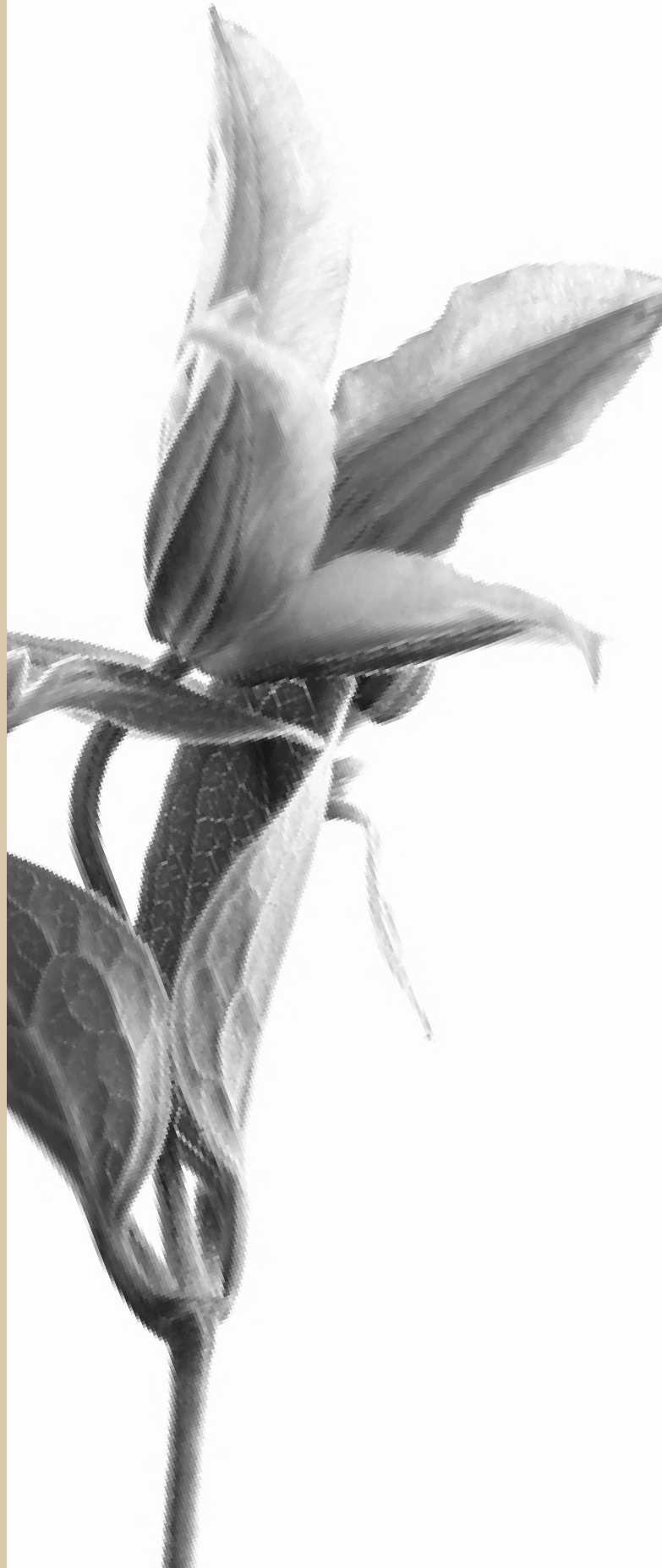


**SPA**  
Annual Report  
**2018**

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Siam Wellness Group PLC.







# Contents

Message from Chairman	4
Board of Directors	6
General Information and Other Information	7
News and Events 2018	10
Financial Highlights	19
Audit Committee's Report	20
Risk Management Committee's Report	22
Nomination and Compensation Committee's Report	23
Corporate Governance Committee's Report	24
<b>Section 1</b>	
Policy and Overview of Business Operation	25
1. Policy and Overview of Business Operation	26
2. The Characteristics of the Business Operation	33
3. Risk Factors	56
<b>Section 2</b>	
Good Corporate Governance	59
4. Securities and Shareholders Information	60
5. Organizational Structure	62
6. Corporate Governance	80
7. Corporate Social Responsibility (CSR)	105
8. Internal Control and Risk Management	110
9. Related Party Transactions	113
Financial Information	125
Management Discussion and Analysis	127
Financial Statements	128

## Message from Chairman



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

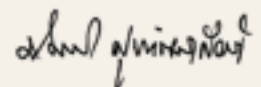
On behalf of the Board of Directors of Siam Wellness Group Public Company Limited [SPA], I would like to sincerely thank all of the shareholders for your trust and support in our company. Despite some events that may impact the safety concerns of the Tourists, such as the Ship Sink in Phuket and the Attack by the Airport Staff, Thailand still welcomed the highest record in number of tourists for 4th consecutive year with 38.28 million tourists, a 7.54 % growth from 2017. Given that 75% of the Company's customers are tourists, as a result, the Company's performance has reflect this with the total revenue of 1.15 billion bahts, a growth of 19.75 % and the total net profit of 205.60 million bahts, a growth of 17.37 %. This year's performance also marks the Company's best financial record for another year.

In 2018, Siam Wellness Group Public Company Limited has expanded 15 new branches in which 5 branches are expanded under Organic Growth Model domestically including Let's Relax Spa Pattaya Beachfront, Let's Relax Beyond Patong, Let's Relax Hua Hin 100, Let's Relax Terminal 21 Pattaya and Let's Relax The Allez Sukhumvit 13 (In front of Hyatt Regency Sukhumvit) and 2 branches are expanded a new Spa Operating in Hotel Model including Let's Relax Arnoma Bangkok and Let's Relax Ace of Hua Hin. In addition, Let's Relax has expanded to new business with 2 branches of Stretch me by Let's Relax – a stretching studio in CentralWorld and Iconsiam and 1 branch of Face Care by Let's Relax – a facial care center in Terminal 21 Pattaya. For overseas expansion, Company has opened total of 5 branches including 2 in PRC China and 3 branches in Cambodia under franchise agreement. As a result, as of 31st December 2018, there are a total of 55 branches including 3 branches of RarinJinda Wellness Spas, 39 branches of Let's Relax Spa (33 domestic and 6 overseas) and 9 branches of Baan Suan Massage.

Together with our international standard of services, the Company has been awarded with many awards including Outstanding Brands at 2018 Asia CEO Summit & Influential Brands Award, Gold Thai Spa World Class Standard from Department of Health Support Ministry of Public Health and Amazing Hotel Spa and Amazing Resort Spa from Thailand Spa & Well-Being Awards 2018. In terms of its Management, we are honored to receive the prestigious Forbes Best Under a Billion Award and Best Investor Relations Award from SET Awards 2018.

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

On behalf of the Board of Directors  
Yours sincerely,



(Mrs. Pranee Suphawatanakiat)  
Chairman

# Board of Directors

As of December 31, 2018, The Board of Directors composed of 9 Directors:



**1. Mrs. Pranee Suphawatanakiat**

Chairman of the Board of Directors

**2. Mr. Wiboon Utsahajit**

Director

President of the Executive Committee

Chief Executive Officer

**3. Mr. Prasert Jiravanstit**

Director

Member of the Executive Committee

Member of the Nominations and  
Compensations Committee

Managing Director

**4. Mrs. Thanit Amorntirasan**

Director

Member of the Executive Committee

Member of the Corporate Governance  
Committee

Deputy Managing Director

**5. Mr. Narun Wiwattanakrai**

Director

Member of the Executive Committee

Member of the Risk Management Committee

Assistant Managing Director

**6. Mr. Polchet Likittanasombat**

Director

Chairman of the Audit Committee

(Audit Committee with Accounting Knowledge)

Member of the Corporate Governance Committee

Independent Director

**7. Chaiyut Thienvutichai**

Director

Member of the Audit Committee

Chairman of the Corporate Governance  
Committee

Member of the Nominations and  
Compensations Committee

Independent Director

**8. M.R. Pensiri Chakrabandhu**

Director

Member of the Audit Committee

Chairman of the Corporate Governance  
Committee

Member of the Nominations and  
Compensations Committee

Independent Director

**9. Supee Pongpanich**

Director

Chairman of the Risk Management Committee

Corporate Governance Committee

Independent Director

# General Information and Other Information

## 1. General Information

Company Name:	Siam Wellness Group Public Company Limited
Stock name:	SPA
Company Registration Number:	0107557000144
Business Type:	Spa under 5 brands <ul style="list-style-type: none"> <li>• RarinJinda Wellness Spa</li> <li>• Let's Relax</li> <li>• Baan Suan Massage</li> <li>• Stretch me by Let's Relax</li> <li>• Face care</li> </ul>
Head Office Address:	483 Soi Suthiporn, Prachasongkroh Road, DinDaeng, Bangkok 10400 THAILAND
Branch Address:	<p><b>1) RarinJinda Wellness Spa</b></p> <ul style="list-style-type: none"> <li>• 4 Charoenraj Road, Wat Kate sub-district, Muang district, Chiang Mai</li> <li>• Grande Centre Point Ratchadamri Hotel, 6th and 8th Floor, No. 153/2 Soi Mahatlekluang 1, Ratchadamri Road, Lumpini sub-district, Pathumwan district, Bangkok</li> <li>• Grande Centre Point Ploenchit Hotel, 30th and 31st Floor, No. 100 Wireless Road, Lumpini sub-district, Pathumwan district, Bangkok</li> </ul> <p><b>2) Let's Relax</b></p> <ul style="list-style-type: none"> <li>• Terminal 21 Shopping Mall, 6th Floor, Room SH-6-003, 004, No. 2,88 Soi Sukhumvit 19, Klongtoey Nua sub-district, Wattana district, Bangkok</li> <li>• Pavilion Night Bazaar Shopping Mall, 1st and 2nd Floor, No. 145 Changklan Road, Changklan sub-district, Muang district, Chiang Mai</li> <li>• 184/14 Pangmuang Sai Kor Road, Patong sub-district, Kathu district, Phuket</li> <li>• 209/22-24, Raj-u-thid 200 years old Road, Patong sub-district, Kathu district, Phuket</li> <li>• Centre Point Residence Phromphong, No. 77 Soi Sukhumvit 39, Sukhumvit Road, Klongtun Nua sub-district, Wattana district, Bangkok</li> <li>• 240/9 Moo 5, Naklua sub-district, Banglamung district, Chonburi</li> <li>• 108/42 Moo 1, Bophut sub-district, Koh Samui district, Suratthani</li> <li>• Mandarin Hotel Bangkok, M Floor, No. 662 Rama 4 Road, Mahapreuttharam sub-district, Bangrak district, Bangkok</li> <li>• Siam Square 1 Shopping Mall, 6th Floor, Room SS6032 and SS 6041, No. 388 Rama 1 Road, Pathumwan sub-district, Pathumwan district, Bangkok</li> <li>• Hua Hin Market Village Shopping Mall, 2nd and 3rd Floor, Room E201, E201_Terrace, E301, A313, No. 234/1 Phetkasem Road, Hua Hin sub-district, Hua Hin district, Prachuab Khiri Khan</li> <li>• Park Lane Bangkok, 2nd Floor Room B205-214, No. 18 Soi Sukhumvit 61, Sukhumvit Road, Klongton Nua sub-district, Wattana district, Bangkok</li> <li>• 97/2, 97/3-4, 97/5, Ratchadamnoen Road, Phra Singha sub-district, Muang district, Chiang Mai</li> <li>• 7/24 Soi Suanplu, Thungmahamek sub-district, Sathorn district, Bangkok</li> <li>• The Street Ratchada, 3rd Floor, No. 139 Ratchadaphisek Road, Dindaeng sub-district, Dindaeng district, Bangkok</li> <li>• MBK Center, 5th Floor, Room No. PLA.F05.A010000 No. 444 Phayathai Road, Wangmai sub-district, Pathumwan district, Bangkok</li> <li>• Holiday Inn Resort Krabi Aonang Beach, 123 Moo 3, Nopparatthara Road, Aonang sub-district, Muang district, Krabi</li> </ul>

- The Berkeley Hotel Pratunam, 10th Floor, No. 559 Ratchaprarop Road, Makkasan sub-district, Ratchathewi district, Bangkok
- 47/3-6 Phayathai Road, Phayathai Road sub-district, Ratchathewi district, Bangkok
- Grande Centre Point Hotel Sukhumvit 55, 5th Floor, No. 300 Soi Sukhumvit 55, Sukhumvit Road, Klongton Nua sub-district, Wattana district, Bangkok
- 121/3 Wake Up Hotel Aonang, 1st Floor, Aonang sub-district, Muang district, Krabi
- 224/2-3 Karon Road, Karon sub-district, Muang district, Phuket
- 5/2-3 Soi Sukhumvit 31 (Sawasdee), Klongtoey-Nua sub-district, Wattana district, Bangkok
- 255 Khoktanod Road, Karon sub-district, Muang district, Phuket
- 20/64 Moo 2, Thepkasattri Road, Koh Kaew sub-district, Muang district, Phuket
- 199 Raj-u-thit 200 years old Road, Patong sub-district, Muang district, Phuket
- 1/5 Nimmanhaemin Road, Suthep sub-district, Muang district, Chiang Mai
- 224/27-28 Moo 10, Nongprue sub-district, Banglamung district, Chonburi
- 99 Ratchadamri Road, Lumpini sub-district, Pathumwan district, Bangkok
- 8 Sawatdirak Road, Patong sub-district, Kathu district, Phuket
- 8/62 Soi Moon Baan Nong Khae, Nong Khae sub-district. Hua Hin district. Prachuab Khiri Khan
- 777 1st Floor, SH-1054A, 1054B Moo 6, Na Kluea sub-district, Banglamung district, Chonburi
- 1 Floor 3, Soi Sukhumvit 13 (Sangchan), Klongtoey Nua sub-district, Wattana district, Bangkok
- 1392 Phetkasem Road (Sai Tai), Cha-am sub-district, Cha-am district, Petchaburi

### 3.) Baan Suan Massage

- 1191/2 Ramkamhaeng Road, Hua-mark sub-district, Bangkapi district, Bangkok
- 27 Nakorn-in Road, Talad Kwan sub-district, Muang district, Nonthaburi
- 293 Ratchadaphisek Road, Wongsawang sub-district, Bangsue district, Bangkok
- 624 Charoennakorn 68 Road, Daokanong sub-district, Thonburi district, Bangkok
- 488 Bharomratchachonnanee Road, Salathammasop sub-district, Thaweewattana district, Bangkok
- Terminal 21 Korat Shopping Mall, 2nd Floor, Room No. 2020-2021 No. 99 Mittraphap-Nongkhai Road, Naimuang sub-district, Muang district, Nakorn Ratchasima
- 689 Mill Place Pohsri Mall, M-0208, M-0209, Pohsri Road, Markkang sub-district, Muang district, Udon Thani
- 1245-1245/1 Moo 5 Soi Wannauthit, Prajaksilpakom Road, Naimuang sub-district, Muang district, Nongkhai
- 673 Phekasem Road, Nongkangplu sub-district, Nongkaem district, Bangkok

### 4) Stretch me by Let's Relax

- 4, 4/1, 4/2, 4/4 CentralWorld 3rd Floor, F313 Ratchadamri Road, Pathumwan sub-district, Pathumwan district, Bangkok
- 299 Iconsiam 5th Floor, 529, Charoennakorn Road, Klongtonsai sub-district, Klongsan district, Bangkok

### 5) Facial care

- 777 1st Floor, SH-1067, 1068 Moo 6, Na Kluea sub-district, Banglamung district, Chonburi

Telephone / Facsimile: (662) 641 6619-20 / (662) 641 6621

Website: [www.siamwellnessgroup.com](http://www.siamwellnessgroup.com)

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

Par Value: 0.25 bahts (twenty-five satangs)



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

### 2.1 Siam Wellness Resort Company Limited

Head Office Address: 483 Soi Suthiporn, Prachasongkroh Road, DinDaeng, Bangkok 10400 THAILAND  
 Business Type: Resort and Restaurant  
 Registered capital: 60,000,000 bahts (sixty millions bahts)  
 % Shares: 99.99

### 2.2 Siam Wellness Lab Company Limited

Head Office Address: 483 Soi Suthiporn, Prachasongkroh Road, DinDaeng, Bangkok 10400 THAILAND  
 Business Type: Spa Products Trading  
 Registered capital: 1,000,000 bahts (one million bahts)  
 % Shares: 99.99

### 2.3 Siam Wellness Education Company Limited

Head Office Address: 483 Soi Suthiporn, Prachasongkroh Road, DinDaeng, Bangkok 10400 THAILAND  
 Business Type: Massage School  
 Registered capital: 1,000,000 bahts (one million bahts)  
 % Shares: 99.97

## 3. Other references

Registrar: Thailand Securities Depository Company Limited (TSD)62 Stock Exchange of Thailand Ratchadaphisek Road, Klongtoey sub-district, Klongtoey district, Bangkok  
 Tel. (662) 009-9000  
 Fax. (662) 009-9992  
 Website: <http://www.set.or.th>

Auditor: Ms. Sumana Punpongsanon, certified public accountant no. 5872 and/or  
 Mr. Sophon Permsirivallop, certified public accountant no. 3182 and/or  
 Ms. Rungnapa Lertsuwankul, certified public accountant no. 3516 and/or  
 Ms. Pimjai Manitkajohnkit, certified public accountant no. 4521 and/or  
 Mrs. Gingkarn Atsawarangsalit, certified public accountant no. 4496 and/or  
 Mr. Chayapol Suppasedtanon, certified public accountant no. 3972  
 EY Office Limited  
 Lake Ratchada Building, 33rd Floor, 193/136-137, Ratchadaphisek Road, Klongtoey district, Bangkok 10110  
 Tel: (662) 264-9090  
 Fax: (662) 264-0789-90

## 4. Other information

– None –

Investor can obtain additional company information from Annual Report (56-1) on [www.sec.or.th](http://www.sec.or.th) or Company Website

# News & Events 2018



January 2018

## SPA signed Franchise Agreements in Cambodia

Siam Wellness Group PCL ["SPA"] has entered into a Franchise Agreement for 3 branches in Phnom Penh, Cambodia with Ms. Prak Phalla, a Cambodian Businesswomen, with the Franchise Rights for the period of 5 years.



February 2018

## SPA launched new concept of RarinJinda Wellness Spa under "The Ultimate Wellness Experience"

RarinJinda Wellness Spa, the 5-stars Wellness Spa, launched its new concept under "The Ultimate Wellness Experience" with the theme of Therapeutic Pampering with Traditional Therapy, Innovative Technology and Personalize Touch at RarinJinda Wellness Spa Ratchadamri, 8th Floor, Grande Centre Point Ratchadamri.



January 2018

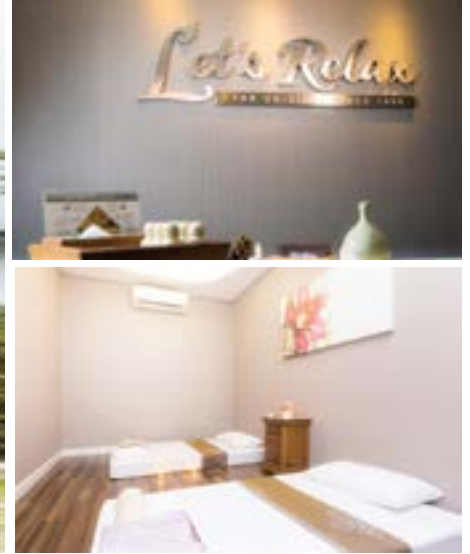
## SPA awarded in Thailand Spa & Well-Being Awards 2018

RarinJinda Wellness Spa received the Amazing Hotel Spa and Amazing Resort Spa Awards at Thailand Spa & Well-Being Awards 2018 Award Ceremony held on Chaophraya Cruise. On this occasion, Mr. Wiboon Utsahajit, Chief Executive Officer and Mr. Prasert Jiravanstit, Managing Director of Siam Wellness Group PCL ["SPA"] were there to receive award and Dr. Tares Krassanairawiwong, Deputy Secretary-General of Ministry of Public of Health, was there to congratulate.

March 2018

### SPA opened its 42nd branch, Let's Relax Spa Phnom Penh Mao Tse Toung Blvd

Let's Relax Spa Phnom Penh Mao Tse Toung Blvd is the first Let's Relax branch in Cambodia, located in the CBD area with many embassies nearby.



March 2018

### SPA held its Annual General Meeting for Shareholders

Siam Wellness Group PCL ["SPA"] held its Annual General Meeting for Shareholders 2018 at Berkeley Hotel Pratunam, Bangkok



April 2018

### SPA opened its 43rd branch, Let's Relax Spa Qingdao

Let's Relax Spa Qingdao is the second Let's Relax branch in China located in Qingdao Olympic Sailing Centre in the city centre of Qingdao nearby many 5-stars hotel. On this occasion, Ms. Nabhasporn Bhuttarichval, Consul General of the Royal Thai Consulate-General in Qingdao, was there to congratulate.



May 2018

### RarinJinda Wellness Spa awarded Gold Thai Spa World Class Standard



RarinJinda Wellness Spa received the Gold Thai Spa World Class Standard from Ministry of Public Health at the 16th Anniversary of Department of Health Support Services held at Ministry of Public Health. On this occasion, Mr. Narun Wiwattanakrai, Executive Director of Siam Wellness Group PCL ["SPA"] was there to receive award from Ms. Pranom Kumtiang, Director-General of Department of Health Support Services.



May 2018

### SPA supported Chiang Mai's Air-Pollutant Emissions from Agricultural Burning Measures

RarinJinda Wellness Spa Resort donated safety equipment and living necessities to Air-Pollutant Emissions from Agricultural Burning volunteers. On this occasion, Mrs. Pranee Suphawatanakiat, Chairwoman and Mrs. Thanit Amorntirasan, Executive Director of Siam Wellness Group PCL ["SPA"] were there to present the donated goods to the volunteer representative at RarinJinda Wellness Spa Resort, Chiang Mai, Thailand.



June 2018

### Let's Relax Spa welcomed Miss Universe New Zealand Top 20 Finalists

Let's Relax Spa welcomed Miss Universe New Zealand Top 20 Finalists to the Thai Massage Experience at Let's Relax Mandarin Hotel Samyan, Bangkok, Thailand. On this occasion, Mr. Narun Wiwattanakrai, Executive Director of Siam Wellness Group PCL ["SPA"] was there to welcome the finalists.



June 2018

### SPA opened its 44th branch, Let's Relax Spa Phnom Penh Norodom Boulevard

Let's Relax Spa Qingdao is the second Let's Relax branch in Cambodia located on Preah Norodom Boulevard which is surrounded by many offices and embassies. On this occasion, His Excellency Mr. Panyarak Poolthup, Ambassador of the Royal Thai Embassy Phnom Penh, was there to congratulate.

June 2018

### SPA opened its 45th branch, Let's Relax Spa Tianjin

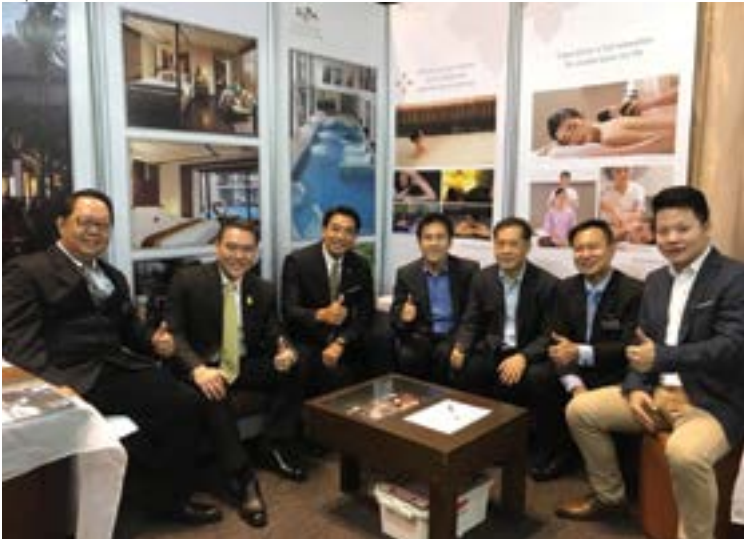
Let's Relax Spa Tianjin is the third Let's Relax branch in China located in Luneng CC Plaza in the heart of Tianjin City. On this occasion, Mr. Mongkol Visitstump, Minister of the Royal Thai Embassy in Beijing was there to congratulate.



June 2018

### SPA opened its 46th branch, Let's Relax Spa Pattaya Beachfront

Conveniently located on the Beachfront of Pattaya Central, Let's Relax Pattaya Beachfront is designed with the Concept of Seascape Serenity, using the curves of the waves in both the exterior and interior. Upon arrival, Guests will feel the serenity of the interior with the mix of mild color tone and an oasis of trees art design in the Spa Lobby. Foot Massage with the Pattaya Beach View is the highlight of this property.



July 2018

### SPA Participated in mai Forum 2018

Siam Wellness Group PCL ["SPA"] participated in mai Forum 2018 at Bangkok Conventions Center, Centara Grand at CentralWorld, Bangkok



September 2018

### SPA opened its 48th branch, Let's Relax Phuket Beyond Patong

Conveniently located on the Beachfront of Phuket's Patong Beach, Let's Relax Beyond Patong Phuket is designed with the Concept of Deep Blue Sea with the use of curves and dark blue to reflect the beachside ambience. Accentuate the Approach with the distinct Glass Roof to capture the attention of beachgoers. Relax and get a massage in Patong, during your next visit.



August 2018

### SPA opened its 47th branch, Let's Relax Spa Phnom Penh Tonle Bassac

Let's Relax Spa Phnom Penh Tonle Bassac is the third Let's Relax branch in Cambodia located on St. 294 which is surrounded by many offices and residences.



September 2018

### SPA opened its 49th branch, Let's Relax Bangkok Arnoma

Located on the 4th Floor of Arnoma Grand Hotel Bangkok, one of Bangkok's busiest Neighbourhood with close access to CentralWorld and Pratunam Area. Let's Relax Arnoma Hotel Bangkok's Design is harmonized with the Hotel's Warm Earth Tone interior. Offering a Warm Ambiance for both hotel guests and passer-by for a quick escape from the buzz.



September 2018

### SPA opened its 50th branch, Let's Relax Hua Hin 100

Strategically located next to the popular Blu Port Mall, Let's Relax Hua Hin 100's standalone retro Red Brick House offers the perfect ambience for relaxation. Upon arrival, Guests will feel the peace and tranquillity of the interior with the turquoise tiles, the colours of Hua Hin Sea, make you feel like getting pampered by the Sea.

October 2018

### SPA opened its 51st branch, Let's Relax Terminal 21 Pattaya



A destination within a destination itself, this newest location to our boutique day spa chain features abundant facilities to keep the whole family entertained. Let's Relax Pattaya Terminal21 Pattaya, conveniently located on the 1st Floor with in the new utmost chic Airport-themed Shopping Mall with access to the new design hotel, Grande Centre Point Pattaya, offers intriguing design with welcoming approach. Discover your sensuous spa journey in style.



October 2018

**SPA opened its 52nd branch, Face Care by Let's Relax Terminal 21 Pattaya**

Face Care by Let's Relax Terminal 21 Pattaya is dedicated for facial treatments with result-driven for soothing and pampering facial skin located on the 1st floor of Terminal 21 Pattaya



November 2018

**SPA opened its 53rd branch, Stretch me by Let's Relax CentralWorld**

Stretch me by Let's Relax, the first stretching studio in Thailand that provides stretching and trigger point pressuring for guests of any lifestyle by certified therapists, opened its first branch on 3rd Floor of CentralWorld, On this occasion, Mr. Pakorn Paratanapat, SEVP, Operations of Central Pattana PCL, was there to congratulate.

November 2018

**SPA awarded Forbes Best Under a Billion**

Siam Wellness Group PCL ["SPA"] received Forbes Best Under a Billion: The region's top 200 small and midsize companies at Forbes Best Under a Billion Forum and Awards Dinner held at Palace Hotel, Tokyo, Japan. On this occasion, Mr. Wiboon Utsahajit, Chief Executive Officer of Siam Wellness Group PCL ["SPA"] was there to receive award from Mr. Christopher Forbes. SPA was one of the only 3 Thai Companies honored at the event.



November 2018

**SPA opened its 54th branch, Stretch me by Let's Relax Iconsiam**

Stretch me by Let's Relax, the first stretching studio in Thailand that provides stretching and trigger point pressuring for guests of any lifestyle by certified therapists, opened its second branch on 5th Floor of Iconsiam,



November 2018

### SPA awarded Best Investor Relations Awards for listed Company in mai at SET Awards 2018

Siam Wellness Group PCL ["SPA"] received Best Investor Relations Awards for listed Company in mai in SET Awards 2018 Award Ceremony held at Stock Exchange of Thailand, Bangkok, Thailand. On this occasion, Mr. Wiboon Utsahajit, Chief Executive Officer of Siam Wellness Group PCL ["SPA"] was there to receive award from Mr. Chaiwat Wiboonsawat, Chairman of SET and Mr. Prapan Charoenprawat, President of mai was there to congratulate.



December 2018

### SPA awarded Outstanding Brands at 2018 Asia CEO Summit & Influential Brands Award Ceremony

Siam Wellness Group PCL ["SPA"] received Outstanding Brands at 2018 Asia CEO Summit & Influential Brands Award Ceremony held at Amari Watgate Hotel, Bangkok, Thailand. On this occasion, Mr. Wiboon Utsahajit, Chief Executive Officer of Siam Wellness Group PCL ["SPA"] was there to receive award from His Excellency Mr. Sontirat Sontijirawong, Minister of Commerce and Mr. Jorge Rodriguez, Managing Director of Influential Brands Singapore and Mrs. Wannee Leelavejabutr, Founder and President of Neo Target Co.,Ltd were there to congratulate.

December 2018

### SPA opened its 55th branch, Let's Relax The Allez Sukhumvit 13 - Hyatt Regency Bangkok Sukhumvit



Conveniently located in the vibrant and trendy urban oasis of Bangkok's Sukhumvit Road, Let's Relax The Alley Sukhumvit 13 is designed as a modern extravagant Day Spa with relaxed and contemporary sophisticated atmosphere with aesthetic flower decorative artifact designs derived from the ancient Thai Literature with urban rustic materials. Escape the rush and buzzes of Bangkok metropolitan and enjoy the classy Spa Getaway within ease accessibility.

December 2018

**SPA opened its 56th branch, Let's Relax Cha-Am Ace of Hua Hin Resort**

Located in the end of Cha-am Beach before arriving in Hua Hin (From Bangkok), Let's Relax Cha-Am Ace of Hua Hin Resort bears an elegant aesthetic providing an idyllic retreat for holiday seekers. Enjoy a rejuvenating massage and spa treatment in the spacious Spa that is decorated with soothing earth tones fully equipped with single and double Spa Suite with Steam, Sauna and private Jacuzzi. Immerse in the natural therapy here.



December 2018

**SPA congratulated the 10,000,000th Chinese Tourists of 2018**

Siam Wellness Group PCL ["SPA"] congratulated the 10,000,000th Chinese Tourists of 2018 at the Special Event hosted by TAT at Suvarnabhumi Airport, Bangkok, Thailand. On this occasion, Mr. Wiboon Utsahajit, Chief Executive Officer of Siam Wellness Group PCL ["SPA"] was there to present Spa Gift Vouchers to Ms. He Weixin, the 10,000,000th Chinese Tourists of 2018 and His Excellency Mr. Weerasak Khowsurat, Minister of Tourism and Sports, was there to congratulate.. This is the first year in the history that Thailand has welcomed over 10 million tourists from China.



December 2018

**SPA congratulated the 10,000,000th Chinese Tourists of 2018**

Siam Wellness Group PCL ["SPA"] congratulated the 1,000,000th Singaporean Tourists of 2018 at the Special Event hosted by TAT at Suvarnabhumi Airport, Bangkok, Thailand. On this occasion, Ms. Chutaporn Jiravanstit, Operations Manager of Siam Wellness Group PCL ["SPA"] was there to present Spa Gift Vouchers to Ms. Angela Kwek Sui Hoon, the 1,000,000th Singaporean tourists of 2018 and His Excellency Mr. Weerasak Khowsurat, Minister of Tourism and Sports, was there to congratulate.

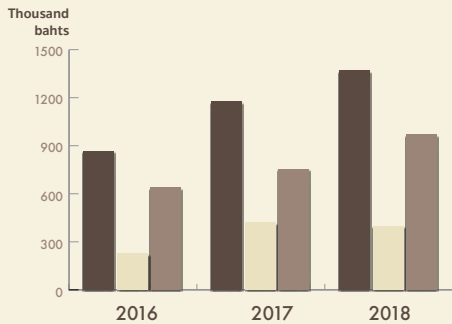


December 2018

**SPA acquired CHABA Nails & Spa, a popular Nail Spa Chain in Bangkok**

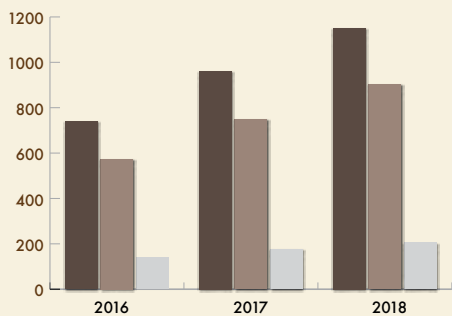
Siam Wellness Group PCL ["SPA"] has entered into an agreement to acquire 76% of total shares of Chaba Elegance Co.,Ltd ("CHABA") or equivalent to 349,600 shares at the price of 100 bahts per share with the total value of 125 million bahts.

# Financial Highlights 2018



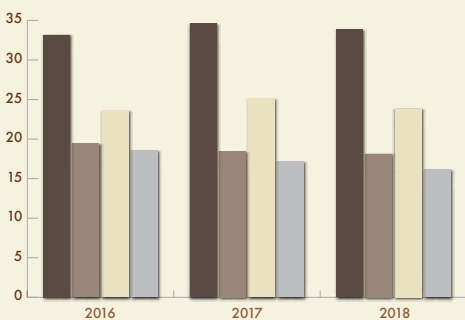
**Total Asset** **1,369,210**  
Thousand bahts

Financial Position	2018	2017	2016
Total Asset (In Thousand bahts)	1,369,210	1,175,502	865,034
Total Liabilities (In Thousand bahts)	398,845	420,700	226,162
Total Shareholder's Equity (In Thousand bahts)	970,365	754,802	638,872



**Total Revenues** **1,152,491**  
Thousand bahts

Operational Performance	2018	2017	2016
Total Revenues (In Thousand bahts)	1,152,491	962,391	739,116
Cost of Sales and Services (In Thousand bahts)	750,131	619,558	484,679
Selling Expenses (In Thousand bahts)	45,181	36,878	28,080
Administrative Expenses (In Thousand bahts)	107,296	93,462	60,961
Total Expenses (In Thousand bahts)	902,608	749,898	573,720
Profit for the Year Attributable to Shareholders of the Parent (In Thousand bahts)	205,597	175,169	140,965
Net Earnings per Share for the Profit for the Year Attributable to Shareholders of the Parent (Baht)	0.36	0.31	0.25



**Gross Profit Ratio** **33.87**  
%

Ratio Analysis	2018	2017	2016
Current Ratio (Times)	0.78	0.93	0.73
Gross Profit Ratio (%)	33.87	34.62	33.17
Net Profit Ratio (%)	18.13	18.48	19.44
Return on Equity (%)	23.84	25.14	23.62
Return on Assets (%)	16.16	17.17	18.55
Debt to Equity Ratio (Times)	0.41	0.56	0.35

# Audit Committee's Report

To Shareholders of Siam Wellness Group Public Company Limited

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

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

In 2018, the Audit Committee had a meeting total of 5 times. The Audit Committee's meeting had attended all meetings with the percentage of 93.33 of the meeting and also invited the management to attend the meeting according to the related agenda of those involved in order to explain the topics matter. As well as invited the internal auditors and certified public accountants to participate in the discussion, the audit results, and the evidences in each quarter. The Audit committee held a meeting with the certified public accountants without the management of the company with total of 5 times.

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

1. Reviewed the annual financial statements for the year 2017 and quarterly financial statements for the year 2018 before submitting to the Board of Directors of the company, to be completely certain that the financial transactions prepared by related parties were accurate and adequate to the accounting standards and legal terms as well as enough disclosure in the notes of financial statements. Along with providing the observations and acknowledgement of the solutions as an advantage for the Company, the Audit Committee supposed that the financial transactions was prepared under the guaranteed accounting standards with the accuracy and adequacy which can be reliable, where the choices of accounting policy are reasonable.

2. By reviewing the adequacy of internal controls and internal audit, the Audit Committee supposed that as a matter fact, there are sufficient and effective and no deficiency with the internal auditor working independently. Herewith, the Audit Committee considered the approval of an internal audit plan for the year 2018, following the risk accordingly and focusing on effective and sufficient performance as well as continuing to improve the internal audit system to enhance internal control.

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

4. By reviewing the risk management, the audit report, and the observations on the internal control system, along with exchanging opinions with the management, the Company has scheduled the meeting for the risk management task force frequently as well as imposing the meeting for the Board of Directors at least every quarter. During the meeting, the Audit Committee mentioned about the overall results, the risks, and suggestions in order to avoid or reducing the significant risks, also reported the progress of the overall results of those



responsible individuals. The Audit Committee supposed that the measurement of the risk management was appropriate and sufficient to support the great risky performances according to the business's environment nowadays.

