



Principal Capital Public Company Limited

FORM 56-1

31 December 2018

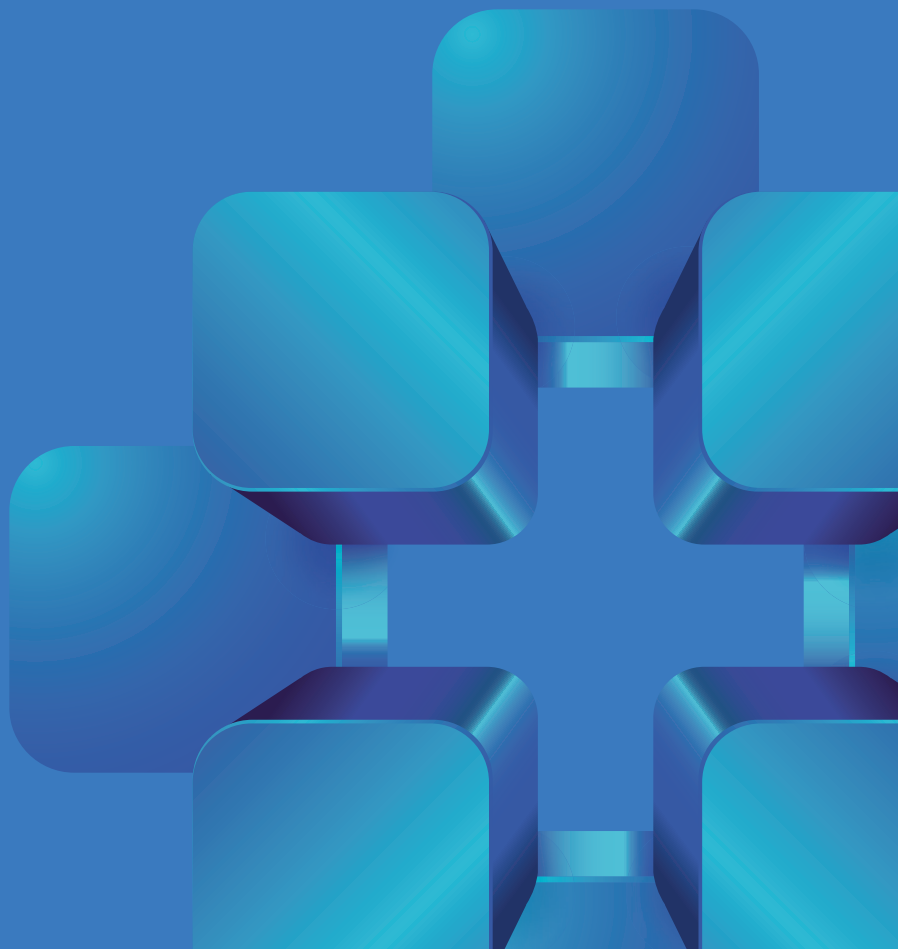


Table of Contents

Part 1 Business Overview	1
1. Business Policy and Business Overview	1
2. Business Overview	10
3. Risk Factors	38
4. Major Assets in Business Operation	43
5. Legal Disputes.....	49
6. General Information and Other Key Information	50
Part 2 Management and Corporate Governance	55
7. Securities information and shareholders	55
8. Management Structure	56
9. Corporate Governance Policy	70
10. Corporate Social Responsibilities	99
11. Internal Control and Risk Management	103
12. Related Party Transactions	107
Part 3 Financial Position and Operating Performance	111
13. Key Financial Information.....	111
14. Management Discussion and Analysis.....	119
Part 4 Certification for the Correctness of Information	127
Attachment	130
Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary	130
Attachment 2 : Details about information of Directors and Executives of the Company and subsidiary companies	145
Attachment 3 : Details about Internal Auditor	149
Attachment 4 : Details about appraisal value of assets	150
Attachment 5 : Other	151

Part 1 Business Overview

1. Business Policy and Business Overview

Principal Capital Public Company Limited (“Company”) was incorporated in 2000 under the name “Metrostar Property Company Limited to engage in property development business. Later in 2005 the Company was listed in the Stock Exchange of Thailand. In 2013 there was a change in shareholder and the Company was renamed as Principal Capital Public Company Limited

In 2017 the Company acquired shares of Principal Healthcare Co., Ltd (previous name was Alliance Medical Asia Co., Ltd.) operates private hospital business with 4 hospitals in 3 provinces in the northern of Thailand. In 2018 the Company acquired another hospital – Princ Hospital Suvarnabhumi (previous name was Piyamin Hospital), a large hospital in Samut Prakan Province. This helps expand the hospital network to cover Bangkok and vicinity area.

After the business acquisition, the Company’s main business is to operate private hospital and private hospital management business and Stock Exchange of Thailand approved the change of business sector from Property Development business to Healthcare Services business. However, the Company operates private hospital business in parallel with property for rent located in the CBD area. It also offers full-service office building management services in term of sale, administration, accounting etc by the professional team with fairness and transparency. Apart from this, the Company also operates Information Technology service business as well as business advisory service.

At present, the business of the Company and subsidiaries can be divided into 4 types as follows:

- 1. Private Hospital Business and Private Hospital Management** – Currently the Company has 8 hospitals in 7 provinces which are Princ Hospital Suvarnabhumi in Samut Prakan, Pitsanuvej Hospital in Pitsanulok, Sahavej Hospital in Pichit, Paknampo Hospital and Paknampo 2 Hospital in Nakornsawan, Pitsanuvej Uttaradit Hospital in Uttaradit which is going to commercially operate in Q1/2019 and Princ Uthai Thani Hospital which is under renovation and expected to commercially operate in Q3/2019. In addition, the Company accepted the Entire Business Transfer (EBT) of Sirivej Lamphun Hospital in March 2019. The business operation of this hospital will continue after the business transfer.
- 2. Property for Rent Business** - Hotel/serviced apartment and office building for rent
- 3. Information Technology Service Business** – Hospital Information System Implementation Service, Enterprise Resource Planning (ERP) and System Maintenance and Support Service.
- 4. Business Advisory Service** – provide advisory services to the business operators. Currently it stops the business operation.

1.1 Vision

PRINC will become more healthcare focused, invest in healthcare property and be a trusted hospital management organization with emphasis on digitalization and efficiency, while fully utilize the properties we currently own, for the utmost benefits of all stakeholders.

1.2 Mission

- To provide professional hospital management services, along with non-medical shared services, to our subsidiary hospitals as well as our partner hospitals.
- To efficiently operate the hospital, with the use of IT, to deliver the desired outcomes in every perspective including financial, service quality, and customer satisfaction..
- To strengthen our network of hospitals through partnership and new acquisitions.
- To develop viable health-related projects to serve potential markets both in our own properties and in new promising sites.
- To take part in enhancing the health of the community and creating a sustainable healthy society.
- To continually develop our human resources to be competent with up-to-date technology, enhanced with new capabilities, and adaptive to our fast-growing organizations.
- To provide service, analysis, design, installation of software that respond to customers' needs by skillful teamwork to support healthcare service business, the main business of the Company.
- Determine to develop excellence in service providing of existing hotel and serviced apartment in order to build customer satisfaction.

1.3 Key Events and Major Developments

Principal Capital Public Company Limited’s change and major development is as follows:

Year	Key Events
2019	<ul style="list-style-type: none"> — On March 1, 2019 Principal Healthcare – Lamphun Co., Ltd. successfully accepted entire business transfer of Sirivej Lamphun Hospital. — In February 2019, SET approved that PRINC will be reclassified from “Property & Construction” industry and “Property Development” sector to “Service” industry and “Health Care Services” sector.
2018	<ul style="list-style-type: none"> — In November 2018, the Company received Quality Management System ISO9001:2015 certification. — In October 2018 Principal Healthcare Co., Ltd., a subsidiary of the Company set up Principal Healthcare – Lamphun Co., Ltd. with the registered capital of Baht 200 million

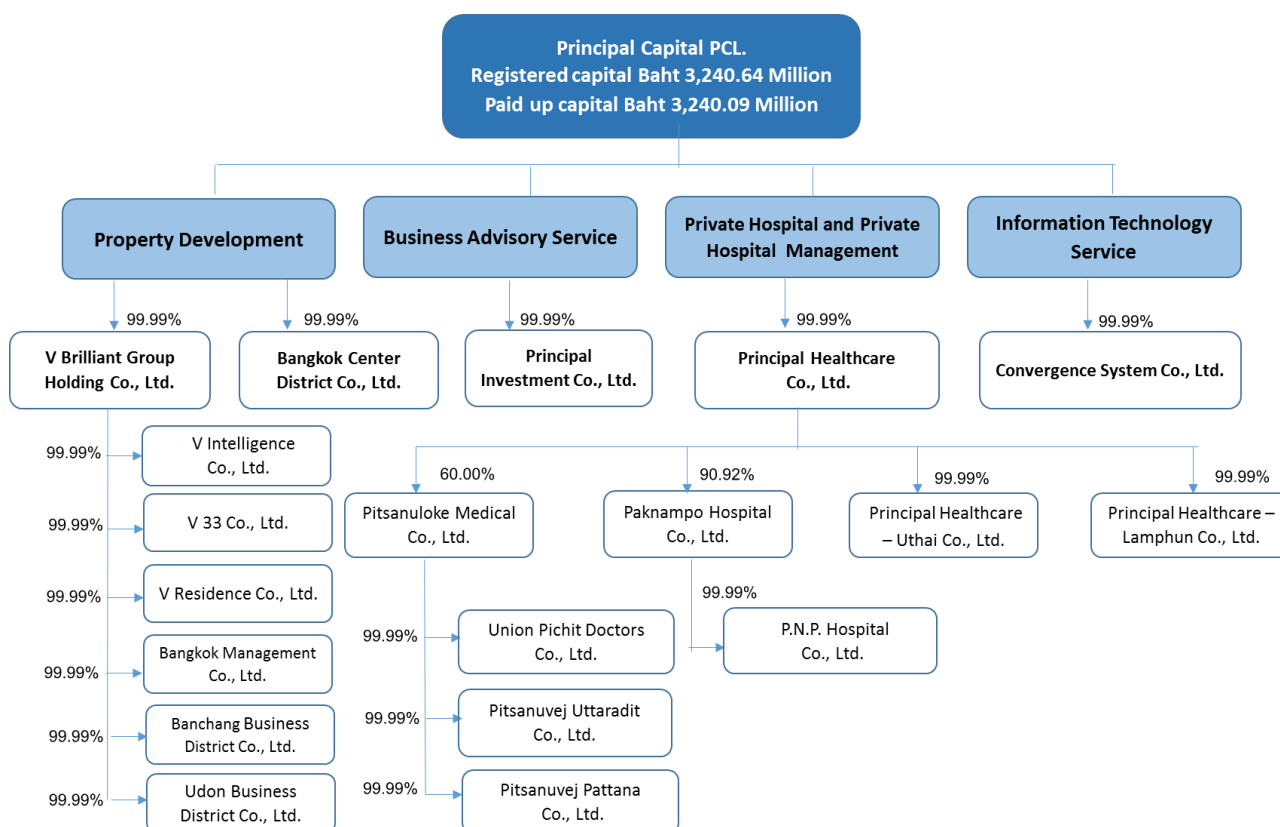
Year	Key Events
	<p>to operate private hospital business. The Company's Board of Director passed the resolution to approve Principal Healthcare – Lamphun Co., Ltd. to accept the Entire Business Transfer (EBT) of Sirivej Lamphun Hospital in Lamphun Province, consisting of 2 land plots with total area of 11-0-65 rai and 9 buildings, the medical tools and equipment and the license to operate 59-bed hospital. Total investment was Baht 120 million.</p> <ul style="list-style-type: none"> – On June 7, 2018 the Company obtained the Certificate in relation to “Thailand’s Private Sector Collective Action Coalition against Corruption” (CAC). – In May 2018 Principal Healthcare Co., Ltd., a subsidiary of the Company set up Principal Healthcare – Uthai Co., Ltd. to operate private hospital business with the registered capital of Baht 50 million. Principal Healthcare – Uthai acquired the unoperated hospital, a non-performing asset from the financial institution. This brought in 10 land plots with area of 12-1-79.5 rai and 10 buildings in Bangprakru Sub-district, Klongluang District, Uthai Thani. The company renovated existing buildings to be 59-bed hospital. Total investment was Baht 160 million. – In March 2018 V Brilliant Group Holding Co., Ltd., PRINC’s subsidiary set up 2 new companies which are Ban Chang Business District Co., Ltd. and Udon Business District Co., Ltd. with paid up capital of Baht 121 million and Baht 129 million respectively with objective of property development – On February 27, 2018, the Company purchased and accepted the business transfer of Thai Health Management Organization Co., Ltd. (“THM”) which is a company operates private a hospital business under the name “Piyamin Hospital” and renamed to “Princ Hospital Suvarnabhumi” located in Samut Prakan Province and 3 medical clinics in Bangkok. The Company will accept the transfer of the hospital business of THM, including its assets, liabilities, permits and licenses necessary for its hospital business operation, all of the employees who wish to continue working with the Company, as well as the rights and obligations under the agreements, which are in existence as of the date on which THM transfers its business to the Company, pursuant to the terms and conditions of the Business Transfer Agreement between the Company and THM. The Company will pay a total consideration of not exceeding Baht 900 million to THM when the condition precedents pursuant to the agreement are fulfilled. The Company anticipates that the acquisition of THM's hospital business will result in the expansion and growth of the group companies' hospital business network, particularly in Bangkok and the perimeter areas given the hospitals currently operated by the group companies

Year	Key Events
	<p>are located only in provincial areas, creating a Hub and Spoke System for the group companies' hospital business, which would enhance the growth, capability and competitiveness as well as create patient referral channel and increase potential profitability, of the group companies in the future.</p> <ul style="list-style-type: none"> — On January 25, 2018, Alliance Medical Asia Co., Ltd. was renamed to Principal Healthcare Co., Ltd.
2017	<ul style="list-style-type: none"> — In November 2017, the Company acquired the business of Alliance Medical Asia Co., Ltd (“AMA”)’s group of companies through the purchase of 268,374,998 shares representing approximately 99.99% of AMA’s total issued and paid up capital from the existing shareholders who are the connected person, including Miss. Satita Viddhayakorn (“Miss Satita”), Vantage Point Management Limited (“Vantage Point”) and Mr. Sirichai Towiriyawate (“Mr.Sirichai”), at a price of approximately Baht 7.4523 per share totaling not more than Baht 2,000 million. This enabled the Company to have 6 subsidiaries consisting of 1) Pitsanuloke Medical Co., Ltd. 2) Paknampo Hospital Co., Ltd 3) Union Pichit Doctors Co., Ltd. 4) Pitsanuvej Utradit Co., Ltd. 5) Pitsanuvej Pattana Co., Ltd. and 6) P.N.P. Hospital Co., Ltd. (collectively called “subsidiaries”). The payment for such shares would be made in cash at 50% of total purchase price on the Share Purchase Date and the remaining half of total consideration will be paid within 12 months from the Share Sale and Purchase Agreement Date. If the Company paid the remaining unpaid portion to Ms. Satita, Vantage Point or Mr. Sirichai after end of 6 months from the Share Purchase Date, the Company has to pay monthly interest to Ms. Satita, Vantage Point or Mr. Sirichai at Bangkok Bank PLC.’s lending rate or MLR minus 2% (MLR-2%) starting from the day after the end of 6 months until the full repayment date (no compound interest) — In May 2017, Bangkok Management Co., Ltd, the Company’s subsidiary (“Subsidiary” or “Seller”) sold 2 land plots on title deed no. 3582 and 3962 with total area of 2-2-34.3 rai with 34-storey building and parking lot on such land as well as construction permit no. 42/2016 to Carlton Bangkok Investment Pte., Ltd. (“Buyer”) at the disposal price of Baht 2,400 million. The Purchaser agrees to make another payment to the Transferee of Baht 100 million. Total purchase price was Baht 2,500 million. Carlton Hotel Bangkok Co., Ltd. the Buyer’s subsidiary was the transferee. — The Company amended its objective and Memorandum of Association for hospital business operation.

Year	Key Events
2016	<ul style="list-style-type: none"> <li data-bbox="391 257 1417 392">— The Company increased its paid up capital from warrants conversion of 442,172,887 shares amounting to Baht 442,172,887, which led to the total paid-up capital of Baht 1,400,149,087 <li data-bbox="391 414 1417 1014">— The Company entered into 99.99 % of V Brilliant Group Holding Co., Ltd (“VB”)’s common shares and preferred shares purchase transaction which engaged in property development and invested in 4 subsidiaries operate property development business - 1) V Intelligence Co., Ltd 2) V Residence Co., Ltd 3) Bangkok Management Co., Ltd. and 4) V 33 Co., Ltd from Ms. Satita Viddayakorn and Peak Development Holdings Ltd. Such investment enabled the Company to obtain ownership in land and building 9 locations divided into 4 property projects located in the heart of Bangkok and 5 vacant land plots in provincial area. Total value of VB Group is Baht 5,791.13 million. The Company issued new 1,839,938,433 common shares to Ms. Satita Viddayakorn and Peaks Development Holdings Ltd. and also issued promissory note amounting to Baht 510,509,850 to Ms. Satita to pay for share acquisition of V Brilliant Group Holding, leading to an increase in paid up capital to Baht 3,240,683,433
2015	<ul style="list-style-type: none"> <li data-bbox="391 1041 1417 1070">— The Company obtained Quality Management Systems ISO 9001 : 2008 certification. <li data-bbox="391 1093 1417 1328">— The Company established a new subsidiary namely Bangkok Center District Company Limited with total registered capital of Baht 300 million and paid up capital of Baht 75 million to engage in real estate development business working closely with public sector in Public Private Partnership (PPP) project which the Company held 99.99 % shares in this company. <li data-bbox="391 1350 1417 1485">— The Company increased its paid up capital from warrants conversion of 10,251,700 shares amounting to Baht 10,251,700 leading to the total paid-up capital of Baht 957,976,200
2014	<ul style="list-style-type: none"> <li data-bbox="391 1518 1417 1653">— The Company increased its paid up capital from warrants conversion of 13,924,500 shares amounting to Baht 13,924,500, which led to the total paid-up capital of Baht. 947,724,500 <li data-bbox="391 1675 1417 1809">— The Company announced “DECLARATION OF INTENT IN VIEW OF ESTABLISHING THAILAND’S PRIVATE SECTOR COLLECTIVE ACTION COALITION AGAINST CORRUPTION” <li data-bbox="391 1832 1417 1921">— The Company has started the Quality Management Systems ISO 9001 : 2008 project for 2015 approval.
2003-2013	<ul style="list-style-type: none"> <li data-bbox="391 1944 1417 2022">— The Company developed several important projects including Silom Grand Terrace, St. Louis Grand Terrace and Sathorn Terrace which was renamed as Marriott Executive

Year	Key Events
	<p>Apartments Sathorn Vista, Bangkok.</p> <ul style="list-style-type: none"> <li data-bbox="389 309 1414 389">– The Company gradually increased its registered capital from Baht 5,000,000 to Baht 610,000,000 <li data-bbox="389 416 1414 551">– The Company’s major shareholder was changed to Mr. Satit Viddayakorn and renamed the Company to Principal Capital Public Company Limited and changed the security symbol to “PRINC” <li data-bbox="389 577 1414 712">– The Company set up Principal Investment Company Limited, a subsidiary company which the Company held 99.99 % shares of Baht 10 million registered capital to offer business consultancy service to support Company’s investment <li data-bbox="389 739 1414 819">– The Company expanded its asset management service by offering full-service solutions to manage assets of Bangkok Business Center Building, Ekamai. <li data-bbox="389 846 1414 981">– The Company increased its registered capital to Baht 1,400,700,000 with paid up capital of Baht 933,800,000, and 466,900,000 shares reserved for conversion of warrants (at Bath 1 per share) to purchase common stock of the Company (PRINC-W1). <li data-bbox="389 1008 1414 1189">– The Company acquired Convergence Systems Company Limited, an information systems (IT) implementation provider for hospitals and other corporate clients, by taking up its 99.99 % shares, to enhance its business capacity and strategy and lessen its reliance on real estate sector as its sole revenue stream.

1.4 PRINC's Group Structure (As of December 31, 2018)



Remark: The shareholding portion in Principal Healthcare – Lamphun Co., Ltd. was reduced to 80% on March 1, 2019.

The details of shareholding of the Company and its subsidiaries are as follows:

Company name	Business Type	Business Operation	Shareholding (%)
Principal Capital PCL. (PRINC)	Property development, private hospital and private hospital business	Property development for rent : Marriott Executive Apartment Sathorn Vista Bangkok and Bangkok Business Center operates private hospital business under Princ Hospital Suvarnabhumi ^{1/}	-
Private Hospital and Hospital Management			
Principal Healthcare Co., Ltd. (PRINH)	Holding Company	Holding Company and provide shared service to the hospital in the group	99.99
Pitsanuloke Medical Co., Ltd. ^{2/} (PSV)	Private Hospital	Operates Pitsanuvej Hospital in Pitsanulok	60.00
Union Pichit Doctors Co., Ltd. ^{2/} (PPCH)	Private Hospital	Operates Sahavej Hospital in Pichit	60.00
Pitsanuvej Uttaradit Hospital Co., Ltd. ^{2/} (PUTD)	Private Hospital	Operates Pitsanuvej Uttaradit Hospital, in Uttaradit	60.00
Pitsanuvej Pattana Co., Ltd. ^{2/} (PPTN)	Private Hospital	No business operation yet	60.00

Company name	Business Type	Business Operation	Shareholding (%)
Paknampo Hospital Co., Ltd. ^{3/} (PPNP)	Private Hospital	Operate Paknampo Hospital and Paknampo 2 Hospital	90.92
P.N.P Hospital Co., Ltd. ^{3/} (PNPH)	Private Hospital	No business operation yet	90.92
Principal Healthcare – Uthai Co., Ltd. ^{4/} (PUTH)	Private Hospital	Operates Princ Uthaithani Hospital	99.99
Principal Healthcare – Lamphun Co., Ltd. ^{4/} (PLPN)	Private Hospital	Operates Sirivej Lamphun Hospital	80.00
Property Development Business			
Bangkok Center District Co., Ltd. (BCD)	Property Development	Property development with public sector to operate Public Private Partnership (PPP) Project	99.99
V Brilliant Group Holding Co., Ltd.(VB)	Property development and invest in other company	There are 2 vacant land plots, one plot in Saraburi and the other is in Angthong which is under project feasibility study.	99.99
V Intelligence Co., Ltd. ^{5/} (VI)	Office for rent	Bangkok Business Center Office Building for rent located on Ekamai Road	99.99
V 33 Co., Ltd. ^{5/} (V33)	Property Development	There is a vacant land plot in Chiangmai which is under project feasibility study.	99.99
V Residence Co., Ltd. ^{5/} (VR)	Hotel and Serviced Apartment	The Company operates Somerset Serviced Apartment Ekamai.	99.99
Bangkok Management Co., Ltd. ^{5/} (BG)	Property for rent	The Company owns land and building in Soi Sukhumvit 29. The Company plans to sell such property to the interested investors.	99.99
Banchang Business District Co., Ltd. ^{5/} (BBD)	Property Development	There is a vacant land plot in Rayong which is under project feasibility study.	99.99
Udon Busines District Co., Ltd. ^{5/} (UBD)	Property Development	There is a vacant land plot in Udonthani which is under project feasibility study.	99.99
Information Technology Service Business			
Convergence System Co., Ltd. (CS)	Software Installation Service	Software implementation and installation services/ system maintenance support service	99.99
Business Advisory Services			
Principal Investment Co., Ltd.(PI)	Advisory service	Business and investment advisory service	99.99

Remark: 1/ Previous name is Alliance Medical Asia Co., Ltd.

2/ The Company held shares via Principal Healthcare Co., Ltd. which own 60% stake in Pitsanuloke Medical Co., Ltd.

3/ The Company held shares via Principal Healthcare Co., Ltd. which own 90.92% stake in Paknampo Hospital Co., Ltd.

4/ The Company held shares via Principal Healthcare Co., Ltd.

5/ The Company held shares via V Brilliant Group Holding Co., Ltd.

1.5 Award and Recognition

- The Company obtained the Certificate in relation to “Thailand’s Private Sector Collective Action Coalition against Corruption (CAC)” on June 7, 2018.

Private Hospital Business and Private Hospital Management

- Pitsanuvej Hospital was a hospital with Joint Commission International accreditation in 2012 and was reaccredited in December 2015 and December 2018.
- Pitsanuvej Hospital received several rewards from various agency as follows:
 - 1) Outstanding workplace regarding Safety, Healthcare and Working Environment Award from Department of Social Welfare, Ministry of Labor for 3rd year.
 - 2) Good Corporate Governance from Office of the National Anti-Corruption Commission
 - 3) Excellent Hospital Cafeteria Award from Provincial Public Health Office
 - 4) Standard IT System Award stage 2 from 3 stages from Thai Medical Informatics Association 2016
 - 5) The 2nd prize winner from Disease Control Office no.2 for the presentation of Phlebitis innovation and R2R.
 - 6) Thailand Corporate Governance Award 2018 from Department of Business Development, Ministry of Commerce.
 - 7) The 1st prize winner from Muangthai Life Insurance for the Innovation initiative.
 - 8) Outstanding workplace regarding labor relation and welfare (8th consecutive years) from Department of Labor Protection and Welfare, Ministry of Labor.
 - 9) Outstanding workplace regarding skill development from Labor Development Institute.
 - 10) Silver level Certification in Zero Accident Campaign 2018 from Safety Development Institute.
 - 11) Outstanding Place for disabled 2018 (country level) from Department of Empowerment and Disabilities.
- Sahavej Hospital received outstanding corporate governance award of the province in 2018.

Property Business

- The Company received “The Outstanding Architecture Award” in Residential Building 2008 for St. Louis Grand Terrace project from Her Royal Highness Princess Maha Chakri Sirinthorn, nominated by the

Association of Siamese Architects under the Royal Patronage of His Majesty the King, and “Good Property Development Certificate 2007-2008” from the Commission for Consumer Protection.

- Marriott Executive Apartments Sathorn Vista - Bangkok won the best residential value 2014 as Bangkok hotels that receive the highest rating. These awards rates nearly 400 leading hotel ratings from various popular locations based on reviews of ORBITZ’s guest, and received Trip Advisors 2014 Certificate of Excellence Award Winner and World Travel Award 2014.

- Marriott Executive Apartments Sathorn Vista – Bangkok received various awards from different agencies as follows:

1. World Luxury Hotel Awards 2015 as Continent’s Luxury Serviced Apartments
2. 2015 Award Winner from Booking.com (score 9.1 from 10)
3. Certificate of Excellence in 2015 by TripAdvisor.com
4. Clean and Green Award by Bangkok Metropolitan Administration

2. Business Overview

The Company’s major business is private hospital and private hospital business management. The Company oversees the opportunity and favorable growth in healthcare business. In 2017 the Company acquired shares of Principal Healthcare Co., Ltd. (previous name is Alliance Medical Asia Co., Ltd.) which operates a private hospital business having 4 hospital in 3 provinces in the north of Thailand – Sahavej Hospital, Paknampo Hospital, Paknampo Hospital 2 and Pitsanuvej Hospital.

The Company targets to be a leading healthcare service provider to medium income customers group in Thailand by expanding hospital network and increase potential for revenue generation by constructing its own hospital and managing hospital business also bring in the Hospital Information Systems (HIS) for the efficiency in hospital cost management. In 2018 the Company acquired another hospital namely Princ Hospital Suvarnabhumi (previous name is Piyamin Hospital), a large hospital in Samut Prakan Province. This helped expand hospital network of the group to cover Bangkok and vicinity area. Previously, the hospitals in the group are located in the provincial area. With this new hospital, it created Hub and Spoke System for hospital business thus, enhancing growth and competitive advantages. As a result of the business acquisition, revenue from healthcare services becomes major revenue of the Company. The Company requested the SET to change the business sector from Property Development to Health Care Services and the SET approved the reclassification in February 2019. Moreover, the Company built a new hospital namely Pitsanuvej Uttaradit Hospital in Uttaradit Province and also acquired a hospital that was Non-Performing Assets (NPA) from the financial institution in Uthaithani Province and renovated it to be Princ Uthaithani Hospital . Currently it is under renovation to upgrade the services to meet international standard. It is expected to commercially operation within Q3/2019. Furthermore, in March 2019, the Company successfully accepted the entire business transfer

(EBT) of Sirivej Lamphun in Lamphun Province, thus increasing number of hospitals in the group to 8 hospitals in 7 provinces.

For property development business, the Company still operates property for rent business in the form of hotel/serviced apartment and also offers full-service solutions for office building management. However, the Company discontinues expanding property for sale business and has no plan to develop additional property. The Company is ready to sell the vacant land and existing project on hand to the interested investors in order to obtain fund for Healthcare business development except such land has the potential to develop to support healthcare business in the future.

In addition to healthcare and property development business, the Company also operates information system service and system maintenance services and also provide business advisory services which stops doing the business.

Revenue Structure

Type of Revenue	Operate by	2018		2017		2016	
		Baht in million	%	Baht in million	%	Baht in million	%
Revenue from hospital business	PSUV, PSV, PPCH, PPNP	2,084.6	76.6	1,690.4	75.5	1,716.8	82.9
Revenue from Property business	PRINC, VB, VI, VR	574.2	21.1	476.4	21.3	286.9	13.8
Other income	CS	63.9	2.3	71.0	3.2	68.0	3.3
Total revenue		2,722.7	100.0	2,237.8	100.0	2,071.7	100.0

Remark:

- PSUV - Princ Hospital Suvarnabhumi which operates by Princ Capital PCL.
- PSV - Pitsanuvej Hospital
- PPCH - Union Doctors Co., Ltd.
- PPNP - Paknampo Hospital and Paknampo Hospital 2
- PRINC - Principal Capital Co., Ltd.
- VB - V Brilliant Group Holding Co., Ltd.
- VI - V Intelligence Co., Ltd.
- VR - V Residence Co., Ltd.
- CS - Convergence System Co., Ltd.

2.1 Products and services

The Company and its subsidiary's products and services are categorized based on business type as follows:

a) Private Hospital Business and Private Hospital Management

▪ **Private Hospital in Bangkok and perimeter area**

On February 27, 2018, the Company started to operate private hospital business under the name “Princ Hospital Suvarnabhumi”(Previous name is Piyamin Hospital) which the Company acquired and accepted business transfer of Thai Healthcare Management Organization Co., Ltd. (“THM”), a company operates private hospital business located at Bangplee District, Samut Prakan Province and also operates 3 Piyamin Clinics in Bangkok. The Company accepted the transfer of THM’s business, assets, liabilities and licenses required for private hospital operation together with the employee who want to continue working for the Company as well as the rights and obligations under the Agreement that THM has on the transfer date.

Princ Hospital Suvarnabhumi is a 200-bed hospital that has capacity to service 600 outpatients per day. The hospital provides 24-hour service having Clinics and medical specialist as follows:

- | | |
|------------------------------------|-----------------------|
| – Internal Medicine Clinic | – Neurosurgery |
| – Obstetrics and Gynecology Clinic | – Orthopedics surgery |
| – Pediatrics Clinic | – Emergency Center |
| – Geriatric Medical Center | – Endocrine Center |
| – Gastrointestinal Center | – Heart Center |
| – Cancer Center | – Kidney Center |

▪ **Private Hospital in Provincial Area**

The Company operates private hospital business in the provincial area via Principal Healthcare Co., Ltd. (PRINH), a subsidiary with 99.99% shareholding. PRINH invested in the group of companies which operate private hospitals. The details are as follows:

1. *Pitsanuvej Hospital* - a 150-bed hospital located in Pitsanuloke Province. It has been operating for 35 years, providing upper secondary care service. It was operated by Pisanuloke Medical Co., Ltd. It is a hospital with JCI (Joint Commission International) accreditation which provides 24-hour medical service to both outpatient and inpatient. The hospital has medical specialists and clinics as follows

- | | |
|---|----------------------|
| – Internal Medicine Clinic | – Pediatrics Clinic |
| – Obstetrics and Gynecology Clinic | – Surgical Clinic |
| – Health Check-up Center | – Psychiatric Clinic |
| – Children and Adolescents Development Clinic | – Eye Clinic |
| – Ear, Nose and Throat Clinic | – Dental Center |

In addition, it also provides other services such as Radiology, Heart Examination, Laboratory and Surgical examination.

2. *Sahavej Hospital* - This hospital was operated by Union Pichit Doctors Co., Ltd. It is a 90-bed hospital which has operated since October 15, 1990, located in Pichit Province. It provides 24-hour medical service to both outpatients and inpatients. The hospital has medical specialists and clinics as follows:

- Orthopedics Center
- Heath Check-up Center
- Kidney Center
- Internal Medicine Clinic
- Physical Therapy Center
- Obstetrics and Gynecology Clinic
- Emergency Center
- Urinary Tract Center
- X-ray Center
- General Surgery Clinic
- Pediatrics Center

3. *Paknampo Hospital and Paknampo Hospital 2*

Both hospitals are operated by Paknampo Hospital Co., Ltd. (former name is Ten M.D. Nakornsawan Co., Ltd.). They are located in Muang Nakorn Sawan District, Nakorn Sawan Province. There are 100 registered beds in each hospital. In addition, both hospitals are private hospitals that have been accredited by The Healthcare Accreditation Institute (Public Organization). It provides upper secondary care service to cash-paying customers and private insurance patients with 24-hour medical services. The hospital has medical specialist and clinics as follows:

- Emergency Center
- Dental Clinic
- Gastrointestinal and Liver Clinic
- ICU
- Internal Medicine Clinic
- Neuroscience Department
- Physical Therapy Department
- Urinary Tract Center
- Medical Check-up Center
- Pediatric Clinic
- Diagnostic Radiography
- Heart and Cardiovascular Clinic
- Infectious Disease Clinic
- Laboratory
- Orthopedic Clinic
- General Surgery Clinic
- Genecology and Obstetricians Clinic
- Ear, Nose and Throat Clinic

4. *Pittsanuvej Uttaradit Hospital*

Pitsanuvej Uttaradit Hospital operates by Pitsanuvej Uttaradit Hospital Co., Ltd. is a 60-bed hospital located on 28 rai land on Pitsanulok-Denchai Road, Uttaradit District, Uttaradit Province. It will commercially operate in March 2019. It provides 24 hours medical services to inpatients and outpatients. The hospital has medical specialists and clinics as follows

- Internal Medicine Department
- Obstetrics and Gynecology
- Orthopedic Clinic
- Surgery Department
- Pediatric Clinic
- Physical Therapy Center

- Patient Dormitory
- Emergency and accident
- Delivery Room and Nursery Department
- Operation Department
- Laboratory
- Diagnostic Radiography
- ICU

5. Sirivej Lamphun Hospital

Sirivej Lamphun Hospital was operated by Principal Healthcare – Lamphun Co., Ltd. It is a small private hospital with 59-bed located on approximately 11 rai land plot. It was certified from National Health Security Office to provide treatment of Cataract and Osteoarthritis for the patients who hold gold card. It provides 24 hours medical service to inpatients and outpatients. The hospital has medical specialist and clinics as follows:

- Cataract Clinic
- Aesthetic Surgery Center
- Internal Medicine Department
- Varicose veins Clinic
- Emergency and accident
- Dental Clinic
- Weight loss Center

Medical Service Capacity

The capacity to serve Out-Patient group (OPD) was evaluated from the availability of room while the capacity to serve In-Patient was evaluated from availability of beds. As of December 31, 2018 the capacity of the hospitals in the Group was as follows:

	Princ Hospital Suvarnabhumi		Pisanuvej Hospital		Sahavej Hospital		Paknampo Hospital		Sirivej Lamphun Hospital	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Number of licensed beds	200	-	150	150	90	90	200	200	59	59
Average outpatients per day (persons)	309	-	573	553	185	195	336	319	237	-
Average billing for outpatients (Baht)	874	-	2,586	2,468	950	771	1,698	1,620	220	-
Occupied bed per day	61.1	-	131.8	125.7	40.9	40.2	94.9	92.3	11	-
Average billing for Inpatient per person/ day(Baht)	5,375	-	14,399	14,050	8,029	7,114	9,759	8,944	4,900	-
Average capacity utilization (%)	31%	-	88%	84%	45%	45%	47%	46%	4%	-

Remark: There is no information of Pitsanuvej Uttaradit Hospital because it will be commercially operated in March 2019

Projects under renovation

Paknampo Hospital Co., Ltd, a subsidiary renovates the hospital building and related systems including elevator system, waste water treatment, infrastructure, build the food court etc. in the Paknampo Hospital and Paknampo Hospital 2 in order to make it modern and ready to provide quality service to the patients. The renovation is expected to complete in Q4/2019.

