

ANNUAL REPORT 2017



PRINC

PRINCIPAL CAPITAL

Principal Capital Public Company Limited





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.

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, be it financial, quality, or customer.
- 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 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

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Principal Capital Public Company Limited



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Message from

The Board of Directors and The Executive Committee

Dear shareholders

Last year was another year of movement for Principal Capital Public Company Limited (“The Company”), such a movement is significant in a way that will shape the future of The Company’s business. It was a strategic movement to cope with the economic situation that, though has a positive tendency, requires outstanding strategies to strive in the fierce competition and everchanging environment. In 2017, Thai Economy was still on an increasing trend with the gross domestic product (GDP) expanded at 3.9 percent, an improvement from 3.3 percent and 3.0 percent in 2016 and 2015 respectively. While for hotels and restaurants sector, the GDP increased at 8.5 percent, a continued growth from 9.9 percent in 2016. The supporting factors were (1) the upward trend of world economy (2) continuous government policies to stimulate tourism industry and improved internal political stability (3) Thailand was always ranked among the top tourist destination of the world (4) the increasing of regional low-cost airlines, and (5) expansion of major airports to accommodate more tourists.

For healthcare and social works sector, the continuous expansion can be observed from the previous year with the growth rate of 3.1 percent. However, for private healthcare sector, the growth rate is forecasted to be higher with supporting factors be urbanization, aging society, non-communicable diseases, medical tourism promotion, and medical hub policy that was fostered by the government since 2001.

All those elements, along with the experiences and expertise of our Board of Directors and executives, led to a major transformation of The Company’s business last year. In November 2017, The Company received the approval from the Extraordinary General Meeting of the Shareholder 1/2017 to acquire the business of Alliance Medical Asia Company Limited (“AMA”) (AMA has later changed its name to “Principal Healthcare Company Limited” on January 25, 2018), resulted in The Company indirectly acquiring the subsidiaries of AMA which comprises (1) Pitsanulok Medical Company Limited; (2) Paknam Hospital Company Limited; (3) Union Pichit Doctor Company Limited; (4) Pitsanuvej Uttaradit Hospital Company Limited; (5) Pitsanuvej Pattana Company Limited; and (6) P.N.P Hospital Company Limited. These subsidiaries operate 4 existing private hospitals and generated a total revenue of THB 1,690.4 million in 2017. The acquisition also resulted in a total revenue growth of 8 percent for The Company, with the total revenue after the acquisition be THB 2,237.8 million. This led to a shift in revenue structure of The Company which property development business used to contribute roughly 80 percent of total revenue, but for 2017, more than 75 percent of revenue were from healthcare business instead, while property development contributed only 20 percent.

The Company has revisited its vision to be in line with this change, so our management will have a clear objective to follow. The Company’s new vision is for it to become more healthcare focused, invest in healthcare property and be a trusted hospital management organization with emphasis on digitalization and efficiency. It is noticeable that our hospitals locate in non-major provinces and not in tourist destinations, with the aim to increase the accessibility to affordable and quality medical care in those provinces. The Company targets to have 10 hospitals within the network during the first phase, with one tertiary care hospital in Bangkok to act as a center of referral, efficiently complete the hub and spoke model.



Moreover, we have established Principal Healthcare to be a shared service operator for the healthcare business. The objectives are to standardize all the procedures and policies, and to efficiently utilize all the resources to the greatest benefits and be ready for future expansion of our business without having to increase those resources at the same proportion. The shared services include 1) accounting services 2) finance services 3) procurement services 4) inventory management services 5) human resources services 6) information technology services, and 7) strategy and business intelligence services.

For property development business, we aim to fully utilize the properties we currently own, for the utmost benefits of all stakeholders. For those that are currently operate with a good potential, for example, Marriott Executive Apartment Sathorn Vista – Bangkok and Somerset Ekamai Bangkok, we will continue to further improve them. On the other hand, for some properties, a liquidation at an acceptable price might be a better option, like the case of Bangkok Management Company Limited that has liquidated one of its property in Sukhumvit Soi 27 in order to use those capital in the acquisition of AMA group which is expected to generate better returns in the long run.

For 2018, Thai economy is expected to continue up the rising trend with the supporting factors be the improving global economy, a mechanism of incremental government investment and spending, better employment rate, and the improved income per capita. Still, there are risks from economic uncertainty and shift in global monetary policy and trade policy of major countries such as USA and China. More importantly, the government needs to gain further trusts regarding political stability and continuity of government projects after the election. However, the outlook for healthcare sector shows an improving trend, especially for private hospital operators. They should manage to achieve a higher expansion rate than the market, though the profitability could be impacted from intense competition that was a result of more players entering into this market and a transformation of public hospitals that adapt the features of private hospitals to their services. One of our strategy to cope with this competition is the use of technology and system to improve the efficiency of hospital operations and support functions in the field of human resources, accounting, and procurement etc. Every system operates on a cloud platform which will be convenient for managing a network of hospitals and be a solid foundation for further expansion of the group.

As a final point, we would like to express our sincere gratitude to all shareholders and every stakeholder of The Company for your continuing support and confidence in us. The Board of Directors and executives will undoubtedly pursue its objective for a sustainable growth in the business that we are most competent in and ensure that such a growth will be under a good corporate governance, for the best interests of the shareholders and all other stakeholders.

On behalf of the Board of Directors and the Executive Committee of Principal Capital Public Company Limited



(Dr. Pongsak Viddayakorn)
Chairman of the Board of Directors



(Dr. Satit Viddayakorn)
Chairman of the Executive Committee

Message from

The Audit Committee



Dear Shareholders

In 2017, the Audit Committee has performed its duties independently according to the scope, duties and responsibilities assigned by the Board of Directors, in alignment with the requirements and the best practice guidelines of the Securities and Exchange Commission and the Stock Exchange of Thailand. In 2017, the Audit Committee has held 7 meetings with the executives, the external auditor and the internal auditor, in which all members of the Audit Committee attended every meeting in order to consider issues/problems, to exchange the opinions, to listen to a clarification and to provide useful suggestions to the Company's management. The summarized main points are as follows:

1. To review the quarterly financial report and the financial report for the year 2017, by making an inquiry on issue/problems and listening to a clarification from the external auditor regarding completeness, accuracy, reliability of the Company's financial statement as well as adequacy disclosure of sensitive information and changes in key accounting policies/practices. The auditor report for the year 2017 was changed to be a new form in compliance with Federation of Accounting Professions especially in writing about the important findings from the audit for the highest benefits of the financial reports users.

The Committee and the external auditor held a meeting in the absence of the Management to discuss independently regarding any material matters. The Committee findings determined that the Company's financial statements present fairly, in all material aspects, in accordance with generally accepted accounting principle, and the external auditor expressed an unqualified opinion

2. To consider the report of internal audit findings and the evaluation results of internal control system as well as risk evaluation and analysis on various key systems, connected transactions also held a meeting with internal auditor and the Committee concluded that the Company's internal audit system was adequate, appropriate, and effective. In case the Audit Committee considers that there is a point that can improve or enhance the internal control system to be more efficient or more effective, the recommendations from the Committee were given to the Company's Management which obtain very good cooperation. The Committee also considered that the Company's internal audit operations were in line with internal audit guidelines prescribed by the Stock Exchange of Thailand and Standards for the Professional Practice of Internal Auditing, which aim at independence, fairness and neutrality also approve the internal audit plan for the year by focusing on preparing internal audit plan both for the Company and its subsidiaries to be consistent with the evaluation result of internal control system, the assessment and analysis on various key activities as well as the evaluation on risk management of the organization. In 2017, the Audit Committee assigned additional work for an internal auditor to examine information technology system, anti-corruption policy to ensure its security according to international standard with transparent operation.

3. To consider and review connected transaction the acquisition and disposal transaction and the transaction that may have conflict of interests. The Audit Committee examine or review the connected transaction or transaction that may have conflict of interest to be appropriate and to comply with the law and related regulations. In 2017 the Company expanded the scope of business to cover private hospital business and private hospital management business to enhance potential growth to the Company by the acquisition of Principal Healthcare Co., Ltd. ("Principal Healthcare") which was a connected transaction (previous name was Alliance Medical Asia Co., Ltd.). Such investment resulted in the acquisition of 6 Principal Healthcare's subsidiary companies consisting of 1) Pisanuloke Medical Co., Ltd. 2) Paknampo Hospital Co., Ltd. 3) Union Pichit Doctors Co., Ltd. 4) Pitsanuvej Uttaradit Hospital

Co., Ltd. 5) PitsanuvejPattana Co., Ltd. and 6) P.N.P. Hospital Co., Ltd. The Audit Committee considered and did not have an opinion in conflict with Board of Directors and Independent Financial Advisor.

4. To consider the report on compliance with the laws governing securities and exchange market, regulations of the Stock Exchange of Thailand and other laws related to the Company's businesses as well as compliance with the Company's rules and regulations, including the system on connected and conflict of interest transactions (if any) to be operated correctly and in line with the requirement of relevant organizations.

5. To consider the operations on risk management in which the Company formulated the risk management policy and set up Risk Management Committee to consider and give opinion regarding the Charter of Risk Management Committee and operation plan as well as provide understanding about risk management to key related party including Board of Directors, Executives and responsible person for each business unit. In addition, there is a review for the evaluation of risk management method that the Company select to manage risk of the Company including the risk from anti-corruption.

6. To consider the appointment of external auditor and audit fee for the year 2017. The Audit Committee has considered the performance of an external auditor from PricewaterhouseCoopers ABAS Co., Ltd. and concluded that such external auditor is an expert in the profession, independent and has performed his duty well and effectively. Then, the Committee proposed the appointment of Mr.ChanchaiChaiprasit, CPA No. 3760/ or Mr. PisitTangthanukul CPA No. 4095 or Mr. PaiboonTankul CPA No. 4298 from PricewaterhouseCoopers ABAS Co., Ltd., any of the above auditor as the Company's external auditor and allow any of the auditors in the above list to express the opinion on the financial reports. If the auditors in the above list cannot perform the work, PricewaterhouseCoopers ABAS Co., Ltd. shall find other auditor to replace the auditors listed above. Such appointed auditors shall not have any relationship or conflict of interest with the Company or executives or shareholders or related party that may have an impact to his/her duty to perform his/her work independently.

In summary, the Audit Committee performed their duty prudently and independently and was able to express the opinion for the benefit of the Company with the co-operation from the executives and employees of the Company for the access of information. The Audit Committee concluded that the Company has prepared the financial reports with adequate disclosure according to financial reporting standard as well as has implemented effective risk management and internal control system as well as good corporate governance.



(Mr. Yarnsak Manomaiphiboon)
Chairman of the Audit Committee

Financial Highlight

PRINCIPALCAPITAL PCL.

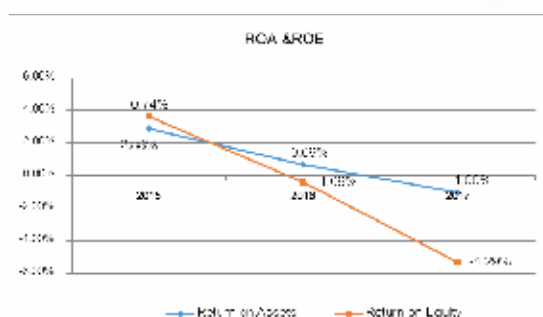
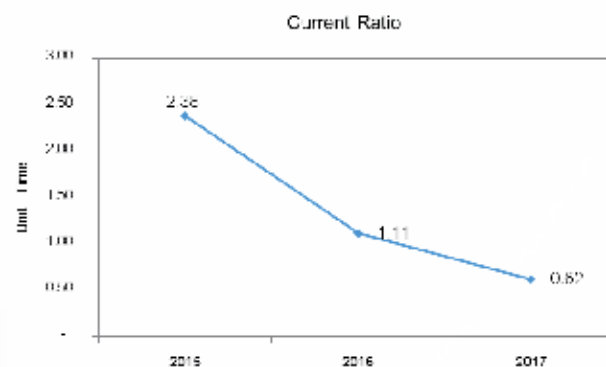
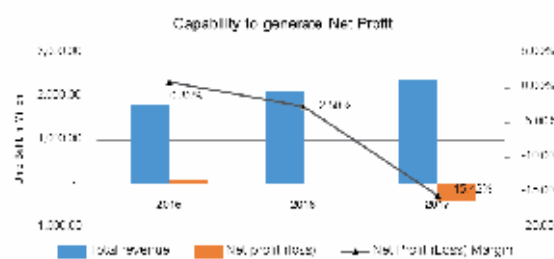
Financial Highlight for the year 2015-2017

Significant Financial Figures

Unit: Baht in Million	2015 Restated	2016 Restated	2017
Total assets	6,441.27	14,449.81	13,088.21
Total liabilities	1,364.11	3,154.14	4,164.11
Total owner's equity	1,982.84	7,825.34	8,246.29
Revenue from sale and service	1,761.26	2,071.67	2,237.77
Total revenue	1,804.48	2,116.47	2,395.97
Gross profit	569.84	634.24	510.05
Operating profit (loss)	122.32	72.46	(138.19)
Net profit (loss)	80.45	18.79	(371.61)

Significant Financial Ratio

	Unit	2015	2016	2017
Profitability Ratio				
Gross Profit Margin	%	32.35	30.61	22.79
Net Profit Margin	%	0.83	(2.59)	(15.42)
Return on Equity	%	0.74	(1.09)	(4.29)
Liquidity Ratio				
Current Ratio	Times	2.38	1.11	0.62
Quick Ratio	Times	2.29	0.89	0.55
Efficiency Ratio				
Accounts Receivable Turnover	Times	52.09	21.44	15.70
Accounts Payable Turnover	Times	175.39	19.02	10.121
Return on Assets	%	2.88	0.69	(1.00)
Total Asset Turnover	Times	0.43	0.20	0.17
Financial Policy Ratio				
Debt to Equity Ratio	Times	0.69	0.40	0.50
Interest Coverage Ratio	Times	4.68	2.47	(2.00)
Earnings (losses) per share	Baht	0.015	(0.036)	(0.107)
Book value per share	Baht	2.07	2.42	2.55









Overview of Business

Award and Recognition

Property Business

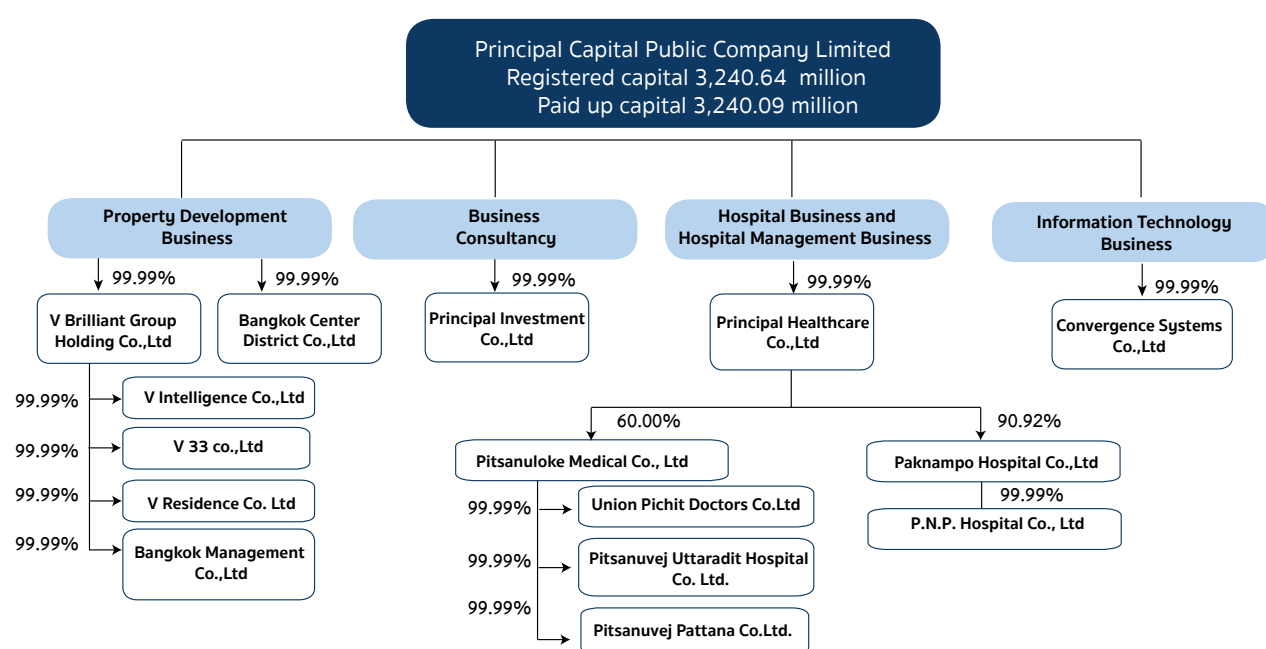
- The Company received “The Outstanding Architecture Award” in Residential Building 2008 for St. Louis Grand Terrace project from Her Royal Highness Princess Maha Chakri Sirinthorn, nominated by the Association of Siamese Architects under the Royal Patronage of His Majesty the King, and “Good Property 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 TripAdvisor's 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

Hospital Business and Hospital Management

- Pitsanuvej Hospital was a hospital with Joint Commission International accreditation in 2012 and was reaccredited in December 2015
- 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
 - 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

Overview of Business

Principal Capital Public Company Limited's business can be divided into 4 types which are Information Technology Service Business, Hospital Business and Hospital Management, Property Development Business and Business Consultancy Service as well as Group structure of the Company and its subsidiaries as of March 22, 2018 is as follows:



Company Name	Business type	Detail of business	Shareholding (%)
Principal Capital Public Company Limited (PRINC)	Property Development	Property for rent – Marriott Executive Apartment Sathorn-Vista Bangkok and Bangkok Business Center office building management And operate hospital business namely "Princ Hospital Suvarnabhumi and Princ Hospital Medical Clinic" ^{1/}	-
Convergence Systems Company Limited (CS)	Information Technology Service	Software Implementation Service	99.99

Company Name	Business type	Detail of business	Shareholding (%)
		System Maintenance and Support Service	
Bangkok Center District Company Limited (BCD)	Property Development	Property development with public sector to operate Public Private Partnership (PPP) project	99.99
V Brilliant Group Holding Company Limited (VB)	Property development and invest in other company	Property development for sale currently it owns vacant land plots in Saraburi province and Angthong province which is under project feasibility study	99.99
V Intelligence Company Limited ^{2/} (VI)	Office Building for lease	Bangkok Business Center office building for rent located on Ekamai Road	99.99
V 33 Company Limited ^{2/} (V33)	Property development	Property development for sale currently it owns a vacant land plot in Chiangmai province which is under project feasibility study	99.99
V Residence Company Limited ^{2/} (VR)	Hotel and Serviced Apartment	Serviced Apartment at Somerset Ekamai project	99.99
Bangkok Management Company Limited ^{2/} (BG)	Property Development and Property for rent	Property development for sale currently it owns vacant land plots in Rayong province and Udonthani province which is under project feasibility study. In addition, it also owns land and building in Soi Sukhumvit 29, which has a plan to develop a condominium project in the future.	99.99
Principal Investment Company Limited (PI)	Business consultancy service	Provide business advisory service	99.99
Principle Healthcare Company Limited ^{3/} (PHC)	Holding Company	Invest in other companies	99.99
Pitsanuloke Medical Company Limited ^{4/} (PSV)	Private Hospital	Pitsanuvej Hospital in Pitsanuloke Province	59.99
Union Pichit Doctors Company Limited ^{4/} (SHV)	Private Hospital	Sahavej Hospital in Pichit Province	59.99

Company Name	Business type	Detail of business	Shareholding (%)
Pitsanuvej Uttaradit Hospital Company Limited ^{4/} (PUH)	Private Hospital	No business operation yet	59.99
Pitsanuvej Pattana Company Limited ^{4/} (PPC)	Private Hospital	No business operation yet	59.99
Paknampo Hospital Company Limited ^{4/} (PNP)	Private Hospital	Paknampo Hospital and Paknampo 2 Hospital	90.92
P.N.P. Hospital Company Limited ^{4/} (PNPH)	Private Hospital	No business operation yet	99.99

Remark: 1/ Previous name is Piyamin Hospital and Piyamin Medical Clinic

2/ The Company have indirect shareholding via V Brilliant Group Holding Co., Ltd.

3/ Previous name is Alliance Medical Asia Co., Ltd.

4/ The Company has indirect shareholding via Principal Healthcare Co., Ltd.

The Company's major business is property development for rent in the form of hotel/serviced apartment and also offers full-service solutions for office building management covering building management, sales, administration, finance, accounting, procurements and information technology.

In addition, the Company also generates income from investment in Convergence Systems Co., Ltd., which operates information system service and system maintenance services and also has revenue stream from investment advisory services. The investment in V Brilliant Group in 2016 was enabled the Company to acquire vacant land plots in the country and potential property projects in Bangkok. This will generate rental income from office space rental and revenue from sale of property projects in the future.

In 2017 the Company invested in hospital business and hospital management business by acquiring Principal Healthcare Co., Ltd. (previous name is Alliance Medical Asia Co., Ltd) 's shares as the Company saw an opportunity to expand to healthcare business which has favorable growth low risk and minimal impact from economic cycle. As a result, the Company had additional source of income from hospital business.

Revenue Structure

Type of Revenue	Operate by	2017		2016		2015	
		Million Baht	%	Million Baht	%	Million Baht	%
Revenue from Property business	PRINC, VB, VI, VR	476.4	21.3	286.9	13.8	257.1	59.4
Revenue from hospital business	PSV, SHV, PNP	1,690.4	75.5	1,716.8	82.9	-	-
Other income	CS	71.0	3.2	68.0	3.3	175.9	40.6
Total revenue		2,237.8	100.0	2,071.7	100.0	433.3	100.0

Products and services

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

a) Property Development for Rent

■ Hotel/Service Apartment

1. Marriott Executive Apartments Sathorn Vista, Bangkok, 187 keys 5-star hotel and serviced apartment 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	<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	

Marriott Executive Apartments Sathorn Vista, Bangkok	
Banquet and meeting room	<u>Name</u> Board Room
Other services	Spa
Commercial Operation Date	March 2009

2. Somerset Ekamai Bangkok is a property owned by V Residence Co., Ltd., the Company's subsidiary was 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 with 262 keys, a 14-storey apartment building and a 19-storey apartment building	
Location	Soi Ekamai 2 Sukhumvit 63 road (Ekamai), North Prakhonong, Wattana, Bangkok	
Room Type	<u>Room type</u>	<u>Number of rooms</u>
	1. Studio Executive	26 Tower AIM (A)
	2. Studio Executive Twin	13
	3. Studio Standard	9
	4. Studio Deluxe	42
	5. 1-Bedroom Classic	13
	6. 1-Bedroom Executive	13
	7. 1-Bedroom Premier	39 Tower Balance (B)
	8. 2-Bedroom Executive	13
	9. 2-Bedroom Premier	13
	10. 1-Bedroom Deluxe	12
	11. 2-Bedroom Deluxe	13 Tower Cheer (C)
	12. 3-Bedroom Executive	26
	13. 3-Bedroom Deluxe	20
	14. 3-Bedroom Premier	10

Somerset Ekamai Bangkok Project

Banquet/Meeting Room	5 meeting and training rooms
Investment value	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 lease 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	88 units
Target group	Medium-sized and large-sized Thai and foreign companies that need office area in the size range from 100-900 sq.m. in Sukhumvit and Ekamai area
Book value of project	Baht 510.70 million (As of December 31, 2017)

- **Property for Sale**

The Company has a policy to expand its business into property development for sale by investing in Vbrilliant Group. This was enabled the Company to acquire land and building, which will be developed as a condominium project for sale in Bangkok and 5 land plots for development in the country. The details are as follows:

Projects in Bangkok

Land and Building in Soi Sukhumvit 29

Owner	Bangkok Management Co., Ltd.
Property type	9 plots of land with total area of 1-2-51 rai with 2-storey hotel building and 4 commercial buildings (3-storey)
Location	Soi Sukhumvit 29, Klongtoey Nue, Wattana, Bangkok

Land and Building in Soi Sukhumvit 29

Book value	Baht 1,040.18 million (as of December 31, 2017)
Appraisal value	Baht 1,106.70 million as appraised by Year Appraisal Co., Ltd. by using market value approach
Development plan	The Company plans to develop this project as a condominium project for sale
Project development period	Year 2018
Revenue recognition period	Year 2021-2022
Project value	Baht 4,000 million
Investment cost	Baht 2,200 million
Progress of the project	Project feasibility study

Projects in provincial area

1) Land in Saraburi

Owner	V Brilliant Group Holding Co., Ltd.
Property type	2 land plots with gross area of 10-0-0 rai
Location	Tambol Muaklek, Amphoe Muaklek, Saraburi province
Book value	Baht 30.0 million (as of December 30, 2017)
Appraisal value	Baht 30.0 million appraised by Year Appraisal Co., Ltd. by using market value approach
Project development plan	The Company plans to develop a duplex project
Project value	Baht 280 million
Project development period	Year 2018- 2020
Progress of the project	Project feasibility study
Feasibility and related risks	The Company will reassess the project feasibility considering market and economic conditions as well as legal restrictions at the project development period. If it is not feasible, the Company shall have the right to sell back the land to the Seller within 3 years from the acquisition date.

2) Land in Ang-Thong

Owner	V Brilliant Group Holding Co., Ltd.
Property type	4 land plots with gross area of 49-3-93 rai
Location	Tambol Taladkruod Amphoe Muang Angthong, Angthong province
Book value	Baht 73.71 million (as of December 30, 2017)
Appraisal value	Baht 81.59 million appraised by Year Appraisal Co., Ltd. by using market value approach
Project development plan	The Company plans to develop a town home project
Project value	Baht 1,700 million
Project development period	Year 2017-2022
Progress of the project	Project feasibility study
Feasibility and related risks	The Company will reassess the project feasibility considering market and economic conditions as well as legal restrictions at the project development period. If it is not feasible, the Company shall have the right to sell back the land to the Seller within 3 years from the acquisition date.

3) Land in Chiangmai

Owner	V 33 Co., Ltd.
Property type	1 land plot with total area of 30-0-3 rai
Location	Tambol Rintai, Amphoe Maerim, Chiangmai Province
Book value	Baht 150.0 million (as of December 31, 2017)
Appraisal value	Baht 150.04 million as appraised by Year Appraisal Co., Ltd. by using market value approach
Project Development Plan	The Company plans to develop a single-detached house project
Project value	Bath 700 million
Project development period	Year 2017-2021
Progress of the project	Project feasibility study
Feasibility and related risks	The Company will reassess the project feasibility considering market and economic conditions as well as legal restrictions at the project development period. If it is not feasible, the Company shall have the right to sell back the land to the seller within 3 years from the acquisition date.

4) Land in Rayong

Owner	Bangkok Management Co., Ltd.
Property type	4 vacant land plots with total area of 40-0-58.9 rai
Location	Tambol Banchang, Amphoe Banchang, Rayong Province
Book value	Baht 96.93 million (as of December 31, 2017)
Appraisal value	Baht 120.44 million as appraised by Year Appraisal Co., Ltd. by using market value approach
Project Development Plan	The Company plans to develop town home, duplex and single-detached house project
Project value	Baht 1,300 million
Project development period	Year 2017-2022
Progress of the project	Project feasibility study
Feasibility and related risks	The Company will reassess the project feasibility considering market and economic conditions as well as legal restrictions at the project development period. If it is not feasible, the Company shall have the right to sell back the land to the Seller within 3 years from the acquisition date.

5) Land in Udonthani

Owner	Bangkok Management Co., Ltd.
Property type	17 vacant land plots with total area of 5-3-35.2 rai
Location	Tambol Makkang Amphoe Muang Udonthani, Udonthani province
Book value	Baht 118.07 million (as of December 31, 2017)
Appraisal value	Baht 128.44 million as appraised by Year Appraisal Co., Ltd. by using market value approach
Project Development Plan	The Company plans to develop a condominium for sale project
Project value	Baht 1,050 million
Project development period	Year 2019-2023
Progress of the project	Project feasibility study
Feasibility and related risks	The Company will reassess the project feasibility considering market and economic conditions as well as legal restrictions at the project development period. If it is not feasible, the Company shall have the right to sell back the land to the Seller within 3 years from the acquisition date.

b) Hospital Business and Hospital Management

a. 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 accept the transfer of hospital business from Thai Health Maintenance Organization Co., Ltd. (“THM”) that operates private hospital business located at Bangplee district, Samut Prakarn province and 3 Medical Clinics in Bangkok. The Company accepted the hospital of THM, assets, liabilities, licenses that are necessary to operate hospital business, employee that intend to continue working for the Company, rights and obligation that THM has on the business transfer date under Business Transfer Agreement between the Company and THM.

Princ Hospital Suvarnabhumi is a 200-bed hospital that has capacity to service 600 out-patients 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 |

In addition, there are 3 medical clinics which are Princ Hospital Medical Clinic Ram 2 branch, Princ Hospital Medical Clinic Udomsuk branch and Princ Hospital Medical Clinic Wat Klum branch.

■ Private Hospitals in Provincial Area

The Company operates private hospital business in the provincial area via Principal Healthcare Co., Ltd. (PHC), a subsidiary with 99.99% shareholding. PHC invested in the group of companies which operate 4 hospitals in 3 provinces. The details are as follows:

● **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 out-patient and in-patient. The hospital has medical specialist and clinics as follows

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

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

● **Sahavej Hospital** - This hospital is 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 out-patients and in-patients. The hospital has medical specialist 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

● **Paknampo Hospital and Paknampo 2 Hospital** - 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 service. The hospitals has medical specialist and clinics as follows:

- Emergency Center
- Dental Clinic
- Gastrointestinal and Liver Clinic
- ICU
- Internal Medicine Clinic
- Neuroscience Department
- Physical Therapy Department
- Pediatric Clinic
- Diagnostic Radiography
- Heart and Cardiovascular Clinic
- Infectious Disease Clinic
- Laboratory
- Orthopedic Clinic
- General Surgery Clinic

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, 2017 the capacity of the hospitals in the Group was as follows:

1. Pitsanuvej Hospital

	2015	2016	2017
Out-Patient Department (OPD)			
Number of Room (average)	25	30	35
Number of days	365	366	365
Maximum capacity to serve Out-Patient (times)	228,125	274,500	319,375
Actual service to Out-Patient (times)	202,005	212,831	185,872
Utilization rate (%)	88.55	77.53	58.19
In-Patient Department (IPD)			
Number of bed available for In-Patient (average)	150	150	141
Number of days	365	366	365
Maximum capacity to serve In-Patient (Bed)	54,750	54,900	51,465
Actual available beds for In-Patient (Bed)	51,263	53,172	42,354
Occupancy rate (%)	93.63	96.85	82.29

2. Sahavej Hospital

	2015	2016	2017
Out-Patient Department (OPD)			
Number of Room (average)	7	8	9
Number of days	365	366	365
Maximum capacity to serve Out-Patient (times)	76,650	87,840	98,550
Actual service to Out-Patient (times)	99,275	98,147	96,548
Utilization rate (%)	129.51	111.74	97.97
In-Patient Department (IPD)			
Number of bed available for In-Patient (average)	90	90	90
Number of days	365	366	365
Maximum capacity to serve In-Patient (Bed)	32,850	32,940	32,850
Actual available beds for In-Patient (Bed)	22,391	21,428	15,371
Occupancy rate (%)	68.16	65.05	46.79

3. Paknampo Hospital

	2015	2016	2017
Out-Patient Department (OPD)			
Number of Room (average)	14	14	40
Number of days	365	366	365
Maximum capacity to serve Out-Patient (times)	127,750	127,775	292,000
Actual service to Out-Patient (times)	83,687	65,760	50,770
Utilization rate (%)	65.50	51.46	17.39
In-Patient Department (IPD)			
Number of bed available for In-Patient (average)	100	100	92
Number of days	365	366	365
Maximum capacity to serve In-Patient (Bed)	36,500	36,600	33,400
Actual available beds for In-Patient (Bed)	22,873	23,078	22,776
Occupancy rate (%)	62.66	63.05	68.19

4. Paknampo 2 Hospital

	2015	2016	2017
Out-Patient Department (OPD)			
Number of Room (average)	13	13	26
Number of days	365	366	365
Maximum capacity to serve Out-Patient (times)	118,625	118,950	237,250
Actual service to Out-Patient (times)	26,640	50,035	50,483
Utilization rate (%)	22.45	42.06	21.27
In-Patient Department (IPD)			
Number of bed available for In-Patient (average)	100	100	100
Number of days	365	366	365
Maximum capacity to serve In-Patient (Bed)	36,500	36,600	33,400
Actual available beds for In-Patient (Bed)	12,565	23,078	22,776
Occupancy rate (%)	34.42	63.05	68.19

Future Project

Pitsanuvej Co., Ltd., one of the Company's subsidiaries acquired 8 land plots with total area of 28-2-78.1 rai located on Pitsanulok-Denchai Road, Muang Uttaradit District, Uttaradit Province. It plans to develop a hospital namely Pitsanuloke Uttaradit Hospital which will be operated by Pitsanuloke Uttaradit Hospital Co., Ltd.