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

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

- Appointing the auditors of EY Office Co., Ltd. with the names as followed,  
Ms. Sumana Punpongsanon, certified public accountant no. 5872 and/or  
Mr. Sophon Permsirivallop, certified public accountant no. 3182 and/or  
Ms. Rungnapa Lertsuwankul, certified public accountant no. 3516 and/or  
Ms. Pimjai Manitkajohnkit, certified public accountant no. 4521 and/or  
Mrs. Gingkarn Atsawarangsalit, certified public accountant no. 4496 and/or  
Mr. Chayapol Suppasedtanon, certified public accountant no. 3972 and/or  
Ms. Rosaporn Decharkom, certified public accountant no. 5659 and/or  
Ms. Orawan Techawatanasirikul, certified public accountant no.4807

To be auditors of Siam Wellness Group Public Company Limited for the fiscal year 2019 with the audit fees of 1,512,000.00 baht (One million five hundred and twelve thousand baht) This audit fee excludes Non-Audit Fee paid by the Company.

7. The Audit Committee evaluated the overall results of the Audit Committee by evaluating the overall for the year 2018 and had an agreement that the Audit Committee has followed the Charter of Audit Committee effectively and sufficiently.

Siam Wellness Group Public Company Limited



(Mr. Polchet Likittanasombat)  
Chairman of the Audit Committee

# Risk Management Committee's Report

To Shareholders of Siam Wellness Group Public Company Limited

Siam Wellness Group Public Company Limited highly values good corporate governance, in particular efficient risk management. The Company has measures to set strategies, control operations and mitigate risks from new investment decision-making as well as create learning in risk management for all employees to create higher value for the company, shareholders, society, communities and all stakeholders in order for the Company to grow sustainably.

The Risk Management Committee has conducted duties assigned by the Board of Directors under the Charter of Risk Management Committee which complies with the Company's Risk Management Policies and Guideline. The Company has set the Risk Management Policies to cover the selection, assessment, monitoring and control to allow Company to manage the risk efficiently and on-time.

The Risk Management Committee consists of:

1. Mrs. Supee Pongpanich, Chairwoman of the Risk Management Committee
2. Mr. Narun Wiwattanakrai, Member of the Risk Management Committee and Head of the Risk Working Group
3. Mr. Chaiyuth Thienvuthichai, Member of the Risk Management Committee

In 2018, the Risk Management Committee had a meeting total of 4 times which included the Members of the Risk Management Committee (100% attendance) and Member of the Risk Working Group (Management Team) to monitor the key risks that affects the Company's performance and to ensure the Company's performance to be efficient and effective as well as stated new potential risks including risks that may impact the Business Model of Massage and Spa Business in order for the Company to manage the risk in time to reflect the fast-changing and highly competitive Digital era.

The essence topics are as followed:

## 1. Company's Risk by Quarter

The Risk Management Committee and the Risk Working Group jointly assess the Company's risks, its likelihood to happen and its impact from different risks such as Strategic Risk, Legal Risk, Financial Risk, Operational Risk and Asset Risk. Moreover, the Committee used the Global Risk Report 2018 of World Economic Forum as a guideline for strategic risk analysis to ensure the Company's short-term and long-term goals are achieved as well as to prevent any changes in Government's Policy that will impact the Company's Performance. The Committee also gave inputs to the risk management controls and potential risks that may impact the Company's subsidiary to ensure smooth operations and achieving their Goals.

## 2. Company's Risk using SET's guideline

The Committee used the Enterprise Risk Management Framework (ERM Framework) composed of Enterprise Risk Management Policies prepared by Stock Exchange of Thailand as a fundamental in assessing the likelihood and the impact of potential risks. Risks are divided into 3 types 1) Strategic Risk 2) Business Risk 3) Process Risk.

## 3. Company's Risk Action Plan

The Risk Management Committee and the Risk Working Group jointly assess the Risk Action Plan which includes both Preventive Action Plan (before risk occurs) and Easing Action Plan (after risk occurs).

The Risk Management Committee is determined to ensuring that the Company commands proper oversight and due risk management, while having sufficient risk management controls to ensure that Company's efficiency and goals are achieved.



(Mrs. Supee Pongpanich)

Chairwoman of the Risk Management Committee

14 December 2018

# Nomination and Compensation Committee's Report

To Shareholders of Siam Wellness Group Public Company Limited

The Nomination and Compensation Committee consists of:

1. Mr. Chaiyuth Thienvuthichai, Chairman of the Nomination and Compensation Committee
2. M.R. Pensiri Chakrabandhu, Member of the Nomination and Compensation Committee
3. Mr. Prasert Jiravanstit, Member of the Nomination and Compensation Committee

The Nomination and Compensation Committee has conducted duties assigned by the Board of Directors under the Charter of Nomination and Compensation Committee which includes recruitment and selection of Director and Senior Management, Compensation and Benefits for Director and Senior Management.

In 2018, the Nomination and Compensation Committee had a meeting total of 1 time which included the Members of the Nomination and Compensation Committee (100% attendance). The essence topics are as followed:

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

1. Assess Company's Structure in terms of size, composition, mix and representation of Independent Directors to lead Company to achieve its Objectives and Visions.
2. Assess Director's Recruitment Process and Selection to nominate appropriate director with knowledge, expertise. Committee shall review the applicant's biography and suggest comment before submit to Board of Director for appointment of new Directors. Shareholder shall have sufficient information of the appointed director.
3. Assess and Recruit the appropriate Senior Management with Development Plan to allow them to have knowledge, abilities, skills, experience and qualification to drive the Company's Objectives.
4. Assess Director's Recruitment Process and Selection and recommend to the Board of Directors before recruiting the retired director. In the event of the nomination of existing director, the Nomination and Compensation Committee shall reflect on their past performance.
5. Arrange Orientation for new directors and assign sufficient documents to newly appointed director.
6. Create Succession Plan for Managing Director and Senior Management to allow smooth operations of the Company.
7. Assess Compensation Structure and Director and Senior Management's remuneration to reflect their responsibilities to drive the Company's Objectives.
8. Set Compensation Policies of Director's remuneration to match with Company's long -term Vision and Strategies, experience, responsibilities, roles and benefits of each director. Director with additional responsibilities shall have appropriate remuneration with equivalent to industry standards.
9. Propose the Company Structure and Remuneration of Senior Management to the Board before submitting to the Annual General Meeting.
10. Review the Nomination and Compensation Process to reflect the current environment.



(Mr. Chaiyuth Thienvuthichai)  
Chairman of the Nomination and  
Compensation Committee

# Corporate Governance Committee's Report

To Shareholders of Siam Wellness Group Public Company Limited

The Corporate Governance Committee consists of:

1. M.R. Pensiri Chakrabandhu, Chairwoman of the Corporate Governance Committee
2. Mrs. Supee Pongpanich, Member of the Corporate Governance Committee
3. Mr. Polchet Likittanasombat, Member of the Corporate Governance Committee
4. Mrs. Thanit Amorntirasan, Member of the Corporate Governance Committee

The Corporate Governance Committee has conducted duties assigned by the Board of Directors under the Charter of Corporate Governance Committee which complies with the SEC's Corporate Governance Code for listed companies and SET's Principles of Good Corporate Governance

In 2018, the Corporate Governance Committee had a meeting total of 2 times which included the Members of the Corporate Governance Committee (100% attendance) to monitor and report on Company's Corporate Governance that adhere to CG Code which covers Society, Community and Environment. The essence topics are as followed:

1. To consider and endorse the policies, strategies, goals, guidelines, and plans on the Company's corporate governance
2. To review the Company's corporate governance policies, comply with the policies and/or regulations relating to the Company's corporate governance before proposing to the Board of Directors for consideration and approval.
3. To regularly review and propose necessary revision to the Company's policy and guidelines on corporate governance practice
4. To appoint the CSR Working Group with responsibilities of CSR activities
5. To monitor the CSR Working Group

The Corporate Governance Committee is determined to ensuring that the Company commands proper oversight and due corporate governance, while contribute to Corporate Social Responsibility to ensure that Company's efficiency and goals are achieved and create good reputation for the company for all stakeholders.



(M.R. Pensiri Chakrabandhu)  
Chairwoman of the Corporate  
Governance Committee





# Section 1

Policy and Overview  
of Business  
Operations

# 1 Policy and Overview of Business Operations

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

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

### THE VISION

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

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

### ITS BUSINESS OBJECTIVE

#### • SIAM WELLNESS GROUP PLC. : SPA

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

#### • SIAM WELLNESS RESORT CO., LTD. : SWR

SWR defines the target for its hotel operation business by emphasizing growth in occupancy rate and average room rate at the hotel by the customers through a launch of publicity for room occupancy sale, through the organizing of MICE for both private and government sectors, both nationally and internationally; As for the restaurant business, SWR will emphasize on growth in occupancy rate and average bill per person. through organizing sales promotion during various festivity periods as to increase operating income for SWR.

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

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

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

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

#### • TIGER EYES TRADING CO., LTD. : TGT

TGT defines its objective to operate a business of importing and distributing facial, body, slimming, wax, nail products as well as spa equipment such as electric blankets, massage bed sheets, facial and slimming devices. The Company distributes to Hair Salons, Beauty Clinics, Hospitals and Spas throughout Thailand. This supports SWL future growth

#### • TIGER EYES EDUCATION CO., LTD. : TGE

TGE defines its objective to operate a business of Spa and Beauty School recognized by the Ministry of Education in the name of "Tiger Eyes Academy Beauty and Spa". It offers 7 courses for therapists 1) Facial Skin Treatment 2) Body Scrubs 3) Body Massage Therapy 4) Body Wraps 5) Waxing Treatment 6) Hand & Feet Paraffin Treatment, 7) Traditional Thai Relaxing and Therapeutic Ritual. This supports SPA future growth

## 2. Significant Changes and Developments

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

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

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

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

In 2011, the Company founded Siam Wellness Education Co., Ltd. or "SWE", previously named "Blooming Spa Education Co., Ltd." with an authorized capital of 1 million Baht. It operates an educational institute-type school teaching Thai traditional massages recognized by the Ministry of Education. It has

the objective to train employees to be service staff of the Company to accommodate the expansion of SPA branches.

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

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

In 2016, the Company opened its first overseas shop under Franchise Model in Kunming, Yunnan Province, People's Republic of China. Moreover, the Company expanded its branch through a new model "Spa Operating in Hotel".

In 2017, the Company acquired Tiger Eyes Trading (Thailand) Co.,Ltd and Tiger Eyes Education Co.,Ltd to expand the distribution channel of its spa products and expand the training capabilities. Moreover, the Company signed its second overseas shop under Franchise Model in Tianjin, Tianjin Province, People's Republic of China.

In 2018, the Company has expanded the business model into Stretch me by Let's Relax, a stretching studio for health and Face Care by Let's Relax, a facial care center to reflect the changing lifestyle of consumers.

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

##### **Year Significant changes and developments**

- |             |  |
|-------------|--|
| <b>2016</b> | <ul style="list-style-type: none"> <li>● The Company opened "Baan Suan Massage" Prachanukul</li> <li>● The Company opened "Lets Relax" MBK</li> <li>● The Company signed a Spa Operating in Hotel Agreement and opened "Let's Relax" in Holiday Inn Resort Krabi Aonang Beach and The Berkeley Hotel Pratunam</li> <li>● The Company opened "Lets Relax" Kunming, our first branch outside Thailand</li> <li>● The Company opened "Baan Suan Massage" Charoennakorn 68</li> <li>● The Company opened "Lets Relax" Airport Link Phayathai</li> <li>● The Company opened "Lets Relax" Onsen and Spa Thonglor, Thailand's most comprehensive Onsen Spa</li> <li>● The Company opened "Baan Suan Massage" Bharomratchachonnanee</li> <li>● The Company opened "Baan Suan Massage" Terminal 21 Korat</li> </ul>   |
| <b>2017</b> | <ul style="list-style-type: none"> <li>● The Company opened "Lets Relax" Wake Up Hotel Krabi</li> <li>● The Company opened "Lets Relax" Karon Phuket</li> <li>● The Company opened "Baan Suan Massage" Mill Place Posri Udon Thani</li> <li>● The Company signed a Spa Operating in Hotel Agreement and opened "Let's Relax" in The Sis Kata</li> <li>● The Company opened "Lets Relax" Boat Lagoon Phuket</li> <li>● The Company opened "Lets Relax" Sukhumvit 31 Bangkok</li> <li>● The Company opened "Baan Suan Massage" Nongkhai</li> <li>● The Company added Nail Spa Services in "Let's Relax" Sukhumvit 39 (Phromphong) Bangkok</li> <li>● The Company signed a Spa Operating in Hotel Agreement and opened "Let's Relax" in Millennium Resort Patong Phuket</li> <li>● The Company opened "Lets Relax" Nimman Chiang Mai</li> <li>● The Company opened "Baan Suan Massage" Phetkasem Bangkok</li> </ul> |
| <b>2018</b> | <ul style="list-style-type: none"> <li>● The Company opened "Lets Relax" Mao Tse Toung Phnom Penh</li> <li>● The Company opened "Lets Relax" Qingdao</li> <li>● The Company opened "Lets Relax" Norodom Phnom Penh</li> </ul>  |

- The Company opened “Lets Relax” Tianjin
- The Company opened “Lets Relax” Beachfront Pattaya
- The Company opened “Lets Relax” Tonle Bassac Phnom Penh
- The Company opened “Lets Relax” Behind Patong Phuket
- The Company signed a Spa Operating in Hotel Agreement and opened “Let’s Relax” in Arnoma Grand Bangkok
- The Company opened “Lets Relax” Hua Hin 100
- The Company opened “Lets Relax” Terminal 21 Pattaya
- The Company opened “Face Care by Lets Relax” Terminal 21 Pattaya
- The Company opened “Stretch me by Lets Relax” Central World
- The Company opened “Stretch me by Lets Relax” Iconsiam
- The Company opened “Lets Relax” The Allez Sukhumvit 13 (In front of Hyatt Regency Hotel)
- The Company closed “Baan Suan Massage” Ramintra
- The Company signed a Spa Operating in Hotel Agreement and opened “Let’s Relax” in Ace of Hua Hin Resort

As at 31 December 2018, the Company had its places of operation opened as follows:

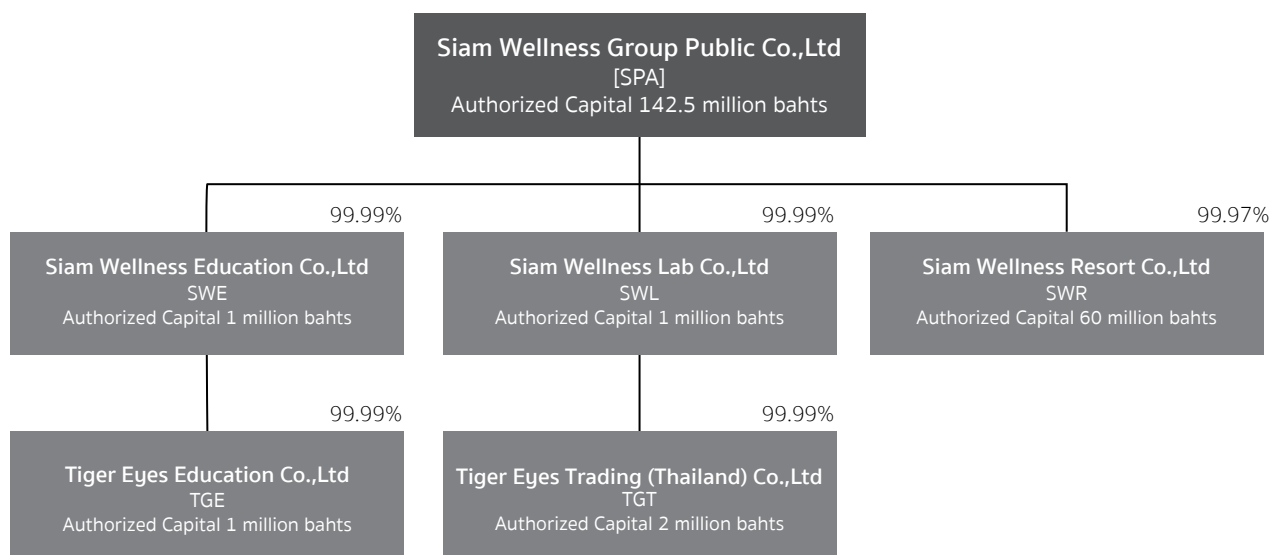
- 3 branches of “RarinJinda Wellness Spa” brand.
- 39 branches of “Let’s Relax” brand (33 branches in Thailand and 6 branches Overseas)
- 2 branches of “Stretch me by Let’s Relax” brand
- 1 branch of “Fae Care by Let’s Relax” brand
- 9 branches of “Baan Suan Massage” brand.

Branches in the process of being prepared for opening

- “Let’s Relax” The Market Pratunam
- “Let’s Relax” Ibis Styles Huaykwang
- “Let’s Relax” Nikko Hotel Thonglor
- “Let’s Relax” I’m Chinatown
- “Let’s Relax” Carlton Hotel Bangkok
- “Stretch me by Let’s Relax” 101 The Third Place at True Digital Park
- “Stretch me by Let’s Relax” Nikko Hotel Thonglor

### 3. Shareholding Structure of the Group of Companies

As of 31 December 2018, the Group of Companies had the shareholding structure as follows:



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

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

Founded on 28th November 2001 to operate a health spa business. Currently its authorized capital is 142.5 million Baht and 142.5 million Baht was fully paid up. The Company’s service is divided into 5 types as follows:

- “RarinJinda Wellness Spa”, a 5-star Premium and Innovative Wellness Spa situated in 5-stars Hotels and Resorts targeted the upper segment. Fully equipped with all of the latest spa technologies and facilities at high international standards, yet deeply rooted in the Thai Massage and healing traditions, it offers relaxing and therapeutic spa treatments that harmonize all life sense.
- “Let’s Relax” a 4-star Boutique Day Spa situated in Shopping Malls, Hotels as well as Standalone in tourist areas targeted upper middle segments. It delicately offers fineness spa pleasure to perfectly balance the body and soul, offers high quality of equipment, products and treatments with experienced and well-trained therapists for a unique and remarkable experience for customers.
- “Baan Suan Massage” a 3-star Neighborhood Massage Outlet is a standalone in highly populated area targeted middle segment. It offers relaxing massage therapy for local consumers.
- “Stretch me by Let’s Relax” a stretching studio providing stretching and trigger point pressuring for guests of any lifestyle such as office, sport or traveller by certified therapists
- “Face Care by Let’s Relax” a sophisticated Facial Spa dedicated for facial treatments with result-driven for soothing and pampering facial skin using Aloe Vera

#### Summary of the details of Rarinjinda Wellness Spa

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

#### Summary of the details of Let’s Relax

Branch No.	Year of Opening	Branch	Location
1	2001	Pavillion	Chiang Mai Pavillion Night Bazaar, Chiang Mai
2	2003	Patong 2nd Street	Raj-u-thit Rd., Patong, Phuket
3	2004	Pattaya	Sunshine Garden Hotel, Pattaya
4	2004	Sukhumvit 39	Soi Sukhumvit 39, Bangkok
5	2011	Terminal 21	Terminal 21 Shopping Mall, Bangkok
6	2013	Samui	Bophut, Samui
7	2013	Mandarin	Mandarin Hotel Bangkok, Bangkok
8	2014	Siam Square One	Siam Square One Shopping Mall, Bangkok
9	2014	Hua Hin	Hua Hin Market Village, Hua Hin
10	2014	Patong 3rd Street	Pangmuang Sai Kor Road, Patong, Phuket
11	2015	Ekkamai	Park Lane Bangkok, Bangkok
12	2015	Thapae	Ratchadamnoen Road, Chiang Mai
13	2015	Suanplu	Soi Suanplu, Bangkok
14	2015	The Street	The Street Ratchada, Bangkok
15	2016	MBK	MBK Center, Bangkok
16	2016	Krabi	Holiday Inn Resort Krabi Aonang Beach
17	2016	Kunming	TKP Building, Beijing Road, Kunming, Yunnan, PRC
18	2016	Pratunam	The Berkeley Hotel Pratunam
19	2016	Phayathai	Airport Link Phayathai Station
20	2016	Thonglor	Grande Centre Point Hotel Sukhumvit 55
21	2560	Wake Up Hotel	Wake Up Hotel, Aonang, Krabi

22	2017	Karon	Karon Road, Phuket
23	2017	Sukhumvit 31	Soi Sukhumvit 31, Bangkok
24	2017	The Sis Kata	The Sis Kata, Phuket
25	2017	Boat Lagoon	Thepkasattri Road, Phuket
26	2017	Millennium Resort	Raj-u-thit 200 years Road, Phuket
27	2017	Nimman	Nimmanhaemin Road, Chiang Mai
28	2018	Mao Tse Toung	Mao Tse Toung Boulevard, Phnom Penh, Cambodia
29	2018	Qingdao	Baili Plaza, Aomen Road, Qingdao, PRC China
30	2018	Norodom	Norodom Boulevard, Phnom Penh, Cambodia
31	2018	Tianjin	Luneng CC Plaza, Water Park East Road, Tianjin, PRC China
32	2018	Pattaya Beachfront	Pattaya Klang Road, Chonburi
33	2018	Tonle Bassac	St.294, Phnom Penh, Cambodia
34	2018	Beyond Patong	Beyond Patong Hotel, Phuket
35	2018	Arnoma Grand	Arnoma Grand Hotel, Bangkok
36	2018	Hua Hin 100	Phetkasem Road, Prachuab Kiri Khan
37	2018	Terminal 21 Pattaya	1st Floor, Terminal 21 Pattaya, Chonburi
38	2018	The Allex Sukhumvit 13	3rd Floor, Hyatt Regency Sukhumvit, Bangkok
39	2018	Ace of Hua Hin	Ace of Hua Hin Resort, Petchaburi

#### Summary of the details of **Baan Suan Massage**

Branch No.	Year of Opening	Branch	Location
1	2015	Ramkamhaeng	Ramkamhaeng Road, Bangkok
2	2015	Nonthaburi	Nakorn-in Road, Nonthaburi
3	2016	Prachanukul	Ratchadaphisek Road, Bangkok
4	2016	Charoennakorn 68	Charoennakorn Road, Bangkok
5	2016	Bharomratchachonnanee	Bharomratchachonnanee Road, Bangkok
6	2016	Korat	Terminal 21 Korat Shopping Mall
7	2017	Udon Thani	Mill Place Posri, Udon Thani
8	2017	Nongkhai	Prajaksilpakom Road, Nongkhai
9	2017	Phetkasem	Phetkasem Road, Bangkok

#### Summary of the details of **Stretch me by Let's Relax**

Branch No.	Year of Opening	Branch	Location
1	2018	Central World	3rd Floor, Central World, Bangkok
2	2018	Iconsiam	5th Floor, Iconsiam, Bangkok

#### Summary of the details of **Face Care by Let's Relax**

Branch No.	Year of Opening	Branch	Location
1	2018	Terminal 21 Pattaya	1st Floor, Terminal 21 Pattaya, Chonburi

## 2) Siam Wellness Resort Co.,Ltd. ("SWR")

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

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

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

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

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

**5)Tiger Eyes Trading (Thailand) Co.,Ltd. (“TGT”)**

It was founded on 18th August 1994 to operate a business of importing and distributing facial, body, slimming, wax, nail products as well as spa equipment such as electric blankets, massage bed sheets, facial and slimming devices from France, UK, USA and Canada. The Company distributes to Hair Salons, Beauty Clinics, Hospitals and Spas throughout Thailand. It also acts act Sole Agents for many brands in Thailand and CLMV. Key customers including Hotel Spa and Day Spas in 3-6 stars. Currently TGT has paid-up authorized capital of 2 million Baht.

**6) Tiger Eyes Education Co.,Ltd. (“TGE”)**

It was founded on 24th May 2007 to operate a business of Spa and Beauty School recognized by the Ministry of Education in the name of “Tiger Eyes Academy Beauty and Spa”. It offers 7 courses for therapists  
1) Facial Skin Treatment 2) Body Scrubs 3) Body Massage Therapy 4) Body Wraps 5) Waxing Treatment  
6) Hand & Feet Paraffin Treatment, 7) Traditional Thai Relaxing and Therapeutic Ritual Currently TGE has paid-up authorized capital of 1 million Baht.

## 4. Relationship with the Business Group of the Major Shareholders

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



## 2 The Characteristics of the Business Operation

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

### 1. Spa business

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

### 2. Hotel and restaurant businesses

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

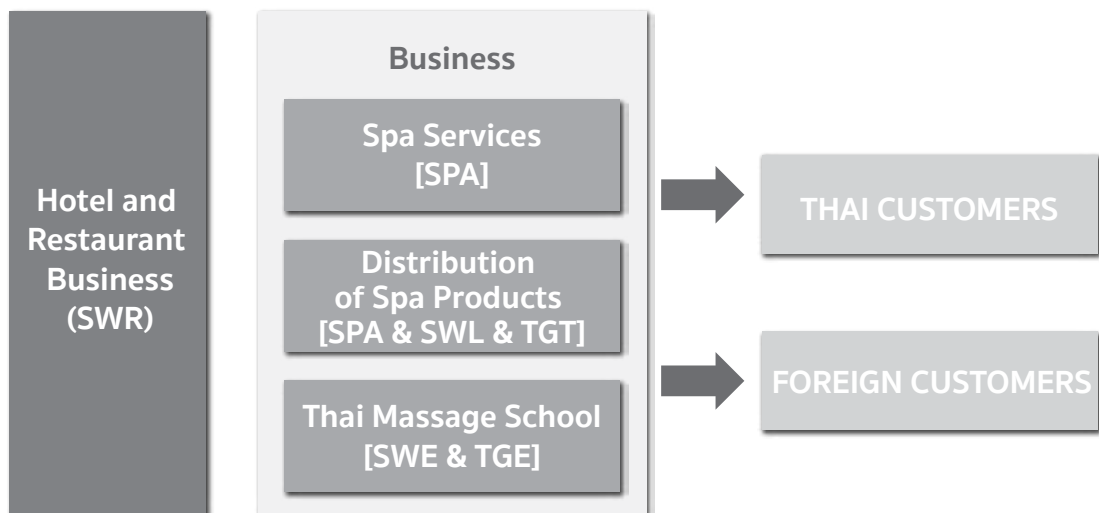
### 3. Distribution of spa products business

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

### 4. Thai massage school business

Siam Wellness Education Co., Ltd. (“SWE”) operates the Thai Massage School Business in the name of “Blooming Thai Massage School,” to provide training on Thai massage and spa to therapist as to accommodate the expansion of the business and Tiger Eyes Educations Co., Ltd (“TGE”) operates the Spa and Beauty School Business in the name of “Tiger Eyes Academy Beauty & Spa” to provide training on massage and spa to therapist as to accommodate the expansion of the business.

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



### 2.1 SPA Business Health Massage and Beauty Massage

The spa business is the principal business of the Group of Companies. It provides service under 5 brands, i.e., “RarinJinda Wellness Spa”, “Let’s Relax”, “Baan Suan Massage”, “Stretch me by Let’s Relax” and “Face Care by Let’s Relax”. The operation of the business must have a certificate of standard of the health massage parlor. As of 31st December 2018, the details are as follows:

Summary of the Certificate of the Standard of the place of business of **RarinJinda Wellness Spa**

Branch No.	Branch	The Certificate		Remarks
		Issue Date	Expiry Date	
1	Chiang Mai	25 Jul 2017	24 Jul 2022	Health Spa Certificate
2	Ratchadamri 1	3 Jul 2018	2 Jul 2023	Health Spa Certificate
3	Ratchadamri 2	3 Jul 2018	2 Jul 2023	Health Spa Certificate
4	Ploenchit	22 Jun 2018	21 Jun 2023	Health Spa Certificate

Summary of the Certificate of the Standard of the place of business of **Let's Relax**

Branch No.	Branch	The Certificate		Remarks
		Issue Date	Expiry Date	
1	Pavillion	25 Sep 2017	24 Sep 2022	Health Massage Certificate
2	Patong 2nd Street			For the certificate, it's in the renewal process
3	Pattaya			For the certificate, it's in the renewal process
4	Sukhumvit 39			For the certificate, it's in the renewal process
5	Terminal 21	14 Jun 2018	13 Jun 2023	Health Spa Certificate
6	Samui	8 Sep 2017	7 Sep 2022	Health Spa Certificate
7	Mandarin	14 Jun 2018	13 Jun 2023	Health Spa Certificate
8	Siam Square One (Phase 1)			For the certificate, it's in the renewal process
9	Siam Square One (Phase 2)			For the certificate, it's in the renewal process
10	Hua Hin	26 Jul 2017	25 Jul 2022	Health Spa Certificate
11	Patong 3rd Street			For the certificate, it's in the renewal process
12	Thapae	25 Sep 2017	24 Sep 2022	Health Massage Certificate
13	Ekkamai	14 Jun 2018	13 Jun 2023	Health Spa Certificate
14	Suanplu	31 May 2018	30 May 2023	Health Spa Certificate
15	The Street Ratchada	29 Mar 2018	28 Mar 2023	Health Massage Certificate
16	MBK	10 Sep 2018	9 Sep 2023	Health Massage Certificate
17	Holiday Inn Krabi	2 Jul 2017	2 Jul 2022	Health Massage Certificate
18	Pratunam	29 Mar 2018	28 Mar 2023	Health Massage Certificate
19	Phayathai	5 Mar 2018	4 Mar 2023	Health Massage Certificate
20	Thonglor	13 Mar 2018	12 Mar 2023	Health Spa Certificate
21	Wake Up	17 Nov 2017	17 Nov 2022	Health Massage Certificate
22	Karon			For certificate, it's in the application process
23	Kata			For the license and the certificate, it's in the application process
24	Boat Lagoon			For certificate, it's in the application process
25	Sukhumvit 31	31 May 2018	30 May 2023	Health Massage Certificate

## Summary of the Certificate of the Standard of the place of business of RarinJinda Wellness Spa

Branch No.	Branch	The Certificate		Remarks
		Issue Date	Expiry Date	
26	Millennium			For the license and the certificate, it's in the application process
27	Nimman	12 Jul 2018	11 Jul 2023	Health Massage Certificate
28	Pattaya Beachfront			For the license and the certificate, it's in the application process
29	Beyond Patong			For the license and the certificate, it's in the application process
30	Arnoma			For the license and the certificate, it's in the application process
31	Hua Hin 100	28 Nov 2018	27 Nov 2023	Health Massage Certificate
32	The Allez Sukhumvit 13			For the license and the certificate, it's in the application process
33	Ace of Hua Hin			For the license and the certificate, it's in the application process

## Summary of the Certificate of the Standard of the place of business of RarinJinda Wellness Spa

Branch No.	Branch	The Certificate		Remarks
		Issue Date	Expiry Date	
1	Ramkamhaeng	13 Mar 2018	12 Mar 2023	Health Massage Certificate
2	Nonthaburi	25 Apr 2018	25 Apr 2023	Health Massage Certificate
3	Prachanukul	13 Mar 2018	12 Mar 2023	Health Massage Certificate
4	Charoennakorn 68	14 Jun 2018	13 Jun 2023	Health Massage Certificate
5	Bharom	5 Mar 2018	5 Mar 2023	Health Massage Certificate
6	Terminal 21 Korat	24 Nov 2018	23 Nov 2023	Health Massage Certificate
7	Udon Thani	6 Nov 2017	5 Nov 2022	Health Massage Certificate
8	Nongkhai	27 Nov 2018	26 Nov 2023	Health Massage Certificate
9	Phetkasem	16 Oct 2018	15 Oct 2023	Health Massage Certificate

REMARKS 1. As for the License and the Certificate are in the process of being applied for. The Company has already furnished the supporting documents to apply for the License and the Certificate to the competent officer. Currently, the matter is being considered by the local competent officer and the public health officer.

### 2.1.1 Characteristics of the Products or Services

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

### Characteristics of Wellness Spa service

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

### Categories of Service of the branches under the brand "RarinJinda Wellness Spa"

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

1. Hydrotherapy Service

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

2. Sauna Service

- Detoxifying Infared Sauna
- Herbal Rainforest Steam Sauna

3. Shirodhara Treatment

4. Warm Sand bed Therapy & Tibetan Sound Therapy

5. Four-Hands Aromatherapy Warm Oil Massage

6. Onsen Service (Service is open particularly for Chiangmai Branch). Mineral water is filled in 3 services ponds alternately according to the need of the customer, namely,

- Gero Hot Springs Bath
- Soda Bath
- Cold Bath

7. Thai Massage

8. Thai Massage with Herbal Compress

9. Aromatherapy Oil Massage

10. Aromatic Hot Stone Massage

11. Back & Shoulder Massage

12. Facial Relaxation

13. Foot Reflexology

14. Body Scrub

15. Body Mask

16. Floral Bath

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

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

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

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

## Characteristics of Day Spa service

The characteristics of providing service under the brand of “Let’s Relax”

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

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

1. Thai massage
2. Thai massage with hot herbal ball
3. Aromatherapy Oil Massage
4. Aromatic Hot Stone Massage
5. Back & Shoulder Massage
6. Facial Relaxation Massage
7. Foot Reflexology Massage
8. Body Scrub
9. Body Mask
10. Floral Bath
11. Onsen(For Thonglor branch only) including:
  - Gero Hot Springs Bath
  - Soda Bath
  - Cold Bath
  - Whirpool Bath
  - Silk Bath
12. Nail Spa (For Phromphong branch only) including
  - Manicure, Pedicure
  - Normal Polish, Gel Polish, French Polish
  - Paraffin
  - Wax

Currently, Let’s Relax has a total of 39 branches (33 branches in Thailand and 6 branch outside Thailand). Let’s Relax Spa is conveniently located across Bangkok and in major tourist destinations of Thailand, namely, Chiang Mai, Pattaya, Phuket, Samui Island, Krabi and Hua Hin. Every branch is open for service from 10.00 hrs. to 24.00 hrs. and there are 5 branches under construction. The details of the branches are as follows:

### Branches inside Thailand

- **Terminal 21** Branch is situated on the 6th floor of Terminal 21Shopping Mall with approx. size of 752 sq.m.
- **Sukhumvit 39** Branch is situated on Soi Sukhumvit 39 (Phromphong) with approx. size of 806.82 sq.m.
- **Mandarin** Branch is situated in Mandarin Hotel with approx. size of 1,100 sq.m.
- **Pavilion** Branch is situated in the Pavilion Night with approx. size of 668 sq.m.
- **Pattaya** Branch is situated on the premises on Sunshine Garden Hotel with approx. size of 540 sq.m.
- **Patong 2nd Street** is situated near Jungceylon Mall with approx. size of 1,292 sq.m.
- **Samui** Branch is located near Big C Super Center with approx. size of 1,588 sq.m.
- **Siam Square One** Branch is located on the 6th floor, Siam Square One Mall with approx. size of 756 sq.m.
- **Hua Hin** Branch is located at Hua Hin Market Village (Phase 2- on 2nd and 3rd floor) with approx. size of of 743 sq.m.

- **Patong 3rd Street** branch is located near Jungceylon Mall with approx. size of 2,418 sq.m.
- **Ekkamai** branch is located on 2nd Floor of Park Lane Bangkok with approx. size of 578 sq.m.
- **Thapae** branch is located on on Sunday Chiang Mai Walking Street with approx. size of 560 sq.m.
- **Suanplu** branch is located on in Soi Suanplu with approx. size of 560 sq.m.
- **The Street** branch is located on 3rd Floor of The Street Ratchada Bangkok with approx. size of 714 sq.m.
- **MBK** branch is located on 5th Floor of MBK Center with approx. size of 615 sq.m.
- **Krabi** branch is located inside Holiday Inn Resort Krabi Aonang Beach with approx.. size of 200 sq.m.
- **Pratunam** branch is located near Airport Link Phayathai Station and BTS Phayathai Station with approx. size of 969 sq.m.
- **Phayathai** branch is located near Airport Link Phayathai Station and BTS Phayathai Station with approx. size of 969 sq.m.
- **Thonglor** branch is located on 5th Floor of Grande Centre Point Hotel Sukhumvit 55 with approx. size of 1,820 sq.m.
- **Wake Up** branch is located on 1st Floor of Wake Up Hotel Krabi with approx. size of 698 sq.m.
- **Karon** branch is located on Karon Road, Phuket with approx. size of 41 sq.w.
- **Kata** branch is located on 1st Floor of The Sis Kata with approx. size of 300 sq.m.
- **Boat Lagoon** branch is located inside Boat Lagoon Phuket with approx. size of 2.84 rai
- **Sukhumvit 31** branch is located in Soi Sukhumvit 31 with approx. size of 332 sq.w.
- **Millennium Resort** branch is located on 4th Floor of Millennium Resort Patong Phuket with approx. size of 654 sq.m.
- **Nimman** branch is located on 1st Floor of One Nimman with approx. size of 812 sq.m.
- **Pattaya Beachfront** branch is located on Pattaya Klang Road, Chonburi with approx. size of 848 sq.m.
- **Beyond Patong** branch is located on B Floor of Beyond Patong with aprox. size of 597 sq.m.
- **Arnoma** branch is located on 4th Floor of Arnoma Grand Hotel with approx. size of 162 sq.m.
- **Hua Hin 100** branch is located on Phetkasem Road, Prachuab Khiri Khan with approx.. size of 400 sq.m.
- **Terminal 21 Pattaya** branch is located on 1st Floor of Terminal21 Pattaya with approx.. size of 1,195 sq.m.
- **The Allez Sukhumvit 13** branch is located on 3rd Floor of The Allez Sukhumvit 13 in front of Hyatt Regency Bangkok Sukhumvit with approx. size of 851 sq.m.
- **Ace of Hua Hin** branch is located in front of Ace of Hua Hin with approx. size of 400 sq.m.

