of computer software	(130,412,711)	(385,193,462)	(130,127,055)	(385,086,593)
Proceeds from sales of equipment	6,203,970	2,852,507	6,203,970	5,128,174
Dividend received	-	-	315,241,852	319,158,870
Interest income	139,613,319	139,919,622	129,248,826	131,231,981
<b>Net cash flows used in investing activities</b>	<b>(2,854,504,881)</b>	<b>(1,430,592,928)</b>	<b>(2,531,604,308)</b>	<b>(1,040,863,688)</b>
<b>Cash flows from financing activities</b>				
Repayment of loan from related party	(168,295,656)	-	(168,295,656)	-
Repayment of long-term debenture	-	(1,000,000,000)	-	(1,000,000,000)
Interest paid for long-term debentures	(124,250,000)	(170,150,000)	(124,250,000)	(170,150,000)
Interest paid for convertible bonds treated as equity securities	(32,500,000)	(32,500,000)	(32,500,000)	(32,500,000)
Dividend paid	(2,150,897,948)	(2,042,689,984)	(2,150,895,473)	(2,042,689,984)
<b>Net cash flows used in financing activities</b>	<b>(2,475,943,604)</b>	<b>(3,245,339,984)</b>	<b>(2,475,941,129)</b>	<b>(3,245,339,984)</b>
Increase (decrease) in translation adjustment	(9,063,777)	318,511	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(442,165,853)</b>	<b>58,314,606</b>	<b>(510,550,888)</b>	<b>82,913,673</b>
Cash and cash equivalents at beginning of year	2,522,746,904	2,464,432,298	2,281,031,130	2,198,117,457
<b>Cash and cash equivalents at end of year</b>	<b>2,080,581,051</b>	<b>2,522,746,904</b>	<b>1,770,480,242</b>	<b>2,281,031,130</b>
<b>Supplemental cash flow information</b>				
Non-cash transactions				
Interest capitalised as cost of assets	113,471	9,723,014	113,471	9,723,014
Acquisition of construction and purchase of property, plant and equipment for which no cash has been paid	93,658,891	122,786,180	93,658,891	122,786,180
Acquisition of computer software which no cash has been paid	1,614,044	4,145,794	1,614,044	4,145,794
Accrued dividend	2,474,837	2,290,700	2,474,837	2,290,700

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

Bumrungrad Hospital Public Company Limited and its subsidiaries

## Notes to consolidated financial statements

For the year ended 31 December 2019

### 1. General information

Bumrungrad Hospital Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in hospital business and investment in other companies. The registered office of the Company is at 33 Soi 3 (Nana Nua) Sukhumvit Road, Klongtoey Nua Sub District, Wattana District, Bangkok.

### 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Bumrungrad Hospital Public Company Limited and the following subsidiaries ("the Group").

Company	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			(%)	(%)
<u>Subsidiaries held by the Company</u>				
Vitallife Corporation Ltd. ("VTL")	Health care center	Thailand	100	100
Asia Global Research Co., Ltd. ("AGR")	Clinical research service, cancer treatment center and distribution of pharmaceutical and medical goods in specialised store	Thailand	100	100
Ruenmongkol Co., Ltd. ("RM")	A holding real estate assets company	Thailand	100	100
Bumrungrad Health Network Co., Ltd. ("BHN")	Overseas investment	Thailand	100	100
Bumrungrad Personnel Development and Training Center Co., Ltd. ("BPDT")	Personnel development and training center for healthcare service business to affiliated companies	Thailand	100	100
Asia Global Health Ltd. ("AGH")	Investment in healthcare business	Hong Kong	100	100
Life and Longevity Ltd. ("LLL")	Overseas investment	Hong Kong	100	100
Health Horizons Enterprises Pte. Ltd. ("HHE")	Overseas investment	Singapore	80	80

Company	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			(%)	(%)
Bumrungrad Services Co., Ltd. ("BS")	Referral services to both domestic and foreign patients and training center for healthcare service business	Thailand	100	100
Vitallife Allianz Co.,Ltd. ("VTLA")	Wellness center clinic	Thailand	100	-
<u>Subsidiaries held by subsidiaries</u>				
Bumrungrad Mongolia LLC ("BML") (Investment through HHE)	Overseas investment	Mongolia	80	80
Seoul Seniors Tower LLC ("SST") (Investment through BML)	Owner and operates hospital	Mongolia	41	41
Bumrungrad Myanmar Co., Ltd. ("BM") (Investment through BHN)	The operation of a private clinic and diagnostic service	Myanmar	80	80

- b) The Group 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 Group obtains control, and continue to be consolidated until the date when such control ceases.
  - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - e) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currencies" in the statement of changes in shareholders' equity.
  - f) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
  - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Group and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

### 3 New financial reporting standards

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

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting

guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **TFRS 15 Revenue from Contracts with Customers**

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

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

#### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

#### **Financial reporting standards related to financial instruments**

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group expects the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies that the Group is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Group elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Recognition of credit losses that the Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables and the general approach to consider impairment of loan to.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

#### **TFRS 16 Leases**

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

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

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 84 million (the Company only: approximately Baht 90 million) and the Group's liabilities by approximately Baht 87 million (the Company only: approximately Baht 92 million).

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

- a) Revenues from hospital operations, mainly consisting of medical fees, hospital room sales, and medicine sales, are recognised as income when services have been rendered or medicine delivered and are measured at the amount of the consideration received or receivable after deducting discounts.
- b) Service revenue is recognised at a point in time upon completion of the service or is recognised over time when services have been rendered taking into account the stage of completion, measuring based on comparison of actual costs incurred up to the end of the period and total anticipated costs to be incurred to completion.

- c) Rental income and related service income are recognised on a straight-line basis over the lease term.
- d) Interest income is recognised on an accrual basis based on the effective interest rate.
- e) 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 and write-off experience, analysis of debt aging and other information.

#### **4.4 Inventories**

Inventories are valued at the lower of cost (weighted average basis) and net realisable value.

#### **4.5 Investments**

- a) Investments in debt securities expected to be held to maturity are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- b) Investment in non-marketable equity securities, which the Company classifies as other investment, is stated at cost net of allowance for impairment loss (if any).
- c) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

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 the income statement.

#### **4.6 Property, plant and equipment and depreciation**

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

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

Land improvement	5 - 30 years
Buildings and construction	5 - 40 years
Facility systems	3 - 40 years
Medical accessory equipment	3 - 15 years
Hospital equipment	3 - 15 years
Equipment and furniture	5 - 20 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction and 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 the income statement when the asset is derecognised.

#### **4.7 Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.8 Intangible assets**

Intangible assets are carried at cost less accumulated amortisation and 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 the income statement.

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

	<u>Useful lives</u>
Computer software	3 - 10 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 the income statement.

Goodwill is carried at cost less any accumulated impairment losses (if any). 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 the income statement. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.10 Related party transactions**

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

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

#### 4.11 Long-term leases

Leases of property, plant and 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 shorter of the useful life of the asset and the lease period.

Leases of property, plant and 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 the income statement on a straight-line basis over the lease term.

#### 4.12 Deferred debenture issuing costs

Debenture issuing costs are recorded as deferred financial fees and amortised to be interest expense using the effective interest rate method over the term of the debentures.

Deferred debenture issuing costs are presented as a deduction against the debenture amounts in the statement of financial position.

#### 4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is 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.

#### 4.14 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in the income statement.

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

#### 4.15 Employee benefits

##### **Short-term employee benefits**

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

##### **Post-employment benefits and other long-term employee benefits**

###### Defined contribution plans

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

###### Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

Actuarial gains and losses arising from other long-term benefits are recognised immediately in the income statement.

Past service costs are recognised in the income statement on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

#### 4.16 Provisions

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

#### 4.17 Income tax

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

##### **Current tax**

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

##### **Deferred tax**

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

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

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

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.18 Fair value measurement**

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

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

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

### **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards 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.

#### **Consolidation of subsidiaries in which the Company holds less than half of shares**

The management of the Group determined that the Company has control over Seoul Seniors Tower LLC ("SST"), even though the Company holds 41% of shares and voting rights, which is less than half of shares and voting rights. This is because the Company is a major shareholder of this company, exercises control over its management and has the ability to direct its significant activities of that company. As a result, SST is deemed to be a subsidiary of the Group and has to be included in the consolidated financial statements from the date on which the Company assumed control.

#### **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 and write-off history, aging profile of outstanding debts and the prevailing information.

### **Property, plant and equipment and depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Goodwill**

The initial recognition and measurement of goodwill, 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 and other long-term employee benefits**

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### **Litigation**

The Group has contingent liabilities as a result of litigation. The management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## 6. Related party transactions

During the years, Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2019	2018	2019	2018	
<b>Transactions with subsidiaries</b> (eliminated from the consolidated financial statements)					
Medical service income	-	-	61.1	44.0	Market price
Professional service income	-	-	17.1	24.0	Actual paid and cost plus margin
Rental income	-	-	33.6	22.8	As per contracts
Sales of medicine and medical supplies	-	-	22.3	16.5	Cost plus margin
Sales of equipment	-	-	0.1	2.3	Market price and cost plus margin
Dividend income	-	-	315.2	319.2	As declared
Interest income on loans	-	-	1.0	-	1.25% p.a.
Lab service expense	-	-	15.8	6.4	Market price
Pharmacy expense	-	-	60.8	67.3	Market price
Training expenses	-	-	262.0	233.5	Cost plus margin
Service expenses	-	-	44.1	13.0	Cost plus margin
Rental expenses	-	-	3.8	6.2	As per contracts
Purchase of equipment	-	-	33.1	-	Mutually agreed price
<b>Transactions with associates</b>					
Consulting income	-	0.2	-	0.2	As per contract
Interest expense on short-term loan	0.1	2.1	0.1	2.1	1.25% p.a.
<b>Transactions with related parties</b>					
Medical service income	49.6	69.7	49.6	69.7	Market price
Rental income	2.4	2.9	2.4	2.9	Market price
Interest income on short-term investments	63.1	70.8	63.0	70.8	1.40% to 1.75% p.a. (2018: 1.00% to 1.70% p.a.)
Other income	3.0	0.3	3.0	0.3	At cost
Lab service expense	2.1	5.5	2.1	5.5	Market price
Purchase of medicine and medical supplies	15.3	14.0	15.3	14.0	Market price
Donation expense	19.0	36.9	19.0	36.9	-
Insurance expense	29.9	30.5	29.6	30.3	As per insurance policies
Credit card commission fees	109.9	131.3	102.7	124.3	Market price
Management fee	1.0	-	1.0	-	As per contract
Legal advisory fee	12.2	6.6	12.0	6.4	Market price
Service fee	3.8	1.3	3.8	1.3	Market price
Interest expense on long-term debentures	22.6	27.1	22.6	27.1	4.97% p.a. (2018: 4.59% to 4.97% p.a.)
Interest expense on convertible bonds	32.5	32.5	32.5	32.5	1.00% and 10.00% p.a.

The balances of the accounts as at 31 December 2019 and 2018 between the Company and those related parties are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Short-term investments - Fixed deposits with a local commercial bank (Note 8)</b>				
Related company (common executive)	4,188,562	4,801,257	4,180,097	4,799,457
<b>Trade and other receivables - related parties (Note 9)</b>				
Subsidiaries	-	-	37,837	43,908
Associate	-	12	-	12
Related company (common director)	492	13,543	492	13,543
<b>Total</b>	<b>492</b>	<b>13,555</b>	<b>38,329</b>	<b>57,463</b>
<b>Long-term loan and interest receivable from a related party</b>				
Subsidiary	-	-	84,572	-
<b>Other payables - related parties (Note 17)</b>				
Subsidiaries	-	-	39,049	44,739
<b>Short-term loan and interest payable to a related party</b>				
Associate	-	168,182	-	168,182
<b>Long-term debentures (Note 19)</b>				
Related companies (common shareholder)	455,000	455,000	455,000	455,000
<b>Convertible bonds treated as equity securities (Note 22)</b>				
Related company (common executive)	550,000	550,000	550,000	550,000

#### Short-term loan and interest receivable from a related party

During the year ended 31 December 2019, movements of short-term loan and interest receivable to a subsidiary were as follows.

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2019	During the year		Balance as at 31 December 2019
		Increase	Decrease	
<i>Asia Global Research Co., Ltd.</i>				
Principal	-	20,000	(20,000)	-
Interest receivable	-	95	(95)	-
<b>Total</b>	<b>-</b>	<b>20,095</b>	<b>(20,095)</b>	<b>-</b>

The above short-term loan represents a loan to the subsidiary denominated in Baht which is repayable on demand. During the current year, the Company received the full repayment of the loan from the subsidiary.

#### **Long-term loan and interest receivable from a related party**

During the year ended 31 December 2019, movements of loan and interest receivable from a subsidiary were as follows.

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2019	During the year		Balance as at 31 December 2019
		Increase	Decrease	
<i>Bumrungrad Services Co., Ltd.</i>				
Principal	-	84,500	-	84,500
Interest receivable	-	870	(798)	72
<b>Total</b>	<b>-</b>	<b>85,370</b>	<b>(798)</b>	<b>84,572</b>

The above long-term loan represents a loan to the subsidiary denominated in Baht which is repayable on demand. Since the Company's management does not plan to call the loan in the near future, it is classified as a long-term loan.

#### **Short-term loan and interest payable to a related party**

During the year ended 31 December 2019, movements of short-term loan and interest payable to an associate were as follows.

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements			
	Balance as at 1 January 2019	During the year		Balance as at 31 December 2019
		Increase	Decrease	
<i>Bumrungrad International Ltd.</i>				
Principal	165,912	-	(165,912)	-
Interest payable	2,270	114	(2,384)	-
<b>Total</b>	<b>168,182</b>	<b>114</b>	<b>(168,296)</b>	<b>-</b>

The above loan is repayable on demand and is unsecured. During the current year, the Company has made the full payment of the loan to such an associate.

### Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term benefits	148,912	124,333	132,195	98,915
Post-employment benefits	13,999	6,570	12,728	5,842
Other long-term benefits	6	7	1	2
<b>Total</b>	<b>162,917</b>	<b>130,910</b>	<b>144,924</b>	<b>104,759</b>

### 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	11,757	18,207	10,698	17,292
Bank deposits	1,968,866	2,504,522	1,659,824	2,263,727
Promissory notes	99,958	18	99,958	12
<b>Total</b>	<b>2,080,581</b>	<b>2,522,747</b>	<b>1,770,480</b>	<b>2,281,031</b>

As at 31 December 2019, bank deposits in savings accounts, fixed deposits and promissory notes carried interests between 0.05% and 1.45% per annum (2018: between 0.05% and 3.60% per annum).

### 8. Short-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Fixed deposit at banks	5,819,219	6,477,819	5,780,097	6,446,149
Investments in held-to-maturity debt securities due within one year				
- Government and state-owned enterprise bonds	319,992	-	319,992	-
- Private sector debt securities	270,475	-	270,475	-
<b>Total short-term investments</b>	<b>6,409,686</b>	<b>6,477,819</b>	<b>6,370,564</b>	<b>6,446,149</b>

As at 31 December 2019, fixed deposit at bank and investments in held-to-maturity debt securities carried interests between 1.10% and 3.05% per annum (2018: between 1.40% and 1.55% per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	228	13,375	1,556	14,233
Total trade receivables - related parties	228	13,375	1,556	14,233
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,519,298	1,302,421	1,513,584	1,290,536
Past due				
1 - 30 days	372,072	430,499	365,298	419,281
31 - 60 days	258,338	190,967	256,701	186,685
61 - 90 days	113,691	75,055	111,864	72,595
91 - 180 days	263,149	304,562	261,823	298,122
181 - 365 days	229,957	249,036	224,777	244,054
More than 365 days	249,506	239,929	246,443	238,340
Total	3,006,011	2,792,469	2,980,490	2,749,613
Less: Allowance for doubtful debts	(263,749)	(251,820)	(260,018)	(247,740)
Total trade receivables - unrelated parties, net	2,742,262	2,540,649	2,720,472	2,501,873
Total trade receivables - net	2,742,490	2,554,024	2,722,028	2,516,106
<u>Other receivables</u>				
Other receivables - related parties	264	180	36,773	43,230
Other receivables - unrelated parties	4,908	6,469	4,495	6,235
Total other receivables	5,172	6,649	41,268	49,465
<b>Total trade and other receivables - net</b>	<b>2,747,662</b>	<b>2,560,673</b>	<b>2,763,296</b>	<b>2,565,571</b>

## 10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories – net	
	2019	2018	2019	2018	2019	2018
Medicine	179,315	234,881	(1,266)	(2,201)	178,049	232,680
Medical supplies	64,865	72,638	-	-	64,865	72,638
Other supplies	87,407	86,491	-	-	87,407	86,491
<b>Total</b>	<b>331,587</b>	<b>394,010</b>	<b>(1,266)</b>	<b>(2,201)</b>	<b>330,321</b>	<b>391,809</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories – net	
	2019	2018	2019	2018	2019	2018
Medicine	146,441	191,947	-	-	146,441	191,947
Medical supplies	49,427	52,801	-	-	49,427	52,801
Other supplies	82,469	76,646	-	-	82,469	76,646
<b>Total</b>	<b>278,337</b>	<b>321,394</b>	<b>-</b>	<b>-</b>	<b>278,337</b>	<b>321,394</b>

## 11. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows.

(Unit: Thousand Baht)

Company	Paid-up capital	Shareholding percentage		Cost	Allowance for loss on impairment	Carrying amounts based on cost method – net	2018
		2019	2018				
Vitalife Corporation Ltd.	Baht 31.5 million	100 (%)	100 (%)	25,610	25,610	-	25,610
	Baht 31.5 million						
Asia Global Research Co., Ltd.	Baht 95 million	100 (%)	100 (%)	95,000	(50,000)	45,000	45,000
	Baht 95 million						
Ruenmongkol Co., Ltd.	Baht 340 million	100 (%)	100 (%)	1,045,034	-	1,045,034	1,045,034
	Baht 340 million						
Bumrungrad Health Network Co., Ltd.	Baht 120 million	100 (%)	100 (%)	120,000	120,000	-	120,000
	Baht 120 million						
Bumrungrad Personnel Development and Training Center Co., Ltd.	Baht 5 million	100 (%)	100 (%)	5,000	5,000	-	5,000
	Baht 5 million						
Asia Global Health Ltd.	HKD 7.1 million	100 (%)	100 (%)	31,558	(29,500)	2,058	2,058
	HKD 7.1 million						
Life and Longevity Ltd.	USD 82,000	100 (%)	100 (%)	2,860	-	2,860	2,860
	USD 82,000						
Health Horizons Enterprises Pte. Ltd.	USD 16.8 million	80 (%)	80 (%)	436,211	-	436,211	436,211
	USD 16.8 million						
Bumrungrad Services Co., Ltd.	Baht 2 million	100 (%)	100 (%)	2,000	2,000	-	2,000
	Baht 2 million						
Vitalife Allianz Co., Ltd.	Baht 0.25 million	100 (%)	-	250	-	-	250
	Baht 0.25 million						
<b>Total</b>		<b>1,763,523</b>	<b>1,763,273</b>	<b>(79,500)</b>	<b>(79,500)</b>	<b>1,684,023</b>	<b>1,683,773</b>

During the years, the Company received dividends from subsidiaries in the separate financial statements as follows.

(Unit: Thousand Baht)

Company	Separate financial statements	
	2019	2018
Vitallife Corporation Ltd.	133,243	229,159
Bumrungrad Personnel Development and Training Center Co., Ltd.	181,999	90,000
<b>Total</b>	<b>315,242</b>	<b>319,159</b>

### Investment in a new subsidiary

On 26 November 2019, the Company invested in Vitallife Allianz Co.,Ltd., a newly established company. This company has registered share capital of Baht 1 million, comprising of 10,000 common shares with par value of Baht 100 each. The Company's shareholding in such company is 100 percent and paid for the investment amounting to Baht 0.25 million, or representing 25% of its registered share capital. This company registered its incorporation with the Ministry of Commerce on 28 November 2019.

Consequently, on 2 January 2020, the meeting of the Board of Directors of such subsidiary approved the call up of the remaining 75% of the par value of its ordinary shares and the Company made the payment of Baht 0.75 million for the remaining shares subscription on 31 January 2020.