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:

a. **PeopleSoft Human Capital Management** - The Company implements PeopleSoft, a software by Oracle, for Human Capital Management (HCM), 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, Training Administration seamlessly, and in real time. The organizations are thus able to manage effectively, with all data from every section being centralized, and without conflicts of information, leading to a decrease in both redundant work processes and costs.

b. **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, pharmaceutical and medicine, radiology system, In-patient management system, operation room system, labor room system, nutrition management system, patient data management system, and financial system

c. **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.

d. **SAP Software** by Software Application Product In Data Processing from Germany. It is an 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 process 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.

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. The support 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.

Market and competition

Overview of Thai Economy

In 2017 Thai economy is expected to grow at 3.9% from previous year that grew at only 3.3%. The key supporting factor was the continuous growth in the export goods and services in the second half of the year which is forecasted to increase by 6%. Such growth was resulting from the growth in the economy of the important trade partners and the increase in number of tourists. Meanwhile the private investment showed the recovery sign in the Public consumption also increases continuously by 2.4%. However, public investment tends to decelerate at 4.3% from the delay in utilizing budget for public investment under additional budget 2017. But it expects that the gradual disbursement will support the economic growth next year.

Source: Thai economic forecast report 2017 and 2018 by Ministry of Finance Issue 122/2017 dated October 30, 2017

1) Overview of Tourism and Hotel Industry

Bangkok's tourism industry has been largely driven by ease of accessibility with improved international air connectivity following the completion of the Suvarnabhumi International Airport in 2006. The proliferation of the low cost carriers (LCC) industry in Asia, the expansion of air networks from both budget and full service airlines have enhanced the capital city's popularity as an intra-regional leisure destination in Asia.

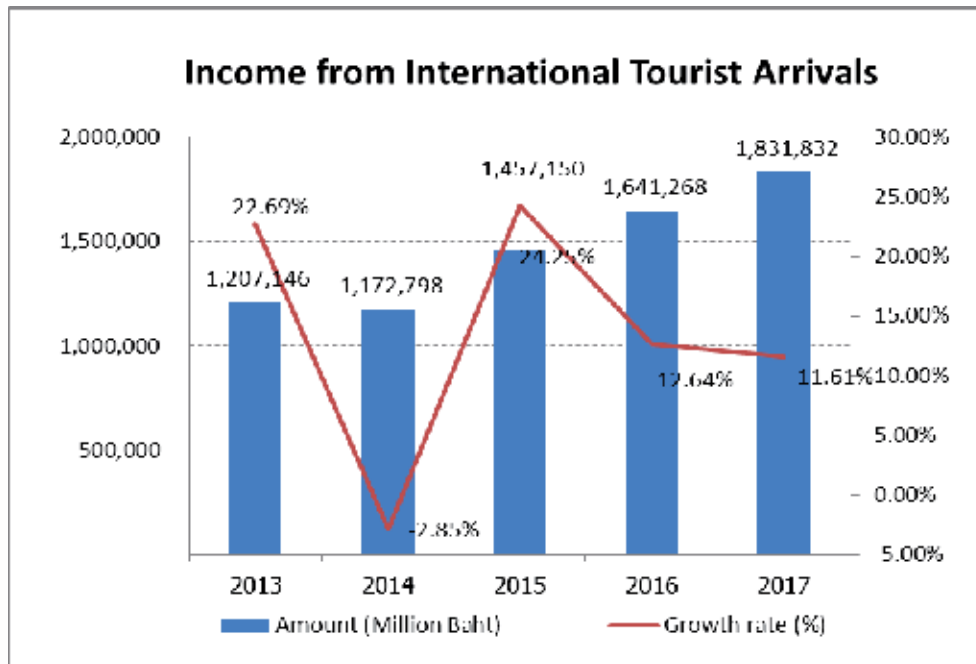
Bangkok has also positioned itself as a leading wellness center in Asia with the presence of many spa and wellness facilities. The medical tourism industry has also been growing and has benefited from international quality medical tourism facilities, many of which have gained wide recognition overseas.

Travel situation in Thailand during 2013-2016 has cumulative annual growth rate (CAGR) at 9.88% per year. In 2017 there were international tourist arrivals to Thailand totaling 35.38 million increasing by 8.6% comparing to 2016.



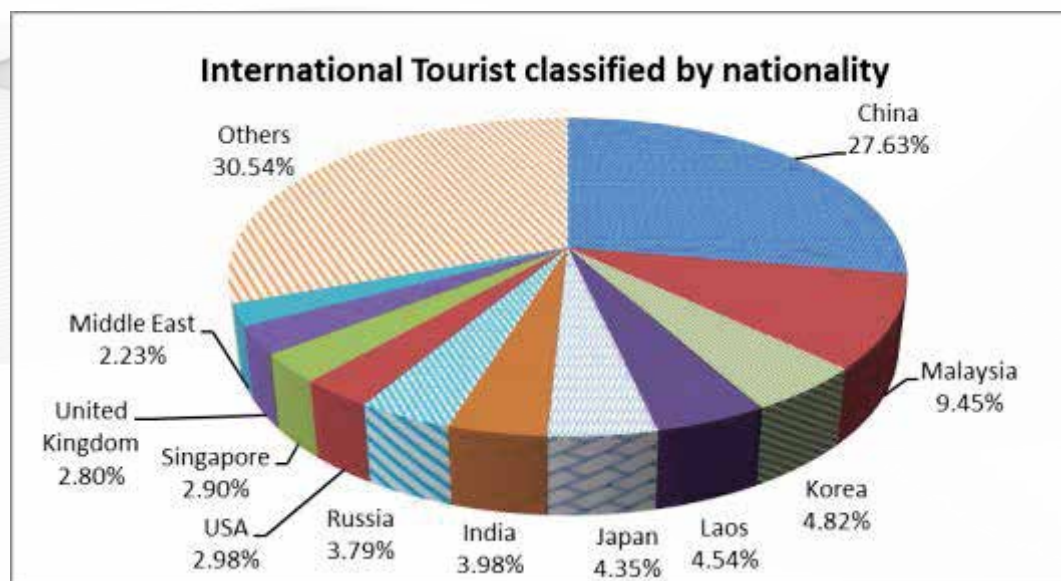
Source: Department of Tourism, Ministry of Tourism & Sports

The income from international visitors in 2017 worth around Baht 1.83 trillion was increased by 11.6% from Baht 1.64 trillion in 2016 which was the positive growth for 3 consecutive years.



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 Bangkok by nationality at Thailand's main International Airports, Mainland China remains the biggest source market in 2017 accounting for 27.63% of total international visitor arrivals. Malaysia is the second largest source market with a share of 9.45% followed by South Korea, which accounted for 4.8%

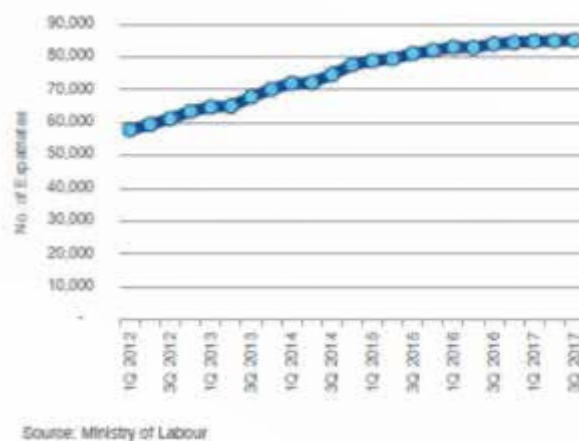
In conclusion, travel situation in Thailand in 2017 was favorable. The impact from the contraction of Chinese tourists that come with tour group after the crackdown of zero-dollar tour in 2016 improved together with the renewal of tourist visa exemption and the reduction of visa fee for Visa on Arrival to tourists from 21 countries until August 30, 2016 supported tourism growth. In addition, international tourists from Asia and Europe also support tourism sector in 2017 especially tourist from Russia that recovered from 2016.

2) Bangkok Serviced Apartment Market Overview

Serviced apartments are popular with foreign companies in Bangkok and with an increasing number of expatriates in the city and growing Foreign Direct Investment; long-stay demand has also grown significantly during the past few years.

According to latest statistics available from Department of Employment, there are 151,131 expatriates in Thailand as of November 2017, 87,280 of which are in Bangkok. The number of expatriates in Bangkok has been growing in the past few years. Most expatriates came from Japan (approximately 25%), followed by other Asian countries like China, South Korea, Taiwan and Malaysia as well as European countries.

The following chart shows the number of expatriates who work in Bangkok in quarterly basis



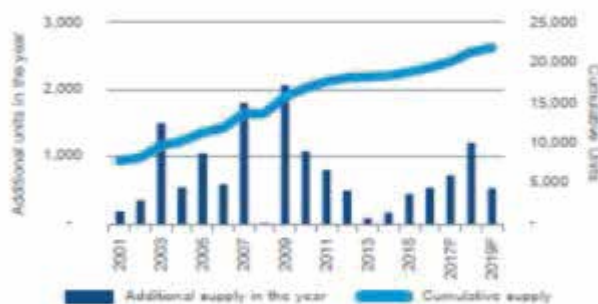
Existing Supply of Bangkok Serviced Apartment

At the end of Quarter 3/2017, there were totaling 20,142 units of Bangkok serviced apartment and more than 1,730 units were under construction and expected to complete in 2018-2019. Most of Grade A serviced apartments are located in Lumpini area. Although serviced apartment along Sukhumvit Road is popular, which accounted for

56% of total units. At present, other area is also attractive for investors because the skytrain project is under construction.

The following chart showed cumulative supply of serviced apartment in the past 17 years and the supply at the end of quarter 3/2017

Cumulative and future supply as of 3Q 2017



Source: Colliers International Thailand Research
Note: F = Estimated units expected to be completed in 2017-2019

The occupancy rate of serviced apartment in all Bangkok area is higher than 74% and in some area has occupancy rate at 90%. Central Business District area and along Sukhumvit Road is still popular with the average occupancy rate of higher than 80% due to the ease to transport and easy access to BTS. Furthermore, the rental rate is not as high as Central Lumpini area which reported the highest rental rate in Bangkok.

Source: Market Report for Bangkok Serviced Apartment in Quarter 3/2017 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 effect 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.

Overview of Office Building Business

The demand for office building in Bangkok increased continuously due to limited available office building supply. Research department of Colliers International Thailand disclosed about Bangkok office building market that total office building area at the end of Quarter 3/2017 was approximately 8,535 million square meters (sq.m.) and around 150,430 sq.m complete in 2017. By the end of 2017, Bangkok will have available office building supply of

8,685 sq.m. The additional area of 633,560 sq.m were under construction and expected to be completed in 2018-2021

The office buildings that are under construction and scheduled to complete in the future are as follows:

1. 548 Ploenchit Project is a new office building developed by Raimon Land Public Company Limited. Total area is 100,000 sq.m. located opposite to Central Embassy Ploenchit.
2. One Bangkok Project, the largest mixed-use project in Thailand by TCC Asset (Thailand) Co., Ltd. and Fraser Centerpoint on Rama IV Road.
3. T-One Project is an office building with area of 30,000 sq.m. located at Sukhumvit intersection and Sukhumvit 40. This project is developed by Tan Ing Asset Co., Ltd., "Ichitan" Green Tea drink's owner.
4. Whizdom 101 project, an office building with 30,000 sq.m. in the Mixed-Use project on Sukhumvit Road near Punnawithee BTS Station developed by Magnolia Quality Management Corporation.

Most of new office buildings that are scheduled to complete in 2018-2021 are located outside CBD because the developers want to develop an office building project in the area with lower land price. But the leasehold land in the CBD area is under construction and schedule to complete after 2021. The office building area that are scheduled to complete in 2022 will be higher than previous year. The new office building area in the CBD area is a part of large mixed-use project on the long-term leasehold land. Some projects are still not finalized so the completion date is an estimation.

In 2016 the occupied area in new office building was around 187,000 sq.m. and expected that the occupancy rate in 2017 would be nearly the same as 2016. In the first half of 2017 the occupied area is around 95,000 sq.m. The overall Thai economic outlook has favorable growth trend. Office building market continued to grow in 2017-2019.

The average occupancy rate of office building area continued to grow in 2017. Although the growth rate was lower than 2 years ago. However, the demand from Thai and multi-national companies drove up the occupancy rate. The new office buildings in the CBD area and along the BTS and MRT were fully occupied and there were no free large office area available for rent.

The rental rate was increasing continuously in 2017. Although it increased slightly in the past 1-2 years. Grade A and Grade B office building in the CBD area adjusted the rental rate due to high take up rate with limited few office space added to the market as well as continued demand in the past few years. Although the asking price of some office buildings are higher than Baht 1,200 per sq.m. per month, due to newer, more modernized and closer to MRT, other Grade A office buildings in the same location were offering at less than Baht 1,000 per sq.m. per month. Average rental rate of Grade A office building in the CBD area is around Baht 970 per sq.m. per month.

The average office building area available for rent around Bangkok is 9.7% while Grade A office building has available space for rent only 7%, reflecting high demand for good quality office.

Source : Market Reports for Bangkok Office in Quarter 3/2017 by Colliers International Co., Ltd.

Marketing Strategy

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

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:

- **Universal Coverage Scheme** : provides 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.

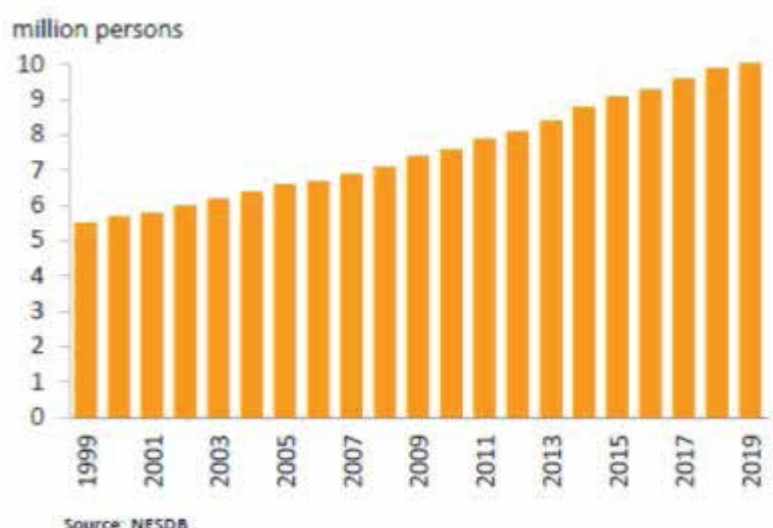
- **Social Security Scheme** : provides medical and healthcare service to private companies' employee. This scheme covers disability including child delivery, senility and unemployment. This scheme is under care of Social Security Office.
- **Civil Servant Medical Benefit Scheme** : provides medical 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 hospitals in the provincial area. Based on healthcare statistics by World Health Organization (WHO), it is found that the ratio of doctor to patient in Thailand is 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 of 9.1 million to 10.3 million in 2019 while the medical expenditure for senior citizen would 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.

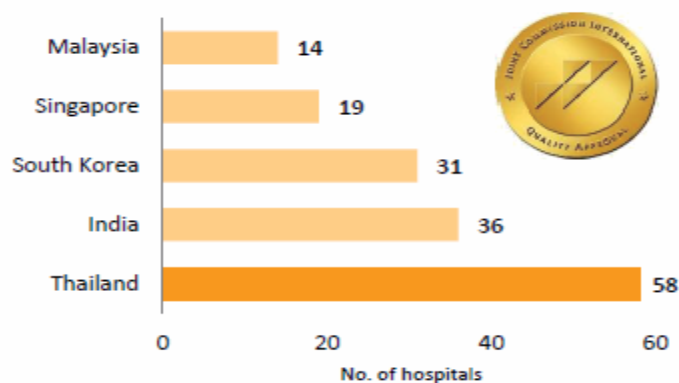
- **Government Policy supporting Medical sector as one of cluster in the Special Economic Zone and High Technology Industry**

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 push Thailand to be a 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.

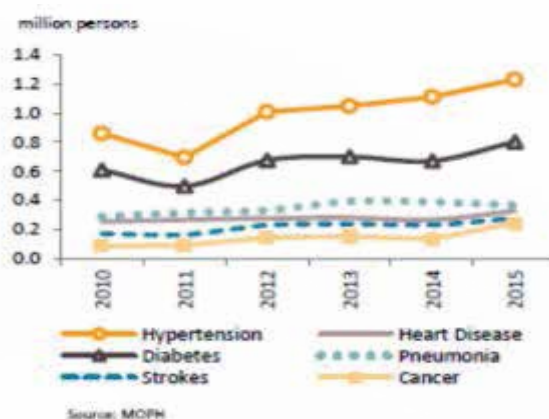


Source: Joint Commission International

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



Source: MOFH

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 SomdechPhraDeeparatana Medical Center of Ramathibodi Hospital) that have competitive advantage in term of its reputation medical technology and medical specialists.

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.

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

Competition

The hospitals of the subsidiaries are located in Samut Prakarn province and 3 provinces in the north of Thailand which are Pichit province, Pitsanuloke province and Nakorn Sawan province. There are plenty opportunity to grow for hospital business in those provinces because they are in populated province. The hospitals in the group is a leading hospital in its area considering from medical service personnel, number of beds as well as the reputation of the hospitals. 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 Suvarabhumi ^{1/}	Chularat Hospital 3	Samut Prakarn province
	Central Park Hospital	Samut Prakarn province
	Bangna Hospital 5	Samut Prakarn province
	Paolo Memorial Hospital	Samut Prakarn province
	Muang Samut Paknam Hospital	Samut Prakarn province
	Samrong General Hospital	Samut Prakarn province
Sahavej Hospital	Chai Arun Vejchakarn Hospital	Pichit province
	Srisukho Hospital	Pichit province
Pitsanuvej Hospital	Bangkok Hospital Pitsanuloke	Pitsanuloke provivnce
	Ruamphat Hospital	Pitsanuloke provivnce
	Pitsanulok Hospital	Pitsanuloke provivnce
Paknapo Hospital and Paknampo	Srisawan Hospital	Nakorn Sawan province
Hospital 2	Romchat Hospital	Nakorn Sawan province
	Ruamphat Hospital	Nakorn Sawan province

Remark : Previous name was Piyamin Hospital. Currently it is in the process to change the hospital name

Marketing Strategy and Competitive Advantage

1. **Princ Hospital** is located in the good location near Suvarabhumi Airport, Mega Bangna having large property projects near the hospital. There is medium income earner and high income earner community around the hospital. The hospital facility is ready to develop as a hospital in Tertiary Care level.

2. **Sahavej Hospital** is the first private hospital in Pichit Province. It has been operated for 26 years. The competitive advantage in various aspects include having capable specialist with expertise in all area, fully equipped with modern medical tools and equipment, have efficient management system and controllable cost. Furthermore, the medical fee is charged at reasonable rate and suitable for the target customers' household income. In addition, the hospitals in the group are able to provide secondary medical service which enhances the confidence to send the patient to cure specific disease.

3. Pitsanuvej Hospital

The 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.

4. Paknampo Hospital and Paknampo 2 Hospital

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

Customer Type

Target customers for Hospital in PHC Group can be classified into 2 following groups :

1. Cash customers include 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 customers include those who were admitted to the hospital that their employers enter into the contract with the hospitals. 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

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 overall software and software service growth was at 4.4% in 2016 and 2017 industry growth is forecasted at 4.3% with total market value of Baht 57,257 million. The main supporting factors of software industry growth are the economic recovery, prompt pay project in banking sector. This stimulated the investment in software system and security information software. Moreover, there was the existent of 4G wireless network technology which has been approved in telecommunication

sector and broadband service expansion network projects all over the country. 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 2017 is as follows:

1. Artificial Intelligence Foundation
2. Intelligent Apps and Analytics
3. Intelligent Things
4. Digital Twin
5. Cloud to the Edge
6. Conversational Platforms
7. Immersive Experience
8. Blockchain
9. Event Driven
10. Continuous Adaptive Risk and Trust

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 distributors 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.

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.

Products or Services Procurement

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

Hospital Business and Hospital Management

- **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 plans 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, and 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.

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 counterparts 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.

Tasks Pending for Delivery

-None-

Risk Factors

Risk to Business Operation

1) 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 country

The Company acquired 5 land plots in the country from the investment in V Brilliant Group. 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 as a project for sale or for rent or 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 Cost Overrun and Delay Construction

The Company has scheduled to develop a condominium project in Sukhumvit 29 during the year 2018-2020. Referring to an increasing construction material pricing index in 2014-2017, the Company may be exposed to the risk of cost overrun from higher construction materials. To mitigate such risk, the Company plans to hire a reputable property consultant to work collaboratively in defining the project layout and assess an initial investment budget. In analyzing the project feasibility, the Company has additionally reserved 5% of construction cost as contingency for any possible cost overrun. The Company also plans to conclude a turn-key construction contract which clearly states the construction value and project delivery period in order to be able to estimate the required project cost and complete the project by the specified timeline.

Risk from Change of Property Tax

The Cabinet approved a new Land and Buildings Tax Bill which will replace the Household Tax and Land Act B.E. 2475 and Community Development Tax Act B.E. 2508 as recommended by the Finance Ministry. This new Bill will become the law in 2019. The change in Land and Building Tax would cause an increase in property tax expense. This is because the Company owns land and building value over Baht 50 million since the property is located in central business district area. 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.

2) Hospital Business and Hospital Management

Intense competition in hospital business

Despite its good 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 an 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, current directors and management structure of the Company comprises of physicians (Dr. Pongsak Viddayakorn, M.D. and Dr. Soontorn Sritha, M.D.)

with knowledge, experience, and expertise in hospital management. Thus, the Company views that it is well prepared for management of hospitals in PHC Group and there should be no risk regarding management of hospital by inexperienced management.

Time required for income generation to cover the cost of investment in renovation of Paknampo Hospital and Paknampo 2 Hospital in 2014 - 2017

In 2014 – 2016 Paknampo Hospital invested in land for hospital expansion and in hospital renovation and procurement of medical tools and equipment, and also invested in Paknampo 2 Hospital to expand its hospital network, with a total budget spent of more than Baht 1,000 million. The overall healthcare market in Nakhon Sawan Province has not grown as fast as in Pitsanuloke Province. Its closer proximity to Bangkok provides patients who need complex medical treatment with an alternative to turn to private hospitals in Bangkok. As such, Paknampo Hospital's revenues may increase gradually (not as rapidly as desired), depending on the success in marketing, the quality and adequacy of physicians, and the service quality to attract customers to use its services instead of the hospitals in Bangkok or elsewhere.

Furthermore, from the previous land purchase for its hospital expansion, Paknampo Hospital has three plots of vacant land available for future development, two plots of which are being used as car park and **one plot has** just been transferred on September 8, 2017 at a value of approximately Baht 72 million. At present, it still has no plan for any new building construction, while it is necessary to acquire land nearby to be readily available for future network expansion. As a result, Paknampo Hospital may still not earn a worthwhile rate of return on assets or return on investment in the near term, but this will take a certain period of time.

Though Paknampo Hospital and Paknampo 2 Hospital are approximately 3 km. from each other, they are not competitors since both have different target group. Paknampo Hospital which is located on Phahonyothin Road shall focus on Emergency Center while Paknampo 2 Hospital which is located in central area of Nakhon Sawan Province shall focus on Pediatric Center.

Risk associated with hospital business expansion

Pitsanuloke Medical Co., Ltd., a subsidiary in Principal Healthcare Group (PHC) which holds shares in Pitsanuvej Uttaradit Hospital, plans to expand their scope of services by construction of Pitsanuvej Uttaradit Hospital in Uttaradit Province. The project development is divided into two phases, phase 1 featuring the construction of Pitsanuvej Uttaradit Hospital on land area of about 11 rai and phase 2 featuring the development of a new business or economic center of the province on land area of 17 rai. In phase 1 with an outlay of Baht 500 million (including land), a new four-storied hospital will be established to offer secondary care services with a 50-bed capacity. It will be located in the intersection area that heads towards downtown of Uttaradit Province which is not far from Pitsanuloke Province and is one of the seven provinces in the lower northern region that offer patient referrals to

Pitsanuvej Hospital in Pitsanuloke Province, thereby contributing to sharing of resources. For instance, a critical case that is beyond the capacity of Pitsanuvej Uttaradit Hospital will be transferred to Pitsanuvej Hospital (Pitsanuloke Province) for an advanced level of treatment, whereby the patient will not have to travel long distance. Besides, the Thai-Lao border crossing at Phu Du Checkpoint in Ban Khok District of Uttaradit Province may help to enhance the province's potential and allow for market penetration in some cities of Lao PDR.

As such, the Company may face with risk concerning the new hospital construction in terms of, 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 conduct a feasibility study to reassure its viability and 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 PUH can charge a penalty from the main contractor in the event that it fails to complete the construction by the timeline mutually agreed upon 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 PHC 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, Pitsanuloke Medical Co., Ltd. (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, PHC Group has consistently invested

in modern medical tools and equipment. However, the current fast-changing medical technology may leads to frequent changes in technology for some medical equipment which may involve a high maintenance cost, thus likely affecting investment worthiness. PHC Group, however, has a policy to determine 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 benefit 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. PHC Group has developed service quality and applied modern treatment technology. Moreover, it has medical malpractice 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 years-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 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 experience any significant damages from granting credits. Besides, the trade credit offered by the Company and its subsidiaries has no significant concentration 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) Information Technology Service 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.

Financial Risk

Risk of Capital Structure and Liquidity

After entering into the business acquisition of V Brilliant Group, the Company had additional debts arose from the promissory notes of Baht 510.51 million and after the acquisition of Principal Healthcare Group there was loan from banks of Principal Healthcare Group of Baht 1,027.6 million as of December 31, 2017 there was loan from banks of Baht 1,240.6 million with no loan from directors.

Moreover, the Company had debt financing obligation to develop a condominium project in Sukhumvit 29. Total investment in 2018 – 2019 is expected to be Baht 2,643 million. However, debt to equity ratio is still at the low level. The incurring of additional debt would not increase 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 the 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, 2017, the Company had total credit line from banks of approximately Baht 1,400 million with loan outstanding of Baht 1,762 million (including long-term promissory note to related party).

Risk of Management

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

As of March 23, 2018, major shareholder was Viddayakorn Group that held 2,890,051,343 shares representing 89.196% 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.

Major Assets in Business Operation

Major Assets of the Company

As of December 31, 2017, the Company's main assets including land and building were as follows:

- Hotel/Serviced Apartment Business

Project name and location	Project Type	Area (Rai-Ngan-Sq.wa)	Book Value As of Dec. 31, 2017 (Million Baht)	Owner	Obligation
Marriott Executive Serviced Apartments Sathorn Vista-Bangkok Tungmahamek, Sathorn Bangkok	Serviced Apartment	2-0-34.3	1,320.12	Company	-
Somerset Ekamai Bangkok Serviced Apartment Soi Ekamai 2, Ekamai Road, Bangkok	Serviced Apartment	5-1-94	2,199.16	V Residence Co., Ltd.	Mortgage as collateral for bank

- Office area for Rent Business

Project name and location	Project Type	Area (Rai-Ngan-Sq.wa)	Book Value As of Dec. 31, 2017 (Million Baht)	Owner	Obligation
Bangkok Business Center Sukhumvit 63 Road, Bangkok	Office area for Rent	1-3-9	510.70	V Intelligence Co., Ltd.	Mortgage as collateral for bank

- Land and Building for Rent

Project name and location	Project Type	Area (Rai-Ngan-Sq.wa)	Book Value As of Dec. 31, 2017 (Million Baht)	Owner	Obligation
RetrOasis Hotel Soi Sukhumvit 29, Sukhumvit Road, Bangkok	Hotel	1-2-51	1,040.18	Bangkok Management Co., Ltd.	-

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

- Vacant land for project development

No.	Property Type/Location	Net Book Value As of Dec. 31, 2017 (Million Baht)	Ownership	Obligation
1	Vacant land with a total area of 49-3-93 rais, located in Amphoe Mueang Ang Thong, Ang Thong Province	73.71	V Brilliant Group Holding Co., Ltd.	-
2	Vacant land with a total area of 10 rais, located in Amphoe Muak Lek District, Saraburi Province	30.0	V Brilliant Group Holding Co., Ltd.	-
3	Vacant land with a total area of 30-0-3 rais, located in Amphoe Mae Rim, Chiang Mai Province	150.0	V33 Co., Ltd.	-
4	Vacant land with a total area of 40-0-58.90 rais, located in Amphoe Ban Chang, Rayong Province	96.93	Bangkok Management Co., Ltd.	-
5	Vacant land with a total area of 5-3-35.2 rais, located in Amphoe Mueang Udonthani , Udonthani Province	118.07	Bangkok Management Co., Ltd.	-

Hospital Business and Hospital Management

a) Main Assets in Hospital Business Operation

No.	Property Type/Location	Net Book Value As of Dec. 31, 2017 (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	-
	-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	-
	Building	70.56	Owned	-
	Medical Tool and Equipment	142.75	Owned	-
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/}
	Building	79.61	Owned	Krungthai Bank PCL ^{2/}
	Medical Tool and Equipment	20.72	Owned	
3.	Paknampo Hospital Co., Ltd. (Paknampo Hospital, Paknampo 2 Hospital)			
	-Land 13-0- 98.4 Rai Muang Nakornsawan District, Nakornsawan Province	348.80	Owned	Thanachart Bank PCL.
	Building	646.75	Owned	
	Work in Progress	374.15	Owned	
	Medical Tool and Equipment	185.75	Owned	
	Land and 3 Shop Houses	41.00	Owned	
	2-Storey Town House	0.38	Owned	
	Land 1-1-93.2 Rai Muang Nakornsawan District, Nakornsawan Province	72.00	Owned	
4.	Pitsanuvej Pattana Co., Ltd.			
	Land 2-0- 9 Rai Muang Pitsanuloke District, Pitsanuloke Province	70.76	Owned	

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.