In April 2018, Principal Healthcare – Uthai Co., Ltd., the Company’s subsidiary was set up with initial capital of Baht 50 million to operate private hospital business. Such company acquired a non-operated hospital that is non-performing asset at the financial institution, thus obtaining 10 land plots (total area 12-1-79.5 rai) with 10 buildings, Bangprakru Sub-district, Nakorn Luang District, Uthaitani Province and renovated the existing hospital to be 59-bed hospital under the name “Princ Uthaitani Hospital”. Currently, the hospital is under renovation. It is expected to complete and commercially operate in Q3/2019.

b) Property Development for Rent

▪ Hotel/Serviced Apartment

1. Marriott Executive Apartment Sathorn Vista, Bangkok is a 5-star hotel and serviced apartment with 187 keys managed by the executives of Marriott Group providing accommodation services for foreign customers who come to work and travel in Thailand for short-term and long-term stay, fully-equipped with facilities and shared amenities. Such property is located in Central Business District on Silom, Sathorn Road. In addition, it has a policy to provide good quality service and efficient safety system.

Marriott Executive Apartments Sathorn Vista, Bangkok													
Business type	1 building of 5-star hotel and serviced apartment												
Location	Soi Sathorn 3 (Suanplu), South Sathorn Road, Tung Mahamek, Sathorn, Bangkok												
Room type	<table border="1"> <thead> <tr> <th><u>Room type</u></th> <th><u>Number of room</u></th> </tr> </thead> <tbody> <tr> <td>1 Bedroom Suite</td> <td>55</td> </tr> <tr> <td>1 Bedroom Executive Suite</td> <td>50</td> </tr> <tr> <td>2 Bedroom Suite</td> <td>58</td> </tr> <tr> <td>3 Bedroom Suite</td> <td>11</td> </tr> <tr> <td>3 Bedroom Executive Suite</td> <td>10</td> </tr> </tbody> </table>	<u>Room type</u>	<u>Number of room</u>	1 Bedroom Suite	55	1 Bedroom Executive Suite	50	2 Bedroom Suite	58	3 Bedroom Suite	11	3 Bedroom Executive Suite	10
<u>Room type</u>	<u>Number of room</u>												
1 Bedroom Suite	55												
1 Bedroom Executive Suite	50												
2 Bedroom Suite	58												
3 Bedroom Suite	11												
3 Bedroom Executive Suite	10												
Restaurant	<u>Name and type of food</u> Momo Café (Thai and international food) Pool Bar												
Banquet and meeting room	<u>Name</u> Board Room												

Marriott Executive Apartments Sathorn Vista, Bangkok	
Other services	-
Commercial Operation Date	March 2009

2. Somerset Ekamai Bangkok is a serviced apartment operated by V Residence Co., Ltd., the subsidiary of the Company. This serviced apartment is managed by the executives from Ascott Group who has reputation and international hotel management experience. This project provides long-term accommodation service to foreigners who come to work in Thailand and foreign visitors, providing full amenities inside the rooms. The project is located in Business area of Sukhumvit and Ekamai.

Somerset Ekamai Bangkok Project																																														
Business type	5-star hotel and serviced apartment under the management of Ascott Group totaling 3 buildings consisting of a 15-storey hotel building, a 14-storey apartment building and a 19-storey apartment building																																													
Location	Soi Ekamai 2 Sukhumvit 63 road (Ekamai), North Prakhanong, Wattana, Bangkok																																													
Room Type	<table border="1"> <thead> <tr> <th>Room type</th> <th>Number of rooms</th> <th></th> </tr> </thead> <tbody> <tr> <td>1. Studio Executive</td> <td>26</td> <td>Tower AIM (A)</td> </tr> <tr> <td>2. Studio Executive Twin</td> <td>13</td> <td></td> </tr> <tr> <td>3. 1-Bedroom Classic</td> <td>13</td> <td></td> </tr> <tr> <td>4. 1-Bedroom Executive</td> <td>13</td> <td></td> </tr> <tr> <td>5. 1-Bedroom Premier</td> <td>39</td> <td></td> </tr> <tr> <td>6. 2-Bedroom Executive</td> <td>13</td> <td></td> </tr> <tr> <td>7. 2-Bedroom Premier</td> <td>13</td> <td>Tower Balance (B)</td> </tr> <tr> <td>8. 1-Bedroom Deluxe</td> <td>12</td> <td></td> </tr> <tr> <td>9. 2-Bedroom Deluxe</td> <td>13</td> <td></td> </tr> <tr> <td>10. 3-Bedroom Executive</td> <td>26</td> <td></td> </tr> <tr> <td>11. 3-Bedroom Deluxe</td> <td>20</td> <td>Tower Cheer (C)</td> </tr> <tr> <td>12. 3-Bedroom Premier</td> <td>10</td> <td></td> </tr> <tr> <td>13. Studio Standard</td> <td>9</td> <td></td> </tr> <tr> <td>14. Studio Deluxe</td> <td>42</td> <td></td> </tr> </tbody> </table>	Room type	Number of rooms		1. Studio Executive	26	Tower AIM (A)	2. Studio Executive Twin	13		3. 1-Bedroom Classic	13		4. 1-Bedroom Executive	13		5. 1-Bedroom Premier	39		6. 2-Bedroom Executive	13		7. 2-Bedroom Premier	13	Tower Balance (B)	8. 1-Bedroom Deluxe	12		9. 2-Bedroom Deluxe	13		10. 3-Bedroom Executive	26		11. 3-Bedroom Deluxe	20	Tower Cheer (C)	12. 3-Bedroom Premier	10		13. Studio Standard	9		14. Studio Deluxe	42	
Room type	Number of rooms																																													
1. Studio Executive	26	Tower AIM (A)																																												
2. Studio Executive Twin	13																																													
3. 1-Bedroom Classic	13																																													
4. 1-Bedroom Executive	13																																													
5. 1-Bedroom Premier	39																																													
6. 2-Bedroom Executive	13																																													
7. 2-Bedroom Premier	13	Tower Balance (B)																																												
8. 1-Bedroom Deluxe	12																																													
9. 2-Bedroom Deluxe	13																																													
10. 3-Bedroom Executive	26																																													
11. 3-Bedroom Deluxe	20	Tower Cheer (C)																																												
12. 3-Bedroom Premier	10																																													
13. Studio Standard	9																																													
14. Studio Deluxe	42																																													
Banquet/Meeting Room	1 auditorium room 5 meeting and training rooms																																													
Investment cost	Baht 2,450 million																																													
Commercial Operation Date	Quarter 4, 2016																																													

- **Office space for rent business**

V Intelligence Co., Ltd, the Company’s subsidiary provides office area for rent to medium sized and large sized Thai and foreign companies in Bangkok Business Center building, located in the business area of Ekamai. There are full common facilities and building infrastructure.

Bangkok Business Center Building	
Location	Ekamai Road (Soi Sukhumvit 63), Klongton Nue, Wattana, Bangkok
Project area	1-3-9 rai (709 sq. wah)
Building area	37,770.61 sq.m.
Project details	30-storey office building with 1 underground floor
Key project feature	Modern style grade A office building in Ekamai area, with full common facilities, food center and 7 standard meeting rooms with one 50-seat training room, plaza and shops
Number of units	93 units
Target group	Medium-sized and small-sized Thai and foreign companies that need office space of 100-900 sq.m. in Sukhumvit and Ekamai area

Currently there are 6 land plots owned by the Companies in V Brilliant Group Holding Co., Ltd., divided into 5 land plots in the provincial area including Chiangmai, Anghong, Saraburi, Rayong and Udonthani together with land and building in Bangkok. The Company has a clear policy to expand healthcare business and discontinue property for sale business. The Company will consider the potential of the acquired land and building in Bangkok and 5 land plots in the provincial area plot by plot. The land plot with good potential shall be developed into a hospital or related healthcare business. The land with no potential shall be either sold back to the previous land owner within the period (as specified in the agreement). The Company plans to sell land and building in Bangkok to the interested investors.

c) Information Technology Business

Convergence Systems Company Limited, the Company’s subsidiary operates business as follows:

1. Software Implementation Services

The services includes analyze and design system to meet customers’ demand, which can be classified based on the types of software as follows:

- **SAP Success Factor** by Software Application Product In Data Processing from Germany which offer Human Capital Management (HCM), software solution on Cloud for the enterprise which enables organizations to integrate their core business processes especially Human Resource Management including

Organization Management, Personal Administration, Time and Labor, Absence Management Global Payroll and Training Administration seamlessly, and in real time. The organizations are thus able to manage effectively, decrease in both redundant work processes and costs.

- **SAP Enterprise Resource Planning** by Software Application Product In Data Processing from Germany. It is Enterprise Resource Planning (ERP) software which enables the company to integrate their core business process including procurement, production planning, sale and distribution, budget control, project control, accounting, finance and human resource management. All business processes are connected real time. This enables the company to manage information efficiently with all data from every section being centralized, and without conflicts of information, leading to a decrease in both redundant work processes and costs.

- **SAP Business One** by Software Application Product In Data Processing from Germany. It is a software to manage finance and accounting system for medium and small size business which enable the organization to manage business effectively and respond to business competition or expand the business smoothly. The data is used for business management and planning at the correct timing and control business effectively.

- **Hospital Information System** The Company implements HIS software, which is used to manage information related to medical and public health services of hospitals including appointment system, registration system, medical records of the patient, pharmaceuticals and medicine, radiology system, In-patient management system, operation room system, labor room system, nutrition management system and financial system

- **Business Intelligence** The Company implements QlikView software, the data analysis system for executive in term of marketing, sale, accounting, human resource, financial budget etc. which enable management to outline the strategy, marketing plan, human resource planning etc. by displaying data via different presentation formats, such as tables, charts, and important ratios. It also features multiple data sets simultaneously, which enables management to utilize information in their organization quickly and efficiently.

2. System Maintenance & Support Service The Company provides maintenance and technical support for enterprise software systems by the experts, providing inspection and maintenance services on schedules. Such services increase the efficiency of the system and ensure that work is delivered to meet clients' objectives accurately and completely. This helps reduce software errors that may occur in operations in the future.

Target customer for Information Technology business is the organization that needs enterprise software system for organization planning in term of personnel management, business strategy planning not

limited to only healthcare industry but also other industry as well. Current main customers are hospital and healthcare service business.

3. Advisory service and business management system service The company provides business planning and business management service, hospital management system, human resource management system, accounting and financial system, inventory and procurement system, data analysis by using information technology management, provide advice for problem resolution from information system installation. The company provides service in various business coverage. For example, medical business, banking business, aviation business, tourism and hospitality business, etc. However, medical and healthcare service business is still the main customer.

d) Business Consultancy Service

Principal Investment Co., Ltd., its subsidiary provides business consultancy service. Currently it stops doing the business.

2.2 Market and competition

Overview of Thai Economy

In 2018 Thai economy is expected to grow continuously at 4.5% from previous year that grew at only 3.9%. The key supporting factor was the private spending in term of consumption and investment in line with the increase in employment rate and household income in agricultural sector that tends to increase in corresponding to the increase in agricultural productivity. In addition, the government measures help low income earners with the government welfare card also support the private spending. The progress of public investment last year also led to higher growth of private investment than the previous year. The increase in number of foreign visitors still support the growth of tourism business. However, the slowdown in economy of trading partners and the U.S. Trade Barrier Policy as well as the retaliation policy from various countries would cause the slight drop in export.

Source: Thai Economic Forecast Report 2018 by Fiscal Policy Office dated October 29, 2018

1) Overview of Healthcare Business in Thailand

The medical service business was growing by leaps and bounds. This is due to the change in lifestyle by living hastily, more stress and no exercise. These causes the increase in illness rate resulting in higher demand for healthcare services.

Thailand healthcare system

The government provide healthcare schemes to all Thai people. The main healthcare schemes are as follows:

- a) **Universal Coverage Scheme** : provide medical and healthcare service to those who do not have any healthcare coverage especially low income earners. This scheme is known as “30 Baht Schemes”. This scheme covers general illness under care of National Health Security Office.
- b) **Social Security Scheme** : provide medical and healthcare service to private companies’ employee. This scheme covers disability including child delivery, senility and unemployment. This scheme is under care of Social Security Office.
- c) **Civil Servant Medical Benefit Scheme** : provide medical and healthcare service to civil servant including government official and state enterprise officer, their spouse, parents, child who is under legal age. This scheme is under care of Comptroller General Department, Ministry of Finance.

Although the healthcare schemes have been put in place, the healthcare budget provided by government is limited. In addition, there is shortage of medical personnel especially doctors and nurses in public hospital in the provincial area. Based on healthcare statistics by World Health Organization (WHO), it is found that the ratio doctor to patient in Thailand was lower than any other countries in Asia. Thailand has only 3 doctors per 10,000 patients comparing to 18.3 doctors in Singapore, 9.4 doctors in Malaysia and 11.5 doctors in Philippines. As a result, the demand for medical service from good quality private hospital. Is increasing.

Opportunity to grow of Medial healthcare service.

- **Growth of aging population who need medical care**

In the long run, aging society is the supporting demand for modern and high-technological medical service. The number of senior citizen (age over 65) increases continuously especially those aged over 85. This group increasingly needs medical services as they have high rate of sickness and are unable to take care of themselves, therefore the special care is required. According to the forecast of The Office of the National Economics and Social Development Board (NESDB), the number of aging population aged over 30 will increase from the current number 9.1 million to 10.3 million in 2019. While the spending for healthcare of aging population will increase from Baht 63 billion in 2010 (2.1% of GDP) to Baht 228 billion (2.8% of GDP) in 2022.



Aging population trend (age over 60) in Thailand

- **The Opening of Asian Economic Community (AEC)**

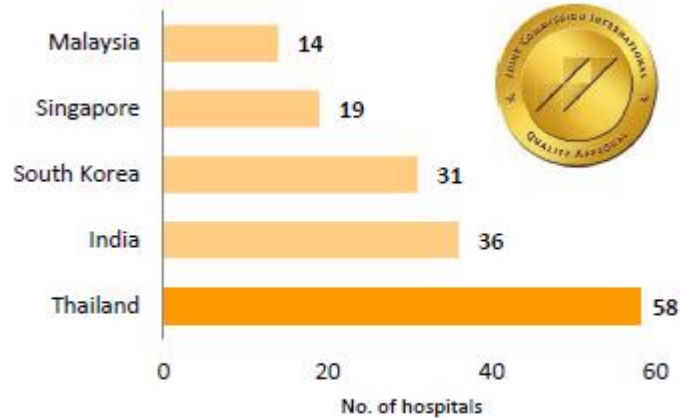
According to the study by Asian health expert about “The Progress of Health Insurance System in ASEAN” indicates that the coverage of public medical service in CLMV is still low (Laos is at 15% Cambodia 24% Vietnam 65% and no information about Myanmar). In other words, the medical care in CLMV is not sufficient with the room to grow. Therefore, the openings of AEC and the open for cross border travelling would provide patient group from CLMV countries to more easily access medical services in Thailand. This creates the opportunity for Thai hospital growth.

- **Government Policy supporting Medical sector as one of cluster in the Special Economic Zone and High Technology Industry**

Four business groups including Pharmaceutical Industry, Herb Industry, Medical Tool and Medical Services would receive tax privilege with reduction in tax rate. This would reduce operating cost for Thai hospitals and increase the competitiveness as it motivates the patients to use medical services.

- **Government support to make Thailand as Medical Hub of Asia**

The promotion of wellness tourism in Thailand is the plan to develop Thailand to be an International Medical Hub in 2016-2125. Thailand is known as one of the medical tourism hubs in the world because Thai hospitals are advanced and provide specialist center especially chronic disease treatment (including heart disease, bone, cancer etc.) as well as senior citizen healthcare centers. Moreover, Thai private hospitals are well-recognized in term of treatment quality and the pricing of medical services is lower than other countries. In addition, 58 Thai hospitals receive accreditation from Joint Commission International (JCI) which is more than every country in this region.



Source: Joint Commision International

Number of hospital with JCI Accreditation

- Higher rate of illness and death of Thai population

The number of patient and death rate from Non-Communicable Diseases (NCD) such as heart disease, stroke, cancer, diabetes and pneumonia tends to increase in Thailand and other countries in ASEAN. The patients in Thailand shows at risk behavior including high smoking rate, high alcoholic consumption at 6.5 liters per person per year, highest sugar consumption in ASEAN. This predicts the continuous demand for medical services

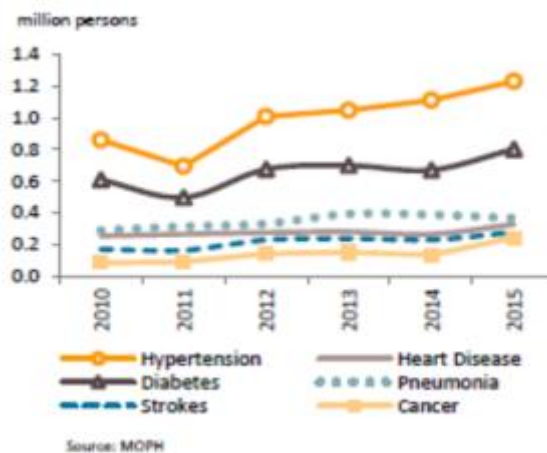


Figure 3 : Number of patients in Thailand classified by illness

- Lower than average of Thai medical expenditure

Comparing public and private expenditure information of many countries, it is found that Thai healthcare expenditure represented 6.53% which is lower than world's average healthcare expenditure at 6.78%. Government policy that allow people to access healthcare services as well as health conscious trend are the factors that boost healthcare expenditure in the future. However, Thailand is one of the leading countries in medical service in Asian.

Negative factors affecting medical service business growth

- **Intensified competition**

Apart from the continued investment of the existing hospital business operators, there are large investors from other business that adjust the business model and entering into Hospital business for example, Pruksa Holding Group (Vimutti Hospital expects to open in 2020), RSU Group (RSU International Hospital in 2020), other group such as Charoen Pokapand Group (CP Group) and Thai Charoen Corporation (TCC Group). This causes an increase in number of hospitals and number of beds resulting in higher competition among Thai hospital business operators in term of pricing and special medical packages as well as retaining medical personnel. In addition, private hospital has to compete with special clinics of public hospitals and its spoke hospitals as well as medical schools (such as Piyamahakarun Hospital, spoke hospital of Siriraj and Somdech Phra Deeparatana Medical Center of Ramathibodi Hospital) that have competitive advantage in term of its reputation medical technology and medical specialists.

In medium term and long term, private hospital business would face with intensified competition from the moving forward to this business of foreign investors that obtain benefits from the opening of AEC, allowing foreign investors to hold Thai hospital's shares up to 70% especially investors from Singapore and Malaysia that have experience to acquire this business in other countries. In addition, there are also foreign hospital competitors. Some countries in Asia also position themselves as International Medical Hub and having the same target as Thailand such as Singapore, Malaysia, India.. Middle East countries that are major customers of Thai leading hospital like Qatar opened Medical City with 559 beds worth Baht 23,000 million by the end of 2017. Kuwait opened Hospital Complex with 1,166 beds worth Baht 35,000 million. United Arab Emirates changed the health insurance policy to focus on receiving domestic medical services instead of going abroad for medical services. These factors put the pressure on operating performance and profit margin of private hospitals. However, medium-sized and small-sized hospitals with no spoke hospitals would have lower profit.

- **Government policy to control medicine cost, medical supplies and medical service cost**

In January 2019 the Cabinet approved to add medicine, medical supplies and medical service in the product price control list according to Product and Service Act B.E. 2542. However, the controlling measure for example, cost declaration, cap margin of medicine, medical supplies and medical services remains unclear. It will be discussed in the sub-committee that will be formed, having the representative from public and private sector such as Department of Internal Trade, Ministry of Public Health, the Foundation of Consumers, Insurance Association, Private Hospital Association, The National Health Commission Committee join together in order to set the fair measures.

Source: Industry update for the year 2018-2020 "Private Hospital Business" in November 2017 by Krungsri Research Forecast
 Industry update for private hospital business in May 2017 by Government Saving Bank's Research

<https://thestandard.co/news-medicine-treatment-fee-laws/>

<https://www.thaipost.net/main/detail/25180>

Marketing Strategy

1. To expand the hospital network by increasing the number of hospitals in the secondary province by self-investment in the province with good potential and has no private hospital. Current investment is to build a hospital in Uttaradit Province and to renovate a hospital in Uthaitхани Province which are expecting to complete and commercially operate within 2019. As a result, there will be 8 hospitals in the Company's hospital network by the end of the year. In addition, the Company also has policy to partner with the existing medium-sized and small-sized hospitals which operate more than 10 years in the provincial area.

2. Using focus strategy by offering lower medical expenditure than leading chain hospitals to the target group which are medium income customers, the large population base of the country.

3. Provide hospital management service to private and public hospital especially private hospitals in the provincial area which have been opened for more than 10-25 years. The hospital operator neither wants to sell nor find a new partner but having loss from operation. The Company will take care of cost management, guarantee revenue and profit growth.

4. Using technology to run the business by giving an importance to modern medical technology to provide higher efficient service to the patients for example, automatic medicine dispensing machine, dispense medicine with high accuracy system, having modern medical equipment, provide x-ray result via computer etc. in parallel with the development of Hospital Information System to create hospital management standard and link the hospital network together in order to share the resources in various systems including procurement, finance, information technology, strategy, accounting as well as human resources management with Workday System. This system will provide overview of human resources of the hospitals in the network and enable the management of human resources efficiently.

Competition

The hospitals of the subsidiaries are located in Samut Prakan Province and 6 provinces in the north of Thailand which are Pichit Province, Pitsanuloke Province, Nakornsawan Province, Uthaitхани Province, Uttaradit Province and Lamphun Province. There are plenty opportunity to grow in hospital business in those provinces because they are in populated province. The hospitals in the group is a leading hospital in its area,

The hospitals in the group have to compete with private hospitals that are located nearby. The competitors in each area are as follows:

Hospital of the Group	Private Hospital nearby	Location
Princ Hospital Suvannabhumi	Chularat Hospital 3	Samut Prakan Province
	Central Park Hospital	Samut Prakan Province
	Bangna Hospital 5	Samut Prakan Province

Hospital of the Group	Private Hospital nearby	Location
	Paolo Memorial Hospital	Samut Prakan Province
	Muang Samut Paknam Hospital	Samut Prakan Province
	Samrong General Hospital	Samut Prakan Province
Sanavej Hospital	Chai Arun Vejchakarn Hospital	Pichit Province
	Thatsanawet Hospital	Pichit Province
	Srisukho Hospital	Pichit Province
Pitsanuvej Hospital	Bangkok Hospital Pitsanuloke	Pitsanuloke Province
	Ruamphat Hospital	Pitsanuloke Province
	Pitsanulok Hospital	Pitsanuloke Province
Paknapo Hospital and Paknampo 2	Srisawan Hospital	Nakorn Sawan Province
Hospital	Romchat Hospital	Nakorn Sawan Province
	Ruamphat Hospital	Nakorn Sawan Province
Pitsanuvej Uttaradit Hospital	Uttaradit Hospital	Uttaradit Province
Sirivej Lamphun Hospital	Lamphun Hospital	Lamphun Province
	Haripunchai Hospital	Lamphun Province

The competitive advantages of the private hospitals of the Group are as follows:

Princ Hospital Suvarnabhumi is located in the good location near Suvarnabhumi Airport, near Mega Bangna having large property project near the hospital. There is medium income earner and high income earner community around the hospital. There is hospital facility ready to be a hospital in Tertiary Care level.

Sahavej Hospital is the first private hospital in Pichit Province. It has been operated for 26 years. The competitive advantage in various aspects include capable specialist doctors with expertise in all area, fully equipped with modern medical tool and equipment, have efficient management system and controllable cost. Furthermore, the medical fee is charged at reasonable rate and suitable for the target customers. In addition, the hospital in the group are able to provide secondary medical service to increase confidence in sending patients to see the specialist.

Pitsanuvej Hospital received accreditation from Joint Commission International (JCI) with international standard, fully equipped with modern medical tools and equipment and high technological Radiation Center. Moreover, management team has more than 40 years experienced in hospital business. The doctors, nurses and multi-specialists in all area and ready to provide service.

Paknampo Hospital and Paknampo Hospital 2 are prototype hospitals that use information technological system like smart system and obtain HIMSS Analytics EMRAM Stage 6 Accreditation. It is the first hospital that was accredited for using information technology to provide service to patients. There are network with capable doctors and specialists.

Pitsanuvej Uttaradit Hospital is a new hospital located in Muang District and being the first private hospital with international standard of medical equipment and professional service in Uttaradit Province with various medical specialists.

Sirivej Lamphun Hospital is a small private hospital located in Muang District. There are medical doctors who specialize for the treatment of Cataract and Osteoarthritis with modern medical equipment.

In addition, the Company uses Hospital Information System (HIS) within the hospital network in the Group which all database was in Cloud architecture. The system link patients' information by the digital system enable the efficient treatment and lower server cost, maintenance cost for server and reduce personnel cost substantially. It can support fast business growth and support network working system because the user can access the information of each hospital everywhere, at any time according to their access limit. Moreover, HIS also support Electronic Medical Record (EMR) and hospital work process from the patient registration until the treatment completion and patients go home. Currently, Principal Healthcare is the first hospital network that have all database in Cloud system. The Company also gives an importance to human resource development. Recently, the Company has implemented the highly efficient human capital management system called Workday Human Capital Management: HCM. Workday Cloud technology would improve operational efficiency and upgrade the healthcare service to the patients in Thailand and Asian.

The implementation of HCM system would make the Company being the first healthcare business in the Thailand that use Cloud Technology to manage human capital which is a part of strategy for Digital Transformation or change the manual mode into the digital Application that makes the staff's Time-In system easier with the Time-In registration via application or the document submission for leave, the exchange of work shift, and the performance evaluation can be done via application.

Customer Type

Target customer for Hospital in Principal Healthcare Group can be classified into 2 following groups:

1. Cash customer includes the group who pay for medical care by themselves. Target customers are those who live or work in the area near the hospital
2. Contract customer includes those who were admitted to the hospital that their employers enter into the contract with the hospital. The employer will be responsible for the medical fee or the customers with health insurance. The hospital will collect the medical fee from the insurance company or Social Security Office.

Target Customer

Target customers are those with medium to high income customer group in each area including those who have life insurance and health insurance as well as foreigners.

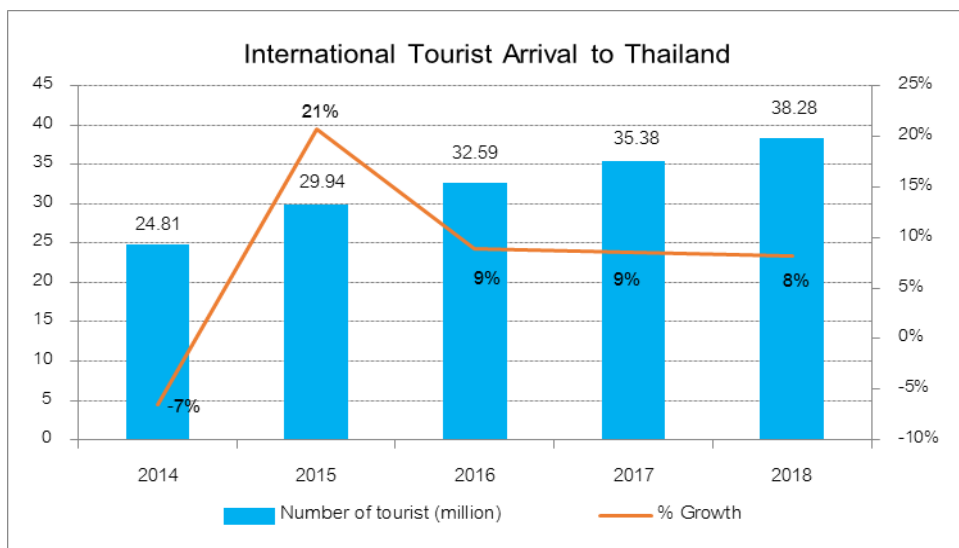
Pricing Policy

The hospitals in the group has the policy to set reasonable price. The pricing is competitive and comparable to the competitors in the same area with reference to market price of hospital in the same area or hospitals nearby

2) Overview of Tourism and Hotel Industry

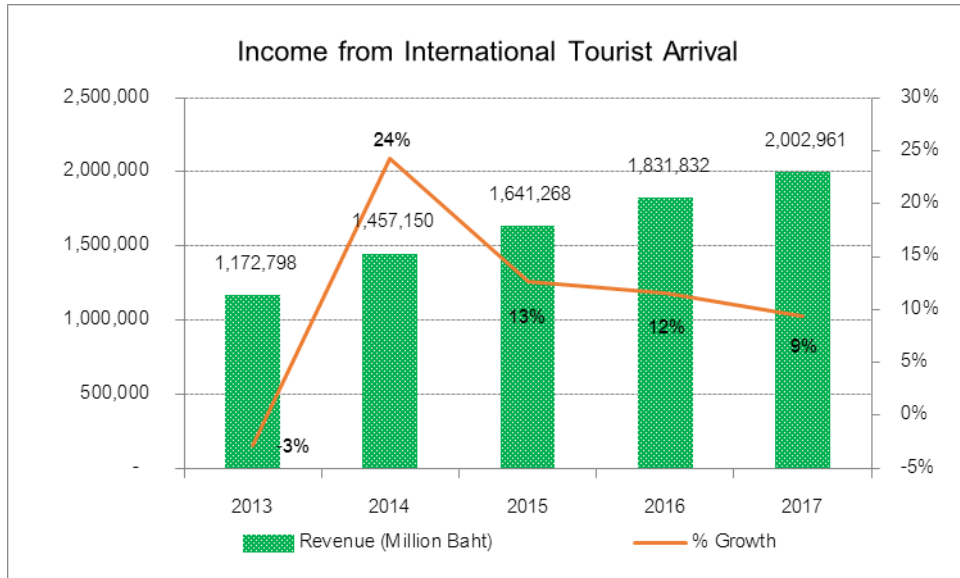
Serviced Apartment and Hotel business is closely related to tourism business since the tourist is one group of serviced apartment/hotel's client. Overall tourism industry in 2018 was growing continuously in term of number of tourists and spending amount of foreign and Thai tourists that tend to giving value to traveling domestically. The supporting factor is the recovery of economic growth in Thailand and other countries as well as the tourism promotional campaign of the government by reducing VISA fee for VISA on Arrival to the tourists from 21 countries until April 30, 2019.

Travel situation in Thailand during 2018, there were international tourist arrivals to Thailand totaling 38.28 million increasing by 8.5% comparing to 2017.



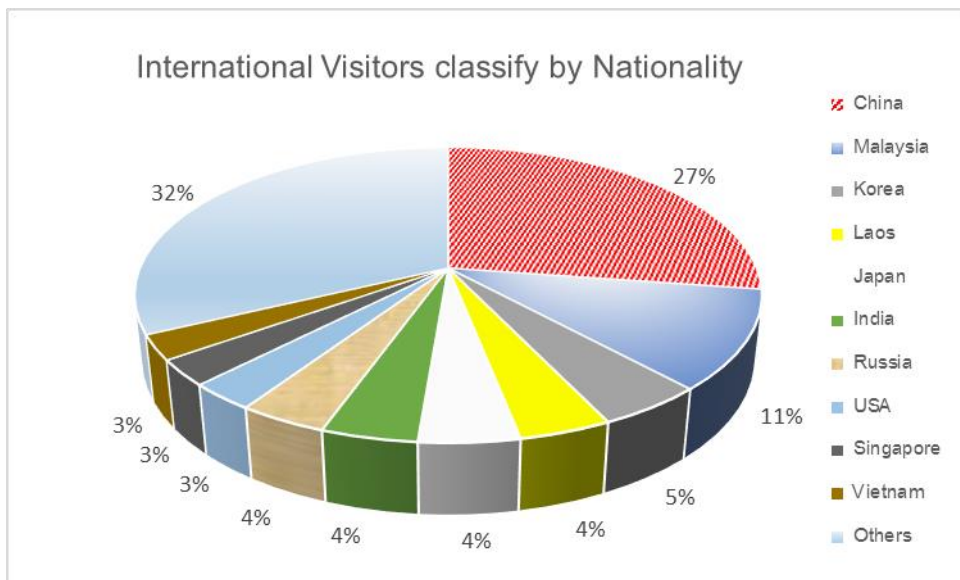
Source: Department of Tourism, Ministry of Tourism & Sports

The income from international visitors in 2018 worth around Baht 2 trillion was increased by 9.3% from Baht 1.83 trillion in 2017 which was 4 years positive growth.



