

Information Memorandum Concerning the Disposition of Assets and Connected Transaction of Principal Capital Public Company Limited

The Board of Directors' Meeting of Principal Capital Public Company Limited (the "**Company**" or "**PRINC**") No. 2/2024 held on 28 February 2024 (the "**Board of Directors' Meeting**") has resolved to propose to the 2024 Annual General Meeting of Shareholders (the "**AGM**") to consider and approve the disposition of property development business of the Company's group by way of a disposition of all the shares held by the Company in V Brilliant Group Holding Co., Ltd. ("**VB**") totalling 633,089,998 shares comprising 583,599,998 ordinary shares with a par value of Baht 10 per share and 49,490,000 preferred shares with a par value of Baht 10 per share, representing an aggregate amount of approximately 99.99 per cent of VB's total issued and outstanding shares ("**VB Shares**"), to V Management Services Co., Ltd. ("**VMS**"), a related person of the Company, at the purchase price of approximately Baht 9.39 per share, totalling not less than Baht 5,942 million (the "**Disposition of VB Shares**").

The proposed disposition is considered a disposition of material assets pursuant to the Notification of the Capital Market Supervisory Board Notification No. TorJor. 20/2551 entitled Rules on the Entering into Material Transactions Deemed as the Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand entitled Disclosure of Information and Other Acts of the Listed Company Concerning the Acquisition or Disposition of Assets, 2004 (as amended) (the "**Major Transaction Rules**"). When considering the size of the disposition pursuant to each calculation method prescribed under the Major Transaction Rules and based on the audited consolidated financial statements of the Company for the year ended 31 December 2023, the transaction size is of the highest value when calculated in accordance with the net tangible asset (NTA) value basis, which equals 77.16 per cent of the total net tangible assets of the Company and its subsidiaries, and when consolidating it with the size of the disposition transaction entered into by the Company during the past six months prior to the date of this transaction, i.e. the disposition of 7,500,000 shares (representing 25 per cent of the total issued shares) of Principal Healthcare – Mukdahan Co., Ltd., which is the Company's subsidiary, to Ratch Group Public Company Limited, the aggregate transaction size (calculated based on the net tangible asset (NTA) basis) equals 77.16 per cent of the total net tangible assets of the Company and its subsidiaries. The transaction is therefore classified as Class 1 Transaction pursuant to the Major Transaction Rules, having a transaction size of 50 per cent or more but less than 100 per cent. Based on the foregoing, the Company is obliged to prepare an information memorandum concerning the disposition of assets and disclose it to the SET and appoint an independent financial advisor to provide an opinion regarding the disposition of assets to the shareholders as well as convene a general meeting of shareholders to approve the entry into such transaction.

In addition, this transaction is considered a connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 entitled Rules on Related Party Transactions and the Notification of the Board of Governors of the SET entitled Disclosure of Information and Act of Listed Company Concerning the Connected Transactions, 2003 (as amended) (the "**Related Party Transaction Rules**") as Miss Satita Viddayakorn ("**Khun Satita**") who is the major shareholder of VMS (which is the purchaser of VB Shares) is also the Company's major shareholder. Further, Khun Satita is also a director of VB and a daughter of Dr. Satit Viddayakhorn, who is a major shareholder and a director of the Company. When considering the size of the proposed disposition under the Related Party Transaction Rules and based on the audited consolidated financial statements of the Company for the year ended 31 December 2023, the transaction size equals 89.84 per cent of the total net tangible

assets of the Company and its subsidiaries, which is more than three per cent of the total net tangible assets of the Company and its subsidiaries. In this connection, the Company has not entered into any previous related party transaction during the six-month period prior to this disposition. Based on the foregoing, the Company is therefore obliged to prepare an information memorandum concerning the connected transaction and disclose it to the SET, appoint an independent financial advisor to provide an opinion regarding the connected transaction to the shareholders as well as convene a general meeting of shareholders to approve the entry into such transaction.

In this regard, the Company would like to notify the key details of the proposed disposition as set out below.

1. Date, Month and Year of the Transaction

The Company will enter into the proposed Disposition of VB Shares after its receipt of approval of the meeting of its board of directors and the meeting of its shareholders which will be held on 25 April 2024, which is one of the key conditions under the Share Sale and Purchase Agreement to be entered into between the Company and VMS (the “SPA”). In light of this, it is initially anticipated that if the transaction is approved by the AGM, the proposed disposition will be completed approximately within July 2024.

2. Relevant Parties and Relationship with the Company

Relevant Parties

Purchaser: V Management Services Co., Ltd. (“VMS”)

Seller: Principal Capital Public Company Limited (the “Company” or “PRINC”)

Relationship with the Company

VMS is considered a related person of the Company pursuant to the Related Party Transaction Rules as Khun Satita, who is the major shareholder of VMS (which is the purchaser of VB Shares), is also the Company’s major shareholder. Further, Khun Satita is also a director of VB and a daughter of Dr. Satit Viddayakhorn, who is a major shareholder and a director of the Company.

3. General Characteristic of the Transaction and the Size of the Transaction

The Company will dispose all the shares held by it in VB, totalling 633,089,998 shares, comprising 583,599,998 ordinary shares with a par value of Baht 10 per share and 49,490,000 preferred shares with a par value of Baht 10 per share, representing an aggregate of approximately 99.99 per cent of VB’s total issued and outstanding shares, to VMS which is a related person of the Company, at the purchase price of approximately Baht 9.39 per share, totalling not less than Baht 5,942 million, which shall be paid (a) in cash in the amount of approximately Baht 3,921 million and (b) by assumption of obligations and liabilities owed by the Company to VB under a loan agreement and promissory notes in the total amount of Baht 2,021 million¹, in respect of which the Company shall be responsible for all the interests incurred in respect of such debts for the period until the date immediately preceding the completion date of the sale of VB Shares.

¹ The value of the debts is based on the audited separate financial statement of the Company for the year ended 31 December 2023. The Company has borrowed such amount from VB in 2022 to be used as its normal working capital, and as of 31 December 2023, there remains an outstanding balance of the principal amount of Baht 2,021 million.

In this regard, VMS will provide the Company with a deposit in amount of Baht 1,000 million within 90 days from the date on which the Disposition of VB Shares is approved by the shareholders' meeting of the Company which will be held on 25 April 2024 and will pay the remaining purchase price in a form of cash of approximately Baht 2,921 million, together with assuming the obligations and liabilities owed by the Company to VB under the loan agreement and promissory notes in the total amount of Baht 2,021 million, on the completion date of the sale of VB Shares which shall be mutually determined by the seller and the purchaser, constituting the total value of the consideration of the VB Shares of not less than Baht 5,942 million whereby the Company will receive a total cash of approximately Baht 3,921 million from the Disposition of VB Shares. (Please refer to paragraph 5 for further information regarding the payment of the purchase price).

In addition, VB expects to declare its dividend to the Company (in the capacity as the current shareholder of VB prior to the entry into proposed disposition) in the amount of approximately Baht 58.75 million, which is calculated based on the unallocated retained earnings according to the audited separate financial statements of VB for the year ended 31 December 2023.

The purposes of the proposed disposition are to comply with the Company's policy to focus on expanding its hospital and related healthcare services business, which is its main business, while ceasing to expand its property development business, as approved by the Board of Directors' Meeting of the Company No. 6/2018 held on 17 October 2018. During the past years, the Company has proceeded to operate its business in compliance with such policy, which can be summarised as set out below.

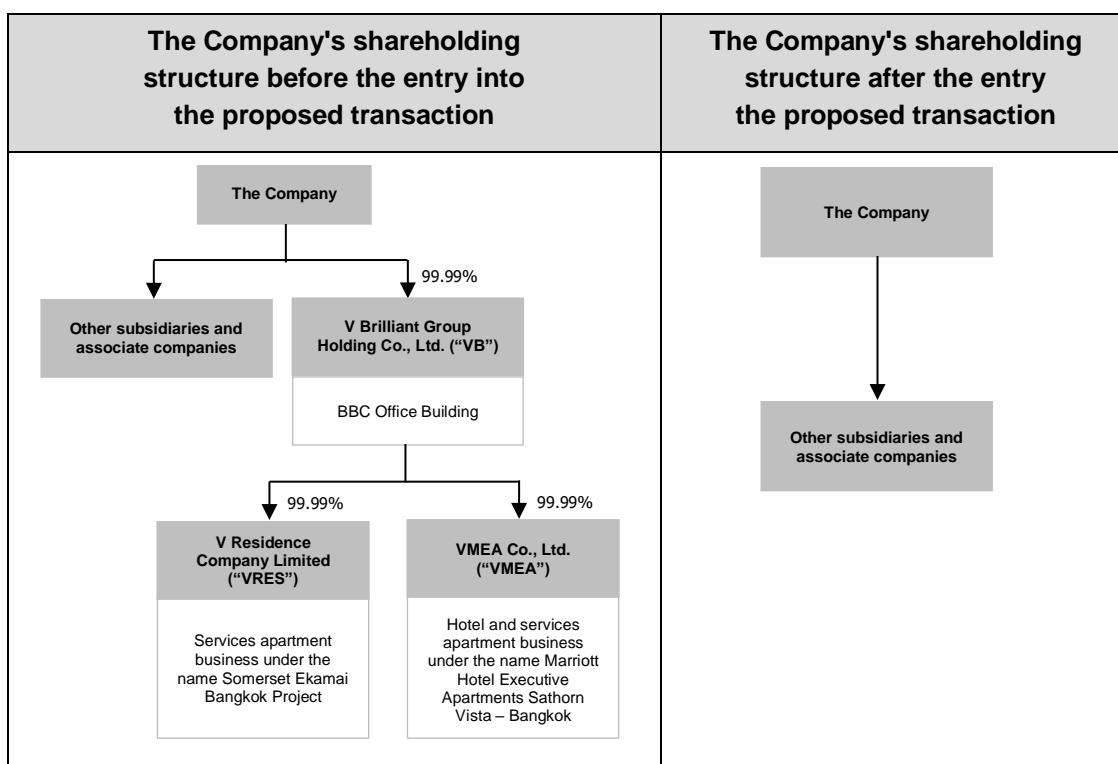
- In 2019 and 2020, the Company disposed its subsidiary companies engaging in property development business, namely Bangkok Management Co., Ltd., V33 Company Limited and Udon Business District Company Limited.
- In 2021, the Board of Directors' Meeting of the Company No. 3/2021 had resolved to approve the disposition of the Bangkok Business Center Office Building (the "**BBC Office Building**") to Bualuang Office Leasehold Real Estate Investment Trust ("**B-WORK**"). However, due to the impact of Covid-19 pandemic on the capital markets and office rental market conditions during the years 2021 and 2022, the Company and B-WORK had decided to postpone such disposition until at a later time which would be appropriate and most beneficial to the Company.
- In 2023, the Company had sought for investors who are interested to invest in the assets of the VB Group and reached out to approximately 50 potential investors to offer the sale of such assets. In this regard, Khun Satita, who is one of the potential investors, had provided an offer with the better price and conditions comparing to those offered by other interested investors, which therefore, leads to the proposal for an approval of the Disposition of VB Shares which is a connected transaction.

It is initially anticipated that if the transaction is approved by the AGM, it will be completed approximately within July 2024, and as VB directly holds approximately 99.99 per cent shares in its two subsidiaries namely V Residence Company Limited ("**VRES**") and VMEA Co., Ltd. ("**VMEA**") (VB, VRES and VMEA will be collectively referred to as the "**VB Group**"), the proposed Disposition of VB Shares is considered a disposition of the Company's entire investment in the VB Group, which will result in the VB Group being ceased to be subsidiaries of the Company.