Progress of the Business in 2017

The change and major development of Principal Capital Public Company Limited is as follows:

2018

- The Company obtained Anti-Corruption Certification from joining Private Sector Collective Action Coalition Against Corruption Project on February 12, 2017.
- Alliance Medical Asia Co., Ltd. is renamed to Principal Healthcare Co., Ltd. on January 25, 2018
- The Company renamed “Piyamin Hospital” to “Princ Hospital Suvarnabhumi which the Company purchased and accepted the business transfer of Thai Health Management Organization Co., Ltd. (“THM”) which operates a private hospital business under the name “Piyamin Hospital” located in Samut Prakarn province and 3 Piyamin medical clinics in Bangkok. The Company accepts the transfer of the hospital business of THM, including its assets, liabilities, permits and licenses necessary for its hospital business operation, 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 “Business Transfer Agreement”), 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 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. The transfer of the hospital business from THM has been completed on February 27, 2018.

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 acquired the business of Alliance Medical Asia Co., Ltd ("ALN")'s group of companies through the purchase of 268,374,998 shares representing approximately 99.99% of ALN'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) Pitsanuvej Co., Ltd. 2) Paknampo Hospital Co., Ltd 3) Union Pichit Doctors Co., Ltd. 4) Pitsanuvej Uttradit 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)
- The Company amended its objective and Memorandum of Association for hospital business operation.

Capital Structure and Overview

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 investment in subsidiaries can be summarized as follows:

Company name	Type of business	Register Country	Shareholding (%)	
			2016	2017
Principal Investment Co., Ltd.	Business consultancy service	Thai	99.99	99.99
Convergence Systems Co., Ltd.	Information Technology Services	Thai	99.99	99.99
Bangkok Center District Co., Ltd.	Property development	Thai	99.99	99.99
V Brilliant Group Holding Co., Ltd.	Property development and Investment in subsidiaries	Thai	99.99	99.99
V Intelligence Co., Ltd. ^{1/}	Office area for lease	Thai	99.99	99.99
V 33 Co., Ltd. ^{1/}	Property development	Thai	99.99	99.99
V Residence Co., Ltd. ^{1/}	Hotel and serviced apartment	Thai	99.99	99.99
Bangkok Management Co., Ltd. ^{1/}	Property development and property for rent	Thai	99.99	99.99
Principal Healthcare Co., Ltd. ^{2/}	Holding Company	Thai	-	99.99
Pitsanuloke Medical Co., Ltd. ^{3/}	Private Hospital	Thai	-	59.99
Union Pichit Doctors Co., Ltd. ^{3/}	Private Hospital	Thai	-	59.99
Pitsanuvej Uttaradit Co., Ltd. ^{3/}	Private Hospital	Thai	-	59.99
Pitsanuvej Pattana Co., Ltd. ^{3/}	Private Hospital	Thai	-	59.99
Paknampo Hospital Co., Ltd. ^{3/}	Private Hospital	Thai	-	90.92

Company name	Type of business	Register Country	Shareholding (%)	
			2016	2017
P.N.P. Hospital Co., Ltd. ^{3/}	Private Hospital	Thai	-	99.99

Remark : 1/ The Company has indirect shareholding via V Brilliant Group Holding Co., Ltd.

2/ Previous name is Alliance Medical Asia Co., Ltd.

3/ The Company has indirect shareholding via Principal Healthcare Co., Ltd.

4/ The business has not commenced yet

Number of registered capital and paid up capital

As of December 31, 2017 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.

Shareholders

List of shareholders and percentage of shareholding on the book closing date as of March 23, 2018 was as follows:

Shareholder Name	No. of Shares	% of Total Shares
1. UBS AG Hong Kong Branch	1,262,060,526	38.95
2. Dr. Satit Viddayakorn	972,199,200	30.01
3. Miss Satita Viddayakorn	480,054,588	15.37
4. Peak Development Holdings Ltd.	157,737,029	4.87
5. Mr. Chuchart Pecthumpai	38,735,500	1.196
Other shareholders	311,300,677	9.068
Total	3,240,087,520	100.00

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 because the Company is in the period of business expansion. Therefore, the dividend payment policy may be adjusted based upon the Company's results of operations, 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 for the aim to maximize benefits for the shareholders.

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, hospital business and private hospital management business
Head office location	23th Floor Bangkok Business Center Building 29 Sukhumvit 63, Klongtan Nua, Wattana, Bangkok 10110
Branch location	1) No. 1 Soi Suan Plu, Sathorn, Thungmahamek, Bangkok 10120 2) No. 35/2 Moo 12, Bangna-Trad Road, Bangkaew, Bangplee, Samut Prakarn 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

2) Principal Investment Company Limited

Company name	Principal Investment Company Limited
Business type	Business Consultancy Service
Location	23th Floor Bangkok Business Center Building 29 Sukhumvit 63, Klongtan Nua, Wattana, Bangkok 10110
Registration Number	0105556449227
Registered Capital	Baht 10,000,000 consisting of 1,000,000 common shares at par value of Baht 10 per share
Paid up Capital	Baht 10,000,000 consisting of 1,000,000 common shares at par value of Baht 10 each
Telephone	02-714-2184
Fax	02-714-2185

3) Convergence System Company Limited

Company name	Convergence Systems Company Limited
Business type	Information Technology Business
Location	23th Floor Bangkok Business Center Building 29 Sukhumvit 63, Klongtan Nua, Wattana, Bangkok 10110
Registration Number	0105551095249
Registered Capital	Baht 50,000,000 consisting of 5,000,000 common shares at par value of Baht 10 each
Paid up Capital	Baht 50,000,000 consisting of 5,000,000 common shares at par value of Baht 10 each
Telephone	02-714-1378
Fax	02-714-3478

4) Bangkok Center District Company Limited

Company name	Bangkok Center District Company Limited
Business type	Property development business
Location	23th Floor Bangkok Business Center Building 29 Sukhumvit 63, Klongtan Nua, Wattana, Bangkok 10110
Registration Number	0105558144911
Registered Capital	Baht 300,000,000 consisting of 30,000,000 common shares at par value of Baht 10 each
Paid up Capital	Baht 75,000,000 consisting of 7,500,000 common shares at par value of Baht 10 each
Telephone	02-714-2173
Fax	02-714-2185

5) V Brilliant Group Holding Company Limited

Company name	V Brilliant Group Holding Company Limited
Business type	Property development business
Location	23th Floor Bangkok Business Center Building 29 Sukhumvit 63, Klongtan Nua, Wattana, Bangkok 10110
Registration Number	0105556006937
Registered Capital	Baht 6,300,900,000 consisting of 583,600,000 common shares at par value of Baht 10 each and 49,490,000 preferred shares at par value of Baht 10 each
Paid up Capital	Baht 6,300,900,000 consisting of 583,600,000 common shares at par value of Baht 10 each and 49,490,000 preferred shares at par value of Baht 10 each
Telephone	02-714-8239
Fax	02-714-2185

6) V Intelligence Company Limited

Company name	V Intelligence Company Limited
Business type	Office building for lease
Location	23th Floor Bangkok Business Center Building 29 Sukhumvit 63, Klongtan Nua, Wattana, Bangkok 10110
Registration Number	0105556007003
Registered Capital	Baht 200,000,000 consisting of 20,000,000 common shares at par value of Baht 10 each
Paid up Capital	Baht 200,000,000 consisting of 20,000,000 common shares at par value of Baht 10 each
Telephone	02-714-8239
Fax	02-714-2185

7) V 33 Company Limited

Company name	V 33 Company Limited
Business type	Property development
Location	23th Floor Bangkok Business Center Building 29 Sukhumvit 63, Klongtan Nua, Wattana, Bangkok 10110
Registration Number	0105557152309
Registered Capital	Baht 500,000,000 consisting of 50,000,000 common shares at par value of Baht 10 each
Paid up Capital	Baht 300,000,000 consisting of 50,000,000 common shares at par value of Baht 10 each with paid up value of Baht 6 each
Telephone	02-714-2171
Fax	02-714-2185

8) V Residence Company Limited

Company name	V Residence Company Limited
Business type	Hotel and serviced apartment
Location	23th Floor Bangkok Business Center Building 29 Sukhumvit 63, Klongtan Nua, Wattana, Bangkok 10110
Registration Number	0105556015847
Registered Capital	Baht 700,000,000 consisting of 70,000,000 common shares at par value of Baht 10 each
Paid up Capital	Baht 700,000,000 consisting of 70,000,000 common shares at par value of Baht 10 each
Telephone	02-714-2171
Fax	02-714-2185

9) Bangkok Management Company Limited

Company name	Bangkok Management Company Limited
Business type	Property development and property for rent
Location	23th Floor Bangkok Business Center Building 29 Sukhumvit 63, Klongtan Nua, Wattana, Bangkok 10110
Registration Number	0105535092052
Registered Capital	Baht 2,850,600,000 consisting of 28,506,000 common shares at par value of Baht 100 each
Paid up Capital	Baht 2,850,600,000 consisting of 28,506,000 common shares at par value of Baht 100 each
Telephone	02-714-2171
Fax	02-714-2185

10) Principal Healthcare Co., Ltd

Company name	Principal Healthcare Co., Ltd.
Business type	Holding company
Address	23th Floor Bangkok Business Center Building 29 Sukhumvit 63, Klongtan Nua, Wattana, Bangkok 10110
Registration Number	0125557004113
Registered Capital	Baht 2,683,750,000 consisting of 1,372,000 preferred shares and 267,003,000 ordinary shares at par value of Baht 10 each.
Paid up Capital	Baht 2,683,750,000 consisting of 1,372,000 preferred shares and 267,003,000 ordinary shares at par value of Baht 10 each
Telephone	02-714-2173
Fax	02-714-2185

11) Pitsanuloke Medical Co., Ltd

Company name	Pitsanuloke Medical Co., Ltd.
Business type	Hospital Business
Address	211 Khunpirentornthep Road, Naimuang, MuangPitsanuloke, Pitsanuloke Province
Registration Number	0655524000033
Registered Capital	Baht 125,000,000 consisting of 125,000 common shares at par value of Baht 1,000 each.
Paid up Capital	Baht 125,000,000 consisting of 125,000 common shares at par value of Baht 1,000 each.
Telephone	055-909-000
Fax	055-909-005

12) Union Pichit Doctors Co., Ltd

Company name	Union Pichit Doctors Co., Ltd.
Business type	Hospital business
Address	2/158 Srimala Road, Naimuang, MuangPichit, Pichit Province
Registration Number	0665532000039
Registered Capital	Baht 100,000,000 consisting of 985,000 common shares at par value of Baht 100 each and 15,000 preferred shares at Baht 100 each
Paid up Capital	Baht 100,000,000 consisting of 985,000 common shares at par value of Baht 100 each and 15,000 preferred shares at Baht 100 each
Telephone	056-612-791, 056-612-792
Fax	056-612-794-5

13) Pitsanuvej Uttaradit Hospital Co., Ltd

Company name	Pitsanuvej Uttaradit Hospital Co., Ltd.
Business type	Hospital business
Address	211 Khunpirentornthep Road, Naimuang, MuangPitsanuloke, Pitsanuloke Province
Registration Number	0655560001044
Registered Capital	Baht 1,000,000 consisting of 100,000 common shares at par value of Baht 10 per share
Paid up Capital	Baht 1,000,000 consisting of 100,000 common shares at par value of Baht 10 per share
Telephone	055-909-000
Fax	055-909-005

14) Pitsanuvej Pattana Hospital Co., Ltd

Company name	Pitsanuvej Pattana Hospital Co., Ltd.
Business type	Hospital business
Address	211 Khunpirentornthep Road, Naimuang, MuangPitsanuloke, Pitsanuloke Province
Registration Number	0655560001745
Registered Capital	Baht 1,000,000 consisting of 100,000 common shares at par value of Baht 1,000 each
Paid up Capital	Baht 1,000,000 consisting of 100,000 common shares at par value of Baht 10 each
Telephone	055-909-000
Fax	055-909-005

15) Paknampo Hospital Co., Ltd

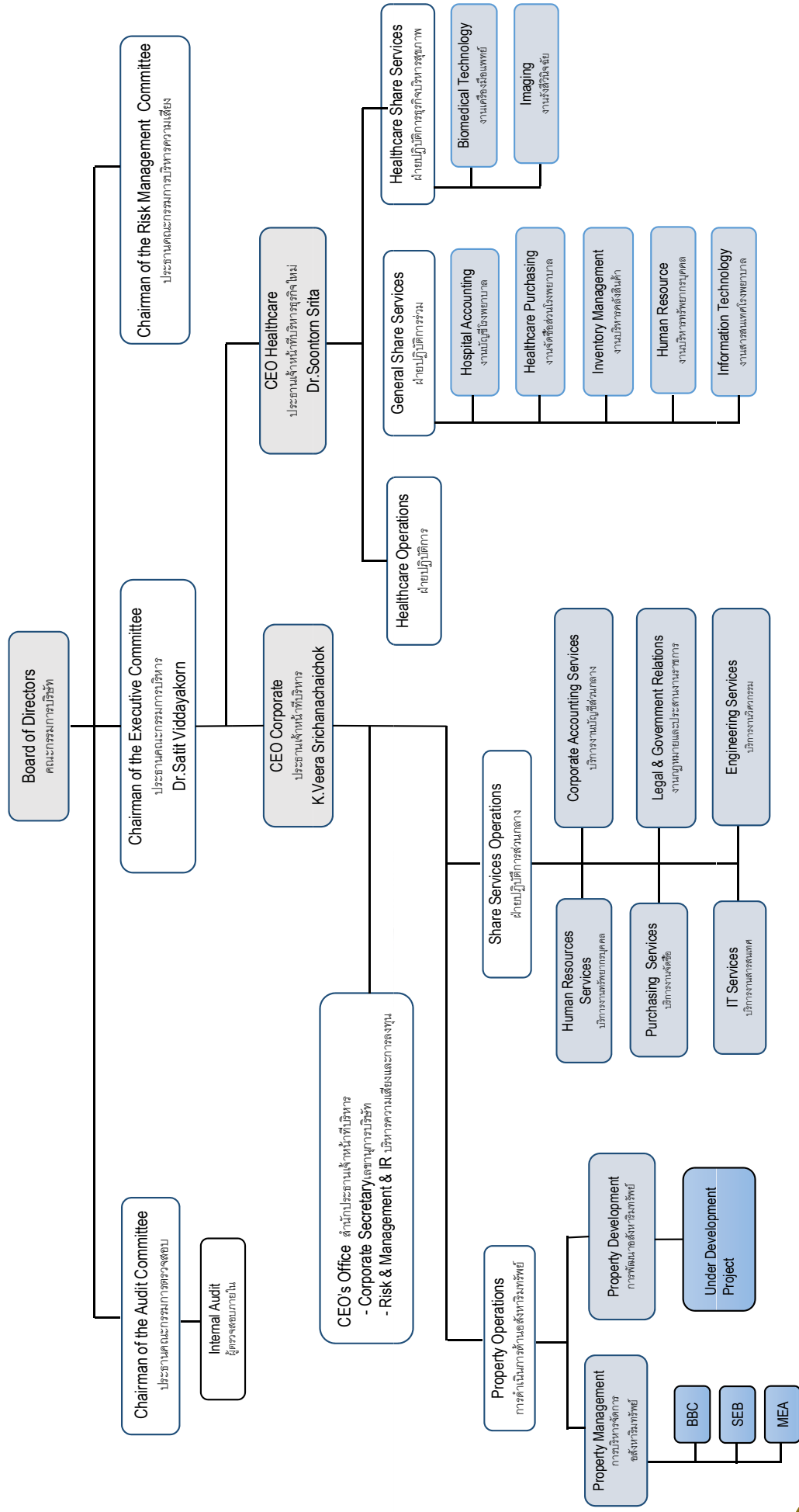
Company name	Paknampo Hospital Co., Ltd.
Business type	Hospital business
Address	96/12 Moo 9 Asia Highway, Nakorn Sawan Tok, Muang Nakorn Sawan Nakorn Sawan Province
Registration Number	0605530000155
Registered Capital	Baht 354,166,000 consisting of 3,541,000 common shares at par value of Baht 100 each
Paid up Capital	Baht 354,166,000 consisting of 3,541,000 common shares at par value of Baht 100 each
Telephone	056-000-111
Fax	055-225-505

16) P.N.P Hospital Co., Ltd

Company name	P.N.P Hospital Co., Ltd.
Business type	Hospital business
Address	96/12 Moo 9 Asia Highway, Nakorn Sawan Tok, Muang Nakorn Sawan Nakorn Sawan Province
Registration Number	0605557000342
Registered Capital	Baht 150,000,000 consisting of 1,500,000 common shares at par value of Baht 100 each
Paid up Capital	Baht 37,500,300 consisting of 1,499,996 common shares at par value of Baht 100 per share paid up Baht 25 per share and 4 common shares fully paid up
Telephone	056-000-111
Fax	-

Management Structure and Remuneration

Organization chart as of December 31, 2017



Director and Executive Remuneration

1) Cash Remuneration

In 2017, there were 10 meetings of the Board of Directors in which the Company paid the meeting allowance to all board members totaling of Baht 1,085,000. There was Executive Committee's meeting and Risk Management Committee meeting. However, all members of Executive Committee and Risk Management Committee disclaimed for 2017 cash remuneration. The Company paid annual bonus to all directors totaling of Baht 3,000,000. The total remuneration for the year was Baht 4,085,000.

Name of directors	Meeting allowance for members of Board of Directors, Executive Committee and Audit Committee	Annual bonus for directors	Total
1. Mr. Pongsak Viddayakorn	120,000	450,000	570,000
2. Mr. Yarnsak Manomaiphiboon	205,000	450,000	655,000
3. Dr. Satit Viddayakorn	110,000	300,000	410,000
4. Miss Aranya Chalernpornvarodom	135,000	300,000	435,000
5. Dr. Jutamas Ingpochai	135,000	300,000	435,000
6. Mr. Veera Srichanachaichok	100,000	300,000	400,000
7. Mr. Soontorn Sritha, M.D.	50,000	-0-	50,000
8. Miss Seerada Tiemprasert	80,000	300,000	380,000
9. Miss Patraporn Jarupat	100,000	300,000	400,000
10. Miss Wichanan Supajanya*	50,000	300,000	350,000
Total remuneration	1,085,000	3,000,000	4,085,000

Remark: *Ms. Wichanan Supajanya has resigned since August 9, 2017

Mr. Soontorn Sritha M.D, has been appointed to be a director in substitution for Ms. Wichanan Supajanya since August 9, 2017

During 2017, the Company paid the remuneration consisting of salary and bonus to 35 executives of the Company and its subsidiaries (including Dr.Pongsak Viddayakorn, Dr. Satit Viddayakorn and Miss Chayaporn Luannapavan) total amounting to 49.8 million.

2) Other Remunerations

Other Remunerations for Directors

The insured amount for the responsibility of director and executive and the compensation to the Company and subsidiaries (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.

Human Resources

As of December 31, 2017 the Company and its subsidiaries had staff headcount (including executives) of 1,544. The Company paid total remunerations which included salary, over time, bonus, social security contribution and other welfare.

Company name	Operational level (Person)	Executive level (Person)	Total staff (Person)
Principal Capital PCL.			
- Headquarter	34	12	46
- Branch	130	13	143
Convergence Systems Co., Ltd.	52	12	64
Principal Investment Co., Ltd.	-	-	-
Bangkok Center District Co., Ltd.	-	-	-
V Brilliant Group Holding Co., Ltd.	1	2	3
V Residence Co., Ltd.			
- Headquarter	1	1	2
- Branch	30	11	41
V 33 Co., Ltd.	-	-	-
V Intelligence Co., Ltd.	-	-	-
Bangkok Management Co., Ltd.	-	-	-
Principal Healthcare Co., Ltd.	-	-	-
Pitsanuloke Medical Co., Ltd.	614	19	633
Union Pichit Doctors Co., Ltd.	181	21	202
Pitsanuvej Pattana Co., Ltd.	-	-	-
Pitsanuvej Uttaradit Co., Ltd.	-	-	-
Paknampo Hospital Co., Ltd.	373	38	411
P.N.P. Hospital Co., Ltd.	-	-	-
Total	1,416	128	1,544

Remark: Information for PHC's Group is as of November 1, 2017

However, 8 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., Pitsanuvej Pattana Co., Ltd. and Pitsanuvej Uttaradit Co., Ltd. and P.N.P. Hospital Co., Ltd. had no staff so no remuneration has been paid in 2017.

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.

Labor Dispute

- None –

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 2 in-house training courses to the staff and also sent the staff to attend external training courses related to their work. In addition, in 2017 there were 3 directors attending the Director Certification Program (DCP) organized by Thai Institute of Director



The Board of Directors



Dr. Pongsak Viddayakorn (M.D.)
Director, Chairman of the Board of Directors



Mr. Yarnsak Manomaiphiboon
Independent Director and
Chairman of the Audit Committee



Dr. Satit Viddayakorn
Director, Chairman of the Executive
Committee and Chairman of the Risk
Management Committee



Ms. Aranya Chalernpornvarodom
Independent Director and
The Audit Committee Member



Dr. Jutamas Ingpochai
Independent Director and
The Audit Committee Member



Mr. Veera Srichanachaichok
Director, The Executive Committee
Member, The Risk Management
Committee Member and
Chief Executive Officer



Dr. Soontorn Sritha (M.D.)
Director, The Executive Committee
Member and Chief Executive Officer
- Health Care



Ms. Seerada Tiemprasert
Director



Ms. Patraporn Jarupat
Director

The Board of Directors

As of December 31, 2017, 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. Mr. Pongsak Viddayakorn	- Director - Chairman of the Board of Directors	8/10	2/2	On business
2. Mr. Yarnsak Manomaiphiboon	- Independent Director - Chairman of the Audit Committee	10/10	2/2	-
3. Dr. Satit Viddayakorn, Ph.D	- Director - Chairman of the Executive Committee - Chairman of the Risk Management Committee	10/10	2/2	-
4. Miss Aranya Chalernpornvarodom	- Independent Director - Audit Committee Member	10/10	2/2	-
5. Dr. Jutamas Ingpochai, Ph.D.	- Independent Director - Audit Committee Member	10/10	2/2	-
6. Mr. Veera Srichanachaichok	- Director - Executive Committee Member - Risk Management Committee Member - Chief Executive Officer	10/10	2/2	-
7. Dr. Soontorn Sritha M.D.*	- Director - Executive Committee Member - Chief Executive Officer – Healthcare	5/5	1/1	**
8. Ms. Seerada Tiemprasert	- Director	8/10	2/2	On business
9. Ms. Patraporn Jarupat	- Director	10/10	2/2	-
10. Ms. Wichanan Supajunya*	- Director - Executive Committee Member - Director of Property Development	5/5	1/1	**

Remark :

* Ms. Wichanan Supajanya has resigned since August 9, 2017

Dr. Soontorn Sritha, M.D. was appointed to be a director instead of Ms. Wichanan Supajunya since August 9, 2017

**Dr. Soontorn Sritha, M.D. did not attend Board of Directors' meeting No. 1-4/2017 because he has not been appointed as a director yet.

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.

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 determine 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 characteristics prohibited 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.

Executive Committee

Executive Committee is appointed by the Company's Board of Directors as at 31 December, 2017.

The Executive Committee composes of

Name	Position	Join the meeting/Number of meeting		
		Executive Committee's/Meeting	Shareholders' Meeting	Reason for Absent
1. Dr. Satit Viddayakorn, Ph.D.	- Chairman of the Executive Committee	8/8	2/2	-
2. Mr. Veera Srichanachaichok	- Executive Director	8/8	2/2	-
3. Dr. Soontorn Sritha, M.D.*	- Executive Director	3/3	2/2	**
4. Ms. Chayaporn Luannapavan	— Executive Director — Secretary to Executive Committee	8/8	2/2	-
5. Ms. Preeyaporn Aphiwatwittaya	— Executive Director	8/8	2/2	-
6. Ms. Wltchanan Supajanya	— Executive Director	5/5	1/1	**

Remark : *Dr. Soontorn Sritha, M.D. was appointed as a member of Executive Committee on August 9, 2017

**Dr. Soontorn Sritha, M.D. did not attend the Executive Committee meeting No. 1-5/2017 because he was not a member of the Executive Committee

**Ms. Wichanan Supajanya has resigned since August 9, 2017

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 possesses sufficient 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, 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 that receive salary from the Company the subsidiary 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 2017, 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 meeting		
		Executive Committee's/Meeting	Shareholders' Meeting	Reason for Absent
1. Mr. Yarnsak Manomaiphiboon	- Independent Director - Chairman of - Audit Committee	7/7	2/2	-
2. Ms. Aranya Chalermponvarodom	- Independent Director - Audit Committee Member	7/7	2/2	-
3. Dr. Jutamas Ingpochai, Ph.D.	- Independent Director - Audit Committee Member	7/7	2/2	-

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 ensure 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 action that may seriously affect the

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 under the agreement 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 correctness and the adequacy of information in such form to submit to Collective Action Coalition against Corruption Committee for certification process.

Audit Committee

Risk management committee comprises at least 3 members elected by the Board of Directors, and at least 1 member being a director of the Company. As of 31 December 2017, there were 7 members of Risk Management Committee consisting

Name	Position	Join the meeting/Number of meeting		
		Executive Committee's/Meeting	Shareholders' Meeting	Reason for Absent
1. Dr. Satit Viddayakorn, Ph.D.	— Chairman of the Risk Management Committee	4/5	2/2	on business
2. Mr. Veera Srichanachaichok	— Risk Management Committee Member	5/5	2/2	-
3. Ms. Thiranan Sangphuntham	— Risk Management Committee Member — Secretary	5/5	2/2	-
4. Ms. Chayaporn Luannapavan	— Risk Management Committee Member	5/5	2/2	-
5. Mr. Sirichai Towiriyawate	— Risk Management Committee Member	5/5	2/2	-
6. Ms. Preeyaporn Apiwatwittaya*	— Risk Management Committee Member	2/2	1/1	**
7. Ms. Pear Hovarangkura*	— Risk Management Committee Member	2/2	1/1	**

Remark : *Ms. Preeyaporn Apiwatwittaya and Ms. Pear Hovarangkura were appointed to be a member of Risk Committee since August 9, 2017.

** Ms. Preeyaporn Apiwatwittaya and Ms. Pear Hovarangkura did not attend Risk Committee meeting No.1-3/2017 because they have not been appointed to be members of Risk Committee yet.

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.

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 a 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 authority, 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 a major shareholder of the Company.

8. Shall not engage in any business in 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 subsidiary.

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 No. 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, a 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 no. 6, the Company shall provide 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 qualification 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, have business ethics and have sufficient time to devote his/her knowledge, ability to perform duty to the Company.

3. A director is forbidden to be a partner or be 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 a 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 understand 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.

Company's Executives

Lists of the Company's executives as of March 22, 2018 are as follows:

Name of Executive	Position
1. Mr. Veera Srichanachaichok	Chief Executive Officer
2. Dr. Soontorn Sritha, M.D.	Chief Executive Officer - Healthcare
3. Mr. Sirichai Towiriyawate	Director of Risk Management and Investment
4. Mr. Supawas Phongsirphanich	Director of Engineering Service
5. Mrs. Samerkae Sattapong	Director of Purchasing Service
6. Mrs. Sukanit Mahanukul	Director of HR Service
7. Ms. Preeyaporn Apiwatwittaya	Director of Accounting Services
8. Ms. Pear Hovarongkura	Assistant Director of Information Technology Services
9. Ms. Thiranan Sangphungtham	Assistant Director of Legal & Government Relations

Roles, 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.

