

Siam Wellness Group Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2019



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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 2019, 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 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matter

I draw attention to Note 7 to financial statements regarding the investment in Chaba Elegance Co., Ltd. In January 2019, the Company acquired 76% of total share capital of Chaba Elegance Co., Ltd., amounting to Baht 125 million. On 6 October 2019, the Company entered into the separation agreement for the investment in Chaba Elegance Co., Ltd. with the former shareholders since such business needs a high expertise and competency level, resulting in the slowing down of the business expansion which does not follow the Company's objective. Under the separation agreement, the former shareholders agreed to cancel the remaining amount of shares totaling Baht 31.25 million that the Company has not yet paid according to the share purchase agreement and agreed to return the Company amount of Baht 93.75 million that the former shareholders received to the Company according to the share purchase agreement in 8 installments i.e., within 2019 totaling Baht 43.75 million, within 2020 totaling Baht 35 million, and within 2021 totaling Baht 15 million. The Company transferred all shares of Chaba Elegance Co., Ltd. to the former shareholders on 18 October 2019. In addition, under the separation agreement, both parties agreed that former shareholders received all rights, duties and obligations attached to Chaba Elegance Co., Ltd. including but not limited to revenues, profits, liabilities, guarantees, tax obligations, employment, business licenses etc. since 1 October 2019 onwards. As at 31 December 2019, outstanding shares return receivables according to the separation agreement amounting to Baht 54.2 million was presented as 'Share return receivables' in the statements of financial position.

My opinion is not qualified in respect of this matter.

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 89% 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: 29 February 2020

Siam Wellness Group Public Company Limited and its subsidiaries


Statement of financial position

As at 31 December 2019

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 9 | 52,560,775 | 79,443,764 | 44,616,519 | 67,865,439 |
| Current investments | 10 | 73,098,036 | 32,031,778 | 15,391,509 | 33,240 |
| Trade and other receivables | 8, 11 | 37,213,048 | 23,512,231 | 35,971,864 | 20,569,527 |
| Share return receivables - current portion | 7 | 39,200,000 | - | 39,200,000 | - |
| Inventories | 12 | 39,901,140 | 31,038,539 | 37,348,254 | 30,653,123 |
| Other current assets | | 14,824,131 | 9,653,107 | 11,186,151 | 9,277,106 |
| | | <u>256,797,130</u> | <u>175,679,419</u> | <u>183,714,297</u> | <u>128,398,435</u> |
| Non-current assets classified as held for sale | 16 | 32,294,702 | - | 32,294,702 | - |
| Total current assets | | <u>289,091,832</u> | <u>175,679,419</u> | <u>216,008,999</u> | <u>128,398,435</u> |
| Non-current assets | | | | | |
| Restricted deposits of financial institution | 13 | 5,105,511 | 5,052,985 | - | - |
| Share return receivables - net of current portion | 7 | 15,000,000 | - | 15,000,000 | - |
| Investments in subsidiaries | 14 | - | - | 101,705,464 | 101,705,464 |
| Long-term loan to and interest receivable from a related party | 8 | - | - | - | 8,164,451 |
| Leasehold rights | 15 | 9,264,616 | 8,130,842 | 9,264,616 | 8,130,842 |
| Property, plant and equipment | 16 | 1,082,796,817 | 1,067,091,384 | 1,004,420,713 | 981,130,098 |
| Goodwill | 17 | 24,535,709 | 24,535,709 | 20,340,000 | 20,340,000 |
| Intangible assets | 18 | 9,138,709 | 8,962,686 | 8,953,074 | 8,772,047 |
| Deferred tax assets | 27 | 722,569 | 1,391,631 | - | - |
| Deposits | | 79,466,127 | 77,744,900 | 78,922,578 | 77,025,401 |
| Other non-current assets | | 1,023,513 | 620,150 | 932,113 | 615,150 |
| Total non-current assets | | <u>1,227,053,571</u> | <u>1,193,530,287</u> | <u>1,239,538,558</u> | <u>1,205,883,453</u> |
| Total assets | | <u>1,516,145,403</u> | <u>1,369,209,706</u> | <u>1,455,547,557</u> | <u>1,334,281,888</u> |

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


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

Siam Wellness Group Public Company Limited and Its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts from financial institution | 19 | 31,621 | 1,341,651 | - | - |
| Short-term loans from and interest payable to related parties | 8 | 4,615,343 | 4,415,343 | - | - |
| Trade and other payables | 8, 20 | 96,717,531 | 83,385,842 | 95,028,821 | 82,313,998 |
| Current portion of long-term loans | 21 | 80,200,000 | 84,240,000 | 80,200,000 | 84,240,000 |
| Current portion of liabilities under finance lease agreements | 22 | 120,268 | 86,887 | 120,268 | 86,887 |
| Income tax payable | | 24,829,017 | 17,010,330 | 23,929,843 | 14,784,479 |
| Advance received - current portion | 4 | 28,922,429 | 24,961,317 | 27,739,841 | 23,204,863 |
| Other current liabilities | | 9,631,473 | 8,614,765 | 8,954,550 | 7,707,299 |
| Total current liabilities | | 245,067,682 | 224,056,135 | 235,973,323 | 212,337,526 |
| Non-current liabilities | | | | | |
| Long term loans - net of current portion | 21 | 80,166,667 | 125,990,000 | 80,166,667 | 125,990,000 |
| Liabilities under finance lease agreements - net of current portion | 22 | 260,100 | 264,895 | 260,100 | 264,895 |
| Advance received - net of current portion | 4 | 12,161,574 | - | 12,161,574 | - |
| Provision for long-term employee benefits | 23 | 8,555,660 | 14,445,712 | 7,682,818 | 11,684,749 |
| Deferred tax liabilities | 27 | 17,995,399 | 19,583,381 | 18,004,641 | 19,583,381 |
| Other non-current liabilities | | 19,999,199 | 14,504,679 | 19,054,214 | 13,626,352 |
| Total non-current liabilities | | 139,138,599 | 174,788,667 | 137,330,014 | 171,149,377 |
| Total liabilities | | 384,206,281 | 398,844,802 | 373,303,337 | 383,486,903 |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| 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) | - | - |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | 24 | 16,380,580 | 16,380,580 | 14,250,000 | 14,250,000 |
| Unappropriated | | 649,804,725 | 488,234,141 | 556,020,931 | 424,571,696 |
| Other components of shareholders' equity | | 90,567,435 | 90,567,435 | 90,567,435 | 90,567,435 |
| Equity attributable to shareholders' of the Company | | 1,131,932,115 | 970,361,531 | 1,082,244,220 | 950,794,985 |
| Non-controlling interests of the subsidiaries | | 7,007 | 3,373 | - | - |
| Total shareholders' equity | | 1,131,939,122 | 970,364,904 | 1,082,244,220 | 950,794,985 |
| Total liabilities and shareholders' equity | | 1,516,145,403 | 1,369,209,706 | 1,455,547,557 | 1,334,281,888 |

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

นางฉวีวรรณ จันทนาศรี

ผู้อำนวยการ

Directors



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

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Continuing operations | | | | | |
| Revenues | | | | | |
| Revenue from sales | | 90,319,905 | 87,371,042 | 61,047,896 | 56,108,183 |
| Revenue from services | | 1,293,366,625 | 1,046,879,546 | 1,261,464,231 | 1,009,377,381 |
| Dividend income | | - | - | 1,597,672 | 25,419,746 |
| Other income | | 19,454,705 | 18,239,943 | 26,800,983 | 24,791,231 |
| Total revenues | | 1,403,141,235 | 1,152,490,531 | 1,350,910,782 | 1,115,696,541 |
| Expenses | | | | | |
| Cost of sales | | 46,333,502 | 47,573,524 | 35,818,265 | 33,140,224 |
| Cost of services | | 896,230,697 | 702,557,630 | 899,956,658 | 703,621,315 |
| Selling and distribution expenses | | 52,452,754 | 45,181,525 | 47,549,982 | 41,816,891 |
| Administrative expenses | | 110,112,312 | 107,295,600 | 98,061,312 | 90,602,228 |
| Total expenses | | 1,105,129,265 | 902,608,279 | 1,081,386,217 | 869,180,658 |
| Profit before finance cost and income tax expenses | | | | | |
| from continuing operations | | 298,011,970 | 249,882,252 | 269,524,565 | 246,515,883 |
| Finance cost | | (10,485,168) | (8,844,006) | (10,150,452) | (8,434,276) |
| Profit before income tax expenses from | | | | | |
| continuing operations | | 287,526,802 | 241,038,246 | 259,374,113 | 238,081,607 |
| Income tax expenses | 27 | (45,193,539) | (35,439,378) | (41,863,017) | (32,566,021) |
| Profit for the year from continuing operations | | 242,333,263 | 205,598,868 | 217,511,096 | 205,515,586 |
| Discontinued operation | | | | | |
| Profit from discontinued operation, net of income tax expenses | 7 | 3,644,257 | - | - | - |
| Profit for the year | | 245,977,520 | 205,598,868 | 217,511,096 | 205,515,586 |
| Other comprehensive income: | | | | | |
| <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 gain - net of income tax | | 8,508,382 | - | 6,345,039 | - |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | | 8,508,382 | 49,864,320 | 6,345,039 | 49,864,320 |
| Total other comprehensive income for the year | | 8,508,382 | 49,864,320 | 6,345,039 | 49,864,320 |
| Total comprehensive income for the year | | 254,485,902 | 255,463,188 | 223,856,135 | 255,379,906 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | | | | |
| Continuing operations | | 242,329,438 | 205,596,994 | 217,511,096 | 205,515,586 |
| Discontinued operation | | 3,139,729 | - | - | - |
| Profit for the year attributable to the Company | | 245,469,167 | 205,596,994 | | |
| Non-controlling interests of the subsidiaries | | | | | |
| Continuing operations | | 3,825 | 1,874 | | |
| Discontinued operation | | 504,528 | - | | |
| Profit for the year attributable to non-controlling interests of the subsidiaries | | 508,353 | 1,874 | | |
| | | 245,977,520 | 205,598,868 | | |



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

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

Siam Wellness Group Public Company Limited and its subsidiaries

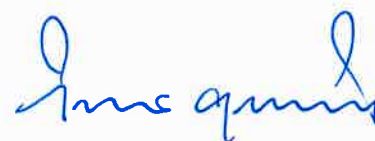
Statement of comprehensive income (continued)

For the year ended 31 December 2019

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|-------------|-------------------------------|-------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | | | | |
| Continuing operations | | 250,837,755 | 225,461,314 | 223,856,135 | 255,379,906 |
| Discontinued operation | | 3,139,729 | - | | |
| Total comprehensive income attributable to the Company | | 253,977,484 | 225,461,314 | | |
| Non-controlling interests of the subsidiaries | | | | | |
| Continuing operations | | 3,890 | 1,874 | | |
| Discontinued operation | | 504,528 | - | | |
| Total comprehensive income attributable to non-controlling interest of the subsidiaries | | 508,418 | 1,874 | | |
| | | 254,485,902 | 225,463,188 | | |
| Earnings per share | | | | | |
| 28 | | | | | |
| Basic earnings per share | | | | | |
| Profit attributable to equity holder of the Company | | | | 0.382 | 0.361 |
| Profit from continuing operations | | 0.425 | 0.361 | | |
| Profit from discontinued operation | | 0.006 | - | | |
| | | 0.431 | 0.361 | | |