## 12. Investment in associates

### 12.1 Details of investment in associates

(Unit: Thousand Baht)

Company	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2019	2561	2019	2561	2019	2561
An associate held by the Company			(%)	(%)				
Bumrungrad International Ltd. (registered the dissolution on 28 December 2017)	Holding company	Thailand	-	31.5	-	1,447	-	218,413
An associate held by the subsidiary								
Inovital International AG (held by LLL)	Manufacture and sale of vitamin supplement products	Swiss Confederation	49.0	49.0	1,670	1,670	1,330	1,428
IDoctor Pte. Ltd. (held by BS)	Design and develop software for medical industry	The Republic of Singapore	30.0	-	79,816	-	76,772	-
<b>Total</b>					<b>81,486</b>	<b>3,117</b>	<b>78,102</b>	<b>219,841</b>

(Unit: Thousand Baht)

Company	Separate financial statements			
	Shareholding percentage		Carrying amounts based on cost method	
	2019	2018	2019	2018
Bumrungrad International Ltd. (registered the dissolution on 28 December 2017)	(%)	(%)		
<b>Total</b>	-	31.5	-	1,447
			<b>-</b>	<b>1,447</b>

#### Investment in a new associate

During the current year, Bumrungrad Services Co., Ltd., the Company's wholly-owned subsidiary, invested in IDoctor Pte. Ltd., which is incorporated in the Republic of Singapore, by acquisition its shares amounting to USD 2.55 million, representing 30% of registered share capitals. That company is principally engaged in software design and development for medical industry.

#### Returning Investment In the associate

During the current year, Bumrungrad International Company Limited returned investment to the shareholders in proportion to their shareholdings. The Company consequently received the return of investment amounting to Baht 212 million and recognised gain on investment in the associate amounting to Baht 211 million in the separate income statement for 2019. In addition, the Company transferred other surplus belonging to this associated company amounting to Baht 209 million to retained earnings as presented in the consolidated statement of changes in shareholders' equity for 2019 and recognised loss on investment in the associate amounting to Baht 6 million in the consolidated income statement for 2019.

Bumrungrad International Company Limited registered its dissolution with the Ministry of Commerce on 28 December 2017 and it is currently on the process of liquidation.

#### 12.2 Share of loss and dividend received

During the years, the Company has recognised its share of loss from investments in associate companies as follows:

(Unit: Thousand Baht)

Company	Consolidated financial statements	
	2019	2018
Inovital International AG (held by LLL)	(5)	(4)
IDoctor Pte. Ltd. (held by BS)	(3,044)	-
<b>Total</b>	<b>(3,049)</b>	<b>(4)</b>

During the year 2019 and 2018, the Company had no dividend received from the associates.

### 13. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Investments in held-to-maturity debt securities due over one year				
- Private sector debt securities	1,315,856	-	1,315,856	-
Other investment	1,315,856	-	1,315,856	-
Chantaburi Country Club Co., Ltd.	4,500	4,500	4,500	4,500
Less: Allowance for loss on impairment	(2,800)	(2,800)	(2,800)	(2,800)
Other long-term investments - net	1,700	1,700	1,700	1,700
	1,317,556	1,700	1,317,556	1,700

The Company invests in 37,500 ordinary shares of Chantaburi Country Club Co., Ltd., representing 0.1 percent of the share capital of that company.

As at 31 December 2019, investments in held-to-maturity debt securities carried interests between 2.02% and 3.10% per annum (2018: None).

#### 14. Property, plant and equipment

(Unit: Thousand Baht)

		Consolidated financial statements									
		Land	Land leasehold right and land improvement	Buildings and construction	Facility systems	Medical accessory equipment	Hospital equipment	Equipment and furniture	Motor vehicles	Assets under construction and installation	Total
<b>Cost</b>											
1 January 2018	4,027,325	64,978	6,914,861	1,224,657	5,122,096	1,351,576	605,455	49,402	1,086,789	20,447,139	
Additions	-	227	20,288	36,726	111,121	113,669	3,618	-	304,992	590,641	
Disposals/write-off	-	-	(13,555)	(1,223)	(17,289)	(21,803)	(5,650)	(1,409)	-	(60,929)	
Transfer in (out)	-	8,921	506,574	115,689	-	23,220	-	-	(654,404)	-	
Capitalised interest	-	-	-	-	-	-	-	-	9,723	9,723	
Translation adjustment	-	(94)	(42,880)	(94)	(6,169)	(13,126)	(1,367)	(126)	-	(63,856)	
31 December 2018	4,027,325	74,032	7,385,288	1,375,755	5,209,759	1,453,536	602,056	47,867	747,100	20,922,718	
Additions	962,645	93	62,130	87,996	125,434	89,016	4,977	89	393,270	1,725,650	
Disposals/write-off	-	-	(72)	(36)	(94,860)	(42,550)	(2,090)	(116)	-	(139,724)	
Transfer in (out)	-	-	64,426	161,683	2,501	34,838	82	-	(263,530)	-	
Capitalised interest	-	-	-	-	-	-	-	-	113	113	
Translation adjustment	-	(83)	(40,899)	(21)	(2,140)	(15,066)	(1,255)	(131)	(83)	(59,708)	
31 December 2019	4,989,970	74,042	7,470,873	1,625,377	5,240,694	1,519,744	603,770	47,709	876,870	22,449,049	

(Unit: Thousand Baht)

(Unit: Thousand Baht)

Separate financial statements							Total			
Cost	Land	Land leasehold right and land improvement	Buildings and construction	Facility systems	Medical accessory equipment	Hospital equipment	Equipment and furniture	Motor vehicles	Assets under construction and installation	
1 January 2018	2,982,291	44,662	5,753,196	1,198,918	4,433,124	1,052,960	469,245	25,560	1,085,000	17,044,956
Additions	-	227	12,130	36,460	88,497	99,685	1,835	-	302,346	541,180
Disposals/write-off	-	-	(13,555)	(1,223)	(39,260)	(21,169)	(5,650)	(1,409)	-	(82,266)
Transfer in (out)	-	8,921	506,574	115,689	-	23,220	-	-	(654,404)	-
Capitalised interest	-	-	-	-	-	-	-	-	9,723	9,723
31 December 2018	2,982,291	53,810	6,258,345	1,349,844	4,482,361	1,154,696	465,430	24,151	742,665	17,513,593
Additions	962,645	93	58,422	88,095	139,910	64,524	3,409	-	393,333	1,710,431
Disposals/write-off	-	-	(72)	(36)	(94,847)	(41,535)	(2,441)	-	-	(138,931)
Transfer in (out)	-	-	64,426	161,683	-	34,838	82	-	(261,029)	-
Capitalised interest	-	-	-	-	-	-	-	-	113	113
31 December 2019	3,944,936	53,903	6,381,121	1,599,586	4,527,424	1,212,523	466,480	24,151	875,082	19,085,206

(Unit: Thousand Baht)

During the year ended 31 December 2019, the Company had capitalised interest cost totaling Baht 0.1 million (2018: Baht 9.7 million). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 5.07% per annum (2018: 4.97% per annum).

As at 31 December 2019, certain building and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 4,278 million (2018: Baht 3,555 million) (separate financial statements: Baht 4,171 million, 2018: Baht 3,510 million).

## 15. Intangible assets

(Unit: Thousand Baht)

	Computer software	
	Consolidated financial statements	Separate financial statements
<b>Cost</b>		
1 January 2018	1,006,743	1,035,120
Additions	385,853	385,746
Translation adjustment	160	-
31 December 2018	1,392,756	1,420,866
Additions	127,882	127,596
Translation adjustment	(339)	-
31 December 2019	1,520,299	1,548,462
<b>Accumulated amortisation</b>		
1 January 2018	506,584	540,227
Amortisation during the year	96,983	95,861
Translation adjustment	(126)	-
31 December 2018	603,441	636,088
Amortisation during the year	145,624	144,561
Translation adjustment	(335)	-
31 December 2019	748,730	780,649
<b>Net book value</b>		
31 December 2018	789,315	784,778
31 December 2019	771,569	767,813

## 16. Goodwill

Goodwill resulted from the acquisition by Health Horizons Enterprises Pte. Ltd. ("HHE"), an overseas subsidiary that is 80% owned by the Company, of a 100% interest in the common shares of Bumrungrad Mongolia LLC ("BML") on 28 March 2014. BML holds 51% of the common shares of Seoul Seniors Tower LLC ("SST"), which operates Ulaanbaatar Songdo Hospital in Mongolia. The excess of the purchase price over the net value of the tangible assets acquired was allocated as goodwill. The amount of goodwill is USD 3.4 million, which mainly comprises the value of expected synergies from customer base expansion.

The change in the goodwill account is due to the impact of exchange differences on translation of the foreign operation's financial statements.

## 17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade payables - unrelated parties	735,891	786,175	689,837	743,581
Accounts payable - construction, purchase of equipment and computer software	95,273	126,932	95,273	126,932
Other payables - related parties	-	-	39,049	44,739
Other payables - unrelated parties	39,185	51,556	38,620	43,572
Total trade and other payables	870,349	964,663	862,779	958,824

## 18. Long-term loan and interest payable to an unrelated party

Long-term loan was a loan which Bumrungrad Myanmar Co., Ltd., a subsidiary, entered into a loan agreement with other shareholder in USD and due at call. The loan carries interest at the 1-year fixed deposit rate of a local commercial bank but not over 3.25% per annum. Interest is due annually. The other shareholder does not plan to call the loan in the near future, it is therefore classified as a long-term loan.

During the year ended 31 December 2019, movements of long-term loan and interest payable to an unrelated party were as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Balance as at 1 January 2019	During the year	
		Increase	Decrease
Principal	20,537	-	-
Interest payable	649	227	-
Translation adjustment	(1,484)	-	(1,503)
<b>Total</b>	<b>19,702</b>	<b>227</b>	<b>(1,503)</b>
			<b>18,426</b>

## 19. Long-term debentures

The Extraordinary General Meeting of the Company's shareholders held on 8 December 2011 approved the issuance and offering of unsecured, unsubordinated debentures in Baht currency with the principal amount not exceeding Baht 7,000 million and the tenure not more than 10 years.

The long-term debentures Series#1 was entirely redeemed on 20 December 2016.

The long-term debentures Series#2 was entirely redeemed on 20 December 2018.

As at 31 December 2019 and 2018 detail of outstanding long-term debentures are as follows.

(Unit: Thousand Baht)

Series	Maturity date	No. of units (Thousand units)	Par value (Baht)	Interest rate (% p.a.)	Term of interest payment	Carrying amount	
						2019	2018
3	Entirely redeemed on 20 December 2021 (10 years)	2,500	1,000	4.97	Semi-annual	2,500,000	2,500,000
	Less: Deferred debenture issuing costs					(5,385)	(7,919)
	Long-term debentures					2,494,615	2,492,081

The long-term debentures are unsecured and unsubordinated debentures in Baht currency with fixed interest rates.

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios which include:

- a) maintenance of a net debt to equity ratio not exceeding 1.75:1
- b) maintenance of a net debt to EBITDA ratio not exceeding 3.25:1

## 20. Undrawn loan facilities

As at 31 December 2019, the Group has short-term credit facilities which have not yet been drawn down amounting to Baht 3,310 million (2018: Baht 3,310 million).

## 21. Provision for long-term employee benefits

Provision for long-term employee benefits was as follows.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Compensations on employees' retirement		Other long-term employee benefits		Total	
	2019	2018	2019	2018	2019	2018
<b>Provision for long-term employee benefits at beginning of year</b>	527,788	538,653	38,861	37,544	566,649	576,197
Included in the income statement:						
Current service cost	233,906	78,966	6,366	6,338	240,272	85,304
Interest cost	17,338	12,795	1,005	889	18,343	13,684
Past service cost and gains or losses on settlement	-	-	1,494	(2,291)	1,494	(2,291)
Included in the statement of comprehensive income:						
Actuarial loss (gain) arising from						
- Financial assumptions changes	14,284	(15,091)	-	-	14,284	(15,091)
- Experience adjustments	(14,745)	(45,693)	-	-	(14,745)	(45,693)
Benefits paid during the year	(63,659)	(41,842)	(3,101)	(3,619)	(66,760)	(45,461)
<b>Provision for long-term employee benefits at end of year</b>	<b>714,912</b>	<b>527,788</b>	<b>44,625</b>	<b>38,861</b>	<b>759,537</b>	<b>566,649</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Compensations on employees' retirement		Other long-term employee benefits		Total	
	2019	2018	2019	2018	2019	2018
<b>Provision for long-term employee benefits at beginning of year</b>	514,634	529,953	38,385	37,014	553,019	566,967
Included in the income statement:						
Current service cost	227,595	76,890	6,278	6,233	233,873	83,123
Interest cost	16,871	12,415	995	874	17,866	13,289
Past service cost and gains or losses on settlement	-	-	1,152	(2,118)	1,152	(2,118)
Included in the statement of comprehensive income:						
Actuarial loss (gain) arising from						
- Financial assumptions changes	13,865	(15,110)	-	-	13,865	(15,110)
- Experience adjustments	(18,097)	(48,312)	-	-	(18,097)	(48,312)
Benefits paid during the year	(63,659)	(41,202)	(3,101)	(3,618)	(66,760)	(44,820)
<b>Provision for long-term employee benefits at end of year</b>	<b>691,209</b>	<b>514,634</b>	<b>43,709</b>	<b>38,385</b>	<b>734,918</b>	<b>553,019</b>

The Group expects to pay Baht 27 million (2018: Baht 38 million) (separate financial statements: Baht 26 million, 2018: Baht 38 million) of long-term employee benefits during the next year.

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 5 - 22 years (2018: 6 - 26 years) (separate financial statements: 20 years, 2018: 20 years).

Key actuarial assumptions used for the valuation are as follows.

(Unit: % p.a.)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	1.3 - 1.6	2.2 - 3.4	1.6	2.7
Salary increase rate	4.0	5.0	4.0	5.0
Turnover rate	0.0 - 18.0	0.0 - 18.0	0.0 - 13.0	0.0 - 13.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2019 and 2018 are summarised below.

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(75.6)	88.7	(73.7)	86.4
Salary increase rate	72.7	(63.4)	70.8	(61.7)
Turnover rate	(79.7)	49.3	(77.6)	48.4

(Unit: Million Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(52.8)	61.7	(51.7)	60.4
Salary increase rate	50.5	(44.2)	49.4	(43.2)
Turnover rate	(56.2)	35.1	(55.1)	34.7

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 146 million (The Company only: Baht 142 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in the income statement of the current year.

## 22. Convertible bonds treated as equity securities

Convertible bonds treated as equity securities as at 31 December 2019 and 2018 are as follows.

- a) Partly secured convertible bonds in an amount of Baht 300 million, with a maturity of 12 years, and a coupon rate of 2.5% p.a. for years 1 - 4, 5% p.a. for years 5 - 8, and 10% p.a. for years 9 - 12, which the interest was payable semi-annually. The current conversion price is Baht 4.55 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. The bonds were secured by the mortgage of the Company's land. On 23 August 2012, the Company released the mortgage of the land.
- b) Partly secured convertible bonds in an amount of Baht 250 million (after conversion by the bondholder of Baht 750 million in the year 2003); with a maturity of 12 years, and a coupon rate of 1% p.a., which the interest was payable semi-annually. The current conversion price is Baht 3.50 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. The bonds were secured by the mortgage of the Company's land. On 23 August 2012, the Company released the mortgage of the land.

On 22 November 2000, the meeting of the bonds' holders and on 24 November 2000, an extraordinary meeting of the Company's shareholders passed approval of the amendment to the terms and conditions governing the rights and obligations of the issuer and the bondholders, which gives the Company the option to either redeem the convertible bonds or to convert the bonds into ordinary shares on the maturity date.

On 6 December 2011, the meeting of bonds' holders and on 8 December 2011, an extraordinary meeting of the Company's shareholders passed approval of the amendment to the terms and conditions governing the rights and obligations of the issuer and the bondholders, which to extend the tenure of the convertible bonds for additional 5 years maturing on 23 August 2017 and that the security of the convertible bonds be released in accordance with the same term on 23 August 2012.

On 9 November 2015, the meeting of bonds' holders and on 30 November 2015, an extraordinary meeting of the Company's shareholders passed approval of the amendment to the terms and conditions governing the rights and obligations of the issuer and the bondholders, which to extend the tenure of the convertible bonds for additional 10 years maturing on 23 August 2027 and to cancel the appointment of a bondholders' representative since the collateral for the convertible bonds has already been released. In addition, it is proposed that the name of the BH Convertible Bonds Series#1 and Series#2 be changed to reflect the new maturity date and the release of the collateral for the bonds.

According to the Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", because the Company has the option to either redeem the convertible bonds or to convert them into ordinary shares on the maturity date, and delivery of equity securities will not be changed by fair value of such equity securities (since the Company determined a certain conversion price), so the convertible bonds are not covered by the definition of financial liabilities and are to be treated as equity securities. In addition, the Company's management expresses their intention to convert these bonds into ordinary shares on the maturity date. Therefore, the whole amounts of the convertible bonds are presented as part of shareholders' equity and future interest on the bonds will be recorded as a deduction from shareholders' equity.

The Company has reserved 178,571,433 ordinary shares to accommodate the above convertible bonds.

The interest expense for the year 2019 of the convertible bonds amounted to Baht 33 million (2018: Baht 33 million), was recorded as a reduction to unappropriated retained earnings.

### **23. Share capital**

Preference shareholders have the same right as the ordinary shareholders except that they are entitled to receive an annual dividend at 15% of preference shares capital prior to the dividend paid to the ordinary shareholders. Preference shares can be converted into ordinary shares.

In the first quarter of 2019, 90,000 preference shares (2018: 62,500 shares) were converted into ordinary shares at ratio of one preference share to one ordinary share. The Company registered this conversion with the Ministry of Commerce on 4 March 2019.

### **24. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

### **25. Expenses by nature**

Significant expenses classified by nature are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Salaries, wages and other employee benefits	3,231,523	2,914,371	3,072,253	2,789,446
Physicians' fee	3,925,902	3,857,705	3,811,342	3,771,153
Depreciation	1,077,673	1,082,546	1,025,997	1,026,721
Amortisation	145,624	96,983	144,561	95,861
Property, plant and equipment rental expenses from operating lease agreements	68,425	62,335	59,113	52,442
Building and equipment maintenance expenses	331,698	310,007	327,769	308,882
Advertising and public relation expenses	403,975	329,973	379,999	309,519
Medicine, medical supply and other supply consumptions	2,717,786	2,706,903	2,617,780	2,649,756

## 26. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Current income tax for the year	854,226	891,063	803,547	842,840
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(81,035)	(10,858)	(37,616)	(11,169)
<b>Income tax expenses reported in profit or loss</b>	<b>773,191</b>	<b>880,205</b>	<b>765,931</b>	<b>831,671</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax relating to actuarial gain	(376)	(12,000)	(846)	(12,684)
<b>Total</b>	<b>(376)</b>	<b>(12,000)</b>	<b>(846)</b>	<b>(12,684)</b>

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before tax	4,533,504	5,036,430	4,695,643	4,992,600
Applicable tax rate	10, 15 and 20%	10, 15 and 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,009,463	1,068,279	939,129	998,520
Effects of:				
Tax-exempt revenues	(100,273)	(93,171)	(69,440)	(63,832)
Non-deductible expenses	15,538	17,497	7,498	11,989
Additional expense deductions allowed	(111,462)	(116,604)	(111,007)	(115,676)
Others	(40,075)	4,204	(249)	670
Total	(236,272)	(188,074)	(173,198)	(166,849)
Income tax expenses reported in profit or loss	773,191	880,205	765,931	831,671

The components of deferred tax assets and deferred tax liabilities are as follows.

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	52,003	49,548	52,003	49,548
Allowance for diminution in value of inventories	120	440	-	-
Allowance for loss on impairment of investments	5,900	5,900	5,900	5,900
Allowance for construction in progress	177	177	-	-
Accumulated depreciation - building and equipment	103,920	104,645	103,920	104,645
Accumulated amortisation - intangible assets	1,786	3,249	1,763	3,220
Provision for long-term employee benefits	159,062	121,929	156,716	120,726
Unrealised loss from exchange rate	3,889	3,857	-	-
Total	326,857	289,745	320,302	284,039
<b>Deferred tax liabilities</b>				
Deferred debenture issuing costs	(1,077)	(1,584)	(1,077)	(1,584)
Other paid-in capital of an associate	-	(43,393)	-	-
Interest receivable	(3,193)	(2,840)	-	-
Total	(4,270)	(47,817)	(1,077)	(1,584)
<b>Deferred tax assets - net</b>			<b>319,225</b>	<b>282,455</b>

As at 31 December 2019 the subsidiaries have unused tax losses totaling Baht 26 million (2018: Baht 18 million). No deferred tax assets have been recognised on this amount as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

(Unit: Million Baht)

	Consolidated financial statements	
	2019	2018
31 December 2022	12	12
31 December 2023	6	6
31 December 2024	8	-
	<b>26</b>	<b>18</b>

## 27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following tables set forth the computation of basic and diluted earnings per share.