#### Branches outside Thailand

- **Kunming** Branch is situated on the 6th floor of TKP Building in Kunming, Yunnan, PRC with approx. size of 700 sq.m.
- **Mao Tse Toung** branch is located on Mao Tse Toung Boulevard, Phnom Penh, Cambodia with approx. size of 400 sq.m.
- **Qingdao** branch is located on 1st Floor, Baili Plaza, Qingdao, PRC China with approx. size of 700 sq.m.
- **Norodom** branch is located on Norodom Boulevard, Phnom Penh, Cambodia with approx. size of 700 sq.m.
- **Tianjin** branch is located on B1 Floor, Luneng CC Plaza, Tianjin, PRC China with approx. size of 600 sq.m.
- **Tonle Bassac** branch is located on St. 294, Phnom Penh, Cambodia with approx. size of 400 sq.m.

#### Branches in the Process of being Prepared for Opening

1. Let's Relax The Market Pratunam
2. Let's Relax Ibis Styles Huaykwang
3. Let's Relax Ginza Thonglor (in front of Nikko Hotel Thonglor)
4. Let's Relax I'm Chinatown
5. Let's Relax Carlton Hotel Bangkok

## Characteristics of Massage Outlet service

### The characteristics of providing service under the brand of “Baan Suan Massage”

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

### Categories of the provision of service of “Baan Suan Massage”

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

Currently, Baan Suan Massage has a total of 10 branches in Bangkok and Second Tier City area. Every branch is open for service from 09.00 hrs. to 23.00 hrs. The details of the branches are as follows:

- **Nonthaburi** branch is situated on Nakorn-in Road with approx. size of 465 sq.m.
- **Ramkamhaeng** branch is situated on Ramkamhaeng Road with approx. size of 369 sq.m.
- **Charoennakorn 55** branch is situated on Charoennakorn Road with approx. size of 530 sq.m.
- **Prachanukul** branch is situated on Ratchadaphisek Road with approx. size of 453 sq.m.
- **Charoennakorn 68** branch is situated on Charoennakorn Road with approx. size of 187 sq.m.
- **Bharom** branch is situated on Bharomratchachonnane Road with approx. size of 583 sq.m.
- **Korat** branch is situated in Terminal 21 Korat Shopping Mall with approx. size of 439 sq.m.
- **Udonthani** branch is located on 2nd Floor of Mill Place Posri with approx. size of 720 sq.m.
- **Nongkhai** branch is located on Prajaksilpakom Road with approx. size of 1 ngarn 51 sq.w.
- **Phetkasem** branch is located on Phetkasem Road with approx. size of 3 ngarn 77 sq.w.

## Characteristics of Stretching Studio service

### The characteristics of providing service under the brand of “Stretch me by Let’s Relax”

The provision of Stretching Studio type service is a combination of stretching technique and trigger point pressuring to release tension and pain of muscles from injuries caused from office, sport or travelling. On average, customers use approximately 1-2 hours for service. Service provided by physio therapists or sport science specialists

### Categories of the provision of service of “Stretch me by Let’ s Relax”

1. Office Stretch
2. Sport Stretch
3. Traveller Stretch
4. Hot Pack

Currently, Stretch me by Let’s Relax has a total of 2 branches in Bangkok. Every branch is open for service from 10.00 hrs. to 22.00 hrs. The details of the branches are as follows:

- **CentralWorld** branch is situated on 3rd Floor, Forum Zone, CentralWorld with approx. size of 130 sq.m.
- **Iconsiam** branch is situated on 5th Floor, Wellness Zone, Iconsiam with approx. size of 220 sq.m.

### Branches in the Process of being Prepared for Opening

1. Stretch me 101 The Third Place
2. Stretch me Ginza Thonglor (in front of Nikko Hotel Thonglor)

### Characteristics of Facial Spa service

The characteristics of providing service under the brand of “Face Care by Let’s Relax”

The provision of Facial Spa type service is a relaxing and rejuvenating facial massage and treatment with the use of Aloe Vera. On average, customers use approximately 1-2 hours for service. Service provided by facial specialist.

### Categories of the provision of service of “Face Care by Let’s Relax”

1. Aloe Vera Treatment
2. Signature Aloe Vera Treatment
3. Face Mask Treatment
4. Care & Repair
5. Azulene
6. Oxygen Vital
7. Wax

Currently, Face Care by Let’s Relax has a total of 1 branch in Pattaya. Every branch is open for service from 10.00 hrs. to 22.00 hrs. The details of the branches are as follows:

- **Terminal 21 Pattaya** branch is situated on 1st Floor, Terminal 21 Pattaya with approx. size of 220 sq.m.

## 2.1.2 Marketing

### Target Customer

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

Customer Group	Income per month (Baht)	Brand of Service
A- to A+	>75,000	RarinJinda Wellness Spa
B to A-	30,000 – 75,000	Let’s Relax / Stretch Me / Face Care
C+ to B+	15,000 – 50,000	Baan Suan Massage

Source: Data Company

### Distribution Channels

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



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

## Price Determination

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

## Factors Affecting Competition

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

### 1. Experience and Professionalism in the Conduct of Business

As the Company has had more than 20 years of spa business experience, it is able to offer various types of massage service to be provided by able and skilled therapist staff that has been trained properly according to the school's training course of the subsidiary company (SWE) in tandem with the premium grade spa products of the subsidiary company (SWL) to create confidence in the consumers and to effectively respond to their needs. This is to make a good impression and create brand loyalty to the business and to the goods. When the customers are impressed with the goods, they are able to buy more for further consumption, thus, resulting in increased distribution of the products for the Group of Companies.

### 2. Location

The choice of the location for spa business, for "RarinJinda Wellness Spa", the Company would choose the location inside the 5-stars hotel which matches the targeted customer group. The customer prefers premium services with one-on-one service and seeks treatments that harmonize all life senses.

For "Let's Relax", the locations are chosen with convenience and the vicinity of tourist attractions factor. For example, for the branches in Bangkok, the Company would choose a location of the spa to be near to the BTS station. For the branches in the provinces of tourist attraction, they will be located in the vicinity of a tourist attraction or a department store. For "Baan Suan Massage", the location is chosen in main streets with highly populated area of middle class with great sight.

### 3. Creation of the difference in terms of quality

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

### 4. Sales Promotion

The Company arranges for sales promotion such as Loyalty Program offering special price discounts to encourage the customers to decide tentatively to use the spa service with increased ease and to help increase the rate of service use during the tourist Low Season and there is an organized sales promotion during the period of

publicity campaign in various tourist events both domestically and abroad with offers of discount coupons through magazines.

### 2.1.3 Procurement of Products or Services

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

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

The Company, therefore, procures various factors as follows:

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

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

##### • Lease of the space

Currently, there has been executed the agreement for long-term lease of the area to operate a total of 47 branches of the spa service. Most of the agreement for lease of the area is a 3-year lease. There is negotiation for renewal of the lease agreement for newly opened branches for around 6 - 9 years of lease (a 3-year lease with a further 3-year renewal and/or with a further 3-year renewal). This is for worthy returns on investment in terms of decoration for opening the spa branch; but thereafter, generally, the lease agreement can be renewed once for 2-3 years of lease each. Due to good consistent relationship with the lessor, during the past, there was no problem encountered with the renewal of the lease agreement. For some branches, more than 20 years continuing lease is renewed to operate the business. The details are shown in the Table as follows:

#### Brand "RarinJinda Wellness Spa"

Branch	Year of Operation	TotalSpace (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
Chiang Mai	2005	3,500	30 years	1 Jan 13 – 31 Dec 42	<ul style="list-style-type: none"> <li>• Lease of land from Klom Kliaw Pattana Co.,Ltd, affiliated person and improvement made on the wreckage of the building to be used as a place for operating a spa business and to sub-let part of the space connected to the subsidiary company to be converted into a hotel.</li> <li>• Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 3 years in advance prior to the expiry of the Lease Agreement.</li> </ul>
Ratchadamri	2007	903	3 years	1 Jan 17 – 31 Dec 19	<ul style="list-style-type: none"> <li>• Lease is renewable for renewal of 3 years</li> </ul>
Ploenchit	2014	1,087	3 years	1 Nov 17 – 31 Oct 20	<ul style="list-style-type: none"> <li>• Lease is renewable for renewal of 3 years</li> </ul>

## Brand “Let’s Relax”

Branch	Year of Operation	TotalSpace (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
Pavillion	1998	668	3 years	16 Sep 16 – 15 Sep 19	<ul style="list-style-type: none"> <li>• 4 lease agreements (expansion of area with renewal of the agreement to expire simultaneously)</li> <li>• Lease is renewable for two renewals of 3 years each.</li> </ul>
Pattaya	2004	540	3 years	1 May 15 – 30 Apr 18	<ul style="list-style-type: none"> <li>• Lease is renewable for renewal of 3 years each.</li> </ul>
Sukhumvit 39	2004	806.82	3 years	1 Jan 17 – 31 Dec 19	<ul style="list-style-type: none"> <li>• Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 6 months in advance prior to the expiry of the Lease Agreement.</li> </ul>
Terminal 21	2011	752	3 years	11 Oct 17 – 10 Oct 20	<ul style="list-style-type: none"> <li>• Lease is renewable for one renewal of 3 years each.</li> </ul>
Samui	2013	1,588	3 years	1 Jan 19 – 31 Dec 21	<ul style="list-style-type: none"> <li>• Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 6 months in advance prior to the expiry of the Lease Agreement.</li> </ul>
Mandarin	2013	1,100	3 years	1 Jan 17 – 31 Dec 20	<ul style="list-style-type: none"> <li>• Lease is renewable for renewal of 3 years.</li> </ul>
Siam Square One (Phase 1)	2014	424.43	3 years	1 Aug 17 – 31 Jul 20	<ul style="list-style-type: none"> <li>• Lease is renewable for renewal of 3 years.</li> </ul>
Hua Hin	2014	743	3 years	21 Jun 17 – 20 Jun 20	<ul style="list-style-type: none"> <li>• Lease is renewable for renewal of 3 years.</li> </ul>
Patong 3 <sup>rd</sup> Street	2014	2,418	3 years	1 Feb 17 – 31 Jan 20	<ul style="list-style-type: none"> <li>• Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 6 months in advance prior to the expiry of the Lease Agreement.</li> </ul>
Siam Square One (Phase 2)	2014	332.01	3 years	18 Apr 18 – 17 Apr 21	<ul style="list-style-type: none"> <li>• Lease is renewable for renewal of 3 years.</li> </ul>
Ekkamai	2015	578.25	3 years	1 Jul 18 – 30 Jun 21	<ul style="list-style-type: none"> <li>• Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 6 months in advance prior to the expiry of the Lease Agreement.</li> </ul>
Thapae	2015	920 (some are sub-lease to SWR)	3 years	1 Oct 18 – 30 Sep 21	<ul style="list-style-type: none"> <li>• Lease is renewable for renewal of 3 years.</li> </ul>
Suanplu	2015	560	3 years	1 Jan 19 – 31 Dec 21	<ul style="list-style-type: none"> <li>• Lease is renewable for renewal of 3 years</li> </ul>

Branch	Year of Operation	TotalSpace (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
The Street Ratchada	2015	714	3 years	15 Dec 18 – 14 Dec 21	• Lease is renewable for renewal of 3 years
MBK	2016	615.49	3 years	1 Feb 19 – 31 Jan 22	• Lease is renewable for renewal of 3 years
Holiday Inn Resort Krabi Aonang	2016	200	3 years	18 May 16 – 17 May 19	• Renewal of the lease agreement is subject to review by tenant
The Berkeley Pratunam	2016	260.90	3 years	18 Jul 16 – 17 Jul 19	• Lease is renewable for renewal of 3 years each.
Phayathai	2016	969	3 years	Test Run 1 Nov 16 Rent Free 105 days from hand-over	• Lease is renewable for two renewals of 3 years each.
Thonglor	2016	1,819.5	3 years	15 Nov 16 – 14 Nov 19	• Lease is renewable for four renewals of 3 years each.
Wake Up Krabi	2017	698	3 years	19 Nov 16 – 18 Nov 19	• Lease is renewable for three renewals of 3 years each.
Sukhumvit 31	2017	60 sq.wah	3 years	1 Apr 17 – 31 Mar 20	• Lease is renewable for two renewals of 3 years each.
The Sis Kata Phuket	2017	300	2 years	17 Jun 17 – 16 Jun 19	• Lease is renewable for renewal of 2 years each.
Boat Lagoon Phuket	2017	2.84 rai	3 years	1 Jan 17 – 31 Dec 19	• Lease is renewable for three renewals of 3 years each.
Millennium Phuket	2017	654.23	3 years	1 Nov 17 – 31 Oct 20	• Lease is renewable for renewal of 3 years.
One Nimman Chiang Mai	2017	812	3 years	1 Dec 17 – 30 Nov 20	• Lease is renewable for renewal of 2 years each.
Arnoma	2018	154.50	3 years	9 Jul 18 – 8 Jul 21	• Lease is renewable for renewal of 3 years.
Beyond Patong	2018	597	3 years	20 Sep 18 – 19 Sep 21	• Lease is renewable for two renewals of 3 years each.
Hua Hin 100	2018	934.8	3 years	1 Jul 18 – 30 Jun 21	• Lease is renewable for two renewals of 3 years each.
Terminal 21 Pattaya	2018	1,213	3 years	19 Oct 18 – 18 Oct 21	• Lease is renewable for two renewals of 3 years each.
The Allez	2018	851	3 years	1 Sep 18 – 31 Aug 21	• Lease is renewable for two renewals of 3 years each.
Ace of Hua Hin	2018	610	3 years	19 Dec 18 – 18 Dec 21	• Renewal of the lease agreement is subject to review by tenant

## Brand “Baan Suan Massage”

Branch	Year of Operation	Total Space (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
Nonthaburi	2015	465	3 years	1 Aug 15 – 31 Jul 18	• Lease is renewable for two renewals of 3 years each.
Ramintra	2015	614	3 years	1 Oct 17 – 30 Sep 20	• End the contract on 30 November 2018
Ramkamhaeng	2015	2 rai 200 sq.wah	3 years	1 Jun 17 – 31 May 20	• Renewal of the lease agreement is subject to a notice to be given by the lessee to the lessor not less than 60 days in advance prior to the expiry of the Lease Agreement.
Prachanukul	2015	453	2 years	1 Nov 18 – 31 Oct 20	• Renewal of the lease agreement is subject to review by tenant
Charoennakom 68	2016	187	3 years	1 Apr 16 – 31 Mar 19	• Lease is renewable for three renewals of 3 years each.
Bharom	2016	583.3	3 years	1 Apr 16 – 31 Mar 19	• Lease is renewable for three renewals of 3 years each.
Terminal 21 Korat	2016	349	3 years	19 Dec 16 – 18 Dec 19	• Lease is renewable for two renewals of 3 years each.
Udon Thani	2016	712.27	3 years	15 Dec 16 – 14 Dec 19	• Lease is renewable for two renewals of 3 years each.
Phetkasem	2017	3 Ngarn 77 sq.wah	3 years	1 Jul 16 – 30 Jun 19	• Lease is renewable for three renewals of 3 years each.

## Brand “Stretch Me”

Branch	Year of Operation	Total Space (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
Central World	2018	123.44	3 years	1 Nov 18 – 31 Oct 21	
Iconsiam	2018	224	3 years	9 Nov 18 – 9 Nov 21	

## Brand “Face Care”

Branch	Year of Operation	Total Space (sqm.)	Lease Period	Start and Expiry Date of Lease	Remarks
Terminal 21 Pattaya	2018	212	3 years	19 Oct 18 – 18 Oct 21	• Lease is renewable for two renewals of 3 years each.

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

- **PURCHASE OF PROPERTY**

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

- The company made a capital investment to purchase a 3-storeys commercial space (B, 1st and 2nd Floor / Building 1 / Condo Register No. 4/2547) in River Heaven Condo located on 1778 Bangkorlaem sub-district, Bangkorlaem district, Bangkok with the total area of 781.82 sq.m. Currently, it is under renovation for "Let's Relax" Charoenkrung Branch

- The company made a capital investment to purchase a commercial building located on 224/2-3 Karon Road, Karon sub-district, Muang district, Phuket with the total area of 41 sq. wah. Currently, it has opened in 2017 for "Let's Relax" Karon Branch

- The company made a capital investment to purchase a commercial building located on 1245-1245/1 Moo 5 Naimuang sub-district, Muang district, Nongkhai with the total area of 1 Ngarn 51 Sq. wah. Currently, it has opened in 2016 for "Baan Suan Massage" Nongkhai Branch.

- The company made a capital investment to purchase a commercial building located on 224/27/28 Nhongpru sub-district, Banglamung district, Chonburi province with the total area of 53 Sq. wah. Currently, it is under renovation for "Let's Relax Pattaya Beachfront".

- The company made a capital investment to purchase a commercial building located on 6/65-66 Naklua sub-district, Banglamung district, Chonburi with the total area of 36 sq. Wah for staff living quarter.

## **2. Therapist Staff**

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

As of 31 December 2018, the Company has approximately 1,100 therapist personnel and 30 physio-therapists stationed at various branches of the spa business.

## **3. Accessories for Providing Services**

To ensure that required spa services can be provided to the customers, the Company must procure the equipment and accessories needed for providing said spa service according to the Brand "RarinJinda Wellness Spa", "Let's Relax", "Baan Suan Massage", "Stretch me by Let's Relax" and "Face Care by Ket's Relax". The total treatment beds as of 31 December 2018 is 2,041 beds.

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

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

## 2.1.4 Industry Situation and Competition

### Industry situation

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

### Market Value of the Spa Business

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

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

The Thai Spa Association reported that the total market value for spa for 2018 is approximately 4.0 billion bahts, a growth from 2017's sum value of 3.85 billion bahts, the market is expected to grow as a result of increasing demand from locals and foreigners. Similar expectation is anticipated for the spa products market. The strategy is to maintain the unique Thai ness in both the therapists and the Thai Herbs. This goes in line with Tourism Authority of Thailand's policy of Discover Thainess, which targets quality leisure tourists. The Ministry of Tourism and Sports is expected that the revenue from the tourism business is expected to be 2.7 trillion bahts.

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

### Overview of Competition

Spa industry in Thailand has started to expand clearly since 2002 both in terms of the number of service users and places of providing the service. Most of the places of providing spa service in Thailand are being operating by small operators. According to the compilation of the statistics of Thai Spa Association, it was found that during the years 2008 and 2012, Thailand had about 60 percent of the places of business being set up in the hotels and resorts and about 40 percent of the places of business, which were set up in the format of Stand Alone. Moreover, Thai Spa Association yet further forecasted that in the future, the ratio of the place of business of the two formats would switch to 50:50 due to the format of the STAND-ALONE spa started to embark on investment in the business format and were increasingly launched for operation in the form of branches. The ratio



of the places of business was divided according to the location in the hotels and resorts and according to the type of Stand Alone.

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

As the trend of paying attention to health among the middle-income group is on the increase which forms the majority of the population or accounts for 70 percent of total Thai population, it is an opportunity for the spa business to be expanded into the middle level market comprising the target group of both Thai customers and foreigners who are staying in Thailand including the tourists with the purchasing power of the middle income upwards. The majority of the spa operators are Thai nationals, launching the business in large cities or in business districts, covering the spa business outside of the hotels but focusing on catching the upper market and small-sized spa business focusing on the middle market.

Based on the reason stated above, the overview of the spa business within Thailand is a market of high competition thanks to the increase in large number of the spa business operators both in Bangkok and in the provinces, in the format of the full-cycle spa service with luxurious design and decoration including the diversity of spa service together complete with amenities and conveniences that give a feel of relaxation when entering into using the spa service to the format of the row-house spa being open for massage and beautifying services in various formats without placing emphasis on the beauty of the design of the spa shop or luxury, but the emphasis is placed on providing service specially prepared for the customer only.

### 2.1.5 The Environmental Impact

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

## 2.2 Hotel And Restaurant Businesses

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

### 2.2.1 Characteristics of the Products or Services

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

#### The Hotel Service

It is the hotel service under the name of "RarinJinda Wellness Spa Resort". It is a boutique-resort hotel of 5-star level and with the maintenance of the ambience of the Northern Lanna style. Every room has the private



balcony overlooking the scenic view of Doi Suthep hill and Ping river complete with amenities and conveniences, whether or not it is the high-speed Wi-Fi Internet, the fitness room and Yoga room, an open-airswimming pool, a mousine service and tour-guide service, laundry service including the library with free computer service and DECK 1 restaurant including the availability of RarinJinda Wellness Spa, Chiangmai Branch, to provide full-cycle service; it is situated in the area in front of the hotel.

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

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

#### • Guest Room Service

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

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

REMARKS \* The price of the guest room according to the Website of the Hotel as of 31 December 2018.

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

#### • Food and Beverage Services

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

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

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

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

## 2.2.2 Marketing

### Characteristics of the customers and target groups of the hotel business

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

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

### Distribution and Distribution Channel of the Hotel Business

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

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

### Competition Strategy of the Hotel Business

#### Price Strategy

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

#### The Strategy to Make the Difference in Terms of Quaity and Products

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

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

## 2.2.3 Procurement of Products or Services

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

### SUB-LEASE OF LAND AGREEMENT

Contract party :	Siam Wellness Group Co.,Ltd. (Sub-lessor) (Currently it changed its name to Siam Wellness Group Plc). RarinJinda Co.,Ltd. (Lessee) (currently it changed its name to Siam Wellness Resort Co., Ltd.)
Date of the Contract :	1 January 2013
The Objective of the Sub-lease :	To operate the hotel and restaurant businesses.
Ownership of the Building :	Both parties agree that the building of the hotel and the restaurant building which were constructed on the land as of the date of entry into this Agreement is the ownership of the sub-lessee without the rental being charged on the said buildings from the sub-lessee throughout the period of the sub-lease; but for the land lease, the rental will be charged.
Sub-lease of the property :	Specifically for the land size of 0-3-96 rai on which the building of the hotel RarinJinda Wellness Spa Resort and Deck 1 Restaurant is situated and the right to utilize some space on Baan Ruan Thai. Incidentally, for the building which the Sub-lessee has renovated, constructed or made any addition to the leased property, the Sub-Lessee agrees to become the property of the Sub-Lessor upon the expiry of the lease.
Period of Lease :	The overall period of the sub-lease is 30 years with effect from 1 January 2013 to 31 December 2042. Incidentally, if upon the expiration of the sub-lease, the Sub-lessee wishes to renew the sub-lease, the Sub-lessee must give a written notice of the intention to renew the sub-lease agreement to the Sub-Lessor for information for not less than 3 years prior to the expiry of the Sublease Agreement. If the Sub-lessor wishes to permit the Sub-lessee to continue the sub-lease, both parties agree to allow the various terms and conditions under the new Sub-lease Agreement to be identical to the terms and conditions of this Agreement in every respect except Clause 3 of the Agreement re: Period of Sub-lease and Clause 4 re: The sub-lease rental payment, in respect of which there will be further mutual agreement in writing.
Sub-lease Rental :	The rental payment will be made on a monthly basis subject to rental adjustment to be made by the Sub-Lessor according to the market situation, but not exceeding 15 percent of the sub-lease rental effective for every 3 years.
Termination of the Agreement :	The lease agreement will be terminated in the following cases: <ul style="list-style-type: none"> <li>• Upon the expiration of the sub-lease and there is no exercise of the right to renew the sub-lease according to the terms and conditions of this Agreement.</li> <li>• Upon the parties mutually agreeing voluntarily to terminate this Agreement.</li> <li>• When the land is expropriated or the leased property are damaged to the extent that they are rendered useless according to the objective of the lease under this Agreement</li> </ul>

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

Branch	Opening Date	Area (Sq.m)	Lease Period	Start date and Expiry Date of Lease	Remarks
Thapae	2015	560	3 years	1 Oct 15 – 30 Sep 18	Lease is renewable for one renewals of 3 years each.

## 2.2.4 Situation of the Industry and Competition

### Situation of the industry

In 2018, the economy of Thailand was expected to expand at the rate of 4.1 percent, an increase from previous period which has a growth of 3.4%. Tourism will be the key driver for the Thai economy. According to the Department of Tourism, Ministry of Tourism and Sports, Thailand has received a total of 38.28 million tourists in 2018, a growth of 7.54% from 2016's 32.58 million tourist, with the total economic value of 3.0 trillion bahts from local and foreign tourism revenue.

### Overview of the Competition

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

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

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

## 2.3. Spa products distribution business

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

### 2.3.1 The Characteristics of the Products or Services

The operation of SWL is characterized by the procurement of the spa-related products and the consumer products such snacks for distribution to the Company and customers, both of Thai and foreign customers. The distribution of the products is made under the the "Blooming" brand and the purchase is made selectively from among the products of the Group of Companies from the producers expert in the manufacture of the spa products

for home use and in the spa shop under the “Blooming” brand. Most of the products are all of natural products. The goods of SWL can be divided into 3 groups as follows:

**Spa product for body care**

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

**Products for consumption**

- Herbal Ball
- Incense
- Aromatic Scented Candle
- Ceramic Oil Burner
- Diffuser Kit
- Cooling Oil
- Yellow Oil
- Herbal Balm
- Electric Diffuser Kit

**Products for consumption**

- Cookies
- Snack
- Herbal Drink

**Tiger Eyes Trading (Thailand) Co., Ltd. (“TGT”)**

It was founded on 18th August 1994 to operate a business of importing and distributing facial, body, slimming, wax, nail products as well as spa equipment such as electric blankets, massage bed sheets, facial and slimming devices from France, UK, USA and Canada. The Company distributes to Hair Salons, Beauty Clinics, Hospitals and Spas throughout Thailand. It also acts as Sole Agents for many brands in Thailand and CLMV. Key customers including Hotel Spa and Day Spas in 3-6 stars.

## 2.3.2. Market and Competition Condition

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

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

### Distribution and Distribution Outlets of the Spa Products

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

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

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

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

### Business Competition Strategy

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

- **The Products strategy**

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

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

- **Marketing Strategy**

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

### 2.3.3 Procurement of the Products or Services

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

### 2.3.4 Industry Situation and Competition

#### Industry situation

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

(\*Data available from the Department of Agriculture)

## 2.4 Thai Massage School Business

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

## 2.4.1 The Characteristics of the Products or Services

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

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

The course to be open will comprise Thai massage course mentioned above. Trainees who have completed the said course will be presented with the Certificate from BLOOMING THAI MASSAGE SCHOOL; the Certificate is the testimonial for employment both domestically and abroad. Currently, SWE will train the personnel wishing to work for the Company for at least one year upwards only. No course is open to the outsiders.

In addition to Thai massage course, the therapist staff and trainer of SPA will teach additional techniques for new employees to ensure the performance of diverse services as foot reflexology massage, essential oil massage, hot stone therapy massage, body scrub, body massage pack, learning the spa treatment and hydrotherapy and integrated Thai massage with new technology in the spa business, etc.

### Tiger Eyes Education Co., Ltd. (“TGE”)

It was founded on 24th May 2007 to operate a business of Spa and Beauty School recognized by the Ministry of Education in the name of “Tiger Eyes Academy Beauty and Spa”. It offers 7 courses for therapists 1) Facial Skin Treatment 2) Body Scrubs 3) Body Massage Therapy 4) Body Wraps 5) Waxing Treatment 6) Hand & Feet Paraffin Treatment, 7) Traditional Thai Relaxing and Therapeutic Ritual.

Siam Wellness Education Co.,Ltd (SWE) has recently adopted the Tiger Eyes’ Spa and Beauty School permit from Tiger Eyes Education Co.,Ltd and has recently renamed the school and changed the school name to Siam Wellness Thai Massage and Spa School. Moreover, Tiger Eyes Education Co.,Ltd has filed for company closing effective 31 December 2018.

## 3 Risk Factors

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

### Risk from the Fluctuation of Tourism Industry

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

### Risk from Competition with the Competitors in the Principal Business

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

#### Competition in Spa Business

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



## Competiton in the Hotel Business

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

## Risk Due to Renewal of Lease Agreement

### Lease with the Outsider

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

### Lease Agreement with Affiliated Person

For the lease entered into with an affiliated person in the case of the opening of the spa branch and the office of the Company, the Company enters into a lease agreement in the same fashion as the lease with the outsider subject to the terms and conditions of renewal of the lease for about 6 to 9 years (3 years lease to be renewed for 3 years and/or to renew for 3 years). For the land in Chiangmai, the Company has leased it from the affiliated person for use to launch the RarinJinda Wellness Spa, Chiangmai Branch and to allow Siam Wellness Resort Co., Ltd. to sublease the land to operate the hotel and restaurant in Chiangmai. The land will be leased from the affiliated person for 30 years with the terms that the lease is renewable. In this case, a notice will be given to the party to the agreement for acknowledgement and to agree in advance prior to the expiration of the agreement. This is deemed to be a long-term obligation and helps reduce risk against the uncertainty. But, however, upon expiration of the lease agreement, the renewal of the said lease agreement is not possible, the Company will then find necessary to acquire a new parcel of land to continue the business. For this purpose, the Company has entered into a lease agreement with the affiliated person according to said terms and time frame at the fair market rate. The fair price will be assessed by an independent evaluator to assess the proper lease price before it is proposed to the Board for examination and prior approval. Incidentally, the Company had established RarinJinda Wellness Spa Resort as a prototype for operating the Health Resort Hotel. If successful as anticipated and with the availability of sufficient accommodating market, the Company may consider expanding this business into the market and in a suitable time frame. The lease of the said premises enables the Company to reduce investment risk in immovable property and to maximize the efficient management of investment capital. However, nearing the expiration of the lease agreement, the Company would assess the feasibility of the renewal of the lease agreement by taking into account the maximum returns of the stakeholders.

## **Risk from Dependence on the Executives**

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

## **Risk from Lawsuit from the Customers Using the Service**

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

## **Risk due to Shortage of Therapist Staff**

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



# Section

# 2

## Good Corporate Governanc

## 4 Security and Shareholders information

### 4.1 Registered Capital and Paid up Capital

As of December 31, 2018, the Company has the registered capital of 142.5 million bahts and the paid up capital of 142.5 million bahts with the ordinary shares of 570 million shares with par value of 0.25 bahts

### 4.2 Shareholders

As of December 18, 2018, the Company has the following shareholders:

No.	Name	No. of Shares	%
1	<b>Utsahajit Group</b>		
	Mr. Wiboon Utsahajit	63,160,000	11.08
	Mrs. Pranee Suphawatanakiat	53,720,000	9.42
	Mrs. Thanit Amorntiras	53,902,000	9.46
	Mr. Narun Wiwattanakrai	20,240,000	3.55
	Mr. Napat Wiwattanakrai	19,970,000	3.50
	Mr. Narut Wiwattanakrai	17,985,000	3.16
	Mr. Chanodom Utsahajit	8,190,000	1.44
	Ms. Tanatchaporn Utsahajit	8,185,000	1.44
	Ms. Chalisa Utsahajit	8,185,000	1.44
	Mr. Wiwat Utsahajit	3,188,000	0.56
	<b>Total</b>	<b>256,725,000</b>	<b>45.04</b>
2	<b>Jiravanstit Group</b>		
	Mr. Prasert Jiravanstit	63,140,000	11.08
	Mrs. Praorn Jiravanstit	18,626,100	3.27
	Ms. Pornpit Jiravanstit	18,035,100	3.16
	<b>Total</b>	<b>99,801,200</b>	<b>17.51</b>
3	Bualuan 4 Basics Long-Term Equity Fund	14,122,600	2.48
4	Nortrust Nominees Limited-The Northern	11,096,900	1.95
	Trust Company Re Iedu Ucits Clients 10 Pct Account		
5	Mr. Kachen Benchakul	10,225,700	1.79
6	B Senior for Retirees	9,377,800	1.65
7	Bualuang 4 Basics Life Fund	5,456,900	0.96
8	Thai NVDR Co.,Ltd	4,992,849	0.88
9	Bualuang 4 Basics Fund	4,865,300	0.85
10	Bualuang Long Term Fund	4,735,900	0.83
11	B Senior Extra Fund	4,686,500	0.82
12	Mr. Songphon Sumsiripong	3,776,200	0.66
13	Ms. Suttinun Asavasopon	3,653,300	0.64
14	Mr. Pornthep Satitthavornchai	3,270,700	0.57
15	Mr. Pisit Durongkapittaya	3,064,000	0.54
16	Mr. Pracha Dumrongsuttipong	3,000,000	0.53

No.	Name	No. of Shares	%
17	Mr. Sathit Wittayakorn by Denali Prestige Securities Co.,Ltd	2,604,300	0.46
18	Ms. Uraiporn Chalerm-suppayakorn	2,600,000	0.46
19	PHATRA Small and Mid Cap Equity	2,579,600	0.45
20	Mr. Kittipong Taweewirat	2,379,300	0.42
	<b>Total</b>	<b>96,487,849</b>	<b>16.93</b>
	<b>Sub-Total</b>	<b>453,014,049</b>	<b>79.48</b>
21	Other Shareholders	116,985,951	20.52
	<b>Total</b>	<b>570,000,000</b>	<b>100.00</b>

### 4.3 Dividend Policy

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

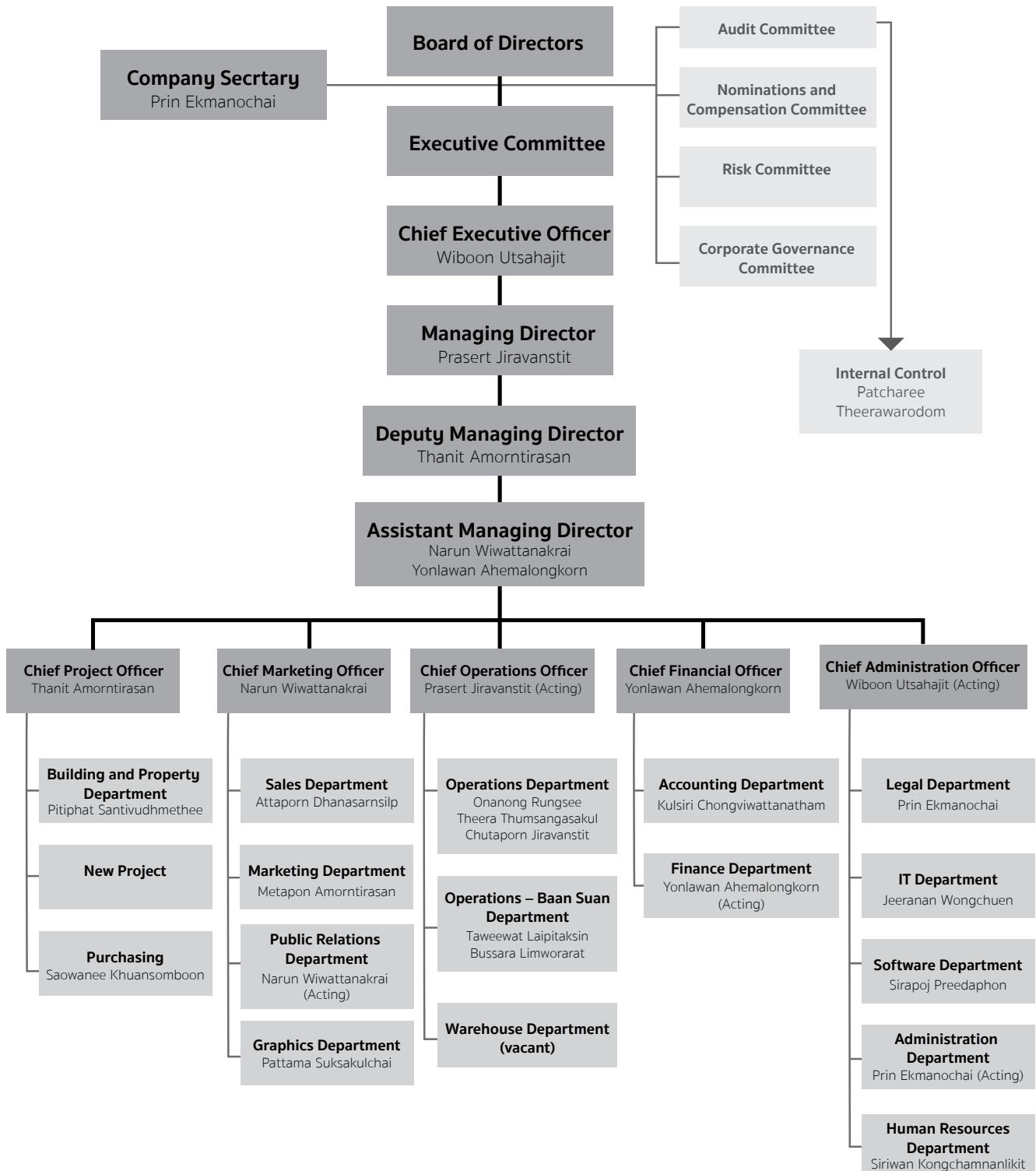
### 4.4 Change in shareholding of Directors and Senior Management