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



นางหญิง สยามเวลเนสกรุ๊ป



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

Siam Wellness Group Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2019

(Unit: Baht)

| | Consolidated financial statements | | | | | | | | | |
|---|--|---------------|---|--|----------------|----------------------------------|--|--|--|----------------------------|
| | Equity attributable to shareholders of the Company | | | | | | | | | |
| | Other components of shareholders' equity | | | | | | | | | |
| | Issued and fully paid-up share capital | Share premium | Discount on business combination under common control | Retained earnings - Appropriated - statutory reserve | Unappropriated | Surplus on revaluation of assets | 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 |
| Balance as at 1 January 2018 | 142,500,000 | 278,905,854 | (46,226,479) | 14,782,545 | 324,135,182 | 40,703,115 | 40,703,115 | 754,801,217 | 1,753 | 754,801,970 |
| Profit for the year | - | - | - | - | 205,596,994 | - | - | 205,596,994 | 1,874 | 205,598,868 |
| Other comprehensive income | - | - | - | - | - | 49,864,320 | 49,864,320 | 49,864,320 | - | 49,864,320 |
| Total comprehensive income for the year | - | - | - | - | 205,596,994 | 49,864,320 | 49,864,320 | 255,461,314 | 1,874 | 255,463,188 |
| Appropriation of retained earnings | - | - | - | 1,598,035 | (1,598,035) | - | - | (39,900,000) | - | (39,900,000) |
| Dividend paid (Note 25) | - | - | - | - | (39,900,000) | - | - | - | - | - |
| Subsidiaries paid dividend to non-controlling interests of subsidiaries | - | - | - | - | - | - | - | - | (254) | (254) |
| Balance as at 31 December 2019 | 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 |
| Balance as at 1 January 2019 | 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 |
| - as previously reported | | | | | | | | | | |
| Cumulative effect of change in accounting policy for revenue recognition (Note 4) | - | - | - | - | (6,906,900) | - | - | (6,906,900) | - | (6,906,900) |
| Balance as at 1 January 2019 as restated | 142,500,000 | 278,905,854 | (46,226,479) | 16,380,580 | 481,327,241 | 90,567,435 | 90,567,435 | 963,454,631 | 3,373 | 963,458,004 |
| Profit for the year | - | - | - | - | 245,469,167 | - | - | 245,469,167 | 508,353 | 245,977,520 |
| Other comprehensive income | - | - | - | - | - | 8,508,317 | - | 8,508,317 | 65 | 8,508,382 |
| Total comprehensive income for the year | - | - | - | - | 253,977,484 | - | - | 253,977,484 | 508,418 | 254,485,902 |
| Dividend paid (Note 25) | - | - | - | - | (85,500,000) | - | - | (85,500,000) | - | (85,500,000) |
| Subsidiary paid dividend to non-controlling interests | - | - | - | - | - | - | - | - | (504,528) | (504,528) |
| Subsidiary paid equity to non-controlling interests | - | - | - | - | - | - | - | - | (256) | (256) |
| Balance as at 31 December 2019 | 142,500,000 | 278,905,854 | (46,226,479) | 16,380,580 | 649,804,725 | 90,567,435 | 90,567,435 | 1,131,932,115 | 7,007 | 1,131,939,122 |



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

20191231 20191231 20191231
Siam Wellness Group

Siam Wellness Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

| Separate financial statements | | | | | | | | | |
|---|--|---------------|----------------------------------|----------------|----------------------------------|------------|--|---------------|----------------------------|
| Other components of shareholders' equity | | | | | | | | | |
| Other comprehensive income | | | | | | | | | |
| | Issued and fully paid-up share capital | Share premium | Retained earnings | | Surplus on revaluation of assets | | Total other components of shareholders' equity | | Total shareholders' equity |
| | | | Appropriated - statutory reserve | Unappropriated | | | | | |
| Balance as at 1 January 2018 | 142,500,000 | 278,905,854 | 14,250,000 | 258,956,110 | 40,703,115 | 40,703,115 | 40,703,115 | 735,315,079 | |
| Profit for the year | - | - | - | 205,515,586 | - | - | - | 205,515,586 | |
| Other comprehensive income | - | - | - | - | 49,864,320 | 49,864,320 | 49,864,320 | 49,864,320 | |
| Total comprehensive income for the year | - | - | - | 205,515,586 | 49,864,320 | 49,864,320 | 49,864,320 | 255,379,906 | |
| Dividend paid (Note 25) | - | - | - | (39,900,000) | - | - | - | (39,900,000) | |
| Balance as at 31 December 2019 | 142,500,000 | 278,905,854 | 14,250,000 | 424,571,696 | 90,567,435 | 90,567,435 | 90,567,435 | 950,794,985 | |
| Balance as at 1 January 2019 | 142,500,000 | 278,905,854 | 14,250,000 | 424,571,696 | 90,567,435 | 90,567,435 | 90,567,435 | 950,794,985 | |
| - as previously reported | | | | | | | | | |
| Cumulative effect of change in accounting policy for revenue recognition (Note 4) | - | - | - | (6,906,900) | - | - | - | (6,906,900) | |
| Balance as at 1 January 2019 as restate | 142,500,000 | 278,905,854 | 14,250,000 | 417,664,796 | 90,567,435 | 90,567,435 | 90,567,435 | 943,888,085 | |
| Profit for the year | - | - | - | 217,511,096 | - | - | - | 217,511,096 | |
| Other comprehensive income | - | - | - | 6,345,039 | - | - | - | 6,345,039 | |
| Total comprehensive income for the year | - | - | - | 223,856,135 | - | - | - | 223,856,135 | |
| Dividend paid (Note 25) | - | - | - | (85,500,000) | - | - | - | (85,500,000) | |
| Balance as at 31 December 2019 | 142,500,000 | 278,905,854 | 14,250,000 | 556,020,931 | 90,567,435 | 90,567,435 | 90,567,435 | 1,082,244,220 | |



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

นางสาว อธิวิมล นิลน้อย
Mrs. Anusorn Nilnong

Siam Wellness Group Public Company Limited and its subsidiaries


Statement of cash flows

For the year ended 31 December 2019

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Cash flows from operating activities | | | | |
| Profit before income tax from continuing operations | 287,526,802 | 241,038,246 | 259,374,113 | 238,081,607 |
| Profit before income tax from discontinued operation | 4,216,789 | - | - | - |
| Profit before income tax | 291,743,591 | 241,038,246 | 259,374,113 | 238,081,607 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation and amortisation | 117,627,778 | 95,956,711 | 108,031,005 | 87,648,013 |
| Unrealised gain (loss) on the change in fair value of trading securities | (44,704) | 314,276 | (47,624) | 174,978 |
| Bad debts and allowance for doubtful accounts | 679,060 | 406,747 | 553,057 | 393,983 |
| Reduction of inventories to net realisable value (reversal) | (313,519) | 703,220 | (17,044) | 85,347 |
| Gain on disposal of property, plant and equipment | (42,737) | (1,425,755) | (32,046) | (762,047) |
| Loss on write-off of property, plant and equipment | 452,311 | 2,440,744 | 452,309 | 1,664,148 |
| Loss on write-off of property, plant and equipment | - | 3,824 | - | - |
| Long-term employee benefit expenses | 4,710,122 | 3,559,493 | 3,929,367 | 2,940,350 |
| Dividend income | - | - | (1,597,672) | (25,419,746) |
| Interest income | (427,060) | (398,661) | (622,068) | (445,477) |
| Interest expenses | 10,485,168 | 8,844,006 | 10,150,452 | 8,434,276 |
| Profit from operating activities before changes in operating assets and liabilities | 424,870,010 | 351,442,851 | 380,173,849 | 312,795,432 |
| Decrease (increase) in operating assets | | | | |
| Current investments | (41,021,554) | 43,620,243 | (15,310,645) | 47,614,003 |
| Trade and other receivables | (14,379,877) | (11,528,005) | (15,955,394) | (11,621,005) |
| Inventories | (8,549,082) | (3,903,637) | (6,678,087) | (5,456,167) |
| Other current assets | (6,264,374) | (1,461,835) | (3,002,393) | (2,118,798) |
| Deposit | (1,721,227) | (32,232,697) | (1,897,177) | (31,527,199) |
| Other non-current assets | (703,362) | (386,288) | (616,964) | (381,288) |
| Increase (decrease) in operating liabilities | | | | |
| Trade and other payables | 8,820,036 | 7,372,984 | 8,458,535 | 8,119,121 |
| Advance received | 7,489,061 | 807,467 | 8,062,927 | 1,446,289 |
| Other current liabilities | 1,016,709 | 3,590,795 | 1,247,252 | 3,558,076 |
| Other non-current liabilities | 4,810,227 | 2,070,093 | 4,751,168 | 1,954,405 |
| Cash flows from operating activities | 374,366,567 | 359,391,971 | 359,233,071 | 324,382,869 |
| Cash paid for interest expenses | (9,691,807) | (8,377,702) | (9,564,690) | (8,171,010) |
| Cash paid for income tax | (39,231,372) | (32,707,871) | (34,155,926) | (30,061,835) |
| Net cash flows from operating activities | 325,443,388 | 318,306,398 | 315,512,455 | 286,150,024 |

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

นางสาว อรุณรัตน์ อัครวิมลกุล




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 2019

(Unit: Baht)

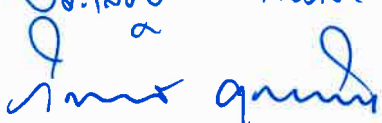
| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Cash flows from investing activities | | | | |
| Increase in restricted deposits at financial institution | (52,526) | (51,985) | - | - |
| Cash paid for acquisition of leasehold rights on land | (2,100,000) | (207,785) | (2,100,000) | (207,785) |
| Cash paid for acquisition of property, plant and equipment | (157,901,712) | (219,807,731) | (156,193,269) | (205,097,693) |
| Cash paid for acquisition of intangible assets | (1,820,467) | (1,141,723) | (1,772,968) | (1,126,223) |
| Proceed from disposal of property, plant and equipment | 603,241 | 1,502,789 | 587,831 | 815,859 |
| Cash paid for investment in subsidiary | (93,750,000) | - | (93,750,000) | - |
| Cash received from disposal investment in subsidiary | 39,550,000 | - | 39,550,000 | - |
| Cash received from dividend from investment in subsidiary | - | - | 1,597,672 | 25,419,746 |
| Cash received from interest income | 427,061 | 398,661 | 786,519 | 281,026 |
| Net cash flows used in investing activities | (215,044,403) | (219,307,774) | (211,294,215) | (179,915,070) |
| Cash flows from financing activities | | | | |
| Decrease in bank overdrafts from financial institution | (1,310,030) | (2,407,752) | - | - |
| Decrease in liabilities under financial lease agreements | (103,827) | (310,297) | (103,827) | (310,297) |
| Increase (decrease) in short-term loans from related parties | - | - | 8,000,000 | (8,000,000) |
| Cash received from long-term loans from financial institution | 170,000,000 | 25,000,000 | 170,000,000 | 25,000,000 |
| Cash paid for repayment of long-term loan from financial institution | (219,863,333) | (68,670,000) | (219,863,333) | (68,670,000) |
| Dividend paid to non-controlling interests of a subsidiary | (504,528) | - | - | - |
| Cash paid for equity to non-controlling interests of a subsidiary | (256) | - | - | - |
| Cash paid for dividend | (85,500,000) | (39,900,254) | (85,500,000) | (39,900,000) |
| Net cash flows used in financing activities | (137,281,974) | (86,288,303) | (127,467,160) | (91,880,297) |
| Net increase (decrease) in cash and cash equivalents | (26,882,989) | 12,710,321 | (23,248,920) | 14,354,657 |
| Cash and cash equivalents at beginning of year | 79,443,764 | 66,733,443 | 67,865,439 | 53,510,782 |
| Cash and cash equivalents at end of year | 52,560,775 | 79,443,764 | 44,616,519 | 67,865,439 |

Supplemental cash flows information

Non-cash transactions

| | | | | |
|---|------------|-------------|------------|--------------|
| Share return receivables | 54,200,000 | - | 54,200,000 | - |
| Increase in non-current assets classified as held for sale | 32,294,702 | - | 32,294,702 | - |
| Increase in surplus on revaluation of land | - | 62,330,400 | - | 62,330,400 |
| Increase in liabilities from acquisition of equipment under financial lease agreement | 132,413 | - | 132,413 | - |
| Increase (decrease) in liabilities from acquisition of property, plant and equipment | 4,511,653 | (9,801,166) | 4,256,288 | (10,152,028) |
| Increase in provision for dismantling, removing and restoring of leasehold improvements | 684,293 | 579,369 | 676,695 | 513,701 |
| Actuarial gain | 10,600,175 | - | 7,931,299 | - |

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

นางสาวรุ่ง อธิวัฒน์กุล


Siam Wellness Group Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2019

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 2019, the Company has a total of 58 branches in Bangkok and upcountry (2018: 49 branches) and 5 foreign branches according to the franchise agreement (2018: 6 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

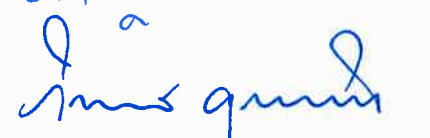
2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated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

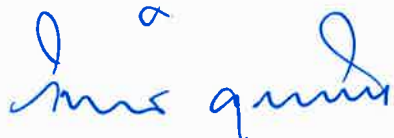
a) The consolidated financial statements include the financial statements of Siam Wellness Group Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

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| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--|---|--------------------------|----------------------------|--------------------------|
| | | | <u>2019</u> (Percent) | <u>2018</u> (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 |
| Shanghai Jia Tai Health Management Co., Ltd. (Held by Siam Wellness Group (Hong Kong) Co., Ltd.) | Nutritional health and beauty consulting and management service | China | 100.00 | - |

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 Tiger Eyes Education Co., Ltd.. The Company's subsidiary registered the dissolution with the Ministry of Commerce and the registrar registered it on 8 January 2019. Currently, the dissolution process was completed.