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2019	2018	2019	2018	2019	2018
<b>Basic earnings per share</b>	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Profit attributable to equity holders of the Company	3,747,729	4,151,886	728,826	728,740	5.14	5.70
<b>Effect of dilutive potential ordinary shares</b>						
Preference shares	-	-	1,226	1,312		
Convertible bonds	-	-	137,363	137,363		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	3,747,729	4,151,886	867,415	867,415	4.32	4.79

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2019	2018	2019	2018	2019	2018
<b>Basic earnings per share</b>	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Profit attributable to equity holders of the Company	3,929,712	4,160,930	728,826	728,740	5.39	5.71
<b>Effect of dilutive potential ordinary shares</b>						
Preference shares	-	-	1,226	1,312		
Convertible bonds	-	-	137,363	137,363		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	3,929,712	4,160,930	867,415	867,415	4.53	4.80

## 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 Group has only one main reportable operating segment, which is the hospital and health care center business, and the major geographical area of its operations is Thailand, with its overseas operations not being material. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

For the years 2019 and 2018, the Group has no major customer with revenues of 10% or more of the Group's revenues.

## 29. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly at the rate of 5% - 15% of their basic salaries and the Group contributed 5% - 7% of basic salary. The fund, which is managed by Bualuang Securities Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to Baht 70 million (2018: Baht 70 million) (separate financial statements: Baht 67 million, 2018: Baht 67 million), were recognised as expenses.

## 30. Dividends paid

Dividends	Approved by	Dividend paid (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2018	Annual General Meeting of the shareholder on 24 April 2019	1,313,985	1.80
Interim dividends for 2019	Board of Director's meeting on 7 August 2019	839,359	1.15
Total dividends for 2019		2,153,344	
Final dividends for 2017	Annual General Meeting of the shareholder on 25 April 2018	1,241,076	1.70
Interim dividends for 2018	Board of Director's meeting on 8 August 2018	802,912	1.10
Total for 2018		2,043,988	

## 31. Commitments and contingent liabilities

### 31.1 Capital commitments

As at 31 December 2019 and 2018, the Group had capital commitments as below.

(Unit: Million Baht)

Details of Commitments	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
1) Design and renovation agreements of buildings	421	236	421	236
2) Purchase of medical instruments and hospital equipment	21	17	21	17
3) Purchase of computer software agreements	16	52	16	52

### 31.2 Operating lease and long-term service commitments

The Group has entered into operating lease agreements in respect of the lease of lands, buildings, office space, vehicles and equipment and long-term service agreements. The terms of the agreements are generally between 1 and 30 years.

As at 31 December 2019 and 2018, future minimum payments required under the above agreements were as follows.

(Unit: Million Baht)

Details of commitments	Consolidated financial statements			
	Payable within			
	1 year		1 to 5 years	
	2019	2018	2019	2018
1) Nursing dormitory land rental expense (shall be extended for a further period of 30 years)	1	1	2	3
2) Lease of office space	6	8	-	6
3) Lease of office equipment	19	-	40	-
4) Maintenance service fee for medical instruments	150	187	63	55
5) Rental and maintenance service fee for cars	14	13	17	16
6) Service fee for medical treatment information	61	71	-	65
7) Maintenance service fee for computer system	59	50	138	10

(Unit: Million Baht)

Details of commitments	Separate financial statements			
	Payable within			
	1 year		1 to 5 years	
	2019	2018	2019	2018
1) Nursing dormitory land rental expense (shall be extended for a further period of 30 years)	1	1	2	3
2) Lease of office space	9	10	5	6
3) Lease of office equipment	19	-	40	-
4) Maintenance service fee for medical instruments	150	187	63	55
5) Rental and maintenance service fee for cars	14	13	16	15
6) Service fee for medical treatment information	61	71	-	65
7) Maintenance service fee for computer system	59	49	138	10
8) Medical research	1	1	-	-

In addition, the Company has lease commitment for building space with a company for a period of 4 years ending 27 September 2020. Under the terms of the agreement, the Company agrees to pay a rental fee at a rate based on the revenues and other information.

### 31.3 Uncalled portion of investment in subsidiary

As at 31 December 2019, the Company had commitment in respect of the uncalled portion of investment in an overseas subsidiary (Asia Global Health Ltd.) of HKD 2.4 million (2018: HKD 2.4 million).

### 31.4 Bank guarantees

As at 31 December 2019, there were outstanding bank guarantees of Baht 30 million (2018: Baht 30 million) issued by banks on behalf of the Company. All were required in the normal course of business e.g. payment of utility expenses and space rental.

### 31.5 Contingent liabilities related to agreement to acquire investments in associate

Bumrungrad Services Co.,Ltd. ("BS"), the Company's wholly-owned subsidiary, has contingent liabilities under the Subscription Agreement, dated 15 February 2019, made to acquire 30% of the registered share capital of IDoctor Pte. Ltd. ("IDoctor"). The agreement grants the seller the right to receive an additional contingent consideration in the form of earn-out payments, provided certain net profit or loss targets as stipulated in the agreement. The contingent liabilities under such agreement are as following:

- a) An additional earn-out payment of USD 0.85 million based on net profit or loss targets for the financial period from 1 November 2018 to 31 October 2019
- b) An additional earn-out payment of USD 0.85 million based on net profit or loss targets for the financial period from 1 November 2019 to 31 October 2020
- c) An additional earn-out payment of USD 2.55 million less the earn-out amounts paid out in a) and b) based on net profit or loss targets for the financial period from 1 November 2020 to 31 October 2021

The earn-out payments shall be made by the subsidiary to the seller within 45 days of the subsidiary's receipt the audit financial statements of IDoctor.

The Group has reviewed and reassessed the likelihood that the Group will have to pay this additional amount, taking into consideration the economic situation, the result of its operation and the forecasted operating results of IDoctor for the financial periods from 1 November 2018 to 31 October 2021. It was concluded that, as at 31 December 2019, the Group's assessment is that it has no additional consideration obligations.

## 32. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had assets and liabilities that were disclosed their fair value using a level of inputs as follows.

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Investments in held-to-maturity debt securities due within one year	-	321,210	-	-
- Government and state-owned enterprise bonds	-	271,989	-	-
- Private sector debt securities	-	1,332,090	-	-
Investments in held-to-maturity debt securities due over one year	-	2,664,464	-	2,664,464
<b>Liabilities for which fair value are disclosed</b>				
Long-term debentures	-	2,690,790	-	2,690,790

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value are disclosed</b>				
Long-term debentures	-	2,690,790	-	2,690,790

## 33. Financial instruments

### 33.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", principally comprise cash and cash equivalents, short-term investments, trade and other receivables, restricted bank deposits, loan to, long-term investment, trade and other payables, accrued physicians' fees, loan from and long-term debentures. The financial risks associated with these financial instruments and how they are managed is described below.

### Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable and other receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable and other receivables as stated in the statement of financial position.

### Interest rate risk

The Group's exposures to interest rate risk relate primarily to their interest-bearing, cash at banks, short-term investments, restricted bank deposits, long-term investment, long-term loan and long-term debentures. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the current market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements						
	As at 31 December 2019						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							(% per annum)
Cash and cash equivalents	-	-	-	2,010	71	2,081	0.05 - 1.45
Short-term investments	6,410	-	-	-	-	6,410	1.10 - 3.05
Trade and other receivables	-	-	-	-	2,748	2,748	-
Restricted bank deposits	-	-	-	6	-	6	0.90
Other long-term investment	-	1,316	-	-	-	1,316	2.02 - 3.10
	6,410	1,316	-	2,016	2,819	12,561	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	870	870	-
Accrued physicians' fees	-	-	-	-	721	721	-
Long-term loan and interest payable to an unrelated party	-	17	-	-	1	18	1.25
Long-term debentures	-	2,495	-	-	-	2,495	4.97
	-	2,512	-	-	1,592	4,104	

(Unit: Million Baht)

	Separate financial statements						
	As at 31 December 2019						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1–5 years	Over 5 years				(% per annum)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	1,742	28	1,770	0.05 - 1.10
Short-term investments	6,371	-	-	-	-	6,371	1.10 - 3.05
Trade and other receivables	-	-	-	-	2,763	2,763	-
Restricted bank deposits	-	-	-	6	-	6	0.90
Long-term loan and interest receivable to a related party	-	85	-	-	-	85	1.25
Other long-term investment	-	1,316	-	-	-	1,316	2.02 - 3.10
	6,371	1,401	-	1,748	2,791	12,311	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	863	863	-
Accrued physicians' fees	-	-	-	-	706	706	-
Long-term debentures	-	2,495	-	-	-	2,495	4.97
	-	2,495	-	-	1,569	4,064	

(Unit: Million Baht)

	Consolidated financial statements						
	As at 31 December 2018						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1–5 years	Over 5 years				(% per annum)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	2,492	31	2,523	0.05 - 3.60
Short-term investments	6,478	-	-	-	-	6,478	1.40 - 1.55
Trade and other receivables	-	-	-	-	2,561	2,561	-
Restricted bank deposits	-	-	-	6	-	6	0.90
	6,478	-	-	2,498	2,592	11,568	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	965	965	-
Accrued physicians' fees	-	-	-	-	739	739	-
Short-term loan and interest payable to a related party	166	-	-	-	2	168	1.25
Long-term loan and interest payable to an unrelated party	-	19	-	-	1	20	1.25
Long-term debentures	-	2,492	-	-	-	2,492	4.97
	166	2,511	-	-	1,707	4,384	

(Unit: Million Baht)

	Separate financial statements						
	As at 31 December 2018						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1–5 years	Over 5 years				(% per annum)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	2,268	13	2,281	0.05 - 1.03
Short-term investments	6,446	-	-	-	-	6,446	1.40 - 1.50
Trade and other receivables	-	-	-	-	2,566	2,566	-
Restricted bank deposits	-	-	-	6	-	6	0.90
	6,446	-	-	2,274	2,579	11,299	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	959	959	-
Accrued physicians' fees	-	-	-	-	726	726	-
Short-term loan and interest payable to a related party	166	-	-	-	2	168	1.25
Long-term debentures	-	2,492	-	-	-	2,492	4.97
	166	2,492	-	-	1,687	4,345	

In addition, as at 31 December 2019 and 2018, the Company's exposures to fixed interest rate risk relate to convertible bonds treated as equity securities amounting to Baht 550 million with maturity date in 2027 and carry interests at the rates 1% and 10% per annum, as described in Note 22 to the financial statements.

#### *Foreign currency risk*

The Company's exposure to foreign currency risk arises from investments in subsidiaries those are denominated in foreign currencies. The Company has no foreign currency forward contracts to reduce the exposure since the Company expects the risk to be minimal. The Group does not use foreign currency forward contracts or purchased currency options for trading purposes.

The Group has no significant balance of financial assets and liabilities denominated in foreign currencies as at 31 December 2019 and 2018.

### 33.2 Fair values of financial instruments

The estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Thousand Baht)

	As at 31 December 2019		As at 31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial asset</b>				
Investments in marketable securities				
due within one year				
- Government and state-owned enterprise bonds	319,992	321,210	-	-
- Private sector debt securities	270,475	271,989	-	-
Investments in marketable securities				
due over one year				
- Private sector debt securities	1,315,856	1,332,090	-	-
<b>Financial liability</b>				
Long-term debenture	2,494,615	2,664,464	2,492,081	2,690,790

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows.

- a) For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, trade and other receivables, long-term loan from, trade and other payables and accrued physicians' fees, the carrying amounts at the statement of financial position approximate fair value.
- b) For investments in held-to-maturity debt securities and long-term debentures, fair value is derived from quoted market prices of the Thai Bond Market Association at the close of the business on the reporting date.

### 34. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.29:1 (2018: 0.32:1) and the Company's was 0.29:1 (2018: 0.32:1).

### 35. Events after the reporting period

On 26 February 2020, a meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of shareholders to be held in April 2020 to adopt a resolution to pay a dividend of Baht 3.20 per share, or a total of Baht 2,336 million, to the shareholders in respect of the 2019 profit. The Company already paid an interim dividend of Baht 1.15 per share, or a total of Baht 839 million on 5 September 2019. The remaining dividend of Baht 2.05 per share, or a total of Baht 1,497 million will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

### 36. Reclassifications

The Company reclassified certain amounts in the statement of financial position as at 31 December 2018 to conform to the current periods' classification, as following.

(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Cash and cash equivalents	2,522,747	2,528,751	2,281,031	2,287,035
Restricted bank deposits	6,004	-	6,004	-

The reclassifications had no effect to previously reported profit or shareholders' equity.

### 37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2020.

- Company and Business Information

## ○ Vision/ Mission/ Values

### Vision :

To provide World-class Holistic Healthcare with Innovation by 2022

### Mission :

Deliver innovative clinical and service experiences

Accomplish operational excellence

Establish transdisciplinary care team with quality and humanized care

### Values :

Agility

Innovation

Caring

## Company Information

Name :	Bumrungrad Hospital Public Company Limited
Type of Business :	Private hospital
Head Office Address :	33 Sukhumvit Soi 3 (Nana Nua), Sukhumvit Road Khlong Toei Nua, Vadhana, Bangkok 10110
Registration No. :	0107536000994
Home page :	<a href="http://www.bumrungrad.com">http://www.bumrungrad.com</a>
E-mail address :	ir@bumrungrad.com
Telephone :	0 2066 8888
Fax :	0 2011 5100
Registered Capital :	Baht 922,702,685
(31 December 2019)	Divided into Ordinary shares of 921,491,820 shares, par value at Baht 1 per share Preferred shares of 1,210,865 shares, par value at Baht 1 per share
Issued and Paid up Capital :	Baht 795,766,507
(17 March 2020)	Divided into Ordinary shares of 794,585,642 shares, par value at Baht 1 per share Preferred shares of 1,180,865 shares, par value at Baht 1 per share

Entities in which the Company has more than 10% shareholding

Legal Entity	Type of Business	Issued ordinary shares	Shareholding
<b>1. Vitallife Corporation Limited</b> <b>Head Office:</b> 210 Sukhumvit Soi 1 (Soi Ruenrudee) Sukhumvit Road, Khlong Toei Nua, Vadhana, Bangkok 10110 Phone 0 2066 8899 <b>Branch Office 1:</b> 82 Sukhumvit Soi 1 (Soi Ruenrudee) Sukhumvit Road, Khlong Toei Nua, Vadhana, Bangkok 10110 Phone 0 2011 4001 <b>Branch Office 2:</b> 68 Bumrungrad International Tower, 8 Floor Soi Sukhumvit 1, Sukhumvit Road Khlong Toei Nua, Vadhana 10110 Phone 0 2011 4001 <b>Branch Office 3:</b> 68 Bumrungrad International Tower, 10 Floor Soi Sukhumvit 1, Sukhumvit Road Khlong Toei Nua, Vadhana 10110 Phone 0 2011 4001 <b>Branch Office 4:</b> 33/3 Soi Sukhumvit 3, Sukhumvit Road Khlong Toei Nua, Vadhana 10110 Phone 0 2011 4001	Comprehensive scientific wellness center  Skin Clinic  Distribution of non-toxin cosmetics	315,000 shares	100%
<b>2. Asia Global Research Company Limited</b> <b>Head Office:</b> 3241 Rama 4 Road, Khlong Ton, Khlong Toei, Bangkok 10110 Phone 0 2011 5126, Fax 0 2011 5127 <b>Branch Office 1:</b> 68 Bumrungrad International Tower, 11 Floor Soi Sukhumvit 1, Sukhumvit Road Khlong Toei Nua, Vadhana 10110 Phone 0 2011 5126, Fax 0 2011 5127 <b>Branch Office 2:</b> 73/1 Soi Sukhumvit 3 (Nana Nua) Sukhumvit Road Khlong Toei Nua, Vadhana 10110 Phone 0 2011 4530	Clinical research  Oncology Clinic  Drug store	9,500,000 shares	100%
<b>3. Asia Global Health Limited</b> Room 337, 3 <sup>rd</sup> Fl. South China C.S. Building 13-17 Wah Sing Street, Kwai Chung New Territories, Hong Kong Phone (852) 881 8226, Fax (852) 881 0377	Dormant	1,220,000 shares	100%
<b>4. Ruenmongkol Company Limited</b> 11/26 Sukhumvit Soi 1, Sukhumvit Road Khlong Toei Nua, Vadhana, Bangkok 10110 Phone 0 2066 8888, Fax 0 2011 5100	Owns the land at Sukhumvit Soi 1	34,000,000 shares	100%
<b>5. Life and Longevity Limited</b> Room 337, 3 <sup>rd</sup> Fl. South China C.S. Building 13-17 Wah Sing Street, Kwai Chung New Territories, Hong Kong Phone (852) 881 8226, Fax (852) 881 0377	Holding company for overseas investments	82,000 shares	100%

Legal Entity	Type of Business	Issued ordinary shares	Shareholding
<b>6. Bumrungrad Heath Network Co., Ltd.</b> (previously Bumrungrad Personnel Development Center Co., Ltd.) 33 Sukhumvit Soi 3 (Nana Nua), Sukhumvit Road Khlong Toei Nua, Vadhana, Bangkok 10110 Phone 0 2066 8888, Fax 0 2011 5100	Holding company for domestic and overseas investments	12,000,000 shares	100%
<b>7. Health Horizons Enterprises Pte. Ltd.</b> 8 Marina Boulevard #05-02 Marina Bay Financial Centre, Singapore 018981 Phone +65 6338 1888, Fax +65 6337 5100	Holding company for overseas investments	16,849,422 shares	80%
<b>8. Bumrungrad Mongolia LLC</b> Choidog-5, Peace Avenue, 1 <sup>st</sup> Khoroo Sukhbaatar District, Ulaanbaatar, Mongolia Phone +976-7012-9000, Fax +976-7011-1164	Holding company for overseas investments	4,181,000 Shares	80% (100% by HHE)
<b>9. Seoul Seniors Tower LLC</b> Choidog-5, Peace Avenue, 1 <sup>st</sup> Khoroo Sukhbaatar District, Ulaanbaatar, Mongolia Phone +976-7011-1163, Fax +976-7011-1164	Owes and operates Ulaanbaatar Songdo Hospital in Mongolia	8,000,000 shares	41% (51% by BML)
<b>10. Bumrungrad Personnel Development and Training Center Co., Ltd.</b> 33 Sukhumvit Soi 3, Sukhumvit Road Khlong Toei Nua, Vadhana, Bangkok 10110 Phone 0 2066 8888, Fax 0 2011 5100	Personnel development and training center (for affiliated companies only)	500,000 shares	100%
<b>11. Bumrungrad International Limited</b> 33 Sukhumvit Soi 3 (Nana Nua), Sukhumvit Road Khlong Toei Nua, Vadhana, Bangkok 10110 Phone 0 2066 8888, Fax 0 2011 5100	Dissolved and being liquidated	45,938 shares	31.5%
<b>12. Bumrungrad Services Co., Ltd.</b> 33 Sukhumvit Soi 3 (Nana Nua), Sukhumvit Road Khlong Toei Nua, Vadhana, Bangkok 10110 Phone 0 2066 8888, Fax 0 2011 5100	Referral services to both domestic and overseas patients  Healthcare-related training services to non-affiliated companies  Overseas investment	200,000 shares	100%
<b>13. Bumrungrad Myanmar Co., Ltd.</b> No.46/B GF-A Pantra Street, Dagon Township Yangon, Myanmar Phone 95-978 230 2424, Fax 95-1 230 2424	Operate a private primary care and medical diagnostic services clinic in Myanmar	1,325,750 shares	80% (80% by BHN)
<b>14. INOVITAL International AG</b> Neuhofstrasse 5A, 6340 Baar, Switzerland	Manufacture and sale of vitamin supplement products and after sales services	490 shares	49% (49% by LLL)
<b>15. Vitallife Allianz Co., Ltd.</b> 33 Soi 3 (Nana Nua), Sukhumvit Road Khlong Toei Nua, Vadhana, Bangkok 10110	Operate a clinic	10,000 shares	100%