Shareholding of Directors and Senior Management				
Name	Shares held at 1 January 2018 (shares)	Transaction on during 2018 (shares)	Shares held at 31 December 2018 (shares)	Shares held by Spouse
Mrs. Pranee Suphawanakiat	54,720,000	-	53,720,000 (9.425%)	20,000
Mr. Wiboon Utsahajit	63,140,000	20,000	63,160,000 (11.081%)	None
Mr. Prasert Jiravanstit	63,140,000	-	63,140,000 (11.077%)	None
Mrs. Thanit Amorntirasan	53,656,900	245,100	53,902,000 (9.456%)	None
Mr. Narun Wiwattanakrai	20,240,000	-	20,240,000 (3.551%)	None
Mr. Polchet Likittanasombat	None	None	None	None
Mr. Chaiyuth Thienvuthichai	None	None	None	None
M.R. Pensiri Chakrabandhu	None	None	None	None
Mrs. Supee Pongpanich	None	None	None	None

# 5 Organizational Structure

## 5.1 Organizational Structure

As of December 31, 2018



## 5.2 Board of Directors

As of December 31, 2018, The Company's Board of Directors composed of 9 Directors as followed:

Name	Position
1. Mrs. Pranee Suphawanakiat	Chairwoman
2. Mr. Wiboon Utsahajit	Director / Chairman of Executive Committee / Chief Executive Officer
3. Mr. Prasert Jiravanstit	Director / Member of Nominations and Compensations Committee / Member of Executive Committee / Managing Director
4. Mrs. Thanit Amorntirasa	Director / Member of Corporate Governance Committee / Member of Executive Committee / Deputy Managing Director
5. Mr. Narun Wiwattanakrai	Director / Member of Risk Committee / Member of Executive Committee / Assistant Managing Director
6. Mr. Polchet Likittanasombat	Director / Chairman of the Audit Committee (Audit Committee with Accounting Knowledge) / Member of Corporate Governance Committee / Independent Director
7. Mr. Chaiyut Thienvuthichai	Director / Member of the Audit Committee / Chairman of Nominations and Compensations Committee / Member of Corporate Governance Committee / Independent Director
8. MR. Pensiri Chakrabandhu	Director / Member of the Audit Committee / Member of Nominations and Compensations Committee / Chairwoman of Corporate Governance Committee Independent Director
9. Mrs. Supee Pongpanichs	Director / Chairman of Risk Committee / Member of Corporate Governance Committee / Independent Director



## Profile of Director



<b>Name</b>	Mrs. Pranee Suphawanakiat
<b>Age</b>	61
<b>Position</b>	Chairwoman
<b>Date of Appointment</b>	7 March 2013
<b>Education</b>	Bachelor of Political Science, Ramkamhaeng University

### Training from Institute of Directors (IOD)

Course	Year
Director Accreditation Program (DAP)	2013
Role of the chairman Program (RCP)	2014

### Work Experience

Period	Position	Company	Business Type
2013 - Present	Chairwoman Director	Siam Wellness Group Public Company Limited	Spa
2017-Present	Director	Klom Kliao Pattana Company Limited	Real Estate
1989 - Present	Director Executive Director	B.U. Enterprises Company Limited	Service Apartment
2010 - Present	Director Executive Director	Asian Fortune Property Company Limited	Real Estate
2013 - Present	Director Executive Director	Cyberprint Group Company Limited	Printing
2013 - Present	Director Executive Director	Utsahajit Holding Company Limited	Holding Company investing in Printing Company and Service Apartment
2010 - 2013	Director Executive Director	Cyberprint Company Limited	Printing
2010 - 2013	Director Executive Director	Srisiam Print & Pack Company Limited	Printing
2005 - 2013	Director Executive Director	C.P.I. Interprint Company Limited	Printing

**Current Position** Chairman, Siam Wellness Group Public Company Limited

**Other Position**

**Public Company:** None

**Other Companies:** 5 companies

- Director and Executive Director, B.U. Enterprise Company Limited
- Director and Executive Director, Asian Fortune Property Company Limited
- Director and Executive Director, Cyberprint Group Company Limited
- Director and Executive Director, Utsahajit Holding Company Limited
- Director, Klom Kliao Pattana Company Limited

**Other companies that may have conflict of interest:** None

**Specialization** Political Science

**Attendance to Meeting** 7/7 (From January 1 – December 31, 2018)

## Profile of Director



<b>Name</b>	Mr. Wiboon Utsahajit
<b>Age</b>	55
<b>Position</b>	Director / Chief Executive Officer / President
<b>Date of Appointment</b>	28 November 2001
<b>Education</b>	Bachelor of Computer Science, University of Southern California, Los Angeles

### Training from Institute of Directors (IOD)

Course	Year
Director Accreditation Program (DAP)	2013
Financial Statements for Directors	2014
Director Certification Program (DCP)	2014

**Other Training Course:** Chief Executive Course of Capital Market Academy 27th generation

### Work Experience

Period	Position	Company	Business Type
2001 - Present	Director President Chief Executive Officer	Siam Wellness Group Public Company Limited	Spa
2005 - Present	Director	Siam Wellness Resort Company Limited	Hotel & Restaurant
2007 - Present	Director	Siam Wellness Lab Company Limited	Spa Products
2011 - Present	Director Executive Director	Siam Wellness Education Company Limited	Massage School
2010 - Present	Director Executive Director	Asian Fortune Property Company Limited	Real Estate
2013 - Present	Director	Cyberprint Group Company Limited	Printing
2013 - Present	Director	Utsahajit Holding Company Limited	Holding Company investing in Printing Company and Service Apartment
2010 - 2012	Director	C.P.I. Interprint Company Limited	Printing
2001 - 2012	Director	Blooming Intergift Company Limited	Property
1992 - 2012	Director	Blooming Company Limited	Premium Goods

**Current Position** Director / Chief Executive Officer / President,  
Siam Wellness Group Public Company Limited (มหาชน)

**Other Position** **Public Company:** None  
**Other Companies:** 6 companies

- Director and Executive Director, Siam Wellness Resort Company Limited
- Director, Siam Wellness Lab Company Limited
- Director and Executive Director, Siam Wellness Education Company Limited
- Director, Asian Fortune Property Company Limited
- Director, Cyberprint Group Company Limited
- Director, Utsahajit Holding Company Limited

**Other companies that may have conflict of interest:** None

**Specialization** Computer Science

**Attendance to Meeting** 5/7 (From January 1 – December 31, 2018)

## Profile of Director



<b>Name</b>	Mr. Prasert Jiravanstit
<b>Age</b>	56
<b>Position</b>	Director / Managing Director / Executive Director / Nomination and Compensation Committee
<b>Date of Appointment</b>	28 พฤศจิกายน 2544
<b>Education</b>	Bachelor of Marketing, Bentley University, USA

### Training from Institute of Directors (IOD)

Course	Year
Director Accreditation Program (DAP)	2013

### Work Experience

Period	Position	Company	Business Type
2001 - Present	Director Managing Director Executive Director	Siam Wellness Group Public Company Limited	Spa
2018 - Present	Nomination and Compensation Committee	Siam Wellness Group Public Company Limited	Spa
2005 - Present 2013 - Present	Director Executive Director	Siam Wellness Resort Company Limited	Hotel & Restaurant
2007 - Present	Director	Siam Wellness Lab Company Limited	Spa Products
2011 - Present	Director Executive Director	Siam Wellness Education Company Limited	Massage School
2013 - Present	Vice President International Relations Director	Thai Spa Association	Association

**Current Position** Director / Managing Director / Executive Director / Nomination and Compensation Committee, Siam Wellness Group Public Company Limited

**Other Position**

**Public Company:** None

**Other Companies:** 4 companies

- Director and Executive Director, Siam Wellness Resort Company Limited
- Director and Executive Director, Siam Wellness Lab Company Limited
- Director, Siam Wellness Education Company Limited
- Vice President, Thai Spa Association

**Other companies that may have conflict of interest:** None

**Specialization** Marketing

**Attendance to Meeting** 7/7 (From January 1 – December 31, 2018)

## Profile of Director



<b>Name</b>	Mrs. Thanit Amorntirasan
<b>Age</b>	56
<b>Position</b>	Director / Deputy Managing Director / Executive Director / Corporate Governance Committee
<b>Date of Appointment</b>	28 November 2001
<b>Education</b>	Bachelor in Architecture, Chulalongkorn University Master in Graphic Design, California State University, USA Master in Business Administration, Chulalongkorn University

### Training from Institute of Directors (IOD)

Course	Year
Director Accreditation Program (DAP)	2013

### Work Experience

Period	Position	Company	Business Type
2010 - Present	Director Deputy Managing Director Executive Director Corporate Governance Committee	Siam Wellness Group Public Company Limited	สปา
2017 - Present	Director	Klom Kliao Pattana Company Limited	Real Estate
2007 - Present	Director	Siam Wellness Lab Company Limited	Spa Products
2005 - Present	Director	Siam Wellness Resort Company Limited	Hotel & Restaurant
2010 - Present	Director Executive Director	Asian Fortune Property Company Limited	Real Estate
2013 - Present	Director	Utsahajit Holding Company Limited	Holding Company investing in Printing Company and Service Apartment
2013 - Present	Director	Cyberprint Group Company Limited	Printing
1989 - 2013	Director	B.U. Place Company Limited	Service Apartment
2005 - 2013	Director Executive Director	C.P.I. Interprint Co., Ltd	Printing

**Current Position** Director / Deputy Managing Director / Executive Director / Corporate Governance Committee, Siam Wellness Group Public Company Limited

**Other Position**

**Public Company:** None

**Other Companies:** 6 companies

- Director, Klom Kliao Pattana Company Limited
- Director, Siam Wellness Lab Company Limited
- Director, Siam Wellness Resort Company Limited
- Director, Asian Fortune Property Company Limited
- Director, Utsahajit Holding Company Limited
- Director, Cyberprint Group Company Limited

**Other companies that may have conflict of interest:** None

**Specialization** Graphic Design and Business Administration

**Attendance to Meeting** 7/7 (From January 1 – December 31, 2018)

## Profile of Director



<b>Name</b>	Mr. Narun Wiwattanakrai
<b>Age</b>	31
<b>Position</b>	Director / Assistant Managing Director / Executive Director / Risk Committee
<b>Date of Appointment</b>	2 March 2013
<b>Education</b>	Bachelor in Economics / Political Studies, University of Auckland, New Zealand Master of Business Administration in Marketing / Strategic Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University

### Training from Institute of Directors (IOD)

Course	Year
Director Accreditation Program (DAP)	2013
Risk Management Program (RMP)	2014

### Work Experience

Period	Position	Company	Business Type
2013 - Present	Director Assistant Managing Director Executive Director Risk Committee	Siam Wellness Group Public Company Limited	สปา
2018 - Present	Director	G.G.P. Property Company Limited	Real Estate
2005 - Present	Director Executive Director	Siam Wellness Resort Company Limited	Hotel & Restaurant
2010 - Present	Director	Asian Fortune Property Company Limited	Real Estate
2008 - 2009	Business Development Executive	Cyberprint Group Company Limited	Printing

**Current Position** Director / Assistant Managing Director / Executive Director / Risk Management Committee, Siam Wellness Group Public Company Limited

**Other Position**  
**Public Company:** None  
**Other Companies:** 3 companies  
 - Director and Executive Director, Siam Wellness Resort Company Limited  
 - Director, Asian Fortune Property Company Limited  
 - Director, G.G.P. Property Company Limited  
**Other companies that may have conflict of interest:** None

**Specialization** Marketing

**Attendance to Meeting** 7/7 (From January 1 – December 31, 2018)



## Profile of Director



<b>Name</b>	Mr. Polchet Likittanasombat
<b>Age</b>	52
<b>Position</b>	Director / Independent Director / Chairman of the Audit Committee/ Corporate Governance Committee
<b>Date of Appointment</b>	2 March 2013
<b>Education</b>	Bachelor of Electrical Engineering, King Mongkut's Institute of Technology Ladkrabang Master of Business Administration, Chulalongkorn University

### Training from Institute of Directors (IOD)

Course	Year
Director Certification Program (DCP)	2006
Audit Committee Program (ACP)	2013

**Other Training Course:** Corporate Governance for Capital Market Intermediaries, IOD and SEC

### Work Experience

Period	Position	Company	Business Type
2013 - present	Director Independent Director Chairman of the Audit Committee Corporate Governance Committee	Siam Wellness Group Public Company Limited	Spa
2017 - 2018	Director	Preecha Group Public Company Limited	Real Estate
June 2014 - June 2017	Director Executive Director Advisor to the Board	AEC Securities Public Company Limited	Securities
2013 - 2016	Director Executive Director	International Research Corporation Public Company	ICT
2013 - 2014	Director	AAMC Asset Management Company Limited	Asset Management
2010	Deputy Director Advisor to Chairman	Public Warehouse Organization	State Enterprise
2008 - 2009	Executive Director Member of subcommittee for Organizational Development and Assessment	Forest Industry Organization	State Enterprise
2013 - present	Director Independent Director Chairman of the Audit Committee Corporate Governance Committee	Siam Wellness Group Public Company Limited	Spa
2017 - 2018	Director	Preecha Group Public Company Limited	Real Estate

Period	Position	Company	Business Type
2003 - 2008	Director, Government Policy Development	Small and Medium Enterprises	State Services
2003 - 2008	Director	Thai Aviation Industries Company Limited	Aviation Maintenance
2003 - 2008	Director	Thai Aviation Industries Company Limited	Aviation Maintenance

**Current Position** Director / Independent Director / Chairman of the Audit Committee / Corporate Governance Director, Siam Wellness Group Public Company Limited

**Other Position**  
**Public Company:** 1 company  
 - Director, Preecha Group Public Company Limited  
**Other Companies:** None  
**Other companies that may have conflict of interest:** None

**Specialization** Business Administration and Engineering

**Conflict of Interest**  
**Holding shares in the company:** None  
**Other conflict in the past 2 years**  
 - is not an Executive Director, employee or advisor that receives full-time salary  
 - is not the professional advisor of the company (such as Auditor or Legal Advisor)  
 - does not have special relationship with the company that prevents from acting independently

**Attendance to Meeting** 7/7 (From January 1 – December 31, 2018)

## Profile of the Director



<b>Name</b>	Mr. Chaiyuth Thienvuthichai
<b>Age</b>	57
<b>Position</b>	Director / Independent Director / Audit Committee / Chairman of Nomination and Compensation Committee / Corporate Governance Committee
<b>Date of Appointment</b>	2 March 2013
<b>Education</b>	Bachelor of Landscape Architecture, Chulalongkorn University

### Training from Institute of Directors (IOD)

Course	Year
Director Accreditation Program (DAP)	2013

**Other Training Course:** Real Estate Development (RE-CU Real Estate Development), Chulalongkorn University

### Work Experience

Period	Position	Company	Business Type
2013 - Present	Independent Director Audit Committee Director Chairman of Nomination and Compensation Director Committee of Risk Management Director	Siam Wellness Group Public Company Limited	Spa
4/12/2018 - Current	Director	Sangneou Construction Co.,Ltd.	Construction
2018 - Current	Director	Able Built Information Model Co., Ltd.	Draw and Design for Construction
1989 - Current	MD	Landscape Planning Co.,Ltd.	Architecture Design
2011 - Current	Consultant	Thai Association of Landscape Architect	Association
2011 - 2013	Sub Committee	Architect Council of Thailand	Council
2009 - 2011	Association President	Thai Association of Landscape Architect	Association
2009 - 2012	Qualified Advisor	Bangkok Metropolitan	Government

**Current Position** Independent Director, Audit Committee Director, Chairman of Nomination and Compensation Director and Committee of Risk Management Director

**Other Position**  
**Public Company:** None  
**Other Companies:** 3 company  
 - Sangneou Construction Co., Ltd.  
 - Able Built Information Model Co., Ltd.  
 - Landscape Planning Co., Ltd.  
**Other companies that may have conflict of interest:** none

**Specialization** Environmental Technology Management

**Conflict of Interest** **Holding shares in the company:** None

**Other conflict in the past 2 years**

- is not an Executive Director, employee or advisor that receives full-time salary
- is not the professional advisor of the company (such as Auditor or Legal Advisor)
- does not have special relationship with the company that prevents from acting independently

**Attendance to Meeting** 7/7 (From January 1 – December 31, 2018)

## Profile of the Director



<b>Name</b>	M.R. Pensiri Chakrabandhu
<b>Age</b>	53
<b>Position</b>	Director / Independent Director / Audit Committee / Nomination and Compensation Committee / Chairwoman of Corporate Governance Committee
<b>Date of Appointment</b>	2 March 2013
<b>Education</b>	Bachelor of Education, Srinakharinviroj Pathumwan Master of Environmental Technology Management, Mahidol University

### Training from Institute of Directors (IOD)

Course	Year
Director Accreditation Program (DAP)	2013

**Other Training Course:** Human Resources and Institutional Development, Chaipattana Foundation and Naresuan University

### Work Experience

Period	Position	Company	Business Type
2013 - Present	Director Independent Director Audit Committee Director Nomination and Compensation Committee Chairwoman of Corporate Governance Committee	Siam Wellness Group Public Company Limited	Spa
2018 - Present	Executive Director of Special Proj-	Chaipattana Foundation	Non-Profit
2013 - 2018	ects		Organization
2007 - 2013	Director of Special Projects		
2005 - 2007	Director of Special Activities Project Co-ordinator		

**Current Position** Independent Director / Audit Committee / Nomination and Compensation Committee / Chairwoman of Corporate Governance Committee, Siam Wellness Group Public Company Limited

**Other Position**  
**Public Company:** None  
**Other Companies:** 1 company  
 - Director of Special Project, Chaipattana Foundation  
**Other companies that may have conflict of interest:** None

**Specialization** Environmental Technology Management

**Conflict of Interest**  
**Holding shares in the company:** None  
**Other conflict in the past 2 years**  
 - is not an Executive Director, employee or advisor that receives full-time salary  
 - is not the professional advisor of the company (such as Auditor or Legal Advisor)  
 - does not have special relationship with the company that prevents from acting independently

**Attendance to Meeting** 6/7 (From January 1 – December 31, 2018)

## Profile of the Director



<b>Name</b>	Mrs. Supee Pongpanich
<b>Age</b>	63
<b>Position</b>	Director / Independent Director / Chairwoman of Risk Management Committee / Corporate Governance Committee
<b>Date of Appointment</b>	22 August 2014
<b>Education</b>	Bachelor of Journalism, Thammasat University Master of Private and Public Management, NIDA PhD of Business Administration, Ratchamongkol Technology University

### Training from Institute of Directors (IOD)

Course	Year
Director Accreditation Program (DAP)	2013

**Other Training Course:** Management Problem Solving and Decision Making Programme, Princeton, New Jersey, U.S.A.  
Certificate in Small and Medium Enterprises in An Ailing Economy, The University of Sydney  
Managing Human Performance  
Mini MBA, Chulalongkorn University

### Work Experience

Period	Position	Company	Business Type
2014 - Present	Independent Director Chairman of Risk Management Committee Corporate Governance Committee	Siam Wellness Group Public Company Limited	Spa
2018 - Present	Director	Interprime Media Company Limited	Advertising / Events
2017 - Present	Advisor	Foundation for the Blind in Thailand under the Royal Patronage	Foundation
2017 - Present	Advisor – Brand KU	Kasetsart University	University

**Current Position** Independent Director / Chairman of Risk Management Committee / Corporate Governance Committee, Siam Wellness Group Public Company Limited

**Other Position**  
**Public Company:** None  
**Other Companies:** 1 company  
- Interprime Media Company Limited  
**Other companies that may have conflict of interest:** None

**Specialization** Public and Private Management

**Conflict of Interest**  
**Holding shares in the company:** None  
**Other conflict in the past 2 years**  
- is not an Executive Director, employee or advisor that receives full-time salary  
- is not the professional advisor of the company (such as Auditor or Legal Advisor)  
- does not have special relationship with the company that prevents from acting independently

**Attendance to Meeting** 7/7 (From January 1 – December 31, 2018)

## Authorized Persons

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

### Board of Directors' Meeting Attendance as of December 31, 2018

No.	Name	2018 Meetings Attended / Total Meetings
1	Mrs. Pranee Suphawatanakiat	7/7
2	Mr. Wiboon Utsahajit	5/7
3	Mr. Prasert Jiravanstit	7/7
4	Mrs. Thanit Amorntirasan	7/7
5	Mr. Narun Wiwattanakrai	7/7
6	Mr. Polchet Likittanasombat	7/7
7	Mr. Chaiyut Thienvuthichai	7/7
8	M.R. Pensiri Chakrabandhu	6/7
9	Mrs. Supee Pongpanich	7/7

## 5.3 Audit Committee

Audit Committee composed of 3 Directors as followed:

Name	Position	Audit Committee's Meeting Attendance as of December 31, 2018 Meetings Attended / Total Meetings
1. Mr. Polchet Likittanasombat	Chairman of the Audit Committee (Audit Committee with Accounting Knowledge)	5/5
2. Mr. Chaiyut Thienvuthichai	Member of the Audit Committee	5/5
3. M.R. Pensiri Chakrabandhu	Member of the Audit Committee	4/5

## 5.4 Risk Committee

Risk Committee composed of 3 Directors as followed:

Name	Position	Risk Committee's Meeting Attendance as of December 31, 2018 Meetings Attended / Total Meetings
1. Mrs. Supee Pongpanich	Chairman of the Risk Committee	3/3
2. Mr. Chaiyut Thienvuthichai	Member of the Risk Committee	3/3
3. Mr. Narun Wiwattanakrai	Member of the Risk Committee	3/3

## 5.5 Nominations and Compensations Committee

Nominations and Compensations Committee composed of 3 Directors as followed:

Name	Position	Nominations and Compensations Committee Attendance as of December 31, 2018 Meetings Attended / Total Meetings
1. Mr. Chaiyut Thienvuthichai	Chairman of the Nominations and Compensations Committee	1/1
2. M.R. Pensiri Chakrabandhu	Member of the Nominations and Compensations Committee	1/1
3. Mr. Prasert Jiravanstit	Member of the Nominations and Compensations Committee	1/1



## 5.6 Corporate Governance Committee

Corporate Governance Committee composed of 4 Directors as followed:

Name	Position	Corporate Governance Committee's Meeting Attendance as of December 31, 2018 Meetings Attended / Total Meetings
1. M.R. Pensiri Chakrabandhu	Chairman of the Corporate Governance Committee	2/2
2. Mr. Polchet Likittanasombat	Member of the Corporate Governance Committee	2/2
3. Mrs. Supee Pongpanich	Member of the Corporate Governance Committee	2/2
4. Mrs. Thanit Amorntirasan	Member of the Corporate Governance Committee	2/2

## 5.7 Executive Committee

As of December 31, 2018 The Company's Executive Committee composed of 5 Directors as followed:

Name	Positio	Executive Committee's Meeting Attendancen as of December 31, 2018 Meetings Attended / Total Meetings
1. Mr. Wiboon Utsahajit	President of Executive Committee Chief Exective Officer	10/10
2. Mr. Prasert Jiravanstit	Member of Executive Committee Managing Director	10/10
3. Mrs. Thanit Amorntirasan	Member of Executive Committee Deputy Managing Director	10/10
4. Mr. Narun Wiwattanakrai	Member of Executive Committee Assistant Managing Director	10/10
5. Mr. Juckpat Jiravanstit	Member of Executive Committee	9/10

## 5.8 Management Team

As of December 31, 2018 The Company's Management Team composed of 5 Members as followed:

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

## 5.9 Company Secretary

On November 11, 2016 at the BOD 7/2016, the Board of Directors approved the appointment of Mr. Prin Ekmanochai with a degree in Law, as Company Secretary to comply with the Securities and Stock Exchange Act B.E. 2535 with responsibilities as followed:

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

## 5.10 Board of Director's Meeting

The Board of Directors of Siam Wellness Group Public Company Limited has set preliminary dates for the Board of Director's Meeting for 2018 in advance and may set additional meetings if required. For each meeting, advance meeting notification and agenda will be send to Directors at least 7 days before the meeting in order for Directors to review. In the urgent case, the paper will be sent immediately along with presentation and minutes. All papers will be documented for reference and audit. In the meeting, the Chairman and the Managing Director will jointly set the Agenda and opens for each Director to submit. In each meeting, there should be more than half of total directors attended. Chairman shall allow each director to critique independently. In some particular agenda, the Board may invite Senior Management or Independent consultant(s) to join and share useful information which can also use for effective implementation. Moreover, the non-Executive Directors have held their independent meeting on 14 August 2018.

## 5.11 Director's and Management Remuneration

### 5.11.1 Monetary Remuneration

#### Director's Remuneration

On February 23, 2018 at the BOD 1/2018, the Board of Directors approved the remuneration for Directors and the other Committees and was approved at the Company's AGM 2018 on 27st March 2018 as followed:

	(Bahts)		
Position	Monthly Allowance	Meeting Allowance	Annual Bonus
Chairman of Board of Directors	22,000	12,000	350,000
Director	11,000	12,000	250,000
Chairman of Audit Committee	22,000	12,000	350,000
Member of Audit Committee	16,500	12,000	250,000
Chairman of Risk Committee	-	8,000	-
Member of Risk Committee	-	6,000	-
Chairman of Nominations and Compensations Committee	-	8,000	-
Member of Nominations and Compensations Committee	-	6,000	-
Chairman of the Corporate Governance Committee	-	8,000	-
Member of the Corporate Governance Committee	-	6,000	-

#### Remark

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

In 2018, Company has paid total monthly allowance and meeting allowance to Director Audit Committee Risks Committee and of Nominations and Compensations Committee as followed:

Director's Remuneration as of December 31, 2018

Name	Position	2018						
		Monthly Allowance AC (THB)	Monthly Allowance BOD (THB)	Meeting Allowance AC (THB)	Meeting Allowance BOD (THB)	Meeting Allowance Risk (THB)	Meeting Allowance Nominations (THB)	Meeting Allowance Nominations (THB)
1. Mrs. Pranee Suphawanakiat	Chairwoman		264,000.00		84,000.00			
2. Mr. Wiboon Utsahajit	Director / Chairman of Executive Committee / Chief Executive Officer				60,000.00			
3. Mr. Prasert Jiravanstith	Director / Member of Nominations and Compensations Committee / Member of Executive Committee / Managing Director				84,000.00		6,000.00	
4. Mrs. Thanit Amorntirasan	Director / Member of Executive Committee / Deputy Managing Director				84,000.00			12,000.00
5. Mr. Narun Wiwattanakrai	Director Member of Risk Committee / Member of Executive Committee / Assistant Managing Director				84,000.00	24,000.00		
6. Mr. Polchet Likittanasombat	Director / Chairman of the Audit Committee (Audit Committee with Accounting Knowledge) / Member of Corporate Governance Committee / Independent Director	264,000.00		60,000.00	84,000.00			12,000.00
7. Mr. Chaiyut Thienvuthichai	Director / Member of the Audit Committee / Chairman of Nominations and Compensations Committee / Independent Director	198,000.00		60,000.00	84,000.00	24,000.00	80,000.00	
8. MR. Pensiri Chakrabandhu	Director / Member of the Audit Committee / Member of Nominations and Compensations Committee / Chairwoman of Corporate Governance Committee Independent Director	198,000.00		48,000.00	84,000.00		6,000.00	16,000.00
9. Mrs. Supee Pongpanich	Director / Chairman of Risk Committee / Member of Corporate Governance Committee / Independent Director		132,000.00		84,000.00	32,000.00		12,000.00
	รวม	660,000.00	396,000.00	168,000.00	720,000.00	80,000.00	20,000.00	52,000.00

### Management Remuneration

As of December 31, 2018, Company has total of 5 members in the Management. The Company paid total of 17,893,000.00 bahts as salary and annual bonus

### 5.11.2 Other Remuneration

In 2018, Company has paid total of 435,045.00 bahts as provident fund, social securities and healthinsurance (excludes salary and annual bonus)

### Personnels

As of December 31, 2018, The total of staff (excludes Management) are as followed

**SPA**

No.	Department	Total Staff As of Dec 31, 2018
1	Accounting	27
2	Finance	4
3	Human Resource	6
4	Admin and Housekeeping	8
5	Legal	4
6	IT and Software	7
7	Purchasing and Store	13
8	Building Services	13
9	Sales and Marketing	16
10	Operations (Head Office)	11
11	Operations (Branch)	406
รวม		515

**SWR**

No.	Department	Total Staff As of Dec 31, 2018
1	Accounting	5
2	Purchasing, Admin, Store	2
3	Human Resources	1
4	Marketing	2
5	IT	1
6	Operations	1
7	Front Office and Bellboy	11
8	Kitchen	22
9	Housekeeping	16
10	Engineering	5
11	Food & Beverage & Kitchen (Deck1)	21
รวม		87

**SWL**

No.	Department	Total Staff As of Dec 31, 2018
1	Management	2
2	Product	1
3	Admin and Store	5
Total		8

**SWE**

No.	Department	Total Staff As of Dec 31, 2018
1	Management	1
2	Trainers	11
Total		12

As of December 31, 2018 Company has total of 510 staffs (excludes Management). In 2018, total monthly remuneration for staff (excludes Management) such as salary, commission, bonus, provident fund, Social securities and OT is 123,217,960.57 bahts

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

### Labour Objections in the past 3 years

- None -

### Human Development Policy

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

- English Language Training 2 times per year
- Administration Process (Stock, Sales) Training 1 times per year
- POS Training 2 times per year
- Service Manners Training Continuously throughout the year
- Annual Spa Manager Meetings were conducted at Head Office of Siam Wellness Group Public Company Limited

# 6 Corporate Governance

## 6.1 Policies on Corporate Governance

Having realized that good corporate affairs can lead to enhancement of the operation and powerful and sustainable growth of the Company which will benefit all parties concerned, namely employees, investors, shareholders and other stakeholders, the Board of Directors, whom is the leader of the Organization, have therefore adopted policies to better corporate governance. Such polices cover the structure, the roles and responsibilities of director and the principles of transparent management of the organization that can be audited that can be used as guidelines for management of the organization to ensure fairness and carefully consideration of the best interests of shareholders and all interested parties and adapt to Good Corporate Governance to meet Long Term Objectives that create sustainable Business Values complying with the expectation of Business Sector, investors, stock market and society under the rules of SET's Principles of Good Corporate Governance 2012 under 5 sections and under the rules of SEC's Corporate Governance Code for listed companies 2017 under 8 Sections which cover:

- Principle 1 Establish Clear Leadership Role and Responsibilities of the Board
- Principle 2 Define Objectives that Promote Sustainable Value Creation
- Principle 3 Strengthen Board Effectiveness
- Principle 4 Ensure Effective CEO and People Management
- Principle 5 Nurture Innovation and Responsible Business
- Principle 6 Strengthen Effective Risk Management and Internal Control
- Principle 7 Ensure Disclosure and Financial Integrity
- Principle 8 Ensure Engagement and Communication with Shareholders

SEC has approved SEC's Corporate Governance Code for listed companies 2017 in replacement of SET's Principles of Good Corporate Governance 2012

In 2017, The Company has actively utilized the Good Corporate Governance to support the Operations of the Company. On 16th December 2017 the Corporate Governance Committee was appointed by the Board of Directors at the Board of Directors' Meeting No. 10 to allow the operations of the Company to be smooth, efficient and complies with the Code of Governance. The Directors, Executives and Staffs have acknowledged and understood the CG Guideline approved by the Corporate Governance Committee's Meeting No. 2 on 5 October 2018 which will act as Guideline.

### Corporate Governance Code for listed company 2017 (CG Code)

The key contents of SEC's Corporate Governance Code for listed companies 2017 has been updated from SET's Principles of Good Corporate Governance 2012 with changes in order and presentation to comply with Board of Directors's role in each business process. Moreover, it added new issues to reflect new thinking or change in marketplace.

1. Strengthen the role of the Chairman of the Board of Directors and separate the role of Board of Directors and Executive Committee divided into 3 parts



- (1) Issues determined by Board of Directors
- (2) Issued determined by both Board of Directors and Executive Committee in which Executive Committee will take action
- (3) Issues that should not be determined by Board of Directors

2. Strengthen the role of the Board of Directors in setting Objectives, Vision and Mission of the Company with responsible parties. This allows the Company to have sustainable goals. Tools include environmental analysis, Matter and Stakeholder analysis and the Culture analysis.

3. Expand the role of the Board of Directors in setting Strategies, Policies, Business Plan and Budget and support the use of innovation and technology to increase the company value including supervising IT Systems

4. Add the Market Sensitive information Policies to avoid potential problems of leaked information

5. Strengthen the role of the Board of Directors in supervising the cash flow, debt control, financial crisis management as well as cash management system and provident funds

6. Strengthen the role of the Board of Directors in understanding the relationship between Shareholders and Executive Committee in decisive role

7. Strengthen the role of the Board of Directors in the role of Chairman. In the event that Chairman and CEO's role are not separated, the Board of Directors may assign the Independent Director to set the Meeting's Agenda as an alternative way to balance the role of Board of Directors and Executive Committee

The Board of Directors shall bring the 8 Guidelines in Section 1 to apply to the Organization to create the sustainable business and in Section 2 which is the additional Guidelines to support Section 1.

Therefore, Company shall set the Operations and Internal Audit Process according the Principles stated above with 5 main topics.

Section 1	The Right of Shareholders
Section 2	Equitable Treatment
Section 3	Stakeholders
Section 4	Transparency
Section 5	Responsibilities

## Section 1 The Right of Shareholders

Having recognized the shareholders' right to receive correct and complete information on the Company within good time on an equitable treatment basis and to make decisions on major changes that affect the Company. The Board of Directors supports the shareholder's rights with the following policies have been adopted:

1. We will sent an invitation in Thai and English to attend a meeting with the items on the agenda and views of the Board of Directors thereon to shareholders at least 7 or 14 days before the meeting of shareholders, whichever the case may be. Any shareholder who cannot personally attend the meeting can appoint an independent director or any person as a proxy to attend the meeting for and on his behalf, using the proxy appointment form attached to the invitation to attend the meeting. The Company also disclose the Agenda of the Meeting in newspaper in 3 consecutive days at least 3 days before the Meetng. This allows Shareholders to have good preparation for the meeting.

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

3. Before commencing the meeting, the shareholders will be informed of their rights to vote, express views and raise any questions at the meeting in respect of the items on the agenda. According to the Charter, the Company has assigned a shareholder as a witness of the counting of votes. During meeting, the shareholders will be given equal rights and opportunities to express their views within the time well allocated by the Board Chairman. The directors and executives, including Management and Company Secretary, concerned shall attend the meeting and present to answer questions and respond to enquiries from Shareholders.

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

5. To ensure accuracy and speediness, vote counting and decision may be done online with Technology support and create ease for shareholders.

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

7. The minutes of the meeting will be correctly and completely taken to cover all the important questions and views raised at the meeting for perusal by the shareholders such as Name of Directors and Management attended, the ratio of attended and unattended Directors, Vote Counting methods and procedures, the resolution of the Meeting for each Agenda (Agree, Disagree, Object to Vote) as well as Questions and Answers of each shareholder including the Name of the asker and responder. After being listed on SET, the meeting will be video recorded for future reference. The minutes of meetings will be published on our website for shareholders' consideration. Such minutes of meeting will be submitted to SET portal within 14 days of the meeting.

8. The decision made by the meeting of shareholders will be published on our website on the Meeting day or next working day on SET portal and Company's Website.

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

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

11. Shareholders have the right to be informed of the results of operations of the Company including Financial Statements, Management Discussion and Analysis. We will prepare the documents which clearly and completely explain the operations for fiscal year which cover the activities related to the operations of the company including Company's Annual Report in CD (enclosed with Invitation letter) and in print to distribute on Meeting Day or provide download link on Company website.

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

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

14. Shareholders have the right to determine and appoint each director. We will provide the clear and correct records and details of the persons nominated for directors such as work records and the number of years in office (if a retiring director is nominated), type of director required, rules and procedures for recruitment, shares

in the company, the positions in other companies, both related and unrelated to the business of the Company, etc. and definition of independent directors. In the case of independent directors, the person nominated for shareholders to approve the appointment shall be reviewed carefully for approval by the Board before proposal to the Meeting of Shareholders for approval.

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

16. Shareholders shall have the right to consider and appoint the auditor and approve the audit fees. We will prepare complete and correct details for consideration by shareholders, such as name of auditor, the office that he comes under, his independence, the number of years he works for the Company, his audit fees with complete breakdown and other service charges (if any) and comparison with the audit fees of the previous year for careful consideration by shareholders and review by the Audit Committee based on past performance of the auditor before proposal to the Meeting of Shareholders for approval.

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

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

## Section 2 Equitable Treatment

It is our policy to ensure that all shareholders will have equal rights to conduct examination and express their views including Access to Information and Expression of Opinion on Company's Operations, as follows:

1. Minor shareholders will be allowed to nominate persons for directorship or propose the items on the agenda to be deal with by the Meeting of Shareholders with downloaded applications for Nominated Directors or Nominated Agendas via Company Website
2. The rules on the nomination of person for directorship and proposal of the items on the agenda by minor shareholders will be clearly set forth.
3. The Meeting of Shareholders will only deal with the items on the agenda without changing any important details or adding any items on the agenda without notice, unless otherwise approved by the Meeting in compliance with the law.
4. The shareholder who cannot attend the meeting by himself may nominate an independent director or appoint a person as a proxy who will attend and vote at the meeting on his behalf. The name of such proxy (all Independent Directors included) shall be indicated in the meeting invitation with full details of Biography and Work Experience records
5. All shareholders, whether they are major or minor shareholders of any nationalities will be treated equally such as Thai and English Documents
6. To ensure transparency and traceability and avoid conflict, voting on any matter shall be done by ballot and each shareholder will be allowed to nominate the persons for directorship.
7. There shall be written guidelines on maintenance and protection of data for compliance by all people in the Company. All directors and executives are required to report the securities in their holding to the Board of Directors.

