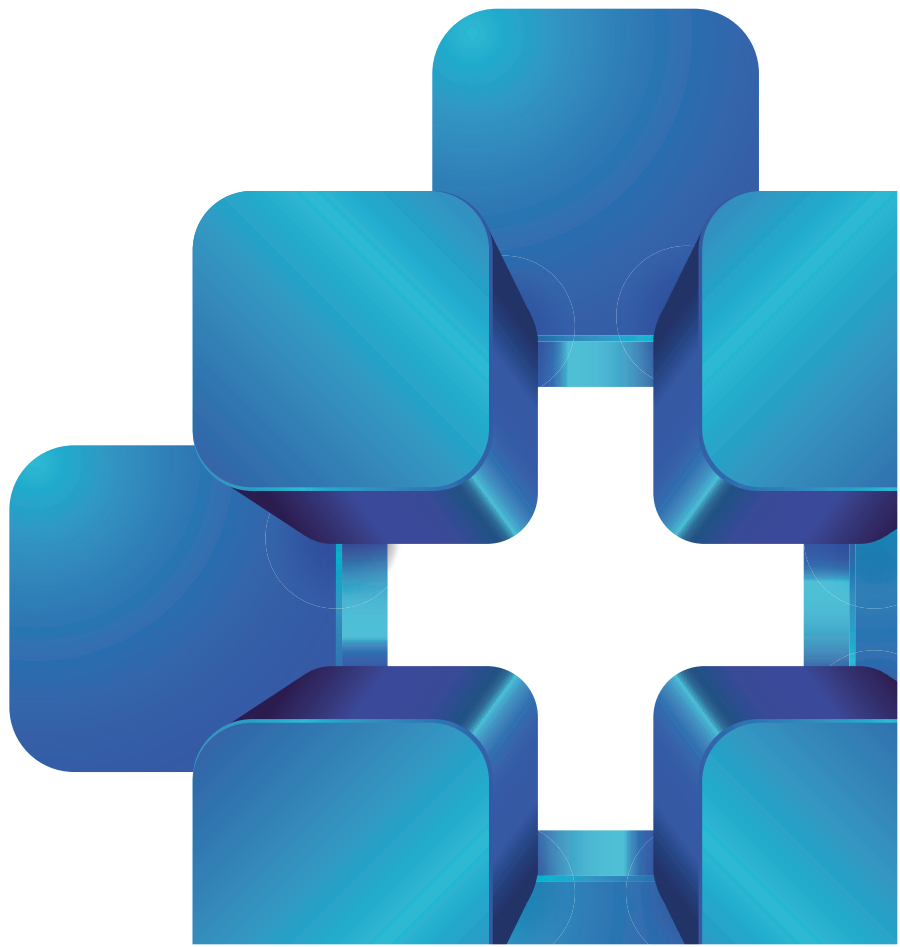




Principal Capital Public Company Limited

ANNUAL REPORT 2018

“Move Forward to Healthcare Business
FOR YOUR BETTER LIFE”



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 including financial, service quality, and customer satisfaction
 - To strengthen our network of hospitals through partnership and new acquisitions.
 - To develop viable health-related projects to serve potential markets both in our own properties and in new promising sites.
 - To take part in enhancing the health of the community and creating a sustainable healthy society.
 - To continually develop our human resources to be competent with up-to-date technology, enhanced with new capabilities, and adaptive to our fast-growing organizations.
 - To provide service, analysis, design, installation of software that respond to customers' needs by skillful teamwork to support healthcare service business, the main business of the Company.
 - Determine to develop excellence in service providing of the existing hotel and serviced apartments order to build customers satisfaction among Thai and foreign customers.

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Message from

the board of Directors and the Executive committee



Dear Shareholder

Last year was the year that Principal Capital Public Company Limited operated the business according to the vision by focusing on expanding healthcare business. In Q1/2018, the Company started business of Princ Hospital Suvarnabhumi and intended to develop it to be a hospital in Tertiary level and being a Hub for its hospital network and target to provide full services in mid of 2019. In 2018, the revenue from healthcare business continued increasing from 75.5% in 2017 to 76.6%. In addition, the Company expands its hospital network by preparing to open 3 new hospitals in 2019 which are Pitsanuvej Uttaradit Hospital, Sirivej Lamphum Hospital (it will be renamed to Princ Lamphun Hospital) and Princ Uthaitani Hospital. At present, there are 8 hospitals in Princ's hospital network. The Company is exploring and finding the suitable project in the less visited provinces to provide healthcare services to the people in that area. There are projects under feasibility study in 5-6 provinces. The Company targets to have 20 hospitals in its network within 2023. Due to such progress, Stock Exchange of Thailand approved the Company to reclassify industry from Property Development and Construction industry to Service industry under Healthcare Service business. This promotes the Company's image with a clear business direction.

In term of internal process development, the Company aims to operate business in compliance with good corporate governance, risk management policy and quality development. The Company obtained the Certificate in relation to "Thailand's Private Sector Collective Action Coalition against Corruption" (CAC) and also received Quality Management System ISO9001:2015 certification. The Company targets to obtain Quality Management System ISO9001:2015 certification for Princ Hospital Suvarnabhumi and Princ Healthcare Co., Ltd., its subsidiaries to ensure that shared service provided to every hospital in the group meet the standard

with regular development. Last year the hospitals in the group received several rewards and certificates. For example, Pitsanuvej Hospital was reaccredited from Joint Commission International (JCI) for the third times. Sahavej Hospital received outstanding corporate governance award. The Company also bring in technology to support back office and customer service and gradually installs the system to all hospitals in the group to enhance efficiency in hospital management and uses Cloud Technology to consolidate all data from all hospitals to enable the executives to analyze and make decision accurately and in a timely manner.

In term of property development business, the Company will still operates property development business to maximize benefits from the existing projects including Marriott Executive Apartment Sathorn Vista – Bangkok and Somerset Ekamai Bangkok which have favorable growth. The Company will sell part of its assets when the offering price is attractive in order to obtain fund to acquire business in Principal Healthcare Group as it provides better return on investment in the long run.

In 2019 the Company study Joint Venture project combining knowledge from 3 businesses which are property development, hotel management and healthcare to develop a residential project for Aging population to be a pioneer project in Bangkok which creates an opportunity to develop this kind of project in the future.

The economic condition and overall factors still supports the business growth of the Company. GDP growth was 4.1% improved from 3.9% in 2017 and 3.3% in 2016. The number of international visitors continues to increase. In 2018 there were 38 million international visitors, increasing from the previous year by 7.5%. This considered the supporting factor for hotel and healthcare business. Meanwhile, other supporting factors including urbanization, growth of aging population, the increase in number of patients who are sick from Non-Communicable Disease : NCD such as cancer and tumor, high blood pressure, stroke etc. remains in the same direction. The government policy that has been declared since 2003 to promote Thailand as medical hub and medical tourism also supports healthcare business growth. However, the Company is aware of the intense competition from large investors who start to invest in healthcare business seriously. The Company has to prepare the strategy to cope with such competition in order to capture market shares and to snatch high quality medical personnel. In addition, there may be change in economic and social condition after the election in 2019 that needs to beware of.

Finally, we would like to thank you all shareholders and stakeholders for the support and provide an opportunity to the Board of Directors and Executive team to lead the organization and advance in the business with expertise under good corporate governance in order to create highest benefits to all shareholders and stakeholders.

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

A handwritten signature in blue ink, appearing to be 'P. Viddayakorn'.

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

A handwritten signature in blue ink, appearing to be 'S. Viddayakorn'.

Dr. Satit Viddayakorn, Ph. D.
Chairman of Executive Committee

Message from Chairman of the Audit committee



Dear Shareholders

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 2018, the Audit Committee has held 5 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 2018**, 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 and the connected transaction.

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 2018, the Audit Committee assigned additional work for an internal auditor to set the standard procedure for the hospital, to build the internal control system to become the culture of the organization, also set the norm of the internal control system which can operate practically and 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 2018 the Company has no transaction that may have conflict of interest, the Company has only the ordinary business transaction between the Company and its subsidiaries which the Audit Committee considered the transactions are appropriate and under general commercial conditions with fair price and conditions.

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 the new Risk Management Committee, which has the member from the property business and appoint more member from the healthcare business as well, to improve the effectiveness of the risk management in the Company and its subsidiaries throughout the whole organization. The Audit Committee 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 2018.** 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.Chanchai Chaiprasit, CPA No. 3760/ or Mr. Pisit Tangthanukul CPA No. 4095 or Mr. Paiboon Tankul CPA No. 4298 from PricewaterhouseCoopers ABAS Co., Ltd., to the Board of the Directors of the Company and propose to the Annual General Meeting of the Year 2019, 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.