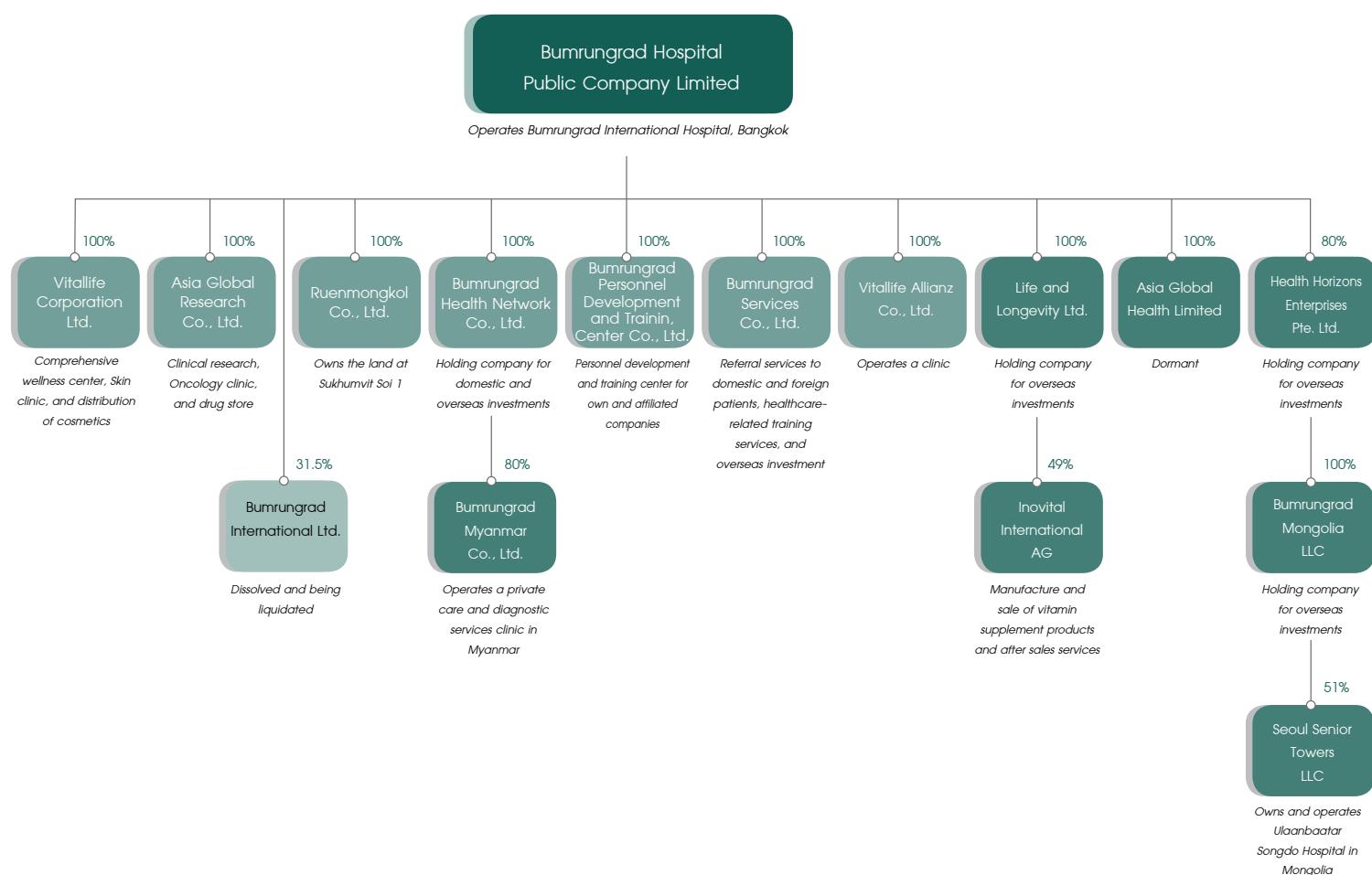
## Reference Persons

	Company
<b>1. Auditor</b>	EY Office Limited 33 <sup>rd</sup> Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Phone 0 2264 9090, Fax 0 2264 0789-90
<b>2. Legal Consultant</b>	Thai Consultant Ltd. 63 Soi 8 (Soi Preeda), Sukhumvit Road, Bangkok 10110 Phone 0 2255 2552, Fax 0 2653 1135
<b>3. Share Registrar</b>	Thailand Securities Depository Company Limited 93, 14 <sup>th</sup> Floor, The Stock Exchange of Thailand Building Ratchadapisek Road, Dindaeng, Bangkok 10400 Phone 0 2009 9000, Fax 0 2009 9992
<b>4. Convertible Bonds Registrar</b>	Bumrungrad Hospital Public Company Limited 33 Sukhumvit Soi 3 (Nana Nua), Sukhumvit Road, Khlong Toei Nua Vadhana, Bangkok 10110 Phone 0 2011 4956, Fax 0 2011 5100
<b>5. Debentures Registrar</b>	Siam Commercial Bank Public Company Limited 9 Ratchadapisek Road, Jatujak, Bangkok 10900 Phone 0 2544 4049, Fax 0 2937 7662

## ○ BUSINESS POLICY AND OVERALL OPERATION

Bumrungrad Hospital Public Company Limited (the "Company") operates a private hospital business in Bangkok with 580 licensed beds and capacity for over 5,500 outpatients per day. The Company is one of the leading healthcare providers in Thailand and the Southeast Asian region, providing complete healthcare services for both outpatients and inpatients. The Company has always emphasized the importance of quality healthcare and experienced physicians and staff. Bumrungrad International Hospital, Bangkok is the first hospital in Asia to receive the US standard accreditation from the Joint Commission International (JCI). Additionally, the hospital is the first to be approved by Thai Hospital Accreditation (HA), and the first hospital in Thailand to receive accreditations from the College of American Pathologists (CAP) and the first in Asia to receive Det Norske Veritas (DNV) in Managing Infection Risk (MIR).

## Corporate structure (as of 31 December 2019)



The Company has ten subsidiaries, including (1) Vitallife Corporation Limited, (2) Asia Global Health Limited, (3) Asia Global Research Company Limited, (4) Ruenmongkol Company Limited, (5) Life and Longevity Limited, (6) Bumrungrad Health Network Company Limited (formerly known as Bumrungrad Personnel Development Center Company Limited), (7) Bumrungrad Personnel Development and Training Center Company Limited, (8) Health Horizons Enterprises Pte. Ltd., (9) Bumrungrad Services Company Limited, and (10) Vitallife Allianz Company Limited.

The Company also has three indirectly owned subsidiaries, including (1) Bumrungrad Mongolia LLC (80%-owned as per its shareholding portion in Health Horizons Enterprises Pte. Ltd.), (2) Seoul Seniors Towers LLC (approx. 41%-owned with control as per its shareholding portion through Health Horizons Enterprises Pte. Ltd. and Bumrungrad Mongolia LLC), and (3) Bumrungrad Myanmar Co., Ltd. (80%-owned through Bumrungrad Health Network Co., Ltd.).

The Company has two associated companies, including (1) 31.5%-owned Bumrungrad International Limited, and (2) 49%-indirect owned Inovital International AG through Life and Longevity Limited.

#### **Details of subsidiaries, affiliated companies and associated companies are as follows:**

Vitallife Corporation Limited ("Vitallife") is a pioneer in longevity medicine; integrating predictive, preventive, rejuvenating, and regenerative strategies for optimal healthy lifestyles. Vital Life brings together cutting-edge technologies to provide patients the means to "Feel Younger, Look Better, and Live Longer". Biomarker analysis, advanced supplementation, toxicity assessments, early detection, and regenerative medicine are key Vital Life analytics. Vitallife also operates a skin clinic and distributes non-toxin cosmetics.

Asia Global Health Limited ("AGH") has served as a company that supports the strategy for regional investment in healthcare and related business. It is now a dormant company.

Asia Global Research Company Limited ("AGR") is the provider of clinical research, both within Thailand and Southeast Asia. The services include (1) contract research organization ("CRO"), which performs multicenter clinical trials for international biotech, pharmaceutical and device companies, and (2) site management organization ("SMO"), which manages groups of investigational sites to provide quality research and quality data. In addition, AGR owns and operates Esperance Oncology Clinic, and iConic drug store.

Ruenmongkol Company Limited ("RM") is the owner of land to be used for business expansion at Sukhumvit Soi 1 (approx. 3-3-44.4 Rai).

Life and Longevity Limited ("LL") registered in Hong Kong Special Administrative Regions of the People's Republic of China, a holding company for overseas investments of the Company.

Bumrungrad International Limited ("BIL") had served as a Company international investment arm. BIL had focused on hospital ownership and management. In 2013, BIL ceased its operating activity and pursued the distribution of its funds to shareholders via capital reduction. The Company was dissolved on 28 December 2017 and is now in the liquidation process.

Bumrungrad Health Network Co., Ltd. ("BHN") (previously Bumrungrad Personnel Development Center Co., Ltd.) is a company focused on investing in healthcare and related businesses both domestic and overseas.

Health Horizons Enterprises Pte. Ltd. ("HHE") is a holding company registered in Singapore, which supports the Company's strategy for overseas investment in healthcare and related businesses.

Bumrungrad Mongolia LLC ("BML") is a holding company registered in Mongolia, which supports the Company's strategy for overseas investment in healthcare and related businesses.

Seoul Seniors Towers LLC ("SST") is a company that owns and operates Ulaanbaatar Songdo Hospital in Mongolia.

Bumrungrad Personnel Development and Training Center Co., Ltd. ("BPDTC") is the personnel development and training company that focuses on improving and expanding the capabilities in clinical and healthcare service to the Company and affiliated companies only.

Bumrungrad Services Co., Ltd. ("BS") is a company that supports the strategy for referral services to both domestic and foreign patients and provides healthcare-related training services to non-affiliated companies. It also invests overseas.

Bumrungrad Myanmar Co., Ltd. ("BM") is a company that operates a private primary care and medical diagnostic services clinic in Myanmar.

Inovital International AG ("Inovital") is principally engaged in manufacturing and sales of vitamin supplement products and after sales services.

Vitallife Allianz Co., Ltd. ("VTLA") is a company that will operate a clinic at Bangkrajao in Thailand.

## Revenue Structure

Unit: Baht Million

Product line / Business Group	Operated by	% Shareholding By Company	2019		2018		2017	
			Revenue	%	Revenue	%	Revenue	%
Healthcare	Bumrungrad Hospital Pcl.		17,516	93.6	17,509	94.4	17,375	95.1
Healthcare	Vitallife Corporation Ltd.	100.0	571	3.1	510	2.8	422	2.3
Healthcare	Seoul Seniors Towers LLC	40.8	242	1.3	222	1.2	194	1.1
Healthcare	Asia Global Research Ltd.	100.0	53	0.3	-	-	-	-
Healthcare	Bumrungrad Myanmar Co., Ltd.	80.0	27	0.1	23	0.1	28	0.1
<b>Total Healthcare</b>			<b>18,409</b>	<b>98.3</b>	<b>18,264</b>	<b>98.5</b>	<b>18,019</b>	<b>98.6</b>
Rental	Bumrungrad Hospital Pcl.		65	0.3	62	0.3	64	0.4
<b>Total Rental</b>			<b>65</b>	<b>0.3</b>	<b>62</b>	<b>0.3</b>	<b>64</b>	<b>0.4</b>
Others	Bumrungrad Hospital Pcl.		209	1.1	187	1.0	166	0.9
Others	Vitallife Corporation Ltd.	100.0	6	0.1	5	0.0	5	0.0
Others	Asia Global Research Ltd.	100.0	11	0.1	10	0.1	4	0.0
Others	Health Horizons Enterprises Pte. Ltd.	80.0	11	0.1	9	0.1	7	0.1
Others	Bumrungrad Services Co., Ltd.	100.0	7	0.1	4	0.0	3	0.0
<b>Total Others</b>			<b>244</b>	<b>1.4</b>	<b>215</b>	<b>1.2</b>	<b>185</b>	<b>1.0</b>
<b>Total</b>			<b>18,718</b>	<b>100.00</b>	<b>18,541</b>	<b>100.00</b>	<b>18,271</b>	<b>100.0</b>

## Products and services description

### Bumrungrad Hospital Public Company Limited (“the Company”)

The Company is the owner and operator of multiple healthcare-related entities, both within and outside of Thailand. They include Bumrungrad International Hospital, Bumrungrad International Clinic, Vitallife Scientific Wellness Center, Vitallife Skin Clinic, Bumrungrad International Dialysis Clinic, and Esperance Cancer Clinic, all are in Bangkok; Bumrungrad Clinic Yangon in Myanmar, and Ulaanbaatar Songdo Hospital in Mongolia. Bumrungrad International Hospital is the main revenue contributor.

In 2019, the revenue from hospital operations of the Bangkok facility is 97.0% of total revenues.

### The Hospital’s Services:

The services of Bumrungrad International Hospital, Bangkok can be detailed as follows:

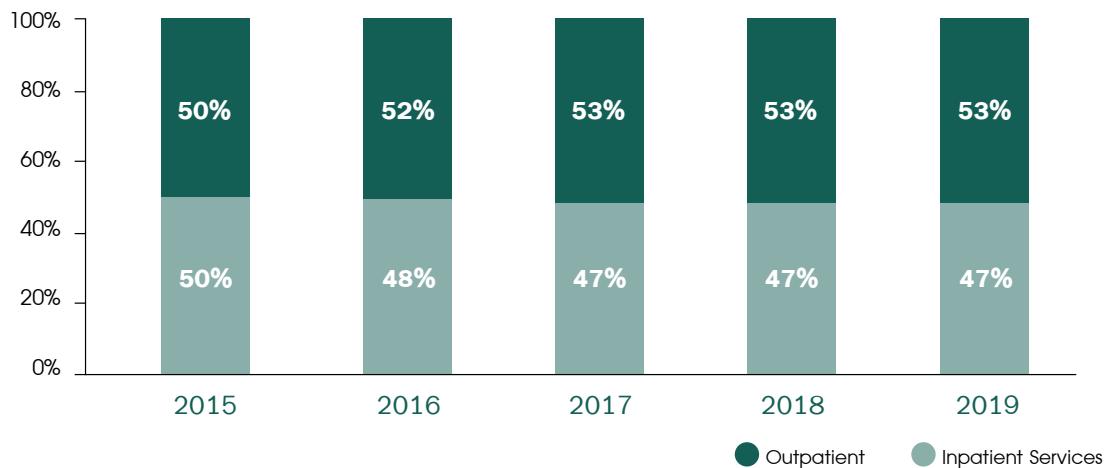
1. Outpatient service has 50 clinics/centers with 272 examination rooms, and capacity to serve over 5,500 outpatients per day, with the following details:

- Allergy Center
- Arrhythmia Center
- Behavioral Health Center
- Breast Care Clinic
- Breastfeeding Clinic
- Children’s (Pediatrics) Center
- Dental Center
- Diabetes Center
- Diagnostic Center
- Dialysis Center
- Digestive Disease (GI) Center
- Ear, Nose and Throat Center
- Emergency Center
- Eye Center
- Fertility Center & IVF Clinic
- Health Screening Center (Check-up)
- Hearing and Balance Clinic
- Heart (Cardiology) Center
- Heart Valve Center
- Horizon Regional Cancer Center
- Hyperbaric Oxygen Therapy
- Hypertension Clinic
- Intensive Care Unit (ICU)
- Liver Center
- Joint Replacement Center
- Medical Clinic
- Memory Clinic
- Men’s Center
- Nephrology (Kidney) Center
- Neuroscience Center
- New Life Healthy Aging Clinic
- OPD Instant Clinic
- Orthopedic Center
- Parkinson’s Disease and Movement Disorders Clinic
- Perinatal Center
- Physical Therapy & Rehabilitation Center
- Plastic (Cosmetic) Surgery Center
- Pulmonary (Lung) Center
- Refractive Surgery Center
- Robotic Scoliosis Center
- Robotic Surgery Center
- Skin (Dermatology) Center
- Sleep Lab
- Spine Institute
- Sports Medicine & Lifestyle Center
- Surgical Clinics
- Travel Medicine Center
- Urology Center
- Vitallife Scientific Wellness Center
- Women’s Center

2. Licensed capacity for inpatient service totals 580 beds, which includes ward beds and intensive care beds.

In 2019, the Company treated more than 1.1 million medical episodes. The revenue contribution by inpatient and outpatient services in 2019 :

Inpatient vs. Outpatient (% of total revenue)



### **International Patient Services :**

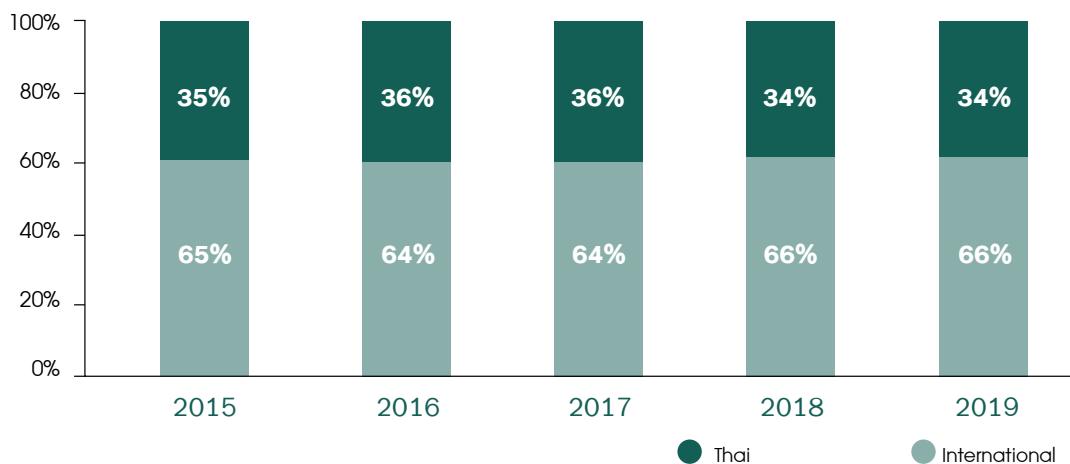
The Company has an International Patient Services Center to facilitate and accommodate international patients. The services offered include medical coordinators, interpreters, insurance coordination, referral center, visa extension counter, embassy assistance, airport reception and travel assistance. The Company also has 62 overseas referral offices in 28 countries.

In 2019, Bumrungrad treated over 632,000 international medical episodes from over 180 countries. The top three highest revenue contributors by country are Myanmar, UAE and Kuwait.

The following graph shows the historical revenue contribution of international patients over the past five years.

Thai vs. International Patients (% of total revenue)

Revenue Contribution by Nationality



\* Note: International patients are non-Thai nationals and include both expatriates and medical tourists.

## The Bangkok Facility:

At present, the hospital's services are mostly conducted and supported in five buildings:

1. **Bumrungrad International Clinic Building (BIC)** is a 22-storey outpatient facility, with the first 10 floors being used as parking spaces and the top 12 floors as outpatient clinics and ancillary services together with non-clinic floors for patient services, conference and educational facilities.
2. **Bumrungrad International Hospital Building (BIH)** offers a combination of inpatient and outpatient services. The licensed inpatient bed capacity of the Bumrungrad International Hospital is 580.
3. **Bumrungrad International Tower Building (BIT)** offers clinical and support functions, with 7 floors of parking spaces.
4. **Vitallife Building** is occupied by Vitallife Corporation Limited, which provides a scientifically based, highly personalized treatment for the prediction and prevention of age-related disease as well as helping customers live a more youthful life.
5. **Bumrungrad Residential and Office Building (BRO)** accommodates back office functions and employee housing for over 1,000 nurses.

## The Ulaanbaatar Songdo Hospital in Mongolia:

Ulaanbaatar Songdo is one of the leading private hospitals in Mongolia. Strategically located in the center of the country's capital. The hospital's services are offered in an 8-storey building, with 88 inpatient beds.

## Industry and Competition

The private hospital business is growing continuously, driven by global structural changes, such as aging societies, urbanization, increasing disposal income and greater awareness of health and wellness. Meanwhile, the number of insured people with social security and those with health insurance are also on the rise. These factors have resulted in higher demand for medical services not only from Thai people, but from foreigners in key markets such as Myanmar, Cambodia, Vietnam, Laos, China and Middle East.

Thailand's capacity to punch above its weight in delivering medical care, as well as the government's Medical Tourism policy, has made Thailand an attractive destination to supply global medical care demand. Capacity constraints faced by government hospitals throughout the world, also become an opportunity for private hospitals. As private hospitals can provide quick access to services in a more comfortable environment, they become increasingly appealing to those in the middle and upper class who can afford the higher costs of services.