Source: Department of Tourism, Ministry of Tourism & Sports

The following chart showed the top 10 international tourists classified by nationality



Source: Department of Tourism, Ministry of Tourism & Sports

Based on arrivals to Thailand by nationality, the Top 3 foreign tourists visiting Thailand classified by nationality remains unchanged from 2017. The highest number of tourists comes from Mainland China, representing 27% of total visitors. The second ranking tourists come from Malaysia, representing 11% and the third ranking group comes from Korea, accounted for 5% of total visitors.

In conclusion, although there is tourist boat sinking in Phuket and violent incident with Chinese tourists at the airport which caused Chinese tourists to cancel or postpone the trip to Thailand in the first half of 2018. However, the foreign tourist market still have a stimulator from public and related tourism business that makes the overall number of tourists' growth in 2018 remains healthy.

Bangkok Serviced Apartment Market Overview

The supply of serviced apartments in Bangkok will be limited in the next 1-3 years due to intensified competition among serviced apartment, condominium and high-end apartment in the Central Business District. Although the number of expatriates in Bangkok has been increasing every quarter, the rental rate and occupancy rate is similar to 2017 because there are various choices of accommodation.

According to latest statistics available from Department of Employment, there are 95,033 expatriates in Bangkok at the end of Q4/2018. The number of expatriates in Bangkok has been growing in the past few years. But some expatriates do not choose to stay in serviced apartment because there are luxury condominiums and apartments along the BTS with 10% lower rental rate than serviced apartment.

At the end of Q4/2018, 56 serviced apartment units were completed. There were totaling 20,372 units and additional 4,689 units were under construction and expected to complete in 2019-2021. The average rental rate of serviced apartment in Bangkok area is more than 74% and over 90% in some area. Sukhumvit area remains the most popular among the expatriates who work in Bangkok. The average occupancy rate is approximately 80% due to the ease to transport and easy access to BTS. The average rental rate of serviced apartment in Bangkok tends to increase more than 2017 because most lessees of serviced apartment units in Bangkok are expatriates who have opted to stay in the units for the long term. The average rental rate of all locations in Q4/2018 was similar to that of the previous quarter. The average monthly rental rate exceeded Baht 840 per sq.m per month in all locations aside from the Southern Fringe Area along Rama 3 and Naradhiwas Rajanakarin Road, where monthly rents hover around Baht 640 per sq.m per month. Among all locations, the Central Business District and Central Lumpini Area have asked for the highest monthly rental rates, which exceed Baht 1,200 per sq m per month. Although the serviced apartment market in Bangkok has shown only slight growth during the past few years, there are still many positive factors to drive the market in 2018 and the future such as the increase in Foreign Direct Investment (FDI), the political stability during the past 3-4 years.

Source: Market Report for Bangkok Serviced Apartment in Quarter 4/2018 by Colliers International Co., Ltd.

Competition

The competition in serviced apartment business is relatively high. Besides competing with other service apartments, the Company has to compete with hotel operators. Many serviced apartments in Bangkok offer short stay business, which brings them into direct competition with hotels, especially with the launch of many 3-4 star hotels, whose average daily rate are comparable to serviced apartments. Moreover, The Thai Hotels Association was continuing to pressure the Interior Ministry on issuing regulations for serviced apartments to apply for a hotel license in order to serve daily or short-term clients. Several high-end condominiums had converted some of their units to be serviced apartments with a lower rental rate. These matters make it more difficult for the serviced apartments to increase their rental rates.

Marketing Strategy

The marketing strategies for serviced apartment business are as follows:

1. Offer value for money services and create impressive experience to the customers for future revisit.
2. Offer international standard and effective reservation system both website and online system
3. Launch sale promotional campaign with business partners and give discount to foreign company customers.
4. Focus on maintaining existing customer base and expanding to new group of customers

Target Customer

1. Foreigners who come to work in Thailand
2. Tourists

Pricing Policy

The determination of room rate in hotel and serviced apartment business depends on various factors including season, pricing of the competitors in the same level, hotel operating cost. Main customers of the Company are Thai businessman and long-stay foreign businessman so the seasonal factor does not have much impact to the Company.

Distribution Channel

The Company and its subsidiaries use various distribution channels as follows:

- Direct sale by the Company's sale representatives and sale representatives will quote the room rate to the customers directly and also maintain relationship with the customers
- Sale via travel agency and accommodation service provider websites such as Agoda.com, Booking.com, Hotels.com, Expedia.com etc.

- Sale via internet booking system of Marriott Group's website - www.marriott.com. The internet booking enables foreign customers to book the accommodation easily, thus increasing the popularity for this channel.

3) Overview of Office Building Business

Total office building area in Bangkok at the end of Q4/2018 was approximately 8.70 million square meters (sq.m.) and around 262,000 sq.m completed in 2019 and another 1 million sq.m. is under construction and complete in the next 4-5 years. The demand for office building in Bangkok was in growing trend at 200,000-250,000 sq.m per year. The supporting factors are from the promotion of Eastern Economic Corridor Project and Thailand 4.0 Policy that aim to make Thailand a digital hub in Southeast Asia. Such policy will attract the investment from multi-national companies and startup business in Thailand resulting in the increase in demand for office building in Bangkok. The future supply of office building in Bangkok are as follows:

Office Building	Leased area (sq.m)	Completion
Spring Tower	27,518	2019
CP Tower 4	48,091	2019
Samyan Mitrtown	45,000	2019
The Parq	71,000	2019
Total area complete in 2019	191,609	
Magnolia Project	20,000	2020
Vanisa Building	22,185	2020
Phyathai Complex	100,000	2020
Poem Tower	25,000	2021
Ploenchit Embassy	60,000	2021
Kronos Sathorn	22,481	2021
One Bangkok	225,000	2022
The Forestias	100,000	2022
Sriboonruang	56,500	2022
Super Tower	94,000	2023
Chuvit Garden	20,000	2023
Dusit Thani	20,000	2024
Total area complete in 2020-2023	765,166	

Source: Bangkok office in Thailand Q4/2018 by Knight Frank Thailand Co., Ltd.

In 2018 the occupied area in new office building was around 200,000 sq.m. with the expectation of the increase in occupancy rate by more than 5% in 2019. The office building supply remains limited in 2019-2020. The economic growth is still supporting factor for the growth of office building occupancy rate.

Asking rents are expected to continue to increase, although maybe by a few percentage less than in the past 1–2 years. The average rental rate of Grade A office buildings in the CBD Area was around Baht 970 sq m per month similar to the previous quarter. The highest average rent was at Baht 1,120 per sq.m. per month in Wireless area. The lowest rental rate was Baht 523 per sq.m. per month in Bangna area outside CBD Area. However, many Grade A buildings in the CBD Area cannot increase their rental rate more than 5% per year, because they are trying to retain their existing tenants, especially large-space tenants.

Source : Market Reports for Bangkok Office in Q4/2018 by Colliers International Co., Ltd.

Bangkok Office Building Report Q4/2018 by Knight Frank Thailand Co., Ltd.

Marketing Strategy

- The location of our office area for lease is in the business area and convenient to commute
- The Company has standard security system with experienced mechanic team to take care of the operating system within the building.
- The Company has professional and experienced team to manage the office building.

Target Customer

Target customers are medium-sized and large-sized Thai and foreign companies that need office space in Sukhumvit and Ekamai area.

Pricing Policy

The Company has a policy to set the pricing that can be competed with other competitors.

Distribution Channel

The Company and its subsidiaries sell its office area via the sale agent because the agent has large network and customer base. Besides selling via sale agent, the customers can contact with the Company's sale representatives directly at the office.

4) Information and Technology Market Overview

The growth in software industry has correlation to the economic growth and the information technology expenditure in each organization especially in service sector that has high information technological usage such as financial and banking business, insurance business, medical and public health business and retail business etc. Software Industry Promotion Agency (Public Organization) or (SIPA) disclosed that the total market value of software and software service was Baht 78,818 million. The industry growth in 2018 and 2019 is forecasted at 15.19% and 17.5% respectively. The 4 main supporting factors of software industry growth are:

- a. The transformation of business to digital from Thailand 4.0 Policy of the government.
- b. The adjustment of operator that aim to create opportunity from new technology such as Cloud, Big Data, Ai, Blockchain, IoT.
- c. The effort to create their own software or platform
- d. The emersion of new small business and new operator with good potential.

However according to software market survey, it is found that the ready-made software usage behavior has been changed to SaaS (Software as a Service). Cloud Technology and SaaS play a role in transforming business to use software in Cloud Technology instead of installing the ready-made software in the computer.

Technological Change Trend

Gartner's Top 10 Strategic Technology Trend for 2018 is as follows:

1. Autonomous Things
2. Augmented Analytics
3. AI Driven Development
4. Digital Twin
5. Cloud to the Edge
6. Smart Spaces
7. Immersive Experience
8. Blockchain
9. Digital Ethnics and Privacy
10. Quantum Computing

Source : <https://www.techtalkthai.com/gartner-10-technology-trends-for-2019/>

The aforementioned strategic information technological trend including the digital economic expansion in Thailand as well as the entering into ASEAN Economic Community (AEC) will stimulate the growth of Thai software industry and the increase software market turnover

Competition

The Company operates the business in terms of projects by focusing on implementing application software for enterprises and providing ongoing user supports. The Company specializes in Hospital Information System development and implementation, Oracle PeopleSoft Enterprise Financial & Supply Chain Management, Oracle PeopleSoft Enterprise Human Capital Management, and QlikView Business Intelligence, and has the capacity to offer full software service in hospital system development and implementation.

In term of offering full software development and implementation service to hospital business, market competition is relatively low. With a need of most hospital business to change its software to support rapid change in technology, the opportunity to expand business market is still high.

In term of offering full software development and implementation service to other businesses, market competition began more intensive though the number of competitors is still relatively small. The local demand for ready-made software of human resource management is increasing since businesses require information system development to support the opening of ASEAN Economic Community (AEC) in 2016

The opening of the ASEAN Economic Community (AEC) in 2016, however, will not only prompt the influx of massive foreign capital funds, but may also intensify the competition in the region. Hence, it is highly possible to witness more merger and acquisition trends in the information technology business to support rapid growth and increase competitive advantages.

The competition among the public university is quite high and the change in technology at present in term of Big Data, Internet of Things (IoT), AI and Machine Learning. This is an important trend for the competition in the educational industry since the number of student tends to decline. Therefore, each university has to adjust by having efficient operating system to operate correctly, quickly and completely to cope with higher competition level in the future. SAP is the operating system that large universities used to manage work effectively. For example, Chulalongkorn University, Mahidol University etc. therefore, there are large marketing opportunity for this business.

Marketing Strategy

1. The Company's executives and team possess direct experiences as capable software designers in software business, especially software for hospital information management system.

2. The Company is a distributor for many world-class software, high-quality software developers and the exclusive distributor in Thailand and one of the few distributor in Southeast Asia for some software such as HealthObject or HO , making the Company have competitive advantage over the competitors to offer such services (Front office and Back office hospital system management)

3. The Company offers full ranges of services, implementing and developing various systems to satisfy customer needs, including system maintenance & support. In addition, the Company plans to introduce new services such as IT Outsourcing to maintain and increase its customer base, and enhance company's retention revenue.

4. The Company dedicates to provide professional work and technology excellence in business management by continuously developing staff capability to support rapid and continuous changes in technology which will enable staff to be capable of offering service quickly and effectively, also capable to analyze, design and make the complicated system to be easy to use.

5. The Company creates strategic partnership by focusing on partnering with counterparts such as manufacturers, distributors, customers, and other business conducting similar types of operation to facilitate the Win-Win situation.

Target Customer

The Company's target customers are organizations that require the organization management system that is in corresponding to the change at the fast pace which time and business decision making is very important. The software systems for hospital management, human resources systems including business intelligence systems can fully respond to the company's needs. Moreover, there are customers that need advice in order to understand the current form of operating system. Currently the Company's key customers are in the business of medical services, financial service business, as well as the business in manufacturing sector. The company expects that demand for software systems will increase, especially in human resources management and the financial system, which is the core system of every industry.

The target customer for SAP is the public and private universities including the industrial customer group for example, consumer goods industry and other industries.

The target customer for Hospital Information System (HIS) are healthcare service business including clinic, public and private hospital and medical centers.

Pricing Policy

The software that the Company provides installation services is the software that was widely used in Thai market and other markets in AEC. The cost is not high when it's comparing to the competitors in the same level. The Company set the pricing based on market demand and competition depends on other external factors i.e. demand, competition, economic conditions and customer's budget.

Distribution Channel

The main distribution channel is the Company's marketing representatives, offering services to interested organizations directly. Currently, key customers are hospitals and medical services group that are complicate especially working schedule.

2.3 Products or Services Procurement

Hospital Business

● **Medicine and Medical Supplies Procurement**

The Company has policy to procure medicine and medical supplies from various domestic suppliers to reduce risk from medicine and medical supplies shortage. The Company plan to implement the centralized procurement system for all the hospitals in the Group. The purchasing department will collect the purchase

orders from all hospitals in the group and place order to the suppliers periodically. The centralized procurement system would help managing inventory with highest efficiency at the suitable price.

- **Medical Tools and Equipment**

The Company gives the priority to the procurement of medical tools and equipment because such tools and equipment are important factors to cure the patients. Therefore, the Company will consider to choose and order the good quality, good standard, modern and efficient medical equipment from the manufacturers and reliable domestic distributors with good after-sale services.

- **Medical Personnel**

Medical personnel including doctors, nurses, practical nurses are important to hospital business. The Company has policy to recruit specialized doctor for each disease to provide quality service to the patients. The capable doctors will be recruited from reputable Medical College. In addition, the training course is also provided to doctors and nurses and related staff to develop the medical knowledge and skills continuously.

Property for Rent Business

To maintain service standards for high end customers, the Company has entered into management agreements with Marriott Group, a well-known international hotel chain, to manage the Company's residential buildings under Marriott Executive Apartments Sathorn Vista - Bangkok. Moreover, the Company has entered into management agreements with Ascott Group, a reputable international hotel chain to manage residential building under Somerset Ekamai Project

Information Technology Business

In the consulting, development, and software installation services, the Company has always selected and gathered quality products from manufacturers that the Company is appointed as a distributor. Furthermore, the Company's personnel must have knowledge and are confident in the quality of the software. The Company's key manufacturers and main business partner are as follows;

- Oracle Corporation (Thailand) a company manufacturing and selling Oracle PeopleSoft Enterprise software
- Incarnus Co., Ltd., a company manufacturing and selling ARCUS Hospital Information System software
- QlikTech Company, a company manufacturing and selling QlikView software
- Software Application and Product in Data Processing (SAP) from Germany, a manufacturer and distributor of SAP Software.

2.4 Tasks Pending for Delivery

-None-

3. Risk Factors

3.1 Risk to Business Operation

3.1.1 Private Hospital Business

Intense competition in hospital business

Despite its favorable growth potential, hospital business is faced with intense competition both from public hospitals that have opened healthcare facilities of the same standard as private hospitals and from international operators under the policy on health services liberalization. Foreign competitors have competitive edge in more advanced technology, a larger scale of hospital group network and a world class image.

Thai private hospitals will still confront fierce competition triggered by the expansion of health market investment in Thailand in the recent past, resulting in a growing number of hospitals and hospital beds. Hence, there will likely be more intense competition among private hospitals in pricing, promotion campaigns for healthcare packages and special programs, and headhunting for medical personnel. Competition also comes from after-hours clinical services offered by state-run hospitals and their affiliates, and from medical schools (such as Siriraj Piyamaharajkarun Hospital and Somdech Phra Debaratana Medical Center, Ramathibodi Hospital), which have competitive advantages in terms of reputation, medical technology and specialized physicians. Such competitive environment will crucially affect private hospitals' performance.

However, the Company targets to provide services to medium income group who needs medical services in private hospital with international standard. The medical pricing of the Princ Healthcare's hospital is lower than top tier hospitals with the Hospital Information System that lower management cost and increase competitiveness.

Time required for income generation to cover the cost of investment in renovation of Princ Hospital Suvarnabhumi and Sahavej Hospital in 2018 - 2020

In 2018 – 2020 the Company and subsidiaries plan to renovate 2 hospitals which are Princ Hospital Suvarnabhumi and Sahavej Hospital. The investment include hospital building and patient room refurbishment as well as procurement of medical tools and equipment with total budget of Baht 900 million to make the hospital modern and upgrade quality of service for special disease treatment with high technology medical equipment. The growth of income and profit of both hospitals depends on the economic condition, success of marketing strategy, competitiveness, quality and adequacy of doctors, service quality to attract the patients as well as the efficient cost management. As such, it may take time to generate profit to cover cost and achieve return on investment as forecasted.

Risk associated with hospital business expansion

In 2018 Principal Healthcare – Uthai Co., Ltd. (PUTH), a subsidiary in Principal Healthcare Group (PRINH) acquired a hospital which is non-performing assets at the financial institution, deriving 12 rai land plot

with incompleting building in Uthaitani Province to develop as Princ Uthaitani Hospital. It offers secondary care service with 60-bed capacity, located in Nakomluang District, Uthaitani Province. Uthaitani Province is not far from Nakorn Sawan Province and offers patient referrals to Paknampo Hospital in Nakorn Sawan Province, thereby contributing to sharing of resources. For instance, a critical case that is beyond the capacity of Princ Uthaitani Hospital will be transferred to Paknampo Hospital (Nakorn Sawan Province) for an advanced level of treatment, whereby the patient will not have to travel long distance.

As such, the Company may face with risk concerning the new hospital construction for example, construction delay, cost overrun, occurrence of any incident that may disrupt the construction and cause damage, and failure to meet the operational projection. However, before proceeding with the hospital construction, the Company will employ an experienced contractor to undertake the construction and a consulting firm to supervise and ensure that the construction work is on schedule. Moreover, it will be stipulated in the main contractor employment contract that PUTH can charge a penalty from the main contractor in the event that it fails to complete the construction by the timeline mutually agreed in the contract.

Risk from shortage of medical personnel

Medical personnel, consisting of physicians, nurses and specialists in various fields, are very crucial to hospital business operation which must rely on medical personnel in different fields. Currently, the production of human resources for healthcare is still in a limited number, whereas famous physicians mostly work with public hospitals. Thus, it is costly to hire these physicians to work, whether part time or full time, with private hospitals, and the competition to snatch up medical personnel is more likely to take place. In addition, amid the growing healthcare business and emergence of an aging society, all hospitals must prepare themselves for future business expansion, leading to an increasing demand for experienced and quality medical staff. Since the development of skill, knowledge and capability of these medical personnel is time-consuming, the business will likely be affected by a shortage of medical staff in various fields in the future.

Nonetheless, the hospital in PRINH Group is located close to a state university which offers the relevant fields of studies such as Faculty of Medicine, Faculty of Nursing, Faculty of Pharmaceutical Science, and Faculty of Medical Science (Naresuan University, Pitsanuloke Province). At the same time, PSV has collaborated with several nursing colleges in nurse production and personnel development. Apart from medical staff preparation, PSV has continuously developed its current resources.

Risk from changing technology for medical equipment

The more complex and severity of diseases results in the need for state-of-the-art medical equipment. Giving top priority to the quality of diagnosis and treatment of their 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 investment worthiness. PRINH Group, however, has a policy to consider and analyze

the qualification, benefit and worthiness of medical equipment in the long run before making any investment decision to ensure cost efficiency and maximum benefits for the hospital.

Risk of facing lawsuits for damage claims arising from medical services

Hospital business is faced with a threat of legal actions brought by patients or their related persons due to dissatisfaction with services or treatment results from physicians or specialists fail to meet their expectations. PRINH Group has developed service quality and applied modern treatment technology. Moreover, it has Medical Malpractice Liability Insurance to protect against claims by patients who find the treatment results failing to meet their expectations. The insurance covers not only the liability for unintentional treatment errors but also the litigation expenses. With 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 is able to build customer satisfaction.

Risk from government policy to control cost of medicine, medical supplies and medical service

The Cabinet approved to add medicine, medical supplies and medical service in the product price control list according to Product and Service Act B.E. 2542. The Company acknowledges and is ready to comply with the government policy. The concrete controlling measures like disclosed cost, cap margin of medicine and medical supplies as well as medical services, has not yet established because the sub-committee with the representative from public and private sector in the panel will be formed in order to define the measure that is fair to every party. In addition, the Company follows the guideline of Private Hospital Association which has been accepted and being practiced by all hospital operators. However, the Company has a policy to charge medical services at reasonable price so such government policy does not have significant impact to the performance of the Company.

3.1.2 Property Development Business

Risk from intensified competition

At present, the competition in serviced apartment business is relatively intensified. Serviced apartment also offers short-term stay so it has to compete with hotel operators. Moreover, several high-end condominium owners have converted some of their units to be serviced apartments with a lower rental rate. This makes it more difficult for the serviced apartments to increase their rental rate.

Risk from impairment of asset from lower yield than projection

As a result of the investment in V Brilliant Group in 2016, the Company acquired 5 land plots and the projects on Sukhumvit 29, Bangkok Business Center Office Building and Somerset Ekamai project. The acquisition cost of vacant land plots in the country and Sukhumvit 29 was equal to the appraisal value with no discount. If there is an incident that has direct impact and causes the devaluation of assets, the transaction may not generate yields as projected and the Company may have to record an impairment of such assets.

Risk from restriction on the use of land for project development in the provincial area

The Company derived 5 land plots in the provincial area and land & building in Soi Sukhumvit 29 in Bangkok, Bangkok Center District office building as well as Somerset Ekamai Project from the investment in V Brilliant Group in 2016. Each land plot has different restriction on the use of land. Due to the restriction on the use of land, some land plots may not be able to developed for commercial purpose or cannot be developed in the form to meet the expected return on investment. Within 3 years from the date of share purchase under Share Purchase Agreement, if the Company has not yet decided to develop the project on any plot of land or all 5 land plots in the country, it has the right to sell any or all land plots back to the sellers at cost plus carrying cost of 1.75% per annum. The seller will be responsible for the transfer fee and related tax incurring from sale of land. This condition helps mitigate risk from restriction on the use of land.

Risk from change of property tax

The Cabinet approved a new Land and Buildings Tax Bill which will become the law in 2020. The change in Land and Building Tax would cause an increase in property tax expense. This is because the Company and its subsidiaries owns several commercial properties with value over Baht 50 million. According to the new Land and Building Tax Bill, there is transitional provision to relieve tax burden in the first 2 years (2020-2021) stated that the owner of the property shall pay tax based on the appraisal value of Treasury Department started from 0.3% for the property value not exceeding Baht 50 million with the maximum rate at 0.7% for the property value exceeding Baht 5 billion with the increase in tax rate of 0.3% every 3 years but the total tax rate shall not exceed 3% of land and building appraisal value. It was formerly subject to 12.5% tax on rental income. The change in property tax policy would cause the Company and its subsidiaries to pay tax based on asset value thus, increasing tax burden to the Company.

Risk of loans and accounts receivables

The Company manages account receivable risk by setting policies and procedures for the appropriate credit control. Therefore, the Company does not expect to have significant damages from granting credits. Besides, the trade credit offered by the Company and its subsidiaries has no concentration risk because of the Company's diversified customer base. The maximum loss from lending is the book value of the accounts receivable shown in the financial statement.

3.1.3 Information Technology Business**Risk of Delivery**

For information technology system installation business, job closing, on-time delivery and quality as well as the delivery of related document are essential. The average project period usually takes 8-24 months for delivery depending on the size of each project. If the Company is unable to deliver the project within the time specified in the contract, the Company could be fined from such delay. However, the Company

establishes a process to consistently track, monitor, and manage project to ensure on-time delivery as planned.

Risk from technological change

The information technology business is highly competitive and rapidly changed over time. The Company, thus, may encounter risks from information technological obsolescence, which can cause the Company to lose the ability to compete. Therefore, the Company is focused on investment plans to keep up with changes in technology as well as encourage its staff to always be ready to learn, eager to acquire new knowledge in order to cope with the new innovations.

Risk from skilled personnel shortage

Because information technology system installation services business is a business that depends on the capabilities and expertise of personnel, the Company highly focuses on human resource management by training to develop their skills regularly in term of technical, project management, service and communication, and also having manpower planning to prevent a shortage of human resources, which may affect work delivery to the customers.

3.2 Financial Risk

Risk of capital structure and liquidity

After entering into the business acquisition of V Brilliant Group, the subsidiary had additional loan from bank of Baht 500 million. As of December 31, 2018 there was loan outstanding of Baht 232.09 million. There was debt obligation from the acquisition of Principal Healthcare and Princ Hospital Suvarnabhumi of Baht 1,630 million. In addition, there was bank loan for hospital network expansion in the future of Baht 1,500 million. As of December 31, 2018 the Company had loan from financial institution for healthcare business of Baht 2,375.51 million with no loan from directors. (But there was long-term note payable to related party and such connected transaction has been approved by the shareholders) However, at the end of 2018 Debt to Equity Ratio of the Company was still low at 0.68 times imply low financial risk.

Risk from change of interest rates

The Company's debt increased as a result of property development and private hospital business acquisition transaction. Currently, the interest rate charge under V Brilliant Group's projects and Principal Healthcare Group is floating rate. The increase in interest rate would raise the financial costs for the Company which would directly affect the Company's net profit. As of December 31, 2018, the Company had total credit line from banks of approximately Baht 4,140.50 million with loan outstanding of Baht 2,607.50 million (excluding promissory note to related party).

3.3 Risk of Management

Risk from the case that the major shareholder has influence to management policy

As of February 18, 2019, major shareholder was Viddayakorn Group that held 2,797,600,443 shares representing 86.4% of total paid up capital. As a result, Viddayakorn Group can control and has influence to every transaction that needs to be approved by the shareholder's meeting including the appointment of director, other matter that required majority vote from shareholder's meeting except for the legal issue or Company's Article of Association that requires three-fourth of the vote from shareholder's meeting. Therefore, the shareholders are at risk to obtain the vote to check and balance the matter that major shareholders propose for approval in the shareholder's meeting.

However, the Company appointed 3 outsiders out of 9 directors to be independent directors and audit committee to check and balance the management at the certain level. Moreover, in case of related transaction to the directors, major shareholders and controlling party including those with conflict of interest would not have the right to vote for that transaction.

4. Major Assets in Business Operation

4.1 Major Assets of the Company

As of December 31, 2018, the Company's main assets including land and building were as follows:

4.1.1 Hospital Business

a) Main Assets of Hospital Business

No.	Property Type/Location	Net Book Value As of Dec. 31, 2018 (Million Baht)	Ownership	Obligation
1.	Pitsanuloke Medical Co., Ltd. (Pitsanuvej Hospital)			
	-Land 1-1- 45.5 rai Muang Pitsanuloke District, Pitsanuloke Province	81.93	Owned	None
	-Land 8-0-57.5 rai Muang Pitsanuloke District, Pitsanuloke Province		Owned	Bank of Ayudhaya PCL.
	-Land 28-1-78.1 Rai Muang Uttaradit District, Uttaradit Province	111.00	Owned	None
	Building	225.45	Owned	None
	Medical Tool and Equipment	123.89	Owned	Bank of Ayudhaya PCL.(partial)

No.	Property Type/Location	Net Book Value As of Dec. 31, 2018 (Million Baht)	Ownership	Obligation
2.	Union Pichit Doctors Co., Ltd. (Sahavej Hospital)			
	-Land 6-1- 72 rai Muang Pichit District, Pichit Province	15.39	Owned	Krungthai Bank PCL ^{1/}
	-Land 1-0-97 rai Muang Pichit District, Pichit Province	33.21	Owned	None
	Building	78.55	Owned	Krungthai Bank PCL ^{2/}
	Medical Tool and Equipment	42.41	Owned	Bank of Ayudhaya PCL.(partial)
3.	Paknampo Hospital Co., Ltd. (Paknampo Hospital, Paknampo Hospital 2)			
	-Land 13-0- 98.4 rai Muang Nakornsawan District, Nakornsawan Province	348.80	Owned	Thanachart Bank PCL.
	Building	1,055.70	Owned	Thanachart Bank PCL.
	Work in Progress	10.18	Owned	Thanachart Bank PCL.
	Medical Tool and Equipment	15.06	Owned	Bank of Ayudhaya PCL.(partial)
	Land and 3 Shop Houses	41.00	Owned	Thanachart Bank PCL.
	2-Storey Town House	0.38	Owned	None
	Land 1-1-93.2 rai Muang Nakornsawan District, Nakornsawan Province	72.00	Owned	None
	O2 Condominium Unit No. Jor76/108	4.60	Owned	Bangkok Bank PCL.
4.	Pitsanuvej Pattana Co., Ltd.			
	Land 2-0- 9 rai Muang Pitsanuloke District, Pitsanuloke Province	70.76	Owned	None
5	Pitsanuvej Uttaradit Hospital Co., Ltd. (Pitsanuvej Uttaradit Hospital)			
	Land 28-1-78.1 rai Muang Uttaradit District, Uttaradit Province	-	30-year lease	Bank of Ayudhaya PCL.
	Building under construction	329.37	Owned	Bank of Ayudhaya PCL.
6.	Principal Healthcare – Uthai Co., Ltd. (Princ Uthaithani Hospital)			
	Land 12-1-79.55 rai, Nakorn Luang District, Uthaithani Province.	31.20	Owned	Thanachart Bank PCL.
	Building under renovation	N/A	Owned	Thanachart Bank PCL.

No.	Property Type/Location	Net Book Value As of Dec. 31, 2018 (Million Baht)	Ownership	Obligation
7.	Principal Healthcare – Lamphun Co., Ltd. (Sirivej Lamphun Hospital)			
	Land 15-0-73.5 rai Muang Lamphun District, Lamphun Province	96.60	Owned	None
	Building under renovation	74.57	Owned	None

Remark : 1/ Nor Sor 3 Kor No. 851 total area is 49 sq.w. and Nor Sor 3 Kor no. 853 with total area of 3-3-28 rai were mortgaged with Krungthai Bank PCL.
2/ 4-storey Hospital building 1 building, 5-storey Hospital building 1 building, 5-storey Doctor resident 3 buildings and parking place 1 building was mortgaged with Krungthai Bank PCL.

4.1.2 Hotel/ Serviced Apartment Business

Project name and location	Project Type	Area (Rai-Ngan-Sq.wa)	Book Value As of Dec. 31, 2018 (Million Baht)	Owner	Obligation
Marriott Executive Serviced Apartments Sathorn Vista-Bangkok Tungmahamek, Sathorn Bangkok	Serviced Apartment	2-0-34.3	1,282.13	Company	Mortgage as collateral for bank
Somerset Serviced Apartment Soi Ekamai 2, Ekamai Road, Bangkok	Serviced Apartment	5-1-94	2,165.36	V Residence Co., Ltd.	Mortgage as collateral for bank

4.1.3 Office area for lease Business

Project name and location	Project Type	Area (Rai-Ngan-Sq.wa)	Book Value As of Dec. 31, 2018 (Million Baht)	Owner	Obligation
Bangkok Business Center Sukhumvit 63 Road (Ekamai Road) Bangkok	Office area for lease	1-3-9	511.92	V Intelligence Co., Ltd.	Mortgage as collateral for bank

4.1.4 Land and Building for Rent

Project name and location	Project Type	Area (Rai-Ngan-Sq.wa)	Book Value As of Dec. 31, 2018 (Million Baht)	Owner	Obligation
RetrOasis Hotel Soi Sukhumvit 29, Sukhumvit Road, Bangkok	Hotel	1-2-51	1,033.13	Bangkok Management Co., Ltd.	None

Remark: At present, V Management Services Co., Ltd. ("VMS") (Ms. Satita Viddayakorn is a director and major shareholder) leases land and building from Bangkok Management Co., Ltd. to operate small hotel with 63 keys namely RetroOasis Hotel targeting at budget tourist group. Lease contract is going to expire in June 2022. The Company still maintains its policy until there is a change in project development plan. In the meantime, the Company may consider to renew lease contract with the condition that the Company can terminate lease contract when it wants to develop a condominium project for sale which is expected to start in 2019.

4.1.5 Vacant land for project development

No.	Asset/ Location	Book Value As of Dec. 31, 2018 (Million Baht)	Owner	Obligation
1	Vacant land with a total area of 49-3-93 rais, located in Muang Angthong District, Angthong Province	73.71	V Brilliant Group Holding Co., Ltd.	None
2	Vacant land with a total area of 10 rais, located in Muak Lek District, Saraburi Province	30.0	V Brilliant Group Holding Co., Ltd.	None
3	Vacant land with a total area of 30-0-3 rais, located in Mae Rim District, Chiang Mai Province	150.0	V33 Co., Ltd.	None
4	Vacant land with a total area of 40-0-58.90 rais, located in Ban Chang District, Rayong Province	120.50	Banchang Business District Co., Ltd.	None
5	Vacant land with a total area of 5-3-35.2 rais, located in Muang Udonthani District, Udonthani Province	128.50	Udon Business District Co., Ltd.	None

Remark: The Company has a policy to discontinue expansion property for sale business and not develop any new project. The Company is ready to sell vacant land plot to the interested investor to obtain fund for healthcare business development.

4.2 Investment policy in subsidiary company

The Company has a policy to invest in the business that has potential to generate revenue, feasible with good return and acceptable risk. Such business must support the main business of the Company. To set subsidiary company's business direction in line with the Company's business plan, the Company has a policy to send those who have suitable experience approved by the Company's directors to be a director in the subsidiaries. There would be a meeting to follow up the operating performance every quarter. In addition, there is third party responsible for the internal audit and submits the audit report to the Board of Directors of the Company. Moreover, the Company informs the subsidiaries an important policy including good corporate governance policy, risk management policy and anti-corruption, related transaction policy and whistle blowing for acknowledgement and putting those policies into practice.