7. To consider and review the Depreciation Policy scheme of the Group of the Company. The Audit Committee had considered and review the Depreciation Policy scheme of the Group of the Company by set the new policy to identify the depreciation of Buildings and Equipment according to the useful life of such buildings and equipment for the Group of the Company under the same standard.

8. To consider and appoint the Secretary of the Audit Committee. The Audit Committee had considered and appoint Miss Ritima Jirasuradate to be the Secretary of the Audit Committee by replaced Miss Chayaporn Luannapavan whose resigned from the position, due to her appropriate qualification with helpful knowledge and experience for the business.

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

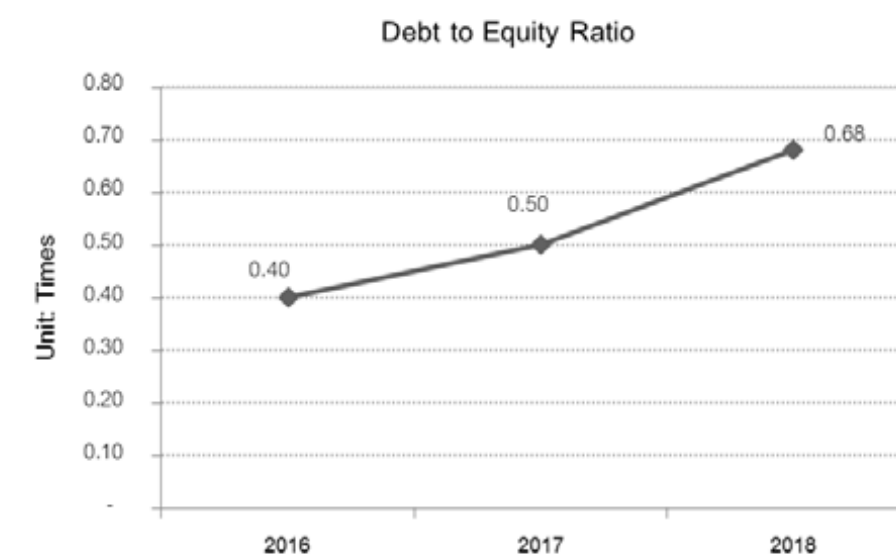
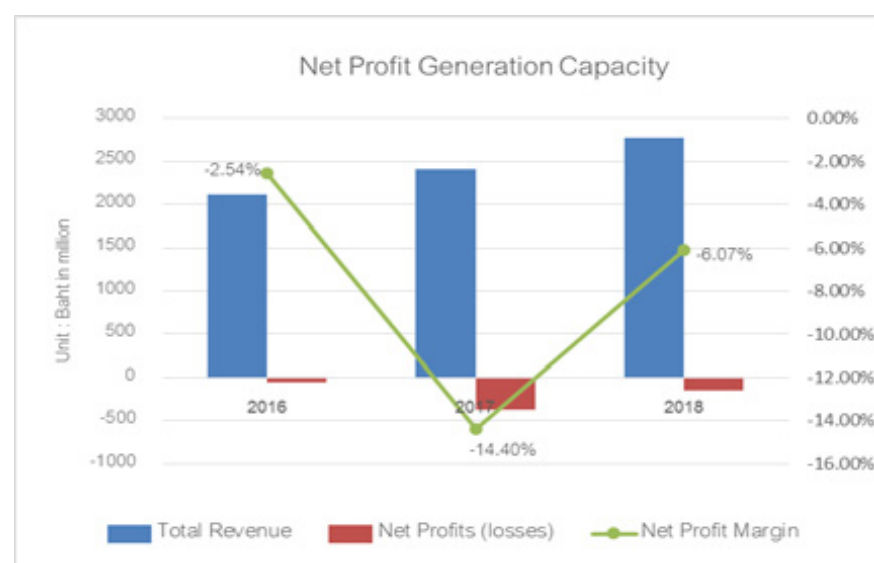
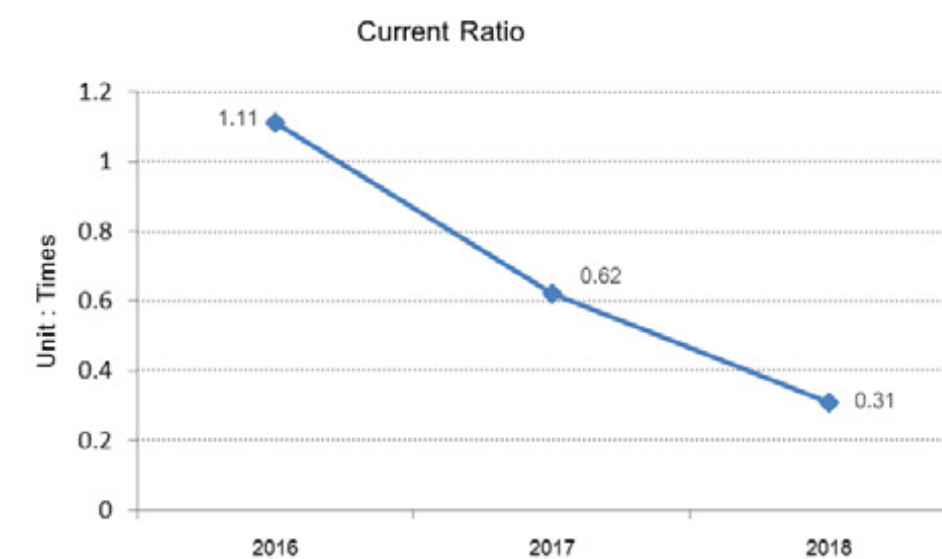
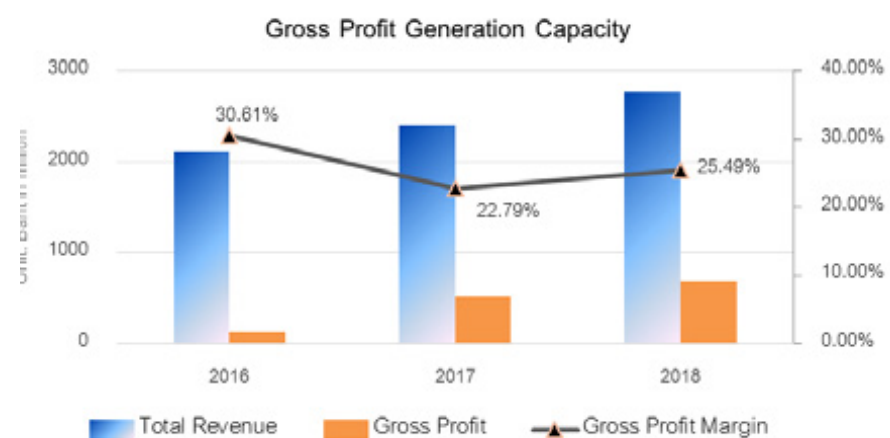
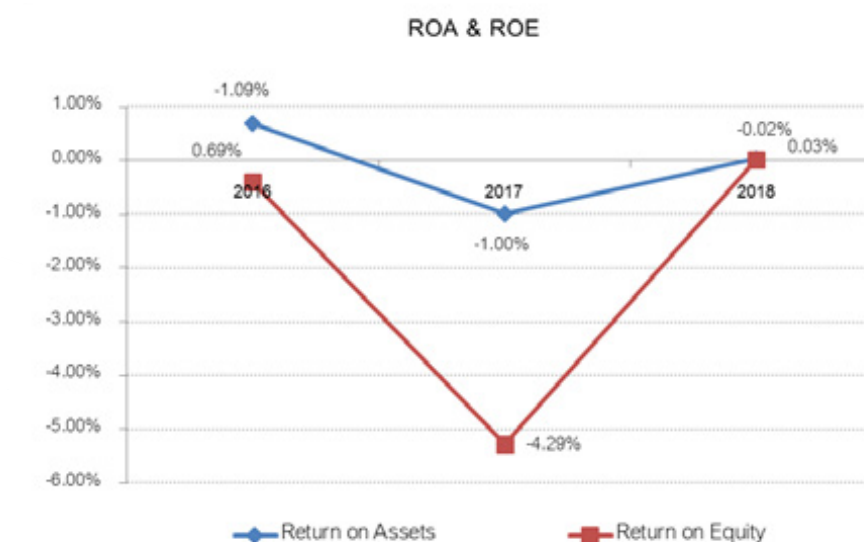
Financial Highlight for the year 2016-2018