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- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
 - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards



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

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

| | |
|------------------------|--|
| TAS 11 (revised 2017) | Construction Contracts |
| TAS 18 (revised 2017) | Revenue |
| TSIC 31 (revised 2017) | Revenue - Barter Transactions Involving Advertising Services |

- TFRIC 13 (revised 2017) Customer Loyalty Programmes
- TFRIC 15 (revised 2017) Agreements for the Construction of Real Estate
- TFRIC 18 (revised 2017) Transfers of Assets from Customers

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

The Group adopted TFRS 15 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2019, and the comparative information was not restated.

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

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

- TFRS 7 Financial Instruments: Disclosures
- TFRS 9 Financial Instruments

Accounting standard:

- TAS 32 Financial Instruments: Presentation

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Financial Reporting Standard Interpretations:

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

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

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

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred.

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

TFRS 16 Leases

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

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

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As at 31 December 2019, future minimum payments under non-cancellable operating lease agreements (included their related service agreements) which had not yet been discounted to be shown in Note 31.2 to the financial statements. The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

4. Cumulative effects of change in accounting policy due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current year, the Group has adopted TFRS 15 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2019. Therefore, the comparative information was not restated.

The effect of the changes in accounting policies due to the adoption of TFRS 15 on the beginning balance of retained earnings of 2019 comprises:

| | (Unit: Million Baht) |
|--|---|
| | Consolidated/ Separate financial statements |
| Impact on retained earnings as at 1 January 2019 | |
| Franchise income | (8.6) |
| Related tax | 1.7 |
| Total | (6.9) |

The amounts of adjustments affecting the statements of financial position as at 31 December 2019 and the statements of comprehensive income for the year ended 31 December 2019 are summarised below.

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(Unit: Million Baht)

Consolidated financial statements

| | Previous accounting policy | Increase (decrease) | IFRS 15 |
|--|----------------------------------|------------------------|---------|
| Statement of financial position | | | |
| Liabilities | | | |
| Advance received - current portion | 25.4 | 3.6 | 29.0 |
| Advance received - net of current portion | - | 12.2 | 12.2 |
| Deferred tax liabilities | 21.2 | (3.2) | 18.0 |
| Shareholders' equity | | | |
| Retained earnings - unappropriated | 662.4 | (12.6) | 649.8 |

(Unit: Million Baht)

Consolidated financial statements

| | Previous accounting policy | Increase (decrease) | IFRS 15 |
|---|----------------------------------|------------------------|--------------|
| Statement of comprehensive income | | | |
| Continuing operations | | | |
| Revenue from services | 1,300.5 | (7.1) | 1,293.4 |
| Income tax expenses | 43.8 | 1.4 | 45.2 |
| Profit for the year from continuing operations | 248.0 | (5.7) | 242.3 |
| Earnings per share (Baht): | | | |
| Basic earnings per share from continuing operations | 0.44 | (0.01) | 0.43 |

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

(Unit: Million Baht)

Separate financial statements

| | Previous accounting policy | Increase (decrease) | TFRS 15 |
|--|----------------------------------|------------------------|---------|
| Statement of financial position | | | |
| Liabilities | | | |
| Advance received - current portion | 24.1 | 3.6 | 27.7 |
| Advance received - net of current portion | - | 12.2 | 12.2 |
| Deferred tax liabilities | 21.2 | (3.2) | 18.0 |
| Shareholders' equity | | | |
| Retained earnings - unappropriated | 568.6 | (12.6) | 556.0 |

(Unit: Million Baht)

Separate financial statements

| | Previous accounting policy | Increase (decrease) | TFRS 15 |
|---|----------------------------------|------------------------|---------|
| Statement of comprehensive income | | | |
| Continuing operations | | | |
| Revenue from services | 1,268.6 | (7.1) | 1,261.5 |
| Income tax expenses | 40.5 | 1.4 | 41.9 |
| Profit for the year from continuing operations | 223.2 | (5.7) | 217.5 |
| Earnings per share (Baht): | | | |
| Basic earnings per share from continuing operations | 0.39 | (0.01) | 0.38 |

The nature of these adjustments are described below:

Initial fee from franchise agreement - The Company has determined that initial fee should be recognised throughout the period of the agreement from previously fully recognised when the obligations as specified in the agreement were provided.

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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

5. Significant accounting policies

5.1 Revenue recognition

a) Revenues from contracts with customers

The Group accounts for a contract with a customer when it has entered into an agreement between counter parties that creates enforceable rights and obligations. The Group has to identify its performance obligations and allocate a transaction price to each obligation on an appropriate basis.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of value added tax ("VAT"). Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time.

Detail of revenue recognition of the Group are as follows:

Revenue from sale

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Revenue from spa service

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

Revenue from franchise agreement

Initial fee from franchise agreement is recognised throughout the period of the agreement. In addition, monthly revenue sharing is recognised in the amount to which the Company has a right to invoice as it corresponds directly with the franchisee's revenues in accordance with the substance of the relevant franchise agreement.

Revenue from other services that the control of services are transferred to customers at a point in time

The Group recognises revenue from other services that the contract of services are transferred to customers at a point in time upon completion of the services.

Signature and name of the representative in Thai script.

Revenue from other services that the control of services are transferred to customers over time

The Group recognises revenue from other services that the control of services are transferred over time when services have been rendered taking into account the stage of completion, measuring based on comparison of actual costs incurred up to the end of the period and total anticipated costs to be incurred to completion.

b) Rental income

Rental of units in residential buildings and related services income are recognised on the straight-line basis over the period of contract.

c) Interest income

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

d) Dividend income

Dividend income is recognised when the right to receive the dividends is established.

5.2 Cost and expense recognition

Cost to fulfill a contract with customer

The Group recognises costs that relate to satisfied performance obligations in the contract in profit or loss when incurred except that the Group can identify that the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify, the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future, and the costs are expected to be recovered. Therefore, the Group recognises an asset from the costs incurred to fulfil a contract and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An allowance for loss on impairment of assets is recognised to the extent that the carrying amount of assets exceeds the remaining amount of consideration that the entity expects to receive less direct costs.

Other expenses

Other expenses are recognised on an accrual basis.

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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

5.3 Balances of contracts with customers

Contract assets

Trade receivables

Trade receivables 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.

Contract liabilities

Advance received from customers

The Group recognises a contract liability when the billings to date exceed the cumulative revenue earned which presented under the caption of “Advance received from customers” in the statements of financial position and the Group has an obligation to transfer goods or services to a customer. Contract liabilities are recognised as revenue when the Group fulfils their performance obligations under the contracts.

5.4 Cash and cash equivalents

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

5.5 Rental and other receivables

Rental and other receivables 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.

The Group presents rent and other receivables under a part of the caption of “Trade and other receivables” in the statements of financial position.

5.6 Inventories

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

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5.7 Non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale when the Company receives economic benefits through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

5.8 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.

5.9 Leasehold rights

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

5.10 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 Group'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 Group'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.

5.11 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 |

5.12 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 9.90%).

5.13 Related party transactions

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

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

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Siam Wellness



5.14 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.

5.15 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group'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.

5.16 Impairment of assets

At the end of each reporting period, the Group performs 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 Group also carries 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. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain

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

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

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

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

Signature and name of the representative in Thai script.



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

5.18 Provisions

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

5.19 Income tax

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

Current tax

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

Deferred tax

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

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

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

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5.20 Fair value measurement

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

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

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

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

6. Significant accounting judgements and estimates

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

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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

Revenue from contracts with customers

Identification of performance obligations

In identifying performance obligations, the management is required to use judgement regarding whether each promise to deliver goods or services is considered distinct, taking into consideration terms and conditions of the arrangement. In other words, if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from it, it is accounted for separately.

Determination of timing of revenue recognition

In determining the timing of revenue recognition, the management is required to use judgement regarding whether performance obligations are satisfied over time or at a point in time, taking into consideration terms and conditions of the arrangement. The Group recognises revenue over time in the following circumstances:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

In calculating the revenue recognised over time, the management is required to use judgement regarding measuring progress towards complete satisfaction of a performance obligation.

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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.

7. Investment in Chaba Elegance Co., Ltd.

On 17 December 2018, the meeting of the Company's Board of Directors No. 7/2018 passed a resolution approving the acquisition of 349,600 ordinary shares of Chaba Elegance Co, Ltd. which is principally engaged in nails, hand and foot spa, and eyelash extension business, accounting for 76% of total share capital, in order to beneficially expand the Company's current business. This investment was amounted for Baht 125 million. The Company made partial payment for the shares totaling Baht 93.75 million on 3 January 2019, 5 February 2019 and 2 May 2019. The Company had the remaining amount of the shares totaling Baht 31.25 million. The Company received shares of Chaba Elegance Co., Ltd. from the former shareholders on 1 January 2019.

On 4 October 2019, the meeting of the Company's Board of Directors No. 7/2019 passed a resolution approving the cancelation of investment in Chaba Elegance Co., Ltd. since such business needs a high expertise and competency level, resulting in the slowing down of the business expansion which does not follow the Company's objective. The Company entered into the separation agreement for the investment in Chaba Elegance Co., Ltd. with the former shareholders on 6 October 2019.

Signature and name in Thai script: สมชาย วัฒนศิริ



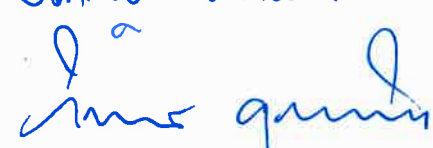
Under the separation agreement, the former shareholders agreed to cancel the remaining amount of shares totaling Baht 31.25 million that the Company has not yet paid according to the share purchase agreement and the former shareholders agreed to return the Company amount of Baht 93.75 million that the former shareholders received to the Company in 8 installments i.e., within 2019 totaling Baht 43.75 million, within 2020 totaling Baht 35 million, and within 2021 totaling 15 million. The former shareholders agreed to pay the Company with 8 advance-dated checks with amounts and at due dates specified in the separation agreement. In addition, the former shareholders agreed to return the rental space of Chaba Elegance Co., Ltd. used for operating 3 branches of nail spa shops which it subleased from the Company and agreed that Chaba Elegance Co., Ltd. had to repay the loan amounting to Baht 5 million to the Company. The Company already received the repayment of loan on 11 October 2019 and received the return of subleased rental space in October 2019. Moreover, the Company also transferred all shares of Chaba Elegance Co., Ltd. to the former shareholders on 18 October 2019.

In addition, under the separation agreement, both parties agreed that former shareholders received all rights, duties and obligations attached to Chaba Elegance Co., Ltd. including but not limited to revenues, profits, liabilities, guarantees, tax obligations, employment, business licenses etc. since 1 October 2019 onwards. As a result, the Company' consolidated financial statements shall include the financial statements of Chaba Elegance Co., Ltd. until 30 September 2019.

As at 31 December 2019, outstanding share return receivables from the former shareholders amounting Baht 54.2 million are detailed below.