The shareholding proportion in subsidiaries can be summarized as follows:

Company Name	Business Type	Shareholding (%)	
		2017	2018
Private Hospital and Private Hospital Management			
Principal Healthcare Co., Ltd. ^{1/} (PRINH)	Holding Company and shared serviced to other hospital in the group	99.99	99.99
Pisanuloke Medical Co., Ltd. ^{2/} (PSV)	Private hospital	60.00	60.00
Union Pichit Doctor Co., Ltd. ^{2/} (PPCH)	Private hospital	60.00	60.00
Pitsanuvej Uttaradit Co., Ltd. ^{2/} (PUTD)	Private hospital	60.00	60.00
Pitsanuvej Pattana Co., Ltd. ^{2/} (PPTN)	Private hospital	60.00	60.00
Paknampo Hospital Co., Ltd. ^{3/} (PPNP)	Private hospital	90.92	90.92
P.N.P. Hospital Co., Ltd. ^{3/} (PNPH)	Private hospital	90.92	90.92
Principal Healthcare – Uthai Co., Ltd. ^{4/} (PUTH)	Private hospital	-	99.99
Principal Healthcare – Lamphun Co., Ltd. ^{4/} (PLPN)	Private hospital	-	99.99
Property Business			
Bangkok Center District Co., Ltd. (BCD)	Property development	99.99	99.99
V Brilliant Group Holding Co., Ltd. (VB)	Property development and Investment in subsidiaries	99.99	99.99
V Intelligence Co., Ltd. ^{5/} (VI)	Office area for lease	99.99	99.99
V 33 Co., Ltd. ^{5/} (V33)	Property development	99.99	99.99
V Residence Co., Ltd. ^{3/} (VR)	Hotel and serviced apartment	99.99	99.99
Bangkok Management Co., Ltd. ^{5/} (BG)	Property development and property for rent	99.99	99.99

Company Name	Business Type	Shareholding (%)	
		2017	2018
Ban Chang Business District Co., Ltd. ^{5/} (BBD)	Property development	-	99.99
Udon Business District Co.,Ltd ^{5/} (UBD)	Property development	-	99.99
Information Technology Services			
Convergence Systems Co., Ltd. (CS)	Information Technology Services	99.99	99.99
Business Advisory Services			
Principal Investment Co., Ltd. (PI)	Business advisory service	99.99	99.99

- Remark :
- 1/ Previous name is Alliance Medical Asia Co., Ltd.
 - 2/ The Company has indirect shareholding via Principal Healthcare Co., Ltd. who owns 60% stake in Pitsanuloke Medical Co., Ltd.
 - 3/ The Company has indirect shareholding via Principal Healthcare Co., Ltd. who owns 90.92% stake in Paknampo Hospital Co., Ltd.
 - 4/ The Company has indirect shareholding via Principal Healthcare Co., Ltd and on March 1, 2019 the shareholding specifically Principal Healthcare – Lamphun Co., Ltd. portion was reduced to 80%.
 - 5/ The Company has indirect shareholding via V Brilliant Group Holding Co., Ltd.

5. Legal Disputes

No legal dispute

6. General Information and Other Key Information
6.1 General Information of Listed Company
1) Principal Capital Public Company Limited

Listed company	Principal Capital Public Company Limited Formerly named Metrostar Property Public Company Limited
SET symbol	PRINC
Business type	Property development
Head office location	23th Floor Bangkok Business Center Building 29 Sukhumvit 63, Klongtan Nua, Wattana, Bangkok 10110
Branch locater	1) 1 Soi Suan Plu, Sathorn Road, Thungmahamek, Sathorn Bangkok 10120 2) 35/2 Moo 12 Bangna-Trad Road, Bangkaew, Bangplee, SamutPrakan 10540
Business Registration Number	0107547000869 (formerly 0107574700864)
Registered capital	Baht 3,240,638,433.00 consisting of 3,240,638,433 common shares at par value of Baht 1 per share
Paid up capital	Baht 3,240,087,520.00 consisting of 3,240,087,520 common shares at par value of Baht 1 each
Website	http://www.principalcapital.co.th
Telephone	02-714-2171-3
Fax	02-714-2185

6.2 General Information of the subsidiaries with more than 50% shareholding

Company name	Business type	Registration number	Address	Registered capital (Million Baht)	Paid up capital (Million Baht)	Contact number
Principal Healthcare Co., Ltd.	Holding company and shared service to hospital in the group	0125557004113	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	2,683.75	2,683.75	Tel : 02-714-2173 Fax : 02-714-2185
Pitsanuloke Medical Co., Ltd.	Private hospital and invest in other companies	0655524000033	211 Khun Phirenthorathep Road, Nai Muang Sub-district, Muang Phitsanulok District, Phitsanulok Province 65000	500.00	500.00	Tel : 055-909-000 Fax : 055-909-005
Union Pichit Doctors Co., Ltd.	Private hospital	0665532000039	2/158 Srimala Road, Nai Muang Sub-district, Muang Phichit District, Phichit Province 66000	100.00	100.00	Tel : 056-612-791-2 Fax : 056-612-794-5
Pitsanuvej Uttaradit Co., Ltd.	Private hospital	0655560001044	888 Moo 5 Pasao Sub-district, Muang Uttaradit District, Uttaradit Province 53000	300.00	75.75	Tel : 055-409-000 Fax : -
Pitsanuvej Pattana Co., Ltd.	Private hospital	0655560001745	211 Khun Phirenthorathep Road, Nai Muang Sub-district, Muang Phitsanulok District, Phitsanulok Province 65000	1.00	1.00	Tel : 055-909-000 Fax : 055-909-005
Paknampo Hospital Co., Ltd.	Private hospital	0605530000155	96/12 Moo 9 Asian Highway, Nakornsawan Tok, Muang Nakornsawan District, Nakornsawan Province 60000	354.166	354.166	Tel : 056-000-111 Fax : 056-225-505
P.N.P. Hospital Co., Ltd.	Private hospital	0605557000342	96/12 Moo 9 Asian Highway, Nakornsawan Tok, Muang Nakornsawan District, Nakornsawan Province 60000	150.00	37.50	Tel : 056-000-111 Fax : 056-225-505
Principal Healthcare – Lamphun Co., Ltd.	Private hospital	0515561001324	7 Moo 5 Wiengyong Sub-district, Muang Lamphun District, Lamphun Province 51000	200.00	200.00	Tel : 053-537-597 Fax : 053-537-776
Principal Healthcare – Uthai Co., Ltd.	Private hospital	0105561066977	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	50.00	50.00	Tel : 02-714-2173 Fax : 02-714-2185

6.2 General Information of the subsidiaries with more than 50% shareholding (continue)

Company name	Business type	Registration number	Address	Registered capital (Million Baht)	Paid up capital (Million Baht)	Contact number
Bangkok Center District Co., Ltd.	Property Development	0105558144911	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	300.00	75.00	Tel : 02-714-2173 Fax : 02-714-2185
V Brilliant Group Holding Co., Ltd.	Property Development	0105556006937	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	6,330.90	6,330.90	Tel : 02-714-8239 Fax : 02-714-2185
V Intelligence Co., Ltd.	Property Development	0105556007003	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	200.00	200.00	Tel : 02-714-8239 Fax : 02-714-2185
V 33 Co., Ltd.	Property Development	0105557152309	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	500.00	300.00	Tel : 02-714-2171 Fax : 02-714-2185
V Residence Co., Ltd.	Hotel and Serviced Apartment	0105556015847	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	1,000.00	1000.00	Tel : 02-714-2171 Fax : 02-714-2185
Bangkok Management Co., Ltd.	Property for rent	0105535092052	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	998.60	998.60	Tel : 02-714-2171 Fax : 02-714-2185
Banchang Business District Co., Ltd.	Property Development	0105561042806	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	121.00	121.00	Tel : 02-714-2173 Fax : 02-714-2185

6.2 General Information of the subsidiaries with more than 50% shareholding (continue)

Company name	Business type	Registration number	Address	Registered capital (Million Baht)	Paid up capital (Million Baht)	Contact number
Udon Busines District Co., Ltd.	Property development	0105561042792	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	129.00	129.00	Tel : 02-714-2173 Fax : 02-714-2185
Convergence System Co., Ltd.	Software installation service	0105551095249	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	50.00	50.00	Tel : 02-714-1378 Fax : 02-714-3478
Principal Investment Co., Ltd.	Business advisory service	0105556199227	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	10.00	10.00	Tel : 02-714-2184 Fax : 02-714-2185

6.3 Other References

1) Registrar

Thailand Securities Depository Company Limited

93 Ratchadapisek Road, Dindaeng, Bangkok 10400

Telephone : 66 2 009 9000

Fax : 66 2 009 9991

2) Auditor

Mr. Chanchai Chaiprasit CPA No. 3760

PricewaterhouseCoopers ABAS Company Limited

179/74-80 South Sathorn Road, Sathorn, Bangkok 10120

Tel. 66 2 344 1000 66 2 824 5000

Fax 66 2 286 5050

Part 2 Management and Corporate Governance

7. Securities information and shareholders

7.1 Number of registered capital and paid up capital

As of December 31, 2018 the Company had registered capital of Baht 3,240,638,433 and paid up capital of Baht 3,240,087,520 consisting of 3,240,087,520 common shares at par value of Baht 1 each.

7.2 Shareholders

List of shareholders and percentage of shareholding on the book closing date as of February 18, 2019 were as follows:

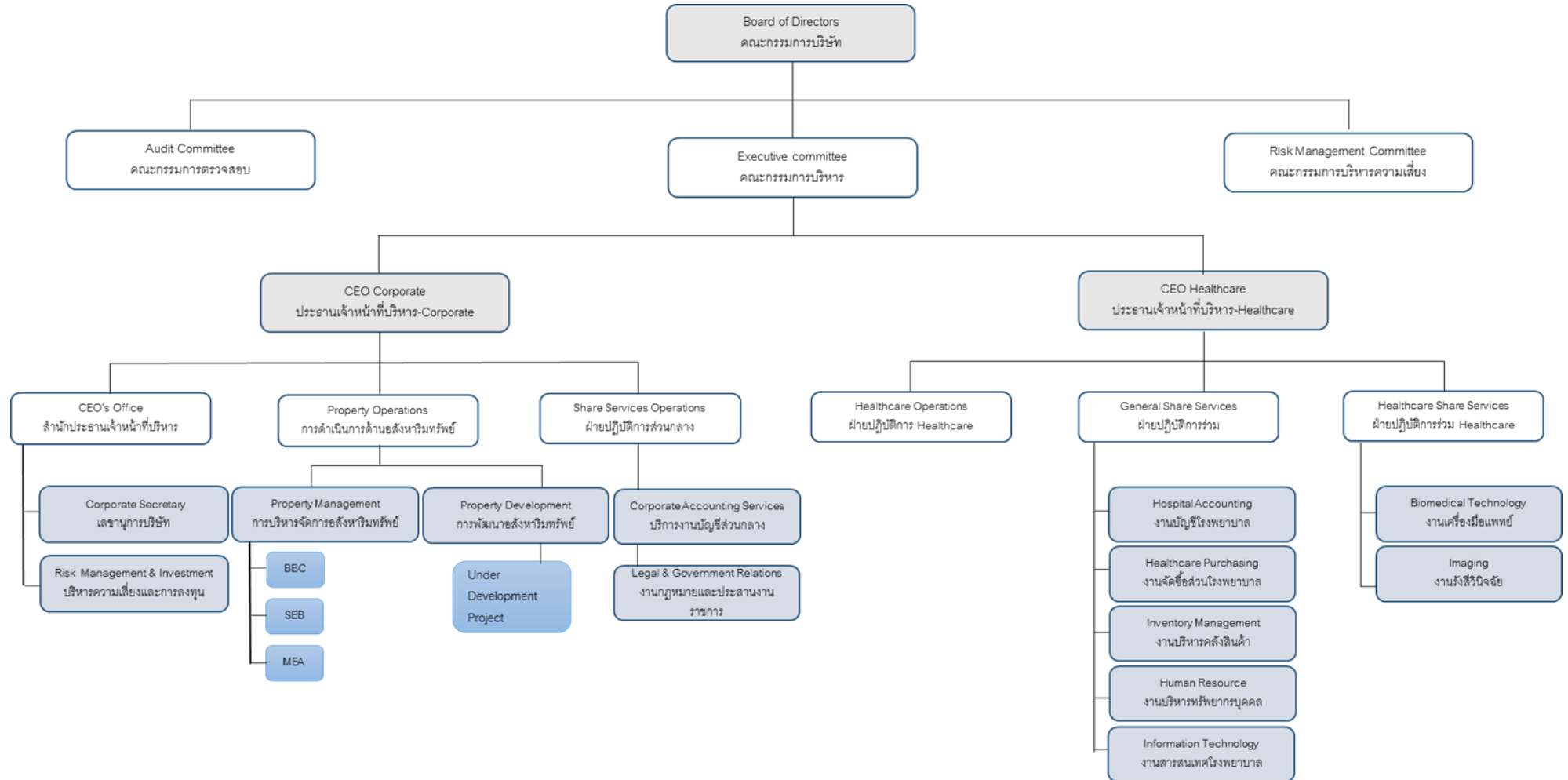
Shareholder Name	No. of Shares	% Shareholding
1. UBS AG Hong Kong Branch	1,262,060,526	39.0
2. Dr. Satit Vidayakorn	806,728,800	24.9
3. Ms. Satita Vidayakorn	498,054,588	15.4
4. Peak Development Holdings Ltd.	157,737,029	4.9
5. Mr. Sirinya Apimonbutra	100,000,000	3.1
6. Ms. Pallapa Vidayakorn	50,034,400	1.5
7. Mrs. Payao Chalacheep	23,629,700	0.7
8. Ms. Tanatorn Vidayakorn	22,985,100	0.7
9. Mr. Sueksit Phetchampai	15,947,400	0.5
10. Mr. Soontorn Sritha	15,149,000	0.5
Other shareholders	287,760,977	8.9
Total	3,240,087,520	100.00

7.3 Dividend payment policy

The Company has the policy to pay dividend to the shareholders at a rate of no less than 40% of the Company's annual net profit after deducting corporate income tax, legal reserve and other reserves. For the past years, the Company has never paid the dividend and presently in the period of business expansion. Therefore, the dividend payment policy may be adjusted based on the Company's business operations performance, business expansion plan, liquidity condition, as well as other necessary and appropriate factors in the future, with the authority to approve by the Board of Directors. All decisions will be to maximize benefits for the shareholders.

8. Management Structure

Organization chart as of December 31, 2018



8.1 Board of Directors of Principal Capital Public Company Limited

As of December 31, 2018, the Board of Directors of Principal Capital Company Limited comprised 9 qualified, competent and experienced directors, as follows

Name	Position	Join the meeting/Number of meeting		
		Executive Committee's Meeting	Shareholders' Meeting	Reason for Absent
1. Dr. Pongsak Viddayakorn, M.D.	- Director - Chairman of the Board of Directors	8/8	1/1	-
2. Mr. Yarnsak Manomaiphiboon	- Independent Director - Chairman of the Audit Committee	8/8	1/1	-
3. Dr. Satit Viddayakorn, Ph.D.	- Director - Chairman of the Executive Committee - Chairman of Risk Management Committee	7/8	1/1	On business
4. Miss Aranya Chalernpornvarodom	- Independent Director - Audit Committee member	8/8	1/1	-
5. Dr. Jutamas Ingpochai Ph. D	- Independent Director - Audit Committee member	8/8	1/1	-
6. Mr. Veera Srichanachaichok	- Director - Executive Committee member - Member of Risk Management Committee - Chief Executive Officer-Corporate	8/8	1/1	-
7. Dr. Soontorn Sritha, M.D.	- Director - Executive Committee member - Chief Executive Officer – Healthcare	8/8	1/1	-
8. Miss Seerada Tiemprasert ^{1/}	- Director	8/8	1/1	-
9. Miss Patraporn Jarupat ^{1/}	- Director	8/8	1/1	-

Name	Position	Join the meeting/Number of meeting		
		Executive Committee's Meeting	Shareholders' Meeting	Reason for Absent
10. Miss Chayaporn Luannapavan ^{2/}	- Corporate Secretary	3/3	1/1	-
11. Miss. Ritima Jirasuradate ^{3/}	- Corporate Secretary	5/5	0/1	***

Remark : 1/ Miss Seerada Tlempasert and Miss Patraporn Jarupat has resigned from the director position. The effective date was on February 26, 2019.

2/ Miss Chayaporn Luannapavan has resigned from Corporate Secretary Position since May 1, 2018.

3/ Miss Ritima Jirasuradate was appointed as a Corporate Secretary on May 14, 2018.

**Miss Ritima Jirasuradate did not attend Board of Directors' meeting No. 1-3/2018 because she has not been appointed as a Corporate Secretary yet.

Authorities and responsibilities of the Board of Directors

According to the Company's Article of Association, the Board of Directors is empowered to carry out the Company's business operations in accordance with the law, the Company's objectives, the Articles of Association, and the resolutions of the shareholders' meetings. The Board of Directors shall adhere to the "Principles of Good Corporate Governance for Listed Companies" stipulated by the Stock Exchange of Thailand. The Board of Directors shall perform their duties with honesty and with due care for the best interests of the Company and shareholders. Therefore, the Company has established the duties and responsibilities of the Board of Directors for all levels of employees to be observed in performing their duties and for building trust among shareholders and investors as follows:

1. To carry out the Company's business operations and perform their duties in accordance with the law, the Company's objectives, the Articles of Association, and the resolutions of the shareholders' meetings with honesty and integrity (Duty of Loyalty), anti-corruption, circumspection and caution (Duty of Care), responsibility (Duty of Accountability), and ethics for the best interests of the Company, conforming to good corporate governance principles, and treating all shareholders equally.

2. To evaluate the performance of Chief Executive Officer on an annual basis and to determine the remuneration of the Chief Executive Officer.

3. To set the Company's vision, important policies and strategies, financial objectives, business plans, annual budget, risk and to monitor and supervise the management to ensure implementation of those policies and plans effectively and efficiently, and be responsible for the operating performance and executives' performance with best effort and carefulness.

4. To ensure that the accounting system, financial reports and accounting audit are accountable and ensure that the Company has procedures for assessing and monitoring the appropriateness, effectiveness and efficiency of internal control financial reports, and internal audit.

5. To monitor and resolve conflict of interests among stakeholders of the Company and set the guidelines on conducting transactions with conflict of interest so that the transactions are conducted for the best interests of the Company and all shareholders. Persons who have vested interests in a given transaction should not participate in decision-making process. The guidelines shall describe procedures and disclose information of transactions which may create a conflict of interest to ensure accuracy and completeness.

6. To establish risk management policy to cover all activities of the Company and assign management to implement the policy. The management shall report the result to the Board of Directors through the Audit Committee regularly on a quarterly basis. The Company shall review the effectiveness of risk management once a year and stay alert on early warning signs and unusual transactions.

7. To consider appointment of a person who possesses qualifications and does not possess any prohibited characteristics under the Public Company Act B.E. 2535 and the laws governing securities and exchange and any relevant rules, regulations and/or notifications to be director in case there is a vacancy due to a cause other than retirement by rotation.

8. To consider appointment of independent directors by taking into consideration qualifications and prohibited characteristics under the laws governing securities and exchange, notifications of the Capital Market Supervisory Board, including relevant rules, regulations and/or notifications of Securities Exchange of Thailand or propose to a shareholders' meeting for appointment.

9. To consider appointment of Audit Committee members who have qualifications under the laws governing securities and exchange notifications of the Capital Market Supervisory Board, including rules, regulations and/or notifications of the Securities Exchange of Thailand.

10. To consider appointment of executive committee and assign authorities and responsibilities. The executive directors are entitled to receive rewards and pension prescribed by the Board of Directors. However, it does not affect the rights of the appointed executive directors to receive remuneration and other benefits as the Company's officers or employees as prescribed in the Company's Article of Association.

11. To ensure that a written code of business conduct be in place so that all directors, executives and employees understand business ethical standards of the Company. Compliance to the code of business conduct should be closely monitored by the Board of Directors.

12. To appoint the corporate secretary in accordance with the Securities and Exchange Act who is responsible for preparing and assembling documents and other tasks as prescribed by the Capital Market Supervisory Board. The corporate secretary shall be in charge of supervising activities of the Board of Directors and the Company, which are arranging the Board of Directors' meetings and shareholders' meeting, advising the directors and the Company on conducts and relevant laws and regulations that they must comply in business operation on regular basis, and disclosing the Company's information accurately, completely, and transparently.

13. To establish anti-corruption policy to cover all activities of the Company.

14. The corporate secretary shall report a summary of securities holding in the Company and affiliated companies by directors, their spouses, and minor child to the Board of Directors' meeting. A director shall notify the Company without delay, through the corporate secretary, in the following cases;

- Have direct or indirect interest in any contract which is made by the Company during an accounting year;
- There is a change in shareholding proportion in the Company and affiliated companies.

15. To attend the training course relevant to director's work organized by the Thai Institute of Directors Association (IOD) for at least 1 course to enhance skills necessary to perform their duties. Directors can choose to attend the following courses: Director Accreditation Program (DAP), or Director Certification Program (DCP) or other equivalent training courses.

16. Other duties of the directors prescribed in the notifications, regulations, or any other laws of the governing agencies.

17. To evaluate the implementation of corporate governance policy of the Company and review the policy on a regular basis.

18. The Board of Directors can appoint and change the names of the authorized signatory director.

19. The Board of Directors is responsible for checking and certifying the Company's financial reports to ensure that it complies with the law, accounting standard with transparency.

8.2 Subsidiary Companies' Board of Director

- *Hospital Business*

1) Principal Healthcare Co., Ltd. ("PRINH")

List of PRINH's 5 Board of Directors as of December 20, 2018 was as follows:

Name	Position
1. Dr. Satit Viddayakorn, Ph.D.	Director
2. Mr. Veera Srichanachaichok	Director
3. Dr. Soontorn Sritha, M.D.	Director
4. Ms. Preeyaporn Aphiwathwithaya	Director
5. Mrs. Achara Ratanaphunsri	Director

Remark : The authorized signatory is any 2 directors co-sign.

2) Pitsanuloke Medical Co., Ltd. ("PSV")

List of PSV's 7 Board of Directors as of November 14, 2018 was as follows:

Name	Position
1. Dr. Pongsak Viddayakorn, M.D.	Director
2. Mrs. Nipaporn Nimpitakpong	Director
3. Ms. Wannasiri Nimpitakpong	Director
4. Ms. Kongchanok Teeravarakan	Director

Name	Position
5. Dr. Soontorn Sritha, M.D.	Director
6. Dr. Satit Viddayakorn, Ph.D.	Director
7. Mr. Veera Srichanachaichok	Director

Remark : The authorized signatory are Dr. Satit Viddayakorn Ph.D. or Dr. Soontorn Sritha, M.D. or Mr. Veera Srichanachaichok, one of three directors co-sign with Mrs. Nipaporn Nimpitakpong or Ms. Wannasiri Nimpitakpong total two directors co-sign and affix company's seal.

3) Union Pichit Doctors Co., Ltd. ("PPCH")

List of PPCH's 7 Board of Directors as of December 19, 2018 was as follows:

Name	Position
1. Dr. Pongsak Viddayakorn, M.D.	Director
2. Mrs. Nipaporn Nimpitakpong	Director
3. Dr. Satit Viddayakorn, Ph.D.	Director
4. Ms. Wannasiri Nimpitakpong	Director
5. Ms. Kongchanok Teeravarakan	Director
6. Dr. Soontorn Sritha, M.D.	Director
7. Mr. Veera Srichanachaichok	Director

Remark : The authorized signatory are Dr. Satit Viddayakorn Ph.D. or Dr. Soontorn Sritha, M.D. or Mr. Veera Srichanachaichok, one of three directors co-sign with Mrs. Nipaporn Nimpitakpong or Ms. Wannasiri Nimpitakpong total two directors co-sign and affix company's seal.

4) Pitsanuvej Uttaradit Hospital Co., Ltd. ("PUTD")

List of PUTD's 7 Board of Directors as of February 8, 2019 was as follows:

Name	Position
1. Dr. Satit Viddayakorn, Ph.D.	Director
2. Mr. Veera Srichanachaichok	Director
3. Dr. Soontorn Sritha, M.D.	Director
4. Dr. Pongsak Viddayakorn, M.D.	Director
5. Mrs. Nipaporn Nimpitakpong	Director
6. Ms. Wannasiri Nimpitakpong	Director
7. Ms. Kongchanok Teeravarakan	Director

Remark : The authorized signatory are Dr. Satit Viddayakorn, Ph.D. or Dr. Soontorn Sritha, M.D. or Mr. Veera Srichanachaichok, one of three directors co-sign with Mrs. Nipaporn Nimpitakpong or Ms. Wannasiri Nimpitakpong total two directors co-sign and affix company's seal.

5) Pitsanuvej Pattana Co., Ltd. ("PPTN")

List of PPTN's 7 Board of Directors as of June 21, 2018 was as follows:

Name	Position
1. Dr. Pongsak Viddayakorn, M.D.	Director

Name	Position
2. Dr. Satit Viddayakorn, Ph.D.	Director
3. Mr. Veera Srیشانachaichok	Director
4. Ms. Wannasiri Nimpitakpong	Director
5. Ms. Kongchanok Teeravarakan	Director
6. Mrs. Nipaporn Nimpitakpong	Director
7. Mr. Satit Nimpitakpong	Director

Remark : Remark : The authorized signatory are Dr. Satit Viddayakorn, Ph.D. or Dr. Soontorn Sritha, M.D. or Mr. Veera Srیشانachaichok one of three directors co-sign with Mrs. Nipaporn Nimpitakpong or Ms. Wannasiri Nimpitakpong total two directors co-sign and affix company's seal.

6) Paknam Hospital Co., Ltd. ("PPNP")

List of PPNP's 8 Board of Directors as of December 20, 2018 was as follows:

Name	Position
1. Dr. Pongsak Viddayakorn, M.D.	Director
2. Mr. Saprang Sukvetchavonkit	Director
3. Mr. Sittichai Vongnitchakul	Director
4. Dr. Atiwat Noiprasit, M.D.	Director
5. Dr. Satit Viddayakorn, Ph.D.	Director
6. Mr. Soontorn Sritha	Director
7. Mr. Veera Srیشانachaichok	Director
8. Dr. Jessada Chungpaibulpatana, M.D.	Director

Remark : The authorized signatory are Dr. Satit Viddayakorn, Ph.D. , Dr. Soontorn Sritha, M.D., Mr. Veera Srیشانachaichok, Dr. Jessada Chungpaibulpatana, M.D. Any 2 of 4 directors co-sign and affix company's seal.

7) P.N.P. Hospital Co., Ltd. ("PNPH")

List of PNPH's 3 Board of Directors as of April 27, 2018 was as follows:

Name	Position
1. Dr. Satit Viddayakorn, Ph. D.	Director
2. Dr. Soontorn Sritha, M.D.	Director
3. Dr. Korpong Rookkapan, M.D.	Director

Remark : The authorized signatory are 2 of 3 directors co-sign.

8) Principal Healthcare – Uthai Co., Ltd. ("PUTH")

List of PUTH's 4 Board of Directors as of October 16, 2018 was as follows:

Name	Position
1. Dr. Satit Viddayakorn, Ph. D.	Director
2. Mr. Veera Srیشانachaichok	Director
3. Dr Soontorn. Sritha, M.D.	Director

Name	Position
4. Mrs. Achara Ratanphunsri	Director

Remark : The authorized signatory are any 2 directors co-sign.

9) Principal Healthcare – Lamphun Co., Ltd. (“PLPN”)

List of PLPN’s 5 Board of Directors as of October 16, 2018 was as follows:

Name	Position
1. Dr. Satit Viddayakorn, Ph. D.	Director
2. Mr. Veera Srیشانachaichok	Director
3. Dr Soontorn. Sritha, M.D.	Director
4. Mrs. Achara Ratanphunsri	Director
5. Mr. Chote Nisoong	Director

Remark : The authorized signatory are any 2 directors co-sign.

- **Property Business**

10) Bangkok Center District Co., Ltd. (“BCD”)

List of BCD’s 4 Board of Directors as of April 27, 2018 was as follows:

Name	Position
1. Dr. Satit Viddayakorn, Ph. D.	Director
2. Ms. Satita Viddayakorn	Director
3. Mr. Veera Srیشانachaichok	Director
4. Ms. Preeyaporn Aphiwathwithaya	Director

Remark : The authorized signatory are 2 of 4 directors co-sign and affix the company’s seal

11) V Brilliant Group Holding Co., Ltd. (“VB”)

List of VB’s 4 Board of Directors as of April 11, 2018 was as follows:

Name	Position
1. Dr. Satit Viddayakorn, Ph. D.	Director
2. Ms. Satita Viddayakorn	Director
3. Mr. Veera Srیشانachaichok	Director
4. Ms. Preeyaporn Aphiwathwithaya	Director

Remark : The authorized signatory are 2 of 4 directors co-sign and affix the company’s seal

12) V Intelligence Co., Ltd. (“VI”)

List of VI’s 4 Board of Directors as of November 28, 2018 was as follows:

Name	Position
1. Dr. Satit Viddayakorn, Ph.D.	Director
2. Ms. Satita Viddayakorn	Director
3. Mr. Veera Srیشانachaichok	Director

Name	Position
4. Ms. Preeyaporn Aphiwathwithaya	Director

Remark : The authorized signatory are 2 of 4 directors co-sign and affix the company's seal

13) V 33 Co., Ltd (“V33”)

List of V33's 4 Board of Directors as of April 11, 2018 was as follows:

Name	Position
1. Dr. Satit Vidayakorn, Ph.D.	Director
2. Ms. Satita Vidayakorn	Director
3. Mr. Veera Srichanachaichok	Director
4. Ms. Preeyaporn Aphiwathwithaya	Director

Remark : The authorized signatory are 2 of 4 directors co-sign and affix the company's seal

14) V Residence Co., Ltd. (“VR”)

List of VR's 4 Board of Directors as of December 11, 2018 was as follows:

Name	Position
1. Dr. Satit Vidayakorn, Ph. D.	Director
2. Ms. Satita Vidayakorn	Director
3. Mr. Veera Srichanachaichok	Director
4. Ms. Preeyaporn Aphiwathwithaya	Director

Remark : The authorized signatory are 2 of 4 directors co-sign and affix the company's seal

15) Bangkok Management Co., Ltd. (“BG”)

List of BG's 4 Board of Directors as of November 8, 2018 was as follows:

Name	Position
1. Dr. Satit Vidayakorn, Ph.D.	Director
2. Ms. Satita Vidayakorn	Director
3. Mr. Veera Srichanachaichok	Director
4. Ms. Preeyaporn Aphiwathwithaya	Director

Remark : The authorized signatory are 2 of 4 directors co-sign and affix the company's seal

16) Banchang Business District Co., Ltd. (“BBD”)

List of BBD's 3 Board of Directors as of July 20, 2018 was as follows:

Name	Position
1. Dr. Satit Vidayakorn, Ph. D.	Director
2. Mr. Veera Srichanachaichok	Director
3. Ms. Preeyaporn Aphiwathwithaya	Director

Remark : The authorized signatory are any 2 directors co-sign and affix the company's seal

17) Udon Business District Co., Ltd. (“UBD”)

List of UBD's 3 Board of Directors as of March 7, 2018 was as follows:

Name	Position
1. Dr. Satit Vidayakorn, Ph. D	Director
2. Mr. Veera Srichanachaichok	Director
3. Ms. Preeyaporn Aphiwathwithaya	Director

Remark : The authorized signatory are any 2 directors co-sign and affix the company's seal

- **Information Technology Business**

18) Convergence System Co., Ltd. (“CS”)

List of CS's 6 Board of Directors as of November 28, 2018 was as follows:

Name	Position
1. Dr. Satit Vidayakorn, Ph. D	Director
2. Mrs. Achara Ratanaphunsri	Director
3. Mr. Sirichai Towiriyawate	Director
4. Mr. Pawat Tanawutsirawat	Director
5. Mr. Veera Srichanachaichok	Director
6. Mr. Kajornsak Sungcharoen	Director

Remark : The authorized signatory are Dr. Satit Vidayakorn, Ph.D. or Mrs. Achara Ratanaphunsri or Mr. Sirichai Towiriyawate or Mr. Veera Srichanachaichok or Mr. Kajornsak Sungcharoen. Any 2 of 5 directors co-sign and affix the company's seal.

- **Business Consultancy Service**

19) Principal Investment Co., Ltd. (“PI”)

List of PI's 3 Board of Directors as of April 27, 2018 was as follows:

Name	Position
1. Dr. Satit Vidayakorn, Ph.D.	Director
2. Mr. Veera Srichanachaichok	Director
3. Ms. Preeyaporn Aphiwathwithaya	Director

Remark : The authorized signatory are any 2 directors co-sign.

8.3 Executives of Principal Capital Public Company Limited

Lists of PRINC Group's executives as of February 26, 2019 are as follows:

Name	Position
Principal Capital PCL.	
1. Mr. Veera Srichanachaichok	Chief Executive Officer - Corporate
2. Dr. Soontorn Sritha M.D.	Chief Executive Officer - Healthcare
3. Mr. Sirichai Towiriyawate	Director of Risk Management and Investment
4. Ms. Preeyaporn Aphiwathwithaya	Director of Accounting Services

Name	Position
5. Ms. Thiranan Sangphungtham	Assistant Director of Legal & Government Relations
6. Ms. Ritima Jirasuradate	Corporate Secretary
Principal Healthcare Co., Ltd.	
1. Mrs. Achara Ratanphunsri	COO, Non-Med Shared Services
2. Mrs. Tuanchai Keawwanna	COO, Hospital Operations
3. Ms. Tanatorn Viddayakorn	Deputy COO, Shared Services
4. Ms. Pear Hovarongkura	Assistant to COO Non-Med Shared Services
5. Mrs. Samerkae Sattapong	Division Director, Procurement Management
6. Mrs. Sukanit Mahanukul	Division Director, Central Payroll
7. Mr. Supawas Pongsiriphanich	Division Director, Construction Management
8. Dr. Korpong Rookkapan, M.D.	Division Director, Risk Management & Quality
9. Mrs. Wannee Rojanaolarnrat	Executive Director, Corporate Public Relation & Marketing
10. Ms. Kanokwan Udomkitkosol	Director, Technology Transformation
11. Mrs. Piyada Boontem	Division Director, System & Process Improvement
12. Ms. Napatporn Rodcha	Division Director, Accounting & Systems
13. Ms. Atiya Awachanakarn	Division Director, HR System Development
14. Ms. Budsakorn Kaewboonthum	Division Director, Payroll Solutions
15. Dr. Athiwat Noiprasit, M.D.	Hospital Director
16. Dr. Jessada Chungpaibulpatana, M.D.	Hospital Director
17. Dr. Surasak Ammartyothin, M.D.	Hospital Director
18. Dr. Arthit Piemkkhar, M.D.	Hospital Director
19. Dr. Bunchana Petchployngam, M.D.	Deputy of Hospital Director , Hospital Management
20. Mr. Somchai Sengsomwongs	Assistant Division Director, Construction Management
21. Mr. Naruepol Phansupamongkol	Assistant Hospital Director
22. Ms. Janpen Jongjirangsap	Senior Division Manager, Big Data

8.4 Chief Financial Officer (CFO) and Chief Accountant

Chief Financial Officer (CFO) of the Company is Mr. Veera Srichanachaichok who started working in this position since February 26, 2016. The qualifications of the CFO are disclosed in the attachment 1. The Chief Accountant of the Company is Ms. Preeyaporn Aphiwathwitthaya . She started working in this position since November 1, 2013. Her qualifications and experience are disclosed in attachment 1.