Corporate Secretary

The Board of Directors has appointed Ms. Chayaporn Luannapavan as a Corporate Secretary

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

Details of Directors, Executives, Controlling Persons, 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/Mr.
Mr. Pongsak Vddayakorn, M.D. Chairman of the Board of Director	85	- 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. Sattit Vddayakorn	April 2013 - Present	Chairman of the Board of Directors	Principal Capital PCL.
					1977-2007	President/ Board of Director Board of Advisors	<u>Listed Companies</u> Bangkok Dusit Medical Services PCL.
					1991-2001	Deputy Chairman	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	Paknam Hospital Co., Ltd.
					2013-Present	Chairman, Shareholder 99.998%	(Principal Healthcare Co., Ltd.'s subsidiary) Hospital Management Training and Development Institute (HMTDI)

Details of Directors, Executives, Controlling Persons, 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 businessMr.
Mr. Yansak Manomaphiboon Independent Director and Chairman of the Audit Committee	55	- BSc. 2nd Honor, Engineering Chulalongkorn University	None	None	April 2013 - Present	Independent Director and Chairman of the Audit Committee	Principal Capital PCL. <u>Listed Companies</u>
		- MBA, Finance and Management Indiana University, Boonington, USA					
		Training					
		- Program on Corporate Governance for Directors and Senior Management of			February 2012 - Present	Independent Director and Chairman of the Audit Committee	Sahaviriya Steel Industry PCL.
		State Enterprise and Public Organization					
		Class 3			April 2017 - Present	Director	Chememan PCL. <u>Non-listed Companies</u>
		- Executive Class 5					
		Capital Market Academy					
		<u>Thai Institute of Directors Association</u>			May 2012 -Present 2014-2016 2014 - 2016	Secretariat Chairman Executive Director	Association of Thai Securities Company Federation of Thai Capital Market Organization The Krungthep Thanakom Co., Ltd.
		- Director Certification Program					
		2005 (DCP)					
		- Director Accreditation Program					
		2004 (DAP)					

Details of Directors, Executives, Controlling Persons, 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.
Dr. Satit Vddayakorn, Ph.D.	55	- Bachelor of Engineering	30.005	Son of Dr.	April 2013 -	Directors	Principal Capital PCL..
Director		Mechanical Engineering		Vddayakorn, MD	Present	Chairman of the Executive	
Chairman of the Executive		Chulalongkorn University				Chairman of the Risk Committee	
Chairman of the Risk Management Committee		- MBA, Golden Gate University San Francisco, USA.			2012	Assistant to President	<u>Listed Companies</u> Bangkok Dusit Medical Services PCL.
		- Ph. D, Business Administration					<u>Non-Listed Companies</u>
		Joint Program of Bangkok University and University of Nebraska-Lincoln, USA.			2016 - Present	Director	Banchang Business District Co., Ltd.
		- Senior Executive Program				Shareholder 0.001%	(Bangkok Management Co., Ltd.'s subsidiary)
		(Sasin, Graduate Institute of Business Administration of Chulalongkorn University)			2017 - Present	Director	Udon Business District Co., Ltd.
		- Executive Education, Harvard Business School				Shareholder 0.001%	(Bangkok Management Co., Ltd.'s subsidiary)
					2017 - Present	Director	Principal Healthcare Co., Ltd.
						Director	(Principal Capital PCL.'s subsidiary)
					2017 - Present	Director	Pisanuvej Pattana Co., Ltd.
						Director	(Pitsanuloke Medical Co., Ltd's subsidiary)
					2017 - Present	Director	Pitsanuvej Uttaradit Hospital Co., Ltd.
						Director	(Pitsanuloke Medical Co., Ltd's subsidiary)
					2016 - Present	Director	Union Pichit Doctors Co., Ltd.
						Director	(Pitsanuloke Medical Co., Ltd's subsidiary)
					2017 - Present	Director	Service Station Co., Ltd.
						Shareholder 99.998%	
					2015 - Present	Director/Managing Director	Pitsanuloke Medical Co., Ltd
						Director	(Principal Healthcare Co., Ltd.'s subsidiary)

Details of Directors, Executives, Controlling Persons, 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 businessMr.
							<u>Non-listed Companies (continued)</u>
					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	Hospital Management Training and Development Institute (HMTD)
					October 2013 - Present	Director	Convergence System Co., Ltd. (Principal Capital PCL.'s subsidiary)
					July 2013 - Present	Director	Principal Investment Co., Ltd. (Principal Capital PCL.'s subsidiary)

Details of Directors, Executives, Controlling Persons, Corporate Secretary (Continue)

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in	Relationship	Board's Family Work experience in the past 5 years		
					Period	Position	Organization /Company/Type of business/Mr.
Ms. Aranya Chalermponvarodom Independent Director the Audit Committee Member	70	- BA Accounting, 1st 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 Member	Principal Capital PCL.
							<u>Listed Companies</u> none
							<u>Non-Listed Companies</u>
					2008 - Present	Advisor to Executive Director	Regent Group

Details of Directors, Executives, Controlling Persons, 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.
Dr. Jutamas Ingpochai, Ph.D. Independent Director the Audit Committee Member	42	- BBA, Pine Manor College, USA - MBA, Boston University, USA - Ph. D, Business, Bangkok	None	None	April 2014 - Present	Independent Director the Audit Committee Member	Principal Capital PCL.
		Training					<u>Listed Companies</u>
		<u>Thai Institute of Directors</u>			January 2011 - Present	Deputy President Investor Relation, Shareholder	GFPT PCL.
		- Directors Certification Program 2017 (DCP 248/2017)			October 2008 - Present	Corporate Secretary, Shareholder 0.40%	GFPT PCL.
		- Advance Audit Committee Program 2016 (AACP)					<u>Non-listed companies</u>
		- Risk Corporate Leader (RCL) - Directors Accreditation Program					
		2012			December 2015 - Present	Director Shareholder 20%	Minimax Venture Co., Ltd.
		- Company Secretary Program					
		2009					

Details of Directors, Executives, Controlling Persons, 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.
Mr. Veera Srichanachaichok Chief Executive Officer	58	- 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 Committee Member, The Risk Management Committee Member and Chief Executive Officer	Principal Capital PCL.
							<u>Listed Companies</u>
							None
							<u>Non-Listed Companies</u>
					2018-Present	Director	Banchang Business District Co., Ltd.
						Shareholder 0.001%	(Bangkok Management Co., Ltd.'s subsidiary)
					2018-Present	Director	Udon Business District Co., Ltd.
						Shareholder 0.001%	(Bangkok Management 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.'s subsidiary)
							(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	V33 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)

Details of Directors, Executives, Controlling Persons, 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 businessMr.
							<u>Non-Listed Companies (continued)</u>
					September 2016 – Present	Director	Convergence System Co., Ltd. (Principal Capital PCL's subsidiary)
					May 2016 -	Director	Bangkok Center District Co., Ltd. (Principal Capital PCL's subsidiary)
					May 2016 -	Director	Principal Investment Co., Ltd. (Principal Capital PCL's subsidiary)

Details of Directors, Executives, Controlling Persons, 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.
Dr. Soontorn Sritha, M.D. Director, Executive Director Chief Executive Officer - Healthcare	64	- BSc. Medical Science Mahidol University - Doctor of Medicine M.D. Faculty of Medicine, Rama Mahidol University - Master of Public Health (Urban Health) Mahidol University - Preventive Medicine Certificate The Medical Council of Thailand - Bachelor of Economics Sukhothai Thammathirat University - Bachelor of Political Science (Comparative Politics) Sukhothai Thammathirat University - Mini MBA Thai Chamber of Commerce - Advanced Management Program Harvard University Training <u>Thai Institute of Directors</u> - Director Certification Program 2017 (DCP 250/2017)	None	None	2017 - present	Director, Executive Director Chief Executive Officer -	Principal Capital PCL..
							<u>Listed Companies</u>
					2009 - 2014	CEO BDMS group 4	Bangkok Dusit Medical Service PCL.
					2015-2017	Deputy Executive Director	Thonburi Healthcare Group PCL.
							<u>Non-Listed Companies</u>
					2017 - Present	Director	Principal Healthcare Co., Ltd. (Principal Capital PCL.'s subsidiary)
					2017 - Present	Director	Pitsanuloke Medical Co., Ltd. (Principal Healthcare PCL.'s subsidiary)
							Paknampo Hospital Co., Ltd. (Principal Healthcare PCL.'s subsidiary)
					2017 - Present	Director	

Details of Directors, Executives, Controlling Persons, 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 businessMr.
Ms. Seerada Tiemprasert Director	42	- 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 - Present	Director	Principal Capital PCL..
							<u>Listed Companies</u>
							None
							<u>Non-Listed Companies</u>
					23-Aug-17 - Present	Vice Chairman Shareholder 0.60%	Danali Prestige Asset Management Co., Ltd.
					2013 – August 2017		Danali Prestige Asset Management Co., Ltd.

Details of Directors, Executives, Controlling Persons, 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 businessMr.
Ms. Patraporn Jarupat Director	52	- 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 - Present	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.

Details of Directors, Executives, Controlling Persons, 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.
Ms. Chayaporn Luannapawan Corporate Secretary Executive Director The Risk Management Committee Member	57	- Bachelor of Accounting Kasetsart University - Mini MBA Thammasat University Training <u>Thai Institute of Directors Association</u> - Corporate Secretary Program, TLCA - Anti-Corruption: The Practical Guide (ACPG 11/2014) - Ethical Leadership Program (ELP 1/2015) - Director Accreditation Program (DAP 140/2017)	None	None	May 2014 –	Corporate Secretary	Principal Capital PCL..
							<u>Listed Companies</u>
							None
							<u>Non-Listed Companies</u>
					June 2016 - Present	Director	Convergence System Co., Ltd. (Principal Capital PCL.'s subsidiary)
					May 2016 - Present	Director	Principal Investment Co., Ltd. (Principal Capital PCL.'s subsidiary)
					September 2015 - Present	Director	Bangkok Center District Co., Ltd. (Principal Capital PCL.'s subsidiary)

Details of Directors, Executives, Controlling Persons, 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 businessMr.
		Training (continue) <u>Stock Exchange of Thailand</u> CSR - Corporate Social Responsibility for Sustainable Development - Strategic CSR Management Class 3, - Supply chain and stakeholders engagement Class 3					

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. Patraporn Jarupat, Mr. Veera Srichanachaichok and Ms. Wichanun Supajanya 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, 2016)
2. Shareholding (%) as of March 14, 2017
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

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.	Principal Healthcare Co., Ltd	Paknampo Hospital Co., Ltd.	P.N.P. Hospital Co., Ltd.	Pisanuloke Medical Co., Ltd.	Union Pichit Doctors Co., Ltd.	Pitsanuvej Uttarakit Hospital Co., Ltd.	Pitsanuvej Pattana Co., Ltd.
Mr. Pongsak Vddayakorn	C	-	-	-	-	-	-	-	-	D	-	-	D	D	D	D
Mr. Yarnsak Manomaiphiboon	Id, Ca	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Satit Vddayakorn	D, Ce, Cr, IR	D	D	D	D	D	D	D	D	D	-	D	D	D	D	D
Ms. Aranya Chalermpornvarodom	Id, Ad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Jutamas Ingpochai	Id, Ad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Veera Srichanachaichok	D, Ed, Rd, E	D	D	D	D	D	D	D	D	D	-	-	-	-	-	-
Dr. Soontorn Sritha, M.D.	D, Ed,E	-	-	-	-	-	-	-	D, E	D	-	D	-	-	-	-
Ms. Seerada Tiemprasert	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Patraporn Jarupat	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Chayaporn Luannapavan	Cs, Ed, Rd	D	D	D	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Sirichai Towiriyawate	Rd, E	-	D	-	-	-	-	-	-	-	D	-	-	-	-	-
Mr. Supawas Pongsiriphanich	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mrs. Samerkae Sattapong	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mrs. Sukanit Mahanukul	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Preeyaporn Apiwatwittaya	Ed, Rd, E	-	-	-	D	D	D	D	D	-	-	-	-	-	-	-
Ms. Pear Hovarongkura	Rd, E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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.	Principal Healthcare Co., Ltd.	Paknampo Hospital Co., Ltd.	P.N.P. Hospital Co., Ltd.	Pisanuloke Medical Co., Ltd.	Union Pichit Doctors Co., Ltd.
Ms. Thiranan Sangphungtham	Rd, E	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Satita Vddayakorn	-	-	-	-	D	D	D	D	D	D	-	-	-	-
Mrs. Achara Rattanaphansri	-	-	D	-	-	-	-	-	-	-	-	-	-	-
Dr. Athiwat Noiprasit, M.D.	-	-	-	-	-	-	-	-	-	-	D	D	D	D
Mrs. Piyarat Ukrit	-	-	-	-	-	-	-	-	-	-	-	-	D	D
Mrs. Niphaporn Nimphithakphong	-	-	-	-	-	-	-	-	-	-	-	-	D	D
Ms. Wansiri Nimphithakphong	-	-	-	-	-	-	-	-	-	-	-	-	D	D
Ms. Khongchanok Thirawarakan	-	-	-	-	-	-	-	-	-	-	-	-	D	D
Mr. Sathit Nimphithakphong	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Korpong Rukkhaphan, M.D.	-	-	-	-	-	-	-	-	-	-	D	-	-	-
Mr. Saprang Sukvetchaworakij	-	-	-	-	-	-	-	-	-	-	D	-	-	-
Mr. Sittichai Wongnitchakul	-	-	-	-	-	-	-	-	-	-	D	-	-	-
Ms. Datchanipon Phantaphrom	-	-	-	-	-	-	-	-	-	-	-	D	-	-
Mr. Kajornsak Sungcharoen	-	-	E	-	-	-	-	-	-	-	-	-	-	-
Mr. Apirath Nuchthong	-	-	E	-	-	-	-	-	-	-	-	-	-	-

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.	Principal Healthcare Co., Ltd.	Paknam Hospital Co., Ltd.	P.N.P. Hospital Co., Ltd.	Pisanuloke Medical Co., Ltd.	Union Pichit Doctors Co., Ltd.
Dr. Chaisit Sritongchai, M.D.	E	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Surasak Amartyothin, M.D.	E	-	-	-	-	-	-	-	-	-	-	-	-	-
Mrs. Tuanchai Keawwann	E	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Arthit Piemkhar	-	-	-	-	-	-	-	-	-	-	-	-	E	-

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

Shareholding details of Directors and Executive on latest book closing date as of March 23, 2018

No.	Director Name	Shareholding % March 14, 2017		Shareholding % as of March 23, 2018	
		No. of common share	%	No. of common share	%
1	Mr. Pongsak Viddayakorn	-	-	-	-
	Spouse and child	-	-	-	-
2	Mr. Yarnsak Manomaiphiboon	-	-	-	-
	Spouse and child	-	-	-	-
3	Dr. Satit Viddayakorn, Ph.D.	972,199,200	30.005	972,199,200	30.005
	Spouse and child	-	-	-	-
4	Mr. Veera Srichanachaichok	-	-	-	-
	Spouse and child	-	-	-	-
5.	Dr. Soontorn Sritha, M.D.	-	-	-	-
	Spouse and child	-	-	-	-
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	0.011	372,800	0.011
	Spouse and child	-	-	-	-
11	Mr. Supawas Pongsiriphanich	-	-	-	-
	Spouse and child	-	-	-	-
12	Mrs. Samerkae Sattapong	100,000	0.0031	100,000	0.0031
	Spouse and child	-	-	-	-
13	Mrs. <u>Sukanit Mahanukul</u>	-	-	-	-
	Spouse and child	-	-	-	-
14	Ms. Preeyaporn Apiwatwittaya	-	-	-	-
	Spouse and child	-	-	-	-
15	Ms. Chayaporn Luannapavan	-	-	-	-
	Spouse and child	-	-	-	-
16	Ms. Pear Hovarongkura	-	-	-	-

No.	Director Name	Shareholding % March 14, 2017		Shareholding % as of March 23, 2018	
		No. of common share	%	No. of common share	%
	Spouse and child	-	-	-	-
17	Ms. Thiranan Sangphungtham	424,200	0.013	374,200	0.011
	Spouse and child	-	-	-	-
18	Ms. Satita Viddayakorn	1,760,115,114	54.32	498,054,588	15.372
	Spouse and child	-	-	-	-
19	Mrs. Achara Rattanaphansri	98,800	0.003	98,800	0.003
	Spouse and child	-	-	-	-
20	Dr. Kajornsak Sungcharoen, Ph.D.	-	-	-	-
	Spouse and child	-	-	-	-
21	Mr. Apirath Nuchthong	-	-	-	-
	Spouse and child	-	-	-	-
22	Mr. Athiwat Noiprasit	25,800	0.001	-	-
	Spouse and child	-	-	-	-
23	Mrs. Piyarat Ukrit	-	-	-	-
	Spouse and child	-	-	-	-
24	Ms. Niphaporn Nimphithakphong	-	-	-	-
	Spouse and child	-	-	-	-
25	Ms. Wansiri Nimphithakphong	-	-	9,800	0.00
	Spouse and child	-	-	-	-
26	Ms. Khongchanok Thirawarakan	-	-	-	-
	Spouse and child	-	-	-	-
27	Mr. Sathit Nimphithakphong	-	-	-	-
	Spouse and child	-	-	-	-
28	Dr. Korpong Rukkhaphan, M.D.	-	-	-	-
	Spouse and child	-	-	-	-
29	Mr. Saprang Sukvetchaworakij	-	-	-	-
	Spouse and child	-	-	-	-
30	Mr. Sitthichai Wongnitchakul	-	-	-	-
	Spouse and child	-	-	-	-
31	Ms. Datchaniphon Phantaphrom	-	-	-	-
	Spouse and child	-	-	-	-
32	Dr. Chaisit Sritongchai, M.D.	-	-	100	0.00-

No.	Director Name	Shareholding % March 14, 2017		Shareholding % as of March 23, 2018	
		No. of common share	%	No. of common share	%
	Spouse and child	-	-	-	-
33	Dr. Surasak Ammartyothin, M.D.	-	-	-	-
	Spouse and child	-	-	-	-
34	Mrs. Tuanchai Keawwann	-	-	-	-
	Spouse and child	-	-	-	-
35	Mr. Arthit Piemkhar	-	-	-	-
	Spouse and child	-	-	-	-

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 March 21, 2017. 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 consider, 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 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:

Post to the assigned person as follows:

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, accurately, and in a timely manner 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 specific 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.

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 at 31 December, 2017. The

Executive Committee composes of

Name	Position	Join the meeting/Number of meetings		
		Executive Committee's Meeting	Stakeholder's Meeting	Reason for absent
1. Dr. Satit Vidayakorn, Ph.D.	- Chairman of the Executive Committee	8/8	2/2	-
2. Mr. Veera Srichanachaichok	- Executive Director	8/8	2/2	-
3. Dr. Soontorn Sritha, M.D.*	- Executive Director	3/3	2/2	**
4. Ms. Chayaporn Luannapavan	- Executive Director - Secretary to Executive Committee	8/8	2/2	-
5. Ms. Preeyaporn Apiwatwittaya	- Executive Director	8/8	2/2	-
6. Ms. Wltchanan Supajanya	- Executive Director	5/5	1/1	**

Remark : *Dr. Soontorn Sritha, M.D. was appointed as a member of Executive Committee on August 9, 2017

**Dr. Soontorn Sritha, M.D. did not attend the Executive Committee meeting No. 1-5/2017 because he was not a member of the Executive Committee

**Ms. Wltchanan Supajanya has resigned since August 9, 2017

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 possesses sufficient 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, 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 that receive salary from the Company the subsidiary 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 2017, 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		
		Executive Committee's Meeting	Stakeholder's Meeting	Reason for absent
1. Mr. Yarnsak Manomaiphiboon	- Independent Director - Chairman of - Audit Committee	7/7	2/2	-
2. Ms. Aranya Chalernpornvarodom	- Independent Director - Audit Committee Member	7/7	2/2	-
3. Dr. Jutamas Ingpochai, Ph.D.	- Independent Director - Audit Committee Member	7/7	2/2	-

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 ensure 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 action that may seriously affect the Company's financial position and operating performance or conflicts of interest or violation of laws and regulations that affect the Company's operation.

5. To consider the disclosure of information in case there is connected transactions or transactions of potential conflicts of interest and ensure compliance with Securities Exchange of Thailand's laws and regulations in order to ensure that such transactions are reasonable and most beneficial 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, sufficiency 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 under the agreement 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 correctness 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 elected by the Board of Directors, and at least 1 member being a director of the Company. As of 31 December 2017, there were 7 members of Risk Management Committee consisting of

Name	Position	Join the meeting/Number of meetings		
		Executive Committee's Meeting	Stakeholder's Meeting	Reason for absent
1. Dr. Satit Viddayakorn, Ph.D.	— Chairman of the Risk Management Committee	4/5	2/2	on business
2. Mr. Veera Srichanachaichok	— Member of the Risk Management Committee	5/5	2/2	-
3. Ms. Thiranan Sangphungtham	— Member of the Risk Management Committee and Secretary	5/5	2/2	-
4. Ms. Chayaporn Luannapavan	— Member of the Risk Management Committee	5/5	2/2	-
5. Mr. Sirichai Towiriyawate	— Member of the Risk Management Committee	5/5	2/2	-

Name	Position	Join the meeting/Number of meetings		
		Executive Committee's Meeting	Stakeholder's Meeting	Reason for absent
6. Ms. Preeyaporn Apiwatwittaya*	— Member of the Risk Management Committee	2/2	1/1	**
7. Ms. Pear Hovarangkura*	— Member of the Risk Management Committee	2/2	1/1	**

Remark : *Ms. Preeyaporn Apiwatwittaya and Ms. Pear Hovarangkura were appointed to be a member of Risk Committee since August 9, 2017.

** Ms. Preeyaporn Apiwatwittaya and Ms. Pear Hovarangkura did not attend Risk Committee meeting No.1-3/2017 because they have not been appointed to be members of Risk Committee yet.

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 a 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 authority, 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 a major shareholder of the Company.

8. Shall not engage in any business in 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 subsidiary.

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 No. 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, a 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 no. 6, the Company shall provide 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 qualification 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 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, have business ethics and have sufficient time to devote his/her knowledge, ability to perform duty to the Company.

3. A director is forbidden to be a partner or be 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 a 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 understand 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.

9.3 Selection and Appointment of Directors and Removal of Directors

- The appointment of Independent Director

The Company has the selection criteria and appointment 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 authority, 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 a salary or is an entity with controlling authority of the Company, its subsidiary companies, related companies, major shareholder or entities with controlling authority.

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

4. Shall neither have nor have ever had business relationship with the Company, its parent company, subsidiary, related company, major shareholder or entity with controlling authority, 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 authority of any person having a business relationship with the Company, its parent company, subsidiary, related company, major shareholder or entity with controlling authority.

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

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 authority, and not be a significant shareholder, entity with controlling authority 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 a major shareholder of the Company.

8. Shall not engage in any business in 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 subsidiary.

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 No. 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, a major shareholder or an entity with controlling authority. If the appointed Independent Directors used to have business relationship or provide professional services exceeding value as specified in no. 6, the Company shall provide 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 characteristics or professional services that make such person not comply with the criteria
- b) Reasons and necessities to appoint such person as an independent director
- c) Board of Director's opinion to propose the appointment of such person to be an independent director

To set the guideline for the development of good 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, have business ethics and have sufficient time to devote his/her knowledge, ability to perform duty to the Company.

3. A director is forbidden to be a partner or be 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 a 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 Executive**

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 understand 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

1. 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.

2. 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.

3. Chief Executive Officer 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 polices 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 2017 of the Company and its subsidiaries was totaling Baht 4.24 million

9.11 Compliance with other good corporate governance policy

9.11.1 Anti-corruption policy

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, separation 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, support 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. The Company published 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 arranged 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 Secretary

Roles, 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 |

Internal Control and Risk Management

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, namedly 24 InterServices Co., Ltd., as an internal auditor to audit on a quarterly basis, in which Miss Karntima Kongsomyut 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 that employees at all level shall 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.

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.

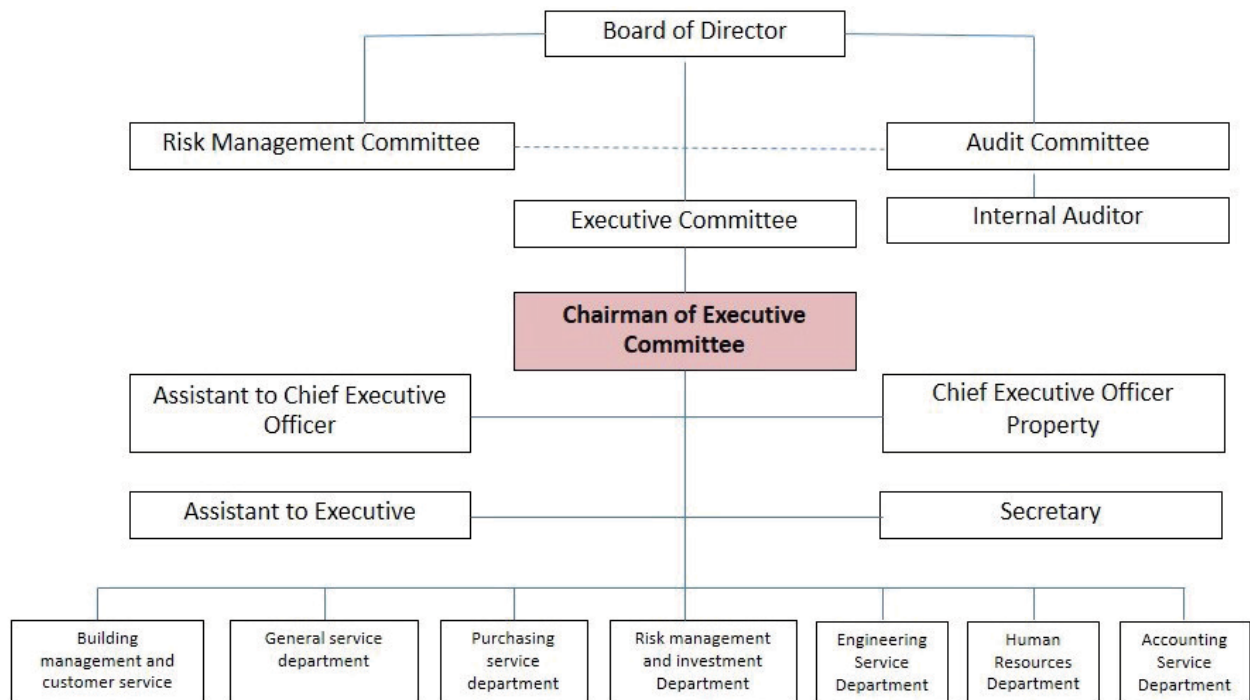
The Company gives an importance to risk management starting from finding, identifying, analyzing, evaluating, managing and controlling as well as following up and reporting result by applying ISO 31000 standard to develop the framework for risk management with reference to internal control guideline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



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:
 - 1.1 Set the policy, target and risk management strategy
 - 1.2 Develop organization wide risk management system efficiently and stimulate the co-ordination in risk management at all level continuously
 - 1.3 Follow up and review risk of business units and propose recommendation for improvement
 - 1.4 Control and monitor effectiveness of risk management procedures
 - 1.5 Report risk and risk management result to the Board of Director as scheduled.

Expected Results 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 in abnormal incidents management
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 appropriateness and effectiveness in utilization to Board of Director for consideration for the continued development.





Corporate Social Responsibility

The Company fully understands that in order for the business to grow steadily and sustainably, a major factor 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 a more continuous social and environmental activities that show clearer concrete outcomes, by focusing on building the foundation of mutual understanding and recognizing 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 as well as not contrary to 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' conduct and 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, on February 12, 2018 the Company received the Anti-Corruption Certification in joining Private Sector Collective Action Coalition Against Corruption or CAC Project 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.

3. Human Rights and Treatment to Employees

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

- In addition, in 2017 the Company encouraged 3 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.

6.1) 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.

6.2) Each department shall host fund raising or social assistance events in each month, such as donating unused fabrics of the hotel to support the activities of Association for the Promotion of the Status of Women under the Royal Patronage of HRH Princess Soamsawali, to utilize the resources to the highest benefit.

6.3) 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.

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

6.5) Company visit from Krungsri Securities Co., Ltd. to listen to the vision and business direction from the Company's management team after the Company acquired hospital business of Principal Healthcare Group.

Moreover, the Company has CSR - After process activities which are social and environmental activities not directly related to an organization's operations continuously. During 2017, the Company had the following activities.

1. 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 was Baht 30,000
2. The Company has joined the mangrove forest plantation with International Union for Conservation of Nature (IUCN) in Samutsongkram Province with donation of Baht 42,000.
3. Organize "Wish Upon a Star" activity to raise fund from customers and employees to purchase gifts for disadvantaged children in Supanburi province, the Company could raise fund amounting to Baht 50,000
4. The Company has an activity to give presents, dry food and other necessities to HIV orphans at Baan Gerda in Lopburi province. In addition there are entertaining activities and sport to play with those kids.
5. V Residence Co., Ltd, the subsidiary company organized the community service project to paint the wall of the schools nearby the office for example, Matthayom Wat Thatthong School. In addition, there were charity activities like food and drug donation at Baan Fueng Fah, a home for disabilities and protection development. In addition, the Company also donated cash to build the Buddha and Pagoda at Wat Prahtam in Khonkaen Province.
6. The Company joined with Pongsak Viddayakorn Foundation, Royal Thai Army, Ministry of Commerce, Bangkok Metropolitan Authority, private sector and Thai people set up the project "100 Wan Por Royruamjai Thaitungchart (100 วันพ่อ ร้อยรวมใจ ไทยทั้งชาติ)" with an objective to disseminate the royal projects to the public in the easily understanding format, to encourage participants to put the late King Bhumipol's living principles into practice of people's everyday life and to create love, compassion and unity among Thai people. The following were the activities in this project.

- Royal Project Exhibition
- On stage activities include singing songs by the popular singers of the country
- Open a donation center to receive the donation of the necessities from the people to help those who faced with the flood in the southern provinces of Thailand. Open the space for OTOP sellers from all over the country to sell their products without any charge.

The activities period was on March 20-22, 2017 at 32 rai land near MRT Cultural Center Station.

7. The Company and employee in the group participate in make artificial Dafodill flower during August 8 – September 15, 2017 to be used in Royal Cremation of His Majesty King Bhumibol Adulyadej.

8. During the Royal Cremation Period of His Majesty King Bhumibol Adulyadej in October 2017, the Company joined with PongsakViddayakorn Foundation organize a project namely “Sweat Drop of the King” to create loyalty phenomenon in the form of giving 1 Marigold tree as a yellow spot of representative of one heart. We would conjoin our tiny yellow spots as our hearts to be the great and beautiful garden of loyalty for His Majesty’s spirit in his journey to heaven, with power of our Thai people’s loyalty and conscience toward our late King’s kindness. This project was held on Ratchadapisek Soi 8 during October 1-31, 2017. There are 10 Section as follows:

- Section 1 : Highlight Garden, in the form of Sweat Drop of the King
- Section 2 : Gardening in form of rice fields with golden rice trees (Royal Father of Thai Rice)
- Section 3 : Sunhemp Plantation (New Agricultural Theory regarding Soil Improvement)
- Section 4 : Clarifier (Royal Father of Water Resource Development)
- Section 5 : Exhibition area of “Science of King Garden”
- Section 6 : Exhibition area of “The King’s Properties”
- Section 7 : Activity area of Flowering and Ornamental Plants Exhibition
- Section 8 : Open area for farmers to sell their plants and trees with no charge
- Section 9 : Open area for food truck seller to sell their food with no charge
- Section 10 : Souvenir Kiosk to sell T-shirts and hats etc.

The project “Sweat Drop of King” is not only to create a Garden of Loyalty in the city but also inserted the Science of King. The attendants would feel love and warmth of His Majesty toward Thai people. It brought back our memory to show us that His Majesty was surrounding us everywhere i.e. in soil, water, rice fields, rice seeds and in our hearts. We always felt his love from every angle in the Garden of Loyalty.

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 BhumibolAdulyadej 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, PongsakViddhayakorn 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. There will be 9 classes with 30 attendants in each class. The training period is 5 days per class. The first training course started on January 9, 2017.

Remark: Please read for further details in Sustainability Report year 2016 in the Company’s website;
http://www.principalcapital.co.th/investor/good_corporate.html

Related Party Transactions

Disclosure of related party transactions with possible conflict of interest

As of December 31, 2017 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 2017.

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.

Related Party Transaction Policy

In case that the Company's related party transaction is taken place with a person who may has 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 in the future, the Company shall process to approve the entering into 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 based on the requirements or notifications of the Securities and Exchange Commission, requirements on related 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.

PRINCIPAL CAPITAL PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2017

Independent Auditor's Report

To the shareholders and the Board of Directors of Principal Capital Public Company Limited

My opinion

In my opinion, the consolidated financial statements of Principal Capital Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My audit approach - overview



Materiality

Overall group materiality: Baht 22 million (1% of Group's total revenue).

Audit scope

I conducted with audit work of the consolidated financial statements by focusing on the significant components which account for 100% of the Group's total revenue and 97% of the Group's total assets.

Key audit matters

I identified the following key audit matters:

- Acquisition of Alliance Medical Asia Company Limited and its subsidiaries (AMA Group)
- Investment in subsidiaries impairment assessment

Materiality

The scope of my audit was influenced by my application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on my professional judgement, I determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped me to determine the scope of my audit and the nature, timing and extent of my audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	Baht 22 million
How I determined it	1% of Group's total revenue
Rational for the materiality benchmark applied	I chose revenue as the critical measure because the Group's operations in previous years were volatile. In my view, using revenue as a critical measure was more appropriate to the Group than the net profit before tax in the current year.

I agreed with the audit committee that I would report to them misstatements identified during my audit above Baht 1.1 million, in my view, warranted reporting for qualitative reasons.