(Unit: Thousand Baht)

| | Consolidated and Separate financial statements | |
|--|---|------|
| | 2019 | 2018 |
| Share return receivables | 54,200 | - |
| Less: Current portion | (39,200) | - |
| Share return receivables - net of current portion | 15,000 | - |

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Details of the discontinued operation which were presented in the consolidated statement of comprehensive income for the years ended 31 December 2019 and 2018 were as follows.

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|--|-----------------------------------|------|
| | 2019 | 2018 |
| Results of discontinued operation | | |
| Revenue | 46,500 | - |
| Expenses | (41,791) | - |
| Profit before income tax expenses | 4,709 | - |
| Income tax expenses | (573) | - |
| | 4,136 | - |
| Loss from disposal of investment in a subsidiary | (492) | - |
| Profit for the period of discontinued operation, net of income tax | 3,644 | - |

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|---|-----------------------------------|------|
| | 2019 | 2018 |
| Cash flows from (used in) discontinued operation | | |
| Net cash flows from operating activities | 7,900 | - |
| Net cash flows used in investing activities | (8,090) | - |
| Net cash used in discontinued operation | (190) | - |

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8. 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 |
| Chaba Elegance Co., Ltd. ⁽¹⁾ | Nail polish, hand and foot spa and eyelash extension business | 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. ⁽²⁾ | Institution of spa and beauty business | A subsidiary (held by a subsidiary) |
| Shanghai Jia Tai Health Management Co., Ltd. ⁽³⁾ | Nutritional health and beauty consulting and management service | 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 |
| Chaba Nail Wellness Spa at the East Co., Ltd. ⁽⁴⁾ | Nails polish business | Common directors |
| Directors of the Company and its subsidiaries | - | Directors of the Company and its subsidiaries |
| A related person | - | Close family member of director |

(1) On 4 October 2019, the meeting of the Company's Board of Directors passed a resolution approving the cancelation of investment in Chaba Elegance Co., Ltd. The Company entered into the separation agreement for the investment in this company with the former shareholders on 6 October 2019 as disclosed in Note 7 to the financial statements.

(2) 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 Tiger Eyes Education Co., Ltd. It registered the dissolution with the Ministry of Commerce and the registrar registered it on 8 January 2019. The dissolution process was completed.

(3) During 2019, there was establishing the new subsidiary which operates in China. This subsidiary has 1 million Renminbi of its registered share capital.

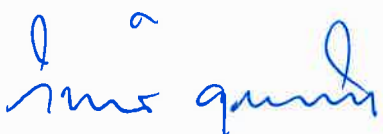
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- (4) The directors of this company were the same as Chaba Elegance Co., Ltd. As at 31 December 2019, there was no such relationship as the result of entering into the separation agreement for the investment in Chaba Elegance Co., Ltd. by the Company as disclosed in Note 7 to the financial statements.

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

| | | | | | (Unit: Million Baht) |
|--|----------------------|------|----------------------|------|----------------------------|
| | Consolidated | | Separate | | Transfer pricing Policy |
| | financial statements | | financial statements | | |
| 2019 | 2018 | 2019 | 2018 | | |
| <u>Transactions with subsidiaries</u> | | | | | |
| (Being eliminated from the consolidated financial statements) | | | | | |
| Revenue from sales | - | - | 0.9 | 0.1 | Contract price |
| Revenue from services | - | - | 0.1 | 0.1 | Contract price |
| Revenue from rental and utilities | - | - | 7.0 | 6.6 | Contract price |
| Other income | - | - | 2.4 | 2.3 | Contract price |
| Interest income | - | - | 0.3 | 0.2 | Contract rate |
| Dividend income | - | - | 1.6 | 25.4 | Declared rate |
| Purchase of goods | - | - | 36.0 | 33.7 | Contract price |
| Service expenses | - | - | 21.8 | 14.1 | Contract price |
| Commission expenses | - | - | 1.0 | 1.2 | Contract price |
| Advertising expenses | - | - | 0.2 | 0.2 | Contract price |
| <u>Transactions with related parties</u> | | | | | |
| Revenue from sales and services | 0.5 | 0.6 | 0.3 | 0.5 | Contract price |
| Other income | - | 1.0 | - | - | Actual price |
| Purchase of goods | 17.9 | 15.9 | 15.9 | 14.1 | Contract price |
| Service expenses | 4.3 | 3.8 | 2.2 | 3.5 | Contract price |
| Rental and utilities expenses | 28.2 | 25.1 | 24.8 | 23.7 | Contract price |
| Interest expenses | 0.2 | 0.2 | - | - | Contract rate |
| <u>Transactions with their close family member of director</u> | | | | | |
| Purchase of assets | - | 15.3 | - | 15.3 | Contract price |

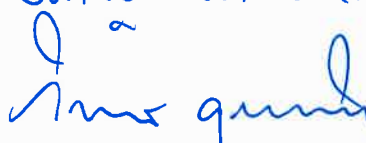
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The balances of the accounts as at 31 December 2019 and 2018 between the Company, subsidiaries and those related companies are as follows:

(Unit: Thousand Baht)


| | Consolidated | | Separate | |
|---|----------------------|-------|----------------------|-------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| <u>Trade receivables - subsidiaries (Note 11)</u> | | | | |
| (Being eliminated from the consolidated financial statements) | | | | |
| Siam Wellness Resort Co., Ltd. | - | - | 589 | 281 |
| Siam Wellness Lab Co., Ltd. | - | - | 61 | 6 |
| Siam Wellness Education Co., Ltd. | - | - | 4 | - |
| Tiger Eyes Trading (Thailand) Co., Ltd. | - | - | 679 | 4 |
| Total | - | - | 1,333 | 291 |
| <u>Trade receivables - related parties (Note 11)</u> | | | | |
| Blooming Co., Ltd. | 135 | - | - | - |
| Cyberprint Group Co., Ltd. | 175 | 216 | 175 | 216 |
| B.U. Enterprise Co., Ltd. | 5 | - | - | - |
| Director of subsidiaries | 7 | - | - | - |
| Total | 322 | 216 | 175 | 216 |
| <u>Other receivables - subsidiaries (Note 11)</u> | | | | |
| (Being eliminated from the consolidated financial statements) | | | | |
| Siam Wellness Resort Co., Ltd. | - | - | 21 | - |
| Siam Wellness Group (Hong Kong) Co., Ltd. | - | - | 245 | 199 |
| Siam Wellness Group (Cambodia) Co., Ltd. | - | - | 230 | - |
| Total | - | - | 496 | 199 |
| <u>Other receivables - related parties (Note 11)</u> | | | | |
| Directors of the Company | - | 142 | - | 142 |
| Total | - | 142 | - | 142 |
| <u>Long-term loans to and interest receivable from related party</u> | | | | |
| Siam Wellness Education Co., Ltd. | - | - | - | 8,164 |
| Total | - | - | - | 8,164 |
| <u>Short-term loans from and interest payable to related parties</u> | | | | |
| Director of the Company | 1,143 | 1,093 | - | - |
| Director of subsidiaries | 3,472 | 3,322 | - | - |
| Total | 4,615 | 4,415 | - | - |

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(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|-------|----------------------|-------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| <u>Trade payables - subsidiaries (Note 20)</u> | | | | |
| (Being eliminated from the consolidated financial statements) | | | | |
| Siam Wellness Resort Co., Ltd. | - | - | 114 | 107 |
| Siam Wellness Lab Co., Ltd. | - | - | 3,248 | 2,464 |
| Siam Wellness Education Co., Ltd. | - | - | 2,025 | 1,999 |
| Tiger Eyes Trading (Thailand) Co., Ltd. | - | - | 484 | 1,047 |
| Total | - | - | 5,871 | 5,617 |
| <u>Trade payables - related parties (Note 20)</u> | | | | |
| Blooming Co., Ltd. | 1,540 | 1,290 | 1,411 | 1,183 |
| Blooming Intergift Co., Ltd. | 9 | 10 | 9 | 10 |
| B.U. Enterprise Co., Ltd. | 105 | 63 | 70 | 49 |
| Cyberprint Group Co., Ltd. | 406 | 643 | 387 | 559 |
| Asian Fortune Property Co., Ltd. | 201 | 231 | 201 | 231 |
| G.G.P. Property Co., Ltd. | 160 | - | 160 | - |
| Total | 2,421 | 2,237 | 2,238 | 2,032 |
| <u>Payables for purchase of fixed assets - a subsidiary (Note 20)</u> | | | | |
| Cyberprint Group Co., Ltd. | 75 | - | 75 | - |
| Total | 75 | - | 75 | - |
| <u>Other payables - related parties (Note 20)</u> | | | | |
| Directors of the Company | 148 | 758 | 123 | 744 |
| Total | 148 | 758 | 123 | 744 |
| <u>Accrued expenses - subsidiaries (Note 20)</u> | | | | |
| Siam Wellness Education Co., Ltd. | - | - | 25 | - |
| Tiger Eyes Trading (Thailand) Co., Ltd. | - | - | - | 125 |
| Total | - | - | 25 | 125 |

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

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

As at 31 December 2019 and 2018, 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 31 December 2019 |
|--------------------------|--------------------------------------|-----------------|----------|--------------------------------------|
| | Balance as at 31 December 2018 | During the year | | |
| | | Increase | Decrease | |
| <u>Subsidiary</u> | | | | |
| Chaba Elegance Co., Ltd. | - | 5,022 | (5,022) | - |
| Total | - | 5,022 | (5,022) | - |

Short-term loan to subsidiary is in the form of an unsecured loan, carrying interest at the rate of MLR - 3.5 per annum and due in August 2024. However, the Company already fully received of such loans during the year 2019 since the Company entered into the separation agreement for the investment in Chaba Elegance Co., Ltd. during the year 2019.

Long-term loan to and interest receivable from related party

As at 31 December 2019 and 2018, 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 31 December 2019 |
|--------------------------------------|--------------------------------------|-----------------|----------|--------------------------------------|
| | Balance as at 31 December 2018 | During the year | | |
| | | Increase | Decrease | |
| <u>Subsidiary</u> | | | | |
| Siam Wellness Education Co., Ltd. | 8,164 | 279 | (8,443) | - |
| Total | 8,164 | 279 | (8,443) | - |

Long-term loan to 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. However, the Company already fully received of such loans during the year 2019.

Signature of the representative of the Company and the subsidiary.



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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

Short-term loans from and interest payable to related parties

As at 31 December 2019 and 2018, 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)

| Borrower | Consolidated financial statements | | | |
|--------------------------|-----------------------------------|-----------------|----------|---------------|
| | Balance as at | During the year | | Balance as at |
| | 31 December | Increase | Decrease | 31 December |
| | 2018 | | | 2019 |
| Director of the Company | 1,093 | 50 | - | 1,143 |
| Director of subsidiaries | 3,322 | 150 | - | 3,472 |
| Total | 4,415 | 200 | - | 4,615 |

Short-term loans from 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 2019 and 2018, employee benefit expense payable to their directors and management of the Company and its subsidiaries are as follows:

(Unit: Million Baht)

| | Consolidated financial | | Separate financial | |
|------------------------------|------------------------|------|--------------------|------|
| | statements | | statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Short-term employee benefits | 19.4 | 21.9 | 19.4 | 21.9 |
| Post-employment benefits | 1.4 | 1.3 | 1.4 | 1.3 |
| Total | 20.8 | 23.2 | 20.8 | 23.2 |

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 at the rate specified in the agreement and not more than 15% of rental fee can be increased every 3 years.

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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 at the rate specified in the agreement and not more than 15% of rental fee can be increase every 3 years.

On 28 December 2018, the Company renewed the agreement with this related company for the period of 3 years due in December 2021. As at 31 December 2019, the Company committed to pay an annual rental fee amounting to Baht 3.6 million, according to the current effective agreement.

Furthermore, on 27 February 2019, the Company renewed sublease agreements with Siam Wellness Resort Co., Ltd. ("sub leases") for partial ares for the period of 3 years, due in December 2021. As at 31 December 2019, the sub leases committed to pay an annual rental fee totaling to Baht 2.3 million, according to the current effective agreements.

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.

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.

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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 2019, 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 2019, 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.