Significant Financial Figures

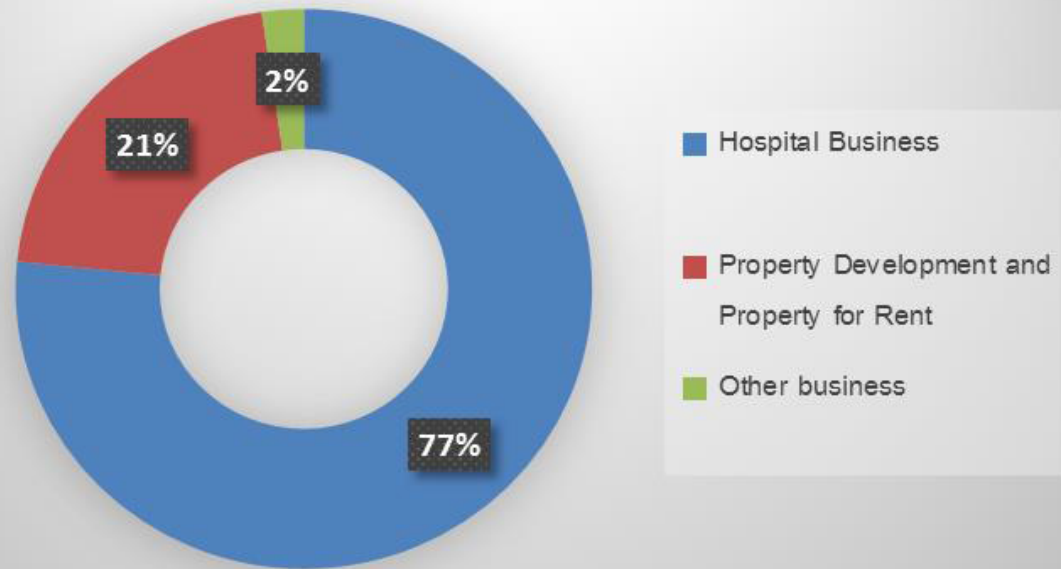
Unit: Baht in million	2016	2017	2018
Total assets	14,449.81	13,088.21	14,318.08
Total liabilities	3,154.14	4,164.11	5,476.46
Total owner's equity	11,295.67	8,924.10	8,841.62
Revenue from hospital business	1,716.82	1,690.42	2,084.63
Revenue from sale and services	354.85	547.35	638.07
Total revenue	2,071.67	2,237.77	2,722.71
Gross profit	634.24	510.05	694.07
Net Profit	18.79	(371.61)	(152.64)

Significant Financial Ratio

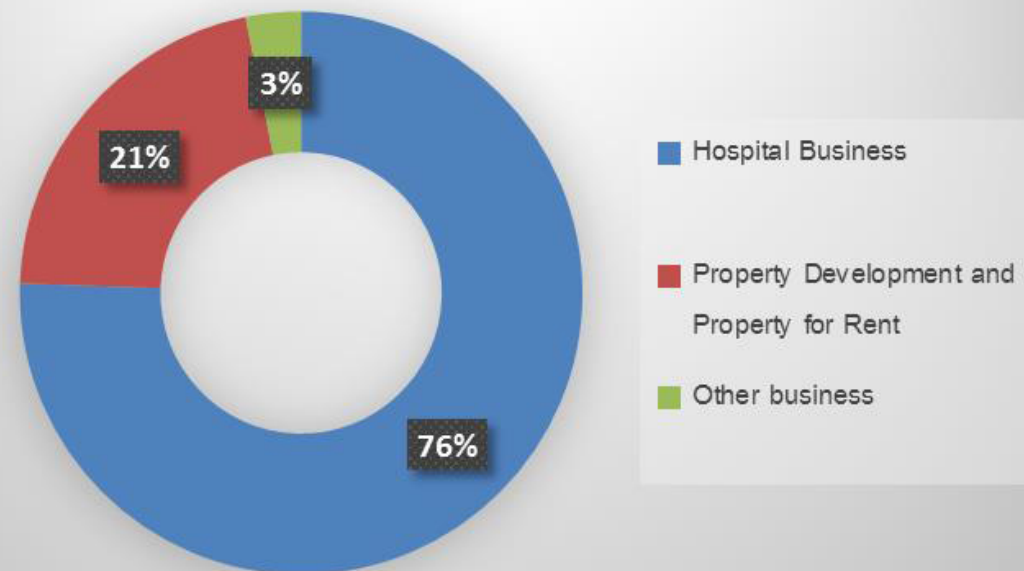
	Unit	2016	2017	2018
Profitability Ratio				
Gross Profit Margin	%	30.61	22.79	25.49
Net Profit Margin	%	(2.54)	(14.40)	(6.07)
Return on Equity	%	(1.09)	(4.29)	(0.02)
Liquidity Ratio				
Current Ratio	Times	1.11	0.62	0.31
Quick Ratio	Times	0.89	0.55	0.25
Efficiency Ratio				
Accounts Receivable Turnover	Times	21.44	15.70	21.46
Accounts Payable Turnover	Times	19.02	10.121	12.83
Return on Assets	%	0.69	(1.00)	0.03
Financial Policy Ratio				
Debt to Equity Ratio	Times	0.40	0.50	0.68
Interest Coverage Ratio	Times	2.47	(2.00)	0.04
Earnings (losses) per share	Baht	(0.036)	(0.107)	(0.054)
Book value per share	Baht	2.42	2.55	2.49



2018 Revenue structure



2017 Revenue structure



Overview of Business

Award and Recognition

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

Private Hospital Business and Private Hospital Management

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

Property Business

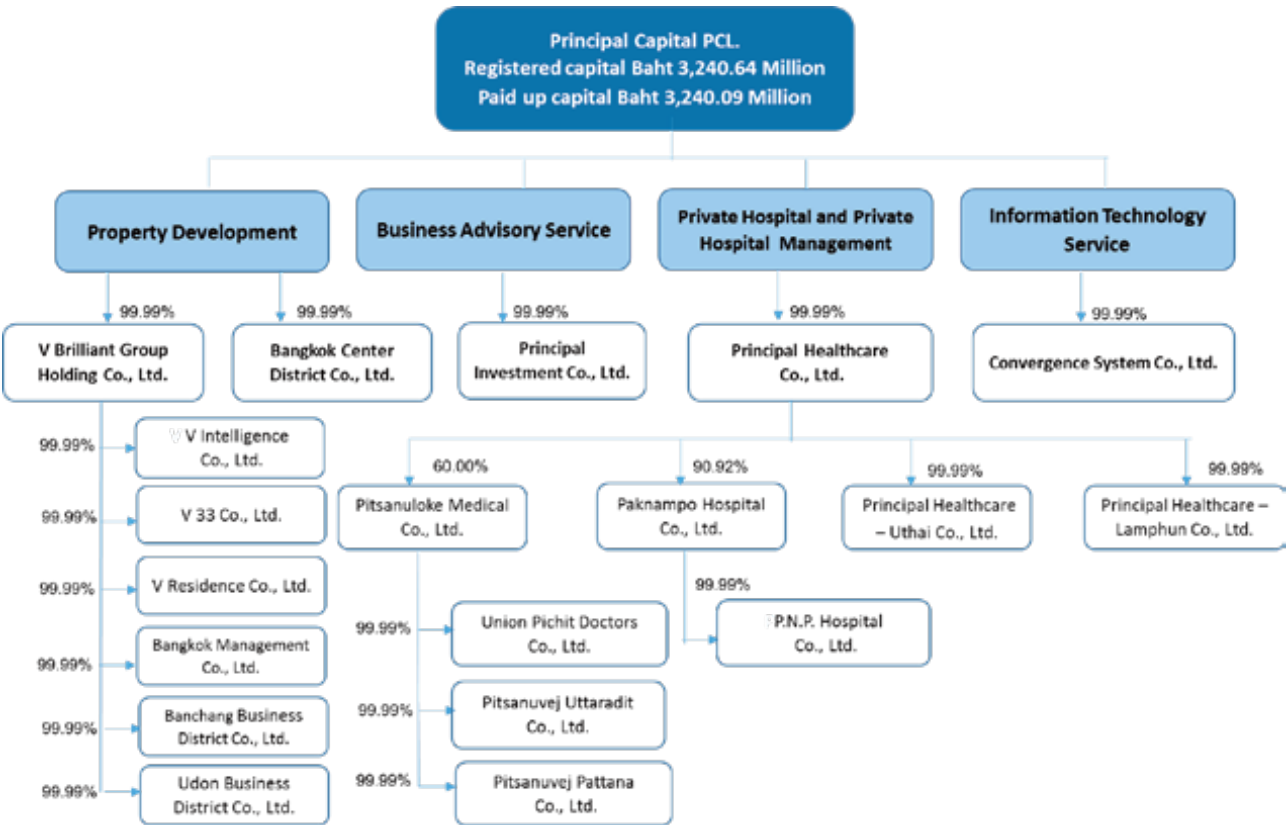
- The Company received “The Outstanding Architecture Award” in Residential Building 2008 for St. Louis Grand Terrace project from Her Royal Highness Princess Maha Chakri Sirinthorn, nominated by the Association of Siamese Architects under the Royal Patronage of His Majesty the King, and “Good Property Development Certificate 2007-2008” from the Commission for Consumer Protection.