How I tailored my audit scope

I tailored the scope of my audit in order to perform sufficient work to enable me to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<i>Acquisition of Alliance Medical Asia Company Limited and its subsidiaries (AMA Group)</i>	
<p>Please refer to Note 16 to the financial statements for investment in subsidiaries and Note 31 to the financial statements for business combination under common control.</p> <p>During the year the Company acquired the AMA Group which consists of 7 companies: 1) Alliance Medical Asia Company Limited, 2) Pitsanuloke Medical Co., Ltd., 3) Paknam Hospital Co., Ltd., 4) Union Pichit Doctors Co., Ltd., 5) Pitsanuej Utttaradit Hospital Co., Ltd., 6) Pitsanuej Pattana Co., Ltd. and 7) P.N.P Hospital Co., Ltd.</p> <p>The management assessed that the acquisition of the AMA Group qualified as a business combination under common control according to the accounting guidance for business combinations under common control published by the Federation of Accounting Professions.</p> <p>In this regard, the management recognised net assets acquired at the net book value before the business combination of Baht 3,446 million which included goodwill of Baht 1,644 million. The valuation of net assets acquired was done as part of the Purchase Price Allocation by an independent valuation expert. The differences between total purchase consideration and the net book value are presented as a difference arising from business combination under common control in equity.</p> <p>I focused on this matter because this transaction depends on whether the acquisition actually qualified as a business combination, or a business combination under common control. The Group's goodwill represented approximately 13% of the Group's total assets and the valuation of net assets acquired required the use of management's significant judgement which would affect the net assets acquired and goodwill.</p>	<p>I enquired the management to understand the basis used for considering the recognition of the acquisition of the AMA Group.</p> <p>I evaluated the management's assessment and the information used when considering the recognition of the acquisition of the AMA Group as a business combination under common control according to the accounting guidance for business combinations under common control published by the Federation of Accounting Professions rather than business combinations according to the guidance under Thai Financial Reporting Standard; TFRS 3 (revised 2016).</p> <p>I read the sale and purchase agreement of AMA Group, the minute of the Board of Directors meeting, and minute of the Extraordinary Shareholders meeting relating to the approval for the acquisition. Also, I consulted my accounting experts regarding the analysis of the information gathered.</p> <p>I assessed the reliability of the Purchase Price Allocation report by an independent valuation expert. I considered the qualifications, competency, and independence of the independent expert. I examined the identification and valuation of net assets acquired, which included testing the calculation of goodwill. Also, I traced payments to the bank statements.</p> <p>I tested the calculation of the differences arising from business combination under common control in equity, being the differences between total purchase consideration and the net assets acquired at the net book value before the business combination and noted that management's computation was in line with the accounting guidance for the business combination under common control.</p> <p>From the procedures performed above, I found that the management's assessment of the acquisition of AMA Group as a business combination under common control was appropriate and the accounting for the business combination under common control was also appropriately recorded.</p>

Investment in subsidiaries impairment assessment

Please refer to Note 6 to the financial statements for critical accounting estimates and judgements, and Note 16 to the financial statements for investment in subsidiaries.

According to Thai Accounting Standard; TAS 36 (revised 2016) - Impairment of assets, an entity shall test the impairment of investment in subsidiaries if any such impairment indication existed.

Because two subsidiaries, which have a total investment value of Baht 60 million, continuously generated a loss from their operations, the management determined that this circumstance was an indication of impairment on investment in those subsidiaries. The management determined the recoverable amount based on the higher of its fair value less costs of disposal and its value in use by a discounted forecast of the future cash flow.

In this regard, the management set up an allowance for the impairment of a subsidiary of Baht 8 million from the investment value of Baht 10 million and there was no need to set up an allowance for impairment of another subsidiary because the recoverable amount exceeded its net book value.

I focused on this matter because the recoverable amount valuation required the use of management's significant judgement about the estimation of future business plans and the key assumptions in relation to the forecast of net future cash flow discounted to be net present value were the gross margin, growth rate and discount rate. These key assumptions were sensitive and had a considerable impact on the recoverable amount, and resulted in an investment in subsidiaries impairment assessment.

I obtained information about the forecasted future cash flow provided by the Group's management and gained an understanding of the procedures used to prepare the forecast.

I challenged the reasonableness of the procedures and assumptions relating to management's forecast about the gross margin, growth rate and discount rate with reference to supporting documents or reasonable sources such as historical information and future business plans.

I performed a mathematical test on key figures derived from the estimation according to the above assumptions in order to calculate the recoverable amount and compares this to the net book value.

From the procedures performed above, I found that the assessment of the recoverable amount and management's key assumptions were reasonable.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.

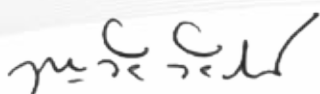
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



Chanchai Chaiprasit

Certified Public Accountant (Thailand) No. 3760

Bangkok

28 February 2018

Statement of Financial Position

As at 31 December 2017

		Consolidated financial statements			Separate financial statements		
		2017	Restated 2016	Restated 2015	2017	Restated 2016	Restated 2015
Notes		Baht	Baht	Baht	Baht	Baht	Baht
Assets							
Current assets							
Cash and cash equivalents	9	371,921,850	274,100,745	733,252,502	71,737,713	46,974,792	59,207,263
Short-term investments	10	647,919,870	110,718,378	397,530,709	46,530,623	46,042,689	326,751,205
Restricted deposits at a financial institution - current	14	5,445,500	5,926,700	-	5,000,000	5,000,000	-
Trade and other receivables, net	11	199,956,312	267,239,317	237,855,657	13,374,941	15,673,048	14,751,339
Short-term loan to a subsidiary	36	-	-	-	101,749,298	936,318,217	85,703,923
Inventories	12	49,984,106	47,491,861	43,470,218	308,496	527,677	258,915
Work in progress under service contracts	13	12,936,775	3,283,658	-	-	-	-
Other current assets	15	85,286,168	109,473,579	10,856,343	6,340,616	13,121,966	3,734,331
Total current assets		1,373,450,581	818,234,238	1,422,965,429	245,041,687	1,063,658,389	490,406,976
Non-current assets							
Restricted deposits at a financial institution	14	13,600,041	12,346,007	15,817,011	-	-	5,126,828
Investments in subsidiaries	16	-	-	-	8,013,253,520	6,011,055,463	134,999,943
Long-term investments		-	560,000	-	-	-	-
Investment property, net	17	2,754,025,972	5,210,723,786	-	-	-	-
Property, plant and equipment, net	18	7,187,429,719	6,672,397,019	3,437,802,871	1,366,438,105	1,397,080,187	1,429,822,515
Intangible assets, net	19	77,062,177	69,368,779	64,617,757	3,817,000	4,604,166	5,449,549
Leasehold rights		22,422,640	10,387,500	-	-	-	-
Goodwill	20	1,648,636,237	1,648,636,237	1,492,386,080	-	-	-
Deferred tax assets	21	5,300,619	2,945,682	1,138,838	2,468,204	2,137,851	586,015
Other non-current assets		6,284,550	4,210,212	6,542,623	4,341,465	3,839,205	2,753,004
Total non-current assets		11,714,761,955	13,631,575,222	5,018,305,180	9,390,318,294	7,418,716,872	1,578,737,854
Total assets		13,088,212,536	14,449,809,460	6,441,270,609	9,635,359,981	8,482,375,261	2,069,144,830

Director _____ Director _____

Consolidated financial statements				Separate financial statements		
		Restated	Restated		Restated	Restated
	2017	2016	2015	2017	2016	2015
Notes	Baht	Baht	Baht	Baht	Baht	Baht
22	1,448,274	-	2,757	-	-	-
22	30,000,000	-	-	-	-	-
23	1,370,899,979	339,567,568	192,591,172	1,053,985,213	20,496,740	19,596,292
	23,706,911	18,545,762	9,240,406	4,077,969	2,312,447	2,957,850
22	445,618,548	34,059,878	99,603,041	-	-	-
	-	-	201,035,001	-	-	-
22	8,705,655	11,675,517	5,743,300	-	-	-
22	138,198,557	222,877,991	48,360,000	-	-	-
	71,778,855	19,348,274	6,904,712	-	-	-
	49,053,678	22,923,837	12,874,325	29,075,977	9,892,595	12,874,325
24	75,597,790	66,938,532	20,761,293	4,871,180	3,713,952	3,117,938
	2,215,008,247	735,937,359	597,116,007	1,092,010,339	36,415,734	38,546,405
22	11,057,063	18,025,187	11,405,945	-	-	-
22	1,102,412,040	1,550,415,798	502,280,000	-	-	-
	9,634,810	15,949,597	-	-	-	-
	19,675,786	20,749,081	-	-	-	-
22, 36	521,469,771	512,535,849	-	521,469,771	512,535,849	-
21	171,398,059	171,631,327	163,678,779	-	-	-
25	71,012,437	64,525,282	57,049,930	12,680,791	9,069,199	5,877,082
	-	-	1,438,568	-	-	1,438,568
26	42,443,180	64,371,065	31,143,163	27,620,190	39,146,747	31,142,763
	1,949,103,146	2,418,203,186	766,996,385	561,770,752	560,751,795	38,458,413
	4,164,111,393	3,154,140,545	1,364,112,392	1,653,781,091	597,167,529	77,004,818

Principal Capital Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2017

Notes	Consolidated financial statements			Separate financial statements		
	2017	Restated 2016	Restated 2015	2017	Restated 2016	Restated 2015
	Baht	Baht	Baht	Baht	Baht	Baht

Liabilities and equity (Cont'd)

Equity

Share capital	27					
Authorised share capital						
3,240,638,433 ordinary shares						
at a par value of Baht 1 each		3,240,638,433	-	3,240,638,433	3,240,638,433	-
1,400,700,000 ordinary shares						
at a par value of Baht 1 each		-	1,400,700,000	-	-	1,400,700,000
Issued and paid-up share capital						
3,240,087,520 paid-up ordinary shares						
at a par value of Baht 1 each		3,240,087,520	-	3,240,087,520	3,240,087,520	-
957,976,200 paid-up ordinary shares						
at a par value of Baht 1 each		-	957,976,200	-	-	957,976,200
Premium on paid-up share capital	27	4,476,767,055	862,725,240	4,476,767,055	4,476,767,055	862,725,240
Retained earnings						
Appropriated - legal reserve	29	44,199,790	39,379,215	44,199,790	39,379,215	39,379,215
Unappropriated		(278,895,727)	122,757,934	220,524,525	128,973,942	132,059,357
Other components of equity		764,129,669	-	-	-	-
Equity attributable to owners of the parent		8,246,288,307	1,982,838,589	7,981,578,890	7,885,207,732	1,992,140,012
Non-controlling interests		677,812,836	3,094,319,628	-	-	-
Total equity		8,924,101,143	5,077,158,217	7,981,578,890	7,885,207,732	1,992,140,012
Total liabilities and equity		13,088,212,536	6,441,270,609	9,635,359,981	8,482,375,261	2,069,144,830

Principal Capital Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2017

		Consolidated financial statements		Separate financial statements	
		2017	Restated 2016	2017	Restated 2016
	Notes	Baht	Baht	Baht	Baht
Revenues from sales and services	8	2,237,770,892	2,071,671,737	280,253,970	260,372,914
Costs of sales and services		(1,727,719,573)	(1,437,433,269)	(138,945,742)	(115,352,291)
Gross profit		510,051,319	634,238,468	141,308,228	145,020,623
Other income	32	158,199,592	44,802,307	143,332,476	13,483,139
Selling expenses		(45,387,887)	(30,049,869)	(12,424,890)	(11,749,151)
Administrative expenses		(761,050,714)	(576,525,582)	(159,625,529)	(149,365,864)
Finance costs		(69,120,459)	(29,308,465)	(8,933,922)	(2,025,999)
Profit (loss) before income tax expense		(207,308,149)	43,156,859	103,656,363	(4,637,252)
Income tax (expense) income	34	(164,305,570)	(24,371,038)	(7,244,869)	1,551,837
Profit (loss) for the year		(371,613,719)	18,785,821	96,411,494	(3,085,415)
Other comprehensive income (expense):					
Items that will not be reclassified to profit or loss					
Remeasurements of employee benefit obligations	25	11,494,104	15,614,251	(50,420)	-
Deferred income tax on remeasurements of employee benefit obligations	34	(2,298,821)	(3,122,850)	10,084	-
Total items that will not be reclassified to profit or loss		9,195,283	12,491,401	(40,336)	-
Other comprehensive income (expense) for the year, net of tax		9,195,283	12,491,401	(40,336)	-
Total comprehensive income (expense) for the year		<u>(362,418,436)</u>	<u>31,277,222</u>	<u>96,371,158</u>	<u>(3,085,415)</u>
Profit (loss) attributable to:					
Owner of the parent		(345,096,006)	(53,655,749)	96,411,494	(3,085,415)
Non-controlling interests		(26,517,713)	72,441,570	-	-
		<u>(371,613,719)</u>	<u>18,785,821</u>	<u>96,411,494</u>	<u>(3,085,415)</u>
Total comprehensive income (expense) attributable to:					
Owner of the parent		(343,177,337)	(53,655,749)	96,371,158	(3,085,415)
Non-controlling interests		(19,241,099)	84,932,971	-	-
		<u>(362,418,436)</u>	<u>31,277,222</u>	<u>96,371,158</u>	<u>(3,085,415)</u>

Principal Capital Public Company Limited
Statement of Comprehensive Income (Cont'd)
For the year ended 31 December 2017

	Consolidated financial statements		Separate financial statements	
	2017	Restated 2016	2017	Restated 2016
Note	Baht	Baht	Baht	Baht

Earnings (loss) per share (Baht) 35

Basic earnings (loss) per share	(0.107)	(0.036)	0.030	(0.002)
Diluted earnings (loss) per share	(0.107)	(0.036)	0.030	(0.002)

	Notes	Consolidated financial statements									
		Attributable to owners of the parent					Other components of equity				
		Retained earnings		Difference arising from business combination under common control			Total owners of the parent		Non-controlling interests		Total equity
		Issued and paid-up share capital	Premium on paid-up share capital	Appropriated - legal reserve	Unappropriated		Baht	Baht	Baht	Baht	
		Baht	Baht	Baht	Baht						
Opening balance as at 1 January 2016											
		957,976,200	862,725,240	39,379,215	122,757,934	-	1,982,838,589	3,094,319,628	5,077,158,217		
27	Proceeds from ordinary shares issued	2,282,111,320	3,614,041,815	-	-	-	5,896,153,135	-	5,896,153,135		
	Investment in a subsidiary	-	-	-	-	-	-	239,410,000	239,410,000		
	Proceeds from ordinary shares issued of a subsidiary	-	-	-	-	-	-	55,180,000	55,180,000		
	Change in parent's ownership interests in subsidiaries	-	-	-	-	-	-	11,166,151	11,166,151		
	Dividend paid	-	-	-	-	-	-	(14,675,810)	(14,675,810)		
	Total comprehensive income for the year	-	-	-	(53,655,749)	-	(53,655,749)	84,932,971	31,277,222		
Closing balance as at 31 December 2016											
		3,240,087,520	4,476,767,055	39,379,215	69,102,185	-	7,825,335,975	3,470,332,940	11,295,668,915		
Opening balance as at 1 January 2017											
31	Investment in subsidiaries under common control	3,240,087,520	4,476,767,055	39,379,215	69,102,185	-	7,825,335,975	3,470,332,940	11,295,668,915		
29	Legal Reserve	-	-	-	-	764,129,669	764,129,669	(2,764,129,669)	(2,000,000,000)		
	Proceeds from ordinary shares issued of a subsidiary	-	-	4,820,575	(4,820,575)	-	-	-	-		
	Change in parent's ownership interests in subsidiaries	-	-	-	-	-	-	18,257,250	18,257,250		
	Dividend paid	-	-	-	-	-	-	43,593,414	43,593,414		
	Total comprehensive expense for the year	-	-	-	(343,177,337)	-	(343,177,337)	(71,000,000)	(71,000,000)		
Closing balance as at 31 December 2017											
		3,240,087,520	4,476,767,055	44,199,790	(278,895,727)	764,129,669	8,246,288,307	677,812,836	8,924,101,143		

Principal Capital Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2017

Separate financial statements							
Notes	Issued and paid-up share capital	Baht	Premium on paid-up capital	Baht	Retained earnings		Total equity
					Appropriated - legal reserve	Unappropriated	
		Baht		Baht	Baht	Baht	Baht
Opening balance as at 1 January 2016							
27	Proceeds from ordinary shares issued	957,976,200	862,725,240	39,379,215	132,059,357		1,992,140,012
	Total comprehensive expense for the year	2,282,111,320	3,614,041,815	-	-		5,896,153,135
		-	-	-	(3,085,415)		(3,085,415)
Closing balance as at 31 December 2016							
		3,240,087,520	4,476,767,055	39,379,215	128,973,942		7,885,207,732
Opening balance as at 1 January 2017							
29	Legal Reserve	3,240,087,520	4,476,767,055	39,379,215	128,973,942		7,885,207,732
	Total comprehensive income for the year	-	-	4,820,575	(4,820,575)		-
		-	-	-	96,371,158		96,371,158
Closing balance as at 31 December 2017							
		3,240,087,520	4,476,767,055	44,199,790	220,524,525		7,981,578,890

Principal Capital Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2017

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
	Notes	Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit (loss) before income tax		(207,308,149)	43,156,859	103,656,363	(4,637,252)
Adjustments for:					
Depreciation and amortisation	33	395,668,966	216,575,526	46,573,581	44,332,404
Doubtful accounts (reversal)		(6,234,480)	5,337,048	13,575	55,047
Write-offs withholding tax receivables		1,732,925	217,702	1,597,672	172,541
Realised gains on sales of trading securities	10	(2,671,167)	(4,305,339)	-	(3,570,565)
Unrealised gains on changes in fair values of trading securities	10	(1,173,557)	(111,976)	(487,934)	(48,154)
Loss on impairment of investment in subsidiaries		-	-	7,801,943	-
Gain on disposals of investment property	32	(104,400,000)	-	-	-
(Gain) loss on disposals and write-offs of equipment		5,069,196	3,986,013	-	(186,817)
Employee benefit expenses		18,859,834	8,574,899	3,561,172	3,192,117
Interest income	32	(11,591,801)	(3,236,853)	(24,296,557)	(7,714,130)
Interest expense		69,120,459	9,311,725	8,933,922	2,025,999
Profit from operating activities before changes in operating assets and liabilities		157,072,225	279,505,604	147,353,737	33,621,190
Trade and other receivables		34,231,428	19,886,750	2,283,921	(1,009,702)
Inventories		(2,492,244)	(4,021,643)	219,182	(268,762)
Work in progress under construction contract		(9,653,117)	(3,283,658)	-	-
Other current assets		3,344,066	(192,332)	6,406,963	(8,095,161)
Other non-current assets		19,958,512	3,054,386	(502,260)	(1,086,201)
Trade and other payables		96,821,870	60,296,647	35,103,260	(2,784,474)
Advances received from customers		(1,153,638)	(2,817,765)	1,765,522	(3,627,133)
Deposits received from customers		25,056,546	9,621,711	19,183,382	-
Other current liabilities		(9,621,966)	11,152,416	1,157,228	596,014
Employee benefits paid		(878,575)	(1,099,547)	-	-
Long-term provisions		-	(1,438,568)	-	(1,438,568)
Other non-current liabilities		(15,023,134)	3,737,854	(11,526,557)	8,003,984
Cash generated from operations		297,661,973	374,401,855	201,444,378	23,911,187
Interest paid		(66,279,076)	(75,135,799)	-	-
Income tax paid		(119,055,057)	(27,225,589)	(8,788,423)	(1,438,561)
Net cash receipts from operating activities		112,327,840	272,040,467	192,655,955	22,472,626

Principal Capital Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2017

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Note	Baht	Baht	Baht	Baht
Cash flows from investing activities				
Proceeds from disposals of				
short-term investments	3,638,841,762	920,012,161	-	910,572,161
Purchases of short-term investments	(4,165,621,309)	(629,342,515)	-	(626,244,926)
Decrease (increase) in restricted deposits				
at a financial institution	(772,833)	(1,410,246)	-	126,828
Cash received from short-term loans				
to subsidiaries	-	-	1,840,000,000	2,500,000
Payment of short-term loans to subsidiaries	-	-	(1,007,000,000)	(850,500,000)
Cash received from purchases of				
investment in subsidiaries	-	4,798,348	-	-
Purchases of investment in subsidiaries	16 (1,000,000,000)	-	(1,010,000,000)	-
Cash received from interest income	6,072,531	3,029,294	25,866,087	5,106,330
Proceeds from disposals of investment property	-	-	-	-
Proceeds from disposals of equipment	2,500,000,000	186,916	-	186,916
Purchases of investment property	-	-	-	-
Purchases of plant and equipment				
and intangible assets	(868,666,708)	(957,585,992)	(16,759,121)	(7,059,870)
Payments for leasehold rights	(12,035,140)	(10,387,500)	-	-
Net cash receipts from (payments in)				
investing activities	97,818,303	(670,699,534)	(167,893,034)	(565,312,561)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts from				
a financial institution	1,448,274	(2,757)	-	-
Proceeds from borrowings from				
financial institution	380,923,256	388,112,235	-	-
Payments on borrowings from				
financial institution	(882,615,798)	(73,840,000)	-	-
Proceeds from borrowings from related party	441,500,000	-	-	-
Payments on borrowings from other party		(262,042,500)	-	-
Payments on borrowings from director	(33,500,000)	(696,768,000)	-	-
Payments of finance lease liabilities	(9,937,986)	-	-	-
Dividends paid	(28,400,034)	(1,739,132)	-	-
Proceeds from share issuance	18,257,250	585,787,464	-	530,607,464
Net cash (payments in) receipts from				
financing activities	(112,325,038)	(60,492,690)	-	530,607,464
Net increase (decrease) in cash and cash equivalents				
	97,821,105	(459,151,757)	24,762,921	(12,232,471)
Cash and cash equivalents at the beginning of the year	274,100,745	733,252,502	46,974,792	59,207,263
Cash and cash equivalents at the end of the year	371,921,850	274,100,745	71,737,713	46,974,792

Principal Capital Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Non-cash transactions					
Purchases of property, plant and equipment not yet paid for		-	36,006,040	2,157,346	3,772,133
Purchases of subsidiaries by using:					
- Share payables	23	1,000,000,000	-	1,000,000,000	-
- Share capital	30	-	5,365,545,671	-	5,365,545,671
- Long-term promissory notes	30	-	510,509,850	-	510,509,850

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

1 General information

Principal Capital Public Company Limited ("the Company") is a public limited company which is listed on the Stock Exchange of Thailand and incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

No. 29, 23rd floor, Bangkok Business Center Building, Sukhumvit 63 Road, Klongtonnua, Wattana, Bangkok. In addition, the Company has one branch located at No. 1, Soi Suanplu, Sathorn Road, Thungmahamek, Sathorn, Bangkok.

For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The principal business operations of the Group are operating serviced apartments, office building rental, property development and rental, implementing information systems, and private hospitals.

These Group consolidated and separate financial statements were authorised for issue by the Board of Directors on 28 February 2018.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai financial reporting standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 6.

An English version of the consolidated and separate financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Revised financial reporting standards

The Group has applied the revised financial reporting standards which are effective on 1 January 2017 and relevant to the Group. The application of those financial reporting standards does not have significant impact to the Group.

The Group has not yet early adopted the revised financial reporting standards which are effective on 1 January 2018.

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries

(1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations except business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A list of the Group's subsidiaries is disclosed in Note 16.

(2) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries (Cont'd)

(3) Business combination under common control

The Group accounts for business combination under common control by measuring acquired assets and liabilities of the acquiree in the proportion of interests under common control at the carrying values of the acquiree presented in the highest level of the consolidation prior to the business combination under common control at the acquisition date. The Group retrospectively adjusted the business combination under common control transactions as if the combination occurred from the beginning of period of which the financial statements in the previous period are comparatively presented in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions.

Costs of business combination under common control are the aggregated amount of fair value of assets transferred, liabilities incurred and equity instruments issued by the acquirer at the date of which the exchange in control occurs. Other costs directly attribute to business combination under common control, such as professional fees of legal advisors and other advisors, registration fees, and costs relating to preparation of information for shareholders, are capitalised as an investment in the separate financial statements while immediately recognised as expenses in the consolidated financial statements in the period of which the business combination occurs.

The difference between costs of business combination under common control and the acquirer's interests in the carrying value of the acquiree is presented as "Difference arising from business combination under common control" in equity.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the company's functional and the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.5 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statements of financial position, bank overdrafts are shown in current liabilities.

2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognized in profit or loss as part of administrative expenses.

2 Accounting policies (Cont'd)

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the moving average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

2.8 Service contracts

A service contract is a contract specifically negotiated for the implementation of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a service contract cannot be estimated reliably, service contract revenues are recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When the outcome of a service contract can be estimated reliably and it is probable that the contract will be profitable, service contract revenues and costs are recognised using the percentage-of-completion method. When it is probable that total service contract costs will exceed total service contract revenue, the expected loss is recognised as an expense immediately.

Service costs incurred in the year in connection with future activity on a contract are excluded and shown as work in progress under contracts.

The aggregate of the service costs incurred and recognised profits (less losses) to date of each service contract is compared against the progress billings. Where the total service costs incurred and recognised profits (less losses) exceed progress billings, the balance is shown as unbilled contract revenue. Where the total costs incurred and recognised profits (less losses) are under progress billings, the balance is shown as deferred contract revenues.

2.9 Trading investments

Investments other than investments in subsidiaries are classified as trading investments and held-to-maturity investments. The classification is depend on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity.

Investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand or NAV. The unrealised gains and losses of trading investments are recognised in the statement of income.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the first-in, first-out method.

2 Accounting policies (Cont'd)

2.10 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated. Depreciation on other investment properties is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Building and building improvements	5 - 40 years
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2.11 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight line method over their estimated useful lives, except for land, which is considered to have an indefinite useful life, as follows:

Building and building improvements	10 - 40 years
Furniture, fixtures and office equipment	3 - 10 years
Medical equipment	5 years
Vehicles	5 years

Linens, dishware, glassware, and silverware, and some equipment supplies necessary for operating the serviced apartments, at the appropriate quantities for the normal operations, are recorded at the acquisition value. These assets are not depreciated. Subsequent replenishment or replacements of these items are recorded as period costs.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised as 'Other (losses)/gains - net' in profit or loss.

2 Accounting policies (Cont'd)

2.12 Goodwill

Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination, in which the goodwill arose, identified according to operating segments.

2.13 Intangible assets

(a) Information system service agreements acquired from business combination

Information system service agreements acquired from business combination are recognised at fair value at the acquisition date. These service agreements are carried at fair value less accumulated amortisation.

The Group amortises intangible assets from business combination in the consolidated financial statements by reference to the proportion of information system service revenues recognised till the end of year on which a subsidiary was acquired.

(b) Computer software

Computer software licenses specifically purchased are recognised as assets at the amount of acquisition costs and other costs necessary for making the computer software in the usable condition as intended by the management. Computer software licenses are amortised over the useful lives of 3 - 10 years.

2.14 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level at which cash flows could be separately identified. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 Long-term leases

Long-term leases - where the Group is a lessee

Leases of which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment, where the Group is substantially entitled to all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2 Accounting policies (Cont'd)

2.16 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid for the establishment of loan facilities are recognised as transaction costs of the loan to the extent to which it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. Where there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

(a) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Accounting policies (Cont'd)

2.18 Employee benefits

(a) Retirement benefits

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive at their retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

(b) Provident fund

The Group operates a provident fund that is a defined contribution plan, the assets of which are held in a separate trust fund managed by the external fund manager. The provident fund is funded by payments from employees and by the Group. Contributions to the provident fund by the Group are charged as profit or loss in the year to which they relate.

2.19 Share-based payment

The Group recognises the acquired assets in a share-based payment transaction, by issuing the new Company's ordinary shares and long-term promissory notes as the consideration, at the fair value of assets as an increase in assets in consolidated financial statement but as an increase in investment in subsidiaries in separate financial statement.

The Group recognises the difference between the fair value of the acquired assets and the fair value of long-term promissory notes at the assets acquired date in the issued and paid-up share capital and premium on paid-up share capital.

2 Accounting policies (Cont'd)

2.20 Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statement. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Revenues from the serviced apartments and office building management businesses are recognised on an accrual basis at the amount before value added taxes, net of trade discounts.

Revenues from information system implementation services are recognised using the percentage-of-completion method. The stage of completion is determined by reference to the actual cost incurred to date to total estimated cost for each projects. Provision for anticipated loss on the projects will be made in the accounts as soon as the possibility of loss is ascertained.

Revenues from hospital operations include fair value from doctor fee, room fee, and medical fee, which is net amount from discount, are recognised when services have been rendered or medicine delivered.

Interest income is recognised using the effective interest method.

Other income is recognised on an accrual basis, unless collectability is in doubt.

2.22 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, and interim dividend are approved by the Board of Directors.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the management under policies approved by the Board of Directors. The management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Risk Management Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and liquidity risk.

3.1.1 Foreign exchange risk

The Group is exposed to foreign exchange risk arising from some currency exposures, primarily relates to its certain receivables and payables. However, the Group believes that foreign exchange risk will have no material effect to their operational results and they therefore do not use derivative financial instruments to hedge this risk.

3.1.2 Interest rate risk

Interest rate risk is the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial instruments. The financial assets that potentially subject the Group to the interest rate risk is deposits with banks. The Group has bank overdrafts from a financial institution which bears floating interest rates. The Group also has short-term loans to a subsidiary and short-term borrowings from a financial institution. These borrowings bears a fixed interest rates depending on money market rate. Interest rates approximate to the market rates as the borrowings are short-term. The Group does not hedge its exposure to interest rate risk.

3.1.3 Credit risk

The Group has no significant concentrations of credit risk due to the Group has a large number of customers in various businesses. The Group also has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Group has no significant risk with financial institutions since cash is placed with reputable financial institutions. The Group does not have credit risk other than that provided in the allowance for doubtful accounts as presented in the financial statements. The estimate for allowance for doubtful accounts encompasses consideration of past collection experiences and other factors such as the local economic conditions.

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

3 Financial risk management (Cont'd)

3.2 Fair value estimation

The following table presents the Group's financial assets that are measured at fair value at 31 December 2017.

	Consolidated financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Asset				
Trading securities (Note 10)	346,324	-	-	346,324

	Separate financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Asset				
Trading securities (Note 10)	46,531	-	-	46,531

The following table presents the Group's financial assets that are measured at fair value at 31 December 2016.

	Consolidated financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Asset				
Trading securities (Note 10)	107,074	-	-	107,074

	Separate financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Asset				
Trading securities (Note 10)	46,043	-	-	46,043

Financial instruments in level 1

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the closing price by reference to the Thai Bond Dealing Centre. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (over-the-counter) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

There were no transfers between levels during the year.

The carrying amounts of the Group's other financial assets and liabilities as at 31 December 2017 and 31 December 2016 as presented in the financial statements approximate to their fair value since their interest rate approximately subject to current market interest rate.

4 Change in accounting policies

4.1 Trading investments

The Group had a change in accounting policy of partial disposal of a particular investment in debt or equity securities which is previously determined by the weighted average carrying amount of the total holding of the investment to the first-in, first-out method for better reflection on the Group's performance.

The management considered that the change in accounting policy did not impact to the financial statements.