On 1 January 2020, the Company renewed the rental agreement with this related company for the period of 3 years due in January 2023.

As at 31 December 2019, the Company committed to pay an annual rental fee amounting to Baht 8.3 million, according to the current effective agreement.

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. On 1 October 2018, the Company renewed the rental agreement with the related company for the period of 3 years due in September 2021.

As at 31 December 2019, the Company committed to pay and annual rental fee amounting to Baht 1.7 million, according to the current effective agreement.

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Furthermore, on 17 August 2015, 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. However, on 30 September 2018, the Company discontinued the agreement with Siam Wellness Resort Co., Ltd.

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. Under the agreement, the Company committed to pay an annual rental and service fees at the rate specified in the agreement and not more than 15% of rental fee can be increase every 3 years.

On 1 February 2019, the Company renewed the agreement with this related company for the period of 1 year due in, January 2020.

On 1 January 2020, the Company renewed the rental agreement with this related company for the period of 3 years, due in January 2023 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.

As at 31 December 2019, the Company committed to pay and annual rental fee amounting to Baht 2.9 million, according to the current effective agreement.

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.

On 15 January 2020, the Company renewed the rental agreement with this related company for the period of 3 years, due in December 2022 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.

As at 31 December 2019, the Company committed to pay and annual rental fee amounting to Baht 3.4 million, according to the current effective agreement.

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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 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 lastest rental fee can be increased.

On 16 December 2019, the Company renewed the rental agreement with this related company for the period of 3 years, due in December 2022 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. Under the agreement, the Company committed to pay and annual rental fee amounting to Baht 0.7 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 lastest rental fee can be increase.

On 16 December 2019, the Company renewed the rental agreement with this related company for the period of 2 years and 2 months, due in December 2021 and such agreement is renewable once for every 3 years. Under the agreement, the Company has the right to terminate the contract immediately for any reason.

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 and annual rental fee amounting to Baht 3.2 million.

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11. On 1 January 2019, the Company made sublease agreements with Chaba Elegance 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. Under the agreement, Chaba Elegance Co., Ltd. committed to pay an annual rental fee 15% of total revenue or amounting to Baht 0.4 million for minimum. During the year ended 31 December 2019, the Company recognised rental and service revenues amounting to Baht 0.3 million (2018: Nil).

However, the Company canceled the sublease agreement and already received the return of subleased rental space from this Company as disclosed in Note 7 to the financial statements.

12. On 18 January 2019, the Company made sublease agreements with Chaba Elegance Co., Ltd. (“sub lessees”) for partial areas for the period of 1 year, due in December 2019. Under the agreement, Chaba Elegance Co., Ltd. committed to pay an annual rental fee amounting to Baht 0.7 million.

However, the Company canceled the sublease agreement and already received the return of subleased rental space from this Company as disclosed in Note 7 to the financial statements.

13. On 29 April 2019, Siam Wellness Education Co., Ltd. made sublease agreement with the Company (“sub lessees”) for partial office space for the period of 2 years and 3 months due in July 2021 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 latest rental fee can be increased. Under the agreement, the Company committed to pay an annual rental fee amounting to Baht 0.6 million.

14. On 14 August 2019, the Company made sublease agreements with Chaba Elegance Co., Ltd. (“sub lessees”) for partial areas for the period of 3 years, due in March 2022. Under the agreement, Chaba Elegance Co., Ltd. committed to pay an annual rental fee amounting to Baht 1.0 million.

However, the Company canceled the sublease agreement and already received the return of subleased rental space from this Company as disclosed in Note 7 to the financial statements.

Handwritten signatures in blue ink, including the name "วิมลรัตน์" (Wimlartana) and other illegible signatures.



15. On 19 August 2019, Siam Wellness Resort Co., Ltd. entered into a rental agreement for its office space with Klom Kliao Pattana Co., Ltd. for the period of 1 year, 4 months and a half due in December 2020 and such agreement is renewable twice for every 1 year. Under the agreement, Siam Wellness Resort Co., Ltd. committed to pay an annual fee at the rate specified in the agreement and not more than 10% of lastest rental fee can be increased. Under the agreement, Siam Wellness Resort Co., Ltd. committed to pay and annual rental fee amounting to Baht 0.4 million.

9. Cash and cash equivalents

(Unit: Thousand Baht)

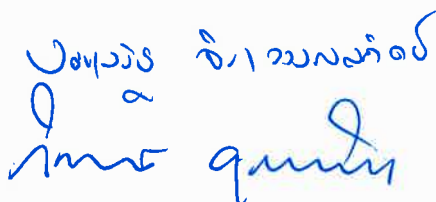
| | Consolidated financial statements | | Separate financial statements | |
|-----------------|-----------------------------------|---------------|-------------------------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Cash | 5,820 | 5,618 | 5,397 | 5,227 |
| Bank deposits | 46,741 | 67,994 | 39,220 | 56,806 |
| Cash in transit | - | 5,832 | - | 5,832 |
| Total | 52,561 | 79,444 | 44,617 | 67,865 |

As at 31 December 2019, bank deposits in saving accounts carried interests between 0.50 and 0.70 percent per annum (2018: between 0.05 and 0.82 percent per annum).

10. Current investments


(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------------|-------------------------------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| Trading securities | | | | |
| Unit trusts | 72,898 | 31,877 | 15,344 | 33 |
| Add: Unrealised gain on the change in fair value of investments | 200 | 155 | 48 | - |
| Unit trusts - net | 73,098 | 32,032 | 15,392 | 33 |
| Total current investments | 73,098 | 32,032 | 15,392 | 33 |



11. Trade and other receivables

| | (Unit: Thousand Baht) | | | |
|---|--------------------------------------|--------|----------------------------------|--------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| <u>Trade receivables - related parties</u> (Note 8) | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 314 | 216 | 1,232 | 470 |
| Past due | | | | |
| Up to 3 months | 7 | - | 239 | 37 |
| 3 - 6 months | 1 | - | - | - |
| 6 - 12 months | - | - | 37 | - |
| Total trade receivables - related parties, net | 322 | 216 | 1,508 | 507 |
| <u>Trade receivables - unrelated parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 3,463 | 3,896 | 2,125 | 2,699 |
| Past due | | | | |
| Up to 3 months | 26,740 | 15,317 | 25,521 | 13,552 |
| 3 - 6 months | 1,409 | 1,965 | 1,231 | 1,815 |
| 6 - 12 months | 2,724 | 1,036 | 2,680 | 945 |
| Over 12 months | 2,566 | 403 | 2,411 | 364 |
| Total | 36,902 | 22,617 | 33,968 | 19,375 |
| Less: Allowance for doubtful debts | (1,093) | (414) | (947) | (394) |
| Total trade receivables - unrelated parties, net | 35,809 | 22,203 | 33,021 | 18,981 |
| Total trade receivable - net | 36,131 | 22,419 | 34,529 | 19,488 |
| <u>Other receivables</u> | | | | |
| Other receivables - related parties (Note 8) | | | | |
| | - | 142 | 496 | 341 |
| Other receivables - unrelated parties | 1,318 | 1,187 | 1,183 | 977 |
| Less: Allowance for doubtful debts | (236) | (236) | (236) | (236) |
| Total other receivables, net | 1,082 | 1,093 | 1,443 | 1,082 |
| Total trade and other receivables - net | 37,213 | 23,512 | 35,972 | 20,570 |

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12. Inventories

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | |
|---|---------------|---------------|--|----------------|-------------------|---------------|
| | Cost | | Reduce cost to net realisable value | | Inventories - net | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Finished goods | 16,412 | 10,800 | (1,146) | (1,436) | 15,266 | 9,364 |
| Service materials and supplies | 23,246 | 20,610 | (382) | (452) | 22,864 | 20,158 |
| Food and beverage | 562 | 510 | (4) | (2) | 558 | 508 |
| Products during packaging and packages | 1,362 | 1,114 | (149) | (105) | 1,213 | 1,009 |
| Total | 41,582 | 33,034 | (1,681) | (1,995) | 39,901 | 31,039 |

(Unit: Thousand Baht)

| Separate financial statements | | | | | | |
|---|---------------|---------------|--|--------------|-------------------|---------------|
| | Cost | | Reduce cost to net realisable value | | Inventories - net | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Finished goods | 12,447 | 9,914 | (113) | (106) | 12,334 | 9,809 |
| Service materials and supplies | 24,851 | 21,202 | (377) | (403) | 24,474 | 20,799 |
| Food and beverage | 14 | 22 | (4) | (2) | 10 | 19 |
| Products during packaging and packages | 530 | 26 | - | - | 530 | 26 |
| Total | 37,842 | 31,164 | (494) | (511) | 37,348 | 30,653 |

During the current year, the Group reduced cost of inventories by Baht 0.5 million (2018: Baht 1.6 million) (The Company only: Baht 0.3 million (2018: Baht 0.2 million)), to reflect the net realisable value. This was included in cost of sales. In addition, the Group reversed the write-down of cost of inventories by Baht 0.8 million (2018: Baht 0.9 million) (The Company only: Baht 0.3 million (2018: Baht 0.1 million)), and reduced the amount of inventories recognised as expenses during the year.

13. 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 19 to the financial statements.

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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

14. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements as at 31 December 2019 and 2018 are as follows:


| Company's name | Country of incorporation | Called-up share capital | | Shareholding percentage | | Cost | | (Unit: Thousand Baht) Dividend received during the year | |
|---|--------------------------|-------------------------|--------------------|-------------------------|--------|----------------|----------------|---|---------------|
| | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | | | | (%) | (%) | | | | |
| 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 | 1 | 100.00 | 100.00 | - | - | - | - |
| | | (Hong Kong Dollar) | (Hong Kong Dollar) | | | | | | |
| Siam Wellness Group (Cambodia) Co., Ltd. | Cambodia | - | - | 100.00 | 100.00 | - | - | - | - |
| Total | | | | | | 101,705 | 101,705 | - | 25,420 |

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.

Cancelation of investment in Chaba Elegance Co., Ltd.

In January 2019, the Company acquired the business of Chaba Elegance Co., Ltd. And on 6 October 2019, the Company entered into the separation agreement for the investment in Chaba Elegance Co., Ltd. with the former shareholders as disclosed in Note 7 to the financial statements. However, during 2019 the Company received dividend from Chaba Elegance Co., Ltd. amounting to Baht 1.6 million.

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 SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

15. Leasehold rights

(Unit: Thousand Baht)

| | Consolidated and Separate financial statements |
|----------------------------------|--|
| Cost | |
| 1 January 2018 | 19,758 |
| Additions | 208 |
| 31 December 2018 | 19,966 |
| Additions | 3,203 |
| 31 December 2019 | 23,169 |
| Amortisation | |
| 1 January 2018 | 9,638 |
| Amortisation for the year | 2,197 |
| 31 December 2018 | 11,835 |
| Amortisation for the year | 2,069 |
| 31 December 2019 | 13,904 |
| Net book value | |
| 31 December 2018 | 8,131 |
| 31 December 2019 | 9,265 |
| Amortisation for the year | |
| 2018 | 2,197 |
| 2019 | 2,069 |

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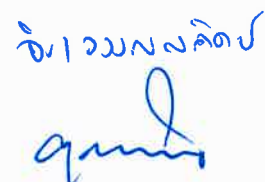


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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

