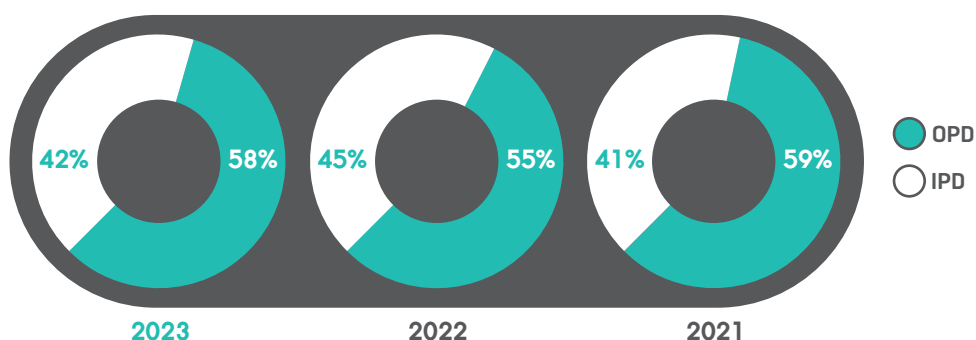


1.2 Nature of Business

Thainakarin Hospital Public Company Limited is situated at 345 Debaratna Road km.3.5, Bangna Nuea, Bangna, Bangkok commenced, on 14 June 1993 under the name “Thainakarin Hospital” after that changed the name to “Thainakarin Hospital, Large General Hospital”, and have license to operate Health Facility establishment business. Being the private hospital in eastern Bangkok, it renders inpatient, outpatient and 24-hour emergency medical services by a multidisciplinary team of specialized doctors with state-of-the-art and standard facilities. Currently staffed by approximately 445 full-time and part-time doctors and 550 nursing staffs, the Hospital has an inpatient bed capacity of 190 and daily outpatient capacity of 2,000, with an after-hour clinic in service until 24.00 hrs. Medical services can be divided by types of patients into 2 groups, which are outpatient services (OPD) that accounts for 58% of the Company’s revenue, and inpatient services (IPD) for 42%.



Revenue Structure

	2023		2022		2021	
	Amount (MB)	Proportion (%)	Amount (MB)	Proportion (%)	Amount (MB)	Proportion (%)
Revenue from medical services						
OPD	1,394.70	57.64	1,420.02	54.52	1,206.53	58.66
IPD	997.28	41.22	1,166.88	44.80	837.31	40.71
Total revenue from medical services	2,391.98	98.86	2,586.90	99.32	2,043.84	99.37
Other revenue	27.57	1.14	17.74	0.68	13.01	0.63
Total revenue	2,419.55	100.00	2,604.64	100.00	2,056.85	100.00

1.2.1 Types of Products and Services

Outpatient service is available from the following departments and centers:

- Heart Center
- Bone & Joint Center
- Holistic Oncology Center
- Breast Care Center
- Hemodialysis Center
- Check-up Center
- Skin & Laser Center
- Dental Center
- Gastrointestinal Center
- Lasik Center
- Brain and Neurology Center
- Rehabilitation Center
- Kidney transplant Center
- Wellness Center

15. Diabetes & Endocrinology Department
16. Traditional Chinese Medical Department
17. Mental Health Department
18. Hepato-Biliary & Pancreas Department
19. Medicine Department
20. Surgery Department
21. Pediatrics Department
22. Obstetrics and Gynecology Department

23. Ear, Nose and Throat Department
24. Eye Department
25. Emergency Department
26. ARI Clinic
27. Linac Department
28. Laboratory Department
29. X-ray Department
30. Physical Therapy Department

Patient's room types:

1. Operating Room (OR)
2. Anesthesia Induction Room
3. Delivery / Labor Room
4. Cath Lab Department
5. Intensive Care Unit (ICU)
6. Coronary Care Unit (CCU)
7. Stroke Unit
8. Ward
9. Nursery Department

Besides medical services and treatments, the Company also made available at its premises access to high-speed internet connection, 24-hour convenience stores, Automated teller machine, fruit cup vending machine, florist shops, coffee & bakery shops, maternity shops, optical shop, food center, a Buddhist prayer room and a Muslim prayer room to offer superior convenience to patients and visitors.