8.5 Corporate Secretary

The Board of Directors has appointed Ms. Ritima Jirasuradate to be a Corporate Secretary in place of Ms Chayaporn Luannapavan who resigned on May 1, 2018. She is responsible for preparing Notice of Board of Directors' meeting, minutes of the Board of Directors' meeting, annual report, Notice of Shareholder's Meeting and minute of Shareholders' Meeting. The qualifications of Corporate Secretary are shown in the attachment 1.

8.6 Director and Executive Remuneration

1) Cash Remuneration

In 2018, there were 8 meetings of the Board of Directors in which the Company paid the meeting allowance to all board members totaling of Baht 865,000. There was Executive Committee's meeting and Risk Management Committee meeting. However, all members of Executive Committee and Risk Management Committee disclaimed for 2018 cash remuneration. The Company paid annual bonus to all directors totaling of Baht 3,000,000. The total remuneration for the year was Baht 3,865,000.

Name of directors	Meeting allowance for members of Board of Directors, Executive Committee and Audit Committee	Annual bonus for directors	Total
1. Dr. Pongsak Viddayakorn, M.D.	120,000	450,000	570,000
2. Mr. Yarnsak Manomaiphiboon	145,000	450,000	595,000
3. Dr. Satit Viddayakorn, Ph.D.	70,000	300,000	370,000
4. Miss Aranya Chalernpornvarodom	105,000	300,000	405,000
5. Dr. Jutamas Ingpochai, Ph.D.	105,000	300,000	405,000
6. Mr. Veera Srichanachaichok	80,000	300,000	380,000
7. Dr. Soontorn Sritha, M.D.	80,000	300,000	380,000
8. Miss Seerada Tiemprasert*	80,000	300,000	380,000
9. Miss Patraporn Jarupat-	80,000	300,000	380,000
Total remuneration	865,000	3,000,000	3,865,000

Remark: *Ms. Seerada Tiemprasert and Ms. Patraporn Jarupat has resigned from Company's director position since February 26, 2019.

During 2018, the Company paid the remuneration consisting of salary and bonus to 43 executives of the Company and its subsidiaries total amounting to Baht 73.6 million.

2) Other Remunerations

Other Remunerations for Directors

The insured amount for the responsibility of director and executive and the compensation to the Company (Directors and Officers Liability and Company Reimbursement Policy : D&O) was Baht 300 million.

Other Remunerations for Executives

- Provident Fund

The Company has set up Provident Fund for its employees and executives since January 2014, in which the Company's contribution rate is 3% of the salary.

8.7 Human Resources

As of December 31, 2018 the Company and its subsidiaries had staff headcount (including executives) of 1,693. The Company paid total remunerations which included salary, over time, bonus, social security contribution and other welfare of totaling Baht 838.09 million.

Company name	Operational level (Person)	Executive level (Person)	Total staff (person)
Principal Capital PCL.			
— Headquarter	21	14	35
— Branch	129	12	141
Convergence Systems Co., Ltd.	35	9	44
V Residence Co., Ltd.			
— Headquarter	1	1	2
— Branch	43	6	49
Principal Healthcare Co., Ltd.	144	41	185
Pitsanuloke Medical Co., Ltd.	624	18	642
Union Pichit Doctors Co., Ltd.	194	4	198
Pitsanuvej Uttaradit Co., Ltd.	13	-	13
Paknampo Hospital Co., Ltd.	377	7	384
Total	1,581	112	1,693

Remark: Information as of December 31, 2018

However, 12 subsidiaries include Principal Investment Co., Ltd., Bangkok Center District Co., Ltd, V 33 Co., Ltd and V Intelligence Co., Ltd. and Bangkok Management Co., Ltd., Banchang Business District Co., Ltd. Udon Business District Co., Ltd., Pitsanuvej Pattana Co., Ltd. and Pitsanuvej Uttaradit Co., Ltd., P.N.P. Hospital Co., Ltd., Principal Healthcare – Uthai Co., Ltd., and Principal Healthcare – Lamphun Co., Ltd. had no staff so no remuneration has been paid in 2018.

8.7.1 Bonus Criteria

Bonus shall be determined for each period with several factors to be taken into consideration, which are the operating results of the Company and the evaluation on performance of each staff.

8.7.2 Labor Dispute

The Company had labor dispute with ex-employee. The Company laid-off the employee because they violate the Company's rules and left their duties. Later the employee sued labor case against the Company. Such labor case has no significant impact to the Company.

8.7.3 Staff Development Policy

The Company has the policy to develop its staff potential to be ready for business competition and the consideration for all stakeholders. According to the “Sustainable Business Development with Social Responsibility Policy in term of Human Rights and Employee Treatment”, the employee is the important resources for the organization. The Company encourages its staffs to attend various training courses relevant to their work in all aspects. Also, the Company has the policy to support staffs who want to further their education to a higher level.

Last year the Company arranged 4 in-house training courses to the staff and also sent the staff to attend external training courses related to their work. In addition, there were 2 directors joining Director Certification Program (DCP) which organized by Thai Institute of Director.

9. Corporate Governance Policy

9.1 Corporate Governance Policy

The Company has recognized the importance of good corporate governance that it would enhance the Company's operational efficiency. Corporate governance policy of the Company was put in place by the Board of Directors covering the important substance from the structure, roles and responsibilities of the directors, transparent, clear and auditable management of the executives in order to be a guideline for the organization management to ensure that any action performed by the Company is fair and take the highest benefits of shareholders and stakeholders into consideration. The Company's corporate governance policy has been announced since November 26, 2015 and the amendment issue was effective on July 24, 2018. It was posted publicly for the shareholders and outsiders in the Company's website http://www.principalcapital.co.th/investor/good_corporate.html. The Board of Directors has communicated such policy inside the organization via intranet, leaflet and corporate campaign etc. in order to enhance the understanding in Company's policy and set the channel for the insiders and outsiders to inform any action that violates the corporate governance policy to the Board of Directors.

The Board of Directors has put in place the corporate governance policy that is in corresponding to the good corporate governance principles as follows:

Section 1 Rights of Shareholders

The Company recognizes the importance of the rights of shareholders. Therefore, the Company has set out the guidelines to protect the rights of shareholders as follows:

1. The Company shall send invitation to the annual general meeting of shareholders and the extraordinary meeting of shareholders with the date, time, venue, details of agenda items, other information which is important and necessary for decision making, opinions of the Board of Directors, the minutes of the previous shareholders' meeting, annual report, 3 types of proxy forms that shareholders can choose a proxy Form A or Form B or Form C with clear instructions for convenience and encourage all shareholders to attend the meeting. The Company shall send the meeting documents to the shareholders at least 21 days in advance prior to the meeting day and disclose such information on the Company's website in Thai and English at least 30 days in advance prior to the meeting date in order to ensure that the shareholders receive adequate, correct, complete, and transparent information for decision making, and those who is unable to attend the meeting can appoint a representative to act as proxy at the meeting.

2. The Company has policy to encourage and facilitate the shareholders, including institutional investors to attend the shareholders' meeting by setting suitable date, time and venue of the shareholders' meeting. The venue capacity must be sufficient to accommodate the shareholders who attend the meeting, with the easy access by public transportation. The meeting venue's map must be enclosed. In addition, adequate staff and technology are put in place to examine documents and voting count.

3. The Company shall advertise the details of general meeting of shareholders in newspapers in both Thai and English for 3 consecutive days at least 3 days in advance prior to the meeting day and post such information on the Company's website <http://www.principalcapital.co.th> in Thai and English to inform shareholders of the venue in advance.

4. The Company shall not perform any action that may restrict the rights of shareholders to attend the meeting. All shareholders have the right to attend shareholders' meeting from the commencement until the end. During the shareholders' meeting, shareholders have the rights to ask questions and express their opinions related to meeting agenda and to vote on each agenda item. The Chairman of the meeting should allocate sufficient time and opens the floor to the shareholders to give opinions and ask questions in the meeting.

5. In compliance with the good corporate governance principle, the Company set out the guideline for the agenda of annual general meeting of shareholders as follows,

5.1 To approve the minutes of the previous shareholders' meeting

5.2 To acknowledge the Company's operating performance of the previous year

5.3 To consider and approve the Company's statements of financial position and statements of comprehensive income for the year ended on 31 December of the previous year

5.4 To consider and approve appropriation of profit from the previous year operation

5.5 To consider the election of directors to replace those whose position period expired by rotation

5.6 To consider and approve the remuneration of the directors

5.7 To approve the appointment of accounting auditor and determination of the auditing fee

5.8 Other agenda

The Company allows the shareholders to raise their concerns and/or the Board of Directors to answer questions and/or give explanations without any vote.

6. The Company allows shareholders to propose the shareholders' meeting agenda and nominate the qualified person to be a director for 3 consecutive months in advance prior to the meeting day by mailing to the corporate secretary as per the details notified in the Company's website.

7. The Company allows the shareholders to send inquiries related to the shareholders' meeting agenda to the Board of Directors at least 10 days in advance via the Company's website or facsimile or email to the corporate secretary.

8. The Company will prepare meeting minutes and submit them to the Securities Exchange of Thailand within 14 days from the date of the meeting in accordance with the requirements of the Securities Exchange of Thailand. The information submitted includes meeting minute, votes, and details of important questions of shareholders on each agenda item.

9. All directors including specific committees/sub-committees /working group, Chief Financial Officer, and corporate secretary shall attend every shareholders' meeting, if not on important mission, to answer shareholders' questions and acknowledge their opinions. All executives should also attend the shareholders' meeting to answer the questions.

Section 2 Equitable Treatment of Shareholders

The Company has set the equitable and fair treatment policy for major and minor shareholders to protect shareholder's right in order to create confidence among investors. The Company has business ethics in relation to confidentiality and the use of inside information in the guideline to protect rights of shareholders fairly and to increase investors' confidence to invest in the Company as follows:

1. The Company allows shareholders to propose the meeting agenda item and nominate candidates for directorship in accordance with the criteria prescribed by the Company and published on the Company's website. Shareholders shall send the information to the Company 3 consecutive months in advance prior to the shareholders' meeting by sending the original letter by mail to the corporate secretary according to the details shown in the Company's website. The Board of Directors shall disclose the result of such consideration on the Company's website and the website of the Securities Exchange of Thailand.

2. The Company will not add any meeting agenda item or change of important information without notifying shareholders in advance.

3. Shareholders are entitled to appoint a proxy to attend the shareholders' meeting. Shareholders have the rights to receive a proxy form and instructions to complete the form. Any legitimate proxy who submits a completed proxy form to the committee at the shareholders' meeting shall be allowed to attend the meeting and vote on behalf of the shareholders. Alternatively, a shareholder may appoint an independent director as his proxy to attend the meeting and vote on behalf of him/her. Shareholders also have rights to receive the background and personal information of each independent director for their consideration.

4. In election of directors, the Board of Directors allows shareholders to vote for individual nominee. The voting procedures and equipment used for vote counting shall be transparent, convenient, efficient, and effective; therefore, the vote results can be announced quickly and shareholders shall be informed the voting results in a timely manner.

5. The Board of Directors and executives shall disclose their interests and related persons to the Board of Directors to consider the transactions of the Company which may have conflicts of interest or connected transaction; then make decision for the best interests of the Company. Directors and executives who have any related interests with the transactions of the Company shall not attend the meeting to make a decision on such matter. All processes shall be in line with the policy and procedure on approval of connected transactions of the Company.

Section 3 Roles of Stakeholders

The Company responds and takes into account of all groups of stakeholders by considering the rights of stakeholders that are established by law or through agreements with the Company. The Company has set the clear guideline on roles of each group of stakeholders as follows:

1. The Company's stakeholders include customers, employees, trade partners, shareholders or investors, creditors, competitors, or public sector and relevant agencies. The communication channels shall be adequately provided for each group of stakeholders to communicate and respond to their needs.

2. The Company has a commitment to customers to continuously develop products and services, and to set fair prices in each circumstance. The company shall not take advantage of customers and shall operate neutrally and fairly without taking advantage of trade partners.

3. The Company shall consider the welfare of its personnel. Their employment contracts shall be fair. The remuneration shall be reasonable and appropriate to the employee's capability in order to build motivation. Training and opportunity to pursue their education shall be provided to enhance the performance of employees. The Company shall also create a pleasant working environment by setting high safety standard and working discipline to ensure all employees are well taken care. An appropriate compensation plan shall be drawn up if, under any circumstances an employee must stop working.

4. The Company consistently and continuously addresses the Company's consideration and concern for the stakeholders.

Whistle Blowing Policy and Channels for Whistle Blowing

In order to be fair and provide equal treatment to all stakeholders according to corporate governance policy. The Company has provided several channels to report doubts, or send the complaints, or give opinion, and recommendations for the action that may affect the stakeholders from business operation or any unlawful action or discrimination or careless action of directors, executives and employee. The outsiders are able to send the complaints and recommendations to the following channels:

Corporate Secretary

Principal Capital Public Company Limited
23rd floor Bangkok Business Center Building,
29 Sukhumvit 63, Klongton Nua, Wattana, Bangkok 10110
Email: Secretarywhistle@principalcapital.co.th
Telephone : +66 (2) 714-2173

If the employees have any doubts, or complaints, or opinion, or recommendations, please contact Director of Human Resources or corporate secretary at HRwhistle@principalcapital.co.th or Secretarywhistle@principalcapital.co.th

Section 4: Disclosure and Transparency

The Company recognizes the importance of disclosing significant information correctly, completely to the stakeholders to support their decision making. The information disclosure indicates operational transparency, which is the key factor for building trust in the Company's honesty and integrity among shareholders, investors, and stakeholders and an inspection mechanism. The Company has set the guidelines for disclosure and transparency as follows:

1. The Board of Directors or the person assigned by the Board of Directors has a duty to disclose both financial and non-financial information. Such disclosures should be adequate, reliable and up-to-date. Shareholders and stakeholders shall obtain information equally as stipulated by the law and the Company's regulation. The information published on the Company's website shall be regularly updated to ensure its completeness and timeliness and shareholders are able to conveniently and efficiently access all relevant information and contact the business unit responsible for its disclosure.

2. The Company's information system must be prepared with care, accuracy and transparency. Important information should be conveyed in simple and concise language. The Company shall disclose information on a regular basis regardless of positive or negative impact it may cause to the Company.

3. Corporate communications department shall be established to regularly and efficiently publish useful information for shareholders, investors, employees, related parties and the general public and to clarify misunderstanding. In addition, investor relations department shall represent the Company in collaboration with institutional investors, creditors, securities analysts and shareholders and provide information about the Company's operations and investment through convenient, quick, and accessible communication channels.

4. The Board of Directors must ensure that the Company's statements of financial position and statements of comprehensive income and the Company's audit report, as well as the report of the Board of Directors, are prepared and presented to the shareholders at the annual general meeting of shareholders for their approval.

5. The Board of Directors shall prepare a report on Company's status and outlook in concise and simple form and a statement of the board's responsibilities in the financial reports along with the auditor's report, and the meeting attendance records of the directors and/or members of Audit Committees in the annual report.

6. The Board of Directors shall prepare a report any changes in securities holdings by directors and executives of the Company in accordance with the regulations stipulated by the Securities and Exchange Commission and the Stock Exchange of Thailand.

Section 5: Responsibilities of the Board

The Company has set the corporate structure in compliance with the business operations which is under supervision of the executives in each business unit comprising of three sets of Sub-Committee which are Executive Committee, Audit Committee and Risk Management Committee. These Committees have decision making authority and primarily supervise the operations of the Company and the transaction approved by the shareholders' meeting. The scope of responsibility of the Committees will be determined to achieve the highest work efficiency.

Roles and responsibilities of Chairman of the Board

Chairman of the Board of Directors and Chairman of the Executive Committee shall not be the same person. The Chairman of the Board of Directors has the following roles.

- 1) To call Board of Directors meeting and acting as the Chairman of the Board and Chairman of the shareholders' meeting. Participate in setting meeting agenda with the Board of Directors and Chief Executive Officer.

- 2) To effectively control the Board of Directors and shareholders' meeting to comply with the Company's rules and regulations.
- 3) To support and give opportunity to the Company's directors to show their opinions independently and equally.
- 4) To support and encourage the Board of Directors to perform their duty to their full capacity based on the scope of responsibilities in good corporate governance principle.
- 5) To monitor and follow up the Board of Directors' work as well as Sub-Committee's work to achieve the Company's objectives.
- 6) In case there is a vote by the Board of Directors and the votes are equal, Chairman of the Board shall vote as additional vote and deemed to be a decisive vote.

● **Executive Committee**

Executive Committee is appointed by the Company's Board of Directors as of December 31, 2018. The

Executive Committee composes of

Name	Position	Join the meeting/Number of meetings	
		Executive Committee's Meeting	Reason for absence
1. Dr. Satit Viddayakorn, Ph.D.	— Chairman of the Executive Committee	7/7	-
2. Mr. Veera Srیشانachaichok	— Executive Director	7/7	-
3. Dr. Soontorn Sritha, M.D.	— Executive Director	7/7	-
4. Miss Preeyaporn Apiwatwittaya	— Executive Director	6/7	On business
5. Miss Chayaporn Luannapavan ^{1/}	— Executive Director — Secretary to Executive Committee	2/2	-
6. Miss Ritima Jirasuradate ^{2/}	— Executive Director — Secretary to Executive Committee	3/3	***

Remark : 1/ Ms. Chayaporn Luannapavan resigned from secretary to Executive Committee position on May 1, 2018

2/ Ms. Ritima Jirasuradate was appointed as an Executive Director and secretary to Executive Committee on May 14, 2018.

*** Ms. Ritima Jirasuradate did not attend the Executive Committee meeting No. 1-2/2018 because she has not yet been appointed to be a member of Executive Committee.

Authorities and Responsibilities of the Executive Committee

1. Be accountable for the administration regarding the Company's common business operation and management as well as set the financial plans, budgets, human resource management, technological investment and public relations of the Company proposing to the Board of Directors for consideration and approval as well as supervise and monitor the Company's operating performance pursuant to the Company's policy.

2. Undertake the operation and the management of the Company in consistency with every aspect of the Company's objectives, rules, regulations, policies, orders, and the resolutions of the Board of Directors and/or the resolutions of the shareholders' meetings.

3. Empower to appoint and supervise the operations of the appointed working group of committees to meet policies and objectives as required.

4. Empower to consider and approve the capital expenditure not exceeding Baht 10 million Baht (for each transaction). In this regard, such issue must be proposed to the Board of Directors for further approval/ ratification.

5. Approve key investment spending as specified in the annual budget expenditure as assigned by the Board of Directors or as agreed and approved in principle by the Board of Directors.

6. Empower to consider and approve the Company's short-term investment (less than 1 year) and financial investment (Portfolio Investment) for the period of 2-5 years with the amount for each transaction not exceeding Baht 300 million. In this regard, such issue must be proposed to the Board of Directors for further approval/ ratification.

7. Consider the proposal for dividend payout during the year or an annual dividend payment to the Board of Directors for consideration and approval.

8. Set the corporate structure, management authority as well as appointment, employment, transfer, compensation, remuneration, bonus for executives who are non-members of the Executive Committee and employment termination.

The authority of Executive Committee shall not include the approval of any transactions that may have conflict of interests or any transactions that Executive Committee or persons may have conflict of interests or other form of interests that may be in conflict with the Company or its subsidiaries in accordance with the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand. The approval of such transactions must be proposed to the Board of Director's meeting and/or the shareholders' meeting for consideration and approval in accordance with the Company's regulations and relevant laws.

● **Audit Committee**

The Audit Committee shall comprise at least 3 independent directors, with at least 1 member of Audit Committee who has knowledge and experiences to review the reliability of financial statements. The Audit Committee members must bear independent qualifications in accordance with the Securities and Exchange Commission notification regarding the qualifications and scope of work of Audit Committee. The Audit Committee is in charge of supervising business operation of the Company, oversight of financial reporting and internal control system, selecting the Company's external auditors, considering conflict of interest issues and risk management. Audit Committee must have the following qualifications

1. He/she must be an independent director and is appointed by the Board of Directors
2. He/she must be a director who is not an employee, or advisor who receives salary from the Company the subsidiary company and affiliated company.
3. He/she must be trustworthy and able to devote his/her time to perform Audit Committee's task.

Remark: Other qualification shall be in accordance with the qualifications of the independent director as set by SET and SEC (manual on p. 26) and Audit Committee Charter which can be downloaded from the Company's website.

For the year 2018, the Company has 3 members of the Audit Committee who have sufficient knowledge, ability and experiences to review the reliability of financial statement consisting of

Name	Position	Join the meeting/Number of meetings	
		Audit Committee's Meeting	Reason for absence
1. Mr. Yarnsak Manomaiphobon	– Independent Director – Chairman of Audit Committee	5/5	-
2. Miss Aranya Chalernpornvarodom	– Independent Director – Member of Audit Committee	5/5	-
3. Dr. Jutamas Ingpochai, Ph.D.	– Independent Director – Member of Audit Committee	5/5	-
4. Miss Chayaporn Luannapavan ^{1/}	– Secretary to Audit Committee	2/2	-
5. Miss Ritima Jirasuradate ^{2/}	– Secretary to Audit Committee	3/3	***

Remark : 1/ Miss. Chayaporn Luannapavan resigned from secretary to Audit Committee position on May 1, 2018.

2/ Miss. Ritima Jirasuradate was appointed as a secretary to Audit Committee on May 14, 2018.

*** Miss. Ritima Jirasuradate did not attend the Audit Committee meeting No. 1-2/2018 because she has not yet been appointed to be a secretary to Audit Committee yet.

Authorities and Responsibilities of the Audit Committee

1. To review the financial reports in order to ensure that it is accurate and reliable and information is sufficiently disclosed by co-operating with the Company's external auditors and the executive who is responsible for preparing quarterly and annual financial reports.

2. To review the Company's and subsidiary companies' internal control system, internal audit system, and risk management system to ensure their appropriateness and effectiveness. The Audit Committee may review or examine the transactions that deem necessary and important, provide recommendations on the improvement of internal control system or risk management system and report the result of examination to the Company's Board of Directors.

3. To review the Company's practice in compliance with the laws governing securities and exchange or regulations of Securities Exchange of Thailand, policies, rules, regulations, requirements, and other laws related to the Company.

4. To review the evidence in case there are any doubts about the Company's operation that may seriously affect the Company's financial position and operating performance or conflicts of interest or violation of laws and regulations that may affect the Company's operation.

5. To consider the disclosure of information in case there are connected transactions or transactions with potential conflicts of interest and ensure the transaction is in compliance with Securities Exchange of Thailand's laws and regulations in order to ensure that such transactions are reasonable and maximize benefits to the Company.

6. To select and nominate independent persons to be the external auditors of the Company and propose their remuneration by considering credibility, adequacy of resources and amount of audit works of such auditing firm including the experience of the person designated for auditing. Audit committee shall have meeting with external auditor without management's presence at least once a year.

7. To ensure the accuracy and effectiveness of Information Technology related to the financial reports and internal controls.

8. To promote development of financial reporting system to be in line with international accounting standards.

9. To review internal audit plan of the Company in accordance with internationally accepted approaches and standards.

10. To consider the independence of the internal audit department of the Company or recruit external service provider to perform internal audit functions. The Audit Committee may give recommendations on budget and human resources of internal audit department. The Audit Committee shall give consent to the appointment, transfer and dismissal of the head of internal audit department and assess the performance of the head of internal audit department.

11. To prepare a report of the Audit Committee signed by the Chairman of the Audit Committee for the disclosure in the Company's annual report in accordance with the Securities Exchange of Thailand's regulations.

12. If necessary, the Audit Committee may seek for independent opinion from the external advisors, at the Company's expense. The selection of external advisor shall be in accordance with the Company's regulations.

13. The Chairman of the Audit Committee shall attend the shareholders' meeting to explain or answer to enquiries on Audit Committee or the appointment of the certified auditor.

14. To review and improve the Audit Committee's Charter.

15. To perform other tasks assigned by the Board of Directors with the approval from the Audit Committee.

16. Review the "self-evaluation form related to anti-corruption measure" in term of the suitability to perform according to the self-evaluation form related to anti-corruption measure and evaluate the accuracy and the adequacy of information in such form to submit to Collective Action Coalition against Corruption Committee for certification process.

● **Risk Management Committee**

Risk management committee comprises at least 3 members appointed by the Board of Directors, and at least 1 member being a director of the Company. Each member can be the Risk Management Committee member of not exceed 5 listed companies. As of December 31, 2018, there were 9 members of Risk Management Committee consisting of

Name	Position	Join the meeting/Number of meetings	
		Risk Management Committee's Meeting	Reason for absence
1. Dr. Satit Viddayakorn, Ph.D.	— Chairman of Risk Management Committee	4/4	-
2. Mr. Veera Srichanachaichok	— Member of Risk Management Committee	4/4	-

Name	Position	Join the meeting/Number of meetings	
		Risk Management Committee's Meeting	Reason for absence
3. Mr. Sirichai Towiriyawate	– Member of Risk Management Committee	4/4	-
4. Miss. Preeyaporn Apiwatwittaya	– Member of Risk Management Committee	4/4	-
5. Miss. Chayaporn Luannapavan ¹	– Member of Risk Management Committee – Secretary to Risk Management Committee	1/1	-
6. Miss. Ritima Jirasuradate ²	– Member of Risk Management Committee – Secretary to Risk Management Committee	3/3	-
7. Miss. Thiranan Sangphungtham ³	– Member of Risk Management Committee	2/3	On business
8. Miss. Pear Hovrongkura ³	– Member of Risk Management Committee	3/3	-
9. Ass. Prof. Korpong Rookkapan, M.D. ⁴	– Member of Risk Management Committee	1/1	***
10. Mrs. Achara Ratanaphunsri ⁵	– Member of Risk Management Committee	1/1	***
11. Dr. Soontorn Sritha, M.D. ⁶	– Member of Risk Management Committee	1/1	***
12. Mrs. Tuanchai Keawwanna ⁶	– Member of Risk Management Committee	0/1	On business ***

Remark: 1. Ms. Chayaporn Luannapavan resigned from secretary to Risk Management Committee position on May 1, 2018.

2. Ms. Ritima Jirasuradate was appointed to be a member of Risk Management Committee and secretary to Risk Management Committee on May 14, 2018 and she did not attend Risk Management Committee's meeting No. 1/2018 because she has not yet been appointed to be a member of Risk Management Committee and secretary to Risk Management Committee.

3. Ms. Thiranan Sangphungtham, Ms. Pear Hovrongkura resigned from being a member of Risk Management Committee on October 1, 2018.

4. Ass. Prof. Korpong Rookkapan was appointed to be a member of Risk Management Committee in place of Ms. Thiranan Sangphungtham on October 17, 2018.

5. Mrs. Achara Ratanaphunsri was appointed to be a member of Risk Management Committee in place of Ms. Pear Hovrongkura on October 17, 2018.

6. Dr. Soontorn Sritha, M.D., Mrs. Tuanchai Keawwanna were appointed to be members of Risk Management Committee on October 17, 2018.

***Dr. Soontorn Sritha, M.D., Ass. Prof. Korpong Rookkapan, Mrs. Achara Ratanaphunsri and Mrs. Tuanchai Keawwanna did not attend Risk Management Committee's meeting No. 1-2/2018 because they have not yet been appointed to be a member of Risk Management Committee.

Authorities and Responsibilities of the Risk Management Committee

1. To consider and propose the risk management policy related to the Company's business operations, acceptable risk appetite, and other related operational framework to the Board of Directors.
2. To develop an efficient enterprise risk management system and promote collaboration to ensure risk management is continuously implemented at all levels in the organization.
3. To review risk report of each department and provide recommendations and resolutions.
4. To coordinate with the Audit Committee about significant risk factors and propose appropriate mitigation policy or measures.
5. To oversee the effectiveness of risk management processes.
6. To report significant risks and risk management solutions to the Board of Directors' meeting periodically.
7. To perform other tasks related to risks management as assigned by the Board of Directors.

9.2 The Board of Directors' Meeting

The schedule for the Board of Directors' meeting shall be set in advance each year so that each member of the Board can arrange time to attend meeting. The Chairman of the Board shall set the meeting agenda by consulting with the Chief Executive Officer and consider the important issues proposed by other directors to be included in the meeting agenda. The Company shall send meeting documents to each director in advance of the meeting so that director shall have time to review, consider, and make decision on each agenda item. Meeting procedures are as follows:

1. The Company's articles of association prescribed that the Board of Directors' meeting shall be arranged at least every 3 months and at least one-half of the total number of directors' presence at the meeting shall constitute a quorum.

2. The Company shall send invitation letter and agendas to the directors at least 7 days prior to the meeting day so that the directors shall have time to review, consider and make decision on each agenda and arrange time to attend the meeting.

3. The Chairman of the Board shall approve the meeting agenda by consulting with the Chief Executive Officer and consider the important issues proposed by other directors to be included in the next meeting agenda.

4. The Chairman of the Board should appropriately allocate the meeting time for the presentation and enquiries consideration as well as important issues discussion by directors.

5. The Board of Directors should fully devote their time and effort to the Company and shall regularly attend the meetings.

6. The Board of Directors should be able to access necessary information and request for supplementary documents, advice and other services relating to Company's operation from senior executives. If necessary, the Board may seek for independent opinions from the external advisor to support the information in each meeting.

7. The Board of Directors may invite senior executives of the Company to attend Board meetings to provide additional information on the relevant issues.

8. Any director who may either have interest or involvement in any agenda must not vote or express views on that agenda.

9. The number of Board of Directors' meetings should be appropriate with the responsibilities of the Board of Directors and nature of business of the Company.

10. The minutes of the Board of Directors' meetings that contain the resolutions of the meeting and the comments of the Board of Directors must be clear for reference.

11. Each director should attend the Board of Director's meeting at least 80% of total number of meetings in a year.

12. Every director should have 75% attendance of total number of Board of Director's meeting within a year.

13. Board of Directors set the policy regarding the minimum quorum when there is a vote in the Board of Directors' meeting that there must be at least two-third of total number of directors. In case there is a vote for

only non-conflict of interest directors, there must be non-conflict of interest directors at least two-third of total number of non-conflict of interest.

14. Arrange the meeting for non-executive directors without the attendance of management team at least once a year.

9.3 Selection and Appointment of Directors and Removal of Directors

- The appointment of Independent Director

The Company has the selection and appointment criteria of Independent Director by recruiting those who have knowledge, ability and qualifications in compliance with minimum requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand as follows:

1. Hold shares not exceeding 1% of all shares with voting rights of the Company, its subsidiaries, related companies, major shareholder or entity with controlling power, including shares held by related persons of such independent director.

2. Shall not be nor have ever been a director with management authority, employee, staff member, advisor who receives salary or is an entity with controlling authority of the Company, its subsidiary companies, related companies, major shareholder or entities with controlling power.

3. Shall not be a person having blood relationship or legal registration as father, mother, spouse, sibling, or child of the director, major shareholder, an entity with controlling power, or a person to be nominated as a director, executive or entity with controlling power of the Company, its subsidiary, or related company.

4. Shall neither have nor have ever had business relationship with the Company, subsidiary, related company, major shareholder or entity with controlling power, in such a manner that may interfere with his/her independent judgment, and neither is nor has ever been a significant shareholder or entity with controlling power of any person having a business relationship with the Company, its subsidiary, related company, major shareholder or entity with controlling power.

5. Shall not be nor have ever been an auditor of the Company, subsidiary, related company, major shareholder or entity with controlling power, and not be a significant shareholder, entity with controlling power, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, related company, major shareholder or entity with controlling power.

6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding Baht 2 million per year from the Company, its subsidiary,

related company, major shareholder or entity with controlling power, and not be a significant shareholder, entity with controlling power or partner of the provider of professional services.

7. Shall not be a director appointed as a representative of the directors, major shareholder or shareholder who is related to major shareholders of the Company.

8. Shall not engage in any business with the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1% of all shares with voting rights of another company which engages in business of the same nature and in competition with the business of the Company or its subsidiaries.

9. Shall not have any other characteristic which prevents him/her from expressing opinion freely on the operation of the Company.

After the appointment as independent directors with the qualifications in corresponding to No.1 to 9 specified above, they may be assigned by the Board of Directors to make collective decisions involving the business of the Company, the parent company, subsidiary, associated company, major shareholder or an entity with controlling power.

If the appointed Independent Directors used to have business relationship or provide professional services exceeding value as specified in the first paragraph, the rule no. 4 or 6 shall be waived when there is the opinion from Board of Director that the Board has considered that the appointment of such director would not affect his/her duties to provide independent opinion under Section 89/7 and also discloses the following information in the agenda related to independent director selection in the invitation to Board of Director's meeting.

- a) Business relationship or professional services which make that person's qualifications don't comply with the specified rule.
- b) Reasons and the necessity to keep or appoint such person to be an independent director.
- c) Board of directors' opinion to appoint such person as an independent director.

To give an opportunity for Independent Directors to discuss or set the guideline for the development of corporate governance quality, the Company shall arrange the independent director's meeting at least twice a year.

- **Appointment of the Board members**

The Board of Directors shall consist of at least 5 members, more than half of board members must have residence in Thailand and directors must have the qualifications as specified by laws. The selection and the qualifications of directors must comply with the following criteria.

1. The appointment of a director shall be in accordance with the Articles of Association of the Company and the provisions of relevant laws. Incidentally, the appointment of director must be transparent and clear. The consideration must include the educational record and professional experience and track record of such person with sufficient information to support the decision of the Board of Directors and the shareholders of the Company.

2. A director of the Company must be a knowledgeable, capable, transparent, honest person, has business ethics and has sufficient time to devote his/her knowledge, ability to perform duty for the Company.

3. A director is not allowed to be a partner or a director of any other juristic person that operates the same business or being a competitor with the Company, unless the shareholders is notified before the release of meeting resolution. Also, a director shall immediately inform the Company if he/she has conflict of interest in the agreement entered into by the Company, or holding shares or debenture up or down in the Company or the subsidiary companies or the affiliated companies.

4. A director must possess qualifications with no prohibited characteristics pursuant to the law governing the public limited company and the law governing securities and stock market.

The Company's shareholders shall elect directors at the shareholders' meeting using the following rules and procedures.

1. Each shareholder shall have 1 vote per 1 share

2. Each shareholder shall use all his or her votes under no. 1 to elect one or several candidates as a Director. However, he or she may not divide his or her votes among the candidates.

3. Those who receive the highest number of votes shall be elected as directors of the Company on descending basis until the required number of directors is appointed. In the event of a tie, the chairman of the meeting shall have the decisive vote.