16. Property, plant and equipment

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | | Total |
|--|-----------------------------------|------------|-------------------|-------------------------------------|-----------------------------------|----------------|-----------|
| | Revaluation | Cost basis | | | | | |
| | basis | Land | Land improvements | Buildings and building improvements | Furniture, fixtures and equipment | Motor vehicles | |
| Cost/Revalued amount: | | | | | | | |
| 1 January 2018 | 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 |
| Additions | - | - | 382 | 30,990 | 849 | 130,707 | 162,928 |
| Disposals/Write-off | - | - | (898) | (1,967) | (42) | - | (2,907) |
| Transfer to non-current assets classified as held for sale | - | - | (38,782) | - | - | - | (38,782) |
| Transfer in (out) | - | - | 132,716 | - | - | (132,716) | - |
| 31 December 2019 | 278,766 | 2,684 | 1,112,724 | 185,739 | 19,981 | 21,066 | 1,620,960 |
| Accumulated depreciation: | | | | | | | |
| 1 January 2018 | - | 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 |
| Depreciation for the year | - | - | 89,356 | 22,056 | 2,502 | - | 113,914 |
| Depreciation on disposals/write-off | - | - | (500) | (1,352) | (42) | - | (1,894) |
| Depreciation for transferring to non-current assets classified as held for sale | - | - | (6,487) | - | - | - | (6,487) |
| 31 December 2019 | - | 2,684 | 406,598 | 115,118 | 13,763 | - | 538,163 |
| Net book value: | | | | | | | |
| 31 December 2018 | 278,766 | - | 695,077 | 62,302 | 7,871 | 23,075 | 1,067,091 |
| 31 December 2019 | 278,766 | - | 706,126 | 70,621 | 6,218 | 21,066 | 1,082,797 |
| Depreciation for the year | | | | | | | |
| 2018 (Baht 85.6 million included in cost of sales and cost of services, and the balance in selling and administrative expenses) | | | | | | | 92,340 |
| 2019 (Baht 107.2 million included in cost of sales and cost of services, and the balance in selling and administrative expenses) | | | | | | | 113,914 |

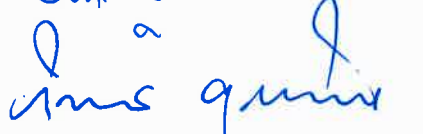





(Unit: Thousand Baht)

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 | |
| Cost/Revalued amount: | | | | | | |
| 1 January 2018 | 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 |
| Additions | - | 381 | 30,193 | 849 | 129,540 | 160,963 |
| Disposals/write-off | - | (790) | (1,640) | (42) | - | (2,472) |
| Transfer to non-current assets classified as held for sale | - | (38,782) | - | - | - | (38,782) |
| Transfer in (out) | - | 131,549 | - | - | (131,549) | - |
| 31 December 2019 | 278,766 | 963,908 | 161,050 | 17,771 | 21,066 | 1,442,561 |
| Accumulated depreciation: | | | | | | |
| 1 January 2018 | - | 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 |
| Depreciation for the year | - | 81,999 | 20,209 | 2,161 | - | 104,369 |
| Depreciation on disposals/write-off | - | (394) | (1,028) | (42) | - | (1,464) |
| Depreciation for transferring to non-current assets classified as held for sale | - | (6,487) | - | - | - | (6,487) |
| 31 December 2019 | - | 331,343 | 94,287 | 12,510 | - | 438,140 |
| Net book value: | | | | | | |
| 31 December 2018 | 278,766 | 615,325 | 57,391 | 6,573 | 23,075 | 981,130 |
| 31 December 2019 | 278,766 | 632,565 | 66,763 | 5,261 | 21,066 | 1,004,421 |
| Depreciation for the year | | | | | | |
| 2018 (Baht 77.5 million included in cost of sales and cost of services, and the balance in selling and administrative expenses) | | | | | | 84,085 |
| 2019 (Baht 97.9 million included in cost of sales and cost of services, and the balance in selling and administrative expenses) | | | | | | 104,369 |

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On 29 October 2019, the Meeting of Executive Committee has the resolution to approve the Company to sell its condominium unit. On 31 December 2019, the Company entered into the sales and purchase agreement of condominium unit with a non-related person with the amount of Baht 36.5 million. During the year 2019, the Company received the deposit amounted Baht 0.2 million. According to the agreement, the buyer shall pay for the remaining amount of Baht 34.5 million within 31 December 2020. As at 31 December 2019, the Company classified such condominium unit with its net book value of Baht 32.3 million as "Non-current assets classified as held for sale" under current assets in the consolidated and separate statement of financial position of the Company.

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.

Had the lands carried in the financial statements on a historical cost basis, their net book value as of 31 December 2019 and 2018 would have been as follows:

(Unit: Thousand Baht)

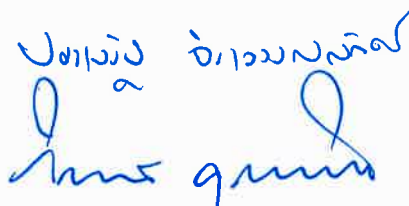
| | Consolidated and Separate financial statements | |
|------|---|---------|
| | 2019 | 2018 |
| Land | 165,557 | 165,557 |

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

(Unit: Thousand Baht)

| | Consolidated and Separate financial statements | |
|---------------------------|---|---------|
| | 2019 | 2018 |
| Original costs | 165,557 | 165,557 |
| Surplus from revaluations | 113,209 | 113,209 |
| Revalued amount | 278,766 | 278,766 |

As at 31 December 2019, the Company had equipment with net book value of Baht 0.4 million (2018: For vehicles and equipment Baht 0.3 million), which were acquired under finance lease agreements.





As at 31 December 2019, 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 178.2 million (2018: Baht 168.1 million) (The Company only: Baht 111.7 million (2018: Baht 100.3 million)).

As at 31 December 2019, the Company has pledged its land and structures thereon amounting to Baht 242.9 million (2018: Baht 238.5 million) as collateral against its long-term loans facilities as disclosed in Note 21 to the consolidated financial statements.

17. Goodwill

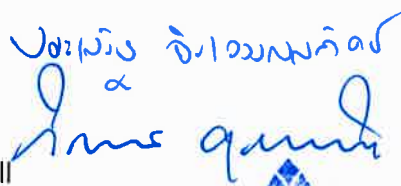
A reconciliation of net book value of goodwill for the years ended 31 December 2019 and 2018 is presented below.

| | (Unit: Thousand Baht) | |
|---------------------------------------|--------------------------------------|----------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Net book value as at 1 January 2018 | 24,536 | 20,340 |
| Net book value as at 31 December 2018 | 24,536 | 20,340 |
| Net book value as at 31 December 2019 | 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 | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| 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 | |
| | 2019 | 2018 |
| Goodwill | 20,340 | 20,340 |


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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.

18. Intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 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 2019: | | | | | | | | |
| Cost | 8,122 | 1,985 | 4,697 | 14,804 | 8,020 | 1,178 | 4,697 | 13,895 |
| Less: Accumulated amortisation | (2,548) | (1,051) | (2,066) | (5,665) | (2,528) | (348) | (2,066) | (4,942) |
| Net book value | 5,574 | 934 | 2,631 | 9,139 | 5,492 | 830 | 2,631 | 8,953 |

(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 |

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|-------------------------------------|----------------------|---------|----------------------|---------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Net book value at beginning of year | 8,963 | 9,245 | 8,772 | 9,012 |
| Acquisition during the year | 1,820 | 1,142 | 1,773 | 1,126 |
| Write-off during the year | - | (4) | - | - |
| Amortisation | (1,644) | (1,420) | (1,592) | (1,366) |
| Net book value at end of year | 9,139 | 8,963 | 8,953 | 8,772 |

19. Bank overdrafts from financial institution

(Unit: Thousand Baht)

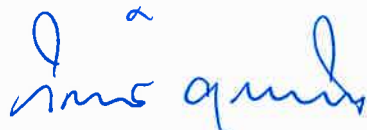
| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------|----------------------------------|------|
| | 2019 | 2018 | 2019 | 2018 |
| Bank overdrafts from financial institution | 32 | 1,342 | - | - |
| Total | 32 | 1,342 | - | - |

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 13 to the financial statements.

20. Trade and other payables

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------|----------------------------------|--------|
| | 2019 | 2018 | 2019 | 2018 |
| Trade accounts payable - unrelated parties | 21,755 | 26,994 | 17,517 | 22,874 |
| Trade accounts payable - related parties (Note 8) | 2,421 | 2,237 | 8,109 | 7,649 |
| Payables for purchase of fixed assets - unrelated parties | 1,176 | 563 | 954 | 563 |
| Payables for purchase of fixed assets - related parties (Note 8) | 75 | - | 75 | - |
| Payables for construction and retention | 20,144 | 16,320 | 19,548 | 15,758 |
| Other payables - unrelated parties | 7,593 | 1,806 | 7,457 | 1,197 |
| Other payables - related parties (Note 8) | 148 | 758 | 123 | 744 |
| Accrued payroll and bonus expenses | 22,367 | 19,679 | 21,698 | 19,003 |
| Accrued rental expenses | 12,362 | 11,933 | 12,219 | 11,698 |
| Other accrued expenses - unrelated parties | 8,677 | 3,096 | 7,304 | 2,703 |
| Other accrued expenses - related parties (Note 8) | - | - | 25 | 125 |
| Total trade and other payables | 96,718 | 83,386 | 95,029 | 82,314 |

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21. Long-term loans

(Unit: Thousand Baht)

| Loan | Facility amount (Million Baht) | Interest rate (% p.a.) | Consolidated and Separate financial statements | |
|--|-----------------------------------|---------------------------|---|----------|
| | | | 2019 | 2018 |
| 1 | 240 | MLR - 3 and MLR - 2.2 | 65,900 | 119,900 |
| 2 | 80 | MLR - 3 and MLR - 2.2 | 50,300 | 66,500 |
| 3 | 70 | MLR - 3.25 | - | 23,830 |
| 4 | 160 | MLR - 3.75 | 44,167 | - |
| Total | | | 160,367 | 210,230 |
| Less: Current portion | | | (80,200) | (84,240) |
| Long-term loan, net of current portion | | | 80,167 | 125,990 |

Credit facility amount of Baht 240 million

The repayment of this loan is on monthly basis under condition as specified in the loan agreement (amendment version), with 60 periods. The last payment period is in December 2021. The loan is secured by the mortgage of land and structures thereon of the Company as disclosed in the Note 16 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.

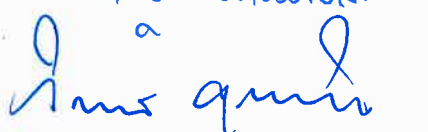
As at 31 December 2019, this long-term credit facilities of a Company which have not yet been drawn down amounted to Baht 12 million (2018: Baht 12 million).

Credit facility amount of Baht 80 million

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 16 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 2019, the long-term credit facilities of a Company had been fully drawn down.

นางสาว อธิวิมล นนทสิริ




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

Credit facility amount of Baht 70 million

The principal repayment is due on monthly basis, with 60 equal installments. The first repayment is due in December 2019. The loan is secured by the mortgage of land and structures thereon of the Company as disclosed in the Note 16 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 2019, the Company has made full repayment.

Credit facility amount of Baht 160 million

The principal repayment is due on monthly basis, with 60 equal installments. The first repayment is due in June 2019. The loan is secured by the mortgage of land and structures thereon of the Company as disclosed in the Note 16 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 2019, this long-term credit facilities of a Company which have not yet been drawn down amounted to Baht 110 million. (2018: Nil)

Movements in the long-term loans from financial institution during the year 2019 are summarised below:

| | (Unit: Thousand Baht) |
|--------------------------------|---|
| | Consolidated and Separate financial statements |
| Balance as at 1 January 2019 | 210,230 |
| Add: Increase during year | 170,000 |
| Less: Repayment | (219,863) |
| Balance as at 31 December 2019 | <u>160,367</u> |

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22. Liabilities under finance lease agreements

(Unit: Thousand Baht)

Consolidated and Separate
financial statements

| | 2019 | 2018 |
|--|-------|------|
| Liabilities under finance lease agreements | 407 | 373 |
| Less: Deferred interest expenses | (27) | (21) |
| Total | 380 | 352 |
| Less: Portion due within one year | (120) | (87) |
| Liabilities under finance lease agreements - net of current portion | 260 | 265 |

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 and 4 years.