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

- Marriott Executive Apartments Sathorn Vista – Bangkok received various awards from different agencies as follows:
 1. World Luxury Hotel Awards 2015 as Continent’s Luxury Serviced Apartments
 2. 2015 Award Winner from Booking.com (score 9.1 from 10)
 3. Certificate of Excellence in 2015 by TripAdvisor.com
 4. Clean and Green Award by Bangkok Metropolitan Administration

Group Structure

Principal Capital Public Company Limited’s business can be divided into 4 types which are Private Hospital Business and Private Hospital Management, Property Development, Information Technology Service Business and Business Advisory Service. The group structure of the Company as of December 31, 2018 is as follows:



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

Overview of Business

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

The Company targets to be a leading healthcare service provider to medium income customers group in Thailand by expanding hospital network and increase potential for revenue generation by constructing its own hospital and managing hospital business also bring in the Hospital Information Systems (HIS) for the efficiency in hospital cost management. In 2018 the Company acquired another hospital namely Princ Hospital Suvarnabhumi (previous name is Piyamin Hospital), a large hospital in Samut Prakan Province. This helped expand hospital network of the group to cover Bangkok and vicinity area. Previously, the hospitals in the group are located in the provincial area. With this new hospital, it created Hub and Spoke System for hospital business thus, enhancing growth and competitive advantages. As a result of the business acquisition, revenue from healthcare services becomes major revenue of the Company. The Company requested the SET to change the business sector from Property Development to Health Care Services and the SET approved the reclassification in February 2019. Moreover, the Company built a new hospital namely Pitsanuvej Uttaradit Hospital in Uttaradit Province and also acquired a hospital that was Non-Performing Assets (NPA) from the financial institution in Uthaitхани Province and renovated it to be Princ Uthaitхани Hospital. Currently it is under renovation to upgrade the services to meet international standard. It is expected to commercially operation within Q3/2019. Furthermore, in March 2019, the Company successfully accepted the entire business transfer (EBT) of Sirivej Lamphun in Lamphun Province, thus increasing number of hospitals in the group to 8 hospitals in 7 provinces.

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

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

Revenue Structure

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

- PPNP - Paknampo Hospital and Paknampo Hospital 2
- PRINC - Principal Capital Co., Ltd.
- VB - V Brilliant Group Holding Co., Ltd.
- VI - V Intelligence Co., Ltd.
- VR - V Residence Co., Ltd.
- CS - Convergence System Co., Ltd.

Products and Services

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

a) Private Hospital Business and Private Hospital Management

■ Private Hospital in Bangkok and perimeter area

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

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

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

■ Private Hospital in Provincial Area

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

- *Pitsanuvej Hospital* - a 150-bed hospital located in Pitsanuloke Province. It has been operating for 37 years, providing upper secondary care service. It was operated by Pisanuloke Medical Co., Ltd. It is a hospital with JCI (Joint Commission International) accreditation which provides 24-hour medical service to both outpatient and inpatient. The hospital has medical specialists and clinics as follows

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

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

● *Paknampo Hospital and Paknampo Hospital 2*

Both hospitals are operated by Paknampo Hospital Co., Ltd. (former name is Ten M.D. Nakornsawan Co., Ltd.). They are located in Muang Nakorn Sawan District, Nakorn Sawan Province. There are 100 registered beds in

each hospital. In addition, both hospitals are private hospitals that have been accredited by The Healthcare Accreditation Institute (Public Organization). It provides upper secondary care service to cash-paying customers and private insurance patients with 24-hour medical services. The hospital has medical specialist and clinics as follows:

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

● *Pittsanuvej Uttaradit Hospital*

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

- Internal Medicine Department
- Obstetrics and Gynecology
- Orthopedic Clinic
- Patient Dormitory
- Delivery Room and Nursery Department
- Laboratory
- ICU
- Surgery Department
- Pediatric Clinic
- Physical Therapy Center
- Emergency and accident
- Operation Department
- Diagnostic Radiography

● *Sirivej Lamphun Hospital*

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

- Cataract Clinic
- Internal Medicine Department
- Emergency and accident
- Weight loss Center
- Aesthetic Surgery Center
- Varicose veins Clinic
- Dental 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, 2018 the capacity of the hospitals in the Group was summarized in the table below.

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

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

Product under renovation

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

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

b) Property Development for Rent

• Hotel/Service Apartment

1. Marriott Executive Apartment Sathorn Vista, Bangkok is a 5-star hotel and serviced apartment with 187 keys managed by the executives of Marriott Group providing accommodation services for foreign customers who

come to work and travel in Thailand for short-term and long-term stay, fully-equipped with facilities and shared amenities. Such property is located in Central Business District on Silom, Sathorn Road. In addition, it has a policy to provide good quality service and efficient safety system.

Marriott Executive Apartments Sathorn Vista, Bangkok													
Business type	1 building of 5-star hotel and serviced apartment												
Location	Soi Sathorn 3 (Suanplu), South Sathorn Road, Tung Mahamek, Sathorn, Bangkok												
Room type	<table> <tr> <th>Room type</th><th>Number of room</th></tr> <tr> <td>1 Bedroom Suite</td><td>55</td></tr> <tr> <td>1 Bedroom Executive Suite</td><td>50</td></tr> <tr> <td>2 Bedroom Suite</td><td>58</td></tr> <tr> <td>3 Bedroom Suite</td><td>11</td></tr> <tr> <td>3 Bedroom Executive Suite</td><td>10</td></tr> </table>	Room type	Number of room	1 Bedroom Suite	55	1 Bedroom Executive Suite	50	2 Bedroom Suite	58	3 Bedroom Suite	11	3 Bedroom Executive Suite	10
Room type	Number of room												
1 Bedroom Suite	55												
1 Bedroom Executive Suite	50												
2 Bedroom Suite	58												
3 Bedroom Suite	11												
3 Bedroom Executive Suite	10												
Restaurant	<u>Name and type of food</u> Momo Café (Thai and international food) Pool Bar												
Banquet and meeting room	<u>Name</u> Board Room												
Other services	-												
Commercial Operation Date	March 2009												

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

Somerset Ekamai Bangkok Project	
Business type	5-star hotel and serviced apartment under the management of Ascott Group totaling 3 buildings consisting of a 15-storey hotel building, a 14-storey apartment building and a 19-storey apartment building
Location	Soi Ekamai 2 Sukhumvit 63 road (Ekamai), North Prakhong, Wattana, Bangkok

Somerset Ekamai Bangkok Project			
Room Type	Room type	Number of rooms	
	1. Studio Executive	26	Tower AIM (A)
	2. Studio Executive Twin	13	
	3. 1-Bedroom Classic	13	
	4. 1-Bedroom Executive	13	
	5. 1-Bedroom Premier	39	Tower Balance (B)
	6. 2-Bedroom Executive	13	
	7. 2-Bedroom Premier	13	
	8. 1-Bedroom Deluxe	12	
	9. 2-Bedroom Deluxe	13	Tower Cheer (C)
	10. 3-Bedroom Executive	26	
	11. 3-Bedroom Deluxe	20	
	12. 3-Bedroom Premier	10	
	13. Studio Standard	9	
	14. Studio Deluxe	42	
Banquet/Meeting Room	1 auditorium room 5 meeting and training rooms		
Investment cost	Baht 2,450 million		
Commercial Operation Date	Quarter 4, 2016		

- Office space for rent business

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

Bangkok Business Center Building	
Location	Ekamai Road (Soi Sukhumvit 63), Klongton Nue, Wattana, Bangkok
Project area	1-3-9 rai (709 sq. wah)
Building area	37,770.61 sq.m.
Project details	30-storey office building with 1 underground floor

Bangkok Business Center Building	
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 untis	93 untis
Target group	Medium-sized and small-sized Thai and foreign companies that need office space of 100-900 sq.m. in Sukhumvit and Ekamai area

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

c) Information Technology Business

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

1. Software Implementation Services

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

- **SAP Success Factor** by Software Application Product In Data Processing from Germany which offer Human Capital Management (HCM), software solution on Cloud for the enterprise which enables organizations to integrate their core business processes especially Human Resource Management including Organization Management, Personal Administration, Time and Labor, Absence Management Global Payroll and Training Administration seamlessly, and in real time. The organizations are thus able to manage effectively, decrease in both redundant work processes and costs.