In this regard, the Company will enter into the SPA with VMS after receipt of approval of its Board of Directors' Meeting in respect of the Disposition of VB Shares. The key terms and conditions of the SPA can be summarised as follows:

Parties	Purchaser: VMS Seller: The Company
Sale Shares	All the shares held by the Company in VB totaling 633,089,998 shares (representing approximately 99.99 per cent of VB's total issued and outstanding shares), comprising 583,599,998 ordinary shares with a par value of Baht 10 per share and 49,490,000 preferred shares with a par value of Baht 10 per share
Purchase Price and Payment Terms	VMS agrees to pay the purchase price of approximately Baht 9.39 per share, totaling not less than Baht 5,942 million in the following manners: <ol style="list-style-type: none"> 1. in cash in the amount of approximately Baht 3,921 million, whereby VMS will provide the Company with a deposit in amount of Baht 1,000 million within 90 days from the date on which the Disposition of VB Shares is approved by the shareholders' meeting of the Company and will pay the remaining purchase price in a form of cash of approximately Baht 2,921 million to the Company on the completion date of the sale of VB Shares; and 2. by assumption of obligations and liabilities owed by the Company to VB under the loan agreement and promissory notes in the total amount of Baht 2,021 million on the completion date of the sale of VB Shares.
Conditions Precedent	The Disposition of VB Shares shall occur upon fulfillment of certain conditions specified in the SPA which include but not limited to the following: <ol style="list-style-type: none"> 1. the Company has obtained an approval of its shareholders' meeting for the entering into the Disposition of VB Shares; 2. the board of directors' meeting of VB has resolved to approve the change of its directors and the change of its authorised directors as agreed between the parties; 3. the Company has no outstanding loans owed to the VB Group, except for those under the loan agreement and promissory notes that the Company owes to VB in the total amount of Baht 2,021 million, which will be the transferee to VMS on the completion date of the sale of VB Shares; and 4. the Company has arranged for VB to notify its lender(s) and/or counterparty(ies) of the entering into the Disposition of VB Shares as may be required under in the relevant agreements.
Completion Date	Approximately within July 2024

The shareholding structures of the Company's group before and after entry into the proposed transaction are as follows:



In this regard, the size of the proposed disposition can be calculated as follows:

3.1 Disposition of Assets

The proposed disposition is considered a disposition of material assets pursuant to the Major Transaction Rules. Details of the calculation of the transaction size based on each calculation basis are as follows:

Basis for Calculation	Transaction Size (Per Cent)		
	Disposition of VB Shares	During the past 6 months	Total
1. Net Tangible Asset Value (NTA)	77.16	-	77.16
2. Net Profit	Not applicable as the Company had net loss in 2023	-	Not applicable as the Company is operating at loss
3. Total Value of Consideration	33.23	0.42	33.65
4. Value of Issued Equity	There is no issuance of any shares for settlement purpose.	There is no issuance of any shares for settlement purpose.	There is no issuance of any shares for settlement purpose.

When considering the size of the disposition pursuant to each calculation method prescribed under the Major Transaction Rules and based on the audited consolidated financial statements of the Company for the year ended 31 December 2023, the transaction size is of the highest value when calculated in accordance with the net tangible asset (NTA) value basis, which equals 77.16 per cent of the total net tangible assets of the Company and its subsidiaries, and when consolidating it with the size of the disposition transaction entered into by the Company during the past six months prior to the date of this transaction, i.e. the disposition of 7,500,000 shares (representing 25 per cent of the total issued shares) of Principal Healthcare – Mukdahan Co., Ltd. which is the Company's subsidiary, to Ratch Group Public Company Limited, the aggregate transaction size (calculated based on the net tangible asset (NTA) basis) equals 77.16 per cent of the total net tangible assets of the Company and its subsidiaries. The transaction is therefore classified as Class 1 Transaction pursuant to the Major Transaction Rules, having a transaction size of 50 per cent or more but less than 100 per cent. Based on the foregoing, the Company is obliged to prepare an information memorandum concerning the disposition of assets and disclose it to the SET, arrange for an independent financial advisor to provide its opinion on the disposition of assets to the shareholders, and convene a general meeting of shareholders to approve the entry into such transaction. In light of this, the Company has appointed Jay Capital Advisory Company Limited to be the independent financial advisor providing its opinion on the proposed disposition of assets for consideration by the shareholders.

3.2 Connected Transaction

As VMS, who is the purchaser of VB Shares, is considered a related person of the Company pursuant to the Related Party Transaction Rules due to the fact that Khun Satita, who is the major shareholder of VMS, is also the Company's major shareholder, the director of VB and a daughter of Dr. Satit Viddayakhorn, who is a major shareholder and a director of the Company, the entry into the proposed transaction is considered a connected transaction pursuant to the Related Party Transaction Rules. Details of the calculation of the transaction size are as follows:

Total Value of Paid Consideration	Unit: Million Baht
Cash received and debts owed by the Company to VB to be transferred to VMS as consideration for the VB Shares	5,942
Net tangible asset as of 31 December 2023	6,614
Transaction size calculated based on the total value of consideration basis	89.84 per cent

When considering the size of the proposed disposition under the Related Party Transaction Rules and based on the audited consolidated financial statements of the Company for the year ended 31 December 2023, the transaction size equals 89.84 per cent of the total net tangible assets, which is more than three per cent of the total net tangible assets of the Company. In this connection, the Company has not entered into any previous related party transaction during the six-month period prior to this disposition. Based on the foregoing, the Company is therefore obliged to prepare an information memorandum concerning the connected transaction and disclose it to the SET, appoint an independent financial advisor to provide an opinion regarding the connected transaction to the shareholders as well as convene a general meeting of shareholders to approve the entry into such transaction. In light of this, the Company has appointed Jay Capital Advisory Company Limited to be the independent financial advisor providing its opinion on the proposed disposition of assets which is a connected transaction for consideration by the shareholders.

4. Details of the Disposed Assets

4.1 Details of the Sale Shares

The Company will dispose all the shares directly held by it in VB totalling 633,089,998 shares, comprising 583,599,998 ordinary shares with a par value of Baht 10 per share and 49,490,000 preferred shares with a par value of Baht 10 per share, representing an aggregate of approximately 99.99 per cent of VB's total issued and outstanding shares. At present, VB directly holds approximately 99.99 per cent shares in its two subsidiaries, namely (a) V Residence Company Limited (VRES) and (b) VMEA Co., Ltd. (VMEA).

4.2 Details of the VB Group

The details regarding VB and its two subsidiaries can be summarised as follows:

4.2.1 V Brilliant Group Holding Co., Ltd.

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| a) | Name of the company | : | V Brilliant Group Holding Co., Ltd. |
| b) | Address | : | No. 29 Bangkok Business Center Building, 23 rd Floor, Sukhumvit 63 Road, Khlong Tan Nuea Sub-district, Watthana District, Bangkok 10110 |
| c) | Date of incorporation | : | 14 January 2013 |
| d) | Nature of business | : | Investing in other companies and leasing out office building and retail shops under the name Bangkok Business Center Office Building |
| e) | Capital structure | : | As of 28 February 2024, VB has a registered and paid-up capital of Baht 6,330,900,000, divided into: <ol style="list-style-type: none"> 1. 583,600,000 ordinary shares with a par value of Baht 10 per share; and 2. 49,490,000 preferred shares with a par value of Baht 10 per share. |

- f) Percentage of shares held by the Company prior to the disposition : 99.99 per cent
- g) No. of shares to be disposed : 633,089,998 shares, comprising 583,599,998 ordinary shares and 49,490,000 preferred shares
- h) Shares held by the Company after to the disposition : None
- i) Investment cost of the Company in VB : Baht 5,876 million (as of 31 December 2023)
- j) List of shareholders : As of 28 February 2024:

	Names	No. of Shares	% of Total Shares
1.	Principal Capital Public Company Limited	633,089,998	99.99
2.	Miss Satita Viddayakorn	1	0.00
3.	Miss Monticha Autchapun	1	0.00
	Total	633,090,000	100.00

- k) Directors : As of 28 February 2024, the board of directors comprises:
1. Dr. Satit Viddayakorn
 2. Miss Preeyaporn Apiwatwittaya
 3. Miss Satita Viddayakorn
- (The authorised signatory is any two directors jointly sign.)
- l) Investment in subsidiaries : As of 28 February 2024:

	Name of Subsidiaries	Nature of Business	No. of Shares	% of Total Shares
1.	V Residence Company Limited	Hotel and services apartment	99,999,998	99.99

2.	VMEA Co., Ltd.	Hotel and services apartment	199,999,997	99.99
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m) Financial Information

Statement of Financial Position (Unit: Baht million)	Fiscal Year Ended			
	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2023 (Internal Consolidated ⁽¹⁾)
Asset				
Cash and cash equivalents	33.3	33.3	20.6	339.6
Short-term investments	-	-	-	2.0
Inventories	-	-	-	0.3
Trade and other receivables	1.6	2.8	2.1	16.8
Short-term loans to related parties	1,837.1	521.0	537.9	536.8
Non-current assets held for sale	1,196.3	-	-	-
Investment property	-	1,177.9	1,135.4	425.4
Investments in subsidiaries	3,451.0	3,451.0	3,451.0	-
Intangible assets	-	-	-	0.1
Long-term loans to related parties	-	1,500.0	1,500.0	1,500.0
Land, buildings, and equipments	-	-	-	3,862.2
Other assets	8.2	15.3	17.5	18.4
Total assets	6,527.5	6,701.3	6,664.5	6,701.7
Long-term borrowings from financial institutions	-	-	-	1,449.6

Trade and other payables	5.7	5.9	5.1	72.2
Short-term loans from related parties	27.0	15.0	168.0	-
Long-term loans from related parties	-	100.2	56.1	-
Deposit received from customers	-	23.0	25.1	25.1
Other liabilities	32.3	11.5	9.7	50.9
Total liabilities	65.0	155.6	264.1	1,597.8
Issued and Paid-up capital				
Preferred shares	494.9	494.9	494.9	494.9
Common shares	5,836.0	5,836.0	5,836.0	5,836.0
Retained earnings (loss)	131.6	214.8	69.4	(897.0)
Other components of equity	-	-	-	(330.0)
Total shareholders' equity	6,462.5	6,545.7	6,400.3	5,103.9
Total liabilities and shareholders' equity	6,527.5	6,701.3	6,664.5	6,701.7

Income Statement	Fiscal Year Ended			
	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2023 (Internal Consolidated)
Revenues from sales and services	78.5	115.8	120.1	571.4
Costs of sales and services	(37.5)	(76.8)	(105.5)	(276.8)
Gross profit	41.0	38.9	14.6	294.6
Dividend income	720.0	-	-	-
Interest income	42.5	53.7	54.6	55.5

Other income	1.0	0.4	0.5	3.5
Other income (loss)	(91.8)	0.4	-	-
Operating profit	712.6	93.5	69.7	353.6
Service expenses	(0.2)	(0.0)	(0.8)	(41.5)
Administrative expenses	(10.6)	(7.4)	(5.3)	(133.3)
Earnings before interest and tax	701.9	86.1	63.7	178.8
Finance Cost	(2.9)	(2.9)	(4.0)	(16.1)
Income tax expenses	-	-	(1.0)	(2.2)
Profit for the year	699.0	83.2	58.6	160.6

(1) Reflecting the VB Group's structure following the disposition of the total issued and outstanding shares of Ban Chang Business District Co., Ltd.