Future minimum lease payments required under the finance lease agreement as at 31 December 2019 and 2018 were as follows:

(Unit: Thousand Baht)

Consolidated and Separate
financial statements

| | 2019 | | |
|--|---------------------|-----------|-------|
| | Less than 1 year | 1-5 years | Total |
| Future minimum lease payments | 134 | 273 | 407 |
| Deferred interest expenses | (14) | (13) | (27) |
| Present value of future minimum lease payments | 120 | 260 | 380 |

(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 |

นางสาว อังคณาภรณ์
อัครกุล

นางสาว อังคณาภรณ์
อัครกุล



23. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|----------------------|----------------------|----------------------|
| | Consolidated | | Separate | |
| | financial statements | financial statements | financial statements | financial statements |
| | 2019 | 2018 | 2019 | 2018 |
| Provision for long-term employee benefits at beginning of year | 14,446 | 10,886 | 11,685 | 8,744 |
| Included in profit or loss: | | | | |
| Current service cost | 3,780 | 3,086 | 3,228 | 2,552 |
| Interest cost | 670 | 474 | 545 | 389 |
| Past service cost | 260 | - | 157 | - |
| Included in other comprehensive income: | | | | |
| Actuarial (gain) loss arising from | | | | |
| Financial assumptions changes | (12,386) | - | (10,205) | - |
| Experience adjustments | 1,786 | - | 2,273 | - |
| Provision for long-term employee benefits at end of year | 8,556 | 14,446 | 7,683 | 11,685 |

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 0.3 million (The Company only: Baht 0.2 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the profit or loss of the current year.

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 | financial statements | financial statements |
| | 2019 | 2018 | 2019 | 2018 |
| Cost of sales | 201 | 152 | - | - |
| Cost of services | 1,520 | 936 | 1,366 | 869 |
| Selling and administrative expenses | 2,989 | 2,472 | 2,564 | 2,072 |
| Total expenses recognised in profit or loss | 4,710 | 3,560 | 3,930 | 2,941 |

The Company and its subsidiaries expect to pay Baht 0.9 million of long-term employee benefits during the next year (The Company only: Baht 0.8 million) (2018: Baht 0.1 million (The Company only: Baht 0.1 million)).

As at 31 December 2019 and 2018, the weighted average duration of the liabilities for long-term employee benefit is 7 - 25 years (The Company only: 7 years).

Significant actuarial assumptions are summarised below:

(Unit: Percent per annum)

| | Consolidated | | Separate | |
|----------------------|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Discount rate | 1.36 - 2.15 | 3.03 - 3.65 | 1.36 | 3.26 - 3.36 |
| Salary increase rate | 6.00 | 7.37 | 6.00 | 7.37 |
| Turnover rate | 13.00 - 57.00 | 5.00 | 13.00 - 57.00 | 5.00 |

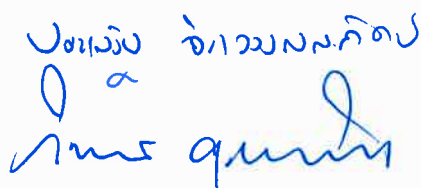
The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: million Baht)

| | Consolidated financial statements | | | | Separate financial statements | | | |
|----------------------|-----------------------------------|-------|---------------|-------|-------------------------------|-------|---------------|-------|
| | Increase 0.5% | | Decrease 0.5% | | Increase 0.5% | | Decrease 0.5% | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Discount rate | (0.2) | (0.8) | 0.2 | 0.9 | (0.2) | (0.6) | 0.2 | 0.7 |
| Salary increase rate | 0.2 | 0.9 | (0.2) | (0.8) | 0.2 | 0.7 | (0.2) | (0.7) |
| Turnover rate | (0.3) | (1.0) | 0.3 | 1.1 | (0.2) | (0.8) | 0.2 | 0.8 |

24. 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.



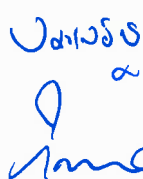
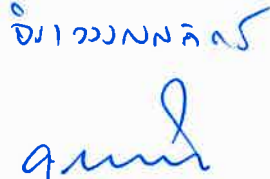
25. Dividends

| Dividends | Approved by | Dividend (Million Baht) | Dividend per share (Baht per share) |
|--------------------------|--|----------------------------|--|
| Final dividends for 2018 | Annual General Meeting of the Company's shareholders on 29 March 2019 | 85.50 | 0.15 |
| Total dividends for 2019 | | 85.50 | 0.15 |
| 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 |

26. Expenses by nature

Significant expenses classified by nature are as follows:

| | (Unit: Thousand Baht) | | | |
|---|--------------------------------------|---------|----------------------------------|---------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Changes in inventories | (8,548) | (3,904) | (6,678) | (5,456) |
| Purchases of inventories | 101,342 | 11,258 | 108,655 | 96,853 |
| Depreciation and amortisation | 117,627 | 95,957 | 108,031 | 87,648 |
| Employee expenses | 488,402 | 403,259 | 479,724 | 386,797 |
| Directors' remuneration | 4,583 | 6,968 | 4,583 | 6,968 |
| Rental expenses | 210,373 | 150,856 | 207,765 | 148,348 |
| Public utilities | 35,227 | 30,583 | 34,062 | 29,711 |
| Maintenance and decorate locations expenses | 32,525 | 26,136 | 31,835 | 25,056 |
| Advertising and promotion expenses | 29,553 | 26,016 | 27,913 | 24,520 |
| Laundry expenses | 37,173 | 29,470 | 37,062 | 29,438 |
| Consulting fees | 7,402 | 7,853 | 3,647 | 3,152 |

27. Income tax

27.1 Income tax expenses


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

| | (Unit: Thousand Baht) | | | |
|--|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Current income tax: | | | | |
| Current income tax charge | 46,477 | 35,390 | 43,301 | 31,517 |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | (1,284) | 49 | (1,438) | 1,049 |
| Income tax expenses from continuing operations reported in profit or loss | 45,193 | 35,439 | 41,863 | 32,566 |
| Current income tax from discontinued operation (Note 7) | 573 | - | - | - |
| Total current income tax expenses | 45,767 | 35,439 | 41,863 | 32,566 |

27.2 Income tax relating to each component of other comprehensive income and shareholders' equity

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

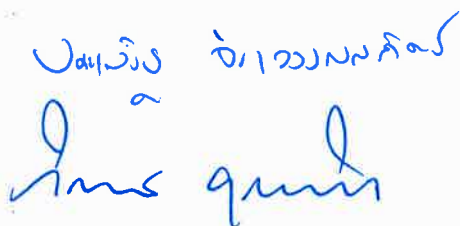
| | (Unit: Thousand Baht) | | | |
|-----------------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Deferred tax relating to | | | | |
| - Surplus on revaluation of lands | - | 12,466 | - | 12,466 |
| - Actuarial gain | 2,091 | - | 1,586 | - |
| Total | 2,091 | 12,466 | 1,586 | 12,466 |

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27.3 Reconciliation between accounting profit and income tax expenses

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

| | (Unit: Thousand Baht) | | | |
|--|-----------------------------------|----------|-------------------------------|----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Accounting profit before tax | 287,527 | 241,038 | 259,317 | 238,082 |
| Applicable tax rate | 0%, 15%, 20% | 0%, 20% | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | 56,705 | 52,173 | 51,875 | 47,616 |
| Effects of: | | | | |
| Loss carry forward | (523) | - | - | - |
| Exempt dividend income | - | (5,084) | - | (5,084) |
| Non-deductible expenses | 490 | 201 | 136 | 182 |
| Additional expense deductions allowed | (11,478) | (11,851) | (10,148) | (10,148) |
| Total | (11,511) | (16,734) | (10,012) | (15,050) |
| Income tax expenses reported in profit or loss | 45,194 | 35,439 | 41,863 | 32,566 |
| Current income tax from discontinued operation (Note 7) | 573 | - | - | - |
| Total current income tax expenses | 45,767 | 35,439 | 41,863 | 32,566 |





27.4 Deferred tax assets / liabilities

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

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------------|-------------------------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Deferred tax assets | | | | |
| Allowance for doubtful accounts | 266 | 130 | 237 | 126 |
| Allowance for diminution in value of inventories | 691 | 150 | 99 | 103 |
| Provision for long-term employee benefits | 1,680 | 2,825 | 1,536 | 2,337 |
| Rental expenses on the straight-line method | 2,442 | 2,340 | 2,449 | 2,340 |
| Interest and depreciation from decommissioning estimation | 450 | 348 | 450 | 348 |
| Unused tax losses | - | 881 | - | - |
| Total | 5,529 | 6,674 | 4,771 | 5,254 |
| Deferred tax liabilities | | | | |
| Surplus on revaluation of land | 22,642 | 22,642 | 22,642 | 22,642 |
| Rental revenue on the straight-line method | - | - | 4 | - |
| Unrealised gain from revaluation of trading investments | 40 | 29 | 10 | - |
| Deferred sales and marketing revenues | 120 | 2,194 | 120 | 2,195 |
| Total | 22,802 | 24,865 | 22,776 | 24,837 |
| Deferred tax assets - net | 722 | 1,392 | - | - |
| Deferred tax liabilities - net | 17,995 | 19,583 | 18,005 | 19,583 |

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28. Earnings per share

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

| | Consolidated financial statements | | | | | |
|-------------------------------------|-----------------------------------|---------|------------------------|------|---------|---------|
| | Continuing operations | | Discontinued operation | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Profit for the year (Thousand Baht) | 242,329 | 205,597 | 3,140 | - | 245,469 | 205,597 |
| Weighted average number of | | | | | | |
| ordinary share (Thousand shares) | 570,000 | 570,000 | 570,000 | - | 570,000 | 570,000 |
| Profit per share (Baht/share) | 0.425 | 0.361 | 0.006 | - | 0.431 | 0.361 |
| | Separate financial statements | | | | | |
| | Continuing operations | | Discontinued operation | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Profit for the year (Thousand Baht) | 217,511 | 205,516 | - | - | 217,511 | 205,516 |
| Weighted average number of | | | | | | |
| ordinary share (Thousand shares) | 570,000 | 570,000 | - | - | 570,000 | 570,000 |
| Profit per share (Baht/share) | 0.382 | 0.361 | - | - | 0.382 | 0.361 |

29. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

For management purposes, the Group is 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.
- 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.

Signature of the Chief Executive Officer and the Chief Financial Officer.


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 Group's operating segments for the years ended 31 December 2019 and 2018, respectively.

(Unit: Million Baht)

| | Spa services | | Sales of spa products and healthy products | | Hotel and restaurant | | Elimination | | Total | |
|---|----------------------------------|--------------|--|-----------|----------------------|-----------|-------------|-------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | Revenues from external customers | 1,263 | 1,009 | 70 | 63 | 51 | 62 | - | - | 1,384 |
| Internal - segment revenues | 21 | 14 | 37 | 35 | 1 | 1 | (59) | (50) | - | - |
| Total revenues | 1,284 | 1,023 | 107 | 98 | 52 | 63 | (59) | (50) | 1,384 | 1,134 |
| Segment profit | 381 | 320 | 42 | 39 | 18 | 25 | - | - | 441 | 384 |
| Revenues and expenses which have not been allocated : | | | | | | | | | | |
| Other income | | | | | | | | | 19 | 18 |
| Selling and distribution expenses | | | | | | | | | (52) | (45) |
| Administrative expenses | | | | | | | | | (110) | (107) |
| Finance cost | | | | | | | | | (11) | (9) |
| Profit before income tax expenses | | | | | | | | | 287 | 241 |
| Income tax expenses | | | | | | | | | (45) | (35) |
| Profit for the year of continuing operations | | | | | | | | | 242 | 206 |
| Profit for the year of discontinued operation | | | | | | | | | 4 | - |
| Total profit for the year | | | | | | | | | 246 | 206 |
| Other material non-cash item: | | | | | | | | | | |
| Write-off of property, plant and equipment | - | (2) | - | - | - | (1) | - | - | - | (3) |

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 STAM WELLNESS GROUP PUBLIC COMPANY LIMITED

Contract assets / Contract liabilities

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|--------|-------------------------------|--------|
| | 2019 | 2018 | 2019 | 2018 |
| | (Unit: Thousand Baht) | | | |
| Contract assets | | | | |
| Trade receivables - net | 36,131 | 22,419 | 34,529 | 19,488 |
| Total contract assets - net | 36,131 | 22,419 | 34,529 | 19,488 |
| Contract liabilities | | | | |
| Advance received - current portion | 28,922 | 24,961 | 27,740 | 23,205 |
| Advance received - net of current portion | 12,162 | - | 12,162 | - |
| Total contract liabilities | 41,084 | 24,961 | 39,902 | 23,205 |

Disaggregated revenue from contracts with customers

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|-----------|-------------------------------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| | (Unit: Thousand Baht) | | | |
| Timing of revenue recognition: | | | | |
| Revenue recognised at a point in time | | | | |
| Sale | 90,320 | 87,371 | 61,048 | 56,108 |
| Services | | | | |
| Spa Service | 1,251,955 | 996,277 | 1,250,952 | 996,368 |
| Hotel and restaurant | 30,900 | 37,593 | - | - |
| Revenue recognised over time | | | | |
| Franchise income | 10,512 | 13,009 | 10,512 | 13,009 |
| Management Fee | - | - | 2,373 | 2,250 |
| Total revenue from contracts with customers | 1,383,687 | 1,134,250 | 1,264,885 | 1,067,735 |

Revenue to be recognised for the remaining performance obligations

As at 31 December 2019, revenue totaling Baht 16 million is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unsatisfied (or partially unsatisfied) The Group expects to satisfy these performance obligations within 3-5 years.