- **SAP Enterprise Resource Planning** by Software Application Product In Data Processing from Germany. It is Enterprise Resource Planning (ERP) software which enables the company to integrate their core business process including procurement, production planning, sale and distribution, budget control, project control,

accounting, finance and human resource management. All business processes are connected real time. This enables the company to manage information efficiently with all data from every section being centralized, and without conflicts of information, leading to a decrease in both redundant work processes and costs.

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

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

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

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

Target customer for Information Technology business is the organization that needs enterprise software system for organization planning in term of personnel management, business strategy planning not limited to only healthcare industry but also other industry as well. Current main customers are hospital and healthcare service business.

3. Advisory service and business management system service The company provides business planning and business management service, hospital management system, human resource management system, accounting and financial system, inventory and procurement system, data analysis by using information technology management, provide advice for problem resolution from information system installation. The company provides

service in various business coverage. For example, medical business, banking business, aviation business, tourism and hospitality business, etc. However, medical and healthcare service business is still the main customer.

d) Business Consultancy Service

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

Market and competition

Overview of Thai Economy

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

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

1) Overview of Healthcare Business in Thailand

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

Thailand healthcare system

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

- Universal Coverage Scheme : provide medical and healthcare service to those who do not have any healthcare coverage especially low income earners. This scheme is known as “30 Baht Schemes”. This scheme covers general illness under care of National Health Security Office.

- **Social Security Scheme** : provide medical and healthcare service to private companies' employee. This scheme covers disability including child delivery, senility and unemployment. This scheme is under care of Social Security Office.
- **Civil Servant Medical Benefit Scheme**: provide medical and healthcare service to civil servant including government official and state enterprise officer, their spouse, parents, child who is under legal age. This scheme is under care of Comptroller General Department, Ministry of Finance.

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

Opportunity to grow of Medial healthcare service.

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

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



Aging population trend (age over 60) in Thailand

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

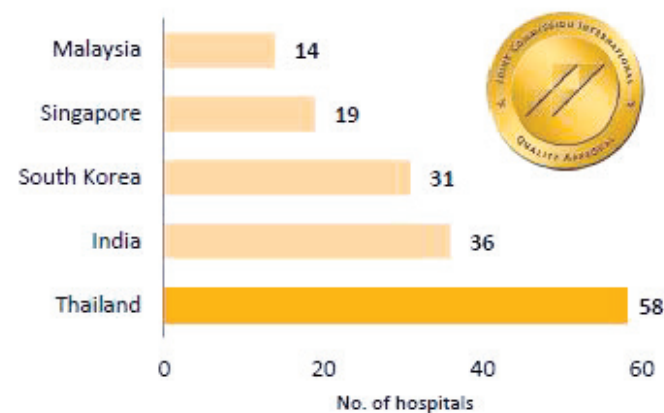
According to the study by Asian health expert about "The Progress of Health Insurance System in ASEAN" indicates that the coverage of public medical service in CLMV is still low (Laos is at 15% Cambodia 24% Vietnam 65% and no information about Myanmar). In other words, the medical care in CLMV is not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

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

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

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

The promotion of wellness tourism in Thailand is the plan to develop Thailand to be an International Medical Hub in 2016-2025. Thailand is known as one of the medical tourism hubs in the world because Thai hospitals are advanced and provide specialist center especially chronic disease treatment (including heart disease, bone, cancer etc.) as well as senior citizen healthcare centers. Moreover, Thai private hospitals are well-recognized in term of treatment quality and the pricing of medical services is lower than other countries. In addition, 58 Thai hospitals receive accreditation from Joint Commission International (JCI) which is more than every country in this region.

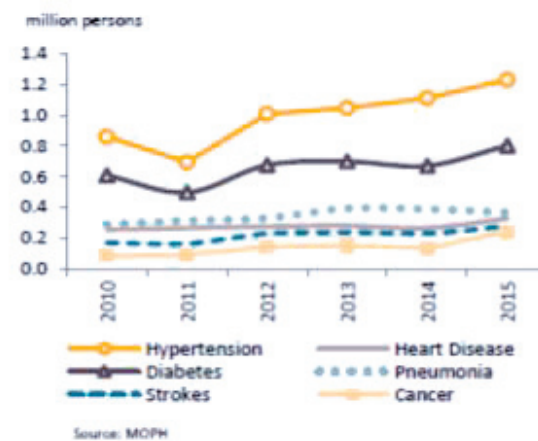


Source: Joint Commision International

Number of hospital with JCI Accreditation

- **Higher rate of illness and death of Thai population**

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



Number of patients in Thailand classified by illness

- **Lower than average of Thai medical expenditure**

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

Negative factors affecting medical service business growth

- **Intensified competition**

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

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

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

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

Source: Industry update for the year 2018-2020 "Private Hospital Business" in November 2017 by Krungsri Research Forecast
 Industry update for private hospital business in May 2017 by Government Saving Bank's Research
<https://thestandard.co/news-medicine-treatment-fee-laws/>
<https://www.thaipost.net/main/detail/25180>

Marketing Strategy

1. To expand the hospital network by increasing the number of hospitals in the secondary province by self-investment in the province with good potential and has no private hospital. Current investment is to build a hospital in Uttaradit Province and to renovate a hospital in Uthaitani Province which are expecting to complete and commercially operate within 2019. As a result, there will be 8 hospitals in the Company's hospital network by the end of the year. In addition, the Company also has policy to partner with the existing medium-sized and small-sized hospitals which operate more than 10 years in the provincial area.
2. Using focus strategy by offering lower medical expenditure than leading chain hospitals to the target group which are medium income customers, the large population base of the country.
3. Provide hospital management service to private and public hospital especially private hospitals in the provincial area which have been opened for more than 10-25 years. The hospital operator neither wants to sell nor find a new partner but having loss from operation. The Company will take care of cost management, guarantee revenue and profit growth.
4. Using technology to run the business by giving an importance to modern medical technology to provide higher efficient service to the patients for example, automatic medicine dispensing machine, dispense medicine with high accuracy system, having modern medical equipment, provide x-ray result via computer etc. in parallel with the development of Hospital Information System to create hospital management standard and link the hospital network together in order to share the resources in various systems including procurement, finance, information technology, strategy, accounting as well as human resources management with Workday System. This system will provide overview of human resources of the hospitals in the network and enable the management of human resources efficiently.

Competition

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

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

Hospital of the Group	Private Hospital nearby	Location
Princ Hospital Suvannabhumi	Chularat Hospital 3	Samut Prakan Province
	Central Park Hospital	Samut Prakan Province
	Bangna Hospital 5	Samut Prakan Province
	Paolo Memorial Hospital	Samut Prakan Province
	Muang Samut Paknam Hospital	Samut Prakan Province
Sanavej Hospital	Samrong General Hospital	Samut Prakan Province
	Chai Arun Vejchakarn Hospital	Pichit Province
	Thatsanawet Hospital	Pichit Province
Pitsanuvej Hospital	Srisukho Hospital	Pichit Province
	Bangkok Hospital Pitsanuloke	Pitsanuloke Province
	Ruamphat Hospital	Pitsanuloke Province
Paknapo Hospital and Paknampo 2 Hospital	Pitsanulok Hospital	Pitsanuloke Province
	Srisawan Hospital	Nakorn Sawan Province
	Romchat Hospital	Nakorn Sawan Province
Pitsanuvej Uttaradit Hospital	Ruamphat Hospital	Nakorn Sawan Province
	Uttaradit Hospital	Uttaradit Province
	Lamphun Hospital	Lamphun Province
Sirivej Lamphun Hospital	Haripunchai Hospital	Lamphun Province

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

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

Sahavej Hospital is the first private hospital in Pichit Province. It has been operated for 26 years. The competitive advantage in various aspects include capable specialist doctors with expertise in all area, fully equipped with modern medical tool and equipment, have efficient management system and controllable cost.

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

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

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

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

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

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

Customer Type

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

1. Cash customer includes the group who pay for medical care by themselves. Target customers are those who live or work in the area near the hospital

2. Contract customer includes those who were admitted to the hospital that their employers enter into the contract with the hospital. The employer will be responsible for the medical fee or the customers with health insurance. The hospital will collect the medical fee from the insurance company or Social Security Office.