Capacity Utilization

Capacity utilization is assessed based on a comparison between the actual service capacity and projected maximum capacity, divided into OPD and IPD groups. The Hospital's service utilization has obviously decreased as a result of economic circumstance of the pandemic of COVID-19 and more severe competition.

OPD	2023	2022	2021
Capacity per day (times)	2,000	2,000	2,000
Capacity per annum (times)	730,000	730,000	730,000
Service per annum (times)	446,965	509,752	550,381
Capacity utilization (%)	61.23	69.83	75.39

IPD	2023	2022	2021
Bed in service per day (beds)	190	190	190
Total capacity per annum (beds)	69,350	69,350	69,350
Bed in service per annum (beds)	42,181	42,577	49,749
Bed occupancy rate (%)	60.82	61.39	71.74

1.2.2 Market and Competition

1. Overview of Private Hospital Industry in Thailand

The private hospital business has recovered in 2022 and still has long-term growth potential. The overall revenue of the private hospital business in 2022 is expected to expand by 42.5%, continuing from 2021. It has benefited from temporary factors from the treatment of patients with coronavirus disease 2019 and the demand for treatment of diseases not related to coronavirus disease 2019, which is likely to improve, including the opening of the country, which causes income from foreign patients to recover gradually. In 2023, international travel is expected to return to normal and support the Medical Tourism Trend. Therefore, it is expected that the income of the private hospital business will continue to expand at 19.8% YoY. In the future, Health Tech, as an assistant, may become an essential competitor for businesses worth keeping an eye on. Therefore, adjusting the business model by creating cooperation with partners in various business groups will help create opportunities to expand medical service coverage. Overall, the revenue of the private hospital business in 2022 continued to grow from 2021 due to benefiting from temporary factors from treating patients with coronavirus disease 2019 and the need to treat diseases not related to coronavirus disease 2019 that are likely to improve. Also, the country's opening causes income from foreign patients to recover gradually. Overall revenue of private hospitals in 2022 has the opportunity to expand. 42.5%, with the main customer group coming to use the service in 2022 still being a group of Thai patients. In 2023, the business is expected to expand by 19.8% from additional supporting factors from a more pronounced recovery of Medical Tourism.

There is an additional supporting factor from a more pronounced recovery in Medical Tourism, especially foreign patient customers from ASEAN, China, Russia, Japan, and the Middle East who will continue to return to use private hospitals in Thailand. Because of confidence in the quality of treatment, medical and living expenses are not very high compared to competitors in the same region. In addition, there are good standards and service. Meanwhile, important supporting factors based on the original infrastructure still have an effect, namely the increased demand for medical treatment due to the number of patients and higher illness rates from lifestyles at risk of disease, the aging society, and the spread of various diseases more severe.

Resource: TerraBKK.com - <https://www.terrabkk.com/articles/202367>

2. Industry Trends

Although the private hospital business has the potential to grow, there are still factors to consider: Health Tech or Digital Health, may become essential competitors, both direct and indirect, for businesses that are worth keeping an eye on. The advancement of technology combined with people's familiarity with technology will result in continuous health innovations. When Health Tech has played a more significant role, it has made medical treatment and primary health care more accessible. It will continue to create long-term public health benefits that will help reduce congestion in government hospitals and reduce inequality in access to public health services. As a result, the demand for services in private hospitals, which have higher costs, will also decrease. However, Private hospitals can bring in Health Tech to enhance their potential to provide better medical services with lower service costs. It focuses on bringing internationally modern medical technology accepted for treatment, nurses with complex diseases, such as precision medicine or specific medicine, regenerative medicine focusing on cell therapy or gene therapy, etc. Also, its capacity to push for doctors to have specialized expertise will help with specialized treatment, build confidence among those receiving services, and create long-term revenue growth for the hospital.