- **Selection and Appointment of Senior Executives**

Chairman of Executive Committee will be the one who selects Chief Executive Officer by considering those who has suitable qualifications in term of knowledge, skill, capability and experience that would be able to manage business operation of the Company and also have good understanding in nature of business which enables him/her to achieve Company's target set by the Board of Directors. After the appointment, Chairman of Executive Committee will report to the Board of Directors for acknowledgement.

- **Removal and Discharge of Directors**

1. At the annual general meeting of shareholders, the directors shall be removed by one-third (1/3) of total number of directors at that time. If the number of directors is not divisible by three, it has to be the nearest one-third (1/3) and the discharged directors may be re-elected to be a director. In the first and second year after the registration of the Company, directors shall be removed by drawing lots. In subsequent years, the directors who have stayed in the position for the longest period shall be removed from the office.

2. Other than the retirement by rotation, a director shall be discharged upon death, resignation, lack of qualifications or having prohibited characteristics under the law governing public limited companies and/or the laws governing securities and exchange, removal by a resolution of the shareholders' meeting, or removal by court order.

3. Any director who wishes to resign from the directorship shall submit a resignation letter to the Company, and the resignation shall be effective from the date of receipt of the resignation letter by the Company. A director who has resigned may also notify the registrar of such resignation.

4. The shareholders' meeting may pass a resolution to remove any directors from office prior to retirement by rotation, by a vote of not less than three-fourth (3/4) of the number of shareholders attending the meeting and having the right to vote and the shares held by them shall in aggregate amounted to not less than one-half of the number of shares held by the shareholders attending the meeting and having the right to vote.

5. In the event that the director position becomes vacant for any reason other than by rotation, the Board of Directors shall elect any person who is qualified and who does not have any of the prohibited characteristics under the law governing public limited companies and under the law governing securities and exchange as a substituted director in the subsequent Board of Directors meeting, unless the remaining term of office of the vacant directorship is less than two (2) months. The substituted director shall retain office only for the remaining term of office of the director whom he/she replaces.

The resolution of the Board of Directors shall be passed by an affirmative vote of not less than three-fourth (3/4) of the remaining directors.

9.4 Performance evaluation of the Board of Directors

9.4.1 Performance evaluation of Board members

- The Company has a policy to evaluate Board of Directors on the annual basis. The evaluation is based on the performance of the Committee collectively. The director shall evaluate the Board of Director's performance as a whole. The evaluation result will be analyzed and summarize to improve the working efficiency of the Board of Directors in the future.

- The Company submits the evaluation report and comment to the Board of Directors' meeting to support and improve the performance of the Board of Directors.
- Chief Executive Officer should participate in explaining his expectation to obtain support from the Board of Directors.

9.4.2 Performance evaluation of Chief Executive Officer

1. The Company shall conduct the performance evaluation of Chief Executive Officer annually for the Board of Directors' consideration.
 2. The Company has set 3 evaluation criteria with different weight given to each criteria.
 - 2.1 Corporate key performance indication (KPI)
 - 2.2 Leadership competency
 - 2.3 Budget and project management
 3. The evaluation result shall be taken into consideration for salary adjustment of Chief Executive Officer and shall be proposed to the Board of Directors' meeting for approval.

9.5 Remuneration of Directors and Chief Executive Officer

1. The Company has remuneration policy for determining the remuneration of its directors and Chief Executive Officer, which have to be attractive and comparable to the remuneration of the companies in the same industry. The remuneration shall be linked with the performance and responsibilities of the directors as well as the performance of the Company. The Board of Directors shall determine such remuneration and propose to the general shareholders' meeting for approval.
 2. The directors who are assigned more tasks and responsibilities shall receive additional remuneration in corresponding to their assigned responsibilities. The Chairman of the Board may receive higher remuneration than other directors.
 3. The Board of Directors shall prepare report on directors' remuneration policy, its rationale, and the objectives of the policy and disclose in annual report and financial statements of the Company.
 4. The Board of Directors shall evaluate the Chief Executive Officer's performance annually to determine his/her remuneration. The basis of the performance evaluation should be agreed upon by Chief Executive Officer ahead of the evaluation. The evaluation criteria include objective, financial performance, long-term strategic performance, career development plan etc. The evaluation results would be proposed for Board of Directors' approval, and the Chairman of the Board shall communicate the evaluation results to Chief Executive Officer.

5. The Board of Director set the compensation scheme to non-executive directors including meeting allowance, annual bonus and other remuneration which is Directors and Officers Liability and Company Reimbursement Policy.

9.6 Directors and Executives Training

1. The Company encourages and facilitates training related to corporate governance for directors, specific committee, executives, corporate secretary to enable them to continuously improve their performance.

2. The Company prepares and dispatches orientation documents to new directors containing useful information to perform their duties. The Company also holds an orientation for new directors by introducing the nature of the Company's businesses and business operations. The Company's directors attended the training courses organized by the Thai Institute of Directors Association (IOD).

3. The Company has executive development plan to build the required competencies for internal job rotation. The Company also conducts a competency assessment for senior executives as a part of succession plan for the senior executives.

4. The Company encourages member of the Board and senior executives to attend the seminar that is useful to their duty and also meet with Board of Directors and senior executives of various organizations to exchange idea and apply their knowledge and experience for further development of the Company.

9.7 Compliance and Review

Board of Directors will control directors, executives and staff to perform according to "Good Corporate Governance Policy" to upgrade and develop the quality of corporate governance continuously in order to enhance the stability and sustainability to the organization, shareholders and all stakeholders. Board of Directors and Audit Committee has a guideline to review the "Corporate Governance Policy" manual annually.

9.8 Subsidiary companies' and associated companies' operational control

In order to effectively control the operations of the subsidiary companies and in compliance with the Company's policy and direction, the Board of Directors shall perform as follows:

1. Assign those who have appropriate knowledge and experiences as recognized by the Board of Directors/Executive Committee to be directors in the subsidiary companies.

2. Arrange the meeting to monitor the operating results every quarter.

3. Arrange an external entity to be responsible for internal audit and report the results for the Board of Directors' acknowledgement.

4. Clarify the Company's important policies such as good corporate governance policy, risk management policy and anti-corruption policy to subsidiary companies for acknowledgement and implementation.

9.9 Safeguarding confidentiality and use of inside information

The Company set the guidelines in the Code of Ethics to control its personnel not to disclose inside information to others including using it for their own benefits. The main guidelines include not exploiting the Company's inside information for personal or others' interests such as trading share of the Company when the Company will announce performance outcomes, purchasing land or investing in the business in vicinity of the area that the Company plans to expand the business. Also, the Company has the policies and procedures to oversee executives as follows;

1. Educate the directors and executives to acknowledge their duties to report the securities holding by themselves, by their spouses and by their underage children as well as penalty under Securities and Exchange Act B.E 2535 and the requirements of the Stock Exchange of Thailand.

2. Designate the executives to report the movement of their securities holding to the Securities and Exchange Commission and submit a copy of such report to the Company on the same day of submitting the report to Securities and Exchange Commission.

When any related persons violate the relevant provisions with regard to the use of such inside information, it shall be deemed guilty of violating the Company's regulations and strict disciplinary action shall be taken against such persons. Also, when any actions are done in belief that they are illegal by laws, regulations and governmental instructions, the Company shall submit the case to state authorities for further action.

9.10 Auditor's fee

The auditor's fee for the review of financial statement during the year and the audit of financial statement for the fiscal year 2018 of the Company and its subsidiaries was totaling Baht 14.82 million, increasing from what has been approved by ordinary shareholder meeting in 2019 because there is audit fee for 2 newly opened companies in 2018.

9.11 Compliance with other good corporate governance policy

9.11.1 Anti-corruption

The Company complies with the law and transparency and good code of business ethics. The Company participated in “Thailand’s Private Sector Collective Action Coalition against Corruption” to show its intention and determination to against all forms of corruption with the following policy.

1.1. The Board members, executives and all employees of the Company or third parties in their relationship with the Company shall not perform or accept or support any form of fraud and corruption practices, whether direct or indirect to any related persons or entities, whether in a form of offering, promising, soliciting, demanding, giving or accepting bribes or having behaviors implied in fraud and corruption. The Company shall support all relevant entities, customers, suppliers, contractors, sub-contractors and government officers to follow the Company’s policies as well as to review all guidelines to be in line with policies, regulations, notification, laws and the business change.

1.2. The Company adopts a political neutrality policy and shall not participate in any activities that might bring the understanding that the Company has a relation with or provide political contribution to any political party or political power group. The Company shall be neutral and not concentrate on any political party or political power group and shall not use the Company’s resources to support any political party or to assist any political candidate. However, the Company recognizes that its employees have the freedom on their rights as a good citizen under the terms of the Constitution, related laws and regulations.

1.3. Regarding the Company’s operations, the Company does not have the policy to give or accept all forms of bribery. The Company shall operate its businesses and contact with governmental and private agencies with transparency, integrity and complying with relevant laws and regulations.

1.4. The Company shall control the process of charity contribution, sponsorship, giving the business gifts and supporting all activities to be transparent and lawful.

1.5. The Company shall provide the control and the inspection on internal control properly and consistently, in order to prevent all employees act in contrary to this policy.

1.6. The Company shall arrange the trainings to provide knowledge on countering fraud and corruption to the Board, executives and all employees of the Company or third parties in their relationship with the Company, in order to promote their integrity and responsibilities on duties as well as to be acknowledged on the Company’s intention.

Fraud and corruption protection guidelines

1. Directors, executives and all staffs of the Company have to perform according to Anti-Corruption policy, Code of Business Ethics, Director Code of Conduct, Executive, Employee Code of Conduct and good corporate governance policy including the regulations and other related working manual as well as other guidelines to be set by the Company

2. The Company's staff shall not ignore when he/she discover the fraudulent and corrupted action that are related to the Company. He/she must inform his/her boss or responsible persons or Audit Committee for acknowledgement and co-operate to investigate the facts. If there is any doubt, he/she must consult with his/her boss or human resources department via various communication channels provided by the Company.

3. The Company shall provide fairness and protection to the employee who denies or notifies fraudulent and corrupted incidents. The employee who denies or notifies such incident will be protected with no punishment, unfair transfer. The Company will appoint an investigator to investigate every notified incident.

4. Those who cheat and perform corrupted action to the Company will be punished in accordance with the Company's regulations and may be punished by law if such action is unlawful.

5. To give or receive the sponsorship must be transparent, having evidence, can be recorded in term of accounting and comply with the Company's policy. The Company can verify and control that the sponsorship is not a corrupted incident. There is an approval procedure and ensure that the use of sponsorship be in line with the internal control process.

6. The Company will donate for charity in cash or other form of assistance as a part of corporate social responsibility and promote the Company's image without any business benefits in return.

7. The donation for charity and sponsorship of the Company must be approved by the authorized person of the Company based on the following criteria.

7.1 It must be the activity that is in line with the Company's business plan and policy

7.2 The specific person or organization who is the recipient of donation or sponsorship can be identified.

7.3 The objective for the use of donation or sponsorship must be clear. It can be tracked and evaluated.

7.4 There is starting and ending period of the activities

7.5 The place where the donation or sponsorship is used can be clearly stated.

7.6 The direct and indirect beneficiary of donation or sponsorship and the qualitative and quantitative benefits derived from the donation must be specified.

7.7 There is an evidence of payment or receipt that can be tracked.

7.8. To give or receive a gift, reception and expenses to executives and staffs must be complied with Executives and Staff Code of Conduct regarding to give or receive a gift or assets or other benefits.

The Company will disclose the information to the shareholders, executives, customers, staffs and all stakeholders in the annual report and the Company's website or other appropriate channels to ensure that the Company operates business with transparency.

Roles and responsibilities of each level

Board of Directors' roles and responsibilities are as follows:

1. Set the policy and efficient system to support the anti-corruption and make sure that every employee aware of the importance of anti-corruption
2. Review the appropriateness of the change in anti-corruption policy from the executive to suit the business environment and organization culture
3. Understand about the factors that cause the risk from corruption and ensure the executive about the measure to manage such risk.
4. Act as a role model in showing honesty and determination to oppose every form of corruption
5. Create good corporate governance organization culture to protect and against corruption
6. Support independent units including Audit Committee, Risk Management Committee and Internal Auditor in other business units of the subsidiaries as well as external auditor to perform task in order to protect and anti-corruption
7. Communicate and emphasis on the expectation of Board of Directors and executives against corruption to all staff level including third party that are related to the Company

Audit Committee's roles and responsibilities are as follows:

1. Review the anti-corruption policy from the executives to suit the business environment and organization culture
2. Review the appropriateness of the change in anti-corruption policy from the Executive Committee
3. Review audited financial statement and internal audit report as well as anti-corruption risk evaluation as suggested by internal auditor to ensure that such system can minimize the risk from anti-corruption effect to operating and financial performance of the Company and also suitable to business of the Company conform to international standard, modern and efficient.

Risk Management Committee's roles and responsibilities are as follows:

- (1) Consider the policy and anti-corruption risk management
- (2) Monitor and evaluate anti-corruption risk to report to Board of Directors

Executives' roles and responsibilities are as follows:

1. Perform as a role model and promote business ethics to the staff and third party that are related to the Company. Set the system to support anti-corruption policy and communicate to all employee and related party. Review the suitability of the system and measures. Set the operating procedure to protect corruption. For example, the division of responsibilities of the operator to cross check the correctness and the document preparation.
2. Set internal control procedures to protect corruption risk within the business unit and working procedure under his/her responsibilities
3. Review and monitor the operation of the staff to ensure that it complies with the rules, regulations, announcement and orders of the Company.
4. Report corruption case to Audit Committee or Board of Director as the case may be
5. Encourage and motivate the staff to perform his/her work with honesty, devotion, and compliment good person and against the corruption.
6. Create the awareness, communicate the reporting channel for the corruption to the staff
7. Encourage the Company to create non-corruption organization culture, protect the staff who rejects the corruption such no demotion or no punishment the staff who rejects corruption despite causing the loss in business opportunities.

Staff's roles and responsibilities are as follows:

1. Perform according to the policy, rules, regulation and orders related to anti-corruption and code of business ethics of the Company
2. Report suspicious event or corrupted behavior of Board of Directors, Executives and staff including outsider including trading partners, customers, related party etc.
3. Support and co-ordinate to protect and against corruption
4. Create non-corruption organization culture and give value to the good ethical performance
5. Every staff must disclose the conflict of interest transaction to the Company

Remark: The investor can read more details about anti-corruption policy, code of business ethics and Charter for Directors in the Company's website http://www.principalcapital.co.th/investor/good_corporate.html

9.11.2 Code of Business Ethics

The Company has established a code of conduct and code of business ethics to be a guideline for directors, executives, and employees to adhere with emphasis on corporate governance principles, equitable treatment to all groups of stakeholders with fairness and transparency, as well as considering and respecting rights of all groups of stakeholders in order to create proper balance in society. List of code of ethics for executives are as follows:

1. Perform duties with responsibility, integrity, commitment, and dedication, comply with the rules and policies of the Company, and consider the Company's interests as the primary concern.
2. Strictly keep the confidentiality of customers, business partners, and the Company, take extra care to ensure that the confidential documents or information are not leaked
3. Respect the privacy of other employees and refrain from divulging professional or private information of other employees or discussing about it in such a way that may cause damage to the employee or the overall image of the Company
4. Not accuse or engage in any actions which may lead to disunity or damage within the Company or related persons of the Company
5. Maintain and promote unity
6. Treat colleagues with politeness, kindness and good human relation and keep a promise
7. Behave and develop oneself for the benefits of the Company in accordance with the Company's values
8. Commit to moral principles and refrain from all vices and not behave in a way that may damage the reputation of oneself and the Company
9. Pay attention and help to preserve the environment and atmosphere in the workplace including the development organization into excellence
10. Refrain from giving and/or accepting gifts, reception, or any interests from business partners, or those who are involved with the Company's businesses, unless for the purpose of normal business operation or in festivals or conventional at reasonable value. If the gift is in the form of cash or item with the value exceeding Baht 3,000, the recipient must turn it down and return it. If the gift value is less than Baht 3,000, the reception for trading partner or those who has business relationship with the Company based on actual business practice and tradition is acceptable.
11. Refrain from any behavior considered sexual harassment

Remark: The investors can find additional information related anti-corruption and the Charter of Board of Directors in the Company's website. (<http://www.principalcapital.co.th>)

9.11.3 Disclosure of the Company's major policies

After the Board of Director prepared and formulated the important policies include corporate governance policy, risk management policy, information technology and confidentiality policy, anti-corruption on November 26, 2015 and amendment of such policy on March 21, 2017 and the latest amendment on July 24, 2018. The Company publishes those policies in the Company' website. <http://www.principalcapital.co.th> and intranet of the Company for the employee of the Company and its subsidiaries. Also, the Company has arranges the meeting to clarify those policies and to provide an opportunity for employees to ask for more details as well as to sign for acknowledgement of those policies.

9.11.4 Scope of role and responsibility of Senior Executive and Corporate SecretaryRoles, Duties and Responsibilities of Chairman of Executive Committee

1. Supervise the business operation and/or administration of Chief Executive Officer
2. Outline the policies as well as supervise of the overall operations, to achieve the benefits in the business operation.
3. Monitor and evaluate the operations of the Company on the regular basis to prevent the various internal and external risk factors.
4. Empower to make decision for employment, appointments, transfers, and removal for cross-functional or termination of employment of the executive officers.
5. Perform other duties as assigned by the Board of Directors.
6. Financial approval limit of Chairman of Executive Committee is based on the management manual as declared by the Company.

Roles, Duties and Responsibilities of Chief Executive Officer

1. Control the business operation and/or manage day-to-day operation of the Company.
2. Manage the operation in accordance with the policies, plans, and budgets approved by the Executive Committee and/or the Board of Directors of the Company.
3. Empower to manage the businesses of the Company to meet the Company's objectives, articles, policies, procedures, guidelines, orders, resolutions of shareholders' meetings and/or resolutions of the Board of Directors' meetings and the Executives Committee's meeting in all aspects.

4. Appoint and manage working committees for the benefit and efficiency of good and transparent business operation, and have the power to delegate authority and/or authorize any other person to perform specific tasks on his behalf. The delegated authority and/or assignment shall be under the scope of authority as stipulated in the power of attorney, which was approved by the Board of Directors and/or to comply with rules and regulations or orders of the Chief Executive Officer or the order of the Board of Directors Company.
5. Set the mission, objectives, guidelines, policies, as well as manage overall operations to achieve highest benefits.
6. Monitor and evaluate the operations of the Company on a regular basis to prevent the various internal and external risk factors.
7. Empower to employ, appoint, transfer, and removal for cross-functional/departments/divisions or terminate the employment of the employees.
8. Empower to issue orders, regulations, notifications, and memorandum for the operation in compliance with the policy and benefits of the Company in order to maintain procedures and discipline within the organization.
9. Perform other duties as assigned by the Board of Directors.
10. Financial approval limit of CEO is based on the manual declared by the Company.

However, the power of Chairman of the Executive Committee and Chief Executive Officer as well as to delegated authority to any persons that deems appropriate does not include the authority and/or the delegated authority to approve any transaction that the delegated authority persons have any conflict of interest or any conflict of interest with the Company in accordance with the regulation of the Office of the Stock Exchange Commission (SEC), and the Stock Exchange of Thailand (SET). Those transactions must be proposed to the Board of Directors' meeting and/or at a shareholders' meeting for consideration and approval in compliance with the Company's regulations or related law.

Roles, Duties and Responsibilities of Corporate Secretary

1. Prepare and keep the important documents of the Company.
2. Keep the reports on the connected transactions, and perform the activities as assigned by the Securities Exchange Commission (SEC) and Stock Exchange of Thailand (SET).

3. Arrange the Board of Directors meetings, Audit Committee meetings, and specific committee's meetings.

4. Prepare the minutes of the meetings and important documents, as well as find the venue for the Board of Directors meetings and shareholders' meeting, set the agenda for the meetings, prepare meeting documents, and record the minutes of the meetings.

5. Prepare Company's annual report to propose to shareholders' meeting.

6. Hold shareholders' meetings and take care of shareholders as well as investors.

7. Oversee the Company and the Board of Directors to comply with the laws and regulations of the Office of the Stock Exchange Commission (SEC), and the Stock Exchange of Thailand (SET).

8. Encourage the Company to have good corporate governance practice.

9. Act as a coordinator or the Company's registrar and coordinate for the matters relating to dividend payment activity.

10. Proceed to execute the resolutions of the Board of Directors' meeting and the resolution of shareholders' meetings

9.11.5 Check and Balance of Non-Executive Directors

The Company has 9 directors. The details are as follows:

- Executive director 4 persons
- Non-executive director 2 persons
- Independent director 3 persons

10. Corporate Social Responsibilities

The Company is aware that major factor contributing to sustainable business growth is to create the balance of economic, social and environmental profit. Therefore, other than the determination to expand the business to meet the target, the Company has set up more continuous social and environmental activities that show clear concrete outcomes, by focusing on building the understanding and awareness within the organization as the first priority. When sub-units of the organization understand, the outcome shall be fruitful as expected. The Company has adhered to the 7 main policies, which is in accordance with the guiding principle of the Stock Exchange of Thailand and ISO 26000 standards as follows:

1. Good corporate governance

The Company has determination to operate the business with transparency, accountability and disclosure of important information comply with the laws and other related regulations, including taking the benefits of all stakeholders into consideration. To make it clear and the employees have the same understanding of the best practice, the Company has outlined the Corporate Governance Policy and other related policies and posts such information publicly on the intranet for the employees' acknowledgement.

2. Doing business with fairness

To do business fairly, the Company has announced the anti-corruption policy as an operational guideline, which will help reducing the problems on conflict of interest or violation of laws. Also, the Company has set up the information technological policy that covering the use of products with valid license in order to eliminate the problem of intellectual property infringement by having the penalty code and published such information on intranet of the Company for employee's conduct and acknowledgement. In addition, the Company review corporate governance standard and improve the policy to be in line with international standard. Furthermore, the Company receive the Certification in Collective Action Coalition Against Corruption or CAC reflecting the determination to pursue anti-corruption policy and put into practice in the organization as well as joining every form of anti-corruption campaign.

On June 7, 2018 the Company obtained the Certificate in relation to "Thailand's Private Sector Collective Action Coalition against Corruption (CAC)"

3. Human Rights and Employees Treatment

The Company has treated its employees equally and fairly, providing welfare, safety and hygiene according to labor standard. Other than the compensation in a form of wages and bonus, the Company enhanced the skill of employees by arranging 2 in-house training courses so that the employees can improve their abilities in various areas and develop their relationship within the organization. The training courses held are as follows:

- Capacity development to improve yourself

- Effective communication and teamwork and other specific course for business unit

In addition, in 2018 the Company encouraged 2 directors to attend the training program organized by “Thai Institute of Director”.

4. Responsibilities to Customers

To maintain high standard of services for high-end customers, the Company entered into a contract with the Marriot group, who is a famous international hotel group to manage and administer Marriot Executive Apartments Sathorn Vista, Bangkok. The Company also monitors its operating result quarterly to ensure that the customers have the best services. This property has always been awarded with the excellent rating from the customers. In addition, the Company entered into the management contract with Ascott International Management (Thailand) Co., Ltd. who is a market leader in serviced apartment management service in Asia Pacific and Europe as well as middle-east, to manage Somerset Ekamai Bangkok Project.

5. Environment and Security

The Company organizes the training on fire drill for the buildings administered by the Company and sends its staffs to attend the training on Advanced CPR with BNH Hospital to learn how to behave in case that their colleagues or customers need an emergency assistance.

6. Participation in Community and Society Development

The Company has operated CSR-In process activities, which are social and environmental activities affecting to an organization’s stakeholders and surroundings.

Social Activities of Principal Capital PCL.

- Company visit to Marriott Sathorn Vista Serviced Apartment of the students from Pannapiwat Management School to enhance the understanding about hotel and service business

Social Activities of Convergence System Co., Ltd. (“CS”)

- The Company has the policy for Convergence Systems Co., Ltd. to implement the information system along with 3-years maintenance services for an integrative Thai medical clinic, which focus on the root cause of both physical and psychological pain so that the patients can be free from endless circle of treatments. Also, this clinic has a policy to not overcharge the patients and offers special rate for the Company’s employees. This is another way to promote the Company’s stakeholders’ health

- Convergence Systems Co., Ltd. (CS), the Company’s subsidiary collaborate with College of Asian Scholars (College), a private college in Khon Kaen to develop a modern education management system namely “Cloud-Edu”. Such project is the information system for full scale education management which provides benefits to both CS and College. The development of Cloud-Edu provided an opportunity for CS’s staffs to develop their skill and experience in developing a computer program. In addition, it saves cost to promote CS’s products while College receives benefit from the use of such program.

Moreover, the Company has CSR - After process activities which are social and environmental activities not directly related to an organization's operations continuously. During 2018, the Company had the following activities.

Social Activities of Principal Capital PCL.

- Fund raising for a mission of giving cosmetic surgery for Cleft Lip of Operation Smile Thailand. This project has continued for many years and this year fund raising amount from the customers and company's staff was Baht 25,560
- Organize "Wish Upon a Star" activity to raise fund from customers and employees to purchase gifts, sport equipment, stationery, donated things to the students of Bangkao School in Cha-am district, Petchburi province. The Company donated amounting to Baht 80,000
- Organize "Run to Give" activities to raise fund for donation to Siriraj Hospital for new hospital building construction. The Company donated total revenue from sale of T-shirt of Baht 1,136,050.

Social Activities of Pitsanuloke Medical Co., Ltd.

- Pitsanuvej Hospital organized the social activities under the project "Young Plant of Virtue" in 2018. The company gave scholarships, teaching media, computer, clothes, medicine to the students of Baan Kon Song Salung School, Chartrakarn District, Pitsanuloke Province together with cash donation for building the school's fence and gate.
- The company distributed the medicine bags to various government agency and tourist attraction places. It also joins Road Safety Measures Project.
- The company provided educational support to medical students by giving them the scholarship amounting to Baht 60,000 per year and also giving 215 scholarships to the company's staff children totaling scholarship value was Baht 685,000.

Social Activities of Paknampo Hospital Co., Ltd.

- Paknampo Hospital set up a project "Give New Eyesight to 30 people" by providing cataract operation to 30 disadvantaged and the poor who cannot afford to pay for medical services in Nakorn Sawan Province.
- Paknampo Hospital led by the management team gave Uthayan Sawan Health Center to Nakorn Sawan Municipal for public benefits and those who come to exercise at the park.
- Paknampo Hospital's medical team consisted of doctors, nurse together with the governor and government official join together in the mobile health units visited the patients who are unable to help themselves in the project "Relieve Suffering, Enhance Happiness to Nakorn Sawan People" and donated household appliance to the patients and co-operate with Thai Red Cross Center to accept blood donation. Total donated blood was 335 units. And the hospital also donate patient's bed to Blood Service No.8 to give it to the

disadvantaged patients. Moreover, the hospital also gave 10 AED to government agency to use in case of emergency.

Social Activities of Union Pichit Doctors Co., Ltd.

Sahavej Hospital led by doctors, nurses and hospital staff join in mobile health units to provide primary health check up to the public, vaccination to the students in various places such as Business Administration School, Baan Pakbang School. The hospital also provided basic cardiopulmonary resuscitation (CPR) training to the staff in the hospital and salvation units outside Pichit Province. In addition, the doctors also provided health information to the public via radio network.

7. Giving an importance to Social Responsibility Activity

The Company intends to develop social responsibility to be more sustainable, so the Company give an importance to the preparation of Sustainability Report in order to declare its determination and to be a starting point for building sustainable balance to the economic, social and environmental outcomes.

Moreover, the Company arranged “Do good deed for Dad” (ทำดีเพื่อพ่อ) project with an objective to give royal charity to King Bhumibol Adulyadej by setting up Strong Thailand Healthcare Leadership Development Project for personnel in medical services without any charge in order to pull all the hospital executive from private and public sector together to develop healthcare services for the benefits of all Thai people. The participants in the training will develop their skill and apply such skill to their actual work in order to provide good services to Thai people and to create learning environment as well as Community of Practice: Healthcare Leadership in co-operation with hospital executives from private and public sector to carry on late King Bhumibol’s wishes. This project was organized by Somerset Ekamai Bangkok by V Residence Co., Ltd., Ministry of Health, Hospital Management and Training and Development Institute (HMTDI), Private Hospital Association, Pongsak Viddhayakorn Foundation and Principal Capital Public Company Limited (PRINC). HMTDI is an organizer for this training course. The training will be provided for hospital directors in the country to enhance their knowledge and skill for further application.

In addition, there is free online course “The secret for professional hospital management” lectured by Dr. Pongsak Viddayakorn, M.D. the pioneer of private hospital in Thailand. Such course can be found in the Company’s website : <https://www.coursetoyou.com/course?courseid=themastermentor>

Remark: Please read for further details in Sustainability Report year 2018 in the Company’s website; http://www.principalcapital.co.th/investor/good_corporate.html

11. Internal Control and Risk Management

11.1 Internal Control Policy

The Company has a policy that every department shall operate in a systematic, efficient, and effective manner in accordance with the Company's objectives. The Company uses its assets in a suitable and conservative manner. It has an internal control and assessment system with an efficient and effective risk management system. Each department must put in place standard operating procedures and internal control, to prevent undesirable incidents that may cause the damage to the Company, encourage the employees within the department to have a positive attitude toward internal control and compliance with the standards and related laws and regulation as well as ready to cooperate in the assessment and audit process of the Company.

For the Company's internal control, the Audit Committee has approved to hire an independent external auditing firm, namely 24 InterServices Co., Ltd., as an internal auditor who is independent and have expertise to set up the controlling system to the Company and its subsidiaries. The internal auditor shall audit on a quarterly basis, in which Miss Karntima Kongsomyuti is the main responsible person in internal auditing of the Company and its subsidiaries.

The Company has set the following internal control guidelines.

1. All executives have duties and responsibilities to monitor and review internal control system within their units to ensure the efficiency and in compliance with the operating standards with efficient internal control system. Every department must have manual prescribing standard operating procedures of the department and must comply with the quality standard of the Company as well as important policies and guidelines on corporate governance principles.

2. Internal control system with assessment and risk management can ensure that each department has self-assessment mechanism of its business process with the controlling measures to minimize the probability and impact of risk. Therefore, the Company expects employees at all level to cooperate in risk assessment and control in order to prevent loss and damage that may occur.

3. The internal audit department shall support the executives in all departments to put in place the internal control system and review periodically as appropriate to ensure that all departments have efficient internal control system and consistently comply with the operating procedures which will lead to further improvement of working process.

4. Audit and evaluation procedures shall be conducted in a constructive way for the improvement in working process. Internal audit report, which is agreed by owner of work process, shall be proposed to audit

committee for approval before implementation. In case that there is any improvement required to enhance efficiency and effectiveness, it deems as the responsibilities of all related departments to fix and improve the process. This function shall be a part of performance evaluation of related personnel.

11.2 Risk Management Policy

On November 26, 2015 Board of Director declared “Risk Management Policy” and “The Charter of Risk Management Committee” At the initial stage, the Committee to prepare Risk Management guideline was set up and on February 26, 2016, Board of Directors appointed Risk Management Committee to plan and rate the Company’s risk as well as outline the risk mitigation measures, manage risk of the Company and report to the Board of Directors every 6 months.

The Company gives an importance to risk management starting from finding, identifying, analyzing, evaluating, managing and controlling as well as following up and reporting result by applying ISO 31000 standard to develop the framework for risk management with reference to internal control guideline of The Committee of Sponsoring Organizations of the Treadway Commission : COSO

Risk Management Approaches are as follows:

1. The Company operates business under 6 areas of risk, consisting of investment, finance, operation, politic and governmental policies, good corporate governance and regulation, and the reputation/brand image. Therefore, the Company requires to manage risk systematically and regularly both at the organization and project level by using the same standard set by the Company.

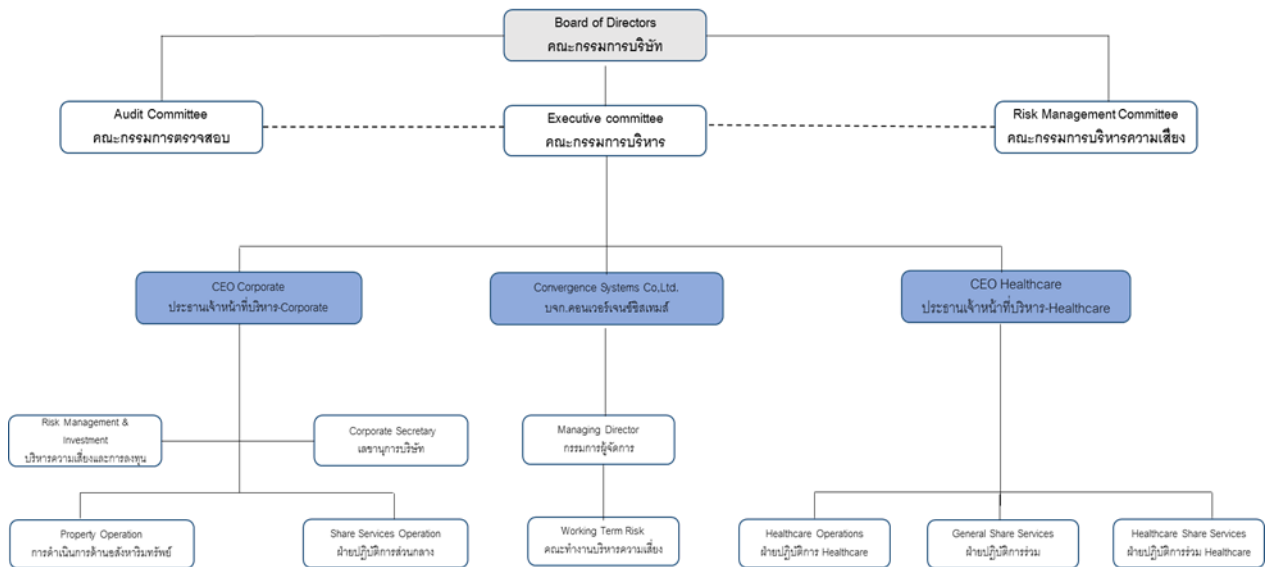
2. Management must communicate to personnel in all departments to aware of the importance of risk management and the Company’s risks. The Company’s personnel must be able to show risk status of their related works and use it for making decision to manage their department as well as to formulate the guidelines for proper operations and the contingency plan to deal with those risks.

3. Each department shall use risk map and risk management tools according to risk management manual in order to find, identify risk factors and risk models that affect the operation, analyze and evaluate the identified risks, specify the risk level as well as the acceptable criteria, formulate operational guidelines/measures or risk management plan that shall prevent, mitigate, avoid or control risk effectively as well as supervise, monitor, review and evaluate the results of risk management in order to improve risk management process.