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

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

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

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

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

13. We will send meeting invitation along with the documents on the items on the agenda and the views of the Board of Directors on all the items on the agenda, to all shareholders at least 7 days before the day of the meeting or 14 days, unless otherwise set forth by SET or SEC. Such meeting invitation and related documents which are the same as the ones to be sent to the shareholders shall also be published on our website at least 30 days before the day of the meeting so that the shareholders will have enough time to examine all the details and can make the right decisions.

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

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

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

17. The shareholder who cannot personally attend the meeting may appoint an independent director as proxy to attend and vote at the meeting for and on his behalf. For this purpose, Proxy Form A and B shall be used. Form B can be used to grant the proxy the right to vote at the meeting for and on behalf of the shareholder. Form C can be used for foreign investors with appointment of Custodians who are based in Thailand. All forms can be downloaded from the Company's website.

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

## Section 3 Rights of Stakeholders

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

### Treatment of and responsibilities for shareholders

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

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

### Practices and responsibilities in respect of government sector

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

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

### Practices and Responsibilities in Respect of Employees

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

1. To respect employees' rights and honor with respect to the rights and dignity as well as fairness.
2. To maintain workplace in good conditions – safe for them, their health and well-being and properties.
3. To appoint, transfer, reward and punish employees on a bona fide basis with equality and fairness, taking into account their knowledge, abilities and suitability.
4. To attach importance to employees' constant knowledge, skill acquisition and talent: offer training, hold seminars for all employees including Self Development Program as well as allow other skill enhancement for all employees.
5. To offer fair remuneration based on the market condition, competition, job description, the employee's ability and performance above or equal to the rate set by Law and match with the employee's knowledge, ability and skills.

6. Not to perform any unfair acts which affect the career of the employee.
7. To allow employees to air their grievances about working conditions and suggest solutions for the benefit of all parties and create good relations at work.
8. To strictly observe all the laws and regulations on employment with respect to fairness and dignity.
9. To listen to Comments and Suggestions of employees with equality.
10. To enhance employees to understand the role of employees, stakeholders and related parties internally and externally and support ethic practices.
11. To create an inquiry page for employees to make inquiries, lodge complaints, report illegal acts, raise doubts against unethical acts, as stated in the CG Code, through Website and Annual Report. Such communications shall be treated as confidential, and investigation shall be conducted to find solutions

### **Practices and Responsibilities in Respect of Customers**

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

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

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

Company shall operate with fairness and equality. Trading partners and other parties to the agreements help us to achieve success in our operations with Supplier Selection and Rule of Compliance. We therefore treat them equally to ensure joint interests as follows:

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



### Practices and Responsibilities in Respect of Creditors

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

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

### Practices and Responsibilities in Respect of Competitors

Company shall operate business with transparent and shall not act in unethical dealings. We want to achieve long term sustainable success and become a leading company in fair and ethical competition in the industries. We have adopted the following practices:

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

### Practices and Responsibilities in Respect of Society

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

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

### Practices and Responsibilities in Respect of Anticorruption

We have adopted the following anticorruption policies:

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

Interested parties will be allowed to make inquiries, make complaints or report any illegal acts, incorrectness of financial statements, impaired internal control or unethical acts on the website of the Company, independent

director or audit committee. Such complaints shall be treated as confidential. The independent directors or audit committee will issue order to examine the reports and try to find solutions (if any), and submit a report to the Board of Directors.

### Practices and Responsibilities in Respect of Anticorruption

Siam Wellness Group Public Co.,Ltd puts important in the respect of Anticorruption Report and makes ways for the internal and external reporter to address such concerns in the event that there might be a illegal acts or unethical acts, raise doubts on the correctness of any financial statements or deficient internal control. The Report method is as followed:

#### Report Method

By Post :	udit Committee and Office of Company Secretary Siam Wellness Group Public Co.,Ltd 483 Soi Suthiporn Phrachasongkhro Rd., Dindeng sub-district, Dindaeng district, Bangkok 10400
By E-Mail :	secretary.ir@siamwellnessgroup.com
Website :	<a href="http://www.siamwellnessgroup.com">http://www.siamwellnessgroup.com</a>
Telephone :	0 2641 6619

### Reporter's Protection

Reporter shall be protected with equality, transparency and care with fairness to all related parties. Investigated time shall be fair. Reporter's name shall not be disclosed and Reporter shall be protected with no harassment before, during and after the Investigation as follows:

1. Company sets up a Reporting System with information of Reporter with sufficient for officers who oversees the system in the event that such information
2. Such communications shall be treated as confidential, and investigation shall be conducted to find solutions. The Head of Department shall act with care to protect the Reporter, Witness or related entities without any penalties

## Section 4 Disclosure of Information and Transparency

The Company recognizes the importance of disclosure of accurate and complete information, including Financial Information in accordance with Accounting Standards and approval by appointed Independent Auditors with non-Financial Information as required for disclosure by SEC and SET, in atimely and transparent manner. We will adopt the following practices:

1. Board of Directors will in a timely fashion disclose complete and accurate financial information and other information related to the Company's business, performance and potentials in all event regardless of positive or negative information as well as other non-related Financial Information deemed necessary according to SEC and SET such as CG Code, Risk Management, Social and Environmental Measures. This allows shareholders to have equal right to information.
2. The Board of Directors will strive to ensure compliance with relevant laws and regulations regarding the release and disclosure of information on a transparent basis. To provide the information both in Thai and English language on the website of the company and other channels such as mass media and communication channel of SET and SEC to the shareholders and the persons concerned. Such information will be updated in line with the guidelines set forth by SET and SEC.
3. To employ Investor Relations, with assigned roles and responsibilities, in order to communicate with investors, shareholders, institutional investors and minority shareholders or government agencies in an equal and fair manner effectively. We will arrange a meeting to analyze the results of operations on a regular basis. And to publish the information online, both financial and other information, in Thai and English, to our shareholders,

securities analysts, credit rating and other government agencies involved through various channels such as report to SEC, SEC and publication on our website so that shareholders will receive up-to-date information. The information such as our visions, missions, balance sheet, newsletters, annual report, structure of the Company and executives, structure of shareholding and major shareholders.

4. We attach importance to financial reports which truly and completely reflect our financial status and performance according to the generally recognized accounting standards which have been audited by independent auditor. Company shall disclose Financial Statement, Annual Report, 56-1 and Quarterly Management Discussion and Analysis to reflect Company's Performance and Operating Results to allow investors to acknowledge and understand the changes.

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

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

7. The Board of Directors shall assign Executive Committee to monitor and assess the Company's Performance and report on regular basis. The Board of Directors and Executive Committee shall jointly discuss to find solution in the event that there is sign of Financial crisis. Moreover, any approval of resolution or AGM's resolution, The Board of Directors should be determined that it will not impact the financial position and debt payment

8. In the sign of Financial Crisis, The Board of Directors should be determined that they have Action Plan with consideration of the right of related parties

9. The Board of Directors shall have Communication and Disclosure Policy to determine that Communication and Disclosure with other stakeholders are appropriate, timely with the use of appropriate channels, protect the confidential information and other information that may impact with the Stock Price as well as comply with Regulations and Rules.

## Section 5 Responsibilities of the Board of Directors

The Board of Directors comprises the directors who have knowledge, ability and experience in business operation, determined, have leadership skills, have vision and independent in decision-making and shall be responsible to the shareholders for the Company's operations, compliance with the laws and ethics as well as responsible for their roles to Shareholders with honesty and integrity

The Board of Directors shall be independent from the Executive Committee with clear assigned roles and responsibilities as followed:

The Board of Directors appoints the Executive Committee to oversees Operations, appoints each Committee to oversees assigned tasks, appoints Auditor and Company Secretary to convene Meetings, prepare Meeting Papers, Other Important Information and co-ordinate other Committee's resolution to comply with the Resolution of the Board of Directors and other laws.

### **Responsibilities of the Board of Directors - Structure and Committees**

#### **Board of Directors**

##### **Directors on the Board**

1. The Board of Directors comprises the directors who have knowledge, ability and experience in business operation; adopt policies, visions, missions and strategies; set goals; make business plans and allocate budgets and oversee the Executive Committee; administer in accordance with the policies set forth to ensure efficiency and effectiveness within the framework of the laws, objectives, articles of association, resolutions of the Board

Meeting and Shareholders Meeting with responsibility, honesty and care according to good practices to add economic value to the business and highest security to our shareholders.

2. The Board of Directors acts as the leader of the Company in setting and reviewing the Company's Vision, Mission and Objectives in Company's Operations as well as allowing sufficient information and opinion sharing the Board of Directors

3. The Board of Directors Consist of at least 9 people; the number of independent directors shall be at least 1 in 3 of all the directors. The independent directors shall have the qualifications as set forth in the notifications of SET and SEC. All members of the Board of Directors shall has residences in Thailand.

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

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

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

2. Monitor and assess the Management's Operational Plans by setting regular Management's Operational Plans Presentation as well as any important matters in the Monthly Board of Director's Meeting

3. Each member of the Board of Directors shall not hold Directorship in other listed Companies in the Stock Exchange in more than 3 companies to allow full commitment

4. Manage the Companies with creative value with Long-term Perspective, Ethical and Responsible Business, Good Corporate Citizen and adapts to the fast-changing world that may affect the Operations of the Business

5. Executive Committee shall report Company's Performance on monthly basis although the Board may not meet monthly to allow immediate control and action

6. Give important to Innovation that creates value to customer and other related parties as well as Corporate Social Responsibility

7. Monitor Executive Committee to comply with Operational Plan to reflect the Company's Objectives, Vision and Strategies

8. Monitor Executive Committee to assign resources efficiently and effectively with consideration to Value Chain Support to reflect the Company's Objectives and Vision

9. Set the Guidelines for Information Technology Management to create new business opportunities and operational improvement, as well as risk management to reflect the Company's Objectives and Vision

10. Monitor Company's Data Safety as well as se Confidentiality, Integrity, Availability and Market Sensitive information. Directors, Management, Staff as well as Legal Advisor, Financial Advisor shall comply with this

### **Responsibilities of the Board of Directors – Board Meeting**

Regulations on Board Meeting:

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

2. The items on the agenda should be fixed. The Board Chairman and the Managing Director shall jointly choose the items on the agenda. The Secretary shall ensure that all the directors shall have all the documents

before the meeting so that they can carefully examine them, express their views and know how to vote.

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

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

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

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

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

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

#### **Responsibilities of the Board of Directors – Orientation**

For incoming Directors, Company shall provide the Company Information and Site visits to help them familiarize with the Business and shall provide Guidelines on Director's Roles, Rules and Regulations, Corporate Governance's Rules and other information that deemed useful to be efficient Director.

#### **Responsibilities of the Board of Directors – Self Assessment and Director's Assessment**

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

#### **Responsibilities of the Board of Directors – Nomination of Director**

Nominated Director(s) shall have knowledge, ability and experience in business operation, credible Work Experience, good leadership skill with wide Vision as well as good ethics. Moreover, Directors shall have sufficient time to attend the meetings. The mix of Directors should be diverse to reflect the diversity of ideas. Director's specialties shall be ranked in table and Replaced or New Director(s) shall be chosen to meet the Company's Criteria. The use of Institute of Directors (IOD)'s Director's List is recommended to illustrate clarity and confidence amongst shareholders.

#### **Responsibilities of the Board of Directors – Remuneration of Director**

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

#### **Responsibilities of the Board of Directors – Development of the Board**

The Board of Directors is dedicated to promoting and facilitating the training and education of directors involved in the corporate governance such as company's directors, Audit Committee, management, etc., to provide

improved performance; and in the event of a change of directors or the appointment of new directors, the management will provide documentation and information beneficial to the performance of the new directors as well as provide advice. All directors shall undergo training programs held by the Thai Institute of Directors, Certification Director Accreditation Program (DAP), and some are trained in the course Director Certification Program (DCP) from the same institution.

Trainings attended by Company's Directors and Secretary are:

- Company Secretary Program (CSP) by IOD – Company Secretary
- Company Reporting Program (CRP) by IOD - Company Secretary
- Board Reporting Program (BRP) by IOD - Company Secretary
- Business in Disruptive era by EY Audit Co., Ltd – Audit Committee
- Business Visit in People's Republic of China - BOD

### **Responsibilities of the Board of Directors – Internal Control and Compliance**

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

2. Appoint Compliance Division or Legal Department to oversees the Compliance Policy of Company. Ensure that it complies with the relevant laws and regulations in the country that the Company operates e.g. Spa Certificate by Ministry of Public Health, Rental Contracts. Notification System via e-mail has been implemented to notify relevant person or department

### **Responsibilities of the Board of Directors – Use of internal information**

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

### **Responsibilities of the Board of Directors – Annual Report**

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

### **Remuneration of Directors and Executives**

#### **Remuneration of Directors**

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

#### **Remuneration of Executives**

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



reviewed the remuneration of the Chief Executive Officer (CEO) and Managing Director (MD) using data of other company in the same industry and the Past Company's Performance.

#### **Business Ethics and best practices in work.**

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

### **Conflict of interest**

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

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

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

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

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

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

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

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

8. Employees are prohibited to conduct business that has conflict of interest with Company. Company has provided the form via Human Resources Department to notify employees.

## Internal Control and Audit

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

## 6.2 Committees

Board of Directors consists of 1. Board of Directors 2. Other Committees including Executive Committee, Audit Committee, Nominations and Compensations Committee, Risk Committee and Corporate Governance Committee. Their scope of powers, duties and responsibilities are set forth as follows:

### 6.2.1 Scope of Powers, Duties and Responsibilities of the Board of Directors

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

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

1. To perform duties with good care, great responsibility and honesty in compliance with the laws, objectives set forth in the articles of association, resolutions of the Board Meeting and the Meeting of Shareholders.
2. To consider and approve the visions, missions, business strategies, orientations, policies, targets, guidelines, operation plan, capital management plan, risk management plan and the budgets of the company and its affiliates which are proposed by the Executive Committee and Management.
3. To monitor work of the Executive Committee, CEO, Managing Director, Management or any persons to ensure attainment of the objectives and compliance with the business plans and policies adopted by the Board of Directors.
4. To follow up the Company's operations to ensure compliance with the operation plan, capital management plan, risk management plan and the budgets of the Company and its affiliates.
5. To ensure that the Company and its affiliates adopt appropriate and efficient accounting procedures, internal control and audit.
6. To prepare balance sheet and profit and loss statement at the end of the fiscal year and certify them; to disclose in the financial statement the financial status and performance in the previous year; to prepare an annual report for presentation to the Ordinary Meeting of Shareholders for endorsement.
7. To consider and approve the recruitment and appointment of an auditor and appropriately fix his remuneration, taking into account the proposal of the Audit Committee, before presentation to the Ordinary Meeting of Shareholders for endorsement.
8. To adopt written policies on corporate governance and efficiently review them to ensure responsibilities of the Company for all the shareholders; to consider the policies and compliance therewith at least once a year.
9. To consider and approve the appointment of directors when existing directors vacate their office due to retirement or other reasons in compliance with the Public Company Limited Act of 1992 (and its revisions), Securities and Stock Exchange Act of 1992 (and its revisions), notifications, rules and/or regulations applicable thereto, taking into account the desirable and undesirable qualifications of such persons as set forth in such acts.
10. To form the Audit Committee, Executive Committee and other committees and subcommittees for the assistance and support of the Board of Directors, and fix their scope of powers and duties.

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

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

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

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

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

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

- (A) The matters legally require prior approval of the Meeting of Shareholders.
- (B) The transaction in the interest of the director which requires prior approval of the Meeting of Shareholders according to the laws or SEC's Regulations.

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

## 6.2.2 Scope of Powers, Duties and Responsibilities of Committee

### 6.2.2.1 the Audit Committee

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

1. To verify that the Company's financial reports are correct and complete.
2. To ensure that the Company has appropriate and efficient internal control and audit system and that the internal audit unit is truly independent; to consider and approve the appointment, transfer and disengagement of the Chief of the Internal Audit Unit or any other unit in charge of internal audit.
3. To ensure that the Company complies with the Securities and Stock Exchange Act, SET's Regulations and Capital Market Supervisory Board's Notifications and other laws applicable to the Company's business.
4. To consider, screen and nominate an independent person for the appointment as the Auditor and propose his remuneration; to hold a meeting with the Auditor without the management being present at least once a year.
5. To consider related or intercompany transactions or the transactions that may create conflict of interest in compliance the laws, Capital Market Advisory Board and SET's Regulations to ensure that such transactions are appropriate and are in the interest of the company.
6. To ensure that the Company has an appropriate and efficient risk management system.
7. To prepare a report signed by its Committee Chairman to be disclosed in the Company's annual report containing at least the following details:
  - 1) views on the correctness, completeness and reliability of the Company's financial report;

- 2) views on the adequacy of the company's internal control system;
  - 3) views on compliance with the Securities and Stock Exchange Act, SET's Regulations and the laws applicable to the Company's business;
  - 4) views on the suitability of the Auditor;
  - 5) views on the transactions which may create a conflict of interest;
  - 6) views on the management of risks;
  - 7) the number of meetings held by the Audit Committee and the record of attendance of each member;
  - 8) views or remarks on compliance with the Charter;
  - 9) other information that the shareholders and investors should know which can be disclosed within the scope of powers, duties and responsibilities granted and assigned by the Board of Directors.
8. Monitor the work of the Internal Audit Unit as follows:
- 1) To ensure that the scope of work, audit plan, budget and staff are adequate and sufficient for the support and assistance of the Audit Committee.
  - 2) To consider the appointment, transfer or disengagement of the Department Directors or Internal Auditor.
  - 3) To present report on the operation.
  - 4) To ensure the independence of the Internal Audit Unit or the Internal Auditor.
9. To constantly consider and review the criteria and method of inspection and ensure that it is suitable to the business environment.
10. To present report on its work to the Board of Directors at least 4 times a year.
11. To report to the Board of Directors any of the following acts that may significantly affect the Company's financial status and operation so that improvement can be made within the deadline set by the Audit Committee:
- 1) any transaction that may create a conflict of interest;
  - 2) fraud, irregularities or flaws in the internal control;
  - 3) violation of the Securities and Stock Exchange Act, Capital Market Supervisory Board, SET's Regulations or any laws applicable to the Company's business. If the Board of Directors or executives fails to make improvement within the deadline under the foregoing paragraph, any Audit Committee Member may report such incident to SEC or SET.
12. If the Auditor finds any circumstances that lead to suspicion that a director, manager or the person responsible for the operation of the Company perform any acts in violation of the Securities and Stock Exchange Act and reports such incident to the Audit Committee for investigation, the Audit Committee shall conduct investigation and inform SEC and the Auditor within 30 days of notification by the Auditor.
13. To ensure independence of the Auditor and consider receiving other non-audit services from such Auditor.
14. To act according to 1-13 in respect of the operations of the affiliates as assigned or requested by the affiliates within the scope of the Audit Committee.
15. To perform any other acts as directed by the Board of Directors subject to the approval of the Audit Committee.

The Audit Committee have the authority to invite director, officer or employee of the Company to attend a meeting to clarify or answer questions on matters relating duties and responsibilities of the Audit Committee; to consult the expert or consultant of the Company at (if any) or hire a consultant or an expert from time to time at the Company's expense; to request any employees to submit documents related to the company's operations for examination; to conduct investigation or examination in any matters to ensure successful performance of duties; to request one or many employees to perform any acts within the scope of powers of theirs; to perform and acts related to and in connection with the affiliates or as assigned or requested by the affiliates, within the scope other power and duties.

Mr. Polchet Likittanasombat is the director who has knowledge and experience in the audit of financial statements. He used to be the Managing Director of Magnet Management and Consultant Co., Ltd.

#### 6.2.2.2 The Executive Committee

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

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

1. To manage the operations of the Company in compliance with the objectives, articles of association, policies, rules, regulations, instructions or resolution of the Board Meeting or the Meeting of Shareholders; to review the matters before presentation to the Board of Director for approval.
2. To adopt visions, missions, business strategies, orientations, business policies, set targets, guidelines, make operation plan ad personnel development plan and allocation of budgets for the Company and its affiliates, and present them to the Board of Directors for approval.
3. To efficiently examine, follow up and implement polies and guidelines on the management as assigned by the Board of Directors.
4. To consider and approve any normal transactions of the Company within the annual budget approved by the Board of Directors and in compliance with the Operation Manual provision on the powers to act as granted.
5. To submit to the Board of Directors the following reports:
  - 5.1 quarterly report on the Company's operation;
  - 5.2 auditor's reports on the Company's financial status: annual balance sheet and quarterly financial statement which should be submitted within the deadline set by SET.
  - 5.3 Other reports as it deems appropriate.
6. To conduct feasibility studies of various projects.
7. To set forth the criteria and allocate budgets for pay raise, rewards and other benefits; to set forth and revise the welfare and benefits of the employees.
8. To offer advice and suggestions to the Managing Director to assist his decision making.

#### **Appointment of working teams or persons**

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

#### 6.2.2.3 The Nominations and Compensations Committee

On 27 February 2017, the Board of Director's Meeting No. 1/2017 resolved in favor of setting forth the scope of powers, duties and responsibilities of the Nominations and Compensations Committee in the articles of association, as follows:

The Nominations and Compensations Committee composed of minimum of 3 Directors with more than half being Independent Directors and at least 1 Director being the specialist or had work experience in Human Resources Management. Moreover, the Chairman of the Nominations and Compensations Committee shall be the Independent Director. The Nominations and Compensations Committee reviews and assesses the Remuneration Policies of Board of Directors and Top Management and submit to Board of Directors for approval, whom will approve the remuneration of the Top Management. Remuneration of Directors shall be approved by shareholders at the Company's Annual General Meeting.

**The Nominations and Compensations Committee shall have the following powers, duties and responsibilities:**

**1. Nominations**

1.1 Assess Company's Structure in terms of size, composition, mix and representation of Independent Directors to lead Company to achieve its Objectives and Visions.

1.2 Assess Director's Recruitment Process and Selection to nominate appropriate director with knowledge, expertise. Committee shall review the applicant's biography and suggest comment before submit to Board of Director for appointment of new Directors. Shareholder shall have sufficient information of the appointed director

1.3 Assess and Recruit the appropriate Senior Management with Development Plan to allow them to have knowledge, abilities, skills, experience and qualification to drive the Company's Objectives

1.4 Assess Director's Recruitment Process and Selection and recommend to the Board of Directors before recruiting the retired director. In the event of the nomination of existing director, the Nomination and Compensation Committee shall reflect on their past performance.

1.5 Arrange Orientation for new directors and assign sufficient documents to newly appointed director

1.6 Create Succession Plan for Managing Director and Senior Management to allow smooth operations of the Company

**2. Compensations**

2.1 Assess Compensation Structure and Director and Senior Management's remuneration to reflect their responsibilities to drive the Company's Objectives

2.2 Set Compensation Policies of Director's remuneration to match with Company's Long term Vision and Strategies, experience, responsibilities, roles and benefits of each director. Director with additional responsibilities shall have appropriate remuneration with equivalent to industry standards

2.3 Propose the Company Structure and Remuneration of Senior Management to the Board before submitting to the Annual General Meeting

**6.2.2.4 The Risk Committee**

On 27 February 2017, the Board of Director's Meeting No. 1/2017 resolved in favor of setting forth the scope of powers, duties and responsibilities of the Risk Committee in the articles of association, as follows:

The Risk Committee sets the Risk Management Policy. The Risk Committee shall consult with the Risk Working Group on regular basis. Reports from the Risk Committee shall be presented and reported to the Board of Directors. Minimum of 4 Risk Committee Meeting shall be arranged and Summaries and Attendance should be stated in the Annual Report. The Charter of the Risk Committee has been amended in the Board of Director's Meeting No. 3/2561 on 14 August 2018

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

1. To assign any departments to disclose information related to the risk. Such department shall comply

2. To appoint a risk management working group as necessary or to provide the risk management working group with necessary factors as per the scope of their responsibilities.

3. To review the Company's risk management policy and framework, which would cover all the major risks; namely financial risk, investment risk, and corporate reputation risk, before proposing them to the Board of Directors for approval.

4. To set risk measurement criteria such as Risk Appetite and Risk Tolerance and acceptable risk level before proposing them to the Board of Directors for approval.

5. To report regularly (once a quarter) to the Board of Directors about the management, operation, risk status, changes and areas of improvement to ensure the compliance with the Company's policy and strategy.

6. To review the adequacy and effectiveness of risk management policy and system as well as the compliance with the established policy.

7. To establish Success Risk Management measures including Recommendation and Measures. Monitor continuously to cope with different situations and ensure that risk management measures are appropriated.

8. To support the Board of Directors, Executive Committees and Risk Committee in Organizational Risk Measures and support ongoing Risk Development

9. To formulate risk management strategies and framework in compliance with the Company's risk management policy. The Committee shall assess, monitor and control risk at the appropriate level.

10. To monitor and ensure that risk management activities are in line with the Company's policy and framework approved by the Board of Directors.

11. To set appropriate risk management measures to cope with different situations

12. To set appropriate risk management strategies to cope with different situations

13. To set annual risk management policy, strategies and plan assessment to ensure that risk management activities are in line with the current environment including public sector risk

14. To report Risk Management Plan and Risk Mitigation Plan

15. To review Check and Balance of Risk Management Plan

16. To review Business Continuity Management (BCP) Plan

17. To set appropriate Risk Working Group

18. To assign personnel and budget of Risk Management Committee

19. To coordinate with Audit Committee to review critical risks and ensure Internal Audit Committee has measures to manage risk as well as implement risk management measures in whole organization

20. To suggest use independent advisor if necessary

21. To suggest use independent advisor in the event there is insufficient manpower

22. To communicate with Audit Committee once a year

23. To perform other duties relating to risk as assigned by the Board of Directors.

#### 6.2.2.5 The Corporate Governance Committee

On 16 December 2017, the Board of Director's Meeting No. 10/2017 resolved in favor of setting forth the scope of powers, duties and responsibilities of the Corporate Governance Committee in the articles of association, as follows:

The Corporate Governance Committee sets the Company's Corporate Governance Policy to ensure that the Company's Operations are efficient, transparent, audible and reflect all stakeholder's interests to create value for the Company and set direction of Company with the changing market environment. The Corporate Governance Policy should be stated according to SET's Corporate Governance Guideline.

**The Corporate Governance Committee shall have the following powers, duties and responsibilities:**

1. To consider and endorse the policies, strategies, goals, guidelines, and plans on the Company's corporate governance



2. To review the Company's Corporate Governance Policy comply with the policies and/or regulations relating to the Company's corporate governance before proposing to the Board of Directors for consideration and approval.

3. To regularly review and propose necessary revision to the Company's policy and guidelines on corporate governance practice

### 6.2.3 Managing Director

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

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

1. To manage and control the Company's day to day operations.
2. To act as assigned by the Board of Directors and/or the Executive Committee; to appoint attorneys to perform any acts for and on his behalf without creating a conflict of interest.
3. To issue orders, regulations, notifications and memorandums for operation in compliance with the Company's policies, in the Company's interest and for enforcement of discipline within the organization.
4. To perform the acts or and on behalf of the Company in favor of third parties related to Company's business and in the Company's interest.
5. To consider and review investments for proposal to the Board of Directors and/or Executive Committee.
6. To consider and appoint consultants necessary to the Company's operations for proposal to the Board of Directors and/or Executive Committee.
7. To consider and revise working positions, salaries, bonuses and other benefits, employ or engage staff within the allocated budget, offer pay and promotion to employees, transfer employees, hire consultants, renew contracts, impose disciplinary actions or penalties against employees who have committed offenses, appoint Investigation Committee.
8. To perform other acts as assigned from time to time by the Board of Directors and/or Executive Committee; not to consider and approve the transactions which create a conflict of interest between a director and the Company or its affiliate, unless otherwise such transactions are approved in compliance with the policies or criteria approved by the Board Meeting or the Meeting of Shareholders in compliance with the laws.

## 6.3 Recruitment and Engagement of Directors and Executives

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

**Directors:**

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

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

If an office of director is vacant for any reasons other than retirement, the Board of Directors may appoint a person without undesirable qualifications under the Public Company Limited Act as the new director at the next Board Meeting, unless otherwise the office term of director is shorter than 2 (two) months. The newly appointed director shall remain in office only for the remaining term or the director so replaced. The ruling vote of the directors must come from at least three quarters (3/4) of the remaining directors.

## High Level Executives

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

## Audit Directors / Independent Directors

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

1. Hold shares not more than 1 % of the shares that are eligible to vote of the Company, parent company, affiliates and joint venture company, major shareholders or the persons having the powers to control the Company. The shares of the persons related to the independent director should also be counted.
2. Not being or having been a director who took part in the management, employee, worker, consultant receiving regular salary, the person who have the powers to control the Company, unless otherwise not having such status for at least 2 years before appointment. Such undesirable qualifications shall not include the independent director who has been a government employee or a consultant of a government agency who is a major shareholder or the person who has the powers to control the Company.
3. Not having relation by consanguinity or registration as father, mother, spouse, sibling, child or spouse of child of another director, executive, major shareholder, the person who has the power to control the Company or the person about to be nominated for director, executive or the person who has the power to control the Company or its affiliate.
4. Not having or having had business relationship with the company, parent company, affiliate, joint venture, major shareholder or the person who has the power to control the Company in the manner that may prevent him from using his discretion freely; not being or having been a significant shareholder or the person who has the power to control the person who has business relationship with the company, parent company, affiliate, joint venture, major shareholder or the person who has the power to control the company, unless otherwise having ended such status for at least 2 years before appointment. Business relationship shall include the ones under Capital Market Supervisory Board's Notification No. Thor.Jor. 28/25581: Application for and Approval of Offering Newly Issued Shares, the normal business transactions, leasing or renting real properties, transactions related to assets or services, offer or acceptance of financial assistance, offer or take out loan, guarantee, putting up assets as collaterals for loan or other similar circumstances which result in the company or the other party to the agreement is under obligation to may payment to the other party at the rate of 3% of the net and tangible assets of the company or more or from 20 million baht, whichever is larger. The calculation of loan obligations shall take into account the related transactions set forth in the Capital Market Supervisory Board's Notification on Intercompany Transactions and the loan obligations arising during the period of one year before having business relationship with the same person.
5. Not being or having been an auditor of the Company, parent company, affiliate, joint venture, major shareholder or the person who has the power to control the Company; not being a significant shareholder, the person with control power, a partner of an accounting Company which provides an audit service to the Company, parent Company, affiliate, joint venture, major shareholder or the person who has the power to control the Company, unless otherwise such status has ceased for at least 2 years before appointment.
6. Not being or having been the provider of professional service such as legal counsel or financial consultant receiving more than two million baht per year from the Company, parent Company, affiliate, joint

venture, major shareholder or the person who has the power to control the company, unless otherwise such status has ceased for at least 2 years before appointment.

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

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

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

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

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

**Audit Committee must also have the following qualifications:**

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

2. Being an independent director of the Company.

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

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

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

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

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

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

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

## **Office Term**

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

## **Directors**

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

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

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

In the event that the Agenda has effect on the interest of shareholders, each director shall have independence in assessing each Agenda with opportunities to ask questions, express comment or disagree.

### **Office Term**

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

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

### **Executives**

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

## **6.4 Monitoring and Operation of Affiliated and Associated Companies**

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

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

## **6.5 Control of Access of Internal Information**

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

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

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

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

Penalties for disclosure of information for personal gain:

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

The penalties depend on the seriousness of the offenses.

## 6.6 Remuneration of Auditor

The Company and its subsidiaries paid 2,450,000 baht for audit fee for the year 2018 to the Auditor. This audit fee excludes Non-Audit Fee paid by the Company.

## 6.7 Good Corporate Governance

### Risk Management Task Force

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

#### Duties of Risk Management Task Force:

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

In 2018, the Risk Management Task Force held 4 meetings to assess strategic, compliance, financial, operational and assets risks which may arise and to try to prevent and manages such risks in a timely manner.

# 7 CORPORATE SOCIAL RESPONSIBILITIES : CSR

## 7.1 Overview

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

On 21 May 2014, the Board Meeting No. 1/2014 and On 23 February 2018, The Corporate Governance Committee Meeting No. 1/2018 resolved in favor of CSR under the following principles:

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

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

### 1. Fair business operation

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

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

It is our policy to equally treat trading partners and the other parties to the contracts, which are regarded as partners and the factors toward business success, taking into account joint interests. We have set the trading partners selection and procurement processes with objectives of equality, fairness, adhere to contracts and agreements, as follows:

1. We intend to supply goods and provide services efficiently under the following principles:
  - to compete on the basis of equal information;
  - to adopt criteria for assessment and choosing trading partners and the other parties to the contracts;

- to draw up contracts in suitable formats and be fair to all parties;
- to monitor and follow up to ensure full compliance with the terms and conditions of the contracts; to prevent frauds and corruption in all stages of procurement;
- to pay trading partners and the other parties to the contracts in a timely fashion in compliance with the terms of payment.

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

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

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

### **Practices and Responsibilities in Respect of Creditors**

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

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

### **Practices and Responsibilities in Respect of Competitors**

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

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

### **Practices and Responsibilities in Respect of Shareholders**

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

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



## Practices and Responsibilities in Corporate Social Responsibility

We give importance to society with the thinking that the Company shall grow sustainably in a sustainable social and environmental environment. We have adopted the following Corporate Social Responsibility practices:

1. To oversee that the Company's operations comply with the policies and/or regulations relating to the Company's corporate governance and social responsibility.
2. To consider and endorse the CSR policies and take action within the Company
3. To encourage the employees to participate in the Company's corporate governance and social responsibility activities.
4. To respect the local customs and culture in the communities that Company operates in
5. To create joint activities with society, communities and environment regularly to create better life quality for the communities that Company operates in. Joint collaboration between Company, public sector and private sector is ideal.
6. To participate in communities event
7. To action efficiently in the event that may impact the communities in terms of environment, life and assets which cause by the operations of the Company

## 2. Anticorruption

Company has Anti Corruption Policy and Anti Bribery Policy in which the Company and its subsidiary companies shall not be involved in any corruptions or offering of bribery in its operations of Business.

We have adopted the following anticorruption policies:

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

Interested persons can make inquiries, lodge complaints, report illegal acts, raise doubts on the correctness of any financial statements, deficient internal control or unethical acts of the Company on our website Good Corporate Governance page or by contacting our independent directors or Audit Committee. Such communications shall be treated as confidential, and investigation shall be conducted to find solutions; and a report shall be submitted to the Board of Directors.

## 3. Respect of Human Rights

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

## 4. Fair treatment of employees

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

## 5. Responsibilities in for Customers

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

- 1) To strive to provide service with politeness, earnestness, readiness, sincerity, good intention and attention as if the customers are close relative, taking into account safety and satisfaction of customers.
  - 2) To inform customers of our service methods to ensure maximum efficiency and satisfaction.
  - 3) To provide correct and complete information on our products and services so that customers can make the right decisions. Not to over advertise, exaggerate or cause misunderstanding about the quality, quantity, terms or conditions of the products or services.
  - 4) To provide communication channels for customers to make complaints about our products or services so that we can find solutions and improve our products and services.
  - 5) To treat our customers' information as confidential; not to disclose it or use it for personal gain.
- We strictly comply with the laws, rules, regulations of Public Health Ministry and Interior Ministry; we have the license to operate spa business; we ensure customer's safety; we have 24-hour security system: security guard, CCTV, firefighting system and fire exits which meet the standards set by the government. We provide after sale service to find out our customer's level of satisfaction. We have guidelines for dealing with customers' dissatisfaction according to our visions.

## 6. Protection of the Environment

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

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

### • Ecosystem

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

### • Conservation of the Environment

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

### • Minimization of Chemicals

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

## 7. Development of Communities or Society

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

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

## 8. Innovations from Operation with CSR

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

### 7.2 Operation and Reporting

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

#### 7.2.1 Staff Training

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

#### 7.2.2 Reporting

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

### 7.3 Operation Affecting CSR

-None-

### 7.4 Activities for the Benefit of Society and the Environment

1. The Company has signed the Memorandum of Understanding (MOU) with University of Thai Chamber of Commerce to develop curriculum and promote education for students
2. The Company offers spa site visit to students in this field to strengthen their knowledge about Thai Spa in 2017.
3. The Company offers internship to students to understand the real business experience with the length at least 60 days in which students receive the minimum wage allowance. Students from different universities.
4. The Company adds value to local products such as the Tea Oil from Chai Pattana Foundation in which the company develops as base oil for the Massage Oil and OTOP Baskets to use as the containers for the Spa Products Gift Basket etc.

## 8 Internal Control and Risk Management

### 8.1 Internal Auditor's comment about internal control system

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

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

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

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

The Company realised about the importance of a good internal control system which can improve the efficiency of the business. Therefore, the Audit Committee and the Board of Director have assigned the Internal Auditor to follow up and report to the Audit Committee for consideration and to the Board of Director for acknowledgement. The internal auditor has presented the quarterly 2018 plan for internal audit and will do the internal audit and report to the Audit Committee and the Board of Director quarterly 2018.