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5 Reclassifications and restatements

During the period, the Group made change in presentation to be more conformable to nature of accounts. The Group restated financial statements because of business combination under common control in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions. Comparative figures have been restated as follows:

	Consolidated financial statement		
	As previously reported Baht	Adjustments increase (decrease) Baht	After restated Baht
Statement of Financial Position as at 31 December 2016			
Cash and cash equivalents	119,365,554	154,735,191	274,100,745
Short-term investments	107,066,120	3,652,258	110,718,378
Restricted deposits at a financial institution			
financial institution - current	5,866,700	60,000	5,926,700
Trade and other receivables, net	125,458,950	141,780,367	267,239,317
Inventories	527,677	46,964,184	47,491,861
Work in progress under construction contracts	3,283,658	-	3,283,658
Other current assets	77,978,216	31,495,363	109,473,579
Restricted deposits at a financial institution	7,845,500	4,500,507	12,346,007
Long-term investments	-	560,000	560,000
Investment property, net	5,210,723,786	-	5,210,723,786
Property, plant and equipment, net	3,890,803,629	2,781,593,390	6,672,397,019
Intangible assets, net	7,327,130	62,041,649	69,368,779
Leasehold rights	10,387,500	-	10,387,500
Goodwill	4,575,754	1,644,060,483	1,648,636,237
Deferred tax assets	2,945,682	-	2,945,682
Other non-current assets	4,122,702	87,510	4,210,212
Trade and other payables	79,738,064	259,829,504	339,567,568
Advances received from customers customers - current	33,633,264	(15,087,502)	18,545,762
Short-term loans from a related party	-	11,675,517	11,675,517
Current portion of finance lease liabilities	161,417,991	61,460,000	222,877,991
Current portion of long-term borrowings from a financial institution	-	222,877,991	222,877,991
Income tax payable	1,061,726	18,286,548	19,348,274
Deposits received from customers - current	-	22,923,837	22,923,837
Other current liabilities	45,334,563	21,603,969	66,938,532
Finance lease liabilities	-	18,025,187	18,025,187
Long-term borrowings from financial institutions	806,595,798	743,820,000	1,550,415,798
Advances received from customers	-	15,949,597	15,949,597
Deposits received from customers	-	20,749,081	20,749,081
Long-term promissory notes from a related party	512,535,849	-	512,535,849
Deferred tax liabilities	12,764	171,618,563	171,631,327
Employee benefit obligations	13,108,354	51,416,928	64,525,282
Other non-current liabilities	94,164,993	(29,793,928)	64,371,065
Unappropriated	74,441,402	(5,339,217)	69,102,185
Statement of Comprehensive income for the year ended 31 December 2016			
Revenues from sales and services	354,848,884	1,716,822,853	2,071,671,737
Costs of sales and services	(222,255,730)	(1,215,177,539)	(1,437,433,269)
Other income	8,408,253	36,394,054	44,802,307
Service expenses	(14,139,491)	(15,910,378)	(30,049,869)
Administrative expenses	(172,454,115)	(404,071,467)	(576,525,582)
Finance costs	(6,452,749)	(22,855,716)	(29,308,465)
Income tax income	744,705	(25,115,743)	(24,371,038)
Profit (loss) for the year	(51,300,243)	70,086,064	18,785,821
Other comprehensive income (expense)	-	12,491,401	12,491,401

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5 Reclassifications and restatements (Cont'd)

During the period, the Group made change in presentation to be more conformable to nature of accounts. The Group restated financial statements because of business combination under common control in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions. Comparative figures have been restated as follows: (Cont'd)

	Consolidated financial statement		
	As previously reported Baht	Adjustments increase (decrease) Baht	After restated Baht
Statement of Financial Position as at 31 December 2015			
Cash and cash equivalents	71,893,795	661,358,707	733,252,502
Short-term investments	396,975,540	555,169	397,530,709
Trade and other receivables, net	147,005,883	90,849,774	237,855,657
Inventories	258,915	43,211,303	43,470,218
Other current assets	7,464,742	3,391,601	10,856,343
Restricted deposits at a financial institution	13,913,528	1,903,483	15,817,011
Property, plant and equipment, net	1,431,166,992	2,006,635,879	3,437,802,871
Intangible assets, net	6,522,128	58,095,629	64,617,757
Goodwill	4,575,754	1,487,810,326	1,492,386,080
Deferred tax assets	1,138,838	-	1,138,838
Other non-current assets	6,372,113	170,510	6,542,623
Bank overdrafts from a financial institution	2,629	128	2,757
Trade and other payables	36,681,960	155,909,212	192,591,172
Advances received from customers - current	15,832,175	(6,591,769)	9,240,406
Short-term loans from a related party	-	99,603,041	99,603,041
Short-term loans from other parties	-	201,035,001	201,035,001
Current portion of finance lease	-	5,743,300	5,743,300
Current portion of long-term borrowings from a financial institution	-	48,360,000	48,360,000
Income tax payable	-	6,904,712	6,904,712
Deposits received from customers - current	-	12,874,325	12,874,325
Other current liabilities	6,719,803	14,041,490	20,761,293
Finance lease liabilities	-	11,405,945	11,405,945
Long-term borrowings from financial institutions	-	502,280,000	502,280,000
Deferred tax liabilities	44,867	163,633,912	163,678,779
Employee benefit obligations	9,603,163	47,446,767	57,049,930
Long-term provisions	1,438,568	-	1,438,568
Other non-current liabilities	31,142,763	400	31,143,163
Retained earnings - Unappropriated	125,741,645	(2,983,711)	122,757,934

	Separate financial statement		
	As previously reported Baht	Reclassification increase (decrease) Baht	After reclassification Baht
Statement of Financial Position as at 31 December 2016			
Trade and other receivables, net	15,669,147	3,901	15,673,048
Other current assets	13,125,867	(3,901)	13,121,966
Advances received from customers - current	12,205,042	(9,892,595)	2,312,447
Deposits received from customers - current	-	9,892,595	9,892,595
Statement of Financial Position as at 31 December 2015			
Trade and other receivables, net	14,720,985	30,354	14,751,339
Other current assets	3,764,685	(30,354)	3,734,331
Advances received from customers - current	15,832,175	(12,874,325)	2,957,850
Deposits received from customers - current	-	12,874,325	12,874,325

6 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimate and assumption that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.12 The recoverable amounts of cash-generating units have been determined based on Value-in-use calculations. These calculations require the use of estimates (note 20).

Estimated impairment of investments in subsidiaries

The Group tests impairment of investments in subsidiaries when indicators of impairment exist, in accordance with the accounting policy stated in note 2.3 The recoverable amounts of cash-generating units have been determined based on Value-in-use calculations. These calculations require the use of estimates.

Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 25.

Measurement for the value of the investment properties

Fair value of investment properties, which has been assessed by an independent appraiser, is calculated using the estimated discounted cash flows of the revenue, including future revenue under the current market condition and net from any expense cash flows anticipated to incur. The discount rate applied is reflect the assessment of the current market condition under the appropriate financial value and risk factors on each type of assets. The discount rate is 9.5% - 10.75% per annum.

7 Capital risk management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

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8 Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors that makes strategic decisions.

Significant information relating to revenue and profit classified by the Company and its subsidiaries' operating segments for the year ended 31 December 2017 was as follows:

	Property development and rental business				Hospital business				Other business				Elimination				Consolidated			
	2017		2016		2017		2016		2017		2016		2017		2016		2017		2016	
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Revenues from sales and services																				
External customers	476.4	286.9	1,690.4	1,716.8	71.0	68.0	-	-	-	-	-	-	-	-	-	-	2,237.8	2,071.7	-	-
Inter-segment revenues	60.5	12.2	10.0	2.0	0.7	0.6	(71.2)	(14.8)	0.7	0.6	(71.2)	(14.8)	(71.2)	(14.8)	(14.8)	-	-	-	-	-
	536.9	299.1	1,700.4	1,718.8	71.7	68.6	(71.2)	(14.8)	71.7	68.6	(71.2)	(14.8)	(71.2)	(14.8)	(14.8)	-	2,237.8	2,071.7	-	-
Total	192.2	138.2	425.7	531.9	3.2	(2.2)	(111.1)	(33.7)	3.2	(2.2)	(111.1)	(33.7)	(111.1)	(33.7)	(33.7)	510.0	510.0	634.2	634.2	634.2
Gross profit (loss)	(469.4)	(173.9)	(460.7)	(404.4)	(28.3)	(16.0)	152.0	(12.3)	(28.3)	(16.0)	152.0	(12.3)	(28.3)	(12.3)	(12.3)	(806.4)	(806.4)	(606.6)	(606.6)	(606.6)
Selling and administrative expenses	1,299.6	(28.8)	4.5	151.7	(27.8)	(22.8)	(1,483.6)	(56.9)	(27.8)	(22.8)	(1,483.6)	(56.9)	(27.8)	(56.9)	(56.9)	(207.3)	(207.3)	43.2	43.2	43.2
Profit (loss) before income tax expenses	(145.4)	0.5	(19.0)	(33.4)	(0.1)	0.2	0.2	8.3	(0.1)	0.2	0.2	8.3	0.2	8.3	8.3	(164.3)	(164.3)	(24.4)	(24.4)	(24.4)
Income tax income (expense)	1,154.2	(28.3)	(14.5)	118.3	(27.9)	(22.6)	(1,483.4)	(48.6)	(27.9)	(22.6)	(1,483.4)	(48.6)	(27.9)	(48.6)	(48.6)	(371.6)	(371.6)	18.8	18.8	18.8
Profit (loss) for the year																				
Investment property, net	2,754.0	5,210.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,754.0	5,210.7	5,210.7	5,210.7
Property, plant and equipment, net	3,870.8	3,890.3	3,316.3	2,781.6	0.3	0.5	-	-	0.3	0.5	-	-	-	-	-	-	7,187.4	6,672.4	6,672.4	6,672.4
Total assets	12,749.6	11,569.8	3,534.4	3,265.1	129.5	81.6	(3,325.3)	(466.7)	129.5	81.6	(3,325.3)	(466.7)	129.5	81.6	(466.7)	13,088.2	13,088.2	14,449.8	14,449.8	14,449.8

9 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Cash on hand and at banks	364,379	263,941	69,195	36,815
Short-term bank deposits	7,543	10,160	7,543	10,160
	<u>371,922</u>	<u>274,101</u>	<u>76,738</u>	<u>46,975</u>

The effective interest rate on short-term bank deposits was 1.2% per annum (2016: 0.85% per annum). These deposits have an average maturity of 90 days.

10 Short-term investments

As at 31 December 2017, information relating to short-term investments was as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Short-term deposits due more than 3 months	1,626	3,644	-	-
Trading securities - Investment units	345,509	106,962	45,995	45,995
Held-to-maturity due within 1 year - Treasury bills	299,970	-	-	-
Add Changes in fair values of trading securities	<u>1,265</u>	<u>112</u>	<u>536</u>	<u>48</u>
	<u>647,920</u>	<u>110,718</u>	<u>46,531</u>	<u>46,043</u>

As at 31 December 2017, the movements of trading securities and held-to-maturity due within 1 year were as follows:

	Consolidated financial statements Thousand Baht	Separate financial statements Thousand Baht
Opening net book amount	107,074	46,043
Additions	4,164,951	-
Disposals	(3,635,595)	-
Realised gains on disposals of trading securities	2,671	-
Unrealised gains on changes in fair values of trading securities	1,174	488
Interest income from held-to-maturity due within 1 year	<u>6,019</u>	<u>-</u>
Closing balance	<u>646,294</u>	<u>46,531</u>

The fair value of investment in trading securities are based on quoted market prices at the statement of financial position date. The fair values is within level 1 of the fair value hierarchy.

11 Trade and other receivables, net

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Trade accounts receivable - third parties	131,706	175,372	6,123	8,983
<u>Less</u> Allowance for doubtful accounts	(8,551)	(14,186)	(430)	(417)
Trade accounts receivable, net	123,155	161,186	5,693	8,566
Accrued income	42,585	71,128	2	4
<u>Less</u> Allowance for doubtful accounts	(2,397)	(2,997)	-	-
Accrued income, net	40,188	68,131	2	4
Trade accounts receivable - related party (Note 35)	671	59	4,830	3,919
Unbilled contract revenue (Note 13)	16,593	7,158	-	-
Prepaid expenses	13,099	14,323	2,498	2,675
Advances	3,513	7,926	5	4
Other receivables	2,737	8,456	346	505
	199,956	267,234	13,374	15,673

Outstanding trade accounts receivable - third parties can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Not overdue	64,005	76,672	5,870	8,912
Overdue				
Up to 3 months	51,686	77,545	253	71
3 - 6 months	6,541	6,809	-	-
6 - 12 months	3,395	1,923	-	-
Over 12 months	6,079	12,423	-	-
	131,706	175,372	6,123	8,983
<u>Less</u> Allowance for doubtful accounts	(8,551)	(14,186)	(430)	(417)
	123,155	161,186	5,693	8,566

Outstanding trade accounts receivable - related party can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Not overdue	671	59	4,830	3,919
Overdue				
Up to 3 months	-	-	-	-
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	-	-	-	-
	671	59	4,830	3,919
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	671	59	4,830	3,919

12 Inventories

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Work in progress	2,347	-	-	-
Medicines	31,048	29,233	-	-
Medical supplies	15,942	14,676	-	-
Goods for sales	283	880	-	-
General supplies	414	2,136	-	-
Food and beverage	308	567	308	528
	50,342	47,492	308	528
<u>Less</u> Provision on inventory	(358)	-	-	-
	49,984	47,492	308	528

The cost of inventories recognised as expense and included in 'cost of sales' amounted to Baht 328.2 million (2016: Baht 333.4 million).

Inventory with a value of Baht 0.6 million (2016: nil) is carried at net realisable value, this being lower than cost.

13 Work in progress under service contracts

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
At 1 January	3,284	-	-	-
Service costs incurred during the year	16,135	8,262	-	-
Service expenses recognised during the year	(6,482)	(4,978)	-	-
At 31 December	12,937	3,284	-	-
Service costs incurred and recognised profits (less losses) to date	24,920	15,486	-	-
<u>Less</u> Progress billings	(8,327)	(8,328)	-	-
Unbilled contract revenue (Note 11)	16,593	7,158	-	-
Service costs incurred and recognised profits (less losses) to date	10,414	-	-	-
<u>Less</u> Progress billings	(12,754)	-	-	-
Advances received on service contracts	(2,340)	-	-	-

14 Restricted bank deposits

As at 31 December 2017, the Company's restricted deposits represents fixed deposits totalling Baht 5.0 million (31 December 2016: Baht 5.0 million) pledged as collateral for letters of guarantee (Note 37).

As at 31 December 2017, the Group's restricted deposits represents saving and fixed deposits totalling Baht 19.0 million (31 December 2016: Baht 18.3 million) pledged as collateral for letters of guarantee (Note 37).

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15 Other current assets

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Short-term deposits	4,576	47,915	627	7,976
Receivable from Revenue Department	43,159	32,533	-	230
Withholding tax refundable	28,199	21,122	4,182	4,556
Suspense Input VAT	6,361	1,577	1,286	247
Short-term retentions	2,532	3,921	-	-
Others	459	2,406	246	113
	<u>85,286</u>	<u>109,474</u>	<u>6,341</u>	<u>13,122</u>

16 Investments in subsidiaries

Investments in subsidiaries as at 31 December comprised the following:

			Percentage of holding by parent (direct and indirect)		Percentage of holding by non-controlling interests (direct and indirect)	
Company's name	Country of incorporation	Nature of business	2017 Percent	2016 Percent	2017 Percent	2016 Percent
Subsidiaries						
Principal Investment Co., Ltd.	Thailand	Business consultancy	100.00	100.00	-	-
Convergence Systems Co., Ltd.	Thailand	Information system implementation	100.00	100.00	-	-
Bangkok Center District Co., Ltd.	Thailand	Property development	100.00	100.00	-	-
V Brilliant Group Holding Co., Ltd.	Thailand	Property development	100.00	100.00	-	-
Alliance Medical Asia Company Limited	Thailand	Investment holding	100.00	100.00	-	-
Subsidiaries under V Brilliant Group Holding Company Limited						
V Intelligence Co., Ltd.	Thailand	Office rental	100.00	100.00	-	-
V Residence Co., Ltd.	Thailand	Service apartment rental	100.00	100.00	-	-
V 33 Co., Ltd.	Thailand	Property development	100.00	100.00	-	-
Bangkok Management Co., Ltd.	Thailand	Property development and property rental	100.00	100.00	-	-
Subsidiaries under Alliance Medical Asia Company Limited						
Pitsanuloke Medical Co., Ltd.	Thailand	Hospital	60.00	-	40.00	-
Paknampo Hospital Co., Ltd.	Thailand	Hospital	90.92	-	9.08	-
Union Pichit Doctors Co., Ltd.	Thailand	Hospital	60.00	-	60.00	-
Pitsanuvej Uttaradit Hospital Co.,Ltd.	Thailand	Hospital	60.00	-	40.00	-
Pitsanuvej Pattana Co.,Ltd.	Thailand	Hospital	60.00	-	40.00	-
P.N.P Hospital Co.,Ltd.	Thailand	Hospital	90.92	-	9.08	-

Movement of investments in subsidiaries for the year ended 31 December was as follows:

	Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht
As at 1 January	6,011,055	135,000
Addition (Note 31)	2,010,000	5,876,055
Less Provision for impairment (Note 33)	(7,801)	-
As at 31 December	<u>8,013,254</u>	<u>6,011,055</u>

16 Investments in subsidiaries (Cont'd)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised statement of financial position

	Pitsanuloke Medical Co., Ltd.		Paknampo Hospital Co., Ltd.		Union Pichit Doctors Co., Ltd	
	As at 31 December		As at 31 December		As at 31 December	
	2017	2016	2017	2016	2017	2016
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht	Baht	Baht
Current assets	216,800	152,171	205,482	156,586	20,822	45,792
Current liabilities	(226,505)	(189,789)	(222,075)	(199,029)	(52,865)	(29,073)
Total current net assets	(9,705)	(37,618)	(16,593)	(42,443)	(32,043)	16,719
Non-current assets	882,510	690,629	1,793,891	1,499,427	130,747	114,693
Non-current liabilities	(193,205)	(33,071)	(724,415)	(773,159)	(8,968)	(13,937)
Total non-current net assets	689,305	657,558	1,069,476	726,268	121,779	100,756
Net assets	679,600	619,940	1,052,883	683,825	89,736	117,475
Accumulated non-controlling interests	271,840	619,940	95,602	683,825	49,222	117,475

16 Investments in subsidiaries (Cont'd)

Summarised financial information on subsidiaries with material non-controlling interests (Cont'd)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations. (Cont'd)

Summarised statement of comprehensive income

	Pitsanuloke Medical Co., Ltd.		Paknampo Hospital Co., Ltd.		Union Pichit Doctors Co., Ltd	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Revenue	1,069,929	1,079,808	460,945	465,063	157,628	173,936
Profit (loss)	116,325	126,622	(79,417)	(15,505)	(16,739)	12,164
Other comprehensive income	3,336	-	5,760	-	-	-
Total comprehensive income	191,661	129,622	(72,481)	(15,505)	(16,739)	12,164
Profit (loss) allocated to non-controlling interests	115,806	129,622	(63,749)	(15,505)	(13,353)	12,164
Dividends paid to non-controlling interests	24,000	-	-	12,396	4,400	2,280

16 Investments in subsidiaries (Cont'd)

Summarised financial information on subsidiaries with material non-controlling interests (Cont'd)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations. (Cont'd)

Summarised statement of cash flows

	Pitsanuloke Medical Co., Ltd.		Paknampo Hospital Co., Ltd.		Union Pichit Doctors Co., Ltd	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Net cash generated from operating activities	141,960	181,239	12,033	82,993	12,917	5,598
Net cash used in investing activities	(258,455)	(499,400)	(370,053)	(574,771)	(24,171)	(80,352)
Net cash used in financing activities	110,608	2,590	409,328	281,214	(5,948)	63,584
Net increase (decrease) in cash and cash equivalents	(5,887)	(315,570)	51,578	(210,564)	(17,202)	(11,170)
Cash and cash equivalents at beginning of year	45,808	361,377	86,690	297,254	18,873	30,043
Cash and cash equivalents at end of year	39,921	45,808	138,268	86,690	1,671	18,873

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17 Investment property, net

	Consolidated financial statements			
	Land Thousand Baht	Building and improvements Thousand Baht	Construction in progress Thousand Baht	Total Thousand Baht
As at 1 January 2016				
Cost	-	-	-	-
<u>Less</u> Accumulated depreciation	-	-	-	-
Net book amount	-	-	-	-
For the year ended 31 December 2016				
Opening net book amount	-	-	-	-
Acquisitions of subsidiaries	3,857,635	738,641	600,184	5,196,460
Additions	-	16,028	11,794	27,822
Transfer in (out)	-	10,077	(10,077)	-
Depreciation charges	-	(13,558)	-	(13,558)
Closing net book amount	3,857,635	751,188	601,901	5,210,724
As at 31 December 2016				
Cost	3,857,635	816,003	601,901	5,275,539
<u>Less</u> Accumulated depreciation	-	(64,815)	-	(64,815)
Net book amount	3,857,635	751,188	601,901	5,210,724
For the year ended 31 December 2017				
Opening net book amount	3,857,635	751,188	601,901	5,210,724
Additions	-	2,359	-	2,359
Disposals	(1,809,500)	-	(586,100)	(2,395,600)
Transfer in (out)	-	15,801	(15,801)	-
Transfer to property, plant and equipment (note 18)	-	(2,645)	-	(2,645)
Depreciation charges	-	(60,812)	-	(60,812)
Closing net book amount	2,048,135	705,891	-	2,754,026
As at 31 December 2017				
Cost	2,048,135	848,891	-	2,897,026
<u>Less</u> Accumulated depreciation	-	(143,000)	-	(143,000)
Net book amount	2,048,135	705,891	-	2,754,026
Fair value				2,850,210

Revaluation of land with building, which was classified as investment properties, was recalculated by independent appraiser by using market approach (maximum benefits from observed data in a market and using minimum reference data from client's forecasting). In addition, appraiser used Income Approach (discounted cash flow method). Therefore, the Group classified revaluation of investment properties in Level 2 of fair value estimation.

As at 31 December 2017, subsidiaries' investment properties of net book value of Baht 1,158.1 million (2016: Baht 129.4 million) has been pledged as a security for bank overdrafts and long-term borrowings from financial institutions.

Amount recognised in profit and loss that are related to investment property are as follow:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Rental income	100,125	92,427	-	-
Direct operating expense arise from investment property that generated rental income	70,899	86,788	-	-
Direct operating expense arise from investment property that did not generate rental income	12,370	12,238	-	-

Consolidated financial statements

	Land	Building and building improvements	Medical equipment	Furniture, fixtures, and office equipment	Vehicles	Construction in progress	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
At 1 January 2016							
Cost	1,052,444	2,570,151	416,782	331,733	54,109	168,441	4,593,660
Less Accumulated depreciation	-	(571,566)	(302,329)	(245,921)	(36,042)	-	(1,155,858)
Net book amount	1,052,444	1,998,585	114,453	85,812	18,067	168,441	3,437,802
For the year ended 31 December 2016							
Opening net book amount	1,052,444	1,998,585	114,453	85,812	18,067	168,441	3,437,802
Acquisitions of subsidiaries	909,870	959,318	18,112	24,835	10,641	584,417	2,507,193
Additions	822	94,258	255,912	93,641	7,608	472,689	924,930
Disposals and write offs	-	-	(407)	-	(1,115)	(3,552)	(5,074)
Transfer in (out)	-	408,477	9,558	1,566	-	(419,601)	-
Depreciation charges	-	(95,977)	(58,403)	(30,225)	(7,849)	-	(192,454)
Closing net book amount	1,963,136	3,364,661	339,225	175,629	27,352	802,394	6,672,397
At 31 December 2016							
Cost	1,963,136	4,091,131	750,257	475,307	74,013	802,394	8,156,238
Less Accumulated depreciation	-	(726,470)	(411,032)	(299,678)	(46,661)	-	(1,483,841)
Net book amount	1,963,136	3,364,661	339,225	175,629	27,352	802,394	6,672,397

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18 Property, plant and equipment, net (Cont'd)

	Consolidated financial statements					
	Land Thousand Baht	Building and building improvements Thousand Baht	Medical equipment Thousand Baht	Furniture, fixtures, and office equipment Thousand Baht	Vehicles Thousand Baht	Construction in progress Thousand Baht
For the year ended 31 December 2017						
Opening net book amount	1,963,136	3,364,661	339,225	175,629	27,352	802,394
Additions	253,762	6,443	91,333	30,039	748	452,342
Disposals and write-offs	-	-	-	(2)	-	(274)
Transfer in (out)	-	706,488	5,318	47,230	-	(759,036)
Transfer from investment property (Note 17)	-	2,645	-	-	-	-
Transfer from Intangible assets (Note 19)	-	-	-	340	-	-
Depreciation charges	-	(167,870)	(83,752)	(59,432)	(11,290)	-
Closing net book amount	2,216,898	3,912,367	352,124	193,804	16,810	495,426
At 31 December 2017						
Cost	2,216,898	4,805,952	833,476	549,178	73,893	495,426
Less Accumulated depreciation	-	(893,585)	(481,352)	(355,374)	(57,083)	-
Net book amount	2,216,898	3,912,367	352,124	193,804	16,810	495,426

As at 31 December 2017, certain equipment items of the Group have been fully depreciated but are still in use. The gross carrying amount before accumulated depreciation of those assets amounted to approximately Baht 918.5 million (2016: Baht 840.7 million).

Subsidiaries' land and building and improvements of net book value of Baht 5,632.4 million (2016: Baht 4,502.3 million) has been pledged as a security for borrowings.

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18 Property, plant and equipment, net (Cont'd)

	Separate financial statements				
	Land Thousand Baht	Building and building improvements Thousand Baht	Furniture, fixtures, and office equipment Thousand Baht	Vehicles Thousand Baht	Total Thousand Baht
At 1 January 2016					
Cost	227,517	1,422,861	147,782	10,990	1,809,150
Less Accumulated depreciation	-	(255,982)	(118,778)	(4,567)	(379,327)
Net book amount	227,517	1,166,879	29,004	6,423	1,429,823
For the year ended 31 December 2016					
Opening net book amount	227,517	1,166,879	29,004	6,423	1,429,823
Additions	-	610	9,552	-	10,162
Write-offs	-	-	-	-	-
Depreciation charges	-	(37,787)	(2,920)	(2,198)	(42,905)
Closing net book amount	227,517	1,129,702	35,636	4,225	1,397,080
At 31 December 2016					
Cost	227,517	1,423,471	155,106	10,990	1,817,084
Less Accumulated depreciation	-	(293,769)	(119,470)	(6,765)	(420,004)
Net book amount	227,517	1,129,702	35,636	4,225	1,397,080

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18 Property, plant and equipment, net (Cont'd)

	Separate financial statements				
	Land Thousand Baht	Building and building improvements Thousand Baht	Furniture, fixtures, and office equipment Thousand Baht	Vehicles Thousand Baht	Total Thousand Baht
For the year ended 31 December 2017					
Opening net book amount	227,517	1,129,702	35,636	4,225	1,397,080
Additions	-	801	13,422	-	14,223
Disposals and write-offs	-	-	-	-	-
Depreciation charges	-	(37,896)	(4,770)	(2,198)	(44,864)
Closing net book amount	227,517	1,092,607	44,288	2,027	1,366,439
At 31 December 2017					
Cost	227,517	1,424,272	168,529	10,990	1,831,308
Less Accumulated depreciation	-	(331,665)	(124,241)	(8,963)	(464,869)
Net book amount	227,517	1,092,607	44,288	2,027	1,366,439

As at 31 December 2017, certain equipment items of the Company have been fully depreciated but are still in use. The gross carrying amount before accumulated depreciation of those assets amounted to approximately Baht 120.7 million (2016: Baht 119.6 million).

18 Property, plant and equipment, net (Cont'd)

Leased assets included above, where the Group is a lessee under a finance lease, comprise medical equipment, office equipment and vehicles

	Consolidated financial statements	
	2017 Thousand Baht	2016 Thousand Baht
Cost - capitalised finance leases	52,573	50,954
<u>Less</u> Accumulated depreciation	(34,536)	(23,133)
Net book amount	18,037	27,821

Borrowing costs totaling Baht 15.6 million (2016: Baht 11.2 million), arising from financing specifically entered into for the construction of plant and equipment of Baht 3.6 million (2016: Baht 9.0 million) and financing generally of Baht 12.0 million (2016: Baht 2.2 million), were capitalised during the year and are included in additions. A capitalisation rate of 3.38% (2016: 3.35%) was used representing actual borrowing cost of the loan used to finance construction of plant and equipment.

19 Intangible assets, net

	Consolidated financial statements			
	Information system service agreements Thousand Baht	Computer software Thousand Baht	Computer software in progress Thousand Baht	Total Thousand Baht
At 1 January 2016				
Cost	35,490	79,611	3,447	118,548
<u>Less</u> Accumulated amortisation	(34,417)	(19,513)	-	(53,930)
Net book amount	1,073	60,098	3,447	64,618
For the year ended 31 December 2016				
Opening net book amount	1,073	60,098	3,447	64,618
Acquisitions of subsidiaries	-	92	-	92
Additions	-	8,041	4,008	12,049
Disposals and write-offs	-	3,174	-	3,174
Transfers in (out)	-	2,305	(2,305)	-
Amortisation charges	(1,073)	(9,491)	-	(10,564)
Closing net book amount	-	64,219	5,150	69,369
At 31 December 2016				
Cost	35,490	93,266	5,150	133,906
<u>Less</u> Accumulated amortisation	(35,490)	(29,047)	-	(64,537)
Net book amount	-	64,219	5,150	69,369

19 Intangible assets, net (Cont'd)

	Consolidated financial statements			
	Information system service agreements Thousand Baht	Computer software Thousand Baht	Computer software in progress Thousand Baht	Total Thousand Baht
For the year ended 31 December 2017				
Opening net book amount	-	64,219	5,150	69,369
Additions	-	11,710	8,476	20,186
Transfers in (out)	-	4,561	(4,561)	-
Transfers to property, plant and equipment (Note 18)	-	-	(340)	(340)
Amortisation charges	-	(12,153)	-	(12,153)
Closing net book amount	-	68,337	8,725	77,062
At 31 December 2017				
Cost	35,490	109,537	8,725	153,752
<u>Less</u> Accumulated amortisation	(35,490)	(41,200)	-	(76,690)
Net book amount	-	68,337	8,725	77,062

Separate financial
statements
Thousand Baht

Computer software

At 1 January 2016

Cost	12,909
<u>Less</u> Accumulated amortisation	(7,459)

Net book amount	5,450
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Year ended 31 December 2016

Opening net book amount	5,450
Additions	581
Amortisation charges	(1,427)

Closing net book amount	4,604
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At 31 December 2016

Cost	13,490
<u>Less</u> Accumulated amortisation	(8,886)

Net book amount	4,604
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Year ended 31 December 2017

Opening net book amount	4,604
Additions	922
Amortisation charges	(1,709)

Closing net book amount	3,817
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At 31 December 2017

Cost	14,412
<u>Less</u> Accumulated amortisation	(10,595)

Net book amount	3,817
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20 Goodwill

	Consolidated financial statements	
	2017 Thousand Baht	2016 Thousand Baht
At 1 January		
Cost	1,648,636	1,492,386
<u>Less</u> Provision for impairment	-	-
Net book amount	<u>1,648,636</u>	<u>1,492,386</u>
For the year ended 31 December		
Opening net book amount	1,648,636	1,492,386
Acquisitions	-	156,250
Closing net book amount	<u>1,648,636</u>	<u>1,648,636</u>
At 31 December		
Cost	1,648,636	1,648,636
<u>Less</u> Provision for impairment	-	-
Net book amount	<u>1,648,636</u>	<u>1,648,636</u>

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment which is presented below:

	Consolidated financial statements		
	Hospital business	Other business	Total
Goodwill allocation			
For the year ended 31 December 2016			
Cost	1,644,060	4,576	1,648,636
<u>Less</u> Provision for impairment	-	-	-
Goodwill, net	<u>1,644,060</u>	<u>4,576</u>	<u>1,648,636</u>
For the year ended 31 December 2017			
Cost	1,644,060	4,576	1,648,636
<u>Less</u> Provision for impairment	-	-	-
Goodwill, net	<u>1,644,060</u>	<u>4,576</u>	<u>1,648,636</u>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

21 Deferred income taxes

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

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Deferred tax assets				
Deferred tax assets to be recovered within 12 months	2,386	4,466	39	333
Deferred tax assets to be recovered after 12 months	16,414	16,511	2,536	1,815
	<u>18,800</u>	<u>20,977</u>	<u>2,575</u>	<u>2,148</u>
Deferred tax liabilities				
Deferred tax liabilities to be settled within 12 months	(253)	(23)	(107)	(10)
Deferred tax liabilities to be settled after 12 months	(184,644)	(189,640)	-	-
	<u>(184,897)</u>	<u>(189,663)</u>	<u>(107)</u>	<u>(10)</u>
Deferred taxes, net	<u>(166,097)</u>	<u>(168,686)</u>	<u>2,468</u>	<u>2,138</u>

Presentation in the statements of financial position are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Deferred tax assets	5,092	2,946	2,468	2,138
Deferred tax liabilities	(171,190)	(171,632)	-	-
Deferred taxes, net	<u>(166,098)</u>	<u>(168,686)</u>	<u>2,468</u>	<u>2,138</u>

Deferred income tax assets and liabilities are offset when the income taxes related to the same fiscal authority. Deferred tax assets and deferred tax liabilities in the consolidated financial positions are presented at net amount of assets and liabilities incurred in each entity.