3. Company's Marketing Strategy

Thainakarin Hospital has proactive strategic planning. The goal is to be a leading private hospital trusted by people in the eastern Bangkok area and the east region of Thailand with its ability to provide medical services from finding - analyzing, preventing, treating, and controlling disease, restoring health, and promoting

health. In 2023, the hospital raised the quality of treatment by opening a cancer center. It covers diagnosis, treatment, and rehabilitation of both body and mind (Comprehensive Cancer Center). For treatment, services will range from surgical treatment, cancer treatment with chemotherapy, use of drugs to treat cancer in specific areas (Targeted Therapy), and Radio Therapy. In addition, the hospital has built a radiotherapy building with a High-energy X-ray linear accelerator (Linear Accelerator; LINAC) and a Computed Tomography Simulator (CT Sim) to increase the efficiency of care for cancer patients.

Thainakarin Hospital has developed quality treatment and holistic health care under Personalized Healthcare and trust in every treatment. It aims to be the Hospital of Choice, the number one hospital for people in eastern Bangkok and the East region. The Eastern Cancer Network project is a collaborative network for treating cancer patients in the East region of Thailand for patient referrals, using equipment together to provide maximum benefit value in both treatment and costs. It includes cooperation in transferring academic knowledge between networks, bringing the strengths of medical expertise, International standard quality technology, and warm and attentive service like family members designing treatment. Also, it provides services in a specific, individualized manner for good treatment results, creating a good experience for service recipients.

In addition, the hospital has medical tools and technology to help increase patient treatment efficiency. Namely, Digital Mammogram with Tomosynthesis increases the accuracy of the diagnosis, making it more effective in detecting breast cancer because it can clearly distinguish the type of tumor between a typical tumor and a breast cancer lump. Reduce the rate of calling patients back for repeat examinations (Reduce Recall Rate) and help increase the efficiency of screening patients for breast biopsy. The hospital provides Full Endoscopic Spine Surgery, which shortens the hospital stay, reduces complications resulting from surgery, and improves patients' quality of life.

The hospital also focuses on providing kidney transplant center and heart center services to serve patients in need of kidney transplants and patients with heart diseases. In addition, the hospital focuses on laparoscopic surgery services using a camera and small tools to perform surgery. The surgical wound is small and can recover faster than standard surgery, shortening the hospital stay, reducing complications from surgery, improving the patient's quality of life, and advising about diseases and other medical treatments. In addition, the hospital plans to build on its strengths and expertise in this area to reach all groups of service recipients. It expands the base of providing preventative health check services in an off-site format (Mobile Check Up) to general service recipients and groups of service recipients who are contracting companies. It continues to provide health promotion services (Health Promotion & Wellness) for groups of service recipients who do not have illnesses but care about their health and want to promote good health for a better quality of life. It is holistic health care coordinated by a team of doctors and medical personnel with specialists from various fields, such as occupational medicine doctors, anti-aging medicine doctors, rehabilitation medicine doctors, psychiatrists, physical therapists, nutritionists, etc.

Major Customer

The Hospital's three major target groups of customers are classified by subscriber group and payment type as follows:

- 1. Corporate** : Customers who are the employees of the contractual corporate making an agreement to define its employees to exercise medical welfare right at Thainakarin Hospital with expense of such corporate.
- 2. Insurance** : Customers who are general customers and employees of the company providing welfare to its employees for receiving medical services at Thainakarin Hospital through health insurance with expenses of the insurance company based on coverage and conditions of each policy made by the insurance company.

- 3. Self-pay :** General customers who pay for medical fee by themselves in the form of debit card, credit card or cash. Most of them live in the nearby areas while others are customers who live far from the hospital but are confident with quality and standards of Thainakarin Hospital as well as patients transferred from other hospitals.

Performance Highlights

Over a period of 30 years, the Company has enhanced its medical care capacity and service strengths in pursuit of service and academic excellence, as follows:

- 1. Promptness of Professional Treatment and Services :** Both medical and supporting personnel of the Hospital use knowledge and expertise in best performing their duties to ensure that the service recipients receive appropriate medical care and highest possible satisfactory services. Improvement and rectification of problems shall be readily and regularly carried out.
- 2. Promptness of Physicians, Nurses and Multi-disciplinary Team :** Accessibility for patients and service recipients to comprehensive, swift and precise medical care is enabled by the promptness of our proficient medical team through 24-hours emergency units, namely.
 - 2.1 24-hours Emergency Heart Center, thus capable of treating all irregular conditions of acute and chronic heart diseases.
 - 2.2 24-hours Emergency Brain and Neurology Center fully-equipped with medical and surgical equipment, thus capable of treating acute and chronic brain diseases, both of which help reduce mortality or disability rate of patients to a great extent.
 - 2.3 A team of pediatricians takes care of pediatric emergency patients 24 hours a day. Thainakarin Hospital is ready to provide care for pediatric patients by providing services 24 hours a day. General pediatricians and specialists are prepared to care for children from birth to 15 years of age.