In the Board of Director Meeting no. 1/2018 on February 23, 2018, all 3 member of the Audit Committee attended that meeting. The Board of Director evaluate the sufficiency of the internal control system by asking information from the managements and according to the result of evaluating internal control system which evaluate by the Executive Committee no. 1/2018 on February 12, 2018. The Board of Director decided that the internal control system of the Company is adequate and appropriate for the current size of the Company and present situation.

Internal Auditor's notices on the internal control system In 2018, the Internal Auditors had audited the Company 4 times. The results are as followed:

## 1. The internal audit report no. 1/2018 dated May 14, 2018

1.1 Follow up on the internal audit report of 3/2017

1.2 Monitor and Appraise Code of Conduct

1.3 Monitor and Appraise Related Party Transactions

- Investment in subsidiary Companies / Joint Venture Policy and Control
- Related Party Transactions Policy
- Conflict of Interest Policy
- Commercial Terms between Company, Directors, Senior Management or related parties

## 2. The internal audit report no. 2/2018 dated August 14, 2018

2.1 Follow up on the internal audit report of 3/2017

2.2 The usability of SAP-B1 and capability of Interface between SAP-B1 and POS

## 3. The internal audit report no. 3/2018 dated November 14, 2018

3.1 Follow up on the internal audit report of 01/2018

3.2 Audit the Company based on the activity of Siam Wellness Resort Co.,Ltd

- Sales and Collection
- Purchasing and Payment
- Petty Cash and Advance Cash
- Inventory Control

## 4. The internal audit report no. 4/2018 dated February 22, 2019, which audit the Company based on the activity of

4.1 Follow up on the internal audit report of 2018

4.2 COSO (Committee of Sponsoring Organizations of the Treadway Commission) Framework Assessment under 5 areas

- Organization and Control
- Risk Assessment and Management
- Operation Control
- Information Technology and Communications
- Monitoring and Assessment

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

## 8.2 Auditor's notice about the internal management system

EY Office Limited, the accounting auditor of the Company had audited the Company's financial statement for year end 31 December 2018 and stated that the Company's financial statement show correct financial position, financial performance and cash flow according to the general financial standard

## 8.3 Risk Management Policy

Company has priority in managing the Corporate Risk and supports the operations of the Business under ERM Framework and SET's Enterprise Risk Management Policy.

The Risk Committee composed of 3 members including

1. Mrs. Supee Pongpanich      Chairwoman of the Risk Committee
2. Mr. Narun Wiwattanakrai      Member of the Risk Committee and Head of Risk Working Group
3. Mr. Chaiyuth Thienvuthichai      Member of the Risk Committee

In 2018, there were 4 meetings of Risk Committee. In each meeting, the Members of the Risk Committee and Members of Risk Working Group jointly assess the different risks to the Company including Strategic Risk, Legal Compliance Risk, Financial Risk, Operational Risk and Asset Risk by reviewing the likelihood of the risk and the impact of the risk. Moreover, the Committee has reviewed the Charter to comply with CG Code 2017

### 1. Risk Committee Meeting No.1 on 23 February 2018

- The Risk Committee assessed potential risk including Trademark Madrid Protocol to oversee CLMV via Department of Intellectual Property. However, Myanmar is an exception as it is not the member.

### 2. Risk Committee Meeting No.2 on 15 May 2018

- The Risk Committee assessed potential risk including the application of Health Spa Certificate in which previously the Company needs to apply permits from two organizations, but with the passing of the new SPA act 2016, the Company only needs to apply from Ministry of Public Health. This is beneficial

### 3. Risk Committee Meeting No. 3 on 14 August 2018

- The Risk Committee assessed potential risk including the manpower to serve the new opening branches in Quarter 3 and Quarter 4 which results in additional recruitment team and additional incentives

### 4. Risk Committee Meeting No. 4 on 13 November 2017

- The Risk Committee assessed the overall risks of 4th Quarter of 2018, the likelihood of the risk and the impact of the risk

In sum, the Company continuously review and improve the Risk Management on annual basis to reflect with the internal and external changes to the Companies, considering the current and potential events. Risk Preventive Measures and Efficient Risk Management Policies are implemented to reduce the risk to the level that are acceptable to ensure the smooth operations of the Business as well as the Vision and Mission, both short-term and long-term, are sustainably achieved.

## 9 Related Party Transactions

### 9.1 Relationship of related party

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

Company Name/Person's Name	Business Type	Relationship
Blooming Co.,Ltd	Selling Herbal Balls and Gifts	Joint Shareholder
B.U. Enterprise Co.,Ltd	Restaurant / Service Apartment	Joint Shareholder and Director
Cyberprint Group Co.,Ltd	Printing Services	Joint Shareholder and Director
Asian Fortune Property Co.,Ltd	Real Estate	Joint Shareholder and Director
Klom Kliaw Pattana Co.,Ltd	Real Estate	Joint Shareholder and Director
G.G.P. Property Co.,Ltd	Real Estate	Director
Mr. Vithit Utsahajit	Real Estate	Brother of Mrs. Pranee, Mrs. Thanit and Mr. Wiboon
Ms. Tamontorn Amorntirasan	Real Estate	Daughter of Mrs. Thanit
Mr. Wiboon Utsahajit	-	Director of Company
Mr. Narun Wiwattanakrai	-	Director of Company
Mrs. Pranee Suphawatanakiat	-	Director of Company
Mrs. Thanit Amorntirasan	-	Director of Company
Mr. Prasert Jiravanstit	-	Director of Company
Mr. Juckpat Jiravanstit	-	Director of Company



## Summary of Directorship and Shareholding of Related Company

	CYBERPRINT GROUP CO.,LTD		BLOOMING CO.,LTD.		B.U. ENTERPRISE CO.,LTD		ASIAN FORTUNE PROPERTY		GLOM KLIAW PATTANA CO.,LTD		UTSAHAJIT HOLDING CO.,LTD		G.G.P.PROPERTY CO.,LTD			
	AMOUNT OF SHARES HOLD	%	AMOUNT OF SHARES HOLD	%	AMOUNT OF SHARES HOLD	%	AMOUNT OF SHARES HOLD	%	AMOUNT OF SHARES HOLD	%	AMOUNT OF SHARES HOLD	%	AMOUNT OF SHARES HOLD	%		
1. Mr. Vithit Utsahajit	✓	5	0.00%	38,750	7.75%	1	0.01%	-	0.00%	-	0.00%	✓	2,500,000	8.33%		
2. Mrs. Pranee Suphawanakiat	✓	5	0.00%	38,750	7.75%	✓	0.01%	✓	20.00%	✓	20.00%	✓	2,500,000	8.33%	1,500	15.00%
3. Mr. Thanawat Utsahajit	✓	5	0.00%	38,750	7.75%	1	0.01%	✓	20.00%	✓	20.00%	✓	2,500,000	8.33%	500	5.00%
4. Mrs. Thanit Amornitrasan	✓	5	0.00%	38,750	7.75%	1	0.01%	✓	20.00%	✓	20.00%	✓	2,500,000	8.33%	1,500	15.00%
5. Mr. Wiboon Utsahajit	✓	5	0.00%	38,750	7.75%	1	0.01%	✓	20.00%	✓	20.00%	✓	2,500,000	8.33%	2,000	20.00%
6. Mrs. Suwimol Utsahajit	✓	5	0.00%	38,750	7.75%	✓	0.01%	-	0.00%	-	0.00%	✓	2,500,000	8.33%		
7. Mr. Wiwat Utsahajit	✓	5	0.00%	38,750	7.75%	1	0.01%	-	0.00%	-	0.00%	✓	2,500,000	8.33%		
8. Mr. Wichai Utsahajit	✓	5	0.00%	38,750	7.75%	1	0.01%	-	0.00%	-	0.00%	✓	2,500,000	8.33%		
9. Mr. Napat Wiwattanakrai	✓	5	0.00%	12,916	2.58%	1	0.01%	133,333	6.67%	-	0.00%	✓	833,334	2.78%		
10. Mr. Banlue Utsahajit		5	0.00%	38,750	7.75%	✓	0.01%	-	0.00%	-	0.00%	✓	7,500,000	25.00%		
11. Mr. Narun Wiwattanakrai		5	0.00%	12,917	2.58%	1	0.01%	✓	6.67%	✓	20.00%	✓	833,333	2.78%	1,500	15.00%
12. Mr. Narut Wiwattanakrai		5	0.00%	12,917	2.58%	1	0.01%	133,333	6.67%	-	0.00%		833,333	2.78%		
13. Mr. Prasert Jiravanstitt		-	0.00%	112,500	22.50%	-	0.00%	-	0.00%	✓	20.00%	✓	-	0.00%	2,000	20.00%
14. Mr. Issawong Suphawanakiat		-	0.00%	-	0.00%	✓	0.00%	-	0.00%	-	0.00%		-	0.00%		
15. Utsahajit Holdings Co.,Ltd		69,999,940	100%	-	0.00%	19,988	99.94%	-	0.00%	-	0.00%		-	0.00%	500	5.00%
16. Ms. Praon Jiravanstitt															500	5.00%
17. Ms. Pornpit Jiravanstitt															500	5.00%
รวม		70,000,000	100.00%	500,000	100.00%	20,000	100.00%	2,000,000	100.00%	120,000,000	100.00%		30,000,000	100.00%	10,000	100.00%

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

## 9.2 Related Transactions

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

### 1. Purchase of products or services from related party under normal circumstances (Report to Audit Committee for consideration)

Unit: Thousands

No.	Related Party	Transaction Details	Value	Reason and Consideration
			2018	
1	Blooming Co.,Ltd	Revenue from Sales	21	<ul style="list-style-type: none"> <li>• Blooming Co.,Ltd purchases spa products from subsidiaries at market price for gifts and premium goods</li> <li>• Company and subsidiaries purchase herbal balls, scrub, Thai herbs as well as packing and screening services at agreed prices</li> </ul>
		Purchases and Services	14,292	
		Trade Receivable	-	
		Trade Payables	1,291	
2	B.U. Enterprises Co.,Ltd	Revenue from Sales	4	<ul style="list-style-type: none"> <li>• BU Enterprises Co.,Ltd. Purchases spa products from subsidiaries for gifts at market prices.</li> <li>• Company and subsidiaries purchase cookies for spa customers and for resales at market price.</li> </ul>
		Purchases and Services	947	
		Trade Receivable	-	
		Trade Payables	63	
3	Cyberprint Group Co.,Ltd	Revenue from Sales	530	<ul style="list-style-type: none"> <li>• Cyberprint Group Co.,Ltd. purchases spa products giftsets from subsidiaries for gifts at market price.</li> <li>• Cyberprint Co.,Ltd. Provides printing services for Company and subsidiaries at agreed prices.</li> </ul>
		Purchases and Services	2,462	
		Trade Receivable	216	
		Trade Payables	643	

## 2. Rental of Properties from related party in which the Audit Committee has approved (Report to Audit Committee to acknowledge)

Unit: Thousands

No.	Related Party	Transaction Details	Value	Reasons and Audit Committee's comments
			2018	
1	Asian Fortune Property Co.,Ltd	Rental and Utilities Expense  Rental and Utilities Payable	14,569  231	<ul style="list-style-type: none"> <li>Company has rented building for spa business (Let's Relax Patong 3rd Street, Patong 3rd Street extension, and Let's Relax Thapae ) at agreed price.</li> <li><b>Let's Relax Patong 3rd Street</b></li> <li>Audit Committee approved the extension of rental and services contract (Contract from 1 February 2017 – 31 January 2020) in the Audit Committee Meeting 4/2016 on 11 November 2016</li> <li><b>Let's Relax Patong 3rd Street extension</b></li> <li>Audit Committee approved the extension of rental and services contract (Contract from 1 February 2017 – 31 January 2020) in the Audit Committee Meeting 4/2016 on 11 November 2016</li> <li><b>Let's Relax Thapae</b></li> <li>Audit Committee approved the extension of rental and services contract (Contract from 1 October 2018 – 30 September 2021) in the Audit Committee Meeting 4/2018 on 13 November 2018</li> </ul>
2	Klom Kliaw Pattana Co.,Ltd	Rental and Utilities Expense  Rental and Utilities Payable	3,324  -	<ul style="list-style-type: none"> <li>Company has rented land and building improvement for spa business and partial sub-lease to Siam Wellness Resort Co., Ltd for the hotel operation and restaurant for 30 years at agreed price.</li> <li>Audit Committee approved the rental and service contract (Contract from 1 January 2013 – 31 December 2042) in the Audit Committee Meeting 2/2013 on 28th March 2013.</li> </ul>
3	Blooming Intergift Co.,Ltd	Rental and Utilities Expense  Rental and Utilities Payable	714  9	<ul style="list-style-type: none"> <li>Company has rented building located in Soi Suthiporn (Soi Ratchadaphisek 3),Ratchadaphisek Rd., Dindaeng sub-district, Dindaeng district, Bangkok for Warehouse at agreed price.</li> <li>Board Committee approved the extension of rental and services contract (Contract from 1 January 2017 – 31 December 2019) in the Board Committee Meeting 5/2016 on 8 August 2016</li> </ul>
4	B.U. Enterprise Co.,Ltd	Rental and Utilities Expense  Rental and Utilities Payable	4,836  49	<ul style="list-style-type: none"> <li>Company has rented a space, 21th floor and 22 th floor, in B.U. Place building located in 567 Soi Suthiporn 2, Phrachasongkhro Road, Dindaeng sub-district, Dindaeng district, Bangkok for Office at agreed price.</li> <li>Board Committee approved the rental and services contract (Contract from 1 January 2017 - 31 December 2019) in the Board Committee Meeting 7/2016 on 11 November 2016</li> <li>In the Board Committee Meeting no. 2/2018 on 22 May 2018, the Board has cancelled the rental agreement on 21th floor since 1 June 2018</li> </ul>

Unit: Thousands

No.	Related Party	Transaction Details	Value	Reasons and Audit Committee's comments
			2018	
5	Mr. Vithit Utsahajit	Rental and Utilities Expense Rental and Utilities Payable	1,320 -	<ul style="list-style-type: none"> <li>Company has rented 7 commercial buildings (483-483/6) for Head Office and its subsidiary companies at agreed price</li> <li>Audit Committee approved the rental contract (Contract from 1 January 2016 – 31 December 2018) in the Audit Committee Meeting 5/2015 on 9 November 2015</li> </ul>
6	Ms. Tamontorn Amorntirasan	Rental and Utilities Expense Rental and Utilities Payable	180 -	<ul style="list-style-type: none"> <li>Company has rented one 2-storeyed houses (322/202) for living quarter for therapist,</li> <li>Board Committee approved the rental contract (Contract from 1 January 2017 – 31 December 2019) in the Board Committee Meeting 8/2017 on 30 January 2017.</li> <li>In the Board Committee Meeting no. 4/2018 on 14 August 2018, the Board has cancelled the rental agreement since 1 June 2018</li> </ul>
7	G.G.P. Property Co.,Ltd	Rental and Utilities Expense Rental and Utilities Payable	160 -	<ul style="list-style-type: none"> <li>Company has rented two 5-storeyed houses (582/347) for living quarter for therapist,</li> <li>Board Committee approved the rental contract (Contract from 1 November 2018 – 31 October 2019) in the Board Committee Meeting 4/2018 on 14 August 2018.</li> </ul>

### 3. Other Transactions from related party (Report to Audit Committee to acknowledge)

Unit: Thousands

No.	Related Party	Transaction Details	Value	Reasons and Audit Committee's comments
			2018	
1	Mr. Wiboon Utsahajit	Advance Payables Total Advance Payables for 2018	105 180	Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2017
2	Mr. Narun Wiwattanakrai	Advance Payables Total Advance Payables for 2018	51 972	Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2017
3	Mrs. Pranee Suphawanakiat	Advance Payables Total Advance Payables for 2018	- -	Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2017

Unit: Thousands

No.	Related Party	Transaction Details	Value	Reasons and Audit Committee's comments
			2018	
4	Mrs. Thanit Amorntirasan	Advance Payables	42	Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2017
		Total Advance Payables for 2018	445	
5	Mr. Prasert Jiravanstit	Advance Payables	546	Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2017
		Total Advance Payables for 2018	1,359	
6	Mr. Juckpat Jiravanstit	Advance Payables	-	Advance from directors arises from reimbursement of travelling and other expenses that Directors made advance payment before the end of accounting period. The Director has submitted the documents for reimbursement, but not yet received as of 31 December 2017
		Total Advance Payables for 2018	17	

#### 4. Rental Contracts which are related transactions and their conditions

Lease Contract Date	Details	Lease Term	Rent and Service Charges	Other Terms & Conditions
26 Aug 2014	The Company enters into the land and structure lease agreement with Klom Kliaw Pattana Co.,Ltd , for the land under the Land Title Deed No. 117, 2875, 8985, 554, 3010, 3009 and 103754 totalling 7 Land Title Deeds, having total area of 2 rai 3 ngan 62.4 square wah for operating the spa business (RarinJinda Wellness Spa, Chiangmai branch) and some part of the land being subleased to Siam Wellness Resort Co., Ltd.,to operate the hotel and restaurant business (RarinJinda Wellness Spa Resort and Deck 1 Restarant)	30 years. Effective on 1 January 2013. Expires on 31 December 2042	The rental for year 1-3 of 241,125 Baht/per month and the increased rental may be adjustable but not exceeding 15 percent of the rental in force on every 3 years. The rental for year 4-6 of 277,000 Baht/per month	<ul style="list-style-type: none"> <li>Lease is renewable for 2 times of 3 years each subject to 30-day advance notice prior to expiration.</li> <li>The Lessee has the duty to maintain, improve, repair the leased building to good condition.</li> <li>The Lessee is liable for payment of property tax and other fees.</li> <li>The Lessee is responsible for the cost of public utilities.</li> </ul>

Lease Contract Date	Details	Lease Term	Rent and Service Charges	Other Terms & Conditions
13 Nov 2015	The Company enters into the lease of the building with Mr. Vithit Utsahajit, for the lease of the 1st floor and the 2nd floor of the Building No. 483-483/6 and for the lease of the 3rd floor of the Building No. 483/6 on Soi Suthiporn, Prachasongkroh Road, Khwaeng DinDaeng, Khet DinDaeng for total utility space of 1,392 square meters for use as the office building of the Company and of the subsidiary.	3 years to be expired on 31 December 2018.	The rental is 110,000 Baht/ per month and the increased rental may be adjustable according to the market condition, but not exceeding 15 percent of the rental in force on every 3 years.	<ul style="list-style-type: none"> <li>Lease is renewable for 2 times of 3 years each subject to 30-day advance notice prior to expiration.</li> <li>The Lessee has the duty to maintain, improve, repair the leased building to good condition.</li> <li>The Lessee is liable for payment of property tax and other fees.</li> <li>The Lessee is responsible for the cost of public utilities.</li> </ul>
1 Oct 2018	The Company enters into the Lease Agreement with Asian Fortune Property Co., Ltd. for lease of space in 3 storeys commercial building located at 97/2-5 Ratchadamnoen Road, Phra Singha sub-district, Muang district, Chiang Mai to operate the spa business (Let's Relax Spa Thapae)	3 years. Starting on 1 Oct 2018 Expiring on 30 Sep 2021	The rental is at 42,900 Baht/month. Space Service Charge is At 100,100 Baht / month.	<ul style="list-style-type: none"> <li>The Lease is renewable for 1 time at 3 years</li> <li>For renewal of contract, each subject to advance notice of not less than 6 months.</li> </ul>
1 Oct 2015	The Company enters into the Lease Agreement with Asian Fortune Property Co.,Ltd for lease of land and building at 207/47 Raj-u-thid 200 years Road, Patong sub-district, Kathu district, Phuket to operate the spa business (Let's Relax Patong 3rd Street extension)	3 years. Starting on 1 Jan 2017 Expiring on 31 Dec 2019	The rental for Year 1-3 is at 60,000 Baht/month.  Space Service Charge is at 140,000/month.	Renewable for 2 times of 3 years and rental shall not increase more than 15% from current rental and service charge
14 Nov 2015	The Company enters into the Lease Agreement with B.U. Enterprise Co., Ltd. for lease of space 966 sq.m. in Soi Suthiporn 2, Phrachasongkhro Road, Dindaeng sub-district, Dindaeng district, Bangkok to operate as Office	3 years. Starting on 1 Jan 2017 Expiring on 31 Dec 2019	The rental is at 104,328 Baht/month.  The service charge is at 156,492 Baht/ month.	<ul style="list-style-type: none"> <li>The Lease is renewable for 3 years</li> <li>For renewal of contract, each subject to advance notice of not less than 90 days with rental and service charge rate shall not increase more than 10% from current rate</li> </ul>

Lease Contract Date	Details	Lease Term	Rent and Service Charges	Other Terms & Conditions
1 Dec 2016	The Company enters into the Lease Agreement with Asian Fortune Property Co.,Ltd for lease of land and building at 184/14 Pangmuang Sai Kor Road, Patong sub-district, Kathu district, Phuket total area 2,418 square meter to operate the spa business (Let's Relax Patong 3rd Street)	3 years. Starting on 1 Feb 2017 Expiring on 31 Jan 2020	The rental is at 189,750 Baht/month with rental deposit of 759,000 Baht.  The service charge is at 442,750 Baht/month with service deposit of 1,771,000 Baht.	<ul style="list-style-type: none"> <li>• The lease is renewable for 3 years</li> <li>• For renewal of contract, each subject to advance notice of not less than 6 months,</li> <li>• The lessee is responsible for property tax, insurance tax and other fees</li> <li>• The lessee is responsible for utilities charges as stated by Electrical and Water Authority</li> <li>• On 24 November 2014, the rental increase from 172,500 to 189,750 Baht and the service charge increase from 402,500 to 442,750 Baht</li> <li>• On 1 December 2014, Change from RarinJinda Wellness Spa to Let' s Relax Spa Phuket 3rd Street</li> </ul>
29 Dec 2016	The Company enters into the Lease Agreement with Ms. Tamontorn Amorntirasan for lease of building at 322/202 Asoke-Dindaeng Road, Dindaeng sub-district, Dindaeng district, Bangkok to use as staff living quarter	3 years. Starting on 1 Jan 2017 Expiring on 31 Dec 2019	The rental is 36,080 Baht/month	<ul style="list-style-type: none"> <li>• The lease is renewable for 3 years. For renewal of contract, each subject to advance notice of not less than 30 days,</li> <li>• Contract can be cancel with advance notice of not less than 30 days</li> <li>• On 14 August 2018, The Board of Director's Meeting No. 4/2018 has cancelled effective 1 June 2018</li> </ul>
29 Dec 2016	The Company enters into the Lease Agreement with Blooming Intergift Co.,Ltd for lease of building in Soi Suthiporn off Soi Ratchadaphisek 3 (Next to Chinese Embassy) Ratchadaphisek Road, Dindaeng sub-district, Dindaeng district, Bankok on land title deed no. 65264 (1 ngarn 23 square wah) and 65265 (1 ngarn 17 suare wah) to use as Company Warehouse	3 years. Starting on 1 Jan 2017 Expiring on 31 Dec 2019	The rental is 50,400 Baht/month	The lease is renewable for 3 years for 2 times. For renewal of contract, each subject to advance notice of not less than 30 days,



Lease Contract Date	Details	Lease Term	Rent and Service Charges	Other Terms & Conditions
13 Mar 2017	The Company enters into the Lease Agreement for Room no. 3116, 21st Floor, B.U. Place , 567 Soi Suthiporn Phrachasongkhro Road, Dindaeng sub-district, Dindaeng district, Bangkok with total area of 72 square meters with B.U. Enterprise Co.,Ltd to use as staff canteen	3 years. Starting on 13 Mar 2017 Expiring on 12 Mar 2020	The rental is 7,776 Baht/month and the service charge is 12,480.48 Baht/moth	<ul style="list-style-type: none"> <li>The lease is renewable for 3 years. For renewal of contract, each subject to advance notice of not less than 30 days,</li> <li>Contract can be renew with no more than 15% increase</li> <li>On 22 May 2018, The Board of Director's Meeting No. 2/2018 has cancelled effective 1 June 2018</li> </ul>
1 Nov 2018	The Company enters into the Lease Agreement for two 5-stories building No. 582/437-438 Soi Ratchadaphisek 3 Yaek 5, Dindaeng sub-district, Dindaeng district, Bangkok with G.G.P. Property Co.,Ltd to use as Staff Living Quarter.	1 years. Starting on 1 Nov 2018 Expiring on 31 Oct 2019	The rental is 80,000 Baht/month	

#### Remarks

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

- 1 Single 2-stories home located at no. 322/202 Soi Yu Charoen Yaek 18 Ratchadaphisek Road, Huaykwang sub-district, Huaykwan district, Bangkok. The property was appraised by Sasiratchada Company Limited. Mr. Korakot Hendeengarm was the main valuer and assessor. Appraisal was made on October 21, 2013 with the public purpose. The assessment of rental rate for the house is 1,845,000 bahts for the period of 3 years or the monthly rate is 58,000 bahts and increase of rental rate of 3% year.
2. 7 blocs of 3-stories concrete building located at no. 483 Soi Suthiporn Phrachasongkhro Road, Dindaeng sub-district, Dindaeng district, Bangkok. The property was appraised by 15 Business Advisory Limited. Mr. Wattana Jumpawan was the main valuer and assessor. Appraisal was made on April 18, 2014 with the public purpose. The assesment of rental rate for the building is 258,804 bahts per month and increase of rental rate of 10% every 3 years.
3. Land no. 117, 2875, 8985, 554, 3010, 3009 and 103754 total of 7 with the total area of 2 rais 3 ngarns and 62.4 square wa located at no. 14 Charoenraj Road, Wat Kate sub-district, Muang district, Chiang Mai. The property was appraised by 15 Business Advisory Limited. Mr. Wattana Jumpawan was the main valuer and assessor. Appraisal was made on April 17, 2014 with the public purpose. The assesment of rental rate of land without building is 2,906,000 bahts per year and increase of rental rate of 15% every 3 years.
4. Land with 4-stories building and additional extension on roof located at 184/14 Pangmuang Sai Kor Road, Patong sub-district, Kathu district, Phuket. The property was appraised by 15 Business Advisory Limited. Mr. Wattana Jumpawan was the main valuer and assessor. Appraisal was made on April 16, 2014 with the public purpose. The assesment of rental rate of building is 771,900 bahts per month and increase of rental rate of 15% every 3 years

5. Land with building for Warehouse located in Soi Suthiporn Soi Ratchadaphisek (near Embassy of the People's Republic of China). The property was appraised by CPM Capital Company Limited. Mr. Noppun Leelitthikulchai was the main valuer and assessor. Appraisal was made on July 21, 2016 with the rental value of such Warehouse purpose.

The assessment of rental rate of warehouse is 50,400 bahts per month and increase of rental rate of 10% every 3 years

6. 22th floor of B.U. Place building for Office Soi Suthiporn 2, Phrachasongkhro Road, Dindaeng sub-district, Dindaeng district, Bangkok. The property was appraised by CPM Capital Company Limited. Mr. Noppun Leelitthikulchai was the main valuer and assessor. Appraisal was made on July 25, 2016 with the public purpose. The assessment of rental rate of such 22 th floor is 198,300 bahts per month and increase of rental rate of 10% every 3 years

7. Land with two 5-stories building located at 582/437-438 Soi Ratchadaphisek 3 Yaek 5, Dindaeng sub-district, Dindaeng district, Bangkok. The property was appraised by CPM Capital Company Limited. Mr. Noppun Leelitthikulchai was the main valuer and assessor. Appraisal was made on June 27, 2018 with the public purpose. The assessment of rental rate of building is 1,200,000 bahts per year.

## 9.3 Policy and Procedures of Related Party Transactions

### 9.3.1 Policy of Related Party Transactions

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

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

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

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

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

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

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

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

### 9.3.2 Authorization of related party transactions

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

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

### 9.3.3 Presentation of related party transactions to Audit Committee

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

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

- 2.1 Purchasing or related department (s) submits the summary of related party transactions and supporting documents to the Audit Committee via Management
- 2.2 After receiving the decisions of the Audit Committee, the Company Secretary shall collect and present to the Board of Directors for approval. For director(s) wit the conflict of interest to that transaction shall leave and shall not vote in that agenda
- 2.3 Report the Board of Director's decision to the Stock Exchange of Thailand and disclose in the Annual Registration Statement and Annual Report

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

- 3.1 Purchasing or related department (s) submits the summary of related party transactions and supporting documents to the Audit Committee via Management
- 3.2 After receiving the decisions of the Audit Committee, the Company Secretary shall collect and present to the Board of Director for approval.
- 3.3 After receiving the decisions of the Board of Directors, the Company Secretary shall collect and present to the Shareholders for approval. Supporting documents must be sufficient according the Stock Exchange of Thailand's rule and must be distributed to all shareholders at least 14 days before the meeting date. Information of shareholders with conflict of interest, such as name and number of shares held, must be disclosed. Shareholders with conflict of interest cannot vote. The passing of resolution requires . of the total votes of shareholders excluding those with conflict of interest.

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

## 9.4 Policy and Possibilities of Related Party Transactions

### 9.4.1 Normal business transactions

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

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

### 9.4.2 Policy for reviewing related party transactions

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

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

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

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

### 9.4.3 Possibilities of future related business transactions

#### - Selling of goods and services

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

#### - Purchasing of Herbal Balls, Cookies and Printing and packaging services

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

#### - Rent of Land and Building

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

# Report and consolidated financial statements

Siam Wellness Group  
Public Company Limited  
and its subsidiaries

## Financial Information



## Responsibilities of the Board of Directors for Financial Report

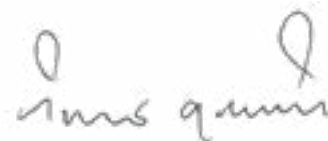
The Board of Directors of Siam Wellness Group Public Company Limited is responsible for the preparation, disclosure, and presentation of the Company's financial statements including financial information shown in the Annual Report of 2018 and the Annual Registration Statement (56-1). Such financial statements were prepared according to general accepted accounting principles (TFRS) with thorough consideration in using appropriate, adequate and consistent accounting policies and estimation related to the financial statements to ensure that the financial reports prepared without any incorrectly significant information for the benefits to shareholders and general investors transparently.

The Board of Directors has supported the Company to act according the Corporate Governance Principles and has appointed the Audit Committee comprising of the independent directors to review accounting policies, supervise the quality of financial statements, review the adequate of the internal control system and internal audit, including the risk management as well as considering the disclosure of connected transactions, which the opinions of the Audit Committee on such issues were shown in the Audit Committee Report in the Annual Report and the Annual Registration Statement (56-1 ).

The Board of Directors has established proper and efficient control system, risk management system including internal control system of various aspects in order to rationally assure that the accounting information was correctly and completely recorded and adequate. The Board of Directors has viewed that the overall internal control system of the Company was at satisfactory level and able to reasonably assure that the Company's financial statements for the year ended December 31, 2018 was reliable along with the general accepted accounting principles and conducted precisely with the related laws and regulations.



(Mrs. Pranee Suphawanakiat)  
Chairwoman



(Mr. Wiboon Utsahajit)  
Chief Executive Officer

## Management Discussion and Analysis of Siam Wellness Group Public Company Limited for the 12 months period ended 31 December 2018 and to explain the causes of performance that is changed more than 20% from the same period last year

SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED (“The Company”) would like to give details of the Management Discussion and Analysis of the financial statements of the Company and subsidiaries for the 12 months period (“12M18”) ended 31 December 2018 and to explicate the causes of performance that has changed more than 20% from the same period last year. The Company and subsidiaries have the total revenue of 1,152.49 million baht, an increase of 190.10 million baht from the same period last year (or an increase of 19.75%). The net profit is 205.60 million baht, an increase of 30.43 million baht from the same period last year (or an increase of 17.37%). Net profit is accounted as 18.13% of sales and services’ revenue. This is the result of the continuous expansion of the Thai tourism industry, additional business unit and expansion of franchise overseas. The increase in sales comes from both same store sales and expansion stores sales growth, in which the number of branches has gradually increase from 41 branches in 2017 to 55 branches in 2018 (49 branches domestically and 6 branches overseas) with details as followed.

### Revenue

The Company and subsidiaries had total revenue in 2018 of 1,152.49 million baht, an increase of 190.10 million baht from the same period last year (or an increase of 19.75%). The big proportion of revenue comes from the spa business, which accounted to 88% of the total revenue. There are 15 expansion stores composed of 7 Let’s Relax, 2 Stretch me by Let’s Relax, 1 Face Care by Let’s Relax and 5 overseas branches (2 in China – Tianjin and Qingdao and 3 in Cambodia – Phnom Penh). This results in significant increase in Sales.

### Cost of Sales and Services

In 2018, the Company and subsidiaries had the cost of sales and services of 750.13 million baht, accounting for 66.13% of sales and services’ revenue. This is an increase of 130.57 million baht from the same period last year (or an increase of 21.08%). The increase is caused by the expansion of 10 new spa branches domestically in 2018 as well as additional cost of sales and services of the existing branches, both fixed and variable costs such as staff costs, salary, rents, depreciation and raw material costs, etc.

### Selling and Administrative Expenses

In 2018, the Company and subsidiaries had the selling and administrative expenses of 152.48 million baht, accounted to 13.44% of the revenue from sales and services. This is an increase of 22.14 million baht from the same period last year (or an increase of 16.98%). This is mainly from the adjustment of salary and increasing headcount of the Head Office staff to support branches expansion as well as the rental and depreciation of the Head Office.

### Net Profit

In 2018, the Company and subsidiaries had the net profit of 205.60 million baht or accounted 18.13% of the revenue from sales and services. The net profit of the Company and subsidiaries increase 30.43 million baht from the same period last year (or an increase of 17.37%) compared to the same period last year. The revenue from sale and service have increased as a result of the continuous growth in the Tourism industry, additional business unit and expansion of franchise overseas which results in the increase in revenue in both Bangkok and Upcountry branches, yet the variable and fixed costs of sales and services as well as selling and administrative also increase which results from increase in number of branches. However, the cost of sales and services grow slightly less than the revenue from sales and services. Thus, results in the increase in Net Profit.



Siam Wellness Group Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2018

## Independent Auditor's Report

To the Shareholders of Siam Wellness Group Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Siam Wellness Group Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Siam Wellness Group 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 Siam Wellness Group Public Company Limited and its subsidiaries and of Siam Wellness Group Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

## **Key Audit Matter**

Key audit matter is the 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 for each matter are described below.

### **Revenue from services**

The revenue from services related to spa business of the Company is the main revenue of the Group, representing 88% of total Group's revenues. Such revenue is derived from provision of services to a large number of individual customers through a variety of sales channels and many spa branches for the spa business. Therefore, I addressed the occurrence and accuracy of the revenue from services as a key audit matter.

I have examined the revenue from services by assessing and testing, on a sampling basis, the Company's internal controls with respect to the revenue cycle, understanding the nature of services condition to evaluate the appropriateness of the accounting policy, examining supporting documents, on a sampling basis, for revenue from services transactions occurring during the year and near the end of the accounting period, reviewing credit notes that the Company issued after the period-end, and performing analytical procedures on disaggregated data to detect possible irregularities in revenue from services transactions throughout the period.

## **Other Information**

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

From the matter communicated with those charged with governance, I determine that matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. I describe this matter 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.