4. The responsible persons of each department shall report the monitoring and evaluation result on risk management as required by the Company to the Risk Management Committee.

5. The Risk Management Committee shall formulate the risk management policy and the operational guideline as well as oversee internal risks. Also, the Risk Management Committee shall summarize and report the results of risk management to the Board of Directors.

Risk Management Structure with responsibilities (As of February 13, 2019)



1. Board of Directors are responsible for the overview of risk management of the Company.
2. Audit Committee are responsible for supporting Board of Director in reviewing independently to ensure that risk management system is suitable and effective.
3. Executive Committee is responsible for reviewing and monitoring risk in business and internal control of the Company.
4. Chairman of Executive Committee is responsible for pursuing the risk management policy and controlling risk management procedures to be implemented throughout the organization to ensure that the Company has appropriate risk management plan.
5. Risk Management Committee have following responsibilities:
 - 5.1 Set the policy, target and risk management strategy.
 - 5.2 Develop organization wide risk management system efficiently and stimulate the co-ordination in risk management at all level continuously.
 - 5.3 Follow up and review risk of business units and propose recommendation for improvement.
 - 5.4 Control and monitor effectiveness of risk management procedures.
 - 5.5 Report risk and risk management result to the Board of Director as scheduled.

Expected Outcomes from Risk Management

1. Create awareness for the necessity to manage risk proactively by identify, evaluate and manage risk seriously and organization wide.
2. Add the channel to identify an opportunity that may lead to the business growth and ready for the threat that will hinder business operation.
3. Manage risk at the international standard.
4. Increase an opportunity to achieve operational target to increase confidence and trust from stakeholders.
5. Take the risk information for business planning and making strategic decision.
6. To be able operate according to the strategic plan and better forecast the future.
7. Improve capability to manage abnormal incidents.
8. Enhance learning from risk management experience.

Policy review

Risk Management Committee will review risk management policy and other related manual at least once a year and report the suitability and effectiveness in utilization to Board of Director for consideration for the continuous development.

12. Related Party Transactions

12.1 Disclosure of related party transactions with possible conflict of interest

As of December 31, 2018 there was no related party transaction with possible conflict of interest. There was only normal business transactions between the Company and its subsidiaries that have been disclosed in the notes to financial statement for the year 2018.

12.2 Necessity and Reasonability of Related Party Transactions

The Audit Committee commented that all related party transactions have been done with reasonability and normal business practice with fair price and conditions.

12.3 Related Party Transaction Policy

To make it transparent and fair to all shareholders and good corporate governance, the Company define the "Related Party Transaction" based on the following principles and disclose in corporate governance policy.

- The transaction must obtain the transparent approval by the directors and executives with caution and faithful responsibilities without the participation of conflict of interest party in decision making of the stakeholders.
- The transaction must maximize the benefit for the Company like the transaction with outsider.
- There is verification and follow up system to ensure that the transaction is done based on the correct process.

In case that the Company's related party transaction is taken place with a person who may have conflict of interest, the Company shall report to the Audit Committee to provide an opinion related to the necessity and appropriateness of such transaction. In case where the Audit Committee has no expertise in considering related party transaction that may take place, the Company shall provide an independent expert or an external auditor of the Company to give an opinion on such related party transaction. However, the approval on entering into related party transactions that may take place in the future, the Board of Directors must comply with the Company's regulations, laws regarding Securities and Stock Market as well as set of regulations, notifications, orders and requirements of the Stock Exchange of Thailand.

If there is related party transaction, the Company shall process to approve such transaction without the involvement of those who may have conflict of interest. As such, the Audit Committee is responsible for giving an opinion regarding the entering into every transaction. The approval process to enter into connected transaction is based on the requirements or notifications of the Securities and Exchange Commission, requirements on connected party transactions of the Stock Exchange of Thailand as well as other relevant rules and guidelines strictly. The price, remuneration or any fees related to related party transactions must be quoted

with reference to the market price as well as the accounting standard specified by the Federation of Accounting Professions of Thailand, including taking into account the reasonableness of transactions and the benefits to the Company as a major priority and shall disclose the relevant details in the Company's notes to financial statement and annual report.

12.4. Shareholding details of Directors and Executive on latest book closing date

	Name	Shareholding %		Shareholding %	
		As of December 6, 2018		As of February 18, 2018	
		Number of common share	%	Number of common share	%
1	Dr. Pongsak Viddayakorn, M.D.	-	-		
	Spouse and child	-	-		
2	Mr. Yamsak Manomaiphiboon	-	-		
	Spouse and child	-	-		
3	Dr. Satit Viddayakorn, Ph.D.	805,393,500	24.85	806,728,800	24.89
	Spouse and child	-	-		
4	Mr. Veera Srichanachaichok	10,000,000	0.30	10,000,000	0.30
	Spouse and child	-	-		
5.	Dr. Soontorn Sritha, M.D.	15,149,000	0.46	15,149,000	0.46
	Spouse and child	100,000	0.003	100,000	0.003
6	Ms. Aranya Chalernpornvarodom	-	-	-	-
	Spouse and child	-	-	-	-
7	Dr. Jutamas Ingpochai, Ph.D.	-	-	-	-
	Spouse and child	-	-	-	-
8	Ms. Seerada Tiemprasert	-	-	-	-
	Spouse and child	-	-	-	-
9	Ms. Patraporn Jarupat	-	-	-	-
	Spouse and child	-	-	-	-
10	Mr. Sirichai Towiriyawate	372,800	0.01	372,800	0.01
	Spouse and child	-	-	-	-
11	Ms. Preeyaporn Aphiwathwitthaya	-	-	-	-
	Spouse and child	-	-	-	-
12	Ms. Thiranan Sangphungtham	474,200	0.01	474,200	0.01
	Spouse and child	100,000	0.003	100,000	0.003
13	Ms. Ritima Jirasuradate	-	-	-	-
	Spouse and child	-	-	-	-
14	Mrs. Achara Ratanaphunsri	10,120,000	0.31	10,120,000	0.31
	Spouse and child	-	-	-	-

	Name	Shareholding % As of December 6, 2018		Shareholding % As of February 18, 2018	
		Number of common share	%	Number of common share	%
15	Mr. Supawat Pongsiripanich	-	-	-	-
	Spouse and child	-	-	-	-
16	Mrs. Samerkae Sattapong	100,000	0.003	100,000	0.003
	Spouse and child	-	-	-	-
17	Mrs. Sukanit Mahanukul	-	-	-	-
	Spouse and child	-	-	-	-
18	Ms. Pear Hovarongkura	-	-	-	-
	Spouse and child	-	-	-	-
19	Ms. Napatporn Rodsa	-	-	-	-
	Spouse and child	-	-	-	-
20	Ms. Janpen Jongjirangsap	98,000	0.003	98,000	0.003
	Spouse and child	-	-	-	-
21	Mr. Naruepol Phansupamongkol	21,000	0.0006	21,000	0.0006
	Spouse and child	-	-	-	-
22	Mrs. Tuenjai Kaewwanna	-	-	-	-
	Spouse and child	-	-	-	-
23	Dr. Korpong Rookkapan, M.D.	-	-	-	-
	Spouse and child	-	-	-	-
24	Dr. Atiwat Noiprasit, M.D.	2,507,600	0.07	2,517,600	0.07
	Spouse and child	-	-	-	-
25	Dr. Athiwat Piemkkhar, M.D.	-	-	-	-
	Spouse and child	-	-	-	-
26	Dr. Jessada Chungpaibulpatana, M.D.	-	-	-	-
	Spouse and child	-	-	-	-
27	Mrs. Pimyada Boontem	-	-	-	-
	Spouse and child	-	-	-	-
28	Mrs. Wannee Rojanaolarnrat	-	-	-	-
	Spouse and child	-	-	-	-
29	Ms. Kanokwan Udomkitkosol	29,600	0.0009	29,600	0.0009
	Spouse and child	-	-	-	-
30	Dr. Surasak Ammartyothin, M.D.	-	-	-	-
	Spouse and child	-	-	-	-
31	Mr. Surasak Pusadeesophon	-	-	-	-
	Spouse and child	-	-	-	-
32	Mr. Somchai Sengsomwongs	-	-	-	-
	Spouse and child	-	-	-	-

	Name	Shareholding % As of December 6, 2018		Shareholding % As of February 18, 2018	
		Number of common share	%	Number of common share	%
33	Ms. Atiya Awachanakarn	-	-	-	-
	Spouse and child	-	-	-	-
34	Ms. Budsakorn Kaewboonthum	-	-	-	-
	Spouse and child	-	-	-	-
35	Mr. Bunchana Petchployngam	-	-	-	-
	Spouse and child	-	-	-	-
36	Dr. Kajornsak Sangcharoen	-	-	-	-
	Spouse and child	-	-	-	-
37	Mr. Apirat Nuchthong	-	-	-	-
	Spouse and child	-	-	-	-
38	Ms. Nipaporn Nimpitakpong	-	-	-	-
	Spouse and child	-	-	-	-
39	Mrs. Wannasiri Nimpitakpong	3,009,800	0.09	3,009,800	0.09
	Spouse and child	-	-	-	-
40	Ms. Kongchanok Teeravarakan	-	-	-	-
	Spouse and child	-	-	-	-
41	Mr. Saprang Sukvetvorakij	-	-	-	-
	Spouse and child	-	-	-	-
42	Mr. Sittichai Vongnitchakul	-	-	-	-
	Spouse and child	-	-	-	-
43	Mr. Satit Nimpitakpong	-	-	-	-
	Spouse and child	-	-	-	-
44	Mr. Chote Nisoong	-	-	-	-
	Spouse and child	-	-	-	-
45	Mr. Pawat Tanavutsiravat	-	-	183,900	0.57
	Spouse and child	-	-	-	-
46	Ms. Satita Viddayakorn	1,917,852,143	59.19	1,917,852,143	59.19
	Spouse and child	-	-	-	-
47	Ms. Tanatorn Viddayakorn	22,985,100	0.71	22,985,100	0.71
	Spouse and child	-	-	-	-

Remark: The number of shares held by Ms. Satita Viddayakorn included shares held by Peak Development Holding Co., Ltd because Ms. Satita is a major shareholder own 59.19 stake in Peak Development Holding Co., Ltd. also included the shares held by UBS AG HONG KONG BRANCH because it is Ms. Satita's custodian.

Part 3 Financial Position and Operating Performance

13. Key Financial Information

13.1 Financial Statement

13.1.1 Auditor's Report

Auditor's report in the past 3 years, financial statement for the year 2016-2018 was audited by Mr. Chanchai Chaiprasit, a certified auditor number 3760 from PriceWaterhouse Coopers ABAS Co., Ltd. which was in the approved list of Securities and Exchange Commission, give an unqualified opinion with the comment that the consolidated financial statement of Principal Capital Public Company Limited (Company) and its subsidiaries (business group) as well as the financial statement for the Company show the financial position of business group of the Company, operating result and cash flow statement of the Company only and were prepared accurately in substance based on standard of financial report. This financial statement was verified and certified by the Board of Directors

13.1.2 Financial Statements

Principal Capital Public Company Limited and it Subsidiaries
Statement of Financial Position
As of December 31

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2018		2017		2016 Restated		2018		2017		2016 Restated	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Assets												
Current assets												
Cash and cash equivalents	449,319	3.14	371,922	2.84	274,101	1.90	91,810	0.81	71,738	0.74	46,975	0.55
Short-term investments	6,064	0.04	647,920	4.95	110,718	0.77	3,930	0.03	46,531	0.48	46,043	0.54
Restricted bank deposits at a financial institution	5,446	0.04	5,446	0.04	5,927	0.04	5,000	0.04	5,000	0.05	5,000	0.06
Trade and other receivables -net	267,617	1.87	199,956	1.53	267,239	1.85	43,687	0.38	13,375	0.14	15,673	0.18
Short-term loan to a subsidiary	-	-	-	0.00	-	0.00	520,836	4.57	101,749	1.06	936,318	11.04
Inventories - net	49,572	0.35	49,984	0.38	47,492	0.33	5,891	0.05	308	0.00	528	0.01
Work in progress under services contracts	-	0.00	12,937	0.10	3,284	0.02	-	-	-	-	-	-
Other current assets	96,599	0.67	85,286	0.65	109,474	0.76	9,016	0.08	6,341	0.07	13,122	0.15
Total current assets	874,616	6.11	1,373,451	10.49	818,234	5.66	680,169	5.97	245,042	2.54	1,063,658	12.54
Non-current assets												
Restricted deposits at a financial institutions	12,166	0.08	13,600	0.10	12,346	0.09	-	-	-	-	-	-

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2018		2017		2016 Restated		2018		2017		2016 Restated	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Investment in subsidiaries	-		-	0.00	-	0.00	8,013,254	70.34	8,013,254	83.17	6,011,055	70.87
Long-term investments	330	0.00	-	0.00	560	0.00	330	0.00	-	-	-	-
Investment property - net	2,719,903	19.00	2,754,026	21.04	5,210,724	36.06	-	-	-	-	-	-
Property, plant and equipment – net	8,942,750	62.46	7,187,430	54.92	6,672,397	46.18	2,679,825	23.52	1,366,438	14.18	1,397,080	16.47
Intangible assets – net	69,632	0.49	77,062	0.59	69,369	0.48	3,677	0.03	3,817	0.04	4,604	0.05
Leasehold rights	25,222	0.18	22,423	0.17	10,388	0.07	-	-	-	-	-	-
Goodwill	1,648,636	11.51	1,648,636	12.60	1,648,636	11.41	-	-	-	-	-	-
Deferred tax assets	4,604	0.03	5,301	0.04	2,946	0.02	-	-	2,468	0.03	2,138	0.03
Non-current assets	20,222	0.14	6,285	0.05	4,210	0.03	14,492	0.13	4,341	0.05	3,839	0.05
Total Non-Current Assets	13,443,465	93.89	11,714,762	89.51	13,631,575	94.34	10,711,578	94.03	9,390,318	97.46	7,418,717	87.46
Total Assets	14,318,081	100.00	13,088,213	100.00	14,449,809	100.00	11,391,747	100.00	9,635,360	100.00	8,482,375	100.00
Liabilities and shareholders' equity												
Current Liabilities												
Overdraft	7,415	0.05	1,448	0.01	-	-	-	-	-	-	-	-
Short-term loan	1,030,400	7.20	30,000	0.23	-	-	1,000,400	8.78	-	-	-	-
Trade and other payables	463,546	3.24	1,370,900	10.47	339,568	2.35	98,774	0.87	1,053,985	10.94	20,497	0.24
Advanced received from customer-current	24,502	0.17	23,707	0.18	18,546	0.13	6,076	0.05	4,078	0.04	2,312	0.03
Short-term loan from a related	461,891	3.23	445,619	3.40	34,060	0.24	614,851	5.40	-	-	-	-

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2018		2017		2016 Restated		2018		2017		2016 Restated	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
party												
Current portion of financial lease	26,437	0.18	8,706	0.07	11,676	0.08	-	-	-	-	-	-
Current portion of long-term loan	184,000	1.29	138,199	1.06	222,878	1.54	32,818	0.29	-	-	-	-
Current portion of long-term loan from related party	530,404	3.70	-	-	-	-	530,404	4.66	-	-	-	-
Income tax payable	18,944	0.13	71,779	0.55	19,348	0.13	-	-	-	-	-	-
Deposits received from customers – current	30,674	0.21	49,054	0.37	22,924	0.16	9,203	0.08	29,076	0.30	9,893	0.12
Other current liabilities	75,224	0.53	75,598	0.58	66,939	0.46	5,830	0.05	4,871	0.05	3,714	0.04
Total current liabilities	2,853,437	19.93	2,215,008	16.92	735,937	5.09	2,307,636	20.26	1,092,010	11.33	36,416	0.43
Non-current liabilities												
Financial lease	74,640	0.52	11,057	0.08	18,025	0.12	31,522	0.28	-	-	-	-
Long-term borrowing from a financial institution	2,063,843	14.41	1,102,412	8.42	1,550,416	10.73	915,501	8.04	-	-	-	-
Advances received from customers	3,320	0.02	9,635	0.07	15,950	0.11	-	-	-	-	-	-
Deposits received from customers	19,193	0.13	19,676	0.15	20,749	0.14	-	-	-	-	-	-
Long-term promissory note from related party	-	-	521,470	3.98	512,536	3.55	-	-	521,470	5.41	512,536	6.04
Deferred tax liabilities	333,153	2.33	171,398	1.31	171,631	1.19	170,322	1.50	-	-	-	-

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2018		2017		2016 Restated		2018		2017		2016 Restated	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Employee benefit obligations	85,163	0.59	71,012	0.54	64,525	0.45	15,152	0.13	12,681	0.13	9,069	0.11
Other non-current liabilities	43,713	0.31	42,443	0.32	64,371	0.45	3,446	0.03	27,620	0.29	39,147	0.46
Total non-current liabilities	2,623,025	18.32	1,949,103	14.89	2,418,203	16.74	1,135,945	9.97	561,771	5.83	560,752	6.61
Total liabilities	5,476,462	38.25	4,164,111	31.82	3,154,141	21.83	3,443,581	30.23	1,653,781	17.16	597,168	7.04
Equity												
Issued and paid up capital	3,240,088	22.63	3,240,088	24.76	3,240,088	22.42	3,240,088	28.44	3,240,088	33.63	3,240,088	38.20
Premium on share capital	4,476,767	31.27	4,476,767	34.20	4,476,767	30.98	4,476,767	39.30	4,476,767	46.46	4,476,767	52.78
Retained earnings			-	-	-	-			-	-	-	-
Appropriated – legal reserve	44,200	0.31	44,200	0.34	39,379	0.27	44,200	0.39	44,200	0.46	39,379	0.46
Unappropriated	(447,623)	(3.13)	(278,896)	(2.13)	69,102	0.48	187,112	1.64	220,525	2.29	128,974	1.52
Other components of equity	764,130	5.34	764,130	5.84	-	-	-	-	-	-	-	-
Equity attributable to owners of the parent	8,077,561	56.42	8,246,288	63.01	7,825,336	54.16	7,948,166	69.77	7,981,579	82.84	7,885,208	92.96
Non-controlling interests	764,058	5.34	677,813	5.18	3,470,333	24.02	-	-	-	-	-	-
Total equity	8,841,619	61.75	8,924,101	68.18	11,295,669	78.17	7,948,166	69.77	7,981,579	82.84	7,885,208	92.96
Total liabilities and equity	14,318,081	100.00	13,088,213	100.00	14,449,809	100.00	11,391,747	100.00	9,635,360	100.00	8,482,375	100.00

Principal Capital Public Company Limited and its Subsidiaries
 Statement of Comprehensive Income
 For the year ended December 31

Unit : Baht in Thousand	Consolidated Financial Statement						Separated Financial Statement					
	2018		2017		2016 Restated		2018		2017		2016 Restated	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Revenue from hospital business	2,084,631	76.56	1,690,423	75.54	1,716,823	82.87	206,947	41.91	-	-	-	-
Revenue from sale and services	638,074	23.44	547,348	24.46	354,849	17.13	286,784	58.09	280,254	100.00	260,373	100.00
Cost of hospital business	(1,577,358)	(57.93)	(1,274,462)	(56.95)	(1,184,914)	(57.20)	(172,493)	(34.94)	-	-	-	-
Costs of sales and services	(451,282)	(16.57)	(453,257)	(20.25)	(252,519)	(12.19)	(162,004)	(32.81)	(138,946)	(49.58)	(115,352)	(44.30)
Gross profit	694,066	25.49	510,051	22.79	634,238	30.61	159,234	32.25	141,308	50.42	145,021	55.70
Other income	51,246	1.88	166,524	7.44	44,802	2.16	23,846	4.83	143,332	51.14	13,483	5.18
Gain from asset acquisition at lower fair value	82,544	3.03	-	-	-	-	82,544	16.72	-	-	-	-
Selling expenses	(60,303)	(2.21)	(45,388)	(2.03)	(30,050)	(1.45)	(18,370)	(3.72)	(12,425)	(4.43)	(11,749)	(4.51)
Administrative expenses	(746,491)	(27.42)	(761,051)	(34.01)	(576,526)	(27.83)	(212,042)	(42.95)	(159,626)	(56.96)	(149,366)	(57.37)
Other expenses	(16,579)	(0.61)	(8,324)	(0.37)	-	-	-	-	-	-	-	-
Finance costs	(126,109)	(4.63)	(69,120)	(3.09)	(29,308)	(1.41)	(74,702)	(15.13)	(8,934)	(3.19)	(2,026)	(0.78)
Profit (loss) before income tax expenses	(121,627)	(4.47)	(207,308)	(9.26)	43,157	2.08	(39,488)	(8.00)	103,656	36.99	(4,637)	(1.78)
Income tax (expense) income	(31,017)	(1.14)	(164,306)	(7.34)	(24,371)	(1.18)	4,253	0.86	(7,245)	(2.59)	1,552	0.60
Profit (loss) for the year	(152,643)	(5.61)	(371,614)	(16.61)	18,786	0.91	(35,235)	(7.14)	96,411	34.40	(3,085)	(1.18)
Other comprehensive income (expense)												

Unit : Baht in Thousand	Consolidated Financial Statement						Seperated Financial Statement					
	2018		2017		2016 Restated		2018		2017		2016 Restated	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Remeasurements of employee benefit obligations	4,702	0.17	11,494	0.51	15,614	0.75	2,277	0.46	(50)	(0.02)	-	-
Deferred income tax on Remeasurements of employee benefit obligations	(940)	(0.03)	(2,298)	(0.10)	(3,123)	(0.15)	(455)	(0.09)	10	0.00	-	-
Other comprehensive income (expense) for the year, net of tax	3,761	0.14	9,195	0.41	12,491	0.60	1,822	0.37	(40)	(0.01)	-	-
Total comprehensive income (expense) for the year	(148,882)	(5.47)	(362,418)	(16.20)	31,277	1.51	(33,413)	(6.77)	96,371	34.39	(3,085)	(1.18)
Profit (loss) attributable to Owner of the parent	(173,397)	(6.37)	(345,096)	(15.42)	(53,656)	(2.59)	(35,235)	(7.14)	96,411	34.40	(3,085)	(1.18)
Non-controlling interests	20,754	0.76	(26,518)	(1.19)	72,442	3.50	-	-	-	-	-	-
	(152,643)	(5.61)	(371,614)	(16.61)	18,786	0.91	(35,235)	(7.14)	96,411	34.40	(3,085)	(1.18)
Total comprehensive income (expense) attributable to												
Owner of the parent	(168,727)	(6.20)	(343,177)	(15.34)	(53,656)	(2.59)	(33,413)	(6.77)	96,371	34.39	(3,085)	(1.18)
Non-controlling interests	19,845	0.73	(19,241)	(0.86)	84,933	4.10	-	-	-	-	-	-
	(148,882)	(5.47)	(362,418)	(16.20)	31,277	1.51	(33,413)	(6.77)	96,371	34.39	(3,085)	(1.18)
Earnings (loss) per share (Baht)	(0.054)		(0.107)		(0.036)		(0.011)		0.030		(0.002)	

Principal Capital Public Company Limited and its Subsidiaries
 Summary of Statement of Cash Flow
 For the Year ended December 31

Unit : Baht in thousand	Consolidated Financial Statement			Separated Financial Statement		
	2018	2017	2016 Restated	2018	2017	2016 Restated
Cash flows from operating activities	15,459	112,328	272,040	(112,893)	192,656	22,473
Cash flows from investing activities	(2,001,298)	97,818	(670,699)	(2,412,100)	(167,893)	(565,312)
Cash flows from financing activities	2,057,270	(112,325)	(60,493)	2,545,065	-	(530,607)
Net increase (decrease) in cash and cash equivalents	71,431	97,821	(459,152)	20,072	24,763	(12,232)
Cash and cash equivalents at the beginning of the year	370,473	274,100	733,252	71,738	46,975	59,207
Cash and cash equivalents at the end of the year	441,904	371,922	274,100	91,809	71,738	46,975

13.1.3 Significant Financial Ratio

	Unit	Consolidated Financial Statement			Separated Financial Statement		
		2018	2017	2016	2018	2017	2016
Liquidity Ratio							
Current Ratio	Times	0.31	0.62	1.11	0.29	0.22	29.21
Quick Ratio	Times	0.25	0.55	0.89	0.06	0.12	2.98
Activity Ratio							
Accounts Receivables turnover	Times	21.46	15.70	21.44	25.58	24.36	20.79
Average collection period	Days	17	23	17	14	15	18
Total assets turnover	Days	0.35	0.35	0.42	0.30	0.31	0.19
Accounts payable turnover	Times	12.83	10.12	19.02	16.89	8.99	14.42
Average payment period	Days	28	36	19	22	41	25
Cash cycle	Days	(2)	(3)	9	(4)	(25)	(7)
Inventory turnover	Times	41	35	32	108	332	293
Average selling period	Days	9	10	12	3	1	1
Profitability Ratio							
Gross profit margin	%	25.49	22.79	30.61	32.25	50.42	55.70
Net profit margin	%	(6.07)	(14.40)	(2.54)	(5.87)	22.76	(1.13)
Return on equity	%	(0.02)	(4.29)	(1.09)	(0.00)	1.22	(0.06)
Return on assets	%	0.03	(1.00)	0.69	0.33	1.24	(0.05)
Financial Policy Ratio							
Debt to equity ratio	Times	0.68	0.50	0.40	0.43	0.21	0.08
Interest coverage ratio	Times	0.04	(2.00)	2.47	0.47	12.60	(1.29)
Information per share							
Earnings (losses) per share	Baht	(0.054)	(0.107)	(0.036)	(0.011)	0.030	(0.002)
Book value per share	Baht	2.49	2.55	2.42	2.45	2.46	2.43

14. Management Discussion and Analysis**Significant Matters of the year 2018**

On 27 February 2018, the Company acquired and acceptance of transfer of the hospital business of Thai Health Maintenance Organization Co., Ltd. (“THM”) which was a company operating a private hospital business under the name “Piyamin Hospital” (currently, such name has been changed to “PRINC Hospital Suvarnabhumi”), located in Samut Prakan Province, and three Piyamin medical clinics located in Bangkok for the expansion and growth of the hospital business network of the group companies. In this connection, the Company paid to THM a total consideration of Baht 900 million, from this transaction the Company gain the profit from the Under Fair Value purchase at the amount of Baht 82.5 million, shown in the Statement of Comprehensive Income of Q1/2018.

On April 17, 2018, the Company had set up the subsidiary named “Principal Healthcare-Uthai Company Limited” for the purpose to acquire the unoperated hospital and will be renovate to the 60 beds hospital. Expecting to operate in the 4th quarter of 2019.

On October 17, 2018, the Board of Directors’ meeting resolved to approve an investment and acquisition of assets by a subsidiary, which is the entire business transfer of a private hospital in northern of Thailand, this is to create a Hub and Spoke System for the group companies’ hospital business and increase potential profitability of the group companies in the future. The subsidiary that will acquire the business is indirect held shares by the Company’s Subsidiary, the transaction cost is Baht 120 million. The subsidiary was registered with the Ministry of Commerce on 18 October 2018 with authorized share capital of Baht 200,000,000, consisted of 20,000,000 ordinary shares at a value of Baht 10 each, and 100% of ownership interest is held by Principal Healthcare Co., Ltd.

The SET has approved that the Company will be reclassified from “Property & Construction” industry and “Property Development” sector to “Services” industry and “Health Care Services” sector in order to be in line with revenue structure, operations and business policy. The reclassification will be effective from February 13, 2019 onwards.

Economic and Industry Conditions and Outlook

Healthcare business growth in Thailand was favorable with the supporting factors from government and private sector that promote Thailand to be one of the Medical Hub of Asia. One of the healthcare industry is hospital business that major private hospitals continue to expand their hospital network by opening a new hospital and merger and acquisition as well as partnering with the medium-sized and small-sized hospitals to support higher domestic demand and demand from oversea.

The domestic demand boosting factors come from urbanization and the expansion of medium-income earners group. The sickness rate of Thai people tends to increase. The hospitals do not only play a role in providing treatment but also offering sickness protection services. This type of service offers large business opportunity to the hospital. Moreover, Thailand has started entering into aging society and in 2031 will be timing to fully enter into the aging society. The population with the age over 65 years will be accounted for more than 20% of total population of the country. This makes people more concerned about their health.

Private hospital business in Thailand will keep on growing at 5-7% per year in the next 3 years with 2 major supporting factors. One is the increase in number of aging population and higher demand from the neighboring countries which offset the reduction in demand from Middle East countries. Most of the companies emphasize on upgrading service and increasing utilization. In addition, health insurance will have a significant role in this industry due to the increase in medical cost together with the increase in longevity of life. This would support the growth of private hospital business in the long run.

The Company targeting to expand in the hospital business consistency in 3-5 years, focus on the upcountry that doesn't have a private hospital with numbers of populations and required in medical service and spread all over the country, not just in the lower northern but set up as a network to strengthening the network and share resources of every hospitals such as tools, medical equipment including to the human resource both in medical and supporting team.

The Company intend to manage our group of hospitals as a completely network system by set up the Shared Service to be the core unit to manage and operate the support team such as accounting, HR, Procurement and IT system, especially in the IT system which the Company provide to be the same network system in every hospital and be a Cloud Basis which can share the patient ID and database in every hospital.

Financial Performance and Analysis

Principal Capital Public Company Limited ("Company") would like to submit the following Management Discussion and Analysis on the Company and Consolidated Financial Statements for the Year 2018, ended December 31, 2018, compared with the Year 2017 as follows.

Statement of Comprehensive Income	2018	2017	Increase (decrease)	Change %
Unit: million				
Revenues from hospital operations	2,084.6	1,690.4	394.2	23.3
Revenues from sales and services	638.1	547.3	90.7	16.6
Costs of hospital operations	1,577.4	1,274.5	302.9	23.8
Cost of sales and services	451.3	453.3	(2.0)	(0.4)
Gross profit	694.1	510.1	184.0	36.1
Other income	133.8	166.5	(32.7)	(19.7)
Selling and Administrative expenses	823.4	814.8	8.6	1.1
Finance costs	126.1	69.1	57.0	82.4

Loss for the year	(152.6)	(371.6)	219.0	58.9
Total comprehensive expense for the year	(148.9)	(362.4)	213.5	58.9

During year 2018, the Company and its subsidiaries has revenues from hospital operations of Baht 2,084.6 million, revenue from sale and service at the amount of Baht 638.1 million, costs of hospital operations of Baht 1,577.4 million, costs of sales and services of Baht 451.3 million, SG&A of Baht 823.4 million, resulted in net loss for the Company and its subsidiaries of Baht 152.6 million. The overall operating result of this year is 58.9% better than previous year. Financial performance are as follows:

Revenues from sales and services

Unit: million Baht	2018		2017		Change
	Amount	%	Amount	%	%
Hospital business	2,084.6	76.6	1,690.4	75.5	23.3
Property development and rental business	574.2	21.1	476.4	21.3	20.5
Other business	63.9	2.3	71.0	3.2	(10.0)
Total	2,722.7	100.0	2,237.8	100.0	21.7

The Company and its subsidiaries reported revenue from sale and service of Baht 2,722.7 million, increasing by Baht 484.9 million or 21.7%, resulted from

- Revenue from hospital business increased by Baht 394.2 million or 23.3%, mainly because;
 - The Company and its subsidiaries had additional revenue from PRINC Hospital Suvarnabhumi of Baht 206.9 million after business acquisition in early 2018 but there was no such revenue in 2017.
 - The revenue from the 3 existing hospitals (Phitsanuvej Hospital, Paknampho Hospital and Sahavej Hospital) increased by Baht 164.1 million from the increasing in number of In-patient and Out-Patient, eventhough some hospitals were renovated which decrease the amount of the patients.
- Property development and rental business increasing by Baht 97.8 million or 20.5% mainly from;
 - Somerset Ekamai Bangkok generated higher revenue amounting to Baht 79.4 million from the increase of occupancy rate from 82.0% in 2017 to 86.0% in 2018 and the Average Daily Rate also increased from Baht 2,447 to Baht 2,546. In 2018 is the first year that fully operated.
 - Bangkok Business Center, the office for rent reported the increase in revenue by Baht 13.5 million from higher average rental rate from Baht 553 to Baht 572 while occupancy rate in

2018 was in the same level as last year (2018: 87.9% vs 2017: 88.1%). The average rental rate for the new customer is over 600 Baht per square meter.

- While, Marriott Executive Apartment Sathorn Vista – Bangkok, the revenue slightly decreased from the previous year (Revenue in 2018 was 228.6 Million Baht, Revenue in 2017 was 230.1 Million Baht) due to the impact from the decreasing of Chinese Tourists in the middle of the year but recover in Q4 of 2018, the revenue increase more than the same quarter of the previous year.

Other income: other income was lower than 2017 by Baht 32.7 million. There was interest income of Baht 10.1 million and there was gains on sales of investment property of Baht 104.4 million in 2017. While in 2018 there was gain on bargain purchase of Baht 82.5 million.

Selling and Administrative Expenses: higher than 2017 at the amount of Baht 8.6 million due to

- Higher selling expense of Baht 14.9 million from the additional expenses amounting to Baht 5.9 million of PRINC Hospital Suvarnabhumi that the Company just acquired in 2018 and the increase in expenses of other subsidiary companies.
- Administrative expense decreased by Baht 14.6 million because there was transfer fee and special business tax from sale of investment property of subsidiary amounting to Baht 96.7 million in 2017 while there was additional expense amounting to Baht 56.6 million of PRINC Hospital Suvarnabhumi in 2018.
- Other expenses increased by Baht 8.3 million from the increase of expense in hospital business.

EBITDA:

Unit: million Baht	2018	2017	Increase (decrease)	Change %
EBITDA	426.0	257.5	168.5	65.5
Finance costs	126.1	69.1	57.0	82.4
Depreciation and amortization	421.5	395.7	25.9	6.5
Loss before income tax expense	(121.6)	(207.3)	85.7	41.3
Income tax expense	31.0	164.3	(133.3)	(81.1)
Loss for the year	(152.6)	(371.6)	219.0	58.9
% EBITDA	15.7%	11.5%		

In 2018, the Company and its subsidiaries had EBITDA at the amount of Baht 426.0 Million, higher than previous year by Baht 168.5 Million or 65.5%. EBITDA margin increased by 4.2% from 2017 as a result of higher revenue growth than the growth of cost with the reduction in selling and administrative expense.