Thailand's advantages for medical tourism include highly trained and experienced physicians, a sizeable portion of whom are internationally board-certified; fast and convenient access to services; internationally recognized high quality and safety standards; favorable treatment costs; the unique Thai hospitality and Thailand's inherent attractiveness as a tourist destination.

The government's policy of promoting Thailand as a medical hub has significantly contributed to Thailand's private hospital business growth since 2003, resulting in medical tourism growing continuously such that Thailand is recognized worldwide as a major medical destination. The World Travel and Tourism Council, in its November 2019 report, listed Thailand as the 5th highest destination for inbound medical tourism spending.

There have been notable government measures within the Medical Tourism policy to help develop Thailand as an international health center within 10 years (2017-2026). These were as follows: 1) Length of stay

for medical tourists from the CLMV group and China for up to four persons in a group was extended from 30 days to 90 days, 2) the Long Stay Visa for visitors from 14 foreign countries was extended to 10 years from 1 year and 3) dental care and health check-up packages were developed for foreigners.

The aforementioned have prompted private hospitals to expand even more into the international markets where the combination of-or-either, higher purchasing power, relatively higher medical fees or with public health systems of lower accessibility or relative standards to Thailand, have created substantial opportunities. As a result, private hospital operators have increased their investments rapidly. It is expected that about 10 more secondary and tertiary private hospitals with a total of more than 2,000 beds will be in operation within the next 1-3 years.

There is growing competition in expanding traditional medical services into integrated medicine, where regular and general medical care is combined with preventive care. More and more large hospital businesses and specialized clinics now offer preventive medical services. This is in line with the higher needs and demands of customers who want to have a better quality of life by living healthier and longer, as reflected in both present and future health-conscious trends.

Intensifying competition and technological changes mean hospitals must be prepared to accept new challenges all the time. From digital transformation to technology disruption, these all have considerable influence and affects various industries increasingly rapidly. Key competitive advantages now center on providing medical care that is fast, precise and with better outcomes. This imperative has driven healthcare providers to embrace precision medicine and personalized medicine. Bumrungrad Hospital has seen this opportunity many years ago and has prepared and invested in the necessary foundation to facilitate their adoption and remains continuously open to new developments to boost its competitive advantages and achieve sustainable growth.

The hospital is committed to improving medical care to be of even higher quality, with patient safety taking the highest priority. It has set a business direction that focuses on Excellence Management, which has 3 main components:

1. Clinical Excellence: High physician expertise and experience, supported by advanced technology and a multidisciplinary approach are at the core of this component. Centers of excellence have been set up for specific groups of diseases, requiring more sophisticated and comprehensive intervention throughout the patient journey from early diagnosis to treatment, and rehabilitation.
2. Operational & People Excellence: The hospital focuses on the care and development of staff and medical professionals with three main goals, namely, to make them motivated at work, to create a career path for them and to fulfill their potential through various activities and training programs that meet specific needs in each professional field.
3. Service Excellence: The hospital adheres to Bumrungrad's core principles, with continuous developments of services, such as the use of technology to improve access to services. An example is the Bumrungrad Anywhere application, which offers convenient and fast access in the form of telemedicine. Users can consult their private doctors easily via a smart phone or tablet in real time. Another service is the OPD Instant Clinic, where outpatients can receive faster access to services.

## Markets

Our markets can be viewed in two broad categories: domestic and international. The domestic market consists mainly of Thais of upper-middle class incomes and above. The international market primarily

comprises local expatriate community and medical tourism patients from countries where healthcare infrastructure and services lack quality, access or affordability.

In both market segments, the Company attracts patients based on the strength of our reputation. This may be on an individual basis or through third parties, including corporate contracts, insurance companies, and referral sources both within Thailand and abroad.

## Distribution and Marketing Channels

Patient referrals are a particularly effective way to attract customers. Over the course of 40 years, we have built a reputation for excellence, specializing in the treatment of complicated diseases. During this time, the Company has established excellent connections with hospitals and doctors in Thailand and overseas, which allows for referrals. In addition, the Company has set up 62 referral offices in 28 countries.

Within Thailand, we have built a network of 59 domestic hospitals that operate in public, private and research sectors and serve as a source of referred patients. In addition, we have established numerous direct billing agreements with insurance providers, assistance companies and corporate sales agreements.

## Sources of Products and Services

Bumrungrad International Hospital, Bangkok

### Capacity

As at 31 December

Inpatients	2019	2018	2017
Total number of licensed beds	580	580	580
Beds in operation	537	556	546
Weighted total capacity*	196,005	202,940	199,290
Occupied beds per year (beds)	123,171	129,051	127,985
Weighted capacity Utilization (percent) - Licensed	58.18	60.96	60.46
Weighted capacity Utilization (percent) - Operation	62.84	63.59	64.22

\* Weighted total capacity is calculated by multiplying the number of beds in operation with the number of days of service

As at 31 December

Outpatients	2019	2018	2017
Capacity per day (persons)	5,500	5,500	5,500
Average outpatients per day (persons)	2,673	2,729	2,888
Weighted Capacity Utilization (percent)	48.60	49.62	52.51

## Raw Materials and Suppliers

Primary raw materials of the hospital business are pharmaceuticals, medical supplies and medical equipment. Raw material suppliers include both local companies and international distributors with offices in Thailand. With a network of over 600 suppliers, the Company is able to source raw materials without disruption. In addition, the Company uses an efficient purchasing and inventory control system to evaluate pricing, effectiveness and quality of raw materials.

## Environmental Compliance

The Company is firmly committed to environmental protection and conservation of energy and natural resources. The Company has established an environmental policy to communicate to employees its views on environmental preservation and encourages employees to actively support environmental protection.

The Company is committed to minimizing its environmental impact on neighboring communities and to efficient use of natural resources through energy conservation and materials recycling programs. All employees and contractors of the Company are expected to follow the government's environmental regulations and the Company's environmental policies.

## Water Management

The Company strictly follows applicable laws, rules and regulations, international standards and recommendations related to the water and wastewater management such as World Health Organization, Department of Medical Sciences, Ministry of Public Health, Metropolitan Waterworks Authority, Ministry of Natural Resources and Environment, for efficient consumption of water, appropriate discharge and treatment of waste water according to all applicable local regulations.

Though the Company does not operate in a perennially water stressed region, the Company is following the government's request to help conserve water and has taken a number of initiatives to reduce water consumption. These include regular preventive maintenance to prevent leakage, use of automatic water taps to reduce waste, monitoring and regulating an appropriate, non-excessive level of water pressure.

Water resources used in business operations are mainly from municipal water supply. The Company regularly measures and reviews the quality of water used and discharged over the course of its business operations through a comprehensive wastewater treatment and water management process, which complies with all applicable laws and regulations. Furthermore, a third-party verification process is employed to ensure compliance with the above mentioned.

The Company has also received the required permit to release treated wastewater into a neighboring canal, which leads into the local river. To date, the Company has not had any incidents related to non-compliance of water quality, quantity permits, standards and regulations.

In tandem with the Company's policies, the Company always promotes and encourages employees and stakeholders to exercise appropriate and environmentally conscious attitude and behavior towards water conservation. The Company also actively adopts a socially and environmentally responsible operational approach in the interest of sustainable and good business practices.

## 2019 Performances

Water Usage	2017	2018	2019
<b>Water Withdrawal (Cubic meters)</b>			
- from All Areas	0	0	0
- from Water Stress Area	0	0	0
Water Withdrawal (Cubic meters)			
- Surface Water	0	0	0
- Ground Water	0	0	0
- Third-party Water	0	0	0
<b>Water Withdrawal from water stress area (Cubic meters)</b>			
- Surface Water	0	0	0
- Ground Water	0	0	0
- Third-party Water	0	0	0
<b>Water Discharge (Cubic meters)</b>			
- from All Areas	350,310	313,769	308,615
- from Water Stress Area	0	0	0
<b>Water Discharge (Cubic meters)</b>			
- Surface Water	0	0	0
- Ground Water	0	0	0
- Third-party Water	0	0	0
<b>Water Consumption (Cubic meters)</b>			
- from All Areas (by MWA)	437,887	392,211	385,769
- from Water Stress Area	0	0	0
<b>Water Recycled/Reused (Cubic meters)</b>	0	0	0
<b>Water Storage (Cubic meters)</b>	0	0	0

## ○ RISK FACTORS

Due to evolving customer demands and new market dynamics, healthcare service providers around the world seek innovative and cost-effective ways to deliver patient-centric, high-quality and smart healthcare.

During 2019, the hospital industry in Thailand experienced revenue pressure as a result of unfavorable economic conditions, both globally and domestically.

In order to mitigate risk - and to maintain our leading position in Thailand and Asia - the Company focuses on complicated cases that require extensive medical care in multiple specialties as well as conducts marketing activities to maintain a balanced and diversified portfolio of international and Thai resident patients so that our hospital does not rely excessively on revenue from any one sector.

The Company has adopted a risk management framework from the American Society for Healthcare Risk Management (ASHRM) to comprehensively identify, assess and address its enterprise risks. The Company has in place a governance structure through a Risk Management Committee to identify, monitor and report risks.

## Intensified competition in the premium healthcare sector

As competition increases, the Company continuously improves the quality of healthcare services we offer by embracing innovation and recruiting medical staff of the highest caliber. By doing so, we remain competitive and minimize the risk of losing business to competitors.

Healthcare businesses around the world increasingly rely on innovation and advanced technology to add value to their products and services. Bumrungrad Hospital's use of advanced technology has enhanced the efficiency of our medical services in recent years. Robot-assisted surgery, for example, enables our surgeons to operate with an unprecedented degree of precision and control.

The Company has also invested in and adopted various genetic technologies to more precisely screen disease and disease risk of patients, enable more targeted drug therapies and minimize adverse reactions to medications.

In addition, the Company has made significant progress with joint ventures, public-private partnerships (PPPs) and other collaborative relationships across healthcare sectors and geographies. Our strong relationships with local network hospitals and international referral offices allow complicated cases to be referred and treated in a seamless process.

Our commitment to continuous improvement is demonstrated by our numerous accreditations, such as the US-based JCI (Joint Commission International) and 'Advanced Hospital Accreditation (A-HA) accreditations. Throughout the year, Bumrungrad also received numerous awards in various areas.

These prestigious awards reaffirm Bumrungrad's strong commitment to pursuing the highest standards of excellence in medical care.

## Shortage of professional staff

A shortage of skilled professionals is due in part to increasing demand within the industry from both public and private sectors. Given the importance of its international client base, the Company also requires multi-lingual professionals.

To retain and develop our highly skilled workforce, the Company offers highly competitive compensation, benefits, training, scholarships, career development programs as well as recognition for both clinical and non-clinical staff.

## Raw Materials and Suppliers

Our primary raw materials include pharmaceuticals, medical supplies and medical equipment. The Company purchases these raw materials from both local and international suppliers. With a network of over 600 suppliers, we are able to obtain raw materials without disruption or difficulty. Even though there might be a risk to product quality or pricing, the Company is able to evaluate pricing, effectiveness and quality of raw materials through an efficient purchasing and inventory control system.

## Control Dilution

The Company has 2 series of convertible bonds: series# 1 - an amount of Baht 300 million with the current conversion price of Baht 4.55 per one ordinary share, and series# 2 - an amount of Baht 250 million with the current conversion price of Baht 3.50 per one ordinary share. The bondholders have the option to convert the bonds into ordinary shares throughout the life of the bonds. Should the bondholders exercise the

convertible bonds right, the dilutive impact to existing shareholders and the Company will be 137.36 million additional common shares of the Company.

As at 31 December 2019, no convertible bonds have been exercised.

## Legal Disputes

The hospital business is subject to litigation risk related to the provision of healthcare services by hospital staff and physicians.

To minimize litigation risk, Bumrungrad International Hospital has implemented a quality management system to ensure that the risk of mistakes by Bumrungrad personnel is minimized. The Company also has a Patient Safety Advisor who is responsible for advising and consulting management, department and service leaders, as well as medical staff on safety issues, risks, mitigation measures and policies. In addition, the Company has various insurance policies in force against potential litigation.

## Emerging Diseases

The ever-increasing inter-connectivity between and within countries and the high and diverse patient base has meant that the Company is exposed to the risk of novel diseases and outbreaks, from both natural and manufactured sources released either deliberately or accidentally. In response, the Company has rapid-response teams, crisis management and infection control policies and best practices, experienced and specialized physicians and staff.

Since 2017, Bumrungrad International Hospital is DNV-MIR (Managing Infection Control) certified. The accreditation recognizes our adoption of principals and best practices from the World Health Organization and Center for Disease Control, verified by a globally trusted accreditor, DNV-GL.

The Company has also a comprehensive Infectious Control Program focusing on risk assessment, active surveillance, early detection, isolation, case management, prevention of onward spread and contact tracing by infected persons. The program is regularly reviewed and continuously improved to manage evolving risks and minimize risks to patients and impact to the business.

## Cyber-Security

Healthcare Information Technology (HIT) and data management plays a critical role in current hospital operations, service delivery and administration. Pairing this need with the handling of highly sensitive patient data, data privacy issues, security and integrity according to both regulatory obligations and good business practices is paramount to the Company.

The Company has a roadmap to develop and evolve HIT and its security to address the rapidly changing technological landscape and support the trend towards big data. In 2019, the Company received ISO-27001 (Information Security Management System: ISMS) accreditation from Bureau Veritas, a globally trusted accreditor. The aforementioned and the investment in software and training to continue to proactively prevent IT security risks and to adhere to the upcoming Thailand Personal Data Protection Act B.E. 2562 (2019) in mid-2020.

## ○ The Company's Major Shareholders

List of the Company's 10 major shareholders as at 31 December 2019 are as follows:

Shareholder	Number of shares*	Shareholding** (%)
1. Bangkok Dusit Medical Services PCL	182,513,006	24.99
2. Bangkok Insurance PCL	106,760,417	14.62
3. Thai NVDR Co., Ltd.	64,088,586	8.78
4. UOB Kay Hian (Hong Kong) Limited - Client Account	61,509,565	8.43
5. The Sophonpanich Co., Ltd.	26,138,875	3.58
6. Social Security Office	20,834,700	2.85
7. South East Asia UK (Type C) Nominees Limited	13,424,101	1.84
8. GIC Private Limited	12,917,549	1.77
9. State Street Europe Limited	11,699,324	1.60
10. Sinsuptawee Asset Management Co., Ltd.	11,381,614	1.56
Total	511,267,737	70.02

\* Number of shares includes preferred shares.

\*\* The calculation of holding percentage includes preferred shares.

Among the Company's top ten major shareholders list are foreign financial institutions or custodians acting as trust companies or nominee accounts. The Company has no knowledge of the ultimate shareholders of these companies as these shareholders have never nominated their representatives to serve on the Board of Directors nor taken part in the management of the Company.

### Dividend Policy

#### The Company's dividend policy is as follows:

- When the Company has net profit which can be distributed to shareholders, the preferred shareholders will receive dividends before the ordinary shareholders. In any year that dividends distributed to the preferred shareholders reach 15% of the capital represented by the preferred shares, the balance of the profit shall be distributed to the ordinary shareholders at any amount as determined by the shareholders' meeting. In any year that the Company is able to distribute dividends of more than 15% of its capital, the shareholders of both types shall receive the dividends equally.
- For the payment of dividends, the Board of Directors is to follow the resolution of the shareholders' meeting.
- For every dividend payment, the Company shall reserve at least 5% of the profit as appropriated statutory reserve, until the reserve accounts for 10% of the Company's capital.
- Accrued dividends are not entitled to any interest payment.

### **Subsidiaries' dividend policy is as follows:**

- When the company has profit which can be distributed to shareholders, the company is eligible to pay dividends to its shareholders at any amount in accordance with the resolution of shareholders' meeting.
- For every dividend payment, the Company shall reserve at least 5% of the profit as appropriated statutory reserve, until the reserve accounts for 10% of the Company's capital.
- Accrued dividends are not entitled to any interest payment.

On 26 February 2020, the Board of Directors approved, subject to shareholders' approval in the shareholders' meeting to be held on 28 April 2020, a dividend payment for the operation periods from 1 January 2019 to 31 December 2019 to preferred and ordinary shareholders at the rate of Baht 3.20 per share, totaling Baht 2,336 million, which is a 62% pay-out ratio. The Company already paid an interim dividend of Baht 1.15 per share, totaling Baht 840 million, on 5 September 2019. The remaining dividend payment of Baht 2.05 per share, amounting to Baht 1,497 million, will be paid on 8 May 2020, after receiving shareholders' approval.

For the operation period from 1 January 2018 to 31 December 2018, the Company paid dividend of Baht 2.90 per share, totaling Baht 2,117 million, or a 51% pay-out ratio.

## **○ MANAGEMENT STRUCTURE**

The Company has four committees, which are the Company's Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the Investment Committee. Details of each committee are as follows:

### **Board of Directors**

The Company's Board of Directors as at 31 December 2019 comprises the following:

1. Mr. Chai	Sophonpanich	Chairman of the Board Chairman of the Investment Committee
2. Dr. Chanvit	Tanphiphat, M.D.	Vice Chairman of the Board Member of the Nomination and Remuneration Committee
3. Dr. Suvarn	Valaisathien	Vice Chairman of the Board
4. Mrs. Linda	Lisahapanya	Managing Director Member of the Investment Committee
5. Ms. Sophavadee	Uttamobol	Independent Director Chairperson of the Audit Committee
6. Mr. Soradis	Vinyaratn	Independent Director Member of the Audit Committee
7. Mr. Prin	Chirathivat	Independent Director Member of the Audit Committee
8. Mrs. Aruni	Kettratad	Independent Director Chairperson of the Nomination and Remuneration Committee

9. Mr. Chong	Toh	Director Member of Investment Committee and Nomination and Remuneration Committee
10. Mr. Bernard	Charnwut Chan	Director

Ms. Pantip Chirakarnjanakorn, Company Secretary, is the secretary to the Board of Directors.

## Legal Binding of the Company

Any two authorized directors, except Mr. Chong Toh, jointly sign with the Company's seal affixed.

## Term of Directors

At the annual general meeting of shareholders, one-third of the directors shall retire from office. If the number of directors is not a multiple of three, then the number nearest to one-third shall retire from office. Retiring directors shall be those who have served longest in office. Those who retire by rotation are eligible for re-election.

## Duties and Responsibilities of the Board of Directors

The duties and responsibilities of the Board of Directors, which are described in the Board of Directors' Charter, are as follows:

1. to perform duties in accordance with the laws, the Company's objectives and regulations, and resolutions of the shareholders' meeting, in good faith and with care for the best interest of the Company;
2. to establish the Company's vision, directions and strategies, with the aim to maximize long-term shareholder value;
3. to endorse major strategies and policies, including objectives, business plans, financial targets, operating plans and capital expenditure budgets, as proposed by management; and to monitor and ensure the implementation and follow up on the outcome;
4. to establish the Corporate Governance Manual and the Company's Code of Ethics, and to monitor and ensure communication and implementation of such policies and guidelines, to approve amendments as appropriate and to report in the annual report;
5. to ensure proper systems for corporate accounting, financial reporting and financial auditing; to ensure that the Company has an effective internal control, internal audit and risk management system, which should be reviewed annually, and to assign the internal audit department to independently audit and report on the system;
6. to approve quarterly and annual financial reports; to ensure that they are correct, accurate, credible, in compliance with generally accepted accounting standards and report to shareholders in the annual report;
7. to monitor, supervise and approve, as the case may be, and to ensure transparency in the transactions which are connected transactions and may cause conflict of interest, and to set clear guidelines on the approval and disclosure process of transactions with conflict of interest; and
8. to set and appoint committees as appropriate to help pursue, study in detail, monitor and oversee matters of importance as assigned, and to approve their charters which include their duties and responsibilities and determine their remuneration.

## Audit Committee

The Company's Audit Committee as at 31 December 2019 comprises the following:

1. Ms. Sophavadee Uttamobol Chairperson
2. Mr. Soradis Vinyaratn Member
3. Mr. Prin Chirathivat Member

Ms. Rangsima Thongdee, Director of Corporate Internal Audit, is secretary to the Audit Committee.

The Company's Audit Committee have the experience and knowledge of the Company's financial matters and Ms. Sophavadee Uttamobol is the Chairman of the Audit Committee member who has the knowledge and experience in reviewing the Company's financial statements.