The movements of the deferred income tax account are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
At 1 January	(168,686)	(164,818)	2,138	586
(Charge)/credit to profit or loss	4,888	(745)	320	1,552
(Charge)/credit to other comprehensive income	(2,299)	(3,122)	10	-
At 31 December	<u>(166,097)</u>	<u>(168,686)</u>	<u>2,468</u>	<u>2,138</u>

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21 Deferred income taxes (cont'd)

The movements in deferred tax assets and liabilities during the year are as follows:

Consolidated financial statements				
	At 1 January 2017 Thousand Baht	Charged/(credited) to profit or loss Thousand Baht	Credit to other comprehensive income Thousand Baht	At 31 December 2017 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts	2,269	(1,237)		1,032
Provisions for staff expenses	31	8	-	39
Employee benefit obligations	12,905	3,596	(2,299)	14,202
Long-term provisions	303	(303)	-	-
	<u>15,508</u>	<u>2,064</u>	<u>(2,299)</u>	<u>15,273</u>
Deferred tax liabilities				
Unrealised gains of changes in fair values of short-term investments	-	(230)	-	(253)
Information system service agreements	(23)	-	-	-
Property, plant and equipment	(184,399)	4,854	-	(179,545)
Intangible assets	(103)	(827)	-	(930)
Finance lease liabilities	331	(973)	-	(642)
	<u>(184,194)</u>	<u>2,824</u>	<u>-</u>	<u>(181,370)</u>
	<u>(168,686)</u>	<u>4,888</u>	<u>(2,299)</u>	<u>(166,097)</u>

Consolidated financial statements				
	At 1 January 2016 Thousand Baht	Charged/(credited) to profit or loss Thousand Baht	Credit to other comprehensive income Thousand Baht	At 31 December 2016 Thousand Baht
Deferred tax assets				
Allowance for doubtful accounts	1,843	426		2,269
Provisions for staff expenses	70	(39)	-	31
Employee benefit obligations	11,219	4,809	(3,123)	12,905
Long-term provisions	287	16	-	303
	<u>13,419</u>	<u>5,212</u>	<u>(3,123)</u>	<u>15,508</u>
Deferred tax liabilities				
Unrealised gains of changes in fair values of short-term investments	(761)	738	-	(23)
Information system service agreements	(232)	232	-	-
Property, plant and equipment	(175,584)	(8,815)	-	(184,399)
Intangible assets	(497)	394	-	(103)
Finance lease liabilities	(1,163)	1,494	-	331
	<u>(178,237)</u>	<u>(5,957)</u>	<u>-</u>	<u>(184,194)</u>
	<u>(164,818)</u>	<u>(745)</u>	<u>(3,123)</u>	<u>(168,686)</u>

21 Deferred income taxes (Cont'd)

	Separate financial statements		
	At 1 January 2017 Thousand Baht	(Charge)/credit to profit and loss Thousand Baht	Credit to other comprehensive income Thousand Baht
Deferred tax assets			At 31 December 2017 Thousand Baht
Provisions for staff expenses	31	8	-
Employee benefit obligations	1,814	712	10
Long-term provisions	303	(303)	-
	2,148	417	10
Deferred tax liabilities			
Unrealised gains of changes in fair values of short-term investments	(10)	(97)	-
	(10)	(97)	-
	2,138	320	10
			2,468
	Separate financial statements		
	At 1 January 2016 Thousand Baht	(Charge)/credit to profit and loss Thousand Baht	Credit to other comprehensive income Thousand Baht
Deferred tax assets			At 31 December 2016 Thousand Baht
Provisions for staff expenses	70	(39)	-
Employee benefit obligations	944	870	-
Long-term provisions	287	16	-
	1,301	847	-
Deferred tax liabilities			
Unrealised gains of changes in fair values of short-term investments	(715)	705	-
	(715)	705	-
	586	1,552	-
			2,138

The Group did not recognise deferred income tax assets of Baht 79.3 million (2016: Baht 66.4 million) in respect of losses amounting to Baht 396.6 million (2016: Baht 331.8 million) that can be carried forward against future taxable income. Losses amounting to Baht 396.6 million (2016: Baht 331.8 million) expire in 2022 and 2021 respectively.

22 Borrowings

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Current				
Bank overdrafts	1,448	-	-	-
Short-term borrowings				
- Bank borrowings	30,000	-	-	-
Current portion of long-term borrowings				
- Bank borrowings	137,531	221,300	-	-
- Accrued interest	667	1,578	-	-
- Finance lease liabilities	8,706	11,675	-	-
Short-term borrowings from a related party				
- Borrowings from a related party	441,500	33,500	-	-
- Accrued interest	4,119	560	-	-
Total current borrowings	623,971	268,613	-	-
Non-current				
Long-term borrowings				
- Bank borrowings	1,102,412	1,550,336	-	-
- Accrued interest	-	80	-	-
- Finance lease liabilities	11,057	18,025	-	-
Long-term promissory notes				
- Long-term promissory notes from a related party (Note 36 d)	510,510	510,510	510,510	510,510
- Accrued interest	10,960	2,026	10,960	2,026
Total non-current borrowings	1,634,939	2,080,977	521,470	512,536
Total borrowings	2,258,910	2,349,590	521,470	512,536

The borrowings include secured liabilities (bank borrowings) in a total amount of Baht 1,271.4 million (2016: Baht 1,771.6 million). The bank borrowings are secured over a part of the land and buildings of the Group (note 17 and 18).

The effective interest rates at the statement of financial position date were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Bank overdrafts	MRR + 0.75%	MRR + 0.75%	-	-
Bank borrowings	MLR - 2% to- 2.6%	MLR - 2%	-	-

The carrying amounts and fair values of certain long-term borrowings are as follows:

	Consolidated financial statements			
	Carrying amounts		Fair values	
	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Long-term bank borrowings	1,102,412	1,550,416	1,101,949	1,714,754
Long-term promissory notes from a related party	521,470	512,536	521,470	512,536
	1,623,882	2,062,952	1,623,419	2,227,290

22 Borrowings (Cont'd)

The carrying amounts and fair values of certain long-term borrowings are as follows: (Cont'd)

	Separate financial statements			
	Carrying amounts		Fair values	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Long-term promissory notes from a related party	521,470	521,536	521,470	521,536
	521,470	521,536	521,470	521,536

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant.

The fair value of borrowings is within the level 2 of the fair value hierarchy which based on discounted cash flows using a discount rate based upon the market borrowing rate at the statement of financial position date. The fair value of borrowings presented in the statement of financial position equal their carrying amount, as the impact of discounting is not significant.

Maturity of long-term borrowings (excluding finance lease liabilities) is as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Between 1 and 2 years	679,133	238,520	521,470	-
Between 2 years and 5 years	423,158	1,264,452	-	512,536
Over 5 years	521,591	559,980	-	-
	1,623,882	2,062,952	521,470	512,536

Minimum lease payments of finance lease liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Not later than one year	10,144	13,624	-	-
Later than 1 year but not later than 5 years	12,663	21,355	-	-
<u>Less</u> Future finance charges on finance leases	(3,044)	(5,279)	-	-
Present value of finance lease liabilities	19,763	29,700	-	-
Representing lease liabilities:				
- Short-term	8,706	11,675	-	-
- Long-term	11,057	18,025	-	-
	19,763	29,700	-	-

22 Borrowings (Cont'd)

The present value of finance lease liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Not later than one year	8,706	11,675	-	-
Later than 1 year but not later than 5 years	11,057	18,025	-	-
	<u>19,763</u>	<u>29,700</u>	<u>-</u>	<u>-</u>

The Group have the following undrawn committed borrowing facilities:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Floating rate				
- expiring within one year	-	384,680	-	-
- expiring beyond one year	154,960	-	-	-
	<u>154,960</u>	<u>384,680</u>	<u>-</u>	<u>-</u>

The facilities expiring within one year are annual facilities subject to review at various dates during year. The other facilities have been arranged to help finance the proposed expansion of the Group and the Company activities.

23 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Trade accounts payable - third parties	197,912	143,412	21,877	8,929
Trade accounts payable - related party (Note 36 b)	-	-	52	52
Other payables	5,026	90,090	942	1,986
Share payables	1,000,000	-	1,000,000	-
Accrued expenses	154,823	106,066	17,975	9,530
Accrued management expenses	13,139	-	13,139	-
	<u>1,370,900</u>	<u>339,568</u>	<u>1,053,985</u>	<u>20,497</u>

24 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Retention from contractors	59,284	50,398	-	-
Withholding tax payable	10,042	9,971	2,588	2,221
Payable from Revenue Department	1,470	852	794	-
Undued output VAT	2,401	3,286	1,069	256
Others	2,401	2,432	420	1,237
	<u>75,598</u>	<u>66,939</u>	<u>4,871</u>	<u>3,714</u>

25 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Statement of financial position	71,012	64,525	12,681	9,069
Statement of income	21,445	31,421	3,561	3,192
Statement of comprehensive income	(11,494)	(15,614)	50	-

The movements in the defined benefit obligation during the year are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
At 1 January	64,525	57,050	9,069	5,877
Current service cost	16,735	17,346	3,291	3,017
Past service cost	2,846	12,462	-	-
Interest expense	1,864	1,613	271	175
	<u>85,970</u>	<u>88,471</u>	<u>12,631</u>	<u>9,069</u>
Remeasurement:				
(Gain) loss from change in demographic assumptions	(54)	(3,089)	742	-
(Gain) Loss from change in financial assumptions	2,451	(3,255)	575	-
Experience gain	(13,891)	(9,270)	(1,267)	-
	<u>(11,494)</u>	<u>(15,614)</u>	<u>50</u>	<u>-</u>
Benefits paid	<u>(3,464)</u>	<u>(8,332)</u>	<u>-</u>	<u>-</u>
At 31 December	<u>71,012</u>	<u>64,525</u>	<u>12,681</u>	<u>9,069</u>

25 Employee benefit obligations

The amounts recognised in the statement of income are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Current service cost	16,735	17,346	3,291	3,017
Past service cost	2,846	12,462	-	-
Interest expense	1,864	1,613	270	175
Total (presented as part of staff expenses)	21,445	31,421	3,561	3,192

The principal actuarial assumptions used are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 per annum	2016 per annum	2017 per annum	2016 per annum
Discount rate	2.00% - 3.65%	2.52% - 4.01%	2.00%	2.98%
Salary growth rate	2.00% - 5.00%	3.43% - 5.00%	2.00% - 5.00%	4.30% - 5.00%
Staff turnover rate (depending on age)	0.00% - 26.00%	0.00% - 29.00%	0.00% - 23.00%	0.00% - 29.00%

The sensitivity analysis for significant principal actuarial assumptions can be analysed as follow:

Consolidated financial statements						
Impact on defined employee benefit obligations						
Change in assumption	Increase in assumption		Decrease in assumption			
	2017	2016	2017	2016	2017	2016
Discount rate	1%	1%	Decrease by 5.10% - 24.07%	Decrease by 6.59% - 24.91%	Increase by 5.72% - 32.19%	Increase by 7.33% - 33.70%
Salary growth rate	1%	1%	Increase by 5.52% - 32.80%	Increase by 7.10% - 33.01%	Decrease by 5.02% - 24.83%	Decrease by 6.52% - 24.94%
Staff turnover rate (depending on age)	1%	1%	Decrease by 5.47% - 25.75%	Decrease by 6.36% - 26.68%	Increase by 1.81% - 22.71%	Increase by 1.66% - 24.41%

Separate financial statements						
Impact on defined employee benefit obligations						
Change in assumption	Increase in assumption		Decrease in assumption			
	2017	2016	2017	2016	2017	2016
Discount rate	1%	1%	Decrease by 5.10%	Decrease by 6.59%	Increase by 5.72%	Increase by 7.33%
Salary growth rate	1%	1%	Increase by 5.52%	Increase by 7.10%	Decrease by 5.02%	Decrease by 6.52%
Staff turnover rate (depending on age)	1%	1%	Decrease by 5.47%	Decrease by 6.36%	Increase by 1.81%	Increase by 1.66%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 6.38 to 28.90 years (2016: 8.34 to 29.90 years).

26 Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Retention	14,823	25,224	-	-
Accrued management expense	27,620	39,147	27,620	39,147
	<u>42,443</u>	<u>64,371</u>	<u>27,620</u>	<u>39,147</u>

27 Share capital

	Issued and paid-up share capital			
	Number of shares Shares	Ordinary shares Thousand Baht	Share premium Thousand Baht	Total Thousand Baht
As at 1 January 2016	957,976,200	957,976	862,725	1,820,701
Issuance of shares (Note 28 and 30)	2,282,111,320	2,282,112	3,614,042	5,896,154
As at 31 December 2016	3,240,087,520	3,240,088	4,476,767	7,716,855
Issuance of shares (Note 28 and 30)	-	-	-	-
As at 31 December 2017	<u>3,240,087,520</u>	<u>3,240,088</u>	<u>4,476,767</u>	<u>7,716,855</u>

The total number of authorised ordinary shares is 3,240,087,520 shares (2016: 3,240,087,520 shares) with a par value of Baht 1 per share (2016: Baht 1 per share).

28 Warrants

On 20 August 2013, the Extraordinary General Meeting of the Company's shareholders approved the issuance of 466,900,000 warrants (PRINC-W1), for offer to the existing shareholders at a ratio of 1 warrant for each existing share. Details of the issuance are as follows:

Type	:	Named and transferable
Offering price per unit	:	Baht 0
Exercise ratio	:	1 warrant to 1 ordinary share
Exercise price	:	Baht 1.20 per share
Exercise date	:	Every 3 months from the date of issuance. The first exercise date was 27 December 2013 and the final exercise date is 30 September 2016.
Date of issuance	:	1 October 2013
Maturity of warrants	:	3 years from the date of issuance

The Stock Exchange of Thailand approved the warrants of 466,850,000 units as listed securities on 1 November 2013.

During the year ended 31 December 2016, warrant holders exercised warrants thrice, the details of which are as follows:

- Exercised 6,866,100 warrants; additional shares were registered to the Ministry of Commerce on 9 April 2016.
- Exercised 17,194,000 warrants; additional shares were registered to the Ministry of Commerce on 7 July 2016.
- Exercised 433,587,387 warrants; additional shares were registered to the Ministry of Commerce on 10 October 2016.

As at 30 September 2016, the warrants were expired.

29 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
At 1 January	39,379	39,379	39,379	39,379
Appropriation during the year	4,821	-	4,821	-
At 31 December	44,200	39,379	44,200	39,379

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside at least 5% of its net profit after taking into account the beginning balance of deficits (if any) as a legal reserve until the reserve is not less than 10% percent of the registered capital. The legal reserve is non-distributable.

30 Share-based payment

During 2016, the Company acquired V Brilliant Group Holding Company Limited and its subsidiaries which qualified as assets acquisition. The Company paid the acquisition by issuing the new Company's ordinary shares of 1,839.9 million shares and long-term promissory notes of Baht 510.5 million which are due within 3 years with an interest of 1.75% as the consideration.

The Company measures the fair value of the acquired assets and long-term promissory notes as follows:

- The fair value of acquired assets measured by using the appraisal value and discounted cash flow of assets and liabilities.
- The fair value of long-term promissory notes measured by discounted cash flow of liabilities.

On the assets acquired date, the Company recognised the acquisition at the fair value of the acquired assets as investment in subsidiaries (Note 16) of Baht 5,876.1 million and recognised liabilities on long-term promissory notes at its fair value of Baht 510.5 million. The difference between both fair values was recognised in the issued and paid-up share capital of 1,839.9 million and in the premium on paid-up share capital of 3,525.7 million.

29 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
At 1 January	39,379	39,379	39,379	39,379
Appropriation during the year	4,821	-	4,821	-
At 31 December	44,200	39,379	44,200	39,379

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside at least 5% of its net profit after taking into account the beginning balance of deficits (if any) as a legal reserve until the reserve is not less than 10% percent of the registered capital. The legal reserve is non-distributable.

30 Share-based payment

During 2016, the Company acquired V Brilliant Group Holding Company Limited and its subsidiaries which qualified as assets acquisition. The Company paid the acquisition by issuing the new Company's ordinary shares of 1,839.9 million shares and long-term promissory notes of Baht 510.5 million which are due within 3 years with an interest of 1.75% as the consideration.

The Company measures the fair value of the acquired assets and long-term promissory notes as follows:

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- The fair value of long-term promissory notes measured by discounted cash flow of liabilities.

On the assets acquired date, the Company recognised the acquisition at the fair value of the acquired assets as investment in subsidiaries (Note 16) of Baht 5,876.1 million and recognised liabilities on long-term promissory notes at its fair value of Baht 510.5 million. The difference between both fair values was recognised in the issued and paid-up share capital of 1,839.9 million and in the premium on paid-up share capital of 3,525.7 million.

32 Other income

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Interest income	11,592	3,237	24,296	7,714
Realised gains on sales of trading securities (Note 10)	2,671	4,305	-	3,571
Unrealised gains on changes in fair values of trading securities (Note 10)	1,174	112	488	48
Gains on sales of investment property	104,400	-	-	-
Gains on sales of equipment	619	1,560	-	187
Gains on sales of general investments	1,940	-	-	-
Dividend income	4,400	-	-	-
Other income	31,404	35,588	118,548	1,963
	<u>158,200</u>	<u>44,802</u>	<u>143,332</u>	<u>13,483</u>

33 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Staff benefit expenses	199,516	170,986	110,993	102,070
Depreciation charges (Note 17 and 18)	383,156	206,012	44,864	42,905
Amortisation charges (Note 19)	12,153	10,564	1,709	1,427
Management fees	24,636	15,814	16,339	15,124
Operating lease payments	5,962	4,363	5,802	3,758
Impairment on investment in subsidiaries (Note 16)	-	-	7,801	-

34 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Current tax:				
Current tax on profit for the year	166,894	26,574	7,575	-
Total current tax	<u>166,894</u>	<u>26,574</u>	<u>7,575</u>	<u>-</u>
Deferred taxes:				
Origination and reversal of temporary differences	(2,588)	(2,203)	(330)	(1,552)
Total deferred taxes	<u>(2,588)</u>	<u>(2,203)</u>	<u>(330)</u>	<u>(1,552)</u>
Income tax income	<u>64,306</u>	<u>24,371</u>	<u>7,245</u>	<u>(1,552)</u>

34 Income tax expense (Cont'd)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the company. The details are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Profit (loss) before tax	(207,308)	43,157	103,656	(4,637)
Tax calculated from a tax rate of 20% (2016: 20%)	(41,462)	8,631	20,731	-
Tax effects of:				
Expenses non-deductible for tax purpose	221,895	9,949	4,356	486
Additional expenses deductible for tax purpose	(114,556)	(9,832)	(1,167)	(30)
Utilisation of tax losses carried forward for which deferred tax assets had not been recognised	(43,249)	(1,708)	(16,968)	(1,510)
Tax losses for which no deferred income tax assets were recognised	58,182	17,072	-	-
Reversal of temporary differences	572	259	284	(498)
Income tax income	164,306	24,371	7,245	(1,552)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Consolidated financial statements					
	2017			2016		
	Before tax Baht	Tax (charge)/credit Baht	After tax Baht	Before tax Baht	Tax (charge)/credit Baht	After tax Baht
Remeasurements of employee benefit obligations	(11,494)	2,299	(9,195)	(15,614)	3,123	(12,491)
Other comprehensive income	(11,494)	2,299	(9,195)	(15,614)	3,123	(12,491)

	Separate financial statements					
	2017			2016		
	Before tax Baht	Tax (charge)/credit Baht	After tax Baht	Before tax Baht	Tax (charge)/credit Baht	After tax Baht
Remeasurements of employee benefit obligations	50	(10)	40	-	-	-
Other comprehensive income	50	(10)	40	-	-	-

35 Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the profit (loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares (if any) (Note 27).

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Net profit (loss) attributable to ordinary shareholders of the Company	(345,096)	(53,656)	96,411	(3,085)
Weighted average number of ordinary shares outstanding (shares)	3,240,087,520	1,479,421,039	3,240,087,520	1,479,421,039
Basic earnings (loss) per share (Baht per share)	(0.107)	(0.036)	0.030	(0.002)

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding by assuming conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which is warrants. These warrants were only issued to the existing shareholders of the Company. The warrants are assumed to have been converted into ordinary shares, assuming that all warrants were exercised by considering the fair values of rights to purchase new ordinary shares. (The fair value of rights is determined by the weighted average share price of the Company's ordinary shares during the year.) The purpose of this calculation is to determine the number of additional ordinary shares to be added to the number of shares currently held in the calculation of diluted earnings per share. No adjustment is made to earnings.

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Net profit (loss) for calculating diluted earnings per share	(345,096)	(53,656)	96,411	(3,085)
Weighted average number of ordinary shares outstanding (shares)	3,240,087,520	1,479,421,039	3,240,087,520	1,479,421,039
Adjustments:				
Exercise of warrants	-	-	-	-
Weighted average number of ordinary shares outstanding for calculating diluted earnings per share (shares)	3,240,087,520	1,479,421,039	3,240,087,520	1,479,421,039
Diluted earnings (loss) per share (Baht per share)	(0.107)	(0.036)	0.030	(0.002)

There is no effect of conversion of warrants for the year ended 31 December 2017 due to expiration of the warrants on 30 September 2016.

As at 31 December 2016, the Group operated at loss, the effect of diluted earnings per share is antidiutive.

36 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company's shares are held by the Viddayakorn Family in the proportions of 91%. The remaining 9% of the shares are widely held.

During 2016, the Company acquired V Brilliant Group Holding Company Limited and its subsidiaries

The following transactions were carried out with related parties:

a) Revenue from services, interest income and service fees

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
For the year ended 31 December				
Revenue from services				
Subsidiaries	-	32,516	47,604	43,324
Related party	1,865	671	1,860	666
	<u>1,865</u>	<u>33,187</u>	<u>49,464</u>	<u>43,990</u>
Revenue from rental				
Related party	<u>5,285</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest income				
Subsidiaries	<u>-</u>	<u>26,928</u>	<u>23,753</u>	<u>7,210</u>
Rental and its related service fees				
Subsidiary	<u>-</u>	<u>3,079</u>	<u>5,069</u>	<u>2,879</u>
Service fees				
Subsidiaries	<u>-</u>	<u>450</u>	<u>7,780</u>	<u>615</u>

36 Related party transactions (Cont'd)

The following transactions were carried out with related parties: (Cont'd)

b) Outstanding balances arising from sales/purchases of goods/services

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Trade accounts receivable				
Subsidiary	-	-	4,340	3,860
Related party	671	59	490	59
	<u>671</u>	<u>59</u>	<u>4,830</u>	<u>3,919</u>
Deposits				
Subsidiary	-	-	1,084	482
Trade accounts payable				
Subsidiary	-	-	52	52
Accrued expenses				
Subsidiary	-	-	7,260	63
Advances received from customers				
Related party	<u>15,950</u>	<u>-</u>	<u>-</u>	<u>-</u>

c) Short-term loan to a subsidiary and interest receivable

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Short-term loan to a subsidiary				
Subsidiaries	-	-	100,000	933,000
Interest receivable				
Subsidiaries	-	-	1,749	3,318

The movements in short-term loans to subsidiaries for the year ended 31 December 2017 are analysed as follows:

	Consolidated financial statements Thousand Baht	Separate financial statements Thousand Baht
Opening balance	-	936,318
Additions	-	1,030,753
Repayments	-	(1,865,322)
Closing balance	-	101,749

Short-term loans to subsidiaries was made on normal commercial terms and conditions. The short-term loans bear an interest rate of 12-month fixed deposit plus 1% per annum (2016: interest rate cost of the Company plus 0.25% per annum) and are due within 6 months (2016: 120 days) from the borrowing date.

36 Related party transactions (Cont'd)

The following transactions were carried out with related parties: (Cont'd)

d) Long-term promissory notes from a related party

	Consolidated financial statements		Consolidated financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Long-term promissory notes				
Related party	510,510	510,510	510,510	510,510
Interest payable				
Related party	10,960	2,026	10,960	2,026

The movements in long-term promissory notes from a related party for the year ended 31 December 2017 are analysed as follows:

	Consolidated financial information	Separate financial information
	Thousand Baht	Thousand Baht
Opening balance	512,536	512,536
Additions	8,934	8,934
Closing balance	521,470	521,470

A long-term promissory notes from a related party bears an interest rate of 1.75% per annum and is due within 3 years from the borrowing date.

e) Key management compensation

Key management compensation is as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
For the year ended 31 December				
Management's benefits				
Short-term employee benefits	49,802	52,254	36,474	39,944
Retirement benefits	12,305	2,413	2,218	2,047
	62,107	54,667	38,692	41,991

37 Letter of guarantees

As at 31 December 2017, the Company had letters of guarantee issued by a financial institution of Baht 10.0 million (2016: Baht 10.0 million) in respect of certain performance bonds as required in the normal course of business.

As at 31 December 2017, the Group had letters of guarantee issued by a financial institution of Baht 29.9 million (2016: Baht 28.8 million) in respect of certain performance bonds in relation to information system implementation for its customers and for guaranteeing electricity usages with Metropolitan Electricity Authority as required in the normal course of business.

38 Commitments and contingencies

38.1 Contingent liabilities

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

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Plant and equipment	44,214	101,900	-	-

38.2 Operating lease commitments

The Company and its subsidiaries entered into non-cancellable operating lease agreements with respect to leases of land, equipment and its related service agreements. The terms of the agreements generally range between 1 to 14 years.

Future minimum payments required under these operating lease agreements and relevant service agreements are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Thousand Baht	2016 Thousand Baht	2017 Thousand Baht	2016 Thousand Baht
Not later than 1 year	22,300	16,095	6,376	8,764
Later than 1 year but not later than 5 years	25,987	17,119	1,692	5,976
Later than 5 years	10,580	10,580	-	-
	58,867	43,794	8,068	14,740

38.3 Long-term service commitments

On 24 January 2007, the Company entered into management agreements with a group company of a well known international standard hotel chain, appointing the hotel group to manage the Company's serviced apartments. Under the conditions of the agreements, the Company has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 30 years, starting from the commencement of operations, and could be extended for a further period of at least 10 years, depending upon certain conditions specified in the agreements. Consulting fees and expenses under the contract for the year ended 31 December 2017 were Baht 16.3 million.

On 14 January 2016, the Group entered into management agreements with a group company of a well known international standard hotel chain, appointing the hotel group to manage the Company's serviced apartments. Under the conditions of the agreements, the Company has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 10 years, starting from the commencement of operations, and could be extended for a further period of at least 10 years, depending upon certain conditions specified in the agreements. Consulting fees and expenses under the contract for the year ended 31 December 2017 were Baht 10.1 million.

38 Commitments and contingencies (Cont'd)

38.4 Litigations

In 2009, the Company was sued by the juristic person of Saint Louis Grand Terrace to transfer title deed servitude or pay compensation of Baht 49 million and to provide parking areas or pay compensation of Baht 106 million, including payment of building maintenance compensation of Baht 4 million. The Court of First Instance dismissed the case in December 2010. In March 2011, the plaintiff lodged an appeal with the Appeals Court and in July 2013, the Appeals Court dismissed the case in respect of the transfer title deed servitude and to provide parking areas, while ordering payment of building maintenance compensation of not more than Baht 3 million, plus interest at 7.5% per annum. In September 2013, the Company lodged an appeal with the Supreme Court.

On August 2016, the Supreme Court dismissed a case, not accept the petition, and ordered the Company to maintain or pay actual compensation but not more than Baht 1.2 million, plus interest at 7.5% per annum since the Appeal Court's order until money pledging. Currently, there is the uncertainty about actual amount for maintenance. However, the Company has set aside provisions totaling Baht 1.5 million.

39 Events after the statement of financial position date

- On 25 January 2018, the Board of Directors' meeting resolved to approved an acquisition and acceptance of transfer of the hospital business of Thai Health Maintenance Organization Co., Ltd. ("THM") which is a company operating a private hospital business under the name "Piyamin Hospital" located in Samut Prakan and three Piyamin medical clinics located in Bangkok. The Company will execute into the Business Transfer Agreement between the Company and THM, after the Board of Directors' Meeting has approved the acquisition and acceptance of transfer of THM's hospital business and will pay a total consideration of not exceeding Baht 900 million. 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. Later, on 27 February 2018, the Company paid such consideration for acquisition and acceptance of transfer of such hospital business.
- On 25 January 2018, Alliance Medical Asia Company Limited, a subsidiary of the Company, registered for changing the Company's name to "Principal Healthcare Company Limited".

Management Discussion and Analysis

No. 005/2018

February 28, 2018

RE: Management Discussion and Analysis for the Year 2017

TO: President, Stock Exchange of Thailand

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 period ending December 31, 2017 as follows.

Management Discussion and Analysis: MD&A

Economic and Industry Conditions and Outlook

Thai economy has continued to grow as export sector is benefited from the improved economies of our trade partners in almost every region and industry, resulting in higher investment, production expansion, as well as the increased of research and development budget to create value-added to their goods and services. Tourism industry surged from the "quality" Chinese tourists which allocated more time on non-major tourist destinations. Property sector was performing well within some certain areas and only in the middle-to-high market. Overall improvement in economic factors led to higher confident in business operators that the year 2018 will be another year of growth.