Such emergency medical services significantly reduce the rate of death or disability of patients.

- 3. Assured Trustworthiness of Medical Care and Hospitable Services :** The Hospital is always be regarded with trust and widely accepted in order to ensure that service recipients are assured to receive quality treatment and services from personnel who understands the true principles of service. The evidence shown from the 'Bangkok Life Smart Hospital Awards 2021' organized by the Bangkok Life Assurance Public Company Limited which presented the award honoring contracted hospitals for outstanding health insurance services in 6 branches and 11 hospitals and Muang Thai Life Assurance Hospital Awards 2022 Project: Muang Thai Life Assurance Public Company Limited has presented an award honoring contract hospital, Commitment to Success SILVER AWARD. It reinforces the development of treatment service standards and promotes the development of hospital service standards.
- 4. International Standard Quality :** The Hospital's medical care has been monitored and controlled in compliance with standards of relevant quality accreditation institutes.
 - In 2003, it received quality accreditation from the Healthcare Accreditation Institute. (Public Organization). Thainakarin Hospital is considered one of the first rank private hospitals in Thailand. to receive this quality certification. The hospital has always had its accreditation renewed. At this time, Thainakarin Hospital has renewed its quality process accreditation (Hospital Re-Accreditation) for the 5th time. The certification period is from 10 September 2022 - 9 September 2025.
 - In May 2023, Thainakarin Hospital received AACI (American Accreditation Commission International) accreditation for breast cancer treatment. It demonstrates our commitment to improving quality and safety for patients and those receiving services in breast cancer to be accepted at the AACI standard level.

1.2.3 Procurement of Products or Services

- **Medical Personnel**

The Company has a policy to recruit doctors in various specialties, including other medical personnel such as nurses, etc., in order to deliver full-range and quality services. Up to now, it has succeeded in recruiting and retaining proficient medical personnel through appropriate remuneration and fringe benefits, favorable workplace environment, along with constant seminars and training schemes for doctors, nurses and medical personnel for their skills development and up-to-date knowledge to ensure of safety services.

- **Medicines and Medical Supplies**

As medicines and medical supplies are essential raw materials for hospital business, the Company adopts a procurement process that is stringent in every step, from order placement where details of medicines shall be screened and decided by a committee consisting of doctors, pharmacists and procurement staff established to oversee appropriate medicine procurement, as well as inventory control.

Almost all medicines and medical supplies of the Company are procured domestically, hence no risk of shortage. To ensure availability of supplies, moreover, the Company establishes effective procurement and inventory management systems, alongside assessment of price suitability, efficiency and quality of products.

During the COVID-19 pandemic situation, the supply of medicines and specialty medical supplies may impact inventory management but the Company was able to solve problems at each step of the way.

- **Medical Equipment and Tools**

Due to increasing complexity of diseases nowadays, the Company needs latest medical equipment and tools to provide patients with quality services. As it is a large sum of investment, the Company takes into meticulous consideration the necessity and quality of the equipment and tools that can meet adequacy and utilization requirements

In 2022 - 2023, the Company purchased medical equipment such as a gastrointestinal diagnostic endoscope set with a high-resolution image signal control unit has an AI system to help diagnose disease more efficiently and a treatment planning system. In addition, a remote patient database management system for radiotherapy will increase the efficiency of treatment and services. The Company has usually made purchases from domestic distributors and also secured clear terms and conditions on prices and after-sales services for the cost-effectiveness and best utilization benefit.