Target Customer

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

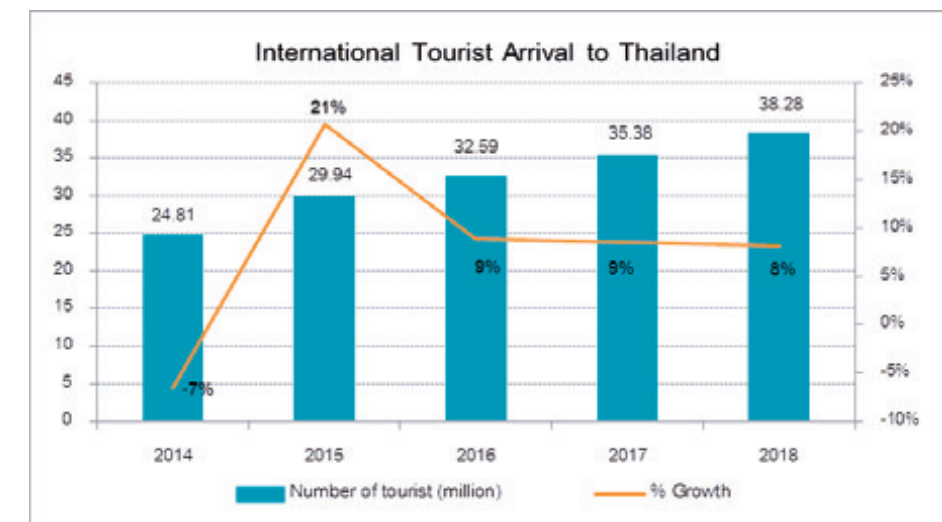
Pricing Policy

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

2) Overview of Tourism and Hotel Industry

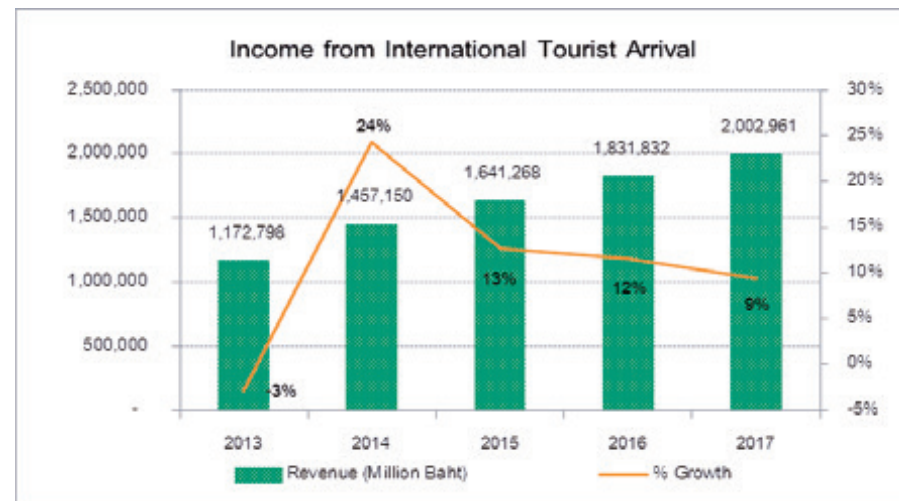
Serviced Apartment and Hotel business is closely related to tourism business since the tourist is one group of serviced apartment/hotel's client. Overall tourism industry in 2018 was growing continuously in term of number of tourists and spending amount of foreign and Thai tourists that tend to giving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

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



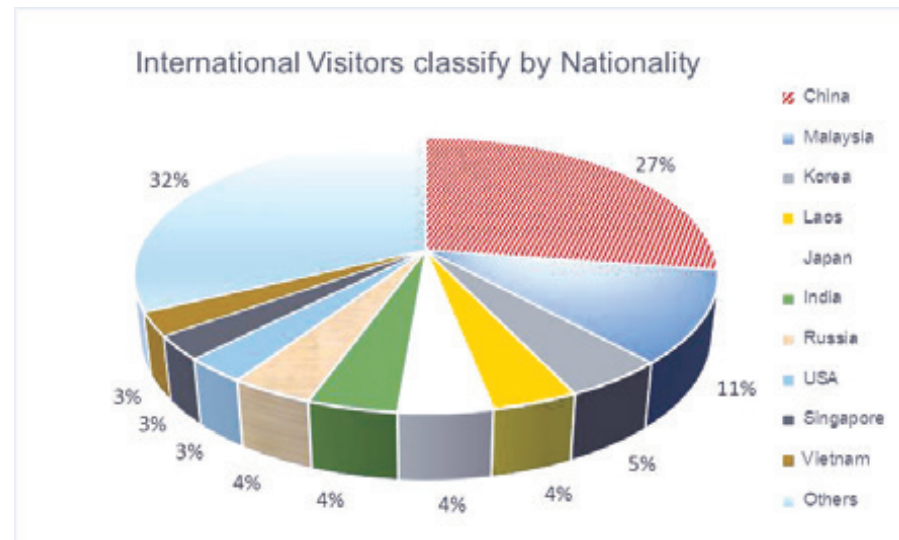
Source: Department of Tourism, Ministry of Tourism & Sports

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



Source: Department of Tourism, Ministry of Tourism & Sports

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



Source: Department of Tourism, Ministry of Tourism & Sports

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

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

Bangkok serviced Apartment Market Overview

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

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

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

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

Competition

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

Marketing Strategy

The marketing strategies for serviced apartment business are as follows:

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

Target Customer

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

Pricing Policy

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

Distribution Channel

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

- Direct sale by the Company's sale representatives and sale representatives will quote the room rate to the customers directly and also maintain relationship with the customers

- Sale via travel agency and accommodation service provider websites such as Agoda.com, Booking.com, Hotels.com, Expedia.com etc.
- Sale via internet booking system of Marriott Group's website - www.marriott.com. The internet booking enables foreign customers to book the accommodation easily, thus increasing the popularity for this channel.

3) Overview of Office Building Business

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

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

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

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

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

Source : Market Reports for Bangkok Office in Q4/2018 by Colliers International Co., Ltd.
Bangkok Office Building Report Q4/2018 by Knight Frank Thailand Co., Ltd.

Marketing Strategy

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

Target Customer

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

Pricing Policy

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

Distribution Channel

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

4) Information and Technology Market Overview

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

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

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

Technological Change Trend

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

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

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

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

Competition

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

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

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

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

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

Marketing Strategy

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

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

3. The Company offers full ranges of services, implementing and developing various systems to satisfy customer needs, including system maintenance & support. In addition, the Company plans to introduce new

services such as IT Outsourcing to maintain and increase its customer base, and enhance company's retention revenue.

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

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

Target Customer

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

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

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

Pricing Policy

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

Distribution Channel

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

Products or Services Procurement

Hospital Business

- **Medicine and Medical Supplies Procurement**

The Company has policy to procure medicine and medical supplies from various domestic suppliers to reduce risk from medicine and medical supplies shortage. The Company plan to implement the centralized procurement system for all the hospitals in the Group. The purchasing department will collect the purchase orders from all hospitals in the group and place order to the suppliers periodically. The centralized procurement system would help managing inventory with highest efficiency at the suitable price.

- **Medical Tools and Equipment**

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

- **Medical Personnel**

Medical personnel including doctors, nurses 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.

Property for Rent Business

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

Information Technology Business

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

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

Tasks Pending for Delivery

-None-

Rick Factor

Risk to Business Operation

Private Hospital Business

Intense competition in hospital business

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

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

competitive advantages in terms of reputation, medical technology and specialized physicians. Such competitive environment will crucially affect private hospitals' performance.

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

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

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

Risk associated with hospital business expansion

In 2018 Principal Healthcare – Uthai Co., Ltd. (PUTH), a subsidiary in Principal Healthcare Group (PRINH) acquired a hospital which is non-performing assets at the financial institution, deriving 12 rai land plot with incompleting building in Uthaitani Province to develop as Princ Uthaitani Hospital. It offers secondary care service with 60-bed capacity, located in Nakornluang District, Uthaitani Province. Uthaitani Province is not far from Nakorn Sawan Province and offers patient referrals to Paknampo Hospital in Nakorn Sawan Province, thereby contributing to sharing of resources. For instance, a critical case that is beyond the capacity of Princ Uthaitani Hospital will be transferred to Paknampo Hospital (Nakorn Sawan Province) for an advanced level of treatment, whereby the patient will not have to travel long distance.

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

Risk from shortage of medical personnel

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

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

Risk from changing technology for medical equipment

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

Risk of facing lawsuits for damage claims arising from medical services

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

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

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

Property Development Business

Risk from intensified competition

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

Risk from impairment of asset from lower yield than projection

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

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

The Company derived 5 land plots in the provincial area and land & building in Soi Sukhumvit 29 in Bangkok, Bangkok Center District office building as well as Somerset Ekamai Project from the investment in V Brilliant Group in 2016. Each land plot has different restriction on the use of land. Due to the restriction on the use of land, some land plots may not be able to develop 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

Risk from change of property tax

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

Risk of loans and accounts receivables

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

Information Technology Business

Risk of Delivery

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

Risk from technological change

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

Risk from skilled personnel shortage

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

Financial Risk

Risk of capital structure and liquidity

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

Risk from change of interest rates

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

Risk of Management

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

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

to obtain the vote to check and balance the matter that major shareholders propose for approval in the shareholder's meeting.