Hotel industry received a direct influence from the tourism market with increasing in occupancy and revenue from both domestic and international tourists. Chinese contributed the highest proportion of 27% to total number of tourists. More investment by both Thai and foreign investors in this industry can be expected in major tourist destinations and major provinces in each region which is a result of more interconnected economy in this region and a distribution of tourists to minor tourist destinations. However, the competition in this market will continue to be strenuous with the substitute services (such as apartments and condominiums that offer a daily rent), along with an increasing supply.

For office for rent business, the demand is expected to be on an upward trend, while the supply is quite limited in the market. This should lead to a continuous improvement in occupancy rate, which currently is at a 90 percent. Major customers are in the IT and e-Commerce business from both domestic and foreign markets which is also on an increasing trend. Consequently, the rental fee is expected to be higher, especially for the top-tier providers with prime location in CBD and the new business area outside CBD.

Private hospital business will continue to enhance its efficiency and level of care and services to be equivalent to international standards, in order to draw more customers for a long-term growth of its revenue. More mergers and acquisitions can be expected from chain and major hospitals to strengthen their network.

Developments to enhance the variety and quality of services will be intensified, be it service area expansions, investment in new excellent center for higher severity diseases, new branches and new hospitals in major provinces to accommodate customers with purchasing power. The demand also comes from more aging population which will require more services, and with higher severity from the hospitals. Major tourist destinations and border cities will also bring more demand from neighboring countries. Partnership across businesses, and new business line will be introduced to diversify their businesses, for example, an elderly care center, complementary foods, and cosmetics, to increase the customer base. Medium and small hospitals, including stand-alone ones, will have to come up with new strategies to cope with these challenges and trends.

Financial Performance and Analysis

On November 24, 2017, the Company received the approval from the Extraordinary General Meeting of the Shareholder 1/2017 to acquire the business of Alliance Medical Asia Company Limited ("AMA") (AMA has later changed its name to "Principal Healthcare Company Limited" on January 25, 2018) through the purchase of AMA's shares in the amount of 268,374,998 shares, considered to be a portion of 99.99 percent of total registered and paid-up shares from existing shareholders comprising Ms.Satita Viddayakorn ("Ms.Satita"), Vantage Point Management Limited ("Vantage Point") and Mr.Sirichai Towiriyawate ("Mr.Sirichai") who are related persons of the Company for the consideration of approximately Baht 7.4523 per share, totaling not exceeding Baht 2,000,000,000. The acquisition resulted in the Company indirectly acquiring the subsidiaries of AMA which comprises (1) Pitsanulok Medical Company Limited; (2) Paknampo Hospital Company Limited; (3) Union Pichit Doctor Company Limited; (4) Pitsanuvej Uttaradit Hospital Company Limited; (5) Pitsanuvej Pattana Company Limited; and (6) P.N.P Hospital Company Limited. These subsidiaries operate 4 existing private hospitals which are:

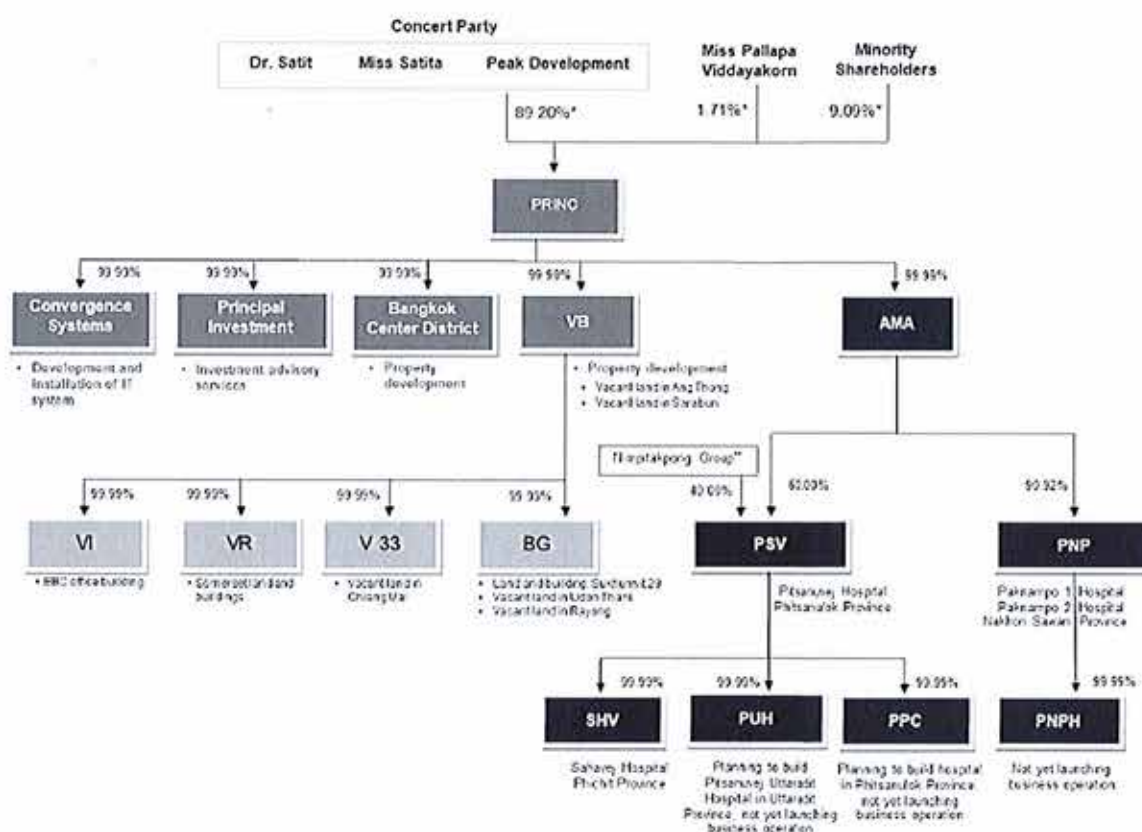
Name of hospital	Address	No.of beds	Operate under the name of
1. Pitsanuvej Hosital	Muang District, Phitsanulok	150 beds	Pitsanulok Medical Company Limited (PSV)
2. Paknampo Hospital	Muang District, Nakhonsawan	100 beds	Paknampo Hospital Company Limited (PNP)
3. Paknampo Hospital 2	Muang District, Nakhonsawan	100 beds	Paknampo Hospital Company Limited (PNP)
4. Sahavej Hospital	Muang District, Phichit	90 beds	Union Pichit Doctor Company Limited (SHV)

The management considered this acquisition as an acquisition of entities under common control, thus, the consolidated financial statements have to reflect the financial position as if the acquisition was transacted from the beginning of the previous accounting period to make it comparable year over year, pursuant to the

Accounting Practices for Business Combinations of Entities under Common Control by Federal of Accounting Professions. In this regard, there were the following items in the financial statements.

1. Goodwill amount of Baht 1,644.1 million, was a result of the acquisition of all 6 subsidiaries of AMA by the valuation of net assets acquired was done as part of the Purchase Price Allocation by an independent valuation expert.
2. The differences between total purchase consideration and the net book value of AMA are presented as a difference arising from business combination under common control in equity (other components of owner's equity) Baht 764.1 million.

After the transaction, new shareholding structure as of December 31, 2017 was as below;



For 2017, the separate financial statement reported a revenues from sales and services of Baht 280.3 million, costs of sales and services of Baht 138.9 million, other income of Baht 143.3 million, SG&A of Baht 172.1 million, and income tax of Baht 7.2 million, resulted in a net profit for the Company of Baht 96.4 million, which is Baht 99.5 million higher than an operating result of 2016 which reported a net loss of Baht 3.1 million. This is mainly due to;

- The Company had a revenue from processing a divestment of its subsidiary's property in the amount of Baht 116.8 million in Q2/2107

- Revenue from Marriott Executive Apartment Sathorn Vista – Bangkok was Baht 13.7 million higher than the revenue in 2016, a 6.3 percent increasing and revenue from office building business increased by Baht 6.2 million or 14.1 percent.
- Interest income from its subsidiary has increased by Baht 16.6 million, compare to 2016

For consolidated financial statements of 2017, the Company has reported a revenues from sales and services of Baht 2,237.8 million, costs of sales and services of Baht 1,727.7 million, other income of Baht 158.2 million, SG&A of Baht 806.4 million, a finance cost of Baht 69.1 million, and income tax of Baht 164.3 million, resulted in a net loss for the Company of Baht 371.6 million. A non-controlling interest in a subsidiary was a negative Baht 26.5 million. The breakdown performances of the consolidated financial statements by business segment are in the following table.

	Property development and rental business		Hospital business		Other business		Elimination		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Revenues from sales and services										
External customers	476.4	286.9	1,690.4	1,716.8	71.0	68.0	-	-	2,237.8	2,071.7
Inter-segment revenues	60.5	12.2	10.0	2.0	0.7	0.6	(71.2)	(14.8)	-	-
Total	536.9	299.1	1,700.4	1,718.8	71.7	68.6	(71.2)	(14.8)	2,237.8	2,071.7
Gross profit (loss)	192.2	138.2	425.7	531.9	3.2	(2.2)	(111.1)	(33.7)	510.0	634.2
Service and administrative expenses	(469.4)	(173.9)	(460.7)	(404.4)	(28.3)	(16.0)	152.0	(12.3)	(806.4)	(606.6)
Profit (loss) before income tax expenses	1,299.6	(28.8)	4.5	151.7	(27.8)	(22.8)	(1,483.6)	(56.9)	(207.3)	43.2
Income tax income (expense)	(145.4)	0.5	(19.0)	(33.4)	(0.1)	0.2	0.2	8.3	(164.3)	(24.4)
Profit (loss) for the year	1,154.2	(28.3)	(14.5)	118.3	(27.9)	(22.6)	(1,483.4)	(48.6)	(371.6)	18.8
Investment property, net	2,754.0	5,210.7	-	-	-	-	-	-	2,754.0	5,210.7
Property, plant and equipment, net	3,870.8	3,890.3	3,316.3	2,781.6	0.3	0.5	-	-	7,187.4	6,672.4
Total assets	12,749.6	11,569.8	3,534.4	3,265.1	129.5	81.6	(3,325.3)	(466.7)	13,088.2	14,449.8

1. Revenues from sales and services

- Revenue from property development and rental business has increased by Baht 237.8 million, or 79.5 percent, mainly from Marriott Executive Apartment Sathorn Vista – Bangkok and the fully opened of all 3 buildings at Somerset Ekamai Bangkok in 2017.

- Revenue from hospital business decreased by Baht 18.4 million, or 1.1 percent due to the slowdown industry during the first half of 2017.

2. Gross Profit

- Gross profit of property development and rental business increased by Baht 54.0 million, or 39.1 percent as a result of increasing revenue and better profitability of Marriott Executive Apartment Sathorn Vista – Bangkok

- Gross profit from hospital business decreased by Baht 106.2 million, or 20.0 percent due to a higher cost of sales and services including new expansion and investment in advanced medical equipment and other equipment to help increase the efficiency, and recruiting of medical human resources in many specialties.

	Consolidated	Separate
EBITDA	248.5	159.1
Finance costs	(69.1)	(8.9)
Income tax expense	(164.3)	(7.2)
Depreciation	(384.0)	(46.6)
Others	6.5	-
Total comprehensive income (expense)	(362.4)	96.4

For EBITDA of the consolidated financial statements showed a positive EBITDA for the group. However, both property development and rental business and hospital business invested comprehensively in major constructions. Besides, there were loans from a financial institution to support those developments, led to increasing in interests and depreciations. Some subsidiaries had positive performances, which resulted in corporate income taxes.

The performance of the group is expected to be on an increasing trend, with AIM building of Somerset Ekamai Bangkok was fully opened since May 2017, and a promising outlook for Marriott Executive Apartment Sathorn Vista – Bangkok, along with the nearly-completed renovations of hospital buildings, due to be complete around mid-2018, and enhancement in quality of cares and services, which should assure a potential outlook for the business.

The Performance of the Year 2017 could explain the main changes are as follows.

Revenues from sales and services

Unit : million	Year 2017		Year 2016		Change
	Amount	%	Amount	%	%
Property development and rental business	476.4	21.3	286.9	13.8	66.1
Hospital business	1,690.4	75.5	1,716.8	82.9	-1.5
Other business	71.0	3.2	68.0	3.3	4.4
Total	2,237.8	100.0	2,071.7	100.0	8.0

In 2017, the Company and subsidiaries had revenue from sales and services of Baht 2,237.8 million, an increasing of Baht 166.1 million, or an 8.0 percent increase compare to 2016, as a result of the following items.

- Property development and rental business reported a revenue of Baht 476.4 million, an increase of Baht 189.5 million, or 66.1 percent higher compare to the same period of last year. This was mainly due to the following items.
 - A higher revenue from Somerset Ekamai Bangkok of Baht 116.8 million from the 3 fully opened buildings. As of December 31, 2017, the occupancy rate was at 65 percent.
 - A higher revenue from Bangkok Business Center, an office for rent, of Baht 93.8 million, or an increase of 79.6 percent as a result of a better occupancy rate, from 79.1 percent in 2016 to 88.1 percent in 2017. Moreover, in 2016, the Company had consolidated the revenue from this business for only the period of October 10 – December 31, 2016.
 - A higher revenue from Marriott Executive Apartment Sathorn Vista – Bangkok of Baht 13.7 million, or an increase of 6.3 percent yoy, as a result of improved occupancy rate from 86.9 percent in 2016 to 89.6 percent in 2017.
- Hospital business reported a revenue of Baht 1,690.4 million, a decrease of Baht 26.4 million, or 1.5 percent, as a result of
 - The spread of influenza during the late 2016 which had ramped up the revenue of that period and the slowdown industry during the first half of 2017.
 - There was a major renovation at Paknam Hospital in 2017 which required a shutdown of some service areas, thus the space could not be fully utilized to serve to patients.

Cost of Sales and Services

Unit : million	Year 2017		Year 2016		Change
	Amount	%	Amount	%	%
Property development and rental business	355.4	20.6	151.4	10.5	134.7
Hospital business	1,302.9	75.4	1,215.2	84.5	7.2
Other business	69.4	4.0	70.8	4.9	-2.0
Total	1,727.7	100.0	1,437.4	100.0	20.2

In 2017, the Company and its subsidiaries had cost of sales and services of Baht 1,727.7 million, an increase of Baht 290.3 million, or 20.2 percent decrease yoy as result of the following items.

- Property development and rental business reported cost of sales and services of Baht 355.4 million, an increase of Baht 204.0 million, or 134.7 percent of increase yoy due to the following items.
 - Depreciation from the 3 buildings of Somerset Ekamai Bangkok which were fully opened in June 2017 lead to the cost of sales and services increase of Baht 122.4 million
 - Bangkok Business Center, an office for rent, reported cost of services of Baht 76.2 million, an increase of Baht 55.0 million compare to the year 2016, which consolidated the costs of this subsidiary for only a period of October 10 – December 31, 2016.
- Hospital business reported a cost of hospital operations of Baht 1,302.9 million, an increase of Baht 87.7 million, or 7.2 percent yoy as a result of the following items.
 - The hospitals are in an expansion phase so there were many newly recruited medical professionals and human resources to cope with demand of the patients.
 - Higher investment in automations and medical equipment to increase the level of service and efficiency. This led to more asset leasing and higher depreciation consequently.

Service and Administrative Expenses

In 2017, the separate financial statements reported a higher service expenses of Marriott Executive Apartment Sathorn Vista – Bangkok of Baht 0.7 million, or an increase of 5.8 percent, for marketing expenses. This was in line with the increasing revenue of Baht 13.7 million, or an increase of 6.3 percent yoy in 2017. These expenses normally are variable expenses, vary along with the revenue.

While the consolidated financial statements reported a higher of selling and service expenses of Baht 33.0 million than the company financial statements as a result of the newly opened AIM building of Somerset Ekamai Bangkok in May 2017, which incurred a market expense, and the expansion of hospital operations which required market activities during special occasions to promote brand awareness and enhance the hospitals' trustworthiness.

Administrative expenses of Baht 761.1 million, an increased of Baht 184.5 million compare to 2016, was a result of the following items.

1. Administrative expenses of 5 subsidiaries in property business had increased by Baht 51.2 million since in the previous period, the expenses of only Baht 8.4 million from October 10, 2016 – December 31, 2016 were consolidated. Moreover, in Q2/2017, the Company incurred a transfer fee and a specific business tax from divestment of a property in the subsidiary of Baht 96.7 million.
2. Hospital business reported an increase of administrative expenses of Baht 44.6 million as a result of its outsourcing of housekeeping and maintenance functions.

3. Information system implementation business reported a higher administrative expense of Baht 12.8 million from a newly recruited manpower of SAP project to prepare for potential projects of the Company.

Finance Costs

In 2017, finance costs of the separate financial statements were Baht 8.9 million, comprised interests from promissory notes issued as a consideration for the acquisition of Property development and rental business, bearing an interest rate of 1.75 percent and maturity date of 3 years.

The consolidated financial statements reported a finance cost of Baht 69.1 million, the additional amount compare to the company financial statements were from interests of long-term loan from financial institution by the subsidiaries in both property and hospital businesses.

Gross Profit Margin, Net Profit (Loss) Margin, and Return on Equity (ROE)

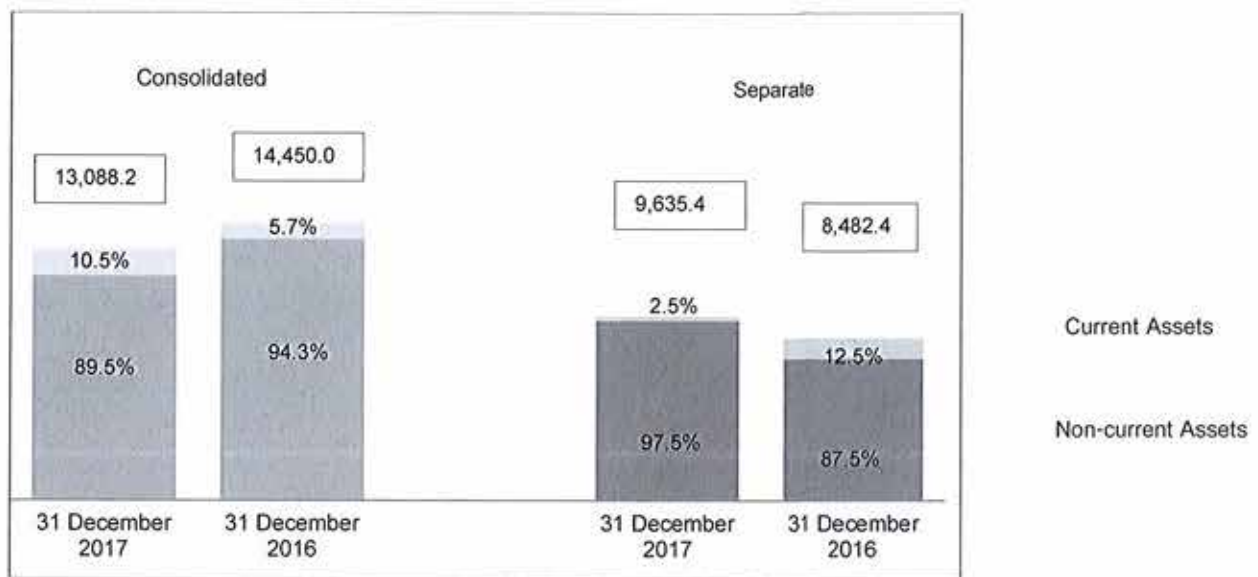
	Consolidated		Separate	
	Year 2017	Year 2016	Year 2017	Year 2016
Gross Profit Margin	22.8%	30.6%	50.4%	55.7%
Net Profit (Loss) Margin	-16.6%	0.9%	34.4%	-1.2%
Return on Equity (ROE)	-4.7%	0.9%	1.2%	-0.04%

In 2017, the separate financial statements reported a gross profit of 50.4 percent, lower than the figure in 2016 as a result of higher cost of sales and services in office for rent building since there were additional manpower added to be ready for future expansion. For consolidated financial statements, the gross profit margin was 22.8 percent, also lower than 2016 figure since both property development and hospital businesses reported depreciation as part of the cost of services; and there was a depreciation of investment property, plant and equipment from the acquisition in the amount of Baht 70.9 million.

Net profit margin for separate financial statement was higher than that of 2016 due to the increased of revenue from sales and services and other revenues, while the net margin for consolidated financial statement reported a loss of 16.6 percent, lower than 2016 which reported a net profit margin of 0.9 percent. This was mainly due to lower ability to generate gross profit while selling and service expenses, administrative expenses, finance costs, and income tax were increased.

Accordingly, the return of equity of company financial statement was 1.2 percent while it was negative 4.7 percent for consolidated financial statement.

Financial Position Analysis and Investment Structure



Assets

As of December 31, 2017, the separate financial statement reported a total asset of Baht 9,635.4 million, an increase of Baht 1,153.0 million, or 13.6 percent of increase from the period ending of December 31, 2016.

1. Current assets were decreased by Baht 818.6 million to reflect a reduce in short-term loan to subsidiary companies since they have repaid the loan in the amount of Baht 834.6 million to the Company.
2. Non-current assets were increased by Baht 1,971.6 million since in Q4/2017, the Company entered an acquisition of Alliance Medical Asia Company Limited ("AMA") group at a total value of Baht 2,000 million, thus, an increase in investment in subsidiaries item.

As of December 31, 2017, the consolidated financial statements reported a total asset Baht 13,088.2 million, a decrease of Baht 1,361.6 million, or 9.4 percent of decrease compare to the same period of last year.

1. Current assets increased by Baht 555.2 million from a higher short-term investment of Baht 537.2 million by the subsidiaries.
2. Non-current assets decreased by Baht 1,916.8 million from a divestment of a property owned by a subsidiary at the amount of Baht 2,395.6 million.

Liquidity

Cash flows of financial information for the year ended 31 December 2017

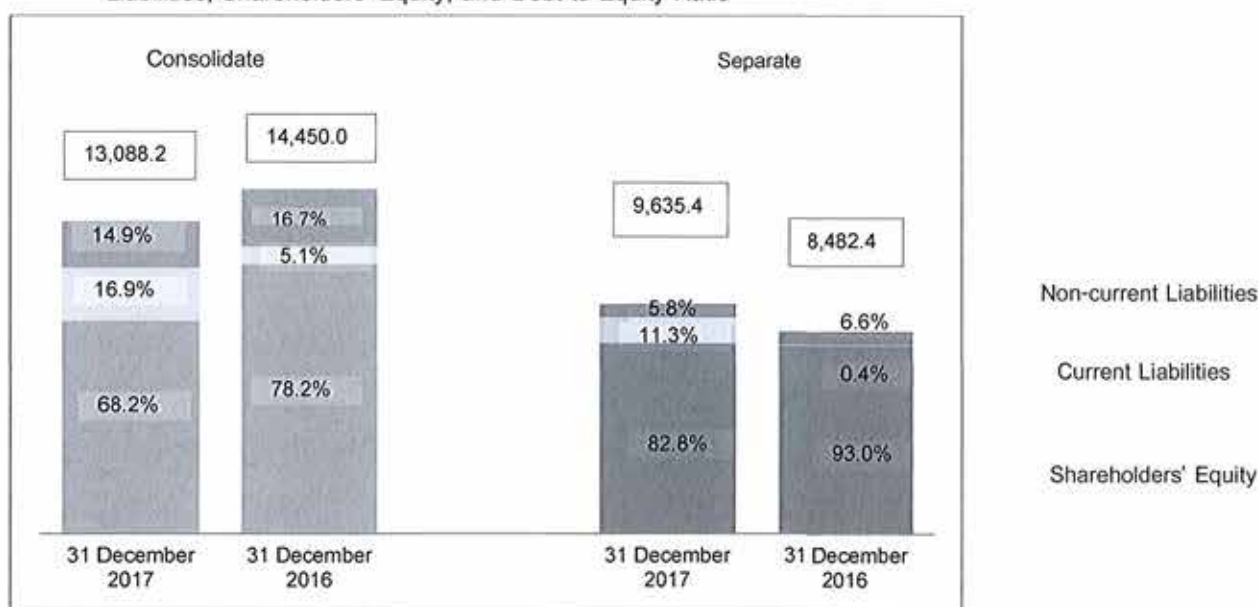
Unit: Baht in million	Consolidated	Separate
Net cash from operating activities	112.3	192.6
Net cash from investing activities	97.8	(167.9)
Net cash from financing activities	(112.3)	-
Net increase in cash and cash equivalents	97.8	24.7
Cash and cash equivalents at the beginning of the year	274.1	47.0
Cash and cash equivalents at the end of the year	371.9	71.7

For the separate financial statements, net cash and cash equivalents increased by Baht 24.7 million from operating activities which is the result from the profit operating were Baht 103.7 million, while net cash flow from investing activities was Baht 167.9 million, as a result of the cash paid to purchase the investment in subsidiary (AMA) of Baht 1,010.0 million while the company receive the short-term loans to subsidiaries amounted to Baht 833.0 million.

For the consolidated financial statements, cash and cash equivalents increased by Baht 97.8 million from cash received from disposal of investment properties of Baht 2,500 million, while cash paid for purchase of investment in subsidiaries (AMA) amounting to Baht 1,000.0 million and cash payment for Purchases of plant and equipment and intangible assets amounting to 868.7 million.

Source of Capital

Liabilities, Shareholders' Equity, and Debt-to-Equity Ratio



Liabilities

As of December 31, 2017, the separate financial statements reported total liabilities of Baht 1,653.8 million, an increase of Baht 1,056.6 million, or a 176.9 percent increase from total liabilities As of December 31, 2016.

1. Current liabilities increased by Baht 1,055.6 million from the consideration for the acquisition of AMA in the amount of Baht 1,000.0 million to its existing shareholders.
2. Non-current liabilities increased by Baht 1.0 million, from the accrued interest of long-term promissory notes from related parties.

As of December 31, 2017, the consolidated financial statements reported total liabilities of Baht 4,164.1 million, an increase of Baht 1,010.0 million, or a 32.0 percent increase from total liabilities As of December 31, 2016.

1. Current liabilities increased by Baht 1,479.1 million from the consideration for the acquisition of AMA in the amount of Baht 1,000.0 million to its existing shareholders, and creditors of other subsidiaries.
2. Non-current liabilities decreased by Baht 469.1 million from a repayment of long-term loan from financial institutions by a subsidiary prior to the maturity date.

Shareholders' Equity

As of December 31, 2017, the separate financial statements reported shareholders' equity of Baht 7,981.6 million, an increase of Baht 96.4 million from net profit of the year 2017. Also, in 2017, the Company had set aside additional legal reserve amount of Baht 4.8 million.

As of December 31, 2017, the consolidated financial statements reported shareholders' equity of Baht 8,924.1 million, comprised non-controlling interests of the subsidiary of Baht 677.8 million. The lower shareholders' equity than the same period of last year was a result of the net loss in 2017.

Debt to Equity Ratio

As of December 31, 2017, the separate financial statements had a ratio of 0.21 times, while the consolidated financial statements had a debt to equity ratio of 0.5 times, increasing from December 31, 2016 from the higher of total liabilities.

Commitments and contingencies

1. Contingent liabilities

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

Unit : million	Year 2017	Year 2016
Design and construction contracts	44.2	101.9

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 14 years.

Unit : million	Year 2017	Year 2016
Not later than 1 year	22.3	16.1
Later than 1 year but not later than 5 years	26.0	17.1
Later than 5 years	10.6	10.6
	58.9	43.8

3. Long-term service commitments

On 24 January 2007, the Company entered into management agreements with a group company of a well known international standard hotel chain, appointing the hotel group to manage the Company's serviced apartments. Under the conditions of the agreements, the Company has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 30 years, starting from the commencement of operations, and could be extended for a further period of at least 10 years, depending upon certain conditions specified in the agreements. Consulting fees and expenses under the contract for the year ended 31 December 2017 were Baht 16.3 million.

On 14 January 2016, the Group entered into management agreements with a group company of a well known international standard hotel chain, appointing the hotel group to manage the Company's serviced apartments. Under the conditions of the agreements, the Company has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 10 years, starting from the commencement of operations, and could be extended for a further period of at least 10 years, depending upon certain conditions specified in the agreements. Consulting fees and expenses under the contract for the year ended 31 December 2017 were Baht 10.1 million.

Factors influencing future performance of the Company

Thai economy in 2018 is expected to grow at a rate of 3.6 – 4.6 percent with supporting factors be an improved global economic situation, which should lead to an expansion of industrial sector and overall economic activities, a continuous government spending, a fast-tracked investment expected from the government, continued development in major economic sectors, better employment rate, and improved income base of the population.

Hotels and residences in major tourist destinations will continue to have an upward trend, especially in major brands. This is a result of continuous growth in number of tourist during the recovery of global economic situation. While for SMEs, the competition will still be intense since there are more substitute services such as apartments, serviced apartments, and condominiums, which can offer a bargained price and bring a pressure upon SME operators. Though official body has increased its efforts in solving/easing its rules and regulations to persuade these substitute service providers to license their business as a hotel but not much of responses. There are still numerous operators of such services.

Office for rent business outlook for the next 1-3 years should continue to grow as a result of improved Thai economic situation and interconnected regional economic situation which should drive more demand in office spaces, while the supply for office space that is expected to enter the market in the near future is not much, especially in the CBD area where occupancy rate is still more than 90 percent, along with the higher rental fee. Compare to ASEAN office rental market, Thai market projected a better prospect with its regional-hub location, affordable rental fee, and supportive policies from the government to encourage more inflow of investments and becomes more appealing to foreign direct investors than other ASEAN countries.

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 generate more revenue while net profit margin can have a growth rate on average of 13 – 16 percent per annum. Major hospitals, or those within a network of hospitals should benefit from the advantage in economy of scale, human resources, and accessibility of target market. While medium- and small-size hospitals or stand-alone ones will have to struggle to move forward, except for those that provide specialized treatments and services, or operates in a niche market. However, business expansion in terms of service capabilities, service areas, and regional coverage will face more competition from peers within the same sector and powerful investors from other businesses that diversified their portfolios to healthcare business since it is considered to be a "low risk" business with stable income in the long run, supported by more health-concerned customers' behavior. Nevertheless, major investments are still concentrated in Bangkok area.

On January 25, 2018, the Company's Board of Directors Meeting No. 1/2018 announced a resolution of approval for the acquisition and acceptance of transfer of the hospital business of Thai Health Maintenance Organization Co., Ltd. ("THM") which is a company operating a private hospital business under the name

"Piyamin Hospital" located in Samut Prakan province and three Piyamin medical clinics located in Bangkok. In this regard, 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 "Business Transfer Agreement"), which will be executed by the Company after the Board of Director's Meeting has approved the acquisition and acceptance of transfer of THM's hospital business. The Company will pay a total consideration of not exceeding Baht 900 million to THM using internal cash flow of the group companies and loan from a financial institution. In this connection, 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 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.

For your kind acknowledgement.

Yours respectfully.

Signature 

(Miss Preeyaporn Aphiwathwittaya)

Division Director, Accounting Services



29 September 2017 Mangrove area cleaning



8 June 2017 Donation certain things with Lung-Kung School at Karnchanaburi



20 December 2017 Wish upon a star



5 April 2017 Ban Gerda - Lobburi Province (HIV children Home)



Painting high-school wall which used combine



28 June 2017 Painting bridge at Bangkaew , Samut - Songkram province

PRINC

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