- **Supply of medicines, medical supplies, medical equipment and devices from suppliers (Suppliers)**

The supply of medicines, medical supplies and consumables, medical equipment and devices used in medical treatment each year is as follows:

(Unit: Million Baht)

Order List				
No.	Year	Medical Device	Medicine	Medical supplies and medical consumables
1	Aug 2020 - Jul 2021	194.14	218.12	123.94
2	Aug 2021 - Jul 2022	64.58	252.04	219.47
3	Aug 2022 - Jul 2023	33.05	255.78	133.46

Purchase orders for medicines, medical supplies and consumables, medical equipment and devices used in medical treatment were ordered from domestic manufacturers or distributors. The committee was required to consider imports to Hospital in order to be as cost-effective and appropriate as possible.

1.2.4 Operating Assets

● Core Assets

The Company's core assets of various types as of 31 July 2023 are as follows:

(Unit: Million Baht)

Asset	Book Value	Type of Ownership
Land and land improvement	228.02	Owner
Building, construction and work in process	407.47	Owner / Leasehold
Operating systems	338.87	Owner
Office equipment and furniture	177.35	Owner
Medical equipment and tools	727.31	Owner
Vehicles	16.38	Owner
Total	1,895.40	
Less: Accumulated depreciation	1,001.13	Please see notes
Total Net	894.28	

Notes : As of July 31, 2023, the Company has contributed to the renovation of the building, and a number of equipment and tools, which have been completely depreciated, but are still in use. Book value before deduction of accumulated depreciation of such assets is approximately Baht 690.49 million. (2022: 652.02 million Baht)

● Land and Buildings use in Operation

As of July 31, 2023, the Company's land and buildings used in the business operation were as follows:

Land and Buildings used in the operations	Ownership Characteristic	Net Book Value (Million Baht)
Thainakarin Hospital Building 345 Debaratna Rd., km.3.5, Bangna Nuea, Bangna, Bangkok 10260 Land: 6-2-42 Rai Building: Usable area of about 64,325 square meters	The term of the lease is 30 years from 9 November 2018 to 8 November 2048.	Building and Building improvements 8.88 used in 569.65
Thainakarin Hospital 2 Project Land: 38 deed 16-3-19.5 Rai	Owner	94.98
Linac Center Building 759 Debaratna Rd., Bangna Nuea, Bangna, Bangkok 10260 Land: 3-0-92 Rai Building: Usable area of about 1,809 square meters		

Land and Buildings used in the operations	Ownership Characteristic	Net Book Value (Million Baht)
Car Parking Building 2 799 Debaratna Rd., Bangna Nuea, Bangna, Bangkok 10260 Land: 1-1-10 Rai Building: Usable area of about 9,958 square meters	Owner	135.40
In progress Land: 12-1-17.5 Rai	Owner	165.10
Total Land, Building and right of use, used in the operations		974.01

Furthermore, in 2023, our company acquired extra real estate comprising 0-3-43 Rai (1,243 square meters) in Chachoengsao Province. This acquisition aims to support our ongoing expansion of medical clinic services, which is currently in progress.

1.2.5 Important Contract

1. Collaboration Contract

Party to contract	1. Cancer Alliance Company Limited 2. S.Medical Enterprise Company Limited 3. Saha Clinic Chachoengsao
Term of contract	1 March 2023, onwards. Any party may terminate the contract at any time However, it requires providing written notice to all parties with a minimum of 15 days in advance.
Essence of the contract	The objective is to improve access to effective cancer treatment for patients, ensuring it aligns with medical standards and prioritizes patient safety, appropriateness, and comfort. To achieve this goal, both parties have agreed to initiate the Eastern Cancer Network Project, a collaborative medical venture for sharing academic and medical expertise.

2. Lasik Center Establishment Contract

Party to contract	R.X. Company Limited
Term of contract	1 September 2020 - 31 August 2025
Essence of the contract	The company has committed to supplying the hospital with the WaveLight Excimer Laser EX500 machine and all essential treatment equipment to support the delivery of medical care to patients or service recipients.

3. Sales and service contracts for various tools and equipment

Party to contract	Z-Medic Company Limited
Term of contract	4 January 2021 - 3 January 2024
Essence of the contract	This preparation is aimed at effectively countering the potential outbreak of viruses such as Influenza A/B, Dengue, HPV, Zika, and Chikungunya. It enables us to obtain genetic testing results within a swift timeframe of 4-6 hours from specimen receipt.