Sumana Punpongsanon

Certified Public Accountant (Thailand) No. 5872

EY Office Limited

Bangkok: 22 February 2019

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	79,443,764	66,733,443	67,865,439	53,510,782
Current investments	9	32,031,778	75,966,297	33,240	47,822,221
Trade and other receivables	7, 10	23,512,231	12,390,973	20,569,527	9,342,505
Inventories	11	31,038,539	27,838,122	30,653,123	25,282,303
Other current assets		9,653,107	8,299,366	9,277,106	7,266,402
<b>Total current assets</b>		<b>175,679,419</b>	<b>191,228,201</b>	<b>128,398,435</b>	<b>143,224,213</b>
<b>Non-current assets</b>					
Long-term loan to and interest receivable from related party	7	-	-	8,164,451	-
Restricted deposits of financial institution	12	5,052,985	5,001,000	-	-
Investments in subsidiaries	13	-	-	101,705,464	101,705,464
Leasehold rights	14	8,130,842	10,119,949	8,130,842	10,119,949
Property, plant and equipment	15	1,067,091,384	889,258,900	981,130,098	809,366,000
Goodwill	16	24,535,709	24,535,709	20,340,000	20,340,000
Intangible assets	17	8,962,686	9,244,567	8,772,047	9,012,232
Deferred tax assets	26	1,391,631	367,950	-	-
Deposits		77,744,900	43,916,648	77,025,401	43,916,648
Other non-current assets		620,150	1,829,417	615,150	1,815,416
<b>Total non-current assets</b>		<b>1,193,530,287</b>	<b>984,274,140</b>	<b>1,205,883,453</b>	<b>996,275,709</b>
<b>Total assets</b>		<b>1,369,209,706</b>	<b>1,175,502,341</b>	<b>1,334,281,888</b>	<b>1,139,499,922</b>

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

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Siam Wellness Group Public Company Limited and its subsidiaries

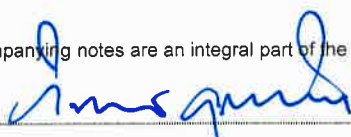
Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts from financial institution	18	1,341,651	3,749,403	-	-
Short-term loans from and interest payable to related parties	7	4,415,343	4,215,343	-	-
Trade and other payables	7, 19	83,385,842	85,881,847	82,313,998	84,414,728
Current portion of long-term loans	20	84,240,000	68,850,000	84,240,000	68,850,000
Current portion of liabilities under finance lease agreements	21	86,887	310,297	86,887	310,297
Income tax payable		17,010,330	14,328,517	14,784,479	13,329,368
Advance received		24,961,317	24,153,850	23,204,863	21,758,574
Other current liabilities		8,614,765	5,023,970	7,707,299	4,149,223
<b>Total current liabilities</b>		<b>224,056,135</b>	<b>206,513,227</b>	<b>212,337,526</b>	<b>192,812,190</b>
<b>Non-current liabilities</b>					
Long term loans - net of current portion	20	125,990,000	185,050,000	125,990,000	185,050,000
Liabilities under finance lease agreements - net of current portion	21	264,895	351,782	264,895	351,782
Provision for long-term employee benefits	22	14,445,712	10,886,219	11,684,749	8,744,399
Deferred tax liabilities	26	19,583,381	6,043,926	19,583,381	6,068,226
Other non-current liabilities		14,504,679	11,855,217	13,626,352	11,158,246
<b>Total non-current liabilities</b>		<b>174,788,667</b>	<b>214,187,144</b>	<b>171,149,377</b>	<b>211,372,653</b>
<b>Total liabilities</b>		<b>398,844,802</b>	<b>420,700,371</b>	<b>383,486,903</b>	<b>404,184,843</b>
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Registered					
570,000,000 ordinary shares of Baht 0.25 each		142,500,000	142,500,000	142,500,000	142,500,000
Issued and paid-up					
570,000,000 ordinary shares of Baht 0.25 each		142,500,000	142,500,000	142,500,000	142,500,000
Share premium		278,905,854	278,905,854	278,905,854	278,905,854
Discount on business combination under common control		(46,226,479)	(46,226,479)	-	-
<b>Retained earnings</b>					
Appropriated - statutory reserve	23	16,380,580	14,782,545	14,250,000	14,250,000
Unappropriated		488,234,141	324,135,182	424,571,696	258,956,110
Other components of shareholders' equity		90,567,435	40,703,115	90,567,435	40,703,115
Equity attributable to shareholders' of the Company		970,361,531	754,801,970	950,794,985	735,315,079
Non-controlling interests of the subsidiaries		3,373	1,753	-	-
<b>Total shareholders' equity</b>		<b>970,364,904</b>	<b>754,801,970</b>	<b>950,794,985</b>	<b>735,315,079</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,369,209,706</b>	<b>1,175,502,341</b>	<b>1,334,281,888</b>	<b>1,139,499,922</b>

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



Directors



Siam Wellness Group Public Company Limited and its subsidiaries


Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenue from sales		87,371,042	86,619,169	56,108,183	42,369,442
Revenue from services		1,046,879,546	861,025,281	1,009,377,381	828,864,238
Dividend income	7, 13	-	-	25,419,746	-
Other income		18,239,943	14,746,425	24,791,231	22,031,830
<b>Total revenues</b>		<b>1,152,490,531</b>	<b>962,390,875</b>	<b>1,115,696,541</b>	<b>893,265,510</b>
<b>Expenses</b>					
Cost of sales		47,573,524	54,715,846	33,140,224	25,877,013
Cost of services		702,557,630	564,841,970	703,621,315	560,928,773
Selling and distribution expenses		45,181,525	36,878,434	41,816,891	32,674,580
Administrative expenses		107,295,600	93,461,766	90,602,228	79,061,250
<b>Total expenses</b>		<b>902,608,279</b>	<b>749,898,016</b>	<b>869,180,658</b>	<b>698,541,616</b>
<b>Profit before finance cost and income tax expenses</b>		<b>249,882,252</b>	<b>212,492,859</b>	<b>246,515,883</b>	<b>194,723,894</b>
Finance cost		(8,844,006)	(6,572,207)	(8,434,276)	(6,067,192)
<b>Profit before income tax expenses</b>		<b>241,038,246</b>	<b>205,920,652</b>	<b>238,081,607</b>	<b>188,656,702</b>
Income tax expenses	26	(35,439,378)	(30,752,392)	(32,566,021)	(27,707,879)
<b>Profit for the year</b>		<b>205,598,868</b>	<b>175,168,260</b>	<b>205,515,586</b>	<b>160,948,823</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Changes in revaluation of land - net of income tax		49,864,320	-	49,864,320	-
Actuarial loss - net of income tax		-	(2,238,156)	-	(1,528,055)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		49,864,320	(2,238,156)	49,864,320	(1,528,055)
<b>Total other comprehensive income for the year</b>		<b>49,864,320</b>	<b>(2,238,156)</b>	<b>49,864,320</b>	<b>(1,528,055)</b>
<b>Total comprehensive income for the year</b>		<b>255,463,188</b>	<b>172,930,104</b>	<b>255,379,906</b>	<b>159,420,768</b>

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


  
 นายสุวิทย์ นามวงศ์  
 กรรมการผู้จัดการใหญ่

**Siam Wellness Group Public Company Limited and its subsidiaries**  
**Statement of comprehensive income (continued)**  
**For the year ended 31 December 2018**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit attributable to:</b>					
Equity holders of the Company		205,596,994	175,167,795	205,515,586	160,948,823
Non-controlling interests of the subsidiaries		1,874	465		
		<u>205,598,868</u>	<u>175,168,260</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		255,461,314	172,929,657	255,379,906	159,420,768
Non-controlling interests of the subsidiaries		1,874	447		
		<u>255,463,188</u>	<u>172,930,104</u>		
<b>Earnings per share</b>					
	27				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.36</u>	<u>0.31</u>	<u>0.36</u>	<u>0.28</u>

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

นางสาว อรุณรัตน์ นิลรัตน์  


Siam Wellness Group Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements  
Equity attributable to shareholders of the Company

	Equity attributable to shareholders of the Company				Other components of shareholders' equity			Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Discount on business combination under common control	Retained earnings	Other comprehensive income		Total components of shareholders' equity			
					Appropriated - statutory reserve	Unappropriated				
<b>Balance as at 1 January 2017</b>	142,500,000	278,905,854	(46,226,479)	14,782,545	208,205,525	40,703,115	40,703,115	638,870,560	1,169	638,871,729
Profit for the year	-	-	-	-	175,167,795	-	-	175,167,795	465	175,168,260
Other comprehensive income for the year	-	-	-	-	(2,238,138)	-	-	(2,238,138)	(18)	(2,238,156)
Total comprehensive income for the year	-	-	-	-	172,929,657	-	-	172,929,657	447	172,930,104
Dividend paid (Note 24)	-	-	-	-	(57,000,000)	-	-	(57,000,000)	-	(57,000,000)
Increase in non-controlling interest from acquisition of subsidiaries	-	-	-	-	-	-	-	-	137	137
<b>Balance as at 31 December 2017</b>	142,500,000	278,905,854	(46,226,479)	14,782,545	324,135,182	40,703,115	40,703,115	754,800,217	1,753	754,801,970
<b>Balance as at 1 January 2018</b>	142,500,000	278,905,854	(46,226,479)	14,782,545	324,135,182	40,703,115	40,703,115	754,800,217	1,753	754,801,970
Profit for the year	-	-	-	-	205,596,994	-	-	205,596,994	1,874	205,598,868
Other comprehensive income for the year	-	-	-	-	-	49,864,320	-	49,864,320	-	49,864,320
Total comprehensive income for the year	-	-	-	-	205,596,994	49,864,320	-	255,461,314	1,874	255,463,188
Appropriation of retained earnings	-	-	-	1,598,035	(1,598,035)	-	-	-	-	-
Dividend paid (Note 24)	-	-	-	-	(39,900,000)	-	-	(39,900,000)	-	(39,900,000)
Subsidiaries paid dividend to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(254)	(254)
<b>Balance as at 31 December 2018</b>	142,500,000	278,905,854	(46,226,479)	16,380,580	488,234,141	90,567,435	90,567,435	970,361,531	3,373	970,364,904

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

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements						
	Other components of shareholders' equity						
	Other comprehensive						
	Issued and fully paid-up share capital	Share premium	Retained earnings - Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets	other components of shareholders' equity	Total
Balance as at 1 January 2017	142,500,000	278,905,854	14,250,000	156,535,342	40,703,115	40,703,115	632,894,311
Profit for the year	-	-	-	160,948,823	-	-	160,948,823
Other comprehensive income for the year	-	-	-	(1,528,055)	-	-	(1,528,055)
Total comprehensive income for the year	-	-	-	159,420,768	-	-	159,420,768
Dividend paid (Note 24)	-	-	-	(57,000,000)	-	-	(57,000,000)
Balance as at 31 December 2017	142,500,000	278,905,854	14,250,000	258,956,110	40,703,115	40,703,115	735,315,079
Balance as at 1 January 2018	142,500,000	278,905,854	14,250,000	258,956,110	40,703,115	40,703,115	735,315,079
Profit for the year	-	-	-	205,515,586	-	-	205,515,586
Other comprehensive income for the year	-	-	-	-	49,864,320	49,864,320	49,864,320
Total comprehensive income for the year	-	-	-	205,515,586	49,864,320	49,864,320	255,379,906
Dividend paid (Note 24)	-	-	-	(39,900,000)	-	-	(39,900,000)
Balance as at 31 December 2018	142,500,000	278,905,854	14,250,000	424,571,696	90,567,435	90,567,435	950,794,985

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

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit before tax	241,038,246	205,920,652	238,081,607	188,656,702
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	95,956,711	77,449,313	87,648,013	70,088,731
Unrealised loss (gain) on the change in fair value of trading securities	314,276	(413,667)	174,978	(175,006)
Bad debts and allowance for doubtful accounts (reversal)	406,747	6,131	393,983	(990)
Reduction of inventories to net realisable value	703,220	998,014	85,347	227,259
Gain on disposal of property, plant and equipment	(1,425,755)	(312,418)	(762,047)	(69,471)
Loss on write-off of property, plant and equipment	2,440,744	123,981	1,664,148	123,913
Loss on write-off of intangible assets	3,824	-	-	-
Long-term employee benefits expenses	3,559,493	2,019,993	2,940,350	1,700,762
Dividend income	-	-	(25,419,746)	-
Interest income	(398,661)	(289,225)	(445,477)	(257,768)
Interest expenses	8,844,006	6,572,207	8,434,276	6,067,192
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>351,442,851</b>	<b>292,074,981</b>	<b>312,795,432</b>	<b>266,361,324</b>
Decrease (increase) in operating assets				
Current investments	43,620,243	(57,493,412)	47,614,003	(47,647,215)
Trade and other receivables	(11,528,005)	(3,272,949)	(11,621,005)	(4,007,734)
Inventories	(3,903,637)	(5,462,224)	(5,456,167)	(7,275,960)
Other current assets	(1,461,835)	41,933	(2,118,798)	(11,359)
Deposits	(32,232,697)	(7,716,828)	(31,527,199)	(7,716,828)
Other non-current assets	(386,288)	(1,326,874)	(381,288)	(1,323,872)
Increase (decrease) in operating liabilities				
Trade and other payables	7,372,984	(2,351,678)	8,119,121	868,135
Advance received	807,467	7,799,155	1,446,289	7,345,168
Other current liabilities	3,590,795	1,241,334	3,558,076	1,091,327
Other non-current liabilities	2,070,093	306,469	1,954,405	199,169
<b>Cash flows from operating activities</b>	<b>359,391,971</b>	<b>223,839,907</b>	<b>324,382,869</b>	<b>207,882,155</b>
Cash paid for interest expenses	(8,377,702)	(6,076,206)	(8,171,010)	(5,764,070)
Cash paid for income tax	(32,707,871)	(27,766,181)	(30,061,835)	(25,479,138)
<b>Net cash flows from operating activities</b>	<b>318,306,398</b>	<b>189,997,520</b>	<b>286,150,024</b>	<b>176,638,947</b>

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

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ชัชวาลย์ อภิวัฒนกุล



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



Siam Wellness Group Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Increase in restricted deposits at financial institution	(51,985)	(5,001,000)	-	-
Net cash paid to purchase of investments in subsidiaries	-	(217,905)	-	-
Cash paid for share subscription of subsidiary	-	-	-	(4)
Cash paid for acquisition of leasehold rights	(207,785)	-	(207,785)	-
Cash paid for acquisition of property, plant and equipment	(219,807,731)	(245,796,125)	(205,097,693)	(241,212,303)
Cash paid for acquisition of intangible assets	(1,141,723)	(2,581,498)	(1,126,223)	(2,464,696)
Proceeds from disposal of property, plant and equipment	1,502,789	312,772	815,859	67,500
Cash received from dividend from investment in subsidiary	-	-	25,419,746	-
Cash received from interest income	398,661	289,225	281,026	257,768
<b>Net cash flows used in investing activities</b>	<b>(219,307,774)</b>	<b>(252,994,531)</b>	<b>(179,915,070)</b>	<b>(243,351,735)</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdrafts from financial institution	(2,407,752)	(485,063)	-	-
Increase in short-term loans from related parties	-	1,000,000	-	-
Cash paid for liabilities under financial lease agreements	(310,297)	(535,528)	(310,297)	(535,528)
Increase in long-term loan to subsidiary	-	-	(8,000,000)	-
Cash received from long-term loans from financial institution	25,000,000	207,900,000	25,000,000	207,900,000
Cash paid for repayment of long-term loans from financial institution	(68,670,000)	(54,000,000)	(68,670,000)	(54,000,000)
Cash paid for dividend	(39,900,254)	(57,000,000)	(39,900,000)	(57,000,000)
<b>Net cash flows from (used in) financing activities</b>	<b>(86,288,303)</b>	<b>96,879,409</b>	<b>(91,880,297)</b>	<b>96,364,472</b>
<b>Net increase in cash and cash equivalents</b>	<b>12,710,321</b>	<b>33,882,398</b>	<b>14,354,657</b>	<b>29,651,684</b>
Cash and cash equivalents at beginning of year	66,733,443	32,851,045	53,510,782	23,859,098
<b>Cash and cash equivalents at end of year (Note 8)</b>	<b>79,443,764</b>	<b>66,733,443</b>	<b>67,865,439</b>	<b>53,510,782</b>
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Increase in surplus on revaluation of land	62,330,400	-	62,330,400	-
Increase in liabilities from acquisition equipment under financial lease agreements	-	450,000	-	450,000
Decrease (increase) in liabilities from acquisition of property, plant and equipment	9,801,166	(16,983,600)	10,152,028	(17,295,536)
Increase in provision for dismantling, removing and restoring of leasehold improvement	579,369	422,963	513,701	422,963
Actuarial loss	-	2,792,897	-	1,910,069

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

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**Siam Wellness Group Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2018**

**1. General information**

Siam Wellness Group Public Company Limited ("the Company") was incorporated as limited company under the laws of Thailand on 28 November 2001. The Company operates in Thailand and principally engages in spa services business. Its registered head office is at No. 483, Soi Suthiporn, Pracha-Songkroh Road, Dindang, Dindang, Bangkok. As at 31 December 2018, the Company has a total of 49 branches in Bangkok and upcountry (2017: 40 branches) and 6 foreign branches according to the franchise agreement (2017: 1 foreign branch).

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

**2. Basis of preparation**

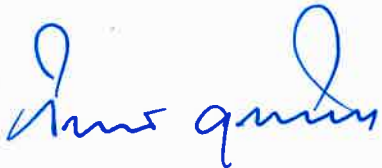
2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 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 Siam Wellness Group Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

  
นายสุวิทย์ วัฒนศิริ  
ผู้อำนวยการ



Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 (Percent)	2017 (Percent)
<u>Held by the Company</u>				
Siam Wellness Resort Co., Ltd.	Hotel and restaurant operations	Thailand	99.99	99.99
Siam Wellness Lab Co., Ltd.	Manufacturing and distributing spa products	Thailand	99.99	99.99
Siam Wellness Education Co., Ltd.	A school for Thai massage	Thailand	99.97	99.97
Siam Wellness Group (Hong Kong) Co., Ltd.	Investment for overseas expansion of the spa business	Hong Kong	100.00	100.00
Siam Wellness Group (Cambodia) Co., Ltd.	Spa business and sale of spa products	Cambodia	100.00	100.00
<u>Held by subsidiaries</u>				
Tiger Eyes Trading (Thailand) Co., Ltd. (Held by Siam Wellness Lab Co., Ltd. 99.99 percent)	Import and sale of spa products	Thailand	99.99	99.99
Tiger Eyes Education Co., Ltd. (Held by Siam Wellness Education Co., Ltd. 99.98 percent)	Institution of spa and beauty business	Thailand	99.98	99.98

On 19 December 2018, the Extraordinary General Meeting of shareholders of Tiger Eyes Education Co., Ltd. (a subsidiary which held by a subsidiary) passed a resolution approving the dissolution of this subsidiary. The Company's subsidiary registered the dissolution with the Ministry of Commerce and the registrar registered it on 8 January 2019. Currently, it was during the dissolution process.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

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- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
  - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

### 3. New financial reporting standards

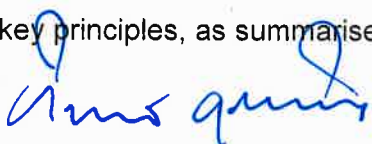
#### (a) Financial reporting standards that became effective in the current year

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

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

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

  
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## **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 recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

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

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

Financial reporting standards:

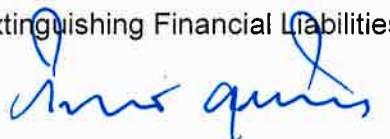
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *Sales of goods*

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

###### *Rendering of services*

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

###### *Franchise income*

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

###### *Interest income*

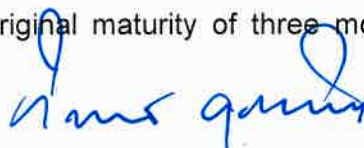
Interest income is recognised on an accrual basis based on the effective interest rate.

###### *Dividends*

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

##### **4.2 Cash and cash equivalents**

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

  
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#### 4.3 Trade accounts receivable

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

#### 4.4 Inventories

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

#### 4.5 Investments

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

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

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

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

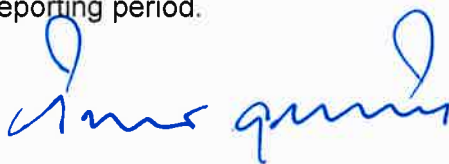
#### 4.6 Leasehold rights

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

#### 4.7 Property, plant and equipment/Depreciation

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

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



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

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

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

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

Depreciation is included in determining income.

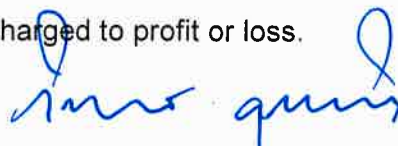
No depreciation is provided on land and assets under installation.

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

#### 4.8 Intangible assets

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

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

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

	<u>Useful lives</u>
Licenses	5 and 10 years
Trademark	10 years
Computer software	5 and 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 profit or loss.

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

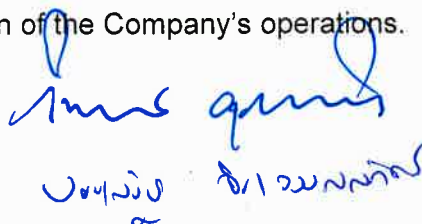
For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating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

The recoverable amount of each cash generating unit is determined based on a value-in-use calculation, using cash flow projections extracted from financial budgets approved by the management. The cash flow projections cover a five-year period and based on key assumptions regarding revenue growth rates and discount rates (for the current year, discount rate was at 13.3%).

#### 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.

  
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#### 4.11 Long-term leases

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

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

#### 4.12 Foreign currencies

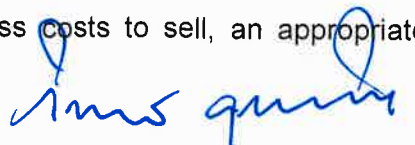
The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

Gains and losses on exchange are included in determining income.

#### 4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews or when there is any indication of impairment in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

  
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These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However, in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### 4.14 Employee benefits

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

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

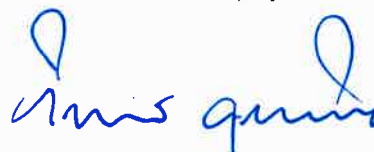
##### ***Post-employment benefits***

###### *Defined contribution plans*

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

###### *Defined benefit plans*

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

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

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

#### 4.15 Provisions

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

#### 4.16 Income tax

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

##### Current tax

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

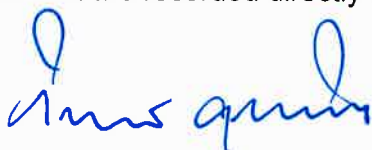
##### Deferred tax

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

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

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

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

  
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#### 4.17 Fair value measurement

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

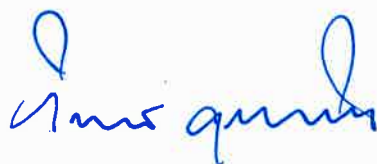
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

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

#### 5. Significant accounting judgements and estimates

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

  
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## **Leases**

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

## **Allowance for doubtful accounts**

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

## **Fair value of financial instruments**

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

## **Property plant and equipment/Depreciation**

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

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

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



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## **Goodwill and intangible assets**

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

## **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## **Post-employment benefits under defined benefit plans**

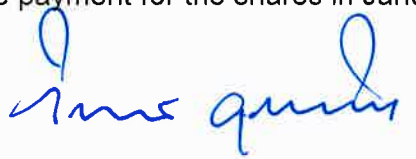
The obligation under the defined benefit is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## **6. Investment acquisition of Tiger Eyes Trading (Thailand) Co., Ltd. and Tiger Eyes Education Co., Ltd.**

On 30 December 2016, the meeting of the Company's Board of Directors No. 8/2016 passed the resolutions approving the acquisition via its subsidiaries as follows:

- To approve Siam Wellness Lab Co., Ltd., a subsidiary, to acquire total 19,998 ordinary shares of Tiger Eyes Trading (Thailand) Co., Ltd. which principally engaged in importing and supplying spa and beauty products, or 99.99% of total share capital, in order to increase in product lines and the value of spa services and sale of spa product business in the future.
- To approve Siam Wellness Education Co., Ltd., a subsidiary, to acquire total 9,998 ordinary shares of Tiger Eyes Education Co., Ltd., which principally engaged in operations of massage, spa and beauty training academy, or 99.98% of total share capital, in order to increase spa training facilities to support the business expansion and the value of spa services and sale of spa products business in the future.

The subsidiaries made payment for the shares in January 2017.

  
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During the year 2017, these two subsidiaries assesses the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date, in order to allocate costs of the business acquisition to the identifiable items.

The fair values of the identifiable assets acquired and liabilities assumed as at the acquisition date of Tiger Eyes Trading (Thailand) Co., Ltd. and Tiger Eyes Education Co., Ltd. are as follows.

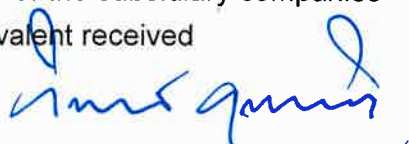
	(Unit: Thousand Baht)
Cash and cash equivalents	904
Trade and other receivables	518
Inventories	3,167
Other current assets	41
Property, plant and equipment	404
<b>Total assets</b>	<u>5,034</u>
Bank overdraft from financial institution	4,234
Short-term loans from and interest payable to related parties	3,023
Trade and other payables	799
Other current liabilities	52
<b>Total liabilities</b>	<u>8,108</u>
<b>Net liabilities at the acquisition date</b>	<u>(3,074)</u>
Excess of purchase price over net liabilities	<u>4,196</u>
<b>Purchase price</b>	<u>1,122</u>

The financial statements of Tiger Eyes Trading (Thailand) Co., Ltd. and Tiger Eyes Education Co., Ltd. have been included in the consolidated financial statement of the Company since the subsidiaries gained controlling authority.

The excess of the purchase price over the fair value of the net liabilities acquired amounting to Baht 4.2 million has been recorded as goodwill.

The details of the acquisition are as follows:

	(Unit: Thousand Baht)
Cash paid for acquisition of the subsidiary companies	1,122
Net liabilities from acquisition of subsidiary companies	<u>3,074</u>
Goodwill	<u>4,196</u>
Cash paid for acquisition of the subsidiary companies	1,122
Less: Cash and cash equivalents of subsidiaries	<u>(904)</u>
Cash paid for acquisition of the subsidiary companies - net of cash and cash equivalent received	<u>218</u>

  
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Goodwill amounting to Baht 4.2 million reflects the increasing in the business value of spa services and sale of spa products business. This increases the potential of the spa services business of the Company and sale of more various type of spa products.

## 7. Related party transactions

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

Name of related parties	Type of business	Type of relationship
Siam Wellness Lab Co., Ltd.	Manufacturer and sale of spa products	A subsidiary
Siam Wellness Education Co., Ltd.	A school for Thai massage	A subsidiary
Siam Wellness Resort Co., Ltd.	Hotel and restaurant operations	A subsidiary
Siam Wellness Group (Hong Kong) Co., Ltd.	Investment for overseas expansion of the spa business	A subsidiary
Siam Wellness Group (Cambodia) Co., Ltd.	Spa business and sale of spa products	A subsidiary
Tiger Eyes Trading (Thailand) Co., Ltd.	Import and sale of spa products	A subsidiary (held by a subsidiary)
Tiger Eyes Education Co., Ltd.	Institution of spa and beauty business	A subsidiary (held by a subsidiary)
Blooming Intergift Co., Ltd.	Property rental	Common shareholders
Blooming Co., Ltd.	Sale of gift , a blessed card and a notebook	Common shareholders
B.U. Enterprise Co., Ltd.	Property rental	Common shareholders
Cyberprint Group Co., Ltd.	Printing business	Common shareholders
Asian Fortune Property Co., Ltd.	Real estate development	Common shareholders
Klom Kliao Pattana Co., Ltd.	Property rental	Common directors
G.G.P. Property Co., Ltd.	Property rental	Common directors
Directors of the Company and its subsidiaries	-	Directors of the Company and its subsidiaries
A related person	-	Close family member of director

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

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(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing Policy
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Being eliminated from the consolidated financial statements)					
Revenue from sales	-	-	0.1	-	Contract price
Revenue from services	-	-	0.1	0.2	Contract price
Revenue from rental and utilities	-	-	6.6	7.1	Contract price
Other income	-	-	2.3	2.4	Contract price
Interest income	-	-	0.2	-	Contract rate
Dividend income	-	-	25.4	-	Declared rate
Purchase of goods	-	-	33.7	29.3	Contract price
Service expenses	-	-	14.1	4.8	Contract price
Commission expenses	-	-	1.2	1.0	Contract price
Advertising expenses	-	-	0.2	0.2	Contract price
<u>Transactions with related parties</u>					
Revenue from sales and services	0.6	0.3	0.5	0.3	Contract price
Other income	1.0	-	-	-	Actual price
Purchase of goods	15.9	17.7	14.1	11.6	Contract price
Service expenses	3.8	3.8	3.5	2.7	Contract price
Rental and utilities expenses	25.1	23.7	23.7	23.7	Contract price
Interest expenses	0.2	0.2	-	-	Contract rate
<u>Transactions with their close family member of director</u>					
Purchase of asset	15.3	-	15.3	-	Contract price

The balances of the accounts as at 31 December 2018 and 2017 between the Company, subsidiaries and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade receivables - subsidiaries (Note 10)</u>				
(Being eliminated from the consolidated financial statements)				
Siam Wellness Resort Co., Ltd.	-	-	281	752
Siam Wellness Lab Co., Ltd.	-	-	6	5
Siam Wellness Education Co., Ltd.	-	-	-	4
Tiger Eyes Trading (Thailand) Co., Ltd.	-	-	4	-
Total	-	-	291	761

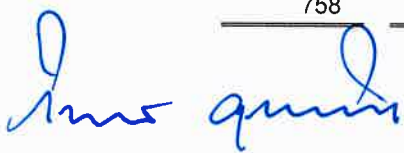
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(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
<b><u>Trade receivables - related parties (Note 10)</u></b>				
Blooming Co., Ltd.	-	1	-	-
Cyberprint Group Co., Ltd.	216	8	216	8
B.U. Enterprise Co., Ltd.	-	4	-	-
Total	216	13	216	8
<b><u>Other receivables - subsidiaries (Note 10)</u></b>				
(Being eliminated from the consolidated financial statements)				
Siam Wellness Resort Co., Ltd.	-	-	-	121
Siam Wellness Group (Hong Kong) Co., Ltd.	-	-	199	67
Siam Wellness Group (Cambodia) Co., Ltd.	-	-	-	67
Total	-	-	199	255
<b><u>Other receivables - related parties (Note 10)</u></b>				
Directors of the Company	142	153	142	-
Total	142	153	142	-
<b><u>Long-term loans to and interest receivable from related party</u></b>				
Siam Wellness Education Co., Ltd.	-	-	8,164	-
Total	-	-	8,164	-
<b><u>Short-term loans from and interest payable to related parties</u></b>				
Director of the Company	1,093	1,043	-	-
Director of subsidiaries	3,322	3,172	-	-
Total	4,415	4,215	-	-
<b><u>Trade payables - subsidiaries (Note 19)</u></b>				
(Being eliminated from the consolidated financial statements)				
Siam Wellness Resort Co., Ltd.	-	-	107	145
Siam Wellness Lab Co., Ltd.	-	-	2,464	1,751
Siam Wellness Education Co., Ltd.	-	-	1,999	560
Tiger Eyes Trading (Thailand) Co., Ltd.	-	-	1,047	838
Tiger Eyes Education Co., Ltd.	-	-	-	150
Total	-	-	5,617	3,444
<b><u>Trade payables - related parties (Note 19)</u></b>				
Blooming Co., Ltd.	1,290	962	1,183	962
Blooming Intergift Co., Ltd.	10	8	10	8
B.U. Enterprise Co., Ltd.	63	359	49	347
Cyberprint Group Co., Ltd.	643	377	559	340
Asian Fortune Property Co., Ltd.	231	931	231	931
Total	2,237	2,637	2,032	2,588
<b><u>Other payables - related parties (Note 19)</u></b>				
Directors of the Company	758	544	744	465
Total	758	544	744	465

  
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	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Accrued expenses - subsidiaries (Note 19)</b>				
Tiger Eyes Trading (Thailand) Co., Ltd.	-	-	125	-
<b>Total</b>	-	-	125	-

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

As at 30 December 2018 and 2017, the balance of long-term loan to and interest receivable between the Company and its related party and the movement is as follow:

(Unit: Thousand Baht)

Borrower	Separate financial statements			
	Balance as at	During the year		Balance as at
	31 December	Increase	Decrease	30 December
2017			2018	
<b>Subsidiary</b>				
Siam Wellness Education Co., Ltd.	-	8,164	-	8,164
<b>Total</b>	-	8,164	-	8,164

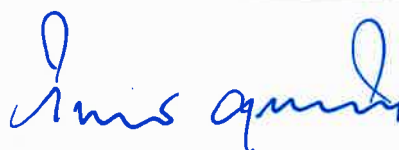
The outstanding balance as at 31 December 2018 of long-term loan to and interest receivable from subsidiary is in the form of an unsecured loan, carrying interest at the rate of MLR - 2.175 per annum and due in June and August 2023.

### **Short-term loans from and interest payable to related parties**

As at 31 December 2018 and 2017, the balance of short-term loans from and interest payable between the subsidiary and those related parties and the movement are as follows:

(Unit: Thousand Baht)

Lender	Consolidated financial statements			
	Balance as at	During the year		Balance as at
	31 December 2017	Increase	Decrease	31 December 2018
Director of the Company	1,043	50	-	1,093
Director of subsidiaries	3,172	150	-	3,322
<b>Total</b>	4,215	200	-	4,415

  
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The outstanding balance as at 31 December 2018 and 2017 of short-term loans from and interest payable to related parties are in the form of an unsecured loan, carrying interest at the rate of 5% per annum and due at call.

### **Directors and management's benefits**

During the years 2018 and 2017, employee benefit expense payable to their directors and management of the Company and its subsidiaries are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	21.9	19.8	21.9	19.8
Post-employment benefits	1.3	1.0	1.3	1.0
Total	23.2	20.8	23.2	20.8

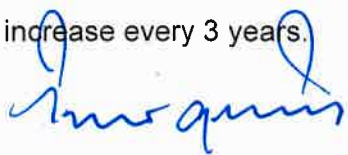
### **Significant agreements with related parties**

1. On 1 January 2013, the Company entered into a lease agreement with Klom Kliao Pattana Co., Ltd. for the period of 30 years, due in December 2042 and such agreement is renewable by a formal notice letter not less than 3 years before term due of agreement. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 3.3 million and not more than 15% of rental fee can be increased every 3 years.

Furthermore, on 1 January 2013, the Company made a sublease agreement with Siam Wellness Resort Co., Ltd. for partial areas for the period of 30 years, due in December 2042 and such agreement is renewable by a formal notice letter 3 years before term due of agreement. Under the agreement, Siam Wellness Resort Co., Ltd. committed to pay an annual rental fee amounting to Baht 2.1 million and not more than 15% of rental fee can be increase every 3 years.

Under the lease and sublease agreements, assets which the Company and the subsidiary build or modify will be transferred the rights to Klom Kliao Pattana Co., Ltd. on maturity date.

2. On 13 November 2015, the Company entered into a head office rental agreement with a related person for the period of 3 years due in December 2018 and such agreement is renewable twice for every 3 years. The Company committed to pay an annual rental fee at the rate specified in the agreement and not more than 15% of rental fee can be increase every 3 years.

  
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Furthermore, on the same date, the Company made sublease agreements with Siam Wellness Lab Co., Ltd. and Siam Wellness Education Co., Ltd. (“sub lessees”) for partial areas for the period of 3 years, due in December 2018 and such agreements are renewable twice for every 3 years. The sub lessees committed to pay an annual fee at the rate specified in the agreements.

Moreover, on 15 August 2018, the Company made sublease agreement with Tiger Eyes Trading (Thailand) Co., Ltd. (“sub lessee”) for partial areas for the period of 4 months, due in December 2018 and such agreement is renewable twice for every 3 years. The sub lessee committed to pay an annual rental fee at the rate specified in the agreement.

On 28 December 2018, the Company renewed the agreement with this related person for the period of 3 years due in December 2021. As at 31 December 2018, the Company committed to pay an annual rental fee amounting to Baht 1.4 million, according to the current effective agreement.

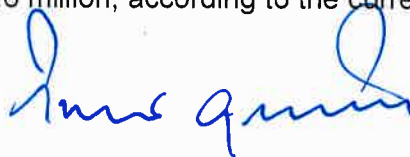
Furthermore, on this date, the Company renewed sublease agreements with Siam Wellness Lab Co., Ltd., Siam Wellness Education Co., Ltd. and Tiger Eyes Trading (Thailand) Co., Ltd. (“sub lessees”) for partial areas for the period of 3 years, due in December 2021 and such agreements are renewable twice for every 3 years. As at 31 December 2018, the sub lessees committed to pay an annual rental fee totaling to Baht 0.7 million, according to the current effective agreements.

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

On 25 May 2018, the Company cancelled the agreement with this related person.

4. On 22 January 2014, the Company has entered into a rental and service agreement with Asian Fortune Property Co., Ltd. for the period of 3 years, due in January 2017 and such agreement is renewable twice for every 3 years. Under the agreement, the Company committed to pay an annual fee at the rate specified in the agreement.

As at 31 December 2018, the Company committed to pay an annual rental fee amounting to Baht 7.6 million, according to the current effective agreement.

  
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5. On 17 August 2015, the Company has entered into a rental agreement with Asian Fortune Property Co., Ltd. for the period of 3 years, due in September 2018 and such agreement is renewable for another 3 years. Under the agreement, the Company committed to pay an annual fee at the rate specified in the agreement.

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

On 30 September 2018, the Company discontinued the agreement with Siam Wellness Resort Co., Ltd.

On 1 October 2018, the Company renewed the rental agreement with this related company for the period of 3 years due in September 2021.

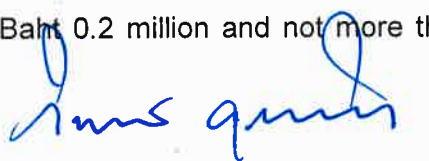
As at 31 December 2018, the Company committed to pay and annual rental fee amounting to Baht 1.7 million, according to the current effective agreement.

6. On 1 October 2015, the Company has entered into a rental agreement with Asian Fortune Property Co., Ltd. for the period of 3 years, due in January 2019 and such agreement is renewable twice every 3 years. As at 31 December 2018, the Company committed to pay an annual rental and service fees amounting to Baht 2.3 million.

7. On 14 November 2016, the Company entered into a rental and service agreement for its office space with B.U. Enterprise Co., Ltd. for the period of 3 years due in December 2019 and such agreement is renewable once for every 3 years. Under the agreement, the Company committed to pay an annual fee at the rate specified in the agreement and not more than 10% of rental fee can be increase every 3 years.

As at 31 December 2018, the Company committed to pay and annual rental fee amounting to Baht 3.0 million, according to the current effective agreement.