Loss for the Year: the Company and its subsidiaries reported net loss of Baht 152.6 million in 2018 comparing to the performance in 2017 which has loss at the amount of Baht 371.6 Million, apparently the operating result improved substantially as net loss decreased by more than 50% from last year due to from higher revenue, gross profit margin with the reduction in SG&A and tax expense.

Financial Position

Statement of Financial Position	31 December	31 December	Increase	Change
Unit: million Baht	2018	2017	(Decrease)	%
Total assets	14,318.1	13,088.2	1,230.0	9.4
Total liabilities	5,476.5	4,164.1	1,312.4	31.5
Equity attributable to owners of the parent	8,077.6	8,246.3	(168.7)	(2.0)
Debt to Equity Ratio (times)	0.68	0.50		

As of December 31, 2018, the Company and its subsidiaries had total assets of Baht 14,318.1 million, increased by Baht 1,230.0 million, compare with total assets as of December 31, 2017, main reasons are;

- PRINC Hospital Suvarnabhumi's property, plant and equipment of Baht 1,347.0 million has been added to the Company's balance sheet as a result of business acquisition.
- Cash and cash equivalent, trade and other receivables increased by Baht 145.1 million in corresponding to revenue growth.
- Short-term investments of the Company and its subsidiaries decreased by Baht 641.9 million

As of December 31, 2018, the Company and its subsidiaries had total liabilities of Baht 5,476.5 million, increased by Baht 1.312.4 million, compared with total liabilities as of December 31, 2017, main reasons are;

- The increase of long-term borrowings from financial institutions of Baht 2,007.6 million.
- Increase in financial lease liabilities by Baht 81.3 million
- Meanwhile trade and other payables decreased by Baht 907.4 million from the payment of the remaining share payables.

Total shareholders' equity decreased by Baht 168.7 million from the operating loss in this year.

Debt to Equity Ratio was 0.68 times, increasing from 0.50 times in December 31, 2017 from the increase in long-term borrowings from financial institutions of the Company and its subsidiaries for the expansion of Healthcare Business.

Liquidity

Unit: million Baht	2018	2017
Net cash generated from operating activities	15.4	112.3
Net cash (used in) from investing activities	(2,001.3)	97.6
Net cash from (used in) financing activities	2,057.3	(113.8)
Net increase in cash and cash equivalents	71.4	96.3

Liquidity Ratio	31 December 2018	31 December 2017
Current Ratio (times)	0.31	0.62
Quick Ratio (times)	0.25	0.55

In 2018 the Company had net cash generated from operating activities of Baht 15.4 million, decreased from 2017 as a result of the increase in interest paid. There was net cash used in investing activities of Baht 2,001.3 million from the payments for purchases of subsidiaries of Baht 1,000.0 million and cash payment for the entire business transfer (EBT) amounting to Baht 900.0 million while there was net cash flow from financing activities of Baht 2,057.3 million from the proceeds from borrowings financial institutions from of Baht 2,189.2 million.

As of December 31, 2018 current ratio decreased from 0.62 times in 2017 to 0.31 times in 2018 from the increasing from total liabilities. Quick ratio also decreased to 0.25 times from 0.55 in 2017.

5) Commitments and contingencies

5.1) Contingent liabilities for capital expenditure

Unit: Baht in million	2018	2017
Building and equipment	473.36	44.21

5.2) Operating lease commitments

The Company and its subsidiaries entered into non-cancellable operating lease agreements with respect to leases of equipment and service agreements. The terms of the agreements generally range between 1 to 13 years.

Unit: Baht in million	2018	2017
Not later than 1 year	36.94	22.30
More than 1 year but not later than 5 years	18.19	26.99
More than 5 years	9.29	10.58
Total	64.42	58.87

5.3) Long-term service commitments

On January 24, 2007, the Company entered into management agreements with a group company of a well-known international hotel chain, appointing the hotel group to manage the Company's serviced apartment. 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 30 years, starting from the commencement of operations, with the right to extend for a 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 December 31, 2017 were Baht 16.4 million.

On January 14, 2016, the Group entered into management agreements with a group company of a well-known international hotel chain, appointing the hotel group to manage the Company's serviced apartment. 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 with the right to extend for a 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 December 31, 2018 were Baht 16.4 million.

6) Factors influencing future performance of the Company

For private hospital business, it is deemed a potential business with strong growth prospect for the next 1-3 years. It is expected that the business will continue to grow around 5%-7% per year from 2 major factors which is the increase in number of aging population and higher demand from neighboring country. This would offset the lower demand from the Middle East. The hospital operator will focus on the growth from within. Merger and acquisition still exists. But the size of M&A would not be as large as the past 10 years. Major players shall focus on upgrading service and occupied beds per year.

Thai economy in 2019 is expected to grow at a rate of 3.8% with supporting factors be favorable government spending and the growth in public investment especially project related to Eastern Economic Corridor (EEC) including the infrastructure project and private investment such as high speed train link 3 airports, airport and airplane maintenance and service center at U-tapao, Laemchabang pier etc. In term of private investment, it is expected to see the investment in S-Curve industry after obtaining BOI's approval. In addition, the investment of private sector and export tends to increase and the private investment grows continuously from 2018.

Hotels business is expected to be growing favorably in corresponding to the growth of tourism industry in the next 3 years (2018-2021) with the expected growth in number of Thai and foreign tourist at the average rate of 8%-10% and 5%-7% per year accordingly. This help support the occupancy rate to 68%-70%.

Office for rent business outlook remains unchanged. The demand for office space was growing steadily at 200,000 sq.m. per year and the rental rate is expected to increase at slow pace until 2021 which has new office supply more than the average demand. Co-working space will become a new demand in office building market especially new Grade A office. In the past 18 months, 44,000 sq.m. office space were leased as co-working space. The opening of co-working space will be a direct competitor of original office space. This may lower the overall demand.

Part 4 Certification for the Correctness of Information

The Company reviews the information shown in this report with caution. The Company certifies that the information is correct, complete and not falsely presented or not miss any information required to be disclosed. In addition, the Company certifies that

- i. Financial statement and summary of financial data that is shown in this report were correct and complete in substance related to financial position, operating performance and cash flow of the Company and its subsidiaries.
- ii. The Company has good disclosure system to ensure that the information that is an important substance of the Company and its subsidiaries are correctly disclosed and monitor to comply with the disclosure system.
- iii. The Company has good internal control system and monitor to comply with such system. The Company reported the assessment result of internal control system as of December 31, 2018 to the auditor and Audit Committee, which include the error and significant change of the internal control system as well as any bad action that may have an effect to prepare the financial statement of the Company and its subsidiaries.

In this regard, to ensure that this document is the same document that has been certified, the Company delegated authority to Ms. Ritima Jirasuradate to sign on every page of this document. Any document has no signature of Ms. Ritima Jirasuradate, I would deem that is not the information that has been certified.

Name	Position	Signature
1. Dr. Satit Viddayakorn, Ph.D.	Chairman of Executive Committee	.....
2. Mr. Veera Srichanachaichok	Chief Executive Officer	.....
3. Ms. Preeyaporn Aphiwathwitthaya	Director of Accounting	.....

Proxy by

Name	Position	Signature
1. Ms. Ritima Jirasuradate	Corporate Secretary	.....

I have reviewed the information shown in this report with caution. The Company certifies that the information is correct, complete and not falsely presented or not miss any information required to be disclosed.

In this regard, to ensure that this document is the same document that has been certified. There is no doubt that the information is not complete or falsely presented or miss the information that is required to be disclosed. I have delegated authority to Ms. Ritima Jirasuradate to sign on every page of this document. Any document has no signature of Ms. Ritima Jirasuradate, I would deem that is not the information that I have certified.

Name	Position	Signature
1. Dr. Pongsak Viddayakorn, M.D.	Chairman of the Board	.....
2. Mr. Yarnsak Monomaiphiboon	Independence Director/Chairman of Audit Committee	.....
3. Dr. Satit Viddayakorn, Ph.D.	Director/Chairman of Executive Committee/ Chairman of Risk Management Committee	.....
4. Ms. Aranya Chaloeponvarodom	Independence Director/Audit Committee	.....
5. Dr. Jutamas Ingpochai, Ph.D.	Independence Director/Audit Committee	.....
6. Mr. Veera Srithanachaichok	Director/Executive Committee/Risk Committee/ Chief Executive Officer- Corporate	.....

7. Dr. Soontorn Sritha, M.D. Director/ Executive Committee and
 Chief Executive Officer - Healthcare

8. Mr. John Lee Kohshun Director

9. Ms. Tanatorm Viddayakorn Director

Proxy by

Name	Position	Signature
1. Ms. Ritima Jirasuradate	Corporate Secretary	.....

Attachment

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the Company	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Dr. Pongsak Vddayakorn, M.D. Chairman of the Board of Director	86	- Doctor of Medicine Faculty of Medicine, Siriraj Hospital Mahidol University - DTM&H Faculty of Tropical Medicine Mahidol University - Post graduated study, University of Pennsylvania, Philadelphia, USA - The National Defense College Training <u>Thai Institute of Directors Association</u> - Director Accreditation Program (DAP) at IOD	None	Father of Dr. Satit Vddayakorn	April 2013 - Present	Chairman of the Board of Directors	Principal Capital PCL.
					1977-2007	President/ Board of	<u>Listed Companies</u> Bangkok Dusit Medical Services PCL.
					1991-2001	Board of Advisors/Deputy	Samitivej PCL.
					2017-Present	Chairman	<u>Non-listed Companies</u> Pitsanuvej Pattana Co., Ltd. (Pitsanuloke Medical Co., Ltd's subsidiary)
					2017-Present	Chairman	Pitsanuvej Uttaradit Hospital Co., Ltd. (Pitsanuloke Medical Co., Ltd's subsidiary)
					2016-Present	Chairman	Union Pichit Doctors Co., Ltd. (Pitsanuloke Medical Co., Ltd's subsidiary)
					2015-Present	Chairman	Pitsanuloke Medical Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)
					2014-Present	Chairman	Paknampo Hospital Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)
					2013-Present	Chairman, Shareholder	Hospital Management Training and (HMTDI)

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary (continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the Company	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Mr. Yansak Manomaiphiboon Independent Director and Chairman of the Audit Committee	56	- BSc. 2nd Honor, Engineering Chulalongkorn University - MBA, Finance and Management Indiana University, Boomington, USA Training - Program on Corporate Govenance for Directors and Senior Management of State Enterprise and Public Organizaition Class 3 - Executive Class 5 Capital Market Academy <u>Thai Institute of Directors Association</u> - Director Certification Program 2005 (DCP) - Director Accreditation Program 2004 (DAP)	None	None	April 2013 -Present	Independent Director and Chairman of the Audit	Principal Capital PCL. <u>Listed Companies</u>
					March 2017 - Present	Independent Director and Audit Committee	Chememan PCL.
					February 2012 -Present	Independent Director and Audit Committee	Sahaviriya Steel Industry PCL. <u>Non-listed Companies</u>
					February 2018 -Present	Director	Asco Business Promotion Co., Ltd.
					February 2018 -Present	Director	National Digital IT Co., Ltd.
					May 2012 -Present	Secretariat	Association of Thai Securities Company
					2014-2016	Chaiman	Federation of Thai Capital Market
					2014 - 2016	Executive Director	The Krungthep Thanakom Co., Ltd.

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary (continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the Company	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Dr. Satit Vddayakorn, Ph.D. Director Chairman of the Executive Chairman of the Risk Management Committee							<u>Non-listed Companies (continued)</u>
					2016 - Present	Director	Union Pichit Doctors Co., Ltd. (Pitsanuloke Medical Co., Ltd.'s subsidiary)
					2017 - Present	Director Shareholder 99.998%	Service Station Co., Ltd.
					2015 - Present	Director/Managing Director	Pitsanuloke Medical Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)
					October 2016 – Present	Director	VBrilliant Group Co., Ltd. (Principal Capital PCL.'s subsidiary)
					October 2016 – Present	Director	VIntelligence Co., Ltd. (VBrilliant Group Holding Co., Ltd.'s subsidiary)
					October 2016 – Present	Director	VResidence Co., Ltd. (VBrilliant Group Holding Co., Ltd.'s subsidiary)
					October 2016 – Present	Director	V33 Co., Ltd. (VBrilliant Group Holding Co., Ltd.'s subsidiary)
					October 2016 – Present	Director	Bangkok Management Co., Ltd. (VBrilliant Group Holding Co., Ltd.'s subsidiary)
					October 2016 – Present	Director (Shareholder 0.002%)	Bangkok Center District Co., Ltd. (Principal Capital PCL.'s subsidiary)
				April 2014 -Present	Director Shareholder 0.001%	Hospital Management Training and Institute (HMTD)	
				October 2013 -Present	Director	Convergence System Co., Ltd. (Principal Capital PCL.'s subsidiary)	

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary (continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Ms. Aranya Chalermponvarodom Independent Director the Audit Committee Member	71	- BA Accounting, 2nd Honor Chulalongkorn University - MA Accounting, 1st Honor Chulalongkorn University Training <u>Thai Institute of Directors Association</u> - Chief Financial Officer <u>Federation of Accounting Professional</u> - Directors Certification Program 2018 (DCP 252/2018) - Directors Accreditation Program April 2016 (DAP)	None	None	April 2013 -Present	Independent Director and the Audit Committee	Principal Capital PCL..
					2008 - Present	Advisor to Executive	<u>Listed Companies</u> none <u>Non-Listed Companies</u> Regent Group

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary (continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the Company	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Dr. Jutamas Ingpochai, Ph.D. Independent Director the Audit Committee Member	43	- BBA, Pine Manor College, USA - M.Sc., Business Administration (Financial Economics) Boston University, USA - Ph.D., Business Administration, Bangkok University in corporation with University of Nebraska-Lincoln, USA Training <u>Thai Institute of Directors Association</u> - Directors Certification Program 2017 (DCP 248/2017) - Advance Audit Committee Program 2016 (ACP) - Risk Corporate Leader (RCL) 2016 - Directors Accreditation Program 2012 - Company Secretary Program (CSP) 2009	None	None	April 2014 - Present	Independent Director the Audit Committee Member	Principal Capital PCL.
					January 2011 -Present	Deputy President Investor Relation,	<u>Listed Companies</u> GFPT PCL.
					October 2008 -Present	Corporate Secretary, Shareholder 0.40%	GFPT PCL.
					December 2015 -Present	Director Shareholder 15%	<u>Non-listed companies</u> Minimax Venture Co., Ltd.

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary (continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the Company	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Mr. Veera Srivanachachok Chief Executive Officer Risk Management Committee Member	59	- Bachelor of Accounting Thammasat University MBA, Accounting Thammasat University Training <u>Thai Institute of Directors Association</u> - Director Certification Program 2005 (DCP) - Advance Management Program - Executive Development Program - Risk Management Allianz Management Institute	None	None	2015 - Present	Director, the Executive Member, The Risk Committee Member and Executive Officer	Principal Capital PCL.
							<u>Listed Companies</u>
							None
							<u>Non-Listed Companies</u>
					2018 - Present	Director Shareholder 0.001%	Principal Healthcare - Lamphun Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)
					2018 - Present	Director Shareholder 0.001%	Principal Healthcare - Uthai Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)
					2018 - Present	Director	Pitsanuvej Pattana Co., Ltd. (Pitsanuvej Co., Ltd.'s subsidiary)
					2018 - Present	Director	Pitsanuvej Uttaradit Co., Ltd. (Pitsanuvej Co., Ltd.'s subsidiary)
2018 - Present	Director	Pitsanuvej Co., Ltd. (Pitsanuvej Co., Ltd.'s subsidiary)					
2018 - Present	Director	Union Pichit Doctors Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)					

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary (continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the Company	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Mr. Veera Srichanachaichok Chief Executive Officer Risk Management Committee Member					<u>Non-Listed Companies (continued)</u>		
					2018-Present	Director	Banchang Business District Co., Ltd.
						Shareholder 0.001%	(V Brilliant Group Holding Co., Ltd.'s subsidiary)
					2018-Present	Director	Udon Business District Co., Ltd.
						Shareholder 0.001%	(V Brilliant Group Holding Co., Ltd.'s subsidiary)
					2017 - Present	Director	Principal Healthcare Co., Ltd.
							(Principal Capital PCL.'s subsidiary)
					October 2016 -Present	Director	V Brilliant Group Holding Co., Ltd.
							(Principal Capital PCL.'s subsidiary)
					October 2016 -Present	Director	V Intelligence Co., Ltd.
		(V Brilliant Group Holding Co., Ltd.'s subsidiary)					
October 2016 -Present	Director	V Residence Co., Ltd.					
		(V Brilliant Group Holding Co., Ltd.'s subsidiary)					
October 2016 -Present	Director	V 33 Co., Ltd.					
		(V Brilliant Group Holding Co., Ltd.'s subsidiary)					
October 2016 -Present	Director	Bangkok Management Co., Ltd.					
		(V Brilliant Group Holding Co., Ltd.'s subsidiary)					
September 2016 – Present	Director	Convergence System Co., Ltd.					
		(Principal Capital PCL.'s subsidiary)					
May 2016 - Present	Director	Bangkok Center District Co., Ltd.					
		(Principal Capital PCL.'s subsidiary)					
May 2016 - Present	Director	Principal Investment Co., Ltd.					
		(Principal Capital PCL.'s subsidiary)					

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary (continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the Company	Board's Family Relationship	Work experience in the past 5 years			
					Period	Position	Organization/Company/Type of business	
Dr. Soontorn Sritha, M.D. Director, Executive Director Chief Executive Officer - Healthcare	65	- BSc. Medical Science Mahidol University	None	None	2017 - present	Director, Executive Chief Executive Officer - Healthcare	Principal Capital PCL..	
		- Doctor of Medicine M.D. Faculty of Medicine, Rama Hospital Mahidol University						<u>Listed Companies</u>
		- Master of Public Health (Urban Health) Mahidol University			2009 - 2014	CEO BDMS group 4	Bangkok Dusit Medical Service PCL.	
		- Preventive Medicine Certificate The Medical Council of Thailand			2015-2017	Deputy Executive Director	Thonburi Healthcare Group PCL.	
		- Bachelor of Economics Sukhothai Thammathirat University					<u>Non-Listed Companies</u>	
		- Bachelor of Political Science (Comparative Politics) Sukhothai Thammathirat University			2018 - Present	Director	Principal Healthcare - Lamphun Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)	
		- Mini MBA Thai Chamber of Commerce University			2018 - Present	Director	Principal Healthcare - Uthai Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)	
		- Advanced Management Program Harvard University			2018 - Present	Director	Pitsanuvej Pattana Co., Ltd. (Pitsanuvej Co., Ltd.'s subsidiary)	
					2018 - Present	Director	Pitsanuvej Uttaradit Hospital Co., Ltd. (Pitsanuvej Co., Ltd.'s subsidiary)	
					2018 - Present	Director	Union Pichit Doctors Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)	
	2018 - Present	Director	P.N.P. Hospital Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)					

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary (continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the Company	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Dr. Soontorn Sritha, M.D. Director, Executive Director Chief Executive Officer - Healthcare		Training <u>Thai Institute of Directors Association</u> - Director Certification Program 2017 (DCP 250/2017)			2017 - Present 2017 - Present 2017 - Present	Director Director Director	<u>Non-Listed Companies (continued)</u> Principal Healthcare Co., Ltd. (Principal Capital PCL.'s subsidiary) Pitsanuloke Medical Co., Ltd. (Principal Healthcare PCL.'s subsidiary) Paknampo Hospital Co., Ltd. (Principal Healthcare PCL.'s subsidiary)

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary (continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the Company	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Ms. Seerada Tiemprasert Director	43	- Bachelor of Science-Business Administration, Babson College, Wellesley, Massachusetts, USA - Master of Science-International Business, Boston University, Massachusetts, USA Training <u>Thai Institute of Directors Association</u> - Director Certification Program 2014 (DCP)	None	None	April 2013 - Feb.26, 2019	Director	Principal Capital PCL..
							<u>Listed Companies</u> None
					August 2017 -Present	Vice Chairman	Danali Prestige Asset Management Co., Ltd.
					2013 – August 2017	Shareholder 60%	<u>Non-Listed Companies</u> Danali Prestige Asset Management Co., Ltd.

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary (continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the Company	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Ms. Patraporn Jarupat Director	53	- Bachelor of Art, Faculty of Law Thammasat University - MBA, East Texas State University Texas USA. - Master of Law in Business Law (English Program) at Thammasat University Training <u>Thai Institute of Directors Association</u> - Director Certification Program 2014 (DCP)	None	None	April 2013 - Feb. 26, 2019	Director	Principal Capital PCL. <u>Listed Companies</u> None <u>Non-Listed Companies</u>
					2014 - Present	Director, Shareholder	The Juris Co., Ltd.
					2012 – Present	Legal Advisor	Freelance
					2004 - 2013	Deputy Chairman of Legal Affairs	Millennium Microtech Co., Ltd.

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary (continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Miss. Preeyaporn Aphiwathwitthaya Chief Accountant	43	- Bachelor of Accounting (2nd degree) Thammasat University - Master Degree of Real Estate Business Program, Thammasat University - Certified Public Accountant - Training the Executive Program for Young Professionals of Fiscal Policy Research Institute Foundation - Training Orientation Course - CFO focus on financial reporting -6th	None	None	2016 - Present	Executive Committee member The Risk Management Committee Member	Principal Capital PCL.
					2013 - Present	Associate Accounting Director	Principal Capital PCL. <u>Non-Listed Companies</u>
					2018 - Present	Director	Bangkok Center District Co., Ltd. (Principal Capital PCL.'s subsidiary)
					2018 - Present	Director	Principal Investment Co., Ltd. (Principal Capital PCL.'s subsidiary)
					2018 - Present	Director	Principal Healthcare Co., Ltd. (Principal Capital PCL.'s subsidiary)
					2017 - Present	Director	V Brilliant Group Holding Co., Ltd (Principal Capital PCL.'s subsidiary)
					2017 - Present	Director	V Intelligence Co., Ltd. (V Brilliant Group Holding Co., Ltd.'s subsidiary)
					2017 - Present	Director	V Residence Co., Ltd. (V Brilliant Group Holding Co., Ltd.'s subsidiary)

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary (continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Miss. Preeyaporn Aphiwathwithaya Chief Accountant					2017 - Present	Director	<u>Non-Listed Companies</u> V33 Co., Ltd. (VBrilliant Group Holding Co., Ltd.'s subsidiary)
					2017 - Present	Director	Bangkok Management Co., Ltd. (VBrilliant Group Holding Co., Ltd.'s subsidiary)

Attachment 1: Details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary (continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the Company	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Ms. Ritima Jirasuradate Corporate Secretary The Risk Management Committee Member	42	- Bachelor of Law Thammasat University - Barrister-At-Law (Thai Bar) The Thai Bar Association Training <u>Thai Institute of Directors Association</u> - Corporate Secretary Program , TLCA <u>Secretary Supporting Program from IOD</u> - Effective Minute Taking - Board Reporting Program - Company Reporting Program	None	None	May 2018 - Present	Corporate Secretary	Principal Capital PCL..
					Oct. 2016 - Apr. 2018	Vice President	GLand REIT Management Co., Ltd.
						Compliance & Risk Management	
					Oct. 2011 - Sep. 2016	Assistant Vice President	Grand Canal Land PCL.
						CEO Office	
					Jan 2007- Oct 2011	Assistant Manager	Prinsiri PCL.
						Corporate Secretary and Legal Office	
							<u>Listed Companies</u>
							None
							<u>Non-Listed Companies</u>
		None					

Notes: All directors as mentioned above have never dishonestly committed an offence against property and never enter into any transactions which may cause conflict of interest against the Company during the year.

1. Dr. Satit Viddayakorn, Ph.D., Ms. Tanatorn Viddayakorn, Mr. Veera Srichanachaichok and Dr. Soontorn Sritha, M.D. are delegated authorized signatory as stipulated in affidavit of Department of Business Development (the appointment was approved by Board of Directors' meeting on February 26, 2019)
2. Shareholding proportion as of February 18, 2019
3. Role and responsibility of Corporate Secretary are defined in Part 2, Section 9.11.4 roles and responsibility of senior executives and corporate secretary

Attachment 2 : Details about information of Directors and Executives of the Company and subsidiary companies

Name	PRINC	Subsidiary (The Company has more than 50% shareholding)																		
		Principal Investment Co., Ltd.	Convergence System Co., Ltd.	Bangkok Center District Co., Ltd.	V Brilliant Group Co., Ltd.	V Intelligence Co., Ltd.	V 33 Co., Ltd.	V Residence	Bangkok Management Co., Ltd.	Ban Chang Business District Co., Ltd.	Udon Business District Co., Ltd.	Principal Healthcare Co., Ltd.	Paknampo Hospital Co., Ltd.	P.N.P. Hospital Co., Ltd.	Pisanuloke Medical Co., Ltd.	Union Pichit Doctors Co., Ltd.	Pitsanuvej Uttaradit Hospital Co., Ltd.	Pitsanuvej Pattana Co., Ltd.	Principal Healthcare - Uthai Co., Ltd.	Principal Healthcare - Lamphun Co., Ltd.
Dr. Pongsak Vddayakorn, M.D.	C, D	-	-	-	-	-	-	-	-	-	-	-	D	-	D	D	D	D	-	-
Mr. Yarnsak Manomaiphiboon	Id, Ca	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Satit Vddayakorn, Ph.D	D, Ce, Cr, IR	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D	D
Mr. Veera Srichanachaichok	D, Ed, Rd, E	D	D	D	D	D	D	D	D	D	D	D	D	-	D	D	D	D	D	D
Dr. Soontorn Sritha, M.D.	D, Ed, E, Rd	-	-	-	-	-	-	-	-	-	-	D, E	D	D	D	D	D	D	D	D
Ms. Aranya Chalernpornvarodom	Id, Ad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Jutamas Ingpochai, Ph.D	Id, Ad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Seerada Tiemprasert	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Patraporn Jarupat	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Sirichai Towiriyawate	Rd, E	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Preeyaporn Aphiwatwithaya	Ed, Rd, E	D	-	D	D	D	D	D	D	D	D	D	-	-	-	-	-	-	-	-
Ms. Thiranan Sangphungtham	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Ritima Jirasuradate	Cs, Rd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Attachment 2 Details about information of Directors and Executives of the Company and subsidiary companies (continue)

Name	PRINC	Subsidiary (The Company has more than 50% shareholding)																		
		Principal Investment Co., Ltd.	Convergence System Co., Ltd.	Bangkok Center District Co., Ltd.	V Brilliant Group Co., Ltd.	V Intelligence Co., Ltd.	V 33 Co., Ltd.	V Residence	Bangkok Management Co., Ltd.	Ban Chang Business District Co., Ltd.	Udon Business District Co., Ltd.	Principal Healthcare Co., Ltd.	Paknam Hospital Co., Ltd.	P.N.P. Hospital Co., Ltd.	Pisanuloke Medical Co., Ltd.	Union Pichit Doctors Co., Ltd.	Pitsanuvej Uttaradit Hospital Co., Ltd.	Pitsanuvej Pattana Co., Ltd.	Principal Healthcare - Uthai Co., Ltd.	Principal Healthcare - Lamphun Co., Ltd.
Mrs. Achara Ratanaphansri	Rd	-	D	-	-	-	-	-	-	-	-	D, E	-	-	-	-	-	-	D	D
Mr. Supawas Pongsiriphanich	-	-	-	-	-	-	-	-	-	-	-	E	-	-	-	-	-	-	-	-
Mrs. Samerkae Sattapong	-	-	-	-	-	-	-	-	-	-	-	E	-	-	-	-	-	-	-	-
Mrs. Sukanit Mahanukul	-	-	-	-	-	-	-	-	-	-	-	E	-	-	-	-	-	-	-	-
Ms. Pear Hovarongkura	-	-	-	-	-	-	-	-	-	-	-	E	-	-	-	-	-	-	-	-
Ms. Napatporn Rodcha	-	-	-	-	-	-	-	-	-	-	-	E	-	-	-	-	-	-	-	-
Ms. Janpen Jongjirangsap	-	-	-	-	-	-	-	-	-	-	-	E	-	-	-	-	-	-	-	-
Mr. Naruepol Phansupamongkol	-	-	-	-	-	-	-	-	-	-	-	E	-	-	-	-	-	-	-	-
Mrs. Tuanchai Keawwanna	Rd	-	-	-	-	-	-	-	-	-	-	E	-	-	-	-	-	-	-	-
Dr. Korpong Rookkapan, M.D.	Rd	-	-	-	-	-	-	-	-	-	-	E	-	D	-	-	-	-	-	-
Dr. Athiwat Noiprasit, M.D.	-	-	-	-	-	-	-	-	-	-	-	-	D	-	E	-	E	-	-	-
Dr. Arthit Piemkhar, M.D.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	-	-	-	-
Dr. Jessada Chungpaibulpatana, M.D.	-	-	-	-	-	-	-	-	-	-	-	-	D, E	-	-	-	-	-	-	-

Attachment 2 Details about information of Directors and Executives of the Company and subsidiary companies (continue)

Name	PRINC	Subsidiary (The Company has more than 50% shareholding)																		
		Principal Investment Co., Ltd.	Convergence System Co., Ltd.	Bangkok Center District Co., Ltd.	V Brilliant Group Co., Ltd.	V Intelligence Co., Ltd.	V 33 Co., Ltd.	V Residence	Bangkok Management Co., Ltd.	Ban Chang Business District Co., Ltd.	Udon Business District Co., Ltd.	Principal Healthcare Co., Ltd.	Paknam Hospital Co., Ltd.	P.N.P. Hospital Co., Ltd.	Pisanuloke Medical Co., Ltd.	Union Pichit Doctors Co., Ltd.	Pitsanuvej Uttaradit Hospital Co., Ltd.	Pitsanuvej Pattana Co., Ltd.	Principal Healthcare - Uthai Co., Ltd.	Principal Healthcare - Lamphun Co., Ltd.
Mrs.Pimyada Boontem	-	-	-	-	-	-	-	-	-	-	-	☒	-	-	-	-	-	-	-	-
Ms. Wannee Rojanaolarnrat	-	-	-	-	-	-	-	-	-	-	-	☒	-	-	-	-	-	-	-	-
Ms. Kanokwan Udomkitkosol	-	-	-	-	-	-	-	-	-	-	-	☒	-	-	-	-	-	-	-	-
Dr. Surasak Ammartyothin, M.D.	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Surasak Pusadeesopon	-	-	-	-	-	-	-	-	-	-	-	☒	-	-	-	-	-	-	-	-
Mr.Somchai Sengsomwongs	-	-	-	-	-	-	-	-	-	-	-	☒	-	-	-	-	-	-	-	-
Ms. Atiya Awachanakarn	-	-	-	-	-	-	-	-	-	-	-	☒	-	-	-	-	-	-	-	-
Miss Budsakorn Kaewboonthum	-	-	-	-	-	-	-	-	-	-	-	☒	-	-	-	-	-	-	-	-
Dr.Bunchana Petcployngam, M.D.	-	-	-	-	-	-	-	-	-	-	-	☒	-	-	-	-	-	-	-	-
Dr. Kajornsak Sungcharoen	-	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Apirat Nuchthong	-	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Satita Vddayakorn	-	-	-	D	D	D	D	D	D	-	-	-	-	-	-	-	-	-	-	-

Attachment 2 Details about information of Directors and Executives of the Company and subsidiary companies (continue)

Name	PRINC	Subsidiary (The Company has more than 50% shareholding)																		
		Principal Investment Co., Ltd.	Convergence System Co., Ltd.	Bangkok Center District Co., Ltd.	V Brilliant Group Co., Ltd.	V Intelligence Co., Ltd.	V 33 Co., Ltd.	V Residence	Bangkok Management Co., Ltd.	Ban Chang Business District Co., Ltd.	Udon Business District Co., Ltd.	Principal Healthcare Co., Ltd.	Paknampo Hospital Co., Ltd.	P.N.P. Hospital Co., Ltd.	Pisanuloke Medical Co., Ltd.	Union Pichit Doctors Co., Ltd.	Pitsanuvej Uttaradit Hospital Co., Ltd.	Pitsanuvej Pattana Co., Ltd.	Principal Healthcare - Uthai Co., Ltd.	Principal Healthcare - Lamphun Co., Ltd.
Mrs. Niphaporn Nimphithakphong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	D	D	D	D	-	-
Ms. Wansiri Nimphithakphong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	D	D	D	D	-	-
Ms. Khongchanok Thirawarakan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	D	D	D	-	-	-
Mr. Sathit Nimphithakphong	-	-	-	-	-	-	-	-	-	-	-	D	-	-	-	-	-	-	-	-
Mr. Saprang Sukvetchaworakij	-	-	-	-	-	-	-	-	-	-	-	D	-	-	-	-	-	-	-	-
Mr. Sitthichai Wongnitchakul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	D	-	-
Mr. Pawat Thanawutsiravat	-	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Chote Nisoong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	D

Position :

C – Chairman of the Board

D – Director

Cs – Corporate Secretary

E – Executive

Ca - Chairman of Audit Committee

Ad – Audit Committee

Id - Independence Director

IR – Investor Relation

Ce – Chairman of Executive Committee

Ed – Executive Director

Cr – Chairman of Risk Management Committee

Rd – Risk Management Director

Attachment 3 : Details about Internal Auditor

The company appointed E.C. Accounting Co., Ltd. to be an internal auditor of the Company. The details of internal auditor are as follows:

Name-Last name/Position	Age (Year)	Education/Training	% shareholding in the Company	Board's family Relationship	Professional experience in the past 5 years		
					Period	Position	Organization/Company name/Business type
Ms. Kantima Kongsomyuti Internal Auditor	38	Bachelor of Accounting Ramkamhaeng University	None	None	2011 - Present	Internal Auditor (24 Inter Services Co., Ltd.)	Principal Capital Public Company Limited
		Master of Finance and Banking Ramkamhaeng University					<u>Listed company in Stock Exchange of Thailand</u>
		Certified Public Accountant <u>Training Courses</u>					None
		Training Program for the Certificate of Internal Audit Class 7 of Federation of Accounting Professions					<u>Non-listed company</u>
		Risk Based Audit of The Institutes of Internal Auditors of Thailand			2013 – Present	Director	24 Inter Services Co., Ltd
		Certified Tax Accountant Program (Advanced Tax Accountant) Class 2 of Tax school			2013 – 2015	Director	Aclick Audit Co., Ltd.
		Preparation course for International Certified Internal Auditor program Pre-CIA Class24			2009 – 2014	Director	E.C. Accounting Co., Ltd.
		Systematic Audit					
		Internal Control Review Class1/60					

Attachment 4 : Details about appraisal value of assets

No information

Attachment 5 : Other

No information

PRINC
PRINCIPAL CAPITAL