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

Major Assets in Business Operation

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

- Hospital Business

a) Main Assets of Hospital Business

No.	Property Type/Location	Net Book Value As of Dec. 31, 2018 (Million Baht)	Ownership	Obligation
1.	Pitsanuloke Medical Co., Ltd. (Pitsanuvej Hospital)			
	-Land 1-1- 45.5 rai Muang Pitsanuloke District, Pitsanuloke Province	81.93	Owned	None
	-Land 8-0-57.5 rai Muang Pitsanuloke District, Pitsanuloke Province		Owned	Bank of Ayudhaya PCL.
	-Land 28-1-78.1 Rai Muang Uttaradit District, Uttaradit Province	111.00	Owned	None
	Building	225.45	Owned	None
	Medical Tool and Equipment	123.89	Owned	Bank of Ayudhaya PCL.(partial)
2.	Union Pichit Doctors Co., Ltd. (Sahavej Hospital)			
	-Land 6-1- 72 rai Muang Pichit District, Pichit Province	15.39	Owned	Krungthai Bank PCL ¹⁷
	-Land 1-0-97 rai Muang Pichit District, Pichit Province	33.21	Owned	None
	Building	78.55	Owned	Krungthai Bank PCL ²⁸
	Medical Tool and Equipment	42.41	Owned	Bank of Ayudhaya PCL.(partial)
3.	Paknampo Hospital Co., Ltd. (Paknampo Hospital, Paknampo Hospital 2)			
	-Land 13-0- 98.4 rai	348.80	Owned	Thanachart Bank PCL.

No.	Property Type/Location	Net Book Value As of Dec. 31, 2018 (Million Baht)	Ownership	Obligation
	Muang Nakomsawan District, Nakomsawan Province			
	Building	1,055.70	Owned	Thanachart Bank PCL.
	Work in Progress	10.18	Owned	Thanachart Bank PCL.
	Medical Tool and Equipment	15.06	Owned	Bank of Ayudhaya PCL.(partial)
	Land and 3 Shop Houses	41.00	Owned	Thanachart Bank PCL.
	2-Storey Town House	0.38	Owned	None
	Land 1-1-93.2 rai Muang Nakomsawan District, Nakomsawan Province	72.00	Owned	None
	O2 Condominium Unit No. Jor76/108	4.60	Owned	Bangkok Bank PCL.
4.	Pitsanuvej Pattana Co., Ltd.			
	Land 2-0- 9 rai Muang Pitsanuloke District, Pitsanuloke Province	70.76	Owned	None
5	Pitsanuvej Uttaradit Hospital Co., Ltd. (Pitsanuvej Uttaradit Hospital)			
	Land 28-1-78.1 rai Muang Uttaradit District, Uttaradit Province	-	30-year lease	Bank of Ayudhaya PCL.
	Building under construction	329.37	Owned	Bank of Ayudhaya PCL.
6.	Principal Healthcare – Uthai Co., Ltd. (Princ Uthaithani Hospital)			
	Land 12-1-79.55 rai, Nakorn Luang District, Uthaitхани Province.	31.20	Owned	Thanachart Bank PCL.
	Building under renovation	N/A	Owned	Thanachart Bank PCL.
7.	Principal Healthcare – Lamphun Co., Ltd. (Sirivej Lamphun Hospital)			
	Land 15-0-73.5 rai Muang Lamphun District, Lamphun Province	96.60	Owned	None
	Building under renovation	74.57	Owned	None

Remark : 1/ Nor Sor 3 Kor No. 851 total area is 49 sq.w. and Nor Sor 3 Kor no. 853 with total area of 3-3-28 rai were mortgaged with Krungthai Bank PCL.

2/ 4-storey Hospital building 1 building, 5-storey Hospital building 1 building, 5-storey Doctor resident 3 buildings and parking place 1 building was mortgaged with Krungthai Bank PCL.

- Hotel/ Serviced Apartment Business

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

- Office area for lease Business

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

- Land and Building for Rent

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

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

- Vacant land for project development

No.	Asset/ Location	Book Value As of Dec. 31, 2018 (Million Baht)	Owner	Obligation
1	Vacant land with a total area of 49-3-93 rais, located in Muang Angthong District, Angthong Province	73.71	V Brilliant Group Holding Co., Ltd.	None
2	Vacant land with a total area of 10 rais, located in Muak Lek District, Saraburi Province	30.0	V Brilliant Group Holding Co., Ltd.	None
3	Vacant land with a total area of 30-0-3 rais, located in Mae Rim District, Chiang Mai Province	150.0	V 33 Co., Ltd.	None
4	Vacant land with a total area of 40-0-58.90 rais, located in Ban Chang District, Rayong Province	120.50	Banchang Business District Co., Ltd.	None
5	Vacant land with a total area of 5-3-35.2 rais, located in Muang Udonthani District , Udonthani Province	128.50	Udon Business District Co., Ltd.	None

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



Progress of the Business

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

- | | |
|------|--|
| 2019 | <ul style="list-style-type: none"> — On March 1, 2019 Principal Healthcare – Lamphun Co., Ltd. successfully accepted entire business transfer of Sirivej Lamphun Hospital. — In February 2019, SET approved that PRINC will be reclassified from “Property & Construction” industry and “Property Development” sector to “Service” industry and “Health Care Services” sector. |
| 2018 | <ul style="list-style-type: none"> — In November 2018, the Company received Quality Management System ISO9001:2015 certification. — In October 2018 Principal Healthcare Co., Ltd., a subsidiary of the Company set up Principal Healthcare – Lamphun Co., Ltd. with the registered capital of Baht 200 million to operate private hospital business. The Company’s Board of Director passed the resolution to approve Principal Healthcare – Lamphun Co., Ltd. to accept the Entire Business Transfer (EBT) of Sirivej Lamphun Hospital in Lamphun Province, consisting of 2 land plots with total area of 11-0-65 rai and 9 buildings, the medical tools and equipment and the license to operate 59-bed hospital. Total investment was Baht 120 million. — On June 7, 2018 the Company obtained the Certificate in relation to “Thailand’s Private Sector Collective Action Coalition against Corruption” (CAC). — In May 2018 Principal Healthcare Co., Ltd., a subsidiary of the Company set up Principal Healthcare – Uthai Co., Ltd. to operate private hospital business with the registered capital of Baht 50 million. Principal Healthcare – Uthai acquired the unoperated hospital, a non-performing asset from the financial instifution. This brought in 10 land plots with area of 12-1-79.5 rai and 10 buildings in Bangprakru Sub-district, Klongluang District, Uthai Thani. The company renovated existing buildings to be 59-bed hospital. Total investment was Baht 160 million. — In March 2018 V Brilliant Group Holding Co., Ltd., PRINC’s subsidiary set up 2 new companies which are Ban Chang Business District Co., Ltd. and Udon Business District Co., Ltd. with paid up capital of Baht 121 million and Baht 129 million respectively with objective of property development — On February 27, 2018, the Company purchased and accepted the business transfer of Thai Health Management Organization Co., Ltd. (“THM”) which is a company operates private a hospital business under the name “Piyamin Hospital” and renamed to “Princ Hospital Suvarnabhumi” located in Samut Prakan Province and 3 medical clinics in |

as the rights and obligations under the agreements, which are in existence as of the date on which THM transfers its business to the Company, pursuant to the terms and conditions of the Business Transfer Agreement between the Company and THM. The Company will pay a total consideration of not exceeding Baht 900 million to THM when the condition precedents pursuant to the agreement are fulfilled. The Company anticipates that the acquisition of THM’s hospital business will result in the expansion and growth of the group companies’ hospital business network, particularly in Bangkok and the perimeter areas given the hospitals currently operated by the group companies 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.

2017

- On January 25, 2018, Alliance Medical Asia Co., Ltd. was renamed to Principal Healthcare Co., Ltd.
- In November 2017, the Company acquired the business of Alliance Medical Asia Co., Ltd (“AMA”)’s group of companies through the purchase of 268,374,998 shares representing approximately 99.99% of AMA’s total issued and paid up capital from the existing shareholders who are the connected person, including Miss. Satita Viddhayakorn (“Miss Satita”), Vantage Point Management Limited (“Vantage Point”) and Mr. Sirichai Towiriyawate (“Mr.Sirichai”), at a price of approximately Baht 7.4523 per share totaling not more than Baht 2,000 million. This enabled the Company to have 6 subsidiaries consisting of 1) Pitsanuloke Medical Co., Ltd. 2) Paknampo Hospital Co., Ltd 3) Union Pichit Doctors Co., Ltd. 4) Pitsanuvej 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)

no. 42/2016 to Carlton Bangkok Investment Pte., Ltd. (“Buyer”) at the disposal price of Baht 2,400 million. The Purchaser agrees to make another payment to the Transferee of Baht 100 million. Total purchase price was Baht 2,500 million. Carlton Hotel Bangkok Co., Ltd. the Buyer’s subsidiary was the transferee.