## Term of the Audit Committee

The term of service of the Audit Committee is 3 years. In case that an Audit Committee member vacates his position before the expiration of his term of service, the Board of Directors shall select a replacement as soon as possible. The replacement will serve only up to the remaining term of the Audit Committee.

## Authorities, Duties and Responsibilities of the Audit Committee

The Board of Directors granted authorities to the Audit Committee to fulfil its duties and responsibilities as follows:

1. to review the financial reports of the Company to ensure accuracy and sufficiency;
2. to review the Company's internal control system, internal audit system, and risk management system to ensure appropriateness and effectiveness by approving the annual internal audit plan and its changes, considering the audit results, including considering the independence of the internal audit function, giving consent to the appointment, rotation or termination of Head of corporate internal audit unit or another function responsible for internal auditing;
3. to review the Company's compliance with the laws governing securities and exchange, including rules and regulations prescribed by the Stock Exchange of Thailand and other laws related to the conduct of the Company's business;
4. to consider, select and propose the appointment of an independent party as the Company's external auditor, to propose the audit fees, and to meet with the external auditor without the presence of management at least once a year;
5. to consider related party transactions or transactions which may have conflict of interest, to be in accordance with the Stock Exchange of Thailand rules and regulations, to ensure that such transactions are reasonable and are for the best benefits of the Company;
6. to prepare the report of the Audit Committee to be disclosed in the Company's annual report including opinion on the accuracy, sufficiency and credibility of the Company's financial statements, internal control system and compliance with the laws governing securities and exchange and rules and regulations prescribed by the Stock Exchange of Thailand and other laws related to the conduct of the Company's business;
7. to report to the Board of Directors for rectification within the period of time that the Audit Committee sees fit if it is found or suspected that there is a transaction or an act which may materially affect the Company's financial conditions and operating results;
8. to perform other duties as assigned by the Board of Directors and with consent from the Audit Committee;

9. to have unrestricted access to management, employees and relevant information; and
10. to conduct special investigations where required.

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee as at 31 December 2019 comprises the following:

1. Mrs. Aruni Kettratad Chairperson
2. Dr. Chanvit Tanphiphat, M.D. Member
3. Mr. Chong Toh Member

Ms. Pantip Chirakarnjanakorn, Company Secretary, is the secretary to the Nomination and Remuneration Committee.

## Term of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has a term of three years. Members of the Nomination and Remuneration Committee may be re-elected upon expiration of the term.

## Duties and Responsibilities of the Nomination and Remuneration Committee

The duties and responsibilities of the Nomination and Remuneration Committee, in accordance with Nomination and Remuneration Committee's Charter, are as follows:

1. Nomination
  - a. to consider the appropriate size, composition and term of the Board of Directors;
  - b. to consider and recommend whether there should be a retirement age for directors, and to recommend to the Board of Directors the directors' retirement age;
  - c. to formulate and review qualifications of directors and members of the Committees;
  - d. to propose and review candidates for the director position in case of vacancies or for any other reasons, including collecting a list of candidates nominated by shareholders, to be approved by the Board of Directors and/or Shareholders' Meeting as the case may be; and
  - e. to consider and propose qualified directors to be a member of a Committee when there is a vacancy.
2. Remuneration
  - a. to determine the procedures and criteria for fair and reasonable compensation for directors and Committee members;
  - b. to recommend remuneration for directors and Committee members, including remuneration of the Nomination and Remuneration Committee members, to the Board of Directors and/or Shareholders' Meeting, as the case may be; and
  - c. to implement a process for assessing the performance of the Board of Directors and Committee Members, including proposing their Performance Evaluation Form.
3. to perform other duties relevant to the Nomination and Remuneration Committee as may be assigned by the Board of Directors.

## Investment Committee

The Company's Investment Committee as at 31 December 2019 comprises the following:

- |    |            |              |          |
|----|------------|--------------|----------|
| 1. | Mr. Chai   | Sophonpanich | Chairman |
| 2. | Mrs. Linda | Lisahapanya  | Member   |
| 3. | Mr. Chong  | Toh          | Member   |

Ms. Pantip Chirakarnjanakorn, Company Secretary, is the secretary to the Investment Committee.

### Term of the Investment Committee

The Investment Committee has a term of three years. Members of the Investment Committee may be re-elected upon expiration of the term.

### Duties and Responsibilities of the Investment Committee

The duties and responsibilities of the Investment Committee, in accordance with Investment Committee's Charter, are as follows:

1. to consider investment opportunities, their appropriateness and feasibilities, and investment structure of each investment project. Investment projects include the Company's annual capital expenditure, expansion and renovation of the Bangkok hospital facilities, investment and / or joint-venture, by the Company, subsidiary or affiliate, in new project, business or company both within Thailand and abroad;
2. to consider financial status of the Company in order to evaluate the Company's investment capacity;
3. to recommend investment projects which have been considered by the Investment Committee to the Board of Directors for approval;
4. to monitor result of an investment made by the Company in terms of its performance and to consider any action necessary to minimize the Company's risks from investment; and
5. to perform other duties relevant to the Investment Committee as may be assigned by the Board of Directors.

## Organization Chart



The Company's Management as at 31 December 2019 consists of the following:

- |                 |               |                                  |
|-----------------|---------------|----------------------------------|
| 1. Mrs. Linda   | Lisahapanya   | Managing Director                |
| 2. Mr. Aniello  | Sorrentino    | Chief Global Strategist          |
| 3. Mrs. Artirat | Charukitpipat | Hospital Chief Executive Officer |
| 4. Ms. Oraphan  | Buamuang      | Hospital Chief Financial Officer |

### Management's authority to approve the capital expenditure

The Managing Director is the highest-ranking corporate executive of management authorized by the Board of Directors to approve all budgeted capital expenditures or projects up to Baht 40 million per capital expenditure or project.

## Attachment 1 Details of Management and Controlling Parties

### Directors

Name / Position	Age	Education	Shareholding* (%)	Family Relationship between Management	Work Experience
1. Mr. Chai Sophonpetch Chairman of the Board Chairman of the Investment Committee	76	<ul style="list-style-type: none"> <li>- Bachelor of Science, University of Colorado, USA</li> <li>- Advanced Management Program, The Wharton School, University of Pennsylvania USA</li> <li>- The Joint State - Private Sectors Course, Class 6, The National Defense College of Thailand</li> <li>- Director Certification Program, class 16/2002,</li> <li>- Thai Institute of Directors</li> <li>- Chairman 2000, class 10/2004, Thai Institute of Directors</li> </ul>	14715	<ul style="list-style-type: none"> <li>- Spouse of Mrs. Linda Usitapanya's sister</li> <li>- Father of Mr. Chong Toh's spouse</li> </ul>	<ul style="list-style-type: none"> <li>11/2018 - Present</li> <li>11/2018 - Present</li> <li>09/2018 - Present</li> <li>11/2018 - Present</li> </ul>
2. Dr. Chanvit Tanphiphat, M.D. Vice Chairman of the Board Nomination and Remuneration Committee Member	76	<ul style="list-style-type: none"> <li>- Bachelor of Medicine, and Bachelor of Surgery, Leeds University, United Kingdom</li> <li>- Fellowship of the Royal College of Surgeons of Edinburgh, United Kingdom</li> </ul>	0.0651	-	<ul style="list-style-type: none"> <li>Professor Emeritus, Department of Surgery, Faculty of Medicine, Chulalongkorn University</li> </ul>
3. Dr. Suwan Vaddathien Vice Chairman of the Board	74	<ul style="list-style-type: none"> <li>- SJD in Law, George Washington University</li> <li>- LL.M. Harvard University</li> <li>- Barrister, Thai Bar Association</li> <li>- LLB (<i>magna cum laude</i>), Chulalongkorn University</li> </ul>	0.0063	-	<ul style="list-style-type: none"> <li>2004 - present</li> <li>2002 - present</li> <li>2000 - 2002</li> <li>1981 - 2000</li> </ul>
4. Ms. Linda Lishapanya Managing Director Investment Committee Member	67	<ul style="list-style-type: none"> <li>- Master's Degree in Finance, University of Illinois, USA</li> <li>- Director Certification Program, class 78/2006,</li> <li>- Thai Institute of Directors</li> </ul>	0.0078	-	Managing Director, Burumungrad Hospital PCL.
5. Ms. Sophavadee Utthamabol Independent Director Chairperson of the Audit Committee	59	<ul style="list-style-type: none"> <li>- Master of Business Administration, Chulalongkorn University</li> <li>- Director Accreditation Program, class 5/2003,</li> <li>- Thai Institute of Directors</li> <li>- Audit Committee Program, class 2/2004, Thai Institute of Directors</li> <li>- Role of Chairman Program class 14/2006, Thai Institute of Directors</li> <li>- Financial Statements for Directors, class 18/2012,</li> <li>- Thai Institute of Directors</li> </ul>	-	<ul style="list-style-type: none"> <li>2001 - present</li> <li>1991 - present</li> </ul>	<ul style="list-style-type: none"> <li>Director, S&amp;P Syndicate PCL</li> <li>Legal consultant, Thai Consultant Ltd.</li> </ul>

\* Shareholding as at 31 December 2019, including both preferred and ordinary shares, and shares held by spouse and minors.

Name / Position	Age	Education	Shareholding* (%)	Family Relationship between Management	Work Experience
6. Mr. Soradis Vinyaratn Independent Director Audit Committee Member	79	- Bank Management, City of London College of Banking, London, United Kingdom - Director Accreditation Program, class CP/2005, Thai Institute of Directors	-	-	2010 - 2015 1982 - 2001 1957 - 1990 Independent Director, Dusit Thani PCL Vice Chairman, Landmark Hotel Group Executive Vice President, Bangkok Bank PCL
7. Mr. Pint Chirathivat Independent Director Audit Committee Member	57	- Master of Business Administration, SASIN Graduate Institute of Business Administration, Chulalongkorn University - B.S. (Accounting), Skidmore College, New York, USA - Director Certification Program, DCP 2/2000 - Director Accreditation Program, DAP 35/2005 - Audit Committee Program, ACP 6/2005 - The Role of Chairman Program, RCP 11/2005 - Capital Market Academy, CMA 1/2005 - Monitoring the Internal Audit Function Program, MIA 1/2007 - Monitoring the System of Internal Control and Risk Management Program, MIR 1/2007 - Monitoring the Quality of Financial Reporting, MFR 7/2009 - Monitoring Fraud Risk Management (MFM), 1/2009 - Advanced Audit Committee Program, 1/2009 - Chief Financial Officer (CFO), 2006	0.0026	-	2006 - present 2004 - present 2003 - present 2002 - present 1996 - present 1994 - present Executive Director, Robinson Department Store PCL Member of University Affairs Committee, Chiangrai Rajabhat University Executive Director, Central Plaza Hotel PCL Executive Director, Central Group of Companies Executive Director, Central Retail Corp Ltd. Executive Director, Central Pattana PCL
8. Mrs. Auni Kettratad Independent Director Chairperson of the Nomination and Remuneration Committee	72	- Master of Business Administration, University of Portland, Oregon, USA - Role of the Nomination and Governance Committee (RNG), 2011, IOD training - Director Accreditation Program (DAP), 2011, IOD training - Role of the Compensation Committee (RCC), 2013, IOD training	-	-	2009 - 2013 2014 - present Managing Director, AA Talent Recruitment Co., Ltd. President, AA Talent Recruitment Co., Ltd.

\* Shareholding as at 31 December 2019, including both preferred and ordinary shares, and shares held by spouse and minors.

Name / Position	Age	Education	Shareholding* (%)	Family Relationship between Management	Work Experience
9. Mr. Chong Toh Director Nomination and Remuneration Committee Member Investment Committee Member	51	<ul style="list-style-type: none"> <li>- Master of Science in Management, Massachusetts Institute of Technology, USA</li> <li>- Bachelor of Arts in Philosophy, Politics and Economics, Oxford University, United Kingdom</li> <li>- Director Accreditation Program, class 54/2006, Thai Institute of Directors</li> </ul>	0.2884	-	<ul style="list-style-type: none"> <li>2011 - present Senior Vice President, Bangkok Bank PCL</li> <li>2005 - present Executive Chairman, Bualluang Securities PCL</li> <li>2017 - present Senior Advisor, Morgan Stanley (Thailand) Limited</li> </ul>
10. Mr. Bernard Charanwut Chan Director	54	<ul style="list-style-type: none"> <li>- Bachelor of Arts - Pomona College, California, USA (1988)</li> </ul>	-	-	<ul style="list-style-type: none"> <li>- President, Asia Financial Holdings Ltd.</li> <li>- President, Asia Insurance Co. Ltd.</li> <li>- Advisor, Bangkok Bank (China) Company Limited</li> <li>- Hong Kong Deputy, National People's Congress of the People's Republic of China</li> <li>- Convenor, Executive Council of Hong Kong SAR</li> <li>- Chairperson, The Hong Kong Council of Social Service</li> <li>- Chairman, Hong Kong - Thailand Business Council</li> <li>- Chairman, Committee on Reduction of Soft and Sugar in Food Revitalisation Funding Scheme</li> <li>- Chairman, The Jockey Club CPS Ltd. Advisory Committee</li> <li>- Member, West Kowloon Cultural District Authority Board</li> <li>- Member, Hong Kong Monetary Authority Exchange Fund Advisory Committee</li> <li>- Member, Financial Leaders Forum</li> <li>- Trustee, Pomona College, California, USA</li> </ul>

\* Shareholding as at 31 December 2019, including both preferred and ordinary shares, and shares held by spouse and minors.

## Management

Name / Position	Age	Education	Shareholding* (%)	Family Relationship between Management	Work Experience
1. Mrs. Linda Lisabanya Managing Director	67	- Master's degree of Finance, University of Illinois, USA - Director Certification Program, class 78/2006, Thai Institute of Directors	0.0078	-	Managing Director, Bumrungrad Hospital PCL
2. Mr. Antello Sorentino Chief Global Strategist	73	- Fellowship in Leadership Management, University of Southern California, Los Angeles, California - Executive Business Management Program, Stanford University, Palo Alto, California - DBA, Doctorate in Business Administration, Nova Southeastern University, Fort Lauderdale, Florida - MBA, concentration in Finance, Florida Atlantic University, Boca Raton, Florida - BA, Marketing, University of South Florida, Tampa, Florida	-	-	2019 - present Chief Global Strategist 2017 - 2018 Chief Strategy Advisor 2012 - 2016 International Business Development 2009 - 2011 Bumrungrad Hospital PCL 2006 - 2008 International Business Development/Hospital CEO Bumrungrad International Limited 2004 - 2006 Faculty Member & Healthcare Consultant (NMS Healthcare Consultancy Inc.), University of Southern California - Los Angeles, California, USA
3. Mrs. Arirat Charukitipipat*** Hospital Chief Executive Officer	51	- M.Sc. in Management (Human Resource Management), Sasin Graduate Institute of Business Administration - Graduate Diploma in Human Resource Management, Sasin Graduate Institute of Business Administration - M.Sc. in Management (Strategic Marketing Management), Assumption University - Bachelor of Science in Pharmacy, Chulalongkorn University	-	-	2011 - 2012 Vejthani Hospital, Chief Administrative Officer 2008 - 2011 Samitivej Hospitals, Medical Support Division Manager 2006 - 2008 Bangkok Dusit Medical Services, HR Special Project Manager 2005 - 2006 Bangkok Hospital Pattaya, Assistant Deputy Hospital Director National Healthcare Systems Co., Ltd., Central Procurement Manager 1993 - 2003 Bangkok Hospital Pattaya, Pharmacy Manager and Medtrick Implementer

\* Shareholding as at 31 December 2019, including both preferred and ordinary shares, and shares held by spouse and minors.

Name / Position	Age	Education	Shareholding* (%)	Family Relationship between Management	Work Experience
4. Ms. Oraphan Buamuang Hospital Chief Financial Officer	46	<ul style="list-style-type: none"> <li>- MBA major in Finance and International business, Thammasat University</li> <li>- Bachelor Degree in Financial Accounting, The University of Thai Chamber of Commerce</li> <li>- Certificate in Strategic Investment for Optimal Return, Rangsit University</li> <li>- Thai - Certified Public Accountant (CPA)</li> </ul>	-	-	<p>May 2016 - present Hospital Chief Financial Officer Bumungrad Hospital PCL</p> <p>Jan 2010 - Apr 2016 Financial Investment Consultant Bumungrad Hospital PCL</p> <p>Mar 2004 - Dec 2009 Associate Director, Planning &amp; Investment Bumungrad International Limited</p> <p>Nov 1999 - Feb 2004 Financial Analyst, Bumungrad Hospital PCL</p> <p>Sep 1996 - Aug 1999 Senior Auditor, KPMG Audit (Thailand) Co., Ltd.</p>

\* Shareholding as at 31 December 2019, including both preferred and ordinary shares, and shares held by spouse and minors.

**Detail of Directors of Subsidiaries and Associated Company**  
 (as of 31 December 2019)

* Directors	Companies	Subsidiaries										Associated Companies			
		VTL	AGH	AGR	RM	LLL	BPDTc	BHN	HHE	BS	BML	SST	BM	VTLA	BIL
1. Mr. Chai Sophonpanich	X													X /	
2. Ms. Linda Lisahapanya	/	X	X	X	X				X	X	X	X			
3. Mr. Pansak Sugkrarook	/								/					/	
4. Mr. Bernhard Charnwut Chan														/	
5. Mr. Daniel Gillespie														/	
6. Dr. Jennifer Lee, M.D.															
7. Mr. Yanchai Tanitratapong														/	
8. Mr. Kittiphan Leepipatanawith	/								X					/	
9. Mrs. Arirat Charukitpipat	/								/					/	X
10. Dr. Boldsalkhan Bundan														/	
11. Mr. Lim Seng Bee															
12. Mr. Mo Ye Kyaw														/	
13. Mrs. Munkhbayar Ganbaatar															
14. Ms. Oraphan Buamuang															
15. Mr. Fritz Hermann Scharer														/	
16. Mr. Nimit Taechakrachana															
17. Mr. Tanee Maneenut														/	
18. Mr. Puttarapong Karpukdee														/	

\* Dr. Somsak Chaovitsaree, M.D. has resigned from his position as director, Hospital Executive Officer, and Medical Director with effect on 31 January 2019.

Notes:

- 1. / = Director      X = Chairman
- 2. Vitalife Corporation Limited      = VTL
- 3. Asia Global Health Limited      = AGH
- 4. Asia Global Research Co., Ltd.      = AGR
- 5. Ruenmongkol Co., Ltd.      = RM
- 6. Life and Longevity Ltd.      = LLL
- 7. Burmungrad Personnel Development and Training Center Co., Ltd.      = BPDTc
- 8. Burmungrad Health Network Co., Ltd.      = BHN
- 9. Health Horizons Enterprises Pte. Ltd.      = HHE
- 10. Burmungrad Services Co., Ltd.      = BS
- 11. Burmungrad Mongolia LLC      = BML
- 12. Soul Seniors Tower LLC      = SST
- 13. Burmungrad Myanmar Co., Ltd.      = BM
- 14. Burmungrad International Limited      = BIL
- 15. Invital International AG      = II
- 16. Vitalife Allianz Co., Ltd.      = VTLA

## Election of Directors and Management

The Nomination and Remuneration Committee has the responsibility to select and nominate candidates to replace directors and members of committees whose terms have expired or for any other reasons, including to consider candidates proposed by shareholders, and to propose to the Board of Directors to approve or to recommend to shareholders' meetings of such appointment. The Nomination and Remuneration Committee is responsible for considering qualifications of candidates, taking into account their knowledge, abilities, experience which will be beneficial to the Company, their leadership skills, visions, ethical values, and their independence in making professional decisions and for ensuring that the candidates possess the qualifications as stipulated in the Board of Directors' Charter.

The process for electing directors in a shareholders' meeting is in accordance with the following rules and principles:

1. Each shareholder has one vote for one share;
2. The election of directors may be either by voting for each individual director, or by voting for a group of directors, whichever way the shareholders' meeting deems appropriate. For each resolution, each shareholder must exercise all of his/her votes for one individual director or for one group of directors. Votes by each shareholder may not be split between any directors or any groups of directors; and
3. The election passes with the majority of the votes. If the number of votes is equal, the chairperson of the meeting has the final vote.

The process for selection of independent directors is the same as that of directors and management.