4. Insurance Contract

4.1 Industrial All Risks Insurance

Type of contract	Industrial All Risks Insurance
Insurer	MSIG Insurance (Thailand) Public Company Limited
Location of property issued	345 Debaratna Rd., Bangna Nuea, Bangna, Bangkok 10260
Protection	This insurance policy provides coverage for loss or damage to insured property resulting directly from various events, including fire, lightning, explosions, collisions with vehicles, smoke, aircraft, water-related hazards like floods, windstorms, earthquakes, volcanic eruption, underwater waves, tsunamis) and hail danger. Additionally, it covers risks such as strikes, riots, malicious acts, and accidents from unspecified or excluded external factors, as defined in the property risk insurance policy.
Period of insurance	9 November 2022 - 9 November 2023
Total sum insured	800,000,000 Baht
Insured property	<p>Part 1 : The insurance coverage extends to all structures (including their foundations), fences, walls, gates, improvements, and additions. However, it excludes tools, machinery, spare parts, equipment, and medical appliances used for treatment. The coverage also includes the elevator system, sanitation system, fire extinguishing system, wastewater disposal system, water supply system, chiller system, electrical system, air conditioning system, and generator equipment, with a total insured sum of 500,000,000 baht.</p> <p>Part 2 : This coverage includes movable assets such as furniture, decorative items, computer systems, communication equipment, telephone systems, air-conditioned rooms with temperature control, refrigerators, tools, machinery, and medical appliances, including all types of medical treatment facilities, various medical supplies, and medications. It encompasses all movable property within the building, with a total insured sum of 300,000,000 baht.</p> <ul style="list-style-type: none"> • The Thai Red Cross Society is the only beneficiary of Part 1.

4.2 Industrial All Risks Insurance (Linac Building and Car Parking Building 2)

Type of contract	Industrial All Risks Insurance
Insurer	MSIG Insurance (Thailand) Public Company Limited
Location of property issued	759 and 799 Debaratna Rd., Bangna Nuea, Bangna, Bangkok 10260
Protection	This insurance policy provides coverage for loss or damage to insured property resulting directly from various events, including fire, lightning, explosions, collisions with vehicles, smoke, aircraft, water-related hazards like floods, windstorms, earthquakes, volcanic eruption, underwater waves, tsunamis) and hail danger. Additionally, it covers risks such as strikes, riots, malicious acts, and accidents from unspecified or excluded external factors, as defined in the property risk insurance policy.

Period of insurance	23 September 2023 - 23 September 2024
Total sum insured	348,450,000 Baht
Insured property	<ul style="list-style-type: none"> • Car Parking Building : Address 799 The building consists of 9 stories, including an underground floor, and features a passenger elevator system, water system, and electrical system, with a total insured sum of 113,450,000 baht. • Linac Building : Address 759 The 4-story building, along with its perimeter features like fences, walls, gates, and renovation items, is insured for a total of 89,000,000 baht. This coverage extends to furniture, fixtures, and additional improvements, including utility systems such as fire extinguishing, water supply, electrical, electric transformer, MDB mains cabinet, and emergency mains cabinet. It also covers the passenger elevator system, communication system, air conditioning, temperature control, cold room, computer systems and equipment, machinery, and medical appliances, including equipment for medical treatment, is insured for a total of 146,000,000 baht.

4.3 Public Liability Insurance

Type of contract	Public Liability Insurance
Insurer	MSIG Insurance (Thailand) Public Company Limited
Location of property issued	345 Debaratna Rd., Bangna Nuea, Bangna, Bangkok 10260
Protection	legal liability arising from the Business and happening within or caused by the Insured Premises
Period of insurance	1 January 2023 - 1 January 2024
Total sum insured	25,000,000 Baht

4.4 Public Liability Insurance (Linac Building and Car Parking Building 2)

Type of contract	Public Liability Insurance
Insurer	MSIG Insurance (Thailand) Public Company Limited
Location of property issued	759 and 799 Debaratna Rd., Bangna Nuea, Bangna, Bangkok 10260
Protection	legal liability arising from the Business and happening within or caused by the Insured Premises
Period of insurance	28 September 2023 - 23 September 2024
Total sum insured	15,000,000 Baht

1.2.6 Unfinished Jobs

- None -