- n) Key assets : Land and buildings located on Sukhumvit 63 Road (Ekamai Road), which are currently used to operate office rental services business under the name BBC Office Building
- (1) Description of assets : Two adjacent plots of land having the total area of 1 rai, 3 ngan 9 sq.w. (709 sq.w.), together with a 30-storey building with a basement floor and a rooftop floor
- (2) Location : No. 29 Sukhumvit 63 Road (Ekamai Road), Khlong Toei Nuea Sub-district, Watthana District, Bangkok
- (3) Title deed : Two Title Deeds Nos. 8330 and 188885
- (4) Book value : Approximately Baht 1,138.2 million (as of 31 December 2023)
- (5) Appraised value : Baht 1,225.8 million, appraised by Ultima Appraisal Co., Ltd. on 17 October 2023 by discounted cash flow income method for public purpose
- (6) Encumbrance : Mortgaged as a collateral for the Company's loan obtained from Bangkok Bank Public Company Limited whereby the VB Group will release such encumbrance prior to the completion date of the disposition of VB Shares

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| (7) Owner | V Brilliant Group Holding Co., Ltd. |
| (8) Relevant laws | The land is located in the brown zoning area, which is designated as the highly populated area to be used for residential purpose. |
| (9) Government's appraised value | Land valued at Baht 216.2 million
Buildings and constructions valued at Baht 156.4 million |
| (10) Others | As of 27 February 2024, VB has disposed 12,099,998 ordinary shares in Ban Chang Business District Co., Ltd. (" BBD ") with a par value of Baht 10 per share, representing approximately 99.99 per cent of the total issued and outstanding shares of BBD, having a total value of Baht 121 million, to Principal Healthcare Co., Ltd. which is a subsidiary of the Company, for the purposes of internal restructuring within the group companies prior to the entry into the proposed Disposition of VB Shares. However, as the value of the above transaction equals the value of VB's investment in BBD, the net total assets of VB following the entry into such transaction remains unchanged. |

4.2.2 V Residence Company Limited

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|--------------------------|---|
| a) Name of the company | : V Residence Company Limited |
| b) Address | : No. 29 Bangkok Business Center Building, 23 rd Floor, Sukhumvit 63 Road, Khlong Tan Nuea Sub-district, Watthana District, Bangkok 10110 |
| c) Date of incorporation | : 25 January 2013 |
| d) Nature of business | : Operating hotel and provision of residential rental services (services apartment) business under the name Somerset Ekamai Bangkok Project, which is managed by Ascott Group |
| e) Capital structure | : As of 28 February 2024, VRES has a registered and paid-up capital of Baht 1,000,000,000, divided into 100,000,000 ordinary shares with a par value of Baht 10 per share |

f) List of shareholders : As of 28 February 2024:

	Names	No. of Shares	% of Total Shares
1.	V Brilliant Group Holding Co., Ltd.	99,999,998	99.99
2.	Miss Satita Viddayakorn	1	0.00
3.	Miss Monticha Autchapun	1	0.00
	Total	100,000,000	100.00

g) Directors : As of 28 February 2024, the board of directors comprises:

1. Dr. Satit Viddayakorn
2. Miss Preeyaporn Apiwatwittaya
3. Miss Satita Viddayakorn

(The authorised signatory is any two directors jointly sign.)

h) Investment in subsidiaries : None

i) Financial Information :

Statement of Financial Position	Fiscal Year Ended		
	31 Dec 2021	31 Dec 2022	31 Dec 2023
(Unit: Baht million)			
Cash and cash equivalents	55.1	115.8	136.1
Trade and other receivables	4.0	4.6	7.3
Short-term loans to related parties	-	-	65.0
Long-term loans to related parties	-	100.2	56.1
Property, plant and equipment	2,078.2	2,040.4	2,008.8
Other assets	3.5	2.2	2.0
Total assets	2,140.8	2,263.3	2,275.3
Trade and other payables	37.9	35.4	43.3
Long-term loans from related parties	1,363.1	-	-

Long-term borrowings from financial	-	1,478.5	1,449.6
Other liabilities	26.9	26.9	26.5
Total liabilities	1,427.9	1,540.8	1,519.4
Issued and Paid-up capital			
Common shares	1,000.0	1,000.0	1,000.0
Retained earnings (loss)	(287.1)	(277.5)	(244.2)
Total shareholders' equity	712.9	722.5	755.9
Total liabilities and shareholders' equity	2,140.8	2,263.3	2,275.3

Income Statement	Fiscal Year Ended		
	31 Dec 2021	31 Dec 2022	31 Dec 2023
(Unit: THB million)			
Revenues from sales and services	121.4	187.3	212.3
Costs of sales and services	(100.7)	(95.5)	(98.9)
Gross profit	20.7	91.9	113.4
Interest income	0.1	2.5	3.2
Other income	0.6	-	-
Operating profit	21.4	94.4	116.6
Service expenses	(14.4)	(24.2)	(23.5)
Administrative expenses	(26.5)	(41.5)	(43.7)
Earnings before interest and tax	(19.4)	28.7	49.4
Finance Cost	(34.5)	(19.1)	(16.1)
Profit (loss) for the year	(53.9)	9.6	33.4

- j) Key assets : Land and buildings located in Soi Ekamai 2, Sukhumvit 63 Road, which are currently used to operate hotel and provisions of rental housing services (services apartment) business under the name Somerset Ekamai Bangkok Project

(1) Description of assets	Five adjacent plots of land having the total area of 5 rai, 1 ngan 94 sq.w. (2,194 sq.w.), together with four buildings located thereon comprising (a) a 15-story hotel building which offers daily/monthly residential services with 130 rooms, (b) two apartment buildings having 14 and 19 stories, respectively, which offer daily/monthly/yearly residential services with 51 and 81 rooms, respectively and (c) an automatic parking building which accommodates approximately 250 vehicles
(2) Location	Soi Ekkamai 2, Sukhumvit 63 Road, Khlong Toei Nuea Sub-district, Watthana District, Bangkok
(3) Title deed	Five Title Deeds Nos. 3089-3091, 8353 and 33814
(4) Book value	Baht 2,008.8 million (as of 31 December 2023)
(5) Appraised value	Baht 1,934.0 million, appraised by C.I.T. Appraisal Co., Ltd. on 5 February 2024 by discounted cash flow income method for public purpose
(6) Encumbrance	None
(7) Owner	Bank of Ayudhya Public Company Limited ⁽¹⁾
(8) Relevant laws	The land is located in the brown zoning area, which is designated as the highly populated area to be used for residential purpose.
(9) Government's appraised value	Land valued at Baht 318.5 million Buildings and constructions valued at Baht 146.6 million

Remark:

(1) Pursuant to the resolution of the Board of Directors' Meeting of the Company No. 9/2021, held on 12 November 2021, approving the participation in the Asset Warehousing Project by the Bank of Thailand (the "**Project**") which is part of the measures to assist businesses affected by the Covid-19 pandemic, VRES has transferred its title to the land and buildings in respect of Somerset Ekamai Bangkok project to Bank of Ayudhya Public Company Limited to settle the outstanding loans of the group company pursuant to the Project. In light of this, Bank of Ayudhya Public

Company Limited has granted the Company and/or VRES the right to lease and/or repurchase the said assets within a period of three years (with an option to extend the term of the Project for another two consecutive times, each with a renewal term of one year), pursuant to which VRES has, during the term of the Project, leased the assets in respect of Somerset Ekamai Bangkok project from Bank of Ayudhya Public Company Limited to operate a hotel business as its normal business. In this regard, the Company will proceed to notify the intention to extend the term of the Project and to waive its right to repurchase the assets of VRES prior to the completion date of the sale of VB Shares, in order to comply with the conditions for the entry into the Disposition of VB Shares under the SPA.

4.2.3 VMEA Co., Ltd.

- a) Name of the company : VMEA Co., Ltd.
- b) Address : No. 1 Soi Sathorn 3 (Soi Suan Phlu), Thung Maha Mek Sub-district, Sathon District, Bangkok 10120
- c) Date of incorporation : 20 August 2020
- d) Nature of business : Operating hotel and services apartment business under the name Marriott Hotel Executive Apartments Sathorn Vista – Bangkok, which is managed by the Marriott Group
- e) Capital structure : As of 28 February 2024, VMEA has a registered and paid-up capital of Baht 2,000,000,000, divided into 200,000,000 ordinary shares with a par value of Baht 10 per share.
- f) List of shareholders : As of 28 February 2024:

	Names	No. of Shares	% of Total Shares
1.	V Brilliant Group Holding Co., Ltd.	199,999,997	99.99
2.	Dr. Satit Viddayakorn	1	0.00
3.	Miss Satita Viddayakorn	1	0.00
4.	Mr. Tharin Iampetchapong	1	0.00
	Total	200,000,000	100.00

- g) Directors : As of 28 February 2024, the board of directors comprises:
1. Dr. Satit Viddayakorn
 2. Miss Preeyaporn Apiwatwittaya
 3. Miss Satita Viddayakorn
- (The authorised signatory is any two directors jointly sign.)
- h) Investment in subsidiaries : None
- i) Financial Information

Statement of Financial Position	Fiscal Year Ended			
	(Unit: Baht million)	31 Dec 2021	31 Dec 2022	31 Dec 2023
Cash and cash equivalents		22.1	72.5	60.8
Short-term investments		-	2.0	2.0
Trade and other receivables		5.7	9.3	7.4
Short-term loans to related parties		27.0	15.0	103.0
Property, plant and equipment		1,922.7	1,882.3	1,850.6
Other assets		2.5	3.1	2.1
Total assets		1,979.9	1,984.3	2,026.0
Trade and other payables		21.0	24.2	23.8
Deposit received from customers		7.2	6.3	8.3
Other liabilities		9.3	8.0	6.4
Total liabilities		37.5	38.5	38.4
Issued and Paid-up capital				
Common shares		2,000.0	2,000.0	2,000.0
Retained earnings (loss)		(57.6)	(54.3)	(12.4)
Total shareholders' equity		1,942.4	1,945.7	1,987.6
Total liabilities and shareholders' equity		1,979.9	1,984.3	2,026.0

Income Statement	Fiscal Year Ended		
	(Unit: Baht million)	31 Dec 2021	31 Dec 2022
Revenues from sales and services	76.3	181.4	238.9
Costs of sales and services	(75.1)	(91.3)	(100.2)
Gross profit	1.2	90.1	138.7
Interest income	0.7	0.6	1.8
Other income	1.5	2.8	2.9
Operating profit	3.5	93.5	143.4
Service expenses	(5.8)	(9.7)	(17.2)
Administrative	(54.9)	(80.5)	(84.4)
Earnings before interest and tax	(57.2)	3.3	41.9
Finance Cost	(0.0)	(0.0)	(0.0)
Profit (loss) for the year	(57.2)	3.3	41.9

- j) Key assets : Land and constructions located in Soi Sathorn 3 (Soi Suan Phlu), which are currently used operate hotel business for short-term and long-term residences under the name Marriott Hotel Executive Apartments Sathorn Vista – Bangkok
- (1) Description of assets Two adjacent plots of land having the total area of 2 rai, 34.3 sq.w. (834.3 sq.w.), together with a 31-storey building which offers 187 hotel rooms
- (2) Location No. 1, Soi Sathorn 3 (Suan Phlu), South Sathorn Road, Thung Maha Mek Sub-district, Sathorn District, Bangkok
- (3) Title deed Two Title Deeds Nos. 953 and 2615
- (4) Book value Approximately Baht 1,850.6 million (as of 31 December 2023)

(5) Appraised value	Baht 1,821.0 million, appraised by C.I.T. Appraisal Co., Ltd. on 3 November 2023 by discounted cash flow income method for public purpose
(6) Encumbrance	None
(7) Owner	VMEA Co., Ltd.
(8) Relevant laws	The land is located in the red zone, which is designated for commercial land use.
(9) Government's appraised value	Land valued at Baht 254.5 million Buildings and constructions valued at Baht 251.8 million

5. Total Value of the Consideration and Payment Method

The total consideration of the proposed disposition of 633,089,998 VB shares equals not less than Baht 5,942 million, which shall be paid by VMS to the Company in the following manners:

- 5.1 in cash in the amount of approximately Baht 3,921 million; and
- 5.2 by assumption of obligations and liabilities owed by the Company to VB under the loan agreement and promissory notes in the total amount of Baht 2,021 million², such amount being obtained by the Company from VB in 2022 to be used as its normal working capital with the remaining outstanding balance of the principal amount as of 31 December 2023 of Baht 2,021 million, whereby the Company shall be responsible for the interests incurred in respect of such loan agreement and promissory notes for the period until the date immediately preceding the completion date of the sale of VB Shares.