The above information does not include revenue to be recognised for the unsatisfied portions of performance obligations related to contracts with a duration of one year or less and where the revenue is recognised in the amount that the entity has a right to invoice.

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The segment assets of the Group as at 31 December 2019 and 2018 are as follows:

(Unit: Million Baht)

| | Spa services and sales of spa products and healthy products* | | Hotel and restaurant | | Elimination | | Total | |
|---------------------|---|--------------|----------------------|------------|-------------|-------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | Property, plant and equipment | 1,015 | 994 | 68 | 73 | - | - | 1,083 |
| Other assets | 409 | 295 | 39 | 27 | (15) | (20) | 433 | 302 |
| Total assets | 1,424 | 1,289 | 107 | 100 | (15) | (20) | 1,516 | 1,369 |

* Spa services business had jointly used of assets with sales of spa products and healthy products business.

Geographic information

The Group operates 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 2019 and 2018, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

30. 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 contributes 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.

During the years 2019 and 2018, the contributions to the fund which were recognised as expenses are as follows:

(Unit: Million Baht)

| | Consolidated and Separate financial statements | |
|---------------------------------|---|------|
| | 2019 | 2018 |
| Contributions to provident fund | 1.6 | 1.3 |

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SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED

31. Commitments and contingent liabilities

31.1 Capital commitments

As at 31 December 2019 and 2018, 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 | |
|--------------------|---|------|
| | 2019 | 2018 |
| Construction costs | 12 | 15 |

31.2 Operating lease commitments

31.2.1 The Group has 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.

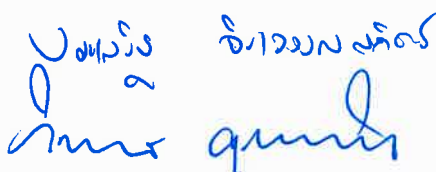
Moreover, the Company has entered into operating lease agreement in respect of the lease of land with a related party for the period of 30 years as disclosed in the Note 7 to the financial statements.

As at 31 December 2019 and 2018, the Group has future minimum payments required under these non-cancellable operating leases agreement and related service agreements were as follows.

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|--------------------------------------|------|----------------------------------|------|
| | 2019 | 2018 | 2019 | 2018 |
| Payable: | | | | |
| In up to 1 year | 179 | 180 | 177 | 176 |
| In over 1 and up to 5 years | 359 | 338 | 358 | 333 |
| In over 5 years | 117 | 141 | 117 | 141 |

As at 31 December 2019, Baht 17 million of the commitments of the Group are obligations under lease agreements and service agreements with the related companies (2018: Baht 40 million) (The Company only: Baht 21 million (2018: Baht 32 million)).



31.2.2 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 2019, the Company recognised rental and service expenses amounting to Baht 29 million (2018: Baht 17 million).

31.2.3 As at 31 December 2019, future minimum sublease payments expected to be received under non-cancellable subleases for partial areas amounting to Baht 6 million (2018: Baht 3 million). During the year ended 31 December 2019, the Company recognised rental expenses of Baht 4 million (2018: Baht 3 million) and subleasing revenue for partial areas of Baht 5 million (2018: Baht 4 million).

31.3 Letters of guarantees

As at 31 December 2019, there were outstanding bank guarantees of Baht 2 million (2018: Baht 2 million) (The Company only: Baht 2 million (2018: Baht 2 million)) issued by the banks on behalf of the Group as required in the normal course of business.

32. Fair value hierarchy

As at 31 December 2019 and 2018, the Company had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

| 31 December 2019 | | | | |
|--------------------------------------|---------|---------|---------|-------|
| Consolidated financial statements | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Current investments - Unit trusts | - | 73 | - | 73 |
| Lands | - | 279 | - | 279 |

(Unit: Million Baht)

| 31 December 2019 | | | | |
|--------------------------------------|---------|---------|---------|-------|
| Separate financial statements | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Current investments - unit trusts | - | 15 | - | 15 |
| Lands | - | 279 | - | 279 |

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(Unit: Million Baht)

31 December 2018

| Consolidated financial statements | | | | |
|--------------------------------------|---------|---------|-------|-----|
| Level 1 | Level 2 | Level 3 | Total | |
| Assets measured at fair value | | | | |
| 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 | |
| Assets measured at fair value | | | | |
| Lands | - | 279 | - | 279 |

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.

33. Financial instruments

33.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, share return 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.

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Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables, share return receivables, and long-term loan to related party. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does 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, share return receivables and long-term loan to a related party as stated in the statements of financial position.



Interest rate risk

The Group's 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 Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2019 and 2018, 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 2019 | | | | | | | | |
| 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) |
| Financial Assets | | | | | | | | |
| Cash and cash equivalent | - | - | - | - | 46 | 7 | 53 | 0.05 - 0.70 |
| Current investments | - | - | - | - | - | 73 | 73 | - |
| Trade and other receivables | - | - | - | - | - | 37 | 37 | - |
| Share return receivables | - | - | - | - | - | 54 | 54 | - |
| Restricted deposits of financial institution | - | 5 | - | - | - | - | 5 | 1.05 |
| | - | 5 | - | - | 46 | 171 | 222 | |

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(Unit: Million Baht)

Consolidated financial statements

31 December 2019

| | Fixed interest rates | | | | | Non- interest bearing | Total | Interest rate (% per annum) |
|---|----------------------|------------------|--------------|-----------------|---------------------------|-----------------------------|-------|--------------------------------|
| | At call | Within 1 year | 1-5 years | Over 5 years | Floating interest rate | | | |
| Financial liabilities | | | | | | | | |
| Short-term loans from and interest payable to related parties | 5 | - | - | - | - | - | 5 | Note 8 |
| Trade and other payables | - | - | - | - | - | 97 | 97 | - |
| Long-term loans | - | - | - | - | 160 | - | 160 | Note 21 |
| | 5 | - | - | - | 160 | 97 | 262 | |

(Unit: Million Baht)

Separate financial statements

31 December 2019

| | Fixed interest rates | | | | | Non- interest bearing | Total | Interest rate (% per annum) |
|------------------------------|----------------------|------------------|--------------|-----------------|---------------------------|-----------------------------|-------|--------------------------------|
| | At call | Within 1 year | 1-5 years | Over 5 years | Floating interest rate | | | |
| Financial Assets | | | | | | | | |
| Cash and cash equivalent | - | - | - | - | 39 | 6 | 45 | 0.05 - 0.70 |
| Current investments | - | - | - | - | - | 15 | 15 | - |
| Trade and other receivables | - | - | - | - | - | 36 | 36 | - |
| Share return receivables | - | - | - | - | - | 54 | 54 | - |
| | - | - | - | - | 39 | 111 | 150 | |
| Financial liabilities | | | | | | | | |
| Trade and other payables | - | - | - | - | - | 95 | 95 | - |
| Long-term loans | - | - | - | - | 160 | - | 160 | Note 21 |
| | - | - | - | - | 160 | 95 | 255 | |

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

(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) |
|---|---------|------------------|--------------|-----------------|---------------------------|-----------------------------|-------|--------------------------------|
| Financial Assets | | | | | | | | |
| 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 | |
| Financial liabilities | | | | | | | | |
| Bank overdrafts from financial institution | - | - | - | - | 1 | - | 1 | Note 19 |
| Short-term loans from and interest payable to related parties | 4 | - | - | - | - | - | 4 | Note 8 |
| Trade and other payables | - | - | - | - | - | 83 | 83 | - |
| Long-term loans | - | - | - | - | 210 | - | 210 | Note 21 |
| | 4 | - | - | - | 211 | 83 | 298 | |

(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) |
|---|---------|------------------|--------------|-----------------|---------------------------|-----------------------------|-------|--------------------------------|
| Financial Assets | | | | | | | | |
| 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 8 |
| | - | - | - | - | 65 | 32 | 97 | |
| Financial liabilities | | | | | | | | |
| Trade and other payables | - | - | - | - | - | 82 | 82 | - |
| Long-term loans | - | - | - | - | 210 | - | 210 | Note 21 |
| | - | - | - | - | 210 | 82 | 292 | |

Foreign currency risk

The Group's exposure to foreign currency risk arises from deposit at overseas banks, purchase and service transactions that are denominated in foreign currencies. The Group does not expect to incur material losses from the exchange rates as their businesses are sales and services to minor customers. The Group had no forward contracts outstanding balance as at the end of reporting period.

As at 31 December 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

| Foreign currencies | Consolidated financial statements | | | | | |
|--------------------|-----------------------------------|------------|-----------------------|------------|------------------------------------|-------|
| | Financial assets | | Financial liabilities | | Average exchange rate | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (Thousand) | (Thousand) | (Thousand) | (Thousand) | (Baht per 1 foreign currency unit) | |
| US Dollar | 1 | 126.3 | - | - | 30.15 | 32.45 |
| Hong Kong Dollar | 675 | 437.2 | - | - | 3.87 | 4.14 |
| Euro | - | - | 19 | 31.6 | 33.73 | 37.13 |
| Pound sterling | - | - | - | 0.3 | 39.52 | 41.07 |

| Foreign currencies | Separate financial statements | | | |
|--------------------|-------------------------------|------------|------------------------------------|-------|
| | Financial assets | | Average exchange rate | |
| | 2019 | 2018 | 2019 | 2018 |
| | (Thousand) | (Thousand) | (Baht per 1 foreign currency unit) | |
| US Dollar | 1 | 126.3 | 30.15 | 32.45 |
| Hong Kong Dollar | 675 | 437.2 | 3.87 | 4.14 |

33.2 Fair values of financial instruments

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

- For financial assets and liabilities which have short-term maturity, including cash and deposit at financial institutions, trade and other receivables, bank overdrafts from financial institution, and trade and other payables, their carrying amounts in the statements of financial position approximate their fair values.
- For current investments, their fair values are generally derived from quoted market prices.

Signature and name of the representative in Thai script.



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- c) For share return receivables, their carrying amounts in the statements of financial position approximates their fair values.
- d) For long-term loan carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair values.

During the current year, there were no transfers within the fair value hierarchy.

34. Capital management

The primary objective of the Group's 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 2019, the Group's debt-to-equity ratio was 0.34:1 (2018: 0.41:1) and the Company's was 0.34:1 (2018: 0.40:1).

35. Events after the reporting period

On 29 February 2020, the Board of Directors of the Company passed a resolution to propose that the Annual General Meeting of shareholders to consider the following resolutions.

- (1) To consider the payment of a dividend from the Company's operating results for the year 2019 to the Company's shareholders, comprising a cash dividend and stock dividend totaling Baht 0.155 per share, as detailed below:
 - (1.1) A cash dividend of Baht 0.03 per share, or a total of Baht 17.10 million.
 - (1.2) A stock dividend distributed at a rate of 1 dividend share for every 2 existing shares, or a total of Baht 71.25 million. The dividend shall be converted as dividend payment at Baht 0.125 per share.

The payment of dividend shall be made on 25 May 2020.

- (2) To approve an increase in the Company's registered share capital from Baht 142.50 million to Baht 213.75 million by issuing Baht 71.25 of additional ordinary shares (285 million shares of Baht 0.25 each) to support the distribution of the stock dividend.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 29 February 2020.

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