In addition, on 13 March 2017, the Company entered into another rental and service agreement for its office space with B.U. Enterprise Co., Ltd. for the period of 3 years due in March 2020 and such agreement is renewable once for 3 years. Under the agreement, the Company committed to pay an annual rental and service fee amounting to Baht 0.2 million and not more than 15% of rental fee can be

  
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increase every 3 years. However, on 30 May 2018, the Company cancelled the agreement with this related party.

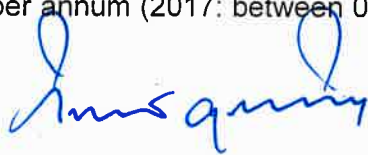
8. On 29 December 2016, the Company has entered into rental agreement for warehouse with Blooming Intergift Co., Ltd. for the period of 3 years due in December 2019 and such agreement is renewable twice every 3 years. Under the agreement, the Company committed to pay an annual fee at the rate specified in the agreement and not more than 10% of latest rental fee can be increased. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 0.6 million.
9. On 31 October 2018, the Company entered into a land lease agreement for residence for employees with G.G.P. Property Co., Ltd. for the period of 1 years due in October 2019 and such agreement is renewable once for every 3 years. Under the agreement, the Company has an annual fee at the rate specified in the agreement and not more than 10% of latest rental fee can be increase. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 1.0 million.
10. On 1 June 2018, Siam Wellness Education Co., Ltd. has entered into another rental and service agreement for its massage school with B.U. Enterprise Co., Ltd. for the period of 3 years due in July 2021 and such agreement is renewable once for every 3 years. Under the agreement, the subsidiary committed to pay an annual fee at the rate specified in the agreement and not more than 10% of latest rental fee can be increased. Under the agreement, the subsidiary committed to pay an annual rental fee amounting to Baht 3.2 million.

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	5,618	4,228	5,227	3,840
Bank deposits	67,994	62,475	56,806	49,641
Cash in transit	5,832	30	5,832	30
<b>Total</b>	<b>79,444</b>	<b>66,733</b>	<b>67,865</b>	<b>53,511</b>

As at 31 December 2018, bank deposits in saving accounts carried interests between 0.05 and 0.82 percent per annum (2017: between 0.05 and 0.82 percent per annum).

  
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## 9. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Trading securities</b>				
Investment trusts	31,877	75,497	33	47,647
Add: Unrealised gain on the change in fair value of investments	155	469	-	175
Investment units - net	32,032	75,966	33	47,822
<b>Total current investments</b>	<b>32,032</b>	<b>75,966</b>	<b>33</b>	<b>47,822</b>

## 10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties</u> (Note 7)				
Aged on the basis of due dates				
Not yet due	216	4	470	-
Past due				
Up to 3 months	-	9	37	769
Total trade receivables - related parties, net	216	13	507	769
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	3,896	8,815	2,699	5,717
Past due				
Up to 3 months	15,317	2,179	13,552	1,572
3 - 6 months	1,965	578	1,815	576
6 - 12 months	1,036	69	945	47
Over 12 months	403	-	364	-
Total	22,617	11,641	19,375	7,912
Less: Allowance for doubtful debts	(414)	(7)	(394)	-
Total trade receivables - unrelated parties, net	22,203	11,634	18,981	7,912
Total trade receivable - net	22,419	11,647	19,488	8,681

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(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Other receivables</u>				
Other receivables - related parties (Note 7)	142	153	341	255
Other receivables - unrelated parties	1,187	827	977	643
Less: Allowance for doubtful debts	(236)	(236)	(236)	(236)
Total other receivables, net	1,093	744	1,082	662
Total trade and other receivables - net	23,512	12,391	20,570	9,343

## 11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	10,800	7,482	(1,436)	(1,116)	9,364	6,366
Service materials and supplies	20,610	19,168	(452)	(175)	20,158	18,993
Food and beverage	510	619	(2)	(1)	508	618
Products during packaging and packages	1,114	1,861	(105)	-	1,009	1,861
Total	33,034	29,130	(1,995)	(1,292)	31,039	27,838

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	9,914	7,621	(106)	(303)	9,809	7,318
Service materials and supplies	21,202	17,842	(403)	(122)	20,799	17,720
Food and beverage	22	19	(2)	(1)	19	18
Products during packaging and packages	26	226	-	-	26	226
Total	31,164	25,708	(511)	(426)	30,653	25,282

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During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 1.6 million (2017: Baht 1.4 million) (The Company only: Baht 0.2 million and 2017: Baht 0.4 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 0.9 million (2017: Baht 0.4 million) (The Company only: Baht 0.1 million and 2017: Baht 0.2 million), and reduced the amount of inventories recognised as expenses during the year.

## 12. Restricted deposits at financial institution

These represent the fixed deposit of a subsidiary pledged with a financial institution to secure bank overdrafts from financial institution of another subsidiary as disclosed in Note 18 to the financial statements.

## 13. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements as at 31 December 2018 and 2017 are as follows:

Company's name	Country of incorporation	Called-up share capital		Shareholding percentage		Cost		Dividend received during the year	
		2018	2017	2018	2017	2018	2017	2018	2017
				(%)	(%)				
Siam Wellness Lab Co., Ltd.	Thailand	1,000	1,000	99.99	99.99	2,000	2,000	10,180	-
Siam Wellness Education Co., Ltd.	Thailand	1,000	1,000	99.97	99.97	1,000	1,000	-	-
Siam Wellness Resort Co., Ltd.	Thailand	60,000	60,000	99.99	99.99	98,705	98,705	15,240	-
Siam Wellness Group (Hong Kong) Co., Ltd.	Hong Kong	1 (Hong Kong Dollar)	1 (Hong Kong Dollar)	100.00	100.00	-	-	-	-
Siam Wellness Group (Cambodia) Co., Ltd.	Cambodia	-	-	100.00	100.00	-	-	-	-
<b>Total</b>						<b>101,705</b>	<b>101,705</b>	<b>25,420</b>	<b>-</b>

### Siam Wellness Group (Hong Kong) Co., Ltd.

On 24 March 2017, there was establishing the new subsidiary, Siam Wellness Group (Hong Kong) Co., Ltd., which operates in Hong Kong and principally engages in investment for overseas expansion of the spa business. This subsidiary has 1 Hong Kong Dollar of registered share capital.

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### Siam Wellness Group (Cambodia) Co., Ltd.

On 6 June 2018, Siam Wellness Group (Cambodia) Co., Ltd., a subsidiary of the Company, filed an application for company dissolution with a relevant unit in Cambodia because the Company changed its business plan from investing by the subsidiary to selling the Company's franchise to a franchisee in Cambodia. The dissolution process is currently being carried out.

#### 14. Leasehold rights

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
<b>Cost</b>	
1 January 2017	19,758
31 December 2017	19,758
Additions	208
31 December 2018	19,966
<b>Amortisation</b>	
1 January 2017	6,657
Amortisation for the year	2,981
31 December 2017	9,638
Amortisation for the year	2,197
31 December 2018	11,835
<b>Net book value</b>	
31 December 2017	10,120
31 December 2018	8,131
<b>Amortisation for the year</b>	
2017	2,981
2018	2,197

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## 15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Revaluation	Cost basis					
	basis	Land	Buildings and	Furniture,	Motor	Assets	
	Land	improvements	building	fixtures and	vehicles	under	
			improvements	equipment		installation	
						and under	
						construction	
<b>Cost/Revalued amount:</b>							
1 January 2017	127,928	2,684	709,932	109,226	16,419	15,174	981,363
Additions	77,353	-	43,941	24,781	631	116,766	263,472
Increase from acquisition of investment in subsidiaries (Note 6)	-	-	-	404	-	-	404
Disposals/Write-off	-	-	(2,599)	(3,532)	(250)	-	(6,381)
Transfer in (out)	-	-	120,549	2,194	-	(122,743)	-
31 December 2017	205,281	2,684	871,823	133,073	16,800	9,197	1,238,858
Additions	11,155	-	4,671	26,404	5,390	162,740	210,360
Revaluations	62,330	-	-	-	-	-	62,330
Disposals/Write-off	-	-	(5,887)	(2,924)	(3,016)	-	(11,827)
Transfer in (out)	-	-	148,699	163	-	(148,862)	-
31 December 2018	278,766	2,684	1,019,306	156,716	19,174	23,075	1,499,721
<b>Accumulated depreciation:</b>							
1 January 2017	-	2,684	202,644	66,865	10,258	-	282,451
Depreciation for the year	-	-	56,239	15,004	2,162	-	73,405
Depreciation on disposals/write-off	-	-	(2,599)	(3,408)	(250)	-	(6,257)
31 December 2017	-	2,684	256,284	78,461	12,170	-	349,599
Depreciation for the year	-	-	71,618	18,574	2,148	-	92,340
Depreciation on disposals/write-off	-	-	(3,673)	(2,621)	(3,015)	-	(9,309)
31 December 2018	-	2,684	324,229	94,414	11,303	-	432,630
<b>Net book value:</b>							
31 December 2017	205,281	-	615,539	54,612	4,630	9,197	889,259
31 December 2018	278,766	-	695,077	62,302	7,871	23,075	1,067,091
<b>Depreciation for the year</b>							
2017 (Baht 66.3 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)							73,405
2018 (Baht 85.6 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)							92,340

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(Unit: Thousand Baht)

## Separate financial statements

	Revaluation basis		Cost basis			Total
	Land	Buildings and building improvements	Furniture, fixtures and equipment	Motor vehicles	Assets under installation and under construction	
<b>Cost/Revalued amount:</b>						
1 January 2017	127,928	576,832	84,374	14,116	15,174	818,424
Additions	77,353	41,720	24,424	631	115,072	259,200
Disposals/Write-off	-	(2,466)	(1,643)	-	-	(4,109)
Transfer in (out)	-	118,975	2,194	-	(121,169)	-
31 December 2017	205,281	735,061	109,349	14,747	9,077	1,073,515
Additions	11,155	4,609	24,980	4,237	150,256	195,237
Revaluations	62,330	-	-	-	-	62,330
Disposals/write-off	-	(4,378)	(1,832)	(2,020)	-	(8,230)
Transfer in (out)	-	136,258	-	-	(136,258)	-
31 December 2018	278,766	871,550	132,497	16,964	23,075	1,322,852
<b>Accumulated depreciation:</b>						
1 January 2017	-	145,174	48,378	8,429	-	201,981
Depreciation for the year	-	50,943	13,161	2,051	-	66,155
Depreciation on disposals/write-off	-	(2,467)	(1,520)	-	-	(3,987)
31 December 2017	-	193,650	60,019	10,480	-	264,149
Depreciation for the year	-	65,414	16,740	1,931	-	84,085
Depreciation on disposals/write-off	-	(2,839)	(1,653)	(2,020)	-	(6,512)
31 December 2018	-	256,225	75,106	10,391	-	341,722
<b>Net book value:</b>						
31 December 2017	205,281	541,411	49,330	4,267	9,077	809,366
31 December 2018	278,766	615,325	57,391	6,573	23,075	981,130

**Depreciation for the year**

2017 (Baht 59.3 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)

66,155

2018 (Baht 77.5 million included in cost of sales and cost of services, and the balance in selling and administrative expenses)

84,085

The Company arranged for an independent professional value to appraise the value of land in 2018. Land was revalued using the comparable market approach for the basis of the revaluation.



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Had the lands carried in the financial statements on a historical cost basis, their net book value as of 31 December 2018 and 2017 would have been as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2018	2017
Land	165,557	154,402

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


(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2018	2017
Original costs	165,557	154,402
Surplus from revaluations	113,209	50,879
Revalued amount	278,766	205,281

As at 31 December 2018, the Company had equipment with net book value of Baht 0.3 million (2017: For vehicles and equipment Baht 0.7 million), which were acquired under finance lease agreements.

As at 31 December 2018, certain items of building and building improvements, furniture, fixtures and equipment and motor vehicles were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 168.1 million (2017: Baht 98.6 million) (The Company only: Baht 100.3 million (2017: Baht 60.3 million)).

As at 31 December 2018, the Company has pledged its land and structures thereon amounting to Baht 238.5 million (2017: Baht 166.3 million) as collateral against its long-term loans facilities as disclosed in Note 20 to the financial statements.

  
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## 16. Goodwill

A reconciliation of net book value of goodwill for the years ended 31 December 2018 is presented below.

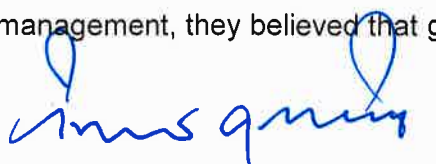
	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	20,340	20,340
Increase from acquisition of investment in subsidiaries (Note 6)	4,196	-
Net book value as at 31 December 2017	24,536	20,340
Net book value as at 31 December 2018	24,536	20,340

The Company allocated goodwill acquired in business combination to group of cash generating units for the purpose of impairment testing as follows.

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Spa services business under "Baan Suan Massage" brand		Spa services and sale of spa products business		Total	
	2018	2017	2018	2017	2018	2017
Goodwill	20,340	20,340	4,196	4,196	24,536	24,536

	(Unit: Thousand Baht)	
	Separate financial statements	
	Spa services business under "Baan Suan Massage" brand	
	2018	2017
Goodwill	20,340	20,340

The Company estimates the recoverable amount of group of cash-generating units from value in use. In determining value in use, the estimated future cash flows are referred from financial estimation with significant assumptions using in relating to revenue growth rate and discount rate approved by the management. From the consideration of the management, they believed that goodwill did not impair.

  
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## 17. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements			
	Computer				Computer			
	Licenses	software	Trademark	Total	Licenses	software	Trademark	Total
As at 31 December 2018:								
Cost	6,379	1,925	4,680	12,984	6,267	1,175	4,680	12,122
Less: Accumulated amortisation	(1,594)	(829)	(1,598)	(4,021)	(1,576)	(176)	(1,598)	(3,350)
Net book value	4,785	1,096	3,082	8,963	4,691	999	3,082	8,772

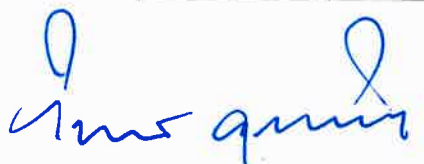
(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements			
	Computer				Computer			
	Licenses	software	Trademark	Total	Licenses	software	Trademark	Total
As at 31 December 2017:								
Cost	6,180	1,000	4,673	11,853	6,083	240	4,673	10,996
Less: Accumulated amortisation	(841)	(637)	(1,130)	(2,608)	(832)	(22)	(1,130)	(1,984)
Net book value	5,339	363	3,543	9,245	5,251	218	3,543	9,012

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Net book value at beginning of year	9,245	7,726	9,012
Acquisition during the year	1,142	2,582	1,126	2,465
Write-off during the year	(4)	-	-	-
Amortisation	(1,420)	(1,063)	(1,366)	(953)
Net book value at end of year	8,963	9,245	8,772	9,012

  
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## 18. Bank overdrafts from financial institution

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Bank overdrafts from financial institution	1,342	3,749	-	-
<b>Total</b>	<b>1,342</b>	<b>3,749</b>	<b>-</b>	<b>-</b>

Bank overdrafts of a subsidiary has interest at the Minimum loan rate (MLR) plus 1.5% per annum which are secured by fixed deposit of another subsidiary as disclosed in Note 12 to the financial statements.

## 19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade accounts payable - unrelated parties	26,994	20,983	22,874	17,768
Trade accounts payable - related parties (Note 7)	2,237	2,637	7,649	6,032
Payables for purchase of fixed assets	563	354	563	143
Payables for construction and retention	16,320	26,330	15,758	26,330
Other payables - unrelated parties	1,806	1,537	1,197	1,460
Other payables - related parties (Note 7)	758	544	744	465
Accrued payroll and bonus expenses	19,679	16,043	19,003	15,389
Accrued rental expenses	11,933	12,501	11,698	12,447
Other accrued expenses - unrelated parties	3,096	4,953	2,703	4,381
Other accrued expenses - related parties (Note 7)	-	-	125	-
<b>Total trade and other payables</b>	<b>83,386</b>	<b>85,882</b>	<b>82,314</b>	<b>84,415</b>

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## 20. Long-term loans

(Unit: Thousand Baht)

Loan	Facility amount (Million Baht)	Interest rate (% p.a.)	Consolidated and Separate financial statements	
			2018	2017
1	240	MLR - 3 and MLR - 2.2	119,900	173,900
2	80	MLR - 3	66,500	80,000
3	70	MLR - 3.25	23,830	-
Total			210,230	253,900
Less: Current portion			(84,240)	(68,850)
Long-term loan, net of current portion			125,990	185,050

### Credit facility amount of Baht 240 million

During the year 2017, there is a revision of principal repayment from Baht 1.7 million per month, with 60 periods to the repayment on monthly basis under condition as specified in the loan agreement (amendment version), with 60 periods. The loan is secured by the mortgage of land and structures thereon of the Company as disclosed in the Note 15 to the financial statements.

The loan agreement contains several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

As at 31 December 2018, this long-term credit facilities of a Company which have not yet been drawn down amounted to Baht 12 million (2017: Baht 12 million).

### Credit facility amount of Baht 80 million

During the year 2017, the Company had entered into the loan agreement with credit facility amount of Baht 80 million with a financial institution.

The principal repayment is due on monthly basis, with 60 equal installments. The first repayment is due in March 2018. The loan is secured by the mortgage of land and structures thereon of the Company as disclosed in the Note 15 to the financial statements.

The loan agreement contains several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

As at 31 December 2018 and 2017, the long-term credit facilities of a Company had been fully drawn down.

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### Credit facility amount of Baht 70 million

During the year 2018, the Company had entered into the loan agreement with credit facility amount of Baht 70 million with a financial institution.

The principal repayment is due on monthly basis, with 60 equal installments. The first repayment is due in December 2018. The loan is secured by the mortgage of land and structures thereon of the Company as disclosed in the Note 15 to the financial statements.

The loan agreement contains several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

As at 31 December 2018, this long-term credit facilities of a Company which have not yet been drawn down amounted to Baht 45 million (2017: Nil).

Movements in the long-term loans from financial institution during the year 2018 are summarised below:


(Unit: Thousand Baht)

	Consolidated and Separate financial statements
Balance as at 1 January 2018	253,900
Add: Increase during year	25,000
Less: Repayment	(68,670)
Balance as at 31 December 2018	210,230

### 21. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2018	2017
Liabilities under finance lease agreements	373	698
Less: Deferred interest expenses	(21)	(36)
Total	352	662
Less: Portion due within one year	(87)	(310)
Liabilities under finance lease agreements - net of current portion	265	352

  
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The Company has entered into the finance lease agreement with leasing company for rental of motor vehicle and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The term of the agreement is 5 years.

Future minimum lease payments required under the finance lease agreement as at 31 December 2018 and 2017 were as follows:

	(Unit: Thousand Baht)		
	Consolidated and Separate financial statements		
	2018		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	96	277	373
Deferred interest expenses	(9)	(12)	(21)
Present value of future minimum lease payments	87	265	352

	(Unit: Thousand Baht)		
	Consolidated and Separate financial statements		
	2017		
	Less than		
	1 year	1-5 years	Total
Future minimum lease payments	325	373	698
Deferred interest expenses	(15)	(21)	(36)
Present value of future minimum lease payments	310	352	662

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## 22. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

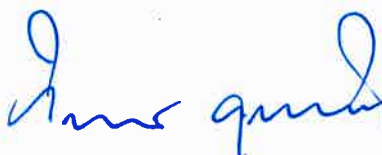
	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	2018	2017
	2018	2017	2018	2017
<b>Provision for long-term employee benefits at beginning of year</b>	10,886	6,073	8,744	5,134
Included in profit or loss:				
Current service cost	3,086	1,737	2,552	1,462
Interest cost	474	283	389	239
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	-	296	-	231
Financial assumptions changes	-	1,689	-	1,235
Experience adjustments	-	808	-	443
<b>Provision for long-term employee benefits at end of year</b>	<b>14,446</b>	<b>10,886</b>	<b>11,685</b>	<b>8,744</b>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	2018	2017
	2018	2017	2018	2017
Cost of sales	152	109	-	-
Cost of services	936	585	869	486
Selling and administrative expenses	2,472	1,326	2,072	1,215
Total expenses recognised in profit or loss	<b>3,560</b>	<b>2,020</b>	<b>2,941</b>	<b>1,701</b>

The Company and its subsidiaries expect to pay Baht 0.1 million of long-term employee benefits during the next year (The Company only: Baht 0.1 million) (2017: Baht 0.4 million (The Company only: Baht 0.3 million)).

As at 31 December 2018 and 2017, the weighted average duration of the liabilities for long-term employee benefit is 17 - 37 years (The Company only: 26 - 29 years).

  
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Significant actuarial assumptions are summarised below:

(Unit: Percent per annum)

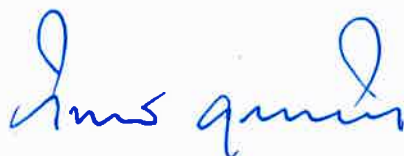
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Discount rate	3.03 - 3.65	3.03 - 3.65	3.26 - 3.36	3.26 - 3.36
Salary increase rate	7.37	7.37	7.37	7.37
Turnover rate	5.00	5.00	5.00	5.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: million Baht)

	Consolidated financial statements				Separate financial statements			
	Increase 0.5%		Decrease 0.5%		Increase 0.5%		Decrease 0.5%	
	2018	2017	2018	2017	2018	2017	2018	2017
Discount rate	(0.8)	(0.6)	0.9	0.7	(0.6)	(0.5)	0.7	0.5
Salary increase rate	0.9	0.6	(0.8)	(0.6)	0.7	0.5	(0.7)	(0.4)
Turnover rate	(1.0)	(0.7)	1.1	0.7	(0.8)	(0.5)	0.8	0.5

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits approximately of Baht 2 million (The Company only: Baht 1 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

  
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## 23. Statutory reserve

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

## 24. Dividends

Dividends	Approved by	Dividend (Million Baht)	Dividend per share (Baht per share)
Final dividends for 2017	Annual General Meeting of the Company's shareholders on 27 March 2018	39.90	0.07
Total dividends for 2018		39.90	0.07
Final dividends for 2016	Annual General Meeting of the Company's shareholders on 31 March 2017	28.50	0.05
Interim dividends for 2017	Board of Directors' Meeting No.6/2017 on 11 August 2017	28.50	0.05
Total dividends for 2017		57.00	0.10

## 25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Changes in inventories	(3,904)	(8,629)	(5,456)	(7,275)
Purchases of inventories	11,258	102,951	96,853	88,734
Depreciation and amortisation	95,957	77,449	87,648	70,089
Employee expenses	403,259	333,848	386,797	307,734
Directors' remuneration	6,968	2,346	6,968	2,346
Rental expenses	150,856	123,076	148,348	121,133
Public utilities	30,583	27,382	29,711	26,459
Maintenance and decorate locations expenses	26,136	20,981	25,056	20,881
Advertising and promotion expenses	26,016	19,395	24,520	19,137
Laundry expenses	29,470	22,296	29,438	21,704
Consulting fees	7,853	3,229	3,152	1,251

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## 26. Income tax

### 26.1 Income tax expenses

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)


	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Current income tax charge	35,390	32,670	31,517	29,582
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	49	(1,918)	1,049	(1,874)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>35,439</b>	<b>30,752</b>	<b>32,566</b>	<b>27,708</b>

### 26.2 Income tax relating to each component of other comprehensive income

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax on gain from revaluation of land	12,466	-	12,466	-
Deferred tax on actuarial loss	-	555	-	382
<b>Total</b>	<b>12,466</b>	<b>555</b>	<b>12,466</b>	<b>382</b>

  
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## 26.3 Reconciliation between accounting profit and income tax expenses

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

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
	Accounting profit before tax	241,038	205,921	238,082
Applicable tax rate	0%, 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	52,173	41,407	47,616	37,731
Effects of:				
Exempt dividend income	(5,084)	-	(5,084)	-
Non-deductible expenses	201	319	182	127
Additional expense deductions allowed	(11,851)	(10,974)	(10,148)	(10,150)
Total	(16,734)	(10,655)	(15,050)	(10,023)
Income tax expenses reported in the statements of comprehensive income	35,439	30,752	32,566	27,708

## 26.4 Deferred tax assets / liabilities

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

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
	<b>Deferred tax assets</b>			
Allowance for doubtful accounts	130	49	126	47
Allowance for diminution in value of inventories	150	101	103	86
Provision for long-term employee benefits	2,825	2,146	2,337	1,749
Rental on the straight-line method	2,340	2,489	2,340	2,489
Interest and depreciation from decommissioning estimation	348	276	348	276
Unused tax loss	881	-	-	-
Total	6,674	5,061	5,254	4,647

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(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
<b>Deferred tax liabilities</b>				
Surplus on revaluation of land	22,642	10,176	22,642	10,176
Rental on the straight-line method	-	-	-	24
Unrealised gain from revaluation of trading investments	29	81	-	35
Deferred sales and marketing revenues	2,194	480	2,195	480
<b>Total</b>	<b>24,865</b>	<b>10,737</b>	<b>24,837</b>	<b>10,715</b>
<b>Deferred tax assets - net</b>	<b>1,392</b>	<b>368</b>	<b>-</b>	<b>-</b>
<b>Deferred tax liabilities - net</b>	<b>19,583</b>	<b>6,044</b>	<b>19,583</b>	<b>6,068</b>

## 27. Earnings per share

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

The following table sets forth the computation of basic earnings per share:

	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Profit for the year (Thousand Baht)	205,597	175,168	205,516	160,949
Weighted average number of ordinary shares (Thousand shares)	570,000	570,000	570,000	570,000
Profit per share (Baht/share)	0.36	0.31	0.36	0.28

## 28. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows:

- Spa services, which operates day spa and destination spa. Also, provides spa management and spa consultancy services.

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42



- Sales of spa products and healthy products, which distributes natural spa products both and spa equipment for domestic and international market.
- Hotel and restaurant, which operates boutique resort and restaurant.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017, respectively.

(Unit: Million Baht)

	Spa services		Sales of spa products and healthy products		Hotel and restaurant		Elimination		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Revenues from external customers	1,009	829	63	60	62	59	-	-	1,134
Internal - segment revenues	14	5	35	30	1	1	(50)	(36)	-	-
<b>Total revenues</b>	<b>1,023</b>	<b>834</b>	<b>98</b>	<b>90</b>	<b>63</b>	<b>60</b>	<b>(50)</b>	<b>(36)</b>	<b>1,134</b>	<b>948</b>
<b>Segment profit</b>	<b>320</b>	<b>276</b>	<b>39</b>	<b>32</b>	<b>25</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>384</b>	<b>328</b>
Revenues and expenses which have not been allocated :										
Other income									18	15
Selling and distribution expenses									(45)	(37)
Administrative expenses									(107)	(93)
Finance cost									(9)	(7)
Profit before income tax expenses									241	206
Income tax expenses									(35)	(31)
<b>Profit for the year</b>									<b>206</b>	<b>175</b>
Other material non-cash item:										
Write-off of property, plant and equipment	(2)	-	-	-	(1)	-	-	-	(3)	-

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43

The segment assets of the Company and its subsidiaries as at 31 December 2018 and 2017 are as follows:

(Unit: Million Baht)

	Spa services and sales of spa products and healthy products*		Hotel and restaurant		Elimination		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Property, plant and equipment	994	809	73	80	-	-	1,067	889
Other assets	295	271	27	25	(20)	(9)	302	287
Total assets	1,289	1,080	100	105	(20)	(9)	1,369	1,176
Increase in non-current assets other than financial instruments and deferred tax assets	304	292	2	5	-	-	306	297

\* Spa services business has using assets jointly with sales of spa products and healthy products business.

#### Geographic information

The Company and its subsidiaries operate mainly in Thailand. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

#### Major Customer

For the years 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

#### **29. Provident fund**

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by American International Assurance Co., Ltd., will be paid to employees upon termination in accordance with the fund rules.

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During the years 2018 and 2017, the contributions to the fund which were recognised as expenses are as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	2018	2017
Contributions to provident fund	1.3	1.0

### 30. Commitments and contingent liabilities

#### 30.1 Capital commitments

As at 31 December 2018 and 2017, the Company has the outstanding commitments for construction, which the contracts have already been signed. These are summarised as follows:

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	2018	2017
Construction costs	15.1	10.8

#### 30.2 Operating lease commitments

30.2.1 The Company and its subsidiaries have entered into several operating lease agreements in respect of the lease of service locations and equipment. The terms of the agreements are generally between 1 and 5 years.

Moreover, the Company has entered into operating lease agreement in respect of the lease of land with a related party for the period of 30 years as disclosed in the Note 7 to the financial statement.

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As at 31 December 2018 and 2017, the Company and its subsidiaries have future minimum payments required under these non-cancellable operating leases agreement and related service agreements were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Payable:				
In up to 1 year	180	123	176	123
In over 1 and up to 5 years	338	218	333	218
In over 5 years	141	51	141	51


As at 31 December 2018, Baht 39.8 million of the commitments of the Company and the subsidiaries are obligations under lease agreements and service agreements with the related companies (2017: Baht 37.0 million) (The Company only: Baht 31.6 million (2017: Baht 37.0 million)).

30.2.2 The Company had made operating agreements with certain lessors that the rental and service fees are to be calculated taking into account the proportion of service income that the Company received from the customers relating to its spa services. During the year ended 31 December 2018, the Company recognised rental and service expenses amounting to Baht 17.2 million (2017: Baht 12.7 million).

30.2.3 As at 31 December 2018, future minimum sublease payments expected to be received under non-cancellable subleases for partial areas amounting to Baht 2.8 million (2017: Baht 3.7 million). During the year ended 31 December 2018, the Company recognised rental expenses of Baht 5.8 million (2017: Baht 6.2 million) and subleasing revenue for partial areas of Baht 4.0 million (2017: Baht 3.9 million).

### 30.3 Letters of guarantees

As at 31 December 2018, there were outstanding bank guarantees of Baht 2.4 million (2017: Baht 2.4 million) (The Company only: Baht 1.9 million (2017: Baht 1.9 million)) issued by the banks on behalf of the Company and its subsidiaries as required in the normal course of business.

  
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### 31. Fair value hierarchy

As at 31 December 2018 and 2017, the Company had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

31 December 2018				
Consolidated financial statements				
Level 1	Level 2	Level 3	Total	
<b>Assets measured at fair value</b>				
Current investments - Unit trusts	-	32	-	32
Lands	-	279	-	279

(Unit: Million Baht)

31 December 2018				
Separate financial statements				
Level 1	Level 2	Level 3	Total	
<b>Assets measured at fair value</b>				
Lands	-	279	-	279

(Unit: Million Baht)

31 December 2017				
Consolidated financial statements				
Level 1	Level 2	Level 3	Total	
<b>Assets measured at fair value</b>				
Current investments - Unit trusts	-	76	-	76
Lands	-	205	-	205

(Unit: Million Baht)

31 December 2017				
Separate financial statements				
Level 1	Level 2	Level 3	Total	
<b>Assets measured at fair value</b>				
Current investments - Unit trusts	-	48	-	48
Lands	-	205	-	205

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### Valuation techniques and inputs to Level 2 valuation

The fair value of investment in unit trusts has been determined by using the net asset values of the last working day of the reporting period as announced by the asset management company.

The fair value of lands was revalued using the comparable market approach appraised by an independent professional valuer.

During the current year, there were no transfers within the fair value hierarchy.

## **32. Financial instruments**

### **32.1 Financial risk management**

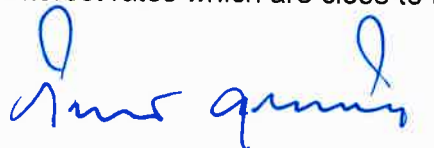
The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, long-term loan to related party, restricted deposits of financial institution, bank overdrafts from financial institution, short-term loans from related parties, trade and other payables, liabilities under finance lease agreements, and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and long-term loan to related party. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since their businesses are sales and services to minor customers. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statements of financial position.

#### ***Interest rate risk***

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their deposit at financial institutions, restricted deposits of financial institution, long-term loan to related party, bank overdrafts from financial institution, short-term loans from related parties, long-term loans, and liabilities under finance lease agreements. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

  
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As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements								
31 December 2018								
Fixed interest rates								
	At call	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
<b>Financial Assets</b>								
Cash and cash equivalent	-	-	-	-	67	12	79	0.05 - 0.82
Current investments	-	-	-	-	-	32	32	-
Trade and other receivables	-	-	-	-	-	24	24	-
Restricted deposits of financial institution	-	5	-	-	-	-	5	1.05
	-	5	-	-	67	68	140	
<b>Financial liabilities</b>								
Bank overdrafts from financial institution	-	-	-	-	1	-	1	Note 18
Short-term loans from and interest payable to related parties	4	-	-	-	-	-	4	Note 7
Trade and other payables	-	-	-	-	-	83	83	-
Long-term loans	-	-	-	-	210	-	210	Note 20
	4	-	-	-	211	83	298	

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(Unit: Million Baht)

## Separate financial statements

31 December 2018

## Fixed interest rates

	At call	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
<b>Financial Assets</b>								
Cash and cash equivalent	-	-	-	-	57	11	68	0.05 - 0.82
Trade and other receivables	-	-	-	-	-	21	21	-
Long-term loan to and interest receivable from subsidiary	-	-	-	-	8	-	8	Note 7
	-	-	-	-	65	32	97	
<b>Financial liabilities</b>								
Trade and other payables	-	-	-	-	-	82	82	-
Long-term loans	-	-	-	-	210	-	210	Note 20
	-	-	-	-	210	82	292	

(Unit: Million Baht)

## Consolidated financial statements

31 December 2017

## Fixed interest rates

	At call	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
<b>Financial Assets</b>								
Cash and cash equivalent	-	-	-	-	62	5	67	0.05 - 0.82
Current investments	-	-	-	-	-	76	76	-
Trade and other receivables	-	-	-	-	-	12	12	-
Restricted deposits of financial institution	-	5	-	-	-	-	5	1.05
	-	5	-	-	62	93	160	

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(Unit: Million Baht)

## Consolidated financial statements

31 December 2017

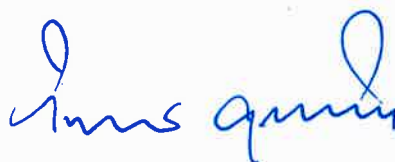
	Fixed interest rates				Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	At call	Within 1 year	1-5 years	Over 5 years				
<b>Financial liabilities</b>								
Bank overdrafts from financial institution	-	-	-	-	4	-	4	Note 18
Short-term loans from and interest payable to related parties	4	-	-	-	-	-	4	Note 7
Trade and other payables	-	-	-	-	-	86	86	-
Long-term loans	-	-	-	-	254	-	254	Note 20
Liabilities under financial lease agreements	-	-	1	-	-	-	1	0.24 and 5.46
	4	-	1	-	258	86	349	

(Unit: Million Baht)

## Separate financial statements

31 December 2017

	Fixed interest rates				Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	At call	Within 1 year	1-5 years	Over 5 years				
<b>Financial Assets</b>								
Cash and cash equivalent	-	-	-	-	50	4	54	0.05 - 0.82
Current investments	-	-	-	-	-	48	48	-
Trade and other receivables	-	-	-	-	-	9	9	-
	-	-	-	-	50	61	111	
<b>Financial liabilities</b>								
Trade and other payables	-	-	-	-	-	84	84	-
Long-term loans	-	-	-	-	254	-	254	Note 20
Liabilities under financial lease agreements	-	-	1	-	-	-	1	0.24 and 5.46
	-	-	1	-	254	84	339	

  
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51



- c) For long-term loan carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair value.

During the current year, there were no transfers within the fair value hierarchy.

### **33. Capital management**

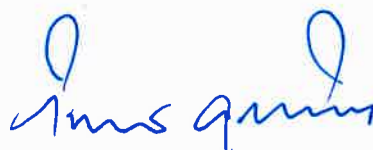
The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their businesses and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.41:1 (2017: 0.56:1) and the Company's was 0.40:1 (2017: 0.55:1).

### **34. Events after the reporting period**

- 34.1 On 17 December 2018, the meeting of the Company's Board of Directors No. 7/2018 passed the resolutions approving the acquisition of 349,600 ordinary shares of Chaba Elegance Co, Ltd. which principally engaged in nails polish, hand and foot spa, and eyelash extension business, or 76% of total share capital, in order to beneficially expand the Company's current business. This investment acquisition was approximately amounting to Baht 125 million. The Company made partial payment for the shares amounting to Baht 62.5 million on 3 January 2019 and 5 February 2019.
- 34.2 On 22 February 2019, the meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of the Company's shareholders for approval the dividend payment from operating results for the period as from 1 January 2018 to 31 December 2018, as a rate of Baht 0.15 per share, totaling Baht 85.5 million. This dividend will be paid in April 2019.
- 34.3 On 22 February 2019, the meeting of the Company's Board of Directors passed a resolution approving the mortgage of the Company's lands and structures thereon amounting to Baht 49.4 million with the bank as collateral against its credit facility.
- 34.4 On 22 February 2019, the meeting of the Company's Board of Directors passed a resolution approving the Company to enter the franchise agreement in Yangon, Myanmar, with a non-related party.

### **35. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2019.

  
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ผู้อำนวยการ

**Siam Wellness Group Public Company Limited**

483 Soi Suthiporn, Prachasongkhro Road,

Dindaeng, Bangkok 10400

[www.siamwellnessgroup.com](http://www.siamwellnessgroup.com)