In this regard, VMS will (a) provide the Company with a deposit in amount of Baht 1,000 million within 90 days from the date on which the Disposition of VB Shares is approved by the shareholders' meeting of the Company which will be held on 25 April 2024 and (b) pay the remaining purchase price in a form of cash of approximately Baht 2,921 million, together with assuming the obligations and liabilities owed by the Company to VB under the loan agreement and promissory notes in the total amount of Baht 2,021 million, on the completion date of the sale of VB Shares.

6. Basis for Determination of the Value of Consideration

The basis for determining the total consideration for the proposed disposition of VB Shares of not less than Baht 5,942 million is calculated from the adjusted book value of VB based on the internal consolidated financial statements as of 31 December 2023, adjusted with the value of the assets pursuant to the purchase price agreed between the purchaser and the seller (the "**Property Purchase Price**") which is calculated based on the discounted cash flow (DCF) method, with details as follows:

² The value of the debts is based on the audited separate financial statement of the Company for the year ended 31 December 2023.

The calculation of the Property Purchase Price which exceeds the book value of the assets

(Unit: Baht million)

Name of the Company	Asset	Book Value of the Assets as of 31 December 2023	Offering Price by VMS	Portion of the Property Purchase Price which Exceeds the Book Value of Assets
VB	BBC Office Building	428	1,240	812
VRES	Somerset Ekamai Bangkok Project	2,009	2,090	81
VMEA	Marriott Executive Apartment Sathorn Vista Hotel – Bangkok	1,851	1,855	4
Total	-	4,288	5,185	897

The calculation of the purchase price of VB Shares based on VB's adjusted book value

(Unit: Baht million)

The adjustment of VB's book value based on the internal financial statements as of 31 December 2023	
Total assets	6,702 ⁽¹⁾
<u>Less:</u> Total liabilities	1,598
Net total assets	5,104
<u>Plus:</u> Adjustment for the portion of the Property Purchase Price which exceeds the book value of the assets	897
<u>Less:</u> Dividends payable by VB based in its retained earnings as of 31 December 2023, to be paid prior to the completion date of the sale of VB Shares	(59)
Net shareholders' equity after adjustments	5,942
Enterprise value of VB	5,942
Total number of paid-up shares (shares) as of 28 February 2024	633,090,000
Book value per share after adjustments (Baht / share)	9.39

Remark: (1) While VB has disposed the 12,099,998 ordinary shares in BBD with a par value of 10 Baht per share on 27 February 2024, representing approximately 99.99 per cent of the total issued and outstanding shares of BBD, having a total value of Baht 121 million, to Principal Healthcare Co., Ltd. which is a subsidiary of the Company, for the purposes of internal restructuring within the group companies prior to the entry into the proposed Disposition of VB shares, as the value

of the above transaction equals the value of VB's investment in BBD, the net total assets of VB following the entry into such transaction remains unchanged.

7. Value of the Assets Disposed

The total value of the assets to be disposed by the Company is not less than Baht 5,942 million. In light of this, the Company has appointed Jay Capital Advisory Company Limited to be the independent financial advisor providing its opinion on the fair value of such assets.

8. Anticipated Benefits for the Company

The proposed disposition of the property development business is in accordance with the Company's strategy and policy in focusing on the expansion of its hospital business and provision of related medical services, which are its main businesses. The Disposition of VB shares will, therefore, benefit the Company and its shareholders as follows:

- 8.1 the Company will move towards to becoming a company that focuses on operating hospital business and providing a full range of related medical services, which are the main businesses of the Company in which it has expertise. The Company anticipates that being an operator of full-scaled hospitals and related medical services providers will allow it to attract new investors and business partners who are keen to invest in healthcare business;
- 8.2 the Company will be able to manage its resources (including but not limited to its executives and personnels who have expertise in upgrading and developing the hospital and provision of related medical services businesses, which are the Company's core businesses) more efficiently, making it being able to respond well to the increasing demand for medical services; and
- 8.3 the proceeds derived from the proposed disposition of its property development business could help lessen the Company's debts, resulting in a better financial position and capital structure as well as enhancing its ability to seize investment opportunities and foster its growth in both hospital and healthcare businesses in the future.

9. Plans on the Utilization of Proceeds Derived from the Disposition of Assets

The Company will utilise the proceeds from the disposition of VB Shares as its working capital of the Company, to repay loans, and for the expansion of its hospital and medical services businesses which are the main businesses in which the Company has expertise.

10. Directors Having Conflict of Interests and/or Being Related Persons who did Not Attend and Vote at the Meeting

Name	Position
(1) Dr. Satit Viddayakorn	Chairman of the Board of Directors

In light of this, the director having conflict of interests above did not attend and vote at the Board of Directors' Meeting held on 28 February 2024 in respect of the agenda concerning the Disposition of VB Shares which is a connected transaction.

11. Opinion of the Company's Board of Directors on the Entry into the Transaction

The Board of Directors of the Company (excluding the director who has a conflict of interests) has thoroughly considered the benefits and risks in relation to the proposed transaction and viewed that the entry into the proposed transaction is appropriate and made on reasonable

terms and conditions as well as would be beneficial to the Company and its shareholders due to the following reasons:

- 1) the proposed disposition of the property development business is in line with the Company's strategy and policy to focus on operating hospitals and provision of related medical services businesses which are the main businesses in which the Company has expertise; and
- 2) the consideration value and the payment terms of the share purchase price in respect of the proposed transaction is appropriate, made on reasonable terms and conditions as well as beneficial to the Company as such share purchase price is calculated based on the discounted cash flow (DCF) method, pursuant to which the Company's operational performance, ability to generate profit and future cash flows has been taken into consideration. Further, the offering purchase price made by VMS is higher than those offered by other third party interested investors. The cash payment method also allows the Company to utilise the proceeds as its working capital, to repay loans, and for the expansion of its hospital and medical services businesses which are its main businesses. In addition, the assumption of obligations and liabilities owed by the Company to VB could help lessen the Company's debt obligations, resulting in its better financial position and capital structure.

Therefore, the Board of Directors' Meeting has resolved to propose to the AGM which will be held on 25 April 2024, to consider and approve the disposition of VB Shares to VMS.

12. Opinion of the Company's Audit Committee which is Different from the Opinion of the Board of Directors

No member of the Audit Committee has a different opinion from that of the Board of Directors.

13. Key Conditions Necessary for the Entry into the Transaction

As the Disposition of VB Shares is considered a disposition of assets pursuant to the Major Transaction Rules and a connected transaction pursuant to the Related Party Transaction Rules, the Company shall prepare an information memorandum concerning the disposition of assets and the connected transaction and disclose it to the SET as well as appoint an independent financial advisor to provide an opinion regarding the proposed transaction to the shareholders and convene the shareholders' meeting to obtain requisite resolutions of the shareholders (which will be held on 25 April 2024) with affirmative votes of not less than three-fourths of the total votes of the shareholders attending the meeting and eligible to vote, excluding those of the interested shareholders, which comprise the following persons:

Information as of 14 March 2024

Names of Shareholders	No. of Shares	% of Total Shares
(1) Miss Satita Viddayakorn	1,725,491,745	45.31
(2) Dr. Satit Viddayakorn	680,422,900	17.87
(3) Peak Development Holdings Ltd.	157,737,029	4.14
(4) Miss Pallapa Viddayakorn	48,986,700	1.29
(5) Miss Tanatorn Viddayakorn	22,985,100	0.60

14. Opinions of Independent Advisor

The Company has appointed Ultima Appraisal Co., Ltd. and C.I.T. Appraisal Co., Ltd., which are the appraisers on the approved list of the Office of the Securities and Exchange Commission, as independent appraisers to appraise the VB Group's assets to be disposed by the Company. In this connection, both Ultima Appraisal Co., Ltd. and C.I.T. Appraisal Co., Ltd. are not the shareholders of, or have any relationship with, the Company.

In light of this, Ultima Appraisal Co., Ltd. has consented to the disclosure of its opinion in its appraisal report on VB's assets dated 22 January 2024, details of which are briefly set out in items 4.2.1 (n) (1) – (10). Further, C.I.T. Appraisal Co., Ltd. has consented to the disclosure of its opinion in the appraisal report on (i) VRES' assets dated 6 March 2024, details of which are briefly set out in items 4.2.2 (j) (1) – (9); and (ii) VMEA's asset dated 21 February 2024, details briefly set out in items 4.2.3 (j) (1) – (9) above.

In addition, the Company has appointed Jay Capital Advisory Company Limited, who is approved by the Office of the Securities and Exchange Commission as an independent financial advisor, to provide its opinion for the proposed disposition of assets and connected transaction, details of which are set out in the Independent Financial Advisor Report for the Disposition of Assets to a Related Person (Enclosure No. 6).

15. Information of the Company

Please refer to the Company's profile, business operation, summary of financial performance and financial position, liabilities as well as other related information in the Appendix.

16. Opinion of the Board of Directors on the Sufficiency of Working Capital

Given that this transaction is a disposition of assets, it does not affect the sufficiency of working capital.

17. Pending Material Lawsuits or Claims

-None-

18. Benefits or Connected Transactions Between the Company and its Directors, Executives, or Shareholders Holding 10 per cent or More of the Company's Shares

Transactions between the Company and its subsidiaries with individuals or juristic persons with potential conflict of interests as of 31 December 2022 and 31 December 2023 are as follows:

Individual and Juristic Person with Potential Conflict of Interests	Connected Transactions with the Company and its Subsidiaries	Transaction Value (Unit: Thousand Baht)		Necessity and Appropriateness of Transaction
		Year 2023	Year 2022	
1. Management and service income ⁽¹⁾				
V Management Services Co., Ltd.	The Company and VRES	637	360	Having general trading conditions
Ratchada Business District Co., Ltd.	The Company	360	360	Having general trading conditions
Hospital Management Training and Development	The Company	240	240	Having general trading conditions

Individual and Juristic Person with Potential Conflict of Interests	Connected Transactions with the Company and its Subsidiaries	Transaction Value (Unit: Thousand Baht)		Necessity and Appropriateness of Transaction
		Year 2023	Year 2022	
Institute Company Limited				
Service Station Co., Ltd.	The Company	600	600	Having general trading conditions
Wiwatta Clinic Co., Ltd.	The Company	120	122	Having general trading conditions
Wiwatta Foundation	The Company	60	60	Having general trading conditions
Bangkok Management Co., Ltd.	The Company	240	240	Having general trading conditions
V 33 Co., Ltd.	The Company	240	240	Having general trading conditions
Service Station Co., Ltd.	Principal Healthcare Co., Ltd.	-	3,068	Having general trading conditions
2. Revenue from rental ⁽²⁾				
Service Station Co., Ltd.	VB	-	256	Having general trading conditions
3. Interest expense				
Ratchada Business District Co., Ltd.	Principal Healthcare Co., Ltd.	-	9,984	Having general commercial conditions for normal loans ⁽³⁾
4. Trade receivables				
V Management Services Co., Ltd.	The Company	32	32	General course of business
Ratchada Business District Co., Ltd.	The Company	32	32	General course of business
Hospital Management Training and Development Institute Company Limited	The Company	21	21	General course of business
Service Station Co., Ltd.	The Company	55	55	General course of business

Individual and Juristic Person with Potential Conflict of Interests	Connected Transactions with the Company and its Subsidiaries	Transaction Value (Unit: Thousand Baht)		Necessity and Appropriateness of Transaction
		Year 2023	Year 2022	
Wiwatta Clinic Co., Ltd.	The Company	11	11	General course of business
Wiwatta Foundation	The Company	5	5	General course of business
Bangkok Management Co., Ltd.	The Company	21	21	General course of business
V 33 Co., Ltd.	The Company	21	21	General course of business

Remark:

- (1) Related companies have hired the Company to provide various services such as accounting, legal and government affair co-ordination, information technology, human resources, procurement and other services, etc. whereby the service fees charged to them are determined on an arm's length basis and reviewed by Dherakupt Law Office Co., Ltd.
- (2) The subsidiaries generate their rental income from leasing out office building to the Company, other subsidiaries and related companies. The rental fees charged by the subsidiaries are standard rates which are also chargeable to other customers in general and in accordance with the ordinary market rate. Such rental rates have also been reviewed by Dherakupt Law Office Co., Ltd.
- (3) The Company has obtained loans from its subsidiaries and related person or companies with the following interest rates:
 - if the source of fund derives from cash in hand of the Company or its subsidiaries: the interest rate is charged at the fixed 12-month deposit rate for corporate client of Bangkok Bank Public Company Limited, plus 1 per cent per annum; and
 - If the source of fund derives from a loan from third party: the interest rate is charged at the Company/subsidiaries' cost of interest in respect of such loan, plus 1 per cent per annum.