### **Qualifications of independent director are as follows:**

1. He/she holds not more than one percent of the total shares with voting right of the Company, the parent company, the subsidiaries, the associated companies, the major shareholders or the controlling persons of the Company, inclusive of the shares held by the related persons of such independent director;
2. He/she is not, nor used to be an executive director, employee, staff, advisor with regular salary, or the controlling person of the Company, the parent company, the subsidiaries, the associated companies, the subsidiaries in the same tier, the major shareholders or the controlling person of the Company (unless the same has ceased two years prior to the appointment), except the independent director who used to be a government officer or a consultant of the government sector which is a major shareholder or the controlling person of the Company;
3. He/she is not related, whether by blood or legal registration, as father, mother, spouse, sibling and child, including spouse of children, with the other directors, executives, major shareholders, controlling persons, or those who will be nominated as a director, an executive, or controlling person of the Company or subsidiaries;
4. He/she does not have business relationship with the Company, the parent company, the subsidiaries, the associated companies, the major shareholders or the controlling person of the Company, in the manner which may interfere with his/her independent judgment, and neither is or used to be a significant shareholder or controlling person of any person having a business relationship with the Company, the parent company, the subsidiaries, the associated companies, the major shareholders or the controlling persons of the Company (unless the same has ceased two years prior to the appointment), according to the rules and regulations of the Securities and Exchange Commission;

5. He/she is not, nor used to be an auditor of the Company, the parent company, the subsidiaries, the associated companies, the major shareholders or the controlling persons of the Company, and is not a significant shareholder, a controlling person, or a partner of an audit firm which employs the auditors of the Company, the parent company, the subsidiaries, the associated company, the major shareholders or the controlling persons of the Company (unless the same has ceased two years prior to the appointment).
6. He/she is not a provider of any professional services including as legal advisor or financial advisor who receives service fees exceeding Baht two million per year from the Company, the parent company, the subsidiaries, the associated companies, the major shareholders or the controlling persons of the Company, and is not a significant shareholder, controlling person or partner of the provider of professional services (unless the same has ceased two years prior to the appointment);
7. He/she is not a director appointed as a representative of the Company's director, major shareholders, or shareholder who is related to major shareholders;
8. He/she does not undertake any business in the same nature and in competition to the business of the Company, or its subsidiaries, is not a significant partner in a partnership, nor an executive director, employee, staff, advisor with regular salary, or holds shares exceeding one percent of the total voting shares of companies which undertakes business in the same nature and in competition to the business of the Company or its subsidiaries; and
9. He/she does not possess any other characteristics that deter the ability to express independent opinions with regards to the Company's operations.

## Remuneration of Directors, Committee Members and Management

### Directors' Remuneration and Committee Members' Remuneration

Remuneration of Directors, members of the Audit Committee, and the Nomination and Remuneration Committee for the year ended on 31 December 2019 for 10 existing directors, is as follows:

Name	Board of Directors				Audit Committee		Nomination and Remuneration Committee		Total Remuneration
	Number of Meetings	Total Annual Remuneration	Meeting Remuneration	Total	Number of Meetings	Meeting Remuneration	Number of Meetings	Meeting Remuneration	
1 Mr. Chai Sophonpanich	4/4	1,900,000	200,000	2,100,000					2,100,000
2 Dr. Chanvit Tanphiphat, M.D.	2/4	1,700,000	80,000	1,780,000			2/2	60,000	1,840,000
3 Dr. Suvarn Valaisathien	4/4	1,700,000	160,000	1,860,000					1,860,000
4 Mrs. Linda Lisahapanya	4/4	1,500,000	120,000	1,620,000					1,620,000
5 Ms. Sophavadee Uttamabol	4/4	1,500,000	120,000	1,620,000	5/5	250,000			1,870,000
6 Mr. Soradis Vinyaratn	4/4	1,500,000	120,000	1,620,000	5/5	150,000			1,770,000
7 Mr. Prin Chirathivat	3/4	1,500,000	120,000	1,620,000	5/5	150,000			1,770,000
8 Mrs. Aruni Kettratad	4/4	1,500,000	120,000	1,620,000			2/2	100,000	1,720,000
9 Mr. Chong Toh	3/4	1,500,000	90,000	1,590,000			2/2	60,000	1,650,000
10 Mr. Bernard Chanwut Chan	3/4	1,500,000	90,000	1,590,000					1,590,000
Total Remuneration		15,800,000	1,220,000	17,020,000		550,000		220,000	17,790,000

In 2019, the Investment Committee held 3 meetings. Total remuneration of Baht 0.33 million was paid to the members of the Investment Committee.

Directors' remuneration represents the monetary benefits paid to the Company's directors exclusive of salaries and related benefits payable to the management. The above remunerations have been approved by the shareholders.

## Management's Remuneration

In 2019, the total remuneration of 13 management positions of the Company and its subsidiaries amounted to Baht 144.907 million. The Company and its subsidiaries had employee benefit expense payable to their directors and management as follows:

Short-term employee benefits	Baht 130.902 million
Long-term employee benefits	Baht 0.006 million
Termination benefits	Baht 13.999 million
<b>Total</b>	<b>Baht 144.907 million</b>

## Personnel

As at 31 December 2019, the Company has a total of 4,088 staff, and can be divided as follows:

Group	Number of Full-Time Employee	Number of Part-Time/Contract Employee
Nursing	1,750	66
Hospital operations	644	48
Support staff	1,507	73
<b>Total</b>	<b>3,901</b>	<b>187</b>

Total personnel compensation in 2019 comprised of salaries, bonus, provident fund, long-term employee benefits and other benefits totaling Baht 3,231.52 million.

### Summary of Leaves of the Company's Employees in 2019

Total number of employees (person)	Average Days of Leave Per Year			
	sick leave <sup>(1)</sup> (days)	pesonal leave (days)	annual leave (days)	other types of leaves <sup>(2)</sup> (times)
4,088	1.4	0.4	7.1	1.1

#### Remarks

1. The sick leave rate resulting from sickness or accident caused by working was 1.4 day. No employee was in a severe accident, injured, or sick by working.
2. Other types of leaves include maternity leave, sterilization leave, military leave, and ordination leave.



## o Corporate Governance

## ○ Corporate Governance

The Company realizes the importance of good corporate governance, and is committed to follow the Principles of Good Governance Guidelines in order to manage its business with transparency, to build confidence for all stakeholders and to compete efficiently domestically and at the international level. The Company therefore would like to report the following:

### 1. The Rights of Shareholders

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

In 2019, the Company implemented the following to encourage and facilitate the exercise of shareholders' rights in the annual general meeting of shareholders:

1. The Company provided the opportunity for shareholders to propose issues which are important and appropriate for inclusion as an agenda item in the Company's annual general meeting of shareholders (AGM), and in nominating candidates with appropriate knowledge, ability and qualifications as directors of the Company in advance of the AGM. Shareholders can find the criteria and guidelines on the Company's website.
2. The Company sent an invitation letter to the shareholders in advance of the AGM to inform them of the meeting agenda. The letter included comments of serving Directors on the agenda items, together with necessary supporting documents and information for the shareholders to make informed decisions. To protect the shareholders' right to attend and vote at the meeting, detailed information on the documentation required from the shareholders and how to register and vote were also included. The invitation letter was also published on the Company's website 30 days prior to the AGM.
3. For those shareholders who are unable to attend the meeting, they have the right to authorize a person or an independent director as their proxy to attend the meeting and vote on their behalf, using one of the proxy forms sent with the invitation letter. Shareholders can also download the proxy form from the Company's website.
4. The Company implements the barcode system for registration and the voting process, including the use of ballots. This helps accelerate and ensure the accuracy of the registration and vote counting process. In addition, shareholders are able to register after the meeting has started to exercise their rights to vote on agendas that have not been voted. Upon completion of the meeting, shareholders are able to verify the details.
5. Before going into each agenda, the Chairman of the Board of Directors, who acts as chairman of the meeting, assigned the Company Secretary to inform the meeting of the voting process for each agenda.

During the meeting, the chairman of the meeting gave all shareholders the opportunity to comment, ask questions or give opinions and suggestions on any agenda item. The Chairman and management saw the importance of every question and give precise and clear answers.

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

## **2. The Equitable Treatment of Shareholders**

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

1. The Company provides the opportunity for minority shareholders to propose issues which are important and appropriate for inclusion as an agenda item in the Company's annual general meeting of shareholders and in nominating candidates with appropriate knowledge, ability and qualifications as directors of the Company. The announcement has been made through the website of the Stock Exchange of Thailand and the Company. The independent directors will consider and propose the same to the Board of Directors for incorporating such proposals/nominations as agenda items in the AGM as appropriate.
2. For shareholders who are unable to attend the shareholders' meeting, the Company provides proxy forms which allow shareholders to specify their vote on each agenda. The proxy forms, which are in accordance with the format provided by the Ministry of Commerce, are sent with the invitation letter. As an alternative for shareholders, the Company also proposes one of the independent directors to be authorized by the shareholders as their proxy.
3. The shareholders' meetings proceed according to the order of the agenda, without adding new and uninformed agenda, in order to give the opportunity to shareholders to study the information on the given agenda before making decision. Moreover, there are no changes to the important information in the shareholders' meeting.
4. The Company understands the importance of very carefully considering transactions which may have conflict of interest, or may be considered connected or related transactions, and abides by good corporate governance principles, including the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. For such transactions, the directors, management and those who are considered related persons do not participate in considering and/or approving the same.
5. The Company provides oversight and control to prevent improper use of inside information. The Company has the policy regarding management using internal information for personal benefits as follows:
  - 5.1 According to Company's rules and regulations, directors are required to inform the Company immediately in the event that they may have any interests in any agreements being entered into by the Company, or that there is an increase or decrease in their holding of shares or bonds of the Company or subsidiaries.

5.2 Directors and management must prepare and disclose securities holding report to the Securities and Exchange Commission and to the Company within the required period.

Penalties for violation include the following:

1. Verbal warning for corrective action;
2. Report to shareholders' meeting for consideration;
3. Compensation for any damages; and
4. Disclosure to Securities and Exchange Commission and the Stock Exchange of Thailand.

In addition, directors and management of the Company must report the purchase or sale of the Company's securities to the Securities and Exchange Commission and the Company within three business days.

### 3. The Role of Stakeholders

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

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

**Customers / Patients:** The Company provides patient care in an ethical manner, and at the best possible quality, taking into consideration patient safety, patients' satisfaction and efficiency in providing its services. The hospital's Medical Ethics Committee protects patients' rights. In addition, the Company has a department to take customer complaints and to monitor and continuously improve the quality of the care provided to all patients, taking into consideration patients' needs and suggestions. In addition, the Company has engaged a third-party consultant to measure the hospital's customer engagement level, in order to continuously improve the hospital's services for patients and to maintain patients' long-term relationships with the hospital.

**Employees:** The Company believes that its employees are valuable resources and therefore gives all employees equal opportunity with respect of human rights, emphasizing on the equality and equity without discriminating on the grounds of race, religion, national origin, gender, skin color, age, physical ability, sexual orientation, political opinion, social status, education or other status, as well as respecting the individuality and human dignity in accordance with the internationally proclaimed human rights, such as policies and guidelines on sustainable management of human resource that offer protection of human rights and labor rights based on the UN's "Protect, Respect and Remedy" Framework for Business and Human Rights 2011 and the framework under the OECD Guidelines for Multinational Enterprises.

The Company has complied with the relevant laws on human rights, such as equal employment and treatment of male and female personnel, no use of child labor or force labor, equal employment and treatment of male and female personnel.

The Company has the policy to provide employees with appropriate compensation and appoints a welfare committee to oversee the well-being and safety of its employees. The Company also provides an individual development plan (IDP) for each employee, as well as continuous education and regular training programs to develop and reinforce employees' knowledge, abilities and skills in all areas including operations, management and technical expertise, in order for employees to fulfill their jobs more effectively.

#### **Company Training Statistics during 2017-2019**

Details	2019	2018	2017
Total number of employees	4,088	3,980	3,984
Average training hours per employee per year (hours)	69.4	67.4	62.2

Furthermore, the Company holds Town Hall Meetings to provide opportunities for employees to voice their opinions or complain directly to management, implements an Innovation Program where employees are able to propose suggestions to improve work process and services, and has an employee recognition program to increase employees' morale. The Company believes that work efficiency is a result of employees' loyalty to the Company, and is therefore committed to continuously build and assess the employees' engagement with the Company, in order to improve its human resources management.

There are also four additional methods by which employees and customers can voice their complaints, namely through a comment box, via an online incident report, via an email to [cfb@bumrungrad.com](mailto:cfb@bumrungrad.com), or the hotline to Lighthouse Services. Lighthouse Services has been engaged by the Company to receive internal and external anonymous reports in multiple languages, on any misconduct, wrongdoing, unethical or inappropriate behavior.

To date, the Company has not had significant labor disputes during the last 3 years.

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

There are also three additional methods employees can voice their complaint; through a comment box, via an online incident report, or send an email to [cfb@bumrungrad.com](mailto:cfb@bumrungrad.com)

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

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

**Community:** The Company has established the Corporate Social Responsibility (CSR) Committee to oversee and guide the Company's activities undertaken to ensure the Company meets its social responsibilities in all its activities and also collaborate with Bumrungrad Hospital Foundation on the main charity projects.

The Company's CSR emphasizes on two directions which are health promotion and health education. Details of company's CSR activities are available in CSR section.

#### **4. Disclosure and Transparency**

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

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

The Company has many channels to communicate with shareholders and investors. These include those stipulated by rules and regulations, such as the 56-1 filing form, annual reports, the website of the Stock Exchange of Thailand, and other communication channels, such as the Company's website in the Investor Relations section, which are consistently updated, in both Thai and English, quarterly analyst meetings (4 times in 2019), roadshows and investor conferences (2 times overseas, including Singapore, Hong Kong and Malaysia) and investor meetings and conference calls (61 times in 2019). In addition, the Company holds press conferences to update important events of the Company, in order to disseminate information to the public.

Furthermore, the Company has Company Secretary and Investor Relations Department to facilitate interested investors and shareholders. Information can be requested by phone at 02 011-4956, 02 011-4853 and 02 011-5929, by e-mail at [ir@bumrunggrad.com](mailto:ir@bumrunggrad.com), or through the Company's website ([www.bumrunggrad.com](http://www.bumrunggrad.com)).

#### **5. Responsibilities of the Board of Directors**

##### **Structure of the Board of Directors**

The Board of Directors is comprised of qualified directors with extensive experience in various fields. Every director participates in setting the Company's vision, mission, strategies, goals, business plans and budgets. The Board of Directors also ensures that the plans are carried out efficiently and effectively by the management, to ensure the maximization of the Company's value and stability to shareholders. The Board of Directors meets quarterly to review the management's report on the Company's operations. Details of duties and responsibilities of the Board of Directors can be found in Section of Management Structure.

As at 31 December 2019, there are 10 directors, as follows:

1. Non-executive directors: Five non-executive directors, which are Mr. Chai Sophonpanich, Dr. Chanvit Tanphiphat, M.D., Dr. Suvarn Valaisathien, Mr. Chong Toh, and Mr. Bernard Charnwut Chan.
2. Executive directors: One executive director, including Mrs. Linda Lisahapanya.
3. Independent directors: Four independent directors who possess the qualifications as stipulated by the Securities and Exchange Commission, comprising Ms. Sophavadee Uttamobol, Mr. Soradis Vinyaratn, Mr. Prin Chirathivat and Mrs. Aruni Kettratad.

At present, the four independent directors account for 40% of total Board of Directors and more than one-third of the Board of Directors, and will be in accordance with the Securities and Exchange Act B.E. 2535, amended by Securities and Exchange Act (No. 4) B.E. 2551.

### **Segregation of Duties:**

The Company clearly separates duties and responsibilities of the Board of Directors and management. The Board of Directors is responsible for endorsing strategies and supervising management's operations at the policy level, whereas management is responsible for managing the business as per such strategies. Therefore, the Chairman of the Board of Directors is not the same person as the Managing Director.

The Chairman of the Board of Directors is not an executive director and is not involved in managing the Company. Management is assigned the responsibility of implementing the business plan and strategies, and controlling expenses and investments as approved in the budget by the Board of Directors.

### **Directorship Positions in other Listed Companies:**

The Company realizes the value of experience that directors receive from being directors in other companies. The Company therefore has the policy that directors may hold board positions in not more than eight companies listed on the Stock Exchange of Thailand, in order for the directors to be able to allocate sufficient time for each company. With regards to the management, other than board positions at the Company's subsidiaries and affiliated companies, the Managing Director and the Company's management are allowed to hold director and/or independent director positions in not more than three other companies. In addition, such positions must be approved by the Board of Directors.

### **Company Secretary:**

The Board of Directors appointed Ms. Pantip Chirakarnjanakorn as the Company Secretary to be responsible for administering the Board of Directors' meetings and shareholders' meetings, for preparing minutes of such meetings and annual reports, and for safekeeping documents as required by rules and regulations. In addition, the Company Secretary is responsible for advising the Board of Directors and management regarding rules and regulations related to listed companies and corporate governance policies.

### **Committees**

The Board of Directors has set up committees to assist with specific tasks and to propose assigned issues to the Board of Directors for consideration or acknowledgement. Details of committee members and their duties and responsibilities are listed in Section of Management Structure. The Company has four committees as follows:

1. Audit Committee is responsible for reviewing the financial reports, internal control system, internal audit system, and risk management system, and for selecting and coordinating with the Company's auditor. The Audit Committee consists of three independent directors. In 2019, the Audit Committee held 5 meetings and reported their meeting results to the Board of Directors. Details of attendance of Audit Committee members are in Section of Remuneration of Directors, Committee Members, and Management.
2. Nomination and Remuneration Committee is responsible for selecting and proposing candidates for the positions of director and committee member to Board of Directors for approval, and for setting appropriate compensation. The Nomination and Remuneration Committee consists of one independent director, who is the chairperson of the Nomination and Remuneration Committee, and two non-executive directors. In 2019, the Nomination and Remuneration Committee held 2 meetings and reported their meeting results to the Board of Directors. Details of attendance of Nomination and Remuneration Committee members are in Section of Remuneration of Directors, Committee Members and Management.
3. Investment Committee is responsible for considering investment projects before proposing to the Board of Directors for approval. The Investment Committee consists of two non-executive directors and one executive director. In 2019, the Investment Committee held 3 meetings.

## **Roles, Duties and Responsibilities of the Board of Directors**

The Board of Directors has responsibilities towards all shareholders, both major and minority shareholders, in ensuring that the Company conducts its business and implements corporate governance practices in accordance with its objectives and policies for the highest benefit of shareholders, with care and integrity, under business ethical values, taking into account the interests of all stakeholders and under laws and the Articles of Association of the Company. The duties and responsibilities of the Board of Directors are in Section of Management Structure.

### **Internal control and internal audit systems:**

The Company has given importance to internal controls and internal audit systems by establishing an internal audit unit, with the primary objective to support and develop effective internal control of the organization, in order to minimize operational risks, and to ensure quality of the work process and operations. Emphasis is on effectiveness and efficiency, appropriateness of expenses and costs, and operations which are in accordance with the policy and/or requirements of the management.

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

### **Conflict of interest:**

To prevent any problems related to conflicts of interest, the Board of Directors considers transactions which may have conflicts of interest, or may be considered related parties transactions with caution, fairness and transparency, and strictly follows the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, with pricing and other conditions on an arms-length basis. Details of the transactions, including amount, contracting party, and reasons for entering into the transactions are disclosed in financial statements, the annual reports, and the 56-1 filing.

## **Board of Directors' Meetings**

It is the duty of every director to attend Board of Directors' meetings regularly, in order to acknowledge and make decisions relating to the operations of the Company. The Board of Directors holds four regular meetings every year (held quarterly), of which the schedule is set in advance for the entire year, and holds extraordinary meetings as necessary to consider matters which are important and urgent. In 2019, there were 4 Board of Directors' meetings. Details of the meeting attendance of each director are in the table in Section of Remuneration of Directors, Committee Members, and Management.

For each meeting, agenda are clearly set in advance by the Chairman of the Board together with the Managing Director. Moreover, each director is given opportunities to propose issues as agendas. The Company Secretary prepares and distributes invitation letters, agenda items, and other supporting documents to the Board of Directors at least seven days in advance in order to allow directors sufficient time to research and study the information prior to the meeting.