Information of the Individual or Juristic Person Having Potential Conflict of Interests with the Company and its subsidiaries

<u>Individual and Juristic Person Having Potential Conflict of Interests</u>	<u>Nature of the Business</u>	<u>Relationship</u>
V Management Services Co., Ltd.	Hotel, resort and condominium	Same major shareholder
Ratchada Business District Co., Ltd.	Sale and purchase non-residential property	Same major shareholder
Hospital Management Training and Development Institute Company Limited	Meeting arrangement	Same major shareholder

<u>Individual and Juristic Person Having Potential Conflict of Interests</u>	<u>Nature of the Business</u>	<u>Relationship</u>
Service Station Co., Ltd.	Advisor on public relation, strategy and event designer, including event organizer	Same major shareholder
Wiwatta Clinic Co., Ltd.	Sanitorium operator	Same major shareholder
Wiwatta Foundation	Provision of medical and other support	Same major shareholder
Bangkok Management Co., Ltd.	Other management consulting activities not classified elsewhere	Same major shareholder
V 33 Co., Ltd.	Purchasing and selling self-owned real estate properties not intended for residential purposes	Same major shareholder

19. Summary of Material Agreements During the Past 2 Years

-None-

20. Other Information

Conflict of Interests

While the entry into the proposed asset disposition transaction is the transaction between the Company and its related person, i.e. VMS (whose major shareholder is Khun Satita, who is also the major shareholder of the Company, a director of VB and a daughter of Dr. Satit Viddayakhorn, a major shareholder and a director of the Company), such entry into the asset disposition and connected transaction would not result in any conflict of interests because following the Disposition of VB Shares, the Company will cease to operate any business related to property development. The Company intends to focus on its hospital business and providing a full range of related medical services, whereas the above related person of the Company is not engaged in, or invests more than 10 per cent of the total share capital of, any competing businesses of the Company or its subsidiaries.

21. Proxy Form Indicating At Least One Audit Committee Member as a Proxy for the Shareholders

Please refer to the Proxy Form (Enclosure No. 9) and the Information of Independent Directors whom the Company Nominated as Proxy (Enclosure No. 10) of the Invitation to the 2024 Annual General Meeting of Shareholders.

22. The Responsibility of the Board of Directors to the Information Memorandum Distributed to the Shareholders

The Board of Directors is responsible for the information disclosed in this information memorandum as well as in the documents distributed to the shareholders. In this regard, the Board of Directors has reviewed such information carefully and certifies that the information in this information memorandum is accurate, complete and does not contain any untrue statement, omit any facts, contain any material misleading information.

The Company certifies that this information memorandum is accurate and complete in all respects.

-Signature-

-Signature-

[•]
Director

[•]
Director

The Company's Information
Principal Capital Public Company Limited

1. Information of the Company

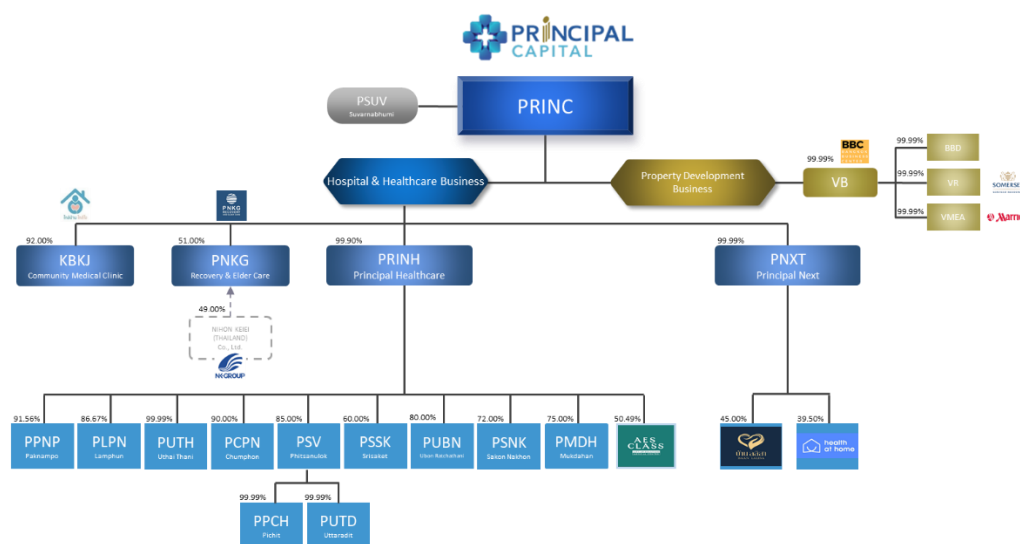
1.1. Nature of business operations

Principal Capital Public Company Limited ("**Company**") was originally incorporated in 2000 under the name "Metrostar Property Company Limited" to engage in the residential property development business. Later, in 2005, the Company was listed on the Stock Exchange of Thailand. In 2013, following a change in the shareholding structure, the Company was renamed Principal Capital Public Company Limited.

In 2017, the Company acquired shares of Principal Healthcare Company Limited ("**PRINH**") (originally Alliance Medical Asia Company Limited) which operated a private hospital business, with four network hospitals in three provinces. The Company's core business has become operating and management of private hospitals since 2018.

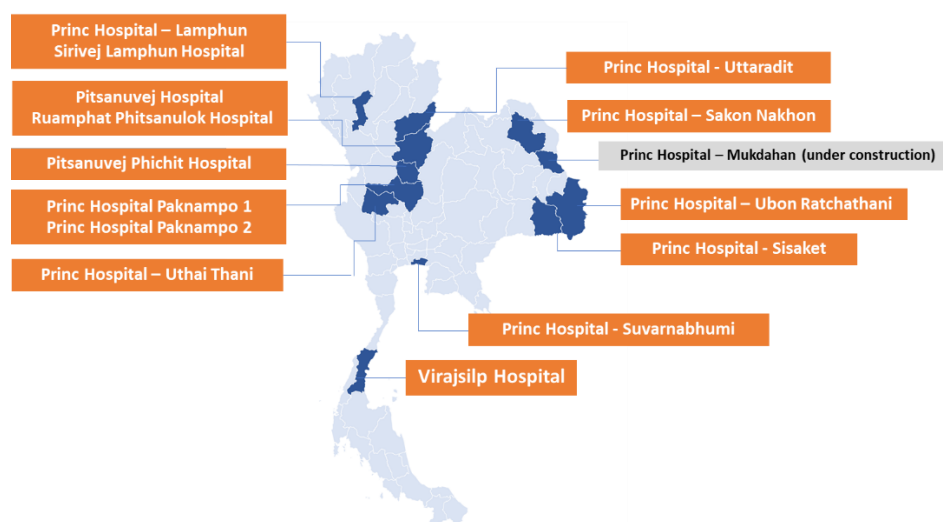
The Company changed its sector on the SET from "Property Development" to "Healthcare Services" to be in line with the Company's policy in 2019. At present, the Company has 15 hospitals, of which 14 hospitals have already operated commercially in 12 provinces around the country. In addition to hospital business, the Company also has other healthcare business including Elderly Care Center, 31 primary care clinics in Bangkok and 21 Skin and Aesthetics Centers which is a business with a continuous growth rate and is a source of income that will be generated in addition to income from the hospital business and expand the base of comprehensive health services.

Shareholding Structure of the Company and its Subsidiaries is as follows:



The current business of the Company and its subsidiaries can be categorized into 2 types namely private hospital and private hospital management business, and real estate development business.

- 1.1.1 Private Hospital and Private Hospital Management Business:** Currently, Princ hospital network has 15 hospitals in 12 provinces located in 5 regions of Thailand, of which 14 hospitals were officially opened and 1 hospital is under construction as follows:



1.1.2 Property Development Business

- a. **Hotel and Serviced Apartment Business:** Currently, there are 2 hotels and serviced apartments namely “Marriott Executive Apartment Sathorn Vista Bangkok” and “Somerset Ekamai Bangkok” located in Central Business District, providing long-term accommodation to the executives and expatriates who work in Bangkok as well as Thai and foreign tourists.
- b. **Office Space for Rent Business:** At present, the Company has 1 office building for lease which is Bangkok Business Center offering space for lease to medium and large corporate customers. The project is located in Ekamai area which is in the business area with full facilities including public utilities and telecommunications.

1.2. Business Overview, Industry Conditions and Competition

The Company has 15 hospitals in its hospital network, of which 14 hospitals are commercially operated and located in 11 provinces in various regions covering the north, central, northeastern, and south of Thailand, i.e. Samut Prakarn, Lamphun, Phichit, Phitsanulok, Nakhon Sawan, Uthai Thani, Uttaradit, Ubon Ratchathani, Sisaket, Chumphon and Sakon Nakhon. Our competitors are public hospitals and private hospitals operated in those provinces. Nevertheless, the Company has the policy to invest in hospital business in the province with no private hospital or having few private hospitals compared with the population in the province, having middle-income earners and can afford to pay for medical services in a private hospital. As such, this is an opportunity to expand medical services with modern technology equipment to the local population. In addition, the Company has a policy to focus on cooperation with local health service providers such as public hospitals, private hospitals and clinics in the province. Therefore, the competition in the business is not high and provides a chance to access good quality and high standard medical service at an affordable price.

The competition in the serviced apartment business is relatively intense. Apart from competing with other serviced apartment operators, there is also competition with hotel operators as most serviced apartments in Bangkok offer short-term rentals. Many operators price their daily room rates close to the rates of hotels at more or less the same level. Moreover, there are a larger number of new three- to four-star hotels emerging. There is also pressure from the Thai Hotels Association for the government requiring serviced apartments to obtain a hotel license as well. Another factor is the modification of some luxurious condominiums into serviced apartments, with lower rental rates. Both factors results difficulties to adjust serviced apartment rental rates.

1.2.1. Private Hospital Business Overview and Outlook

KResearch anticipates that in 2023, the revenue of SET-listed private hospitals will grow by 3.7% YoY, slowing down due to a decrease in the number of COVID-19 patients. However, it was also offset by income from foreign patients who gradually return after the COVID-19 pandemic eased. In particular, the main market such as Middle East patient is expected to visit in large numbers in the second half of the year, which is considered the peak season for such patients. In addition, there is a group of CLMV (Cambodia, Lao PDR, Myanmar and Vietnam) patients that is expected to gradually return to Thailand for healthcare service after the relieved of COVID-19 pandemic. Meanwhile, the Thai patient market is expected to grow from social security customers who are expected to increase their per capital medical expenditure from the second quarter of this year, which should support private hospitals that cater to such patients, as well as providing more complex treatment services such as cancer, the diseases related to the elderly and the group of customers who turn to preventive care and beauty.

KResearch forecasts that the total revenue from foreign patients of private hospital in 2024 will increase approximately 8.0-10.0%, the growth was slow down compared to the same period of last year, which is an adjustment to the pre-COVID-19 situation. In the next phase, the global economic recovery, the international conflicts situation, together with the government's policy to attract tourists and foreign investment, which will have an influence on the revenue and number of foreign patients in 2024, should be monitored.

With regard to this year profit, the profit is expected to gradually improve in line with revenue growth but it still faces with cost pressure and high competition from the new player in the country that expand to medical services as well as the competition with Medical Hub in the regions such as Malaysia and Singapore. This led to the decrease in net profit of private hospital business by 8.5% YoY. There are more challenges in various aspects including lack of medical personnels especially specialized doctors, the medical technology development, the control pricing of medical supplies and medicine, various health fund policies, such as social security systems which may be changed, the increase access to medical care, such as annual health check-ups and elderly care benefits, may affect business operations and profitability in the next phase.

1.2.2. Serviced Apartment Business Overview

Major customer group of serviced apartments are expatriates or foreign customers who work in Thailand. It was found that the total number of expatriates declined from the end of 2022 especially Japanese who obtained

work permit in Thailand was lower than pre-COVID-19 pandemic. However, the average occupancy rate was 79% similar to last year. The serviced apartment operators still face with risk factors that negatively affect the business including economic uncertainty, inflation, interest rate hike. Thailand's political uncertainties during the transition period may affect investors' confidence to delay investment in Thailand and affect the number of foreigners coming to work in Thailand. In addition, competition in the business is still intensified from the same business group and from competitors in the condominium and hotel operators that offer property for rent on monthly basis. It is a challenge for serviced apartments to stay competitive. Serviced apartments must have good facilities and services to attract customers, such as providing laundry services in the rooms, 24-hour room service. However, the business was supporting by the recovery of the tourism sector with an increase in number of tourists and the popularity of Bangkok as a destination for tourists and investment in Thailand by foreign investors, which is expected to gradually recover in the next phase.

Office Rental Business Overview

The competition in office rental business in 2023-2024 is intensified with the main pressure from the slowdown in rental demand from work from home and hybrid working resulted in the reduction or cancellation of rental space by the tenants. In contrast, the new office space increases significantly according to the office construction plan that will be gradually completed in the next 1-2 years as shown in the table below:

Project	Area (sq.m.)	Location (CBD/Non-CBD)
Year 2023		
The Rice	16,000	Phayathai (Non-CBD)
The Unicorn	21,000	Phayathai (Non-CBD)
Punn	22,500	Rama 4 (CBD)
One City Center	61,000	Ploenchit (CBD)
Park Silom	65,000	Silom (CBD)
Emsphere	n.a.	Sukhumvit 22-24 (CBD)
Total	185,500	
Year 2024		
V44 Building	39,000	Rama 9 (Non-CBD)
Central Park Office	63,000	Rama 4 (CBD)
KnightBridge Tower	85,000	Rama 3 (Non-CBD)
One Bangkok	200,000	Rama 4 (CBD)
The Forrestia	n.a.	Bangna (Non-CBD)

Project	Area (sq.m.)	Location (CBD/Non-CBD)
Total	387,000	

Krungthai Compass estimates that office rental demand in 2023-2024 will increase slightly from 8.26 million sq.m. in 2022, to 8.30 and 8.36 million sq.m. While the supply of office space will increase from 9.89 million sq.m. to 10.31 million sq.m. and 10.81 million sq.m., thus bringing down the overall occupancy rate to the range of 75-80%. In addition, the expected decline in occupancy rate will force the competition to be more intensified through price cutting to attract both existing and new tenants. As a result, the average office rental rate tends to fall from around Baht 820 per sq.m./month to Baht 800 and Baht 780 per sq.m./month., decreasing by 2.8% per annum during 2023 and 2024. This is a negative factor directly affects net profit of the office rental business operator.

1.3. Risks to the Company's Business Operation

1.3.1. Private Hospital Business

Risk to Current Business Operation and New Business

The overall hospital business in Thailand is in the spotlight again after the COVID-19 virus outbreak, which has various contexts to be further mentioned , especially being a private hospital. However, if the scope of health services is broadened, the hospital business will be just one part of the healthcare business. There are other health services such as the elderly care business, medical personnel development business, aesthetics business, medical support business, etc. that support hospital business. The Company has planned investments to provide health services in response to Health Mega-trend in every dimension besides the hospital business. This will diversify risk and provide strong support for the hospital business.

As for the development of existing hospital groups, there is a strong network connection throughout the database system, ability to treat complex diseases, the services that are accessible at all levels and the personnel development in a network format will help reduce the risk from loss of resources, enhance the organization's image and support growth according to the strategic plan.

Risk from Business Competition

Thai private hospitals will continue to face intense competition especially after the relieve of COVID-19 outbreak from the arrival of new players such as Ruamjai Rak Hospital, KDMS Hospital, the specialized hospital for joint and orthopedic diseases, hospital for eye disease, hospital for cosmetic surgery, as well as the investment expansion by existing players, such as Bumrungrad Hospital opening a new hospital in Phuket province, the upgraded service standard and after-hour special clinic of public hospitals and medical colleges. The expansion of investment by the international operators resulting from the healthcare liberalization policy, such as private equity from Singapore, has increased the number of hospitals and beds. Hence, there will likely be more

intense competition among private hospitals for pricing, promotional packages, and programs designed for specific diseases.

However, the Company focuses on providing services to middle-income customers who are the major population group of the country and high-income customers who consider value for money, reasonable medical fee in the private hospital with international standard. The medical fees of Principal Healthcare's hospitals in the secondary province are lower than top tier hospitals. The Hospital Information System and Shared Serviced helps to manage costs down and increases competitiveness.

Risk from Emerging Diseases

Climate change occurs around the world, the impact of bush fire, rapid change in global temperature including the occurrence of PM 2.5 dust as well as demographic changes, and the development of germs caused by incorrect use of medicine, causing resistance to antibiotics, the change in lifestyle and behavior, the concentration of population as well as more convenient travel, all these factors may cause the spread of germs which may cause new diseases to re-emerge, and new diseases can occur in the future. In addition to the global climate change, it is found that the warmer globe affects the change in sea level which may result in flooding that has already occurred in Korea. The Company takes that information into consideration for the risk that may incur in the future. Therefore, we expedite the development of medical personnels and seeking cooperation in various areas such as medicine, medical supplies, and medical equipment because there are lessons from the past COVID-19 pandemic which cause the change in form of treatment, shortage of medicine and medical supplies, and insufficient medical facilities for the patients. The hospitals in Principal Healthcare network, therefore, continue to develop knowledge in multidisciplinary fields, co-operate among hospitals and healthcare related business to be prepared for the newly occurred diseases to reduce the impact to the Company. In digital aspect, the Company also develops technological system and medical equipment with an aim for the better medical treatment and supplies as well as to cope with the situation to reduce risk that may occur in the future.

Risk associated with Hospital Business Expansion

The Company has expanded the business by building new hospitals. The Company may be exposed to risks of construction behind schedule, cost overrun, or any other factors which may interrupt the construction, causing damage, and the operating result of the new hospital may not be as good as the forecast. To mitigate such risk, the Company has hired experienced contractors and consultants to ensure that construction proceeds as planned. In addition, the contract signed with the main contractor has a provision to charge a delayed penalty enabling the subsidiary to claim from the main contractor in the event the construction is not completed on the agreed schedule and follow up the strategic plan during construction to ensure the readiness and effectiveness of services on the first day of commencement of service.

Moreover, the Company also has a policy to expand the private hospital business by acquiring hospitals that is in operation, of which potential can be improved for future better performance. Investment in these two forms helps

reduce risks as newly built hospitals require some time to generate revenues and profits whereas acquired hospitals can deliver a stream of revenues and minimize impacts on the Company's overall operating result.

Risk from Shortages of Medical Personnel

Medical personnel, consisting of physicians, nurses, pharmacists, and specialists in various fields, are crucial to hospital business operations. The hospital business must rely on medical personnel in various fields, currently, the production of human resources for healthcare is still limited in quantity and famous physicians mostly work with public hospitals including pharmacists that the law requires pharmacies must always have a pharmacist on duty and severe penalties for pharmacists which hangs an operation sign but did not perform the actual duty. Consequently, there is a possibility for competition for medical personnel from all fields. In addition, expansion of the private hospitals in preparation for an aging society and future business expansion has led to an increase of demand for experienced and quality medical staffs. Since the development of skills, knowledge, and capability of these medical personnel takes an extended period, the business may be affected by shortages of medical staff in various fields in the future.

Most of the hospitals in PRINH Group are located near the provincial hospitals which is convenient for the medical personnel to travel to work. The recruitment of employees and permanent medical personnel is adhered to the Company's commitment to caring for the locality. Candidates from other areas are also welcomed. In the overall picture of the entire company is focusing on networking and responding to the lifestyles of the new generation. In addition, affiliated hospitals in Phitsanulok Province by Phitsanulok Medical Company Limited (PSV) has collaborated with the Faculty of Medicine Faculty of Nursing, Faculty of Pharmacy, Faculty of Medical Sciences of Naresuan University, Phitsanulok Province to continuously develop personnel together. This collaboration will help mitigate this risk.

Risk from Changing Technology for Medical Equipment

The greater complexity and severity of diseases result in the need for state-of-the-art medical equipment. Giving top priority to the quality of diagnosis and treatment of patients, PRINH Group has consistently invested in modern medical tools and equipment. However, the current fast-changing medical technology may lead to frequent changes in technology for some medical equipment which may involve a high maintenance cost, thus likely affecting value for investment. PRINH Group, however, has the policy to analyze the qualification, benefit, and worthiness of medical equipment in the long run before making an investment decision to ensure cost effectiveness and maximum benefits for the hospital.

Risk of Potential Lawsuits for Damages arising from Provisions of Medical Services

The hospital business is faced with a threat of legal actions taken by patients or their related persons due to dissatisfaction with the treatment or the results of treatment by physicians or specialists who fail to meet their expectations. Moreover, the patient or related persons may file medical litigation as

consumer cases which has uncomplicated process with no court fee. This provides more chances to be sued.

Nonetheless, PRINH Group mitigates the risk by having all the hospitals in the network to receive at least Hospital Accreditation from The Healthcare Accreditation Institute (Public Organization). At present, 2 out of 14 hospitals in the network obtained the international standard accreditation from Joint Commission International Accreditation (JCI) to increase the confidence of the stakeholders. PRINH Group has developed service quality and applied modern treatment technologies. Moreover, to reduce the damage from the lawsuit, it has Medical Malpractice Liability Insurance coverage against claims by patients or their related persons who find the treatment results not meeting their expectations. With the long experience of its physicians, the assessment of service quality, treatment results and customer satisfaction, and the acquaintance with local people it serves, the Company is confident that it can bring about customer satisfaction.

Risk from Regulatory Changes

The Company's business operation is regulated by the Ministry of Public Health and other relevant government agencies. Regulatory changes may affect its operation. As an example, the cabinet approved the addition of medicines and medical supplies, as well as medical treatment and services, to the list of goods and services subject to control under the Price of Goods and Services Act, B.E. 2542. The Company acknowledges the policy and is ready to comply with the measures to be taken for the price control e.g., notification of purchase and sale prices of medicines and medical supplies as well as services, including medical services and other services of the hospitals, and notifying the Central Committee on the Price of Goods and Services before the price adjustment. Nevertheless, the Company's policy is to render medical services at appropriate prices. The government policy does not have any significant impact on the Company's performance.

In addition, the announcement of the Ministry of Public Health on the period for licensees to sell modern drugs and those in charge of operations must comply with the Ministerial Regulations on obtaining license application and licensing of modern drug selling., B.E. 2556. By allowing the licensee to sell modern drugs as well as those who have the duty to operate the pharmacy must comply with the requirements by 25 June 2022 that is, to provide a pharmacist who are knowledgeable and capable of providing community pharmaceutical services within the drugstore all time of operating hours. If it is inoperable, it will be in violation of the law and may consider not renewing the license to sell drugs. This will cause a shortage of pharmacists due to being drawn into the pharmacy business, however, the Company is aware of the impact if there is a shortage of pharmacist positions in hospitals so the Company considers adjusting the remuneration package to suit the current economic conditions and is competitive with other businesses who have a desire to employ such professions as well.