Normally, each meeting lasts two hours. For the consideration of each agenda item, the Chairman of the meeting allocates sufficient time for management to present adequate details on the agenda and for directors to discuss the matter carefully, and gives directors the opportunity to express their opinions in the meeting independently. The majority vote is the passing resolution for each agenda, where one director has one vote. In case any director has a personal conflict of interest, such director will leave the meeting and/or does not vote on that particular matter. If the voting result is equal, the Chairman of the meeting casts the deciding vote. In addition, senior managements are invited to attend Board of Directors' meetings to provide

useful and important information, and to directly obtain business strategies from the Board of Directors to be implemented in the Company's operations.

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

### **Remuneration of the Board of Directors and Management**

The Company provides appropriate remuneration for the Board of Directors and management. The remuneration of the Board of Directors in the form of annual remuneration and meeting remuneration has been approved by shareholders' meetings. Consideration of directors' remuneration takes into account that of other comparable listed companies in the same industry. Committee members only receive remuneration in the form of meeting remuneration.

Management's remuneration is in the form of salaries and bonuses, taking into consideration the responsibilities and performance of each person and performance of the Company.

Details of 2019 remuneration of each individual director, which has been approved by the shareholders' meeting, and the sum of management's remuneration, are disclosed in Section of Remuneration of Directors, Committee Members and Management.

### **Development Programs for Directors and Management**

The Company has a director's manual which summarizes related laws, rules and regulations, so that directors are informed of their roles, responsibilities and guidelines for the position as a director. For newly appointed directors, the Company informs them of information which is important for fulfilling the duties of the Company's directors, which includes the Company's background information, business strategy and director's manual.

Moreover, the Company supports development programs for directors and management in various forms, such as training and seminars organized by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand, and the Securities and Exchange Commission.

A majority of the Board of Directors, 8 directors, have passed IOD training courses, as follows:

	Chairman Program	Director Certification Program (DCP)	Director Accreditation Program (DAP)	Audit Committee Program (ACP)	Role of the Compensation Committee (RCC)	Role of the Nomination and Governance Committee (RNG)
Mr. Chai Sophonpanich	/	/				
Dr. Suvarn Valaisathien			/			
Mrs. Linda Lisahapanya		/				
Mr. Chong Toh			/			
Ms. Sophavadee Uttamobol	/		/	/		
Mr. Soradis Vinyaratn			/			
Mr. Prin Chirathivat	/	/	/	/		
Mrs. Aruni Kettratad			/		/	/

- Internal Control and Risk Management

# ○ INTERNAL CONTROL AND RISK MANAGEMENT

Bumrungrad Hospital Public Company Limited continuously values the internal control system, the internal audit system, and the risk management system. As a result, the Board of Directors has governed and assigned the Audit Committee to review and ensure appropriateness and effectiveness of the Company's systems, with realizing that good systems can help mitigate business risks and operational risks to an acceptable level, and help detect existing deficiencies in a timely manner. In addition, they can help the Company to generate accurate and reliable financial reports, and help the Company's operations to achieve its defined goals.

## Part 1: Control Environment

The Company set its vision, mission, and operating policy, with the emphasis on integrity, ethics, and anti-corruption and clearly defined both short-term and long-term business goals. It has also rewarded employees based on their performance on achieving those goals. In addition, the Company has the organizational structure and work procedures that help tighten its operations and prevent unauthorized asset use. Furthermore, the Company's executives continuously develop and improve the quality of management; resulting in recognitions by several third-party organizations, especially as the Asia's first hospital accredited by the US-based Joint Commission International (JCI) in 2002 and re-accredited in 2005, 2008, 2011, 2014 and 2017, and as evidenced by the Best Practice Workplace Award for Labor Relations and Labor Welfare in 'the Large Enterprise without Federation of Labor Union' category received from the Thailand's Ministry of Labor in 2009 - 2019. Based upon the aforementioned characteristics, it is deemed that the Company has a good organizational structure and environment, which is an essential foundation for an effective internal control system.

## Part 2: Risk Assessment

The Company regularly assesses business risk factors, taking into account economic and political circumstances, competition, labor market, and natural disaster, which are external factors. It also assesses internal factors, especially risk factors concerning medical services, which may lead to legal disputes that may have a significant impact to the Company. In addition, the Company has determined the risk management approach for the possible flooding by assigning the Management to prepare the Business Continuity Plan, and has established the Hospital Administrative Policy on Safety and Environment Risk Assessment. Consequently, it is deemed that the Company has the effective risk management process that can mitigate business risks to the acceptable level.

## Part 3: Control Activities

The Company has established transaction approval authority and limits based on the nature and amount of transaction. In case of connected transactions or potential conflict of interest transactions, the Audit Committee has a duty to review the necessity and rationale of those transactions, which must be approved by the Management, the Board of Directors, or the Shareholders as the case may be. The person with conflict of interest is not allowed to vote in these transactions. Moreover, the Company regularly monitors subsidiaries' and affiliates' operations by delegating the Company's directors or management to take a position of directors in those subsidiaries or affiliates. In 2019, the Company entered into all such transactions with related

persons or parties in compliance with the principles, procedures, and conditions stipulated in laws and regulations, under the good corporate governance policy, on an arm's length basis, and for its own highest benefit.

## **Part 4: Information and Communication**

The Company has performed financial reporting in accordance with the accounting policy as deemed appropriate for its nature of business, and with the Generally Accepted Accounting Principles. During the year the Company adopted a new financial reporting standard which is applicable to the financial statements for the fiscal year commencing on or after 1 January 2019. Such financial reporting standard is improved so as to have content which meets international financial reporting standards. Mostly it clearly explains account performance and provides guidelines for account for users. The adoption of the new standard does not significantly affect the financial statements of the Company. Moreover, the Company has provided necessary and sufficient information for the Board of Directors to make a decision.

## **Part 5: Monitoring Activities**

The Company set up the Corporate Internal Audit Division, directly reporting to the Audit Committee to ensure its independence, Head of which has duties and qualifications as shown in the Appendix 3 with the audit objectives to assure that:

- Operations in various processes are efficient and effective enough to achieve the Company's objectives;
- The financial reporting process has adequate and proper controls to make financial data reliable;
- The management control process is effective enough to govern adherence to laws and regulations, and the Company's policies and procedures appropriately;
- The internal controls over work processes pertaining to patients' safety are effective and adequate.

In addition, the Company delegated the internal auditors to investigate immediately in the case of suspected fraud, practices that violate laws, and other irregular actions, which may affect the reputation and financial position of the company significantly, and assigned responsible persons to determine ways to develop and improve work systems according to the internal auditor's recommendations, and the independent auditor's recommendations in the Management Letter.

## **Part 6: Personal Data Protection**

The Company has a policy to protect personal data of patients, counterparties, and related persons, including employees, and appropriate measures for cyber security, system audits and personal data breach alerts. The Company has strictly taken into account the provisions of the Personal Data Protection Act B.E. 2562 which will become effective in May 2020.

- Related Party Transaction

## Related Party Transactions

Related Company	Relationship	Description	Amount (Baht Million)		Reason for the Transaction
			For the year ended 2019	For the year ended 2018	
Bangkok Insurance PCL. (BKI)	BKI was the major shareholder of the Company, with 14.62% shareholding as at 31 December 2019 (the same as at 31 December 2018) and has common director	<u>Revenues</u> - Revenues from hospital services received from BKI  <u>Expenses</u> - Insurance fees which the Company and subsidiaries paid to BKI	14.0  28.7	14.9  29.4	It was the Company's normal course of business, charging at normal price and benefits as customers in general.  BKI was the insurance provider which the Company and subsidiaries have always used. In addition, the insurance premium that the Company and subsidiaries paid to BKI was at the rate which BKI offers to its customers in general.
		<u>Interest Payment</u>	-	4.4	The interest rate was fixed by the terms and conditions of the Debenture which is 4.5% per annum.
					The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders.

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2019	For the year ended 2018		
Bangkok Life Assurance PCL. (BLA)	Common shareholder	<u>Borrowing of Money</u> - The Company issued and offered 755,000 units of the Debentures of Bumrunggrad Hospital Public Company Limited No.1/2011 Series 3 Due A.D. 2021 with the par value of Baht 1,000 each and interest rate of 4.9%. During the year 2018, BLA sold 300,000 units to unrelated companies and persons.	455.0	455.0	The price per unit including interest rate of debentures offered to BLA was the same price that the Company offers to other third-party subscribers.	The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders.
		<u>Revenues</u> - Revenues from hospital services received from BLA.	19.3	25.3	If was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<u>Expenses</u> - Insurance fees which the Company and subsidiaries paid to BLA	1.2	1.1	BLA was the insurance provider which the Company has always used. In addition, the insurance premium that the Company paid to BLA was at the rate which BLA offers to its customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<u>Interest Payment</u> - Interest payment for 455,000 units of the Debentures of Bumrunggrad Hospital Public Company Limited No.1/2011 Series 3 Due A.D. 2021 with the par value of Baht 1,000 each	22.6	22.6	The interest rate was fixed by the terms and conditions of the Debenture which is 4.9% per annual	The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders.

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2019	For the year ended 2018		
Bangkok Bank PCL. (BBL)	Common executive	<p>Bank Deposits</p> <ul style="list-style-type: none"> <li>- Fixed deposits over 3 months</li> </ul>	4,188.6	4,801.3	The interest rates are at market rates	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<p>Convertible bonds</p> <ul style="list-style-type: none"> <li>- Partly secured convertible bonds, with a maturity of 12 years</li> </ul>	300.0	300.0	A coupon rate of 2.5% for years 1-4, 5% for years 5-8, and 10% for years 9-12, payable semi-annually, which to extend the tenure for additional 5 years maturing on 23 August 2017 and 10 years maturing on 23 August 2027	The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders.
		<p>Convertible bonds</p> <ul style="list-style-type: none"> <li>- Partly secured convertible bonds, with a maturity of 12 years</li> </ul>	250.0	250.0	A coupon rate of 1.0% per annum, payable semi-annually, which to extend the tenure for additional 5 years maturing on 23 August 2017 and 10 years maturing on 23 August 2027	The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders.
		<p>Revenues</p> <ul style="list-style-type: none"> <li>- Revenues from hospital services received from BBL</li> </ul>	0.1	0.9	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<ul style="list-style-type: none"> <li>- Rental income of area of BBL branch at Burmungrad Hospital</li> </ul>	2.4	2.9	Charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<ul style="list-style-type: none"> <li>- Interest income on bank deposits</li> </ul>	63.1	70.8	The interest rates are at market rates	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<p>Expenses</p> <ul style="list-style-type: none"> <li>- Credit cards commission fees which the Company and subsidiaries paid to BBL</li> </ul>	109.9	131.3	<p>BBL was the credit card service provider which the Company and subsidiaries have always used. The Company and subsidiaries invested in various infrastructures to maximize the benefits from efficient use of credit card payment system. The fees paid to BBL are at the market rate.</p>	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<ul style="list-style-type: none"> <li>- Interest on convertible bonds paid to BBL</li> </ul>	32.5	32.5	The Company paid interest on Baht 550 million principal of convertible bonds. Interest rates are in accordance with debt restructuring agreement.	The Audit Committee has the opinion that the transaction was reasonable and it was approved by the Board of Directors and the Shareholders.

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2019	For the year ended 2018		
Bangkok Capital Asset Management Company Limited. (BCAP)	Common director	<u>Revenues</u> - Revenues from hospital services received from BCAP	0.1	-	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<u>Expenses</u> - Management fees on private fund paid to BCAP	1.0	-	Management fee was fixed by the terms and conditions of the contract which is 0.20% of Net Asset Value per annual.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
Thai Consultant Ltd.	Common executive	<u>Expenses</u> - Legal advisory fees which the Company and subsidiaries paid to Thai Consultant Ltd.	12.2	6.6	The Company paid hourly fixed expenses at the normal rate which Thai Consultant Ltd. charges to its customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
Bumrunggrad International Limited (BIL)	An associate which is currently on the process of liquidation (The Company had 31.5% shareholding as at 31 December 2019 same as at 31 December 2018 )	<u>Revenues</u> - Consulting fee income on hospital management received from BIL	-	0.2	The Company charges the fees in relation to the actual cost of the resources used.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business of the Company.
		<u>Interest Payment</u> - Interest paid on the loan which was fully repaid during 2019.	0.1	2.1	The loan carry interest at the 1-year fixed deposit rate of one of local commercial banks, and are due at call	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.
The Bumrunggrad Hospital Foundation (BHF)	Common director	<u>Revenues</u> - Revenues from hospital services received from BHF	16.1	28.7	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.
		<u>Other revenue from resources used</u>	3.0	0.3	The Company charges the expenses in relation to the actual cost of the resources used.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.
		<u>Expenses</u> - Donation	19.0	36.9	The Company paid the donation expenses according to the policy approved by the Board of Directors.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business and it was approved by the Board of Directors.

Related Company	Relationship	Description	Amount (Baht Million)		Pricing Policy	Reason for the Transaction
			For the year ended 2019	For the year ended 2018		
AA Talent Recruitment Co., Ltd.	Common director	<u>Expenses</u> - Service fee for personnel recruitment services	3.8	1.3	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.
Bangkok Dusit Medical Services PCL. (BDMS)	BDMS was the major shareholder of the Company, with 25.00% shareholding (as at 31 December 2019 (31 December 2018: 24.88%)	<u>Expenses</u> - Radio pharmaceuticals	14.5	13.3	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.
AN.B. Laboratories (Amnudy pharmacy) Co., Ltd (ANB)	An indirect subsidiary of a major shareholder (Bangkok Dusit Medical Services PCL. or BDMS)	<u>Expenses</u> - Medicine	0.7	0.7	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.
National Healthcare Systems Co., Ltd. (NHS)	Subsidiary company of a major shareholder (Bangkok Dusit Medical Services PCL. or BDMS)	<u>Expenses</u> - Laboratory Services	2.1	5.5	It was the Company's normal course of business, charging at normal price and benefits as customers in general.	The Audit Committee has the opinion that the transaction was reasonable and was conducted in a normal course of business.



## ◦ Corporate Social Responsibility

## ○ Corporate Social Responsibility

For over 39 years, 1.1 million patients both from Thailand and over 190 countries all over the world, entrust us with their care each year. In taking care of such a large number of patients of various nationalities and cultures efficiently and effectively, as well as providing them with a good experience, we rely on our staff of over 5,000 people, including management, medical professionals, multi-disciplinary professionals, and supporting staff in all departments. Their values, mission and cooperation makes it possible for Bumrungrad Hospital to deliver the best experience to our patients. We aim for everyone in our organization to feel wholeheartedly responsible and feel involved in the care for all patients.

At the same time, Bumrungrad Hospital has continuously contributed its medical expertise to society in the belief that strong and healthy people in the community will enjoy a higher quality of life.

Throughout 2019, Bumrungrad Hospital continued with its various CSR projects including the following.

### **The “Rak Jai Thai” program for underprivileged children with congenital heart disease**

Each year, approximately 8,000 Thai children are found with congenital heart disease and one in four need surgery. Otherwise, they may die prematurely, suffer from the disease, or have poor health. Most children with congenital heart disease are from poor families or lack the opportunities to seek treatment.

Bumrungrad Hospital Foundation and Bumrungrad Hospital thus initiated the “Rak Jai Thai” program in 2003 with the support of the Cardiac Children Foundation under the patronage of HRH Princess Galyani Vadhana, Princess of Naradhiwas. So far, a total of 804 underprivileged children with congenital heart disease have been treated free of charge through the program from the diagnosis, surgery, recovery in hospital, travel to and from, as well as accommodation for parents or guardians. This is to ensure that even the poorest families are able to get treatment of Bumrungrad standards for their children at no cost at all.

In 2019, the program helped operate 14 of such underprivileged children, truly a collaboration of specialists in congenital heart disease, internists, heart surgeons, NICU staff and other multi-disciplinary professionals to help the underprivileged of the society.

### **“ARSA Bumrungrad” Mobile Clinic in Bangkok**

“ARSA Bumrungrad” Mobile Clinic has provided medical services to underprivileged people in more than 27 communities in Bangkok free of charge since 2001. The clinic’s work schedule is 5 days a week from 8:30-12:00 hrs. This program is supported by Thomson Fund, Bumrungrad Hospital Foundation and Bumrungrad Hospital.

In addition, “ARSA Bumrungrad” Mobile Clinic provides first aid services and emergency ambulance units for social events on a regular basis.

## Health promotion for Lumpini traffic police Program

Realizing the importance of preventive health care, Bumrungrad Hospital has been providing an annual health check-up service for traffic police officers of Lumpini Police Station for 15 years now. This mainly involves respiratory function examinations.

In 2019, the program focused on examining Lumpini traffic police who are responsible for road traffic management, and are at high risk of getting respiratory or lung diseases due to long exposure to air pollution. Of a total of 58 police officers receiving the annual check-up, 22 were given the Pulmonary Function Testing or PFT, which helps diagnose, assess the severity of the disease, and monitor the treatment results. Those found with unfavorable values after the PFT will be given further advice or treatment accordingly.

## Scoliosis Charity project

Concerned about scoliosis in children, Bumrungrad Spine Institute, with Bumrungrad Hospital Foundation, has started a program to provide robot-assisted surgery for 10-18-year-old children with scoliosis to correct their anatomical structures so they can enjoy a better quality of life. The program was also set up to celebrate Bumrungrad's 40th anniversary in 2020. The robot-assisted surgery helps surgeons in precision planning of the pedicle screws in adjusting the spine. The first eligible patient underwent the surgery in October 2019 and the plan is to help a total of 10 patients by 2020 year end. Those patients in the program will be treated at Bumrungrad Hospital at no cost.

## Mukdahan Villagers' Occupational Promotion Project

To support handicrafts made by local people in Nikom Kham Soi District and Khamcha-i District, Mukdahan Province, Bumrungrad Hospital ordered plastic woven baskets as part of bathroom amenities provided in patients' rooms. This is a program of cooperation between Bumrungrad Hospital, Bangkok Insurance Foundation, and Bumrungrad Hospital Foundation to help generate income and to promote the occupation for the villagers after the rice farming season. They can now offer even finer and more developed products of better quality, attracting customers and bringing in orders. In this way, Bumrungrad has helped people in these remote villages to secure a way to earn a living and to have a sufficient income. The villagers enjoy a better quality of life while the craftsmanship representing local knowledge is fostered.

## Wellness Community's Bangkrachao School Kitchen Project

The "School Kitchen Project" in Bangkrachao area, Tambon Bangnampheung, Phrapadaeng District, Samutprakarn Province, was set up under the concept of Wellness Community, a joint-undertaking by three leading organizations: M.K. Real Estate PCL, Minor International PCL, and the Vitallife Scientific Wellness Center at Bumrungrad Hospital.

The aim is to renovate the kitchen of Wat Bang-nam-phueng Nok School, a small elementary school in Tambon Bang-nam-phueng, Phrapradaeng District, Samut Prakan Province. This is to be a model project to improve the quality of life in the form of safe and nutritious lunch for students. The three partner organizations took part in various activities in the development and improvement of the school kitchen. For example, the infrastructure of the kitchen was improved, cooking tools and equipment of safety standards were provided, and waste disposal sites of hygienic standards were designated. In addition, sessions were arranged for nutritionists to provide information and advice for students, teachers and school cooks regarding nutrition. It was also recommended that garden vegetables be grown on site as safe ingredients. This school kitchen renovation project was completed in May 2019.

## Bumrungrad Building CSR Design

The Friendly Design for All Foundation, organizer of the Thailand Friendly Design Expo 2019, resolved to select "Bumrungrad Hospital" as "Place of Friendly Design for All of the Year 2019" in the category "Building with Friendly Design" and "Universal Design" of international standards to support all groups of people in society equally for their safety and convenience regardless of age, gender, and physical conditions. This means the building is safe and convenient for the elderly, the disabled, the sick, as well as those with physical limitations. Among developed countries, the friendly design for all is considered a CSR as it reflects that the organization is concerned about the quality of life and the well-being of staff, clients, and people using the building.

## Recognition of continuous social contribution

Another part of Bumrungrad's CSR efforts is that for the seventh consecutive year, in 2019 Bumrungrad has received the AMCHAM CSR Excellence Award - Gold Level by the American Chamber of Commerce in Thailand in recognition of Bumrungrad's continuous commitment in helping society in the form of medical services through programs such as the "Rak Jai Thai" project, providing surgery for children with congenital heart disease and the Arsa Bumrungrad mobile clinic, providing services to people both in Bangkok and upcountry.

For more detail of the Company's information, please refer to the filing report of the Company (56-1 filing) at [www.sec.or.th](http://www.sec.or.th) or company's website ([www.bumrungrad.com](http://www.bumrungrad.com)).



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