In addition, the Personal Data Protection Act B.E. 2562 was issued with the objective to protect the gathering, collection, use and disclosure of personal data of various groups of people, including customers of health care clinics. Such Act has determined the Company responsible for controlling personal

data to establish appropriate security measures to prevent any losses, accesses, changes, or disclosures of personal data without authority as well as to inform objectives and to request for consent of the data subject in the gathering, collection, use and disclosure of personal data before any of such proceedings can take place, except in the case where the law allows to perform such proceedings without prior consent. Besides, the data subject has the right to request the data controller to proceed with their data according to the law stipulated and if the Company and the hospital are unable to provide safety measures and handle various matters as specified by law, the data subject and government agency may file suit for damage fees and fines as a penalty. For the prevention and alleviation of impact arising from the enforcement of the Personal Data Protection Act B.E. 2562, the Company and network hospitals establish the appropriate safety and security measures to protect personal data which determines details in maintaining, collecting, using, and disclosing personal data. Furthermore, such policy also covers the exercising or various rights of the data subject, including the appointment of personnel who will be responsible for personal data protection as specified by relevant law, etc. The Company considers that such proceedings may help prevent and lessen potential impacts that may arise from the alterations of related laws and regulations.

Risk from Cyber Threats

The Company relies on information technology systems to collect, use, and store data. Like other companies, the Company is subjected to cybersecurity attacks, one of the significant risks the Company is exposed to. To avoid and protect the Company from cyber threat, the Company outsources reliable service provider that has standard attack protection system. The critical information is also regularly back up off-site. The Company complied with the Personal Data Protection Act B.E. 2562 by appointing a Data Protection Officer (DPO) with his working team. In addition, the Company also communicates to executives and staffs in all levels on the cyber threat which could come in various types to raise awareness and understanding of the preventive measures for such threat. The Company has implemented the Information Technology Security Policy and regularly updated such policy and communicated with all staffs and related parties to put into action.

1.3.2. Property Development Business

Risk from Business Competition

The hospitality industry in which the Company operates is highly competitive. The Company is competing against international, regional, and local companies running similar businesses. The Company mitigates this risk by entering into agreement (Hotel Management Agreement) with world class international hotel operators, who have high operating standard to manage all the hotels and deliver world-class customer experience to ensure values for the customer's money and competitive quality. The Company continuously improves quality of services and facilities for the highest customer satisfaction.

Risk from Operational Process

Efficiency and effectiveness in operations are vital factors to support the Company sustainable achievement. The Company intends to develop

standard operation processes for all the key business processes, aiming to eliminate unnecessary routine operation, redundant activities, implement a performance tracking dashboard which enable management to analyze and improve operational process to be in line with the change in the environment.

Risk from Tenants' Default

The spread of COVID-19 virus has severe impact to a vast number of industries. As a result, the tenants of office building may not be able to pay their rent on time or default on payment affecting the Company's revenue stream. The Company managed the risk by developing suitable supporting scheme for tenants and developing a concise and efficient debt monitoring process enable the Company to collect the past due debt from the tenants. In addition, the Company also implemented Customer Relationship Management Program to maintain quality tenants with the Company.

Risk from the Spread of COVID-19 Virus

The wide spread of COVID-19 virus has a wide impact both domestically and internationally, and affecting many industries, especially tourism and hotels/serviced apartments. According to the government's measure to control the spread of COVID-19 virus, for example, the international travellers are required to quarantine in the designated place. Such measures have significantly reduced the number of tourists resulting in the decrease in hotel revenue from the substantial drop in occupancy rate. For the serviced apartment business, most of the guests are expatriate who lease for long-term with continuous renewal of lease agreement therefore, the impact from COVID-19 epidemic is less than hotel that provide only short-term accommodation. Moreover, the spread of COVID-19 virus put many companies out of business or downsize. The business has to shift to hybrid-working or working from home practice or work from anywhere in corresponding to the government measures. This resulted in lower demand for office space rental.

The Company gives a priority to the preparation for the spread of COVID-19 virus by strictly monitor COVID-19 epidemic situation for example, COVID-19 screening, social distancing, putting alcohol gel at various places for the guest at the hotel and serviced apartment, the tenants in the office, cleaning the touch point for instance, elevator with the effective antiseptic liquid. Moreover, the Company follow up the situation and analyse the impact to adjust the business strategy to serve the change in consumer needs.

2. Summary of Financial Performance and Financial Position

2.1. Summary table of consolidated financial statements of the Company for the years 2021 to 2023 and explanation and analysis of financial position

Statement of Financial Position Unit : Baht Million	31 December 2023	31 December 2022	31 December 2021
Cash and cash equivalents	520.1	514.2	488.6
Financial assets measured at fair value through profit or loss	-	582.0	400.5
Short-term fixed deposits	3.3	3.4	1.4

Statement of Financial Position Unit : Baht Million	31 December 2023	31 December 2022	31 December 2021
Trade receivables, other receivables and prepayments, net	626.1	1,038.4	1,680.7
Restricted deposits at financial institutions - current	-	-	0.4
Inventories, net	143.4	133.1	128.9
Other current assets	4.4	6.0	12.7
Non-current assets held-for-sale	-	-	1,010.8
Total current assets	1,297.4	2,277.1	3,723.9
Restricted deposits at financial institutions	2.6	5.1	2.8
Lease receivables, net	-	-	-
Investment in an associate and joint ventures	685.6	0.2	0.4
Financial assets measured at fair value through profit or loss	0.6	0.3	0.3
Investment property, net	1,098.3	1,127.5	136.5
Property, plant and equipment, net	11,780.3	11,412.6	11,058.7
Intangible assets, net	218.6	265.9	245.7
Right-of-use assets, net	514.2	474.3	347.1
Goodwill, net	2,054.9	2,009.0	1,824.0
Deferred tax assets	2.9	12.4	13.4
Other non-current assets	228.1	192.7	62.6
Total non-current assets	16,586.1	15,500.3	13,691.5
Total assets	17,883.5	17,777.4	17,415.4
Bank overdrafts from a financial institution	-	4.8	-
Short-term borrowings from financial institutions	1,526.2	1,024.6	-
Trade and other payables	695.1	794.5	729.8
Advances received from customers	52.4	75.8	657.5
Short-term borrowings from related parties	-	-	287.3
Current portion of lease liabilities	100.2	131.5	84.5
Current portion of long-term borrowings from financial institutions	426.7	327.9	328.1
Current portion of long-term borrowings from a subsidiary	-	-	-
Income tax payable	24.7	32.6	76.2
Deposits received from customers - current	20.6	20.1	45.4
Other current liabilities	85.0	86.8	95.0
Total current liabilities	2,931.0	2,498.6	2,303.8

Statement of Financial Position Unit : Baht Million	31 December 2023	31 December 2022	31 December 2021
Lease liabilities	264.3	213.7	164.3
Long-term borrowings from financial institutions	4,478.8	4,112.7	3,490.9
Deposits received from customers	25.1	23.0	-
Deferred tax liabilities	383.2	386.4	371.6
Employee benefit obligations	181.1	159.0	151.6
Subsidiary's shares acquisition payables	48.6	47.8	53.7
Other non-current liabilities	3.9	15.2	18.9
Total non-current liabilities	5,385.0	4,957.8	4,251.1
Total liabilities	8,315.9	7,456.4	6,554.9
Shareholders' equity			
Issued and paid-up share capital	3,808.6	3,808.6	3,808.6
Premium on paid-up share capital	6,233.4	6,233.4	6,233.4
Retained earnings (deficits)			
Appropriated - legal reserve	73.0	73.0	73.0
Unappropriated	(1,511.5)	(829.9)	(1,076.7)
Other components of equity	186.5	220.0	769.9
Non-controlling interests	777.6	815.8	1,052.3
Total equity	9,567.6	10,320.9	10,860.5
Total liabilities and equity	17,883.5	17,777.4	17,415.4

Assets

Total assets at the end of the years 2021 to 2023 were Baht 17,415.4 million, Baht 17,777.4 million, and Baht 17,883.5 million, respectively. The majority of the company's assets consist of land, buildings, and equipment - net, intangible assets - net, and investment properties - net. These three types of assets account for 83.5 per cent of total assets.

As of 31 December 2023, the Company and its subsidiaries had total assets of Baht 17,883.5 million an increase of Baht 106.1 million from 31 December 2022 resulting from:

- Investment in associates and joint ventures increased by Baht 685.4 million from investments in AES Class Clinic Company Limited of Baht 474.3 million, and investments in 2 other Joint Ventures of the subsidiaries.
- Property, plant and equipment increased by Baht 367.7 million, from Prnc Hospital Sakon Nakhon, which began operating on January 23 2023, from the entire business of Phsanulok Ruamphat Hospital Company Limited, and from the renovation of the existing hospital.

- Financial assets measured at fair value through profit or loss decrease by Baht 582.0 million, from the sale of short-term investments in mutual funds to be used in business operations and business expansion.
- Trade and other receivables decrease by Baht 412.3 million, due to the decrease of trade receivables by Baht 274.7 million and from the recognition of allowance for expected credit losses for trade receivables of the National Health Security Office due to COVID-19 in the amount of Baht 123.1 million.

Liabilities

Total liabilities at the end of the years 2021 to 2023 were Baht 6,554.9 million, Baht 7,456.5 million, and Baht 8,315.9 million, respectively.

As of 31 December 2023, the Company and its subsidiaries had total liabilities Baht 8,315.9 million, an increase of Baht 859.5 million from 31 December 2022, from the Borrowings from financial institutions increased by Baht 966.4 million due to the increase in loans of the Company and increased loan drawdowns of subsidiaries for investment.

Shareholders' Equity

Shareholders' equity of the Company and its subsidiaries at the end of 2021 to the end of 2023 amounted to Baht 10,860.5 million, Baht 10,320.9 million, and Baht 9,567.6 million, respectively. Shareholders' equity at the end of 2023 decreased by Baht 753.3 million compared to the end of 2022.

The debt-to-equity (D/E) ratio stood at 0.95 increasing at 0.78 from 31 December 2022, due to the borrowings from financial institutions. While the shareholders' equity decreased from the losses incurred during the year.

2.2. Summary table of consolidated profit and loss statement of the Company for the years 2021 to 2023 and explanation and analysis of financial performance

<u>Profit and Loss Statement</u>	2023	2022	2021
Unit: Baht Million			
Revenues from healthcare services	5,077.7	6,211.4	4,742.7
Revenues from sales and services	562.0	473.1	316.1
Costs of healthcare services	(4,208.7)	(4,436.4)	(3,389.3)
Costs of sales and services	(295.0)	(284.8)	(254.9)
Gross profit	1,135.9	1,963.4	1,414.6
Other income	99.9	120.2	61.9
Selling expenses	(117.7)	(86.0)	(1,121.4)
Administrative expenses	(1,303.4)	(1,395.8)	
Expected credit losses	(133.7)	(20.6)	
Other expenses	(133.1)	(19.7)	(15.0)
Finance costs	(234.4)	(162.5)	(146.6)
Share of Profit (loss) from associates and joint ventures	0.5	(0.1)	0.1

Profit (loss) before income tax expense	(686.0)	398.9	208.6
Income tax (expense) income	(44.3)	(92.6)	115.7
Profit (loss) for the year	(730.3)	306.3	92.9
Other comprehensive income (expense)	9.1	7.2	10.6
Total comprehensive income (expense) for the year	(721.2)	313.5	103.4
Profit (loss) attributable to:			
Owner of the parent	(690.3)	240.0	81.2
Total comprehensive income (expense)			
Owner of the parent	(681.6)	246.8	89.9

Revenue from Medical Services and Revenue from Sales and Services

In 2023, the Company and its subsidiaries had total revenue at 5,639.6 Baht million from the following;

- Considering solely non - COVID-19 related matters, revenue in 2023 is 36.1% greater than in 2022 due to the improved performance of all hospitals. However, due to the impact of COVID-19- related revenue, which was high in all hospitals over the previous year, revenue decreased by 18.3 % in this year compared to previous year's revenue.
- In 2023, operating results is increased due to;
 - OPD and IPD patient numbers are increased as a result of an ability to provide complex disease and epidemics treatments in children, such as respiratory infections, RSV, and influenza; and epidemics in adults, such as influenza A and B, dengue fever. In addition, health check-up of companies customers including adults and children of neighbouring countries, etc., resulting the number of OPD patients per day to be increased by 14.0%, OPD revenue per visit by 8.1%, and admission rate by 3.4% respectively , which are higher than previous year.
 - An increased of revenue is resulted from the expansion of medical services in hospitals, such as the dental clinic at Princ Hospital Suvarnabhumi and the medical referral service unit under the Monsoon Wind Farm project, Dak Chung City, Lao PDR, of Princ Hospital Ubon Ratchathani and the development of ability to treat patient groups with complex diseases in a number of network hospitals. In addition, hospitals in the northeastern area also gain more patients from neighbouring countries such as Lao PDR and Cambodia returning for treatment.

- Revenues from property development and rental business were Baht 562.0 million increasing by 18.8% from:
 - Marriott Executive Apartment Sathorn Vista – Bangkok, had a revenue increased by Baht 58.9 million (32.7%). From the occupancy rate, which was increase from 74.6% in 2023 to 84.3% and from the average daily rate (ADR) from Baht 3,693 to Baht 4,359 from the increase of wholesales and corporate customers also, the country won't be completely accessible to travellers in the first half of 2022.
 - Somerset Ekamai Bangkok, had a revenue increased by Baht 28.1 million (15.3%) from the occupancy rate, which was increase from 77.5% in 2023 to 82.0% and from the average daily rate (ADR) from Baht 2,298 to Baht 2,509 because of a growth in both long-term customer (Serviced Apartment) and short stay customers.
 - Bangkok Business Center Building, had a revenue increased by Baht 2.7 million (2.6%).The revenue was higher than the previous quarter from the rental rate of space increasing from 71.2% to 73.3% this year, as the management has changed the policy and improving various building systems to accommodate the needs of tenants such as changing the parking system, etc., thus, bringing in more new tenants.

Gross profit of the Company and its subsidiaries were Baht 1,135.9 million, a decrease of 42.1% from COVID-19 related revenue dropped by Baht 2,307 million, while expenses for medical staff rose.

Costs of Sales and Services

Selling and administrative expenses were Baht 1,421.2 million, a decrease of Baht 60.6 million (4.1%). In 2022, the Company and its subsidiaries had one-time expenses from items related to COVID-19 both in the deterioration of deteriorated products - COVID - 19 vaccine and donation of vaccines to various organizations totalling Baht 219.2 million. If the aforementioned items are not included, there will be a 12.5% increase in 2023 in sales and administrative expenses from employee expenses, marketing expenses, utilities costs and operating expenses of both businesses.

Expected Credit Losses

Expected credit losses mostly were Baht 133.7 million occurred from the recognition of an allowance for expected credit losses for trade receivables which is anticipated from the National Health Security Office that occurred in the third quarter of this year in the amount of Baht 197.8 million, as the management considers that the debtor has a significant increase in credit risk. However, during the fourth quarter, payment was received from debtors in the amount of Baht 74.7 million, therefore this loss allowance was reversed.

Other Expenses

Other expenses were Baht 133.1 million, of which were occurred from the recognition of an allowance for impairment of goodwill totalling Baht 107.0 million.

Finance Costs

Financial costs were Baht 234.4 million, an increase of 44.3% from increased loans from financial institutions. In addition, the loan interest rate (MLR) of financial institutions has increased significantly from the previous year.

Profit (loss) from Operations and Net Profit

From the results of the various items mentioned above. As a result, in 2023, the Company and its subsidiaries had a loss for the year of Baht 730.3 million, of which the loss attributable to owners of the Company was in 2023 690.3 million.

3. Liabilities

3.1. Total amount of debt instruments having been issued and unissued pursuant to the resolution of the shareholders' meeting authorising the Company's board of directors to consider the issuance as appropriate

-None-

3.2. Total amount of loans with specified period and other debts, including overdrafts

As of December 31, 2023, the Company and its subsidiaries had total long-term and short-term borrowings in the amount of Baht 4,882.7 million and Baht 1,524.9 million (not including accrued interests), respectively. The Company and its subsidiaries did not have bank overdraft balances or other types of liabilities. The details of the borrowings are as follows:

Liabilities	Company	Outstanding Amount	Collaterals
		(Baht million)	
Long-term borrowings from a financial institutions	Principal Healthcare – Chumphon Co., Ltd.	150.5	Land and building title deed of Virajsilp Hospital
	Principal Healthcare – Lamphun Co., Ltd.	253.3	Land and building title deeds of Sirivej Lamphun Hospital, and PRINC Hospital Lamphun
	Pitsanuvej Hospital Co., Ltd.	403.3	Land and building title deed of Pitsanuvej Hospital
	Pitsanuvej Uttaradit Hospital Co., Ltd.	191.1	Land and building title deed of Pitsanuvej Uttaradit Hospital
	Principal Healthcare – Uthai Co., Ltd.	166.8	Land and building title deed of PRINC Hospital Uthai Thani
	Principal Healthcare – Sakon Nakhon Co., Ltd.	300	Registered collateral for medical equipment, lease rights, and mortgage on hospital buildings
	Principal Healthcare – Sisaket Co., Ltd.	247.9	Mortgage on land and hospital buildings
	Principal Healthcare – Ubon Ratchathani Co., Ltd.	290	Mortgage on land and hospital buildings (13 title deeds)
	Principal Capital Public Company Limited	211	Land and building title deed of BBC

Liabilities	Company	Outstanding Amount	Collaterals
		(Baht million)	
	Paknampo Hospital Co., Ltd.	648	Land and building title deed of Princ Hospital Paknampo
	Principal Capital Public Company Limited Branch 1	597	Land and building title deed, registered collateral for medical equipment business, DBD leasehold & building, Land of PSUV 1 Rai
	V Residence Co., Ltd.	1423.8	Asset Warehousing land and building title deed
Short-term borrowings from financial institutions	Principal Capital Public Company Limited	500	Land and building title deed of BBC
	Principal Capital Public Company Limited	1024.9	Cash

3.3. Commitments and Contingencies

Capital expenditure commitments

Capital expenditure contracted as at the statement of financial position date but not recognised in the financial statements is as follows:

	Consolidated financial statements		Separate financial statements	
	2023 Baht Thousand	2022 Baht Thousand	2023 Baht Thousand	2022 Baht Thousand
Plant and equipment	384,317	207,423	125,740	12,219

Operating lease commitments

The Group has entered into low-value assets leases agreements and short-term leases agreements with leases term less than 1 year which are non-cancellable lease agreements in respect to leases of equipment and its related service agreements. The lease terms are between 1 to 5 years. The future aggregate minimum lease payments which were not recognised as lease liabilities are as follows:

	Consolidated financial statements		Separate financial statements	
	2023 Baht Thousand	2022 Baht Thousand	2023 Baht Thousand	2022 Baht Thousand
Not later than 1 year	45,749	31,037	2,886	2,374
Later than 1 year but not later than 5 years	21,639	28,541	2,478	623
	67,388	59,578	5,364	2,997

Long-term service commitments

On 24 January 2007, the Group entered into management agreements with a group company of a well-known international standard hotel chain, appointing the hotel group to manage the Group's serviced apartments. Under the conditions of the agreements, the Group has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 30 years, starting from the commencement of operations, and could be extended for a further period of at least 10 years, depending upon certain conditions specified in the agreements. Consulting fees and expenses under the contract for the year ended 31 December 2023 were Baht 16.2 million (2022: Baht 11.3 million).

On 14 January 2016, the Group entered into management agreements with a group company of a well-known international standard hotel chain, appointing the hotel group to manage the Company's serviced apartments. Under the conditions of the agreements, the Company has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 10 years, starting from the commencement of operations, and could be extended for a further period of at least 10 years, depending upon certain conditions specified in the agreements. Consulting fees and expenses under the contract for the year ended 31 December 2023 were Baht 13.8 million (2022: Baht 13.4 million).

4. Financial Forecast for the Current Year

-None-

5. Major Shareholders, Board of Directors and Executives of the Company

5.1. Shareholders

The top 10 shareholders of the company as of March 14 2024, which is the Record Date that determines the shareholders who has the right to attend the Annual General Meeting of Shareholders for the year 2024, comprise of the following:

Name of the Shareholders	Number of Shares	% of Total Shares
1. Viddayakorn Family	2,635,623,474	69.20
- Ms. Satita Viddayakorn	1,725,491,745	45.31
- Dr. Satit Viddayakorn	680,422,900	17.87

Name of the Shareholders	Number of Shares	% of Total Shares
- Peak Development Holdings Ltd. ⁽¹⁾	157,737,029	4.14
- Ms. Pallapa Viddayakorn	48,986,700	1.29
- Ms. Tanatorn Viddayakorn	22,985,100	0.60
2. Ratch Group Public Company Limited	380,857,051	10.00
3. International Finance Corporation	222,249,300	5.84
4. Ms. Sirinya Apimonbutra	100,000,000	2.63
5. Ms.Peechaya Krimwongrat	19,090,000	0.50
6. Mr. Peerapol Prasetkul	15,757,000	0.41
7. Mr. Amornwat Thirakritphon	13,460,000	0.35
8. UBS AG SINGAPORE BRANCH	9,763,000	0.26
9. Ms. Pantip Areekanlert	7,594,200	0.20
10. Ms. Payao Chalacheebh	6,863,300	0.18
Other shareholders	397,313,177	10.43
Total	3,808,570,502.00	100.00

Note: (1) Miss Satita Viddayakorn is the ultimate beneficiary.

5.2. Board of Directors and Executive of the Company

The Board of Directors of the Company as of 14 March 2024 comprises the following:

- | | |
|----------------------------------|--|
| 1. Dr. Satit Viddayakorn | Chairman of the Board of Directors,
Chairman of the Executive Committee |
| 2. Mr. Krittavith Lertutsahakul | Vice Chairman of the Board of Directors,
Managing Director |
| 3. Mr. Sakarin Tangkavachiranon | Director |
| 4. Dr. Nattawuth Prasertsiripong | Director |
| 5. Mr. Tharin Eampetcharapong | Director |
| 6. Mr. Pawat Thanawutsirawat | Director |
| 7. Ms. Seerada Tiemprasert | Director |
| 8. Mrs. Unakorn Phruithithada | Independent Director, Chairman of Audit
Committee |
| 9. Mr. Sillapaporn Srijunpetch | Independent Director, Audit Committee |
| 10. Mr. Anuphan Kitnitchiva | Independent Director |
| 11. Mr. Panu Boonsombat | Independent Director, Audit Committee |

The Executives of the Company as of 14 March 2024 comprise the following:

1. Dr. Satit Viddayakorn Chairman of the Board of Directors
2. Mr. Krittavith Lertutsahakul Managing Director
3. Mr. Tharin Eampetcharapong Chief Financial Officer
4. Dr. Achara Ratanaphunsri Chief of the Internal Audit Office
5. Mr. Pawat Thanawutsirawat Chief Management of the Healthcare Business
6. Miss Atiya Awachanakarn Chief of Sustainability Office
7. Dr. Wareeporn Songsak Chief of Human Resources