- The Company amended its objective and Memorandum of Association for hospital business operation.

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 shareholding proportion in subsidiaries can be summarized as follows:

Company Name	Business Type	Shareholding (%)	
		2017	2018
Private Hospital and Private Hospital Management			
Principal Healthcare Co., Ltd. ¹⁷ (PRINH)	Holding Company and shared serviced to other hospital in the group	99.99	99.99
Pisanuloke Medical Co., Ltd. ²⁷ (PSV)	Private hospital	60.00	60.00
Union Pichit Doctor Co., Ltd. ²⁹ (PPCH)	Private hospital	60.00	60.00
Pitsanuvej Uttaradit Co., Ltd. ²⁹ (PUTD)	Private hospital	60.00	60.00
Pitsanuvej Pattana Co., Ltd. ²⁹ (PPTN)	Private hospital	60.00	60.00
Paknampo Hospital Co., Ltd. ³¹ (PPNP)	Private hospital	90.92	90.92
P.N.P. Hospital Co., Ltd. ³¹ (PNPH)	Private hospital	90.92	90.92
Principal Healthcare – Uthai Co., Ltd. ⁴⁷ (PUTH)	Private hospital	-	99.99
Principal Healthcare – Lamphun Co., Ltd. ⁴⁷ (PLPN)	Private hospital	-	99.99
Property Business			
Bangkok Center District Co., Ltd. (BCD)	Property development	99.99	99.99
V Brilliant Group Holding Co., Ltd. (VB)	Property development and Investment in subsidiaries	99.99	99.99
V Intelligence Co., Ltd. ⁵¹ (VI)	Office area for lease	99.99	99.99
V 33 Co., Ltd. ⁵¹ (V33)	Property development	99.99	99.99
V Residence Co., Ltd. ³¹ (VR)	Hotel and serviced apartment	99.99	99.99
Bangkok Management Co., Ltd. ⁵¹ (BG)	Property development and property	99.99	99.99

Company Name	Business Type	Shareholding (%)	
		2017	2018
	for rent		
Ban Chang Business District Co., Ltd. ^{6/} (BBD)	Property development	-	99.99
Udon Business District Co., Ltd. ^{6/} (UBD)	Property development	-	99.99
Information Technology Services			
Convergence Systems Co., Ltd. (CS)	Information Technology Services	99.99	99.99
Business Advisory Services			
Principal Investment Co., Ltd. (PI)	Business advisory service	99.99	99.99

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

Number of registered capital and paid up capital

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

Shareholders

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

Shareholder Name	No. of Shares	% Shareholding
1. UBS AG Hong Kong Branch	1,262,060,526	39.0
2. Dr. Satit Viddayakorn	806,728,800	24.9
3. Ms. Satita Viddayakorn	498,054,588	15.4
4. Peak Development Holdings Ltd.	157,737,029	4.9
5. Mr. Sirinya Apimonbutra	100,000,000	3.1
6. Ms. Pallapa Viddayakorn	50,034,400	1.5
7. Mrs. Payao Chalacheep	23,629,700	0.7
8. Ms. Tanatorn Viddayakorn	22,985,100	0.7
9. Mr. Sueksit Phetchampai	15,947,400	0.5
10. Mr. Soontorn Snitha	15,149,000	0.5
Other shareholders	287,760,977	8.9
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 and presently in the period of business expansion. Therefore, the dividend payment policy may be adjusted based on the Company's business operations performance, business expansion plan, liquidity condition, as well as other necessary and appropriate factors in the future, with the authority to approve by the Board of Directors. All decisions will be to maximize benefits for the shareholders

General Information of Listed Company

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



General Information of the subsidiaries with more than 50% shareholding

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

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

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

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

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

Other References

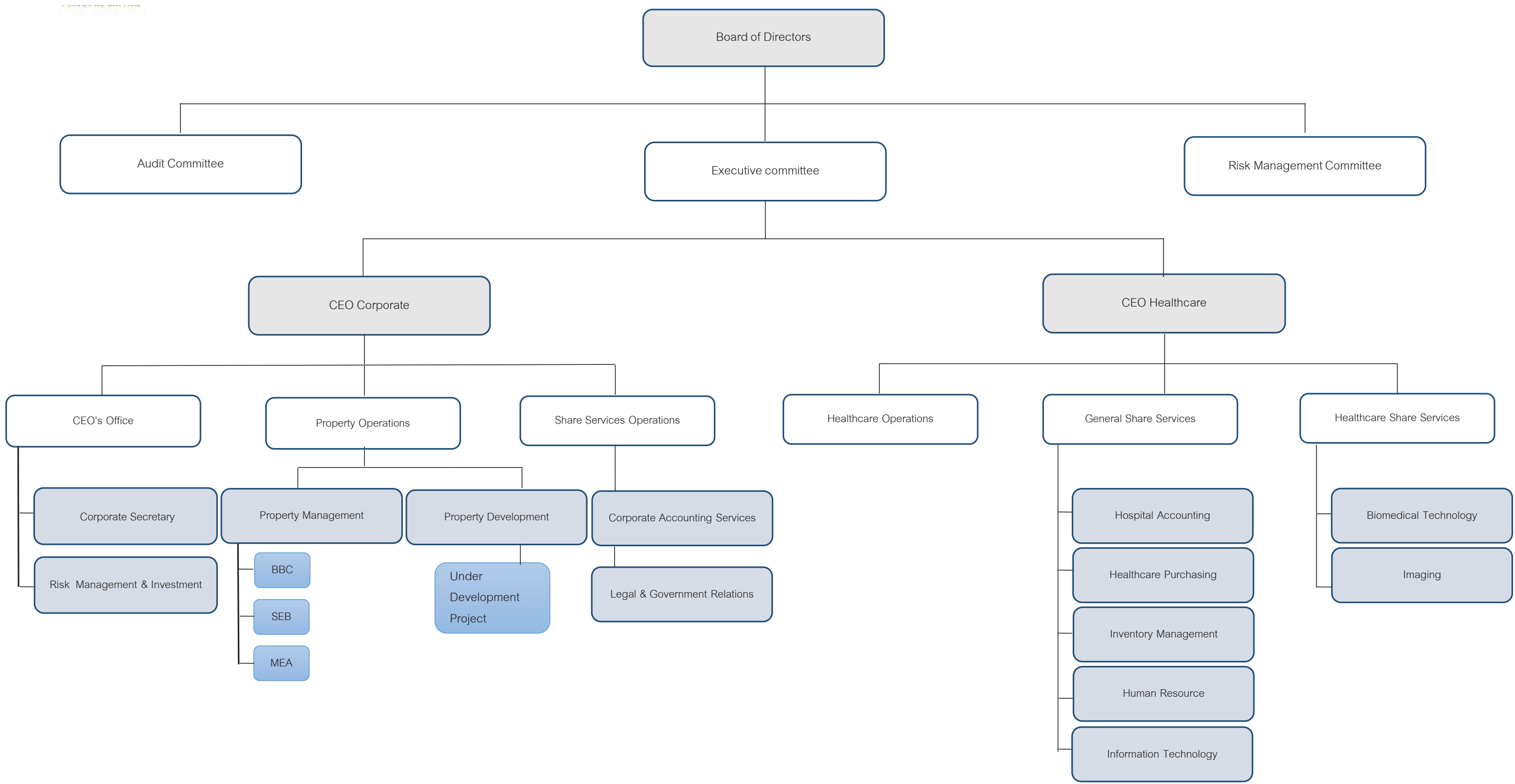
- 1) Registrar

Thailand Securities Depository Company Limited
93 Ratchadapisek Road, Dindaeng, Bangkok 10400
Telephone : 66 2 009 9000
Fax : 66 2 009 9991
- 2) Auditor

Mr. Chanchai Chaiprasit CPA No. 3760
PricewaterhouseCoopers ABAS Company Limited
179/74-80 South Sathorn Road, Sathorn, Bangkok 10120
Tel. 66 2 344 1000 66 2 824 5000
Fax 66 2 286 5050



Management Structure and Remuneration



Director and Executive Remuneration

1) Cash Remuneration

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

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

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

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

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

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

Remark: Information as of December 31, 2018

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

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

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

Staff Development Policy

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

Last year the Company arranged 4 in-house training courses to the staff and also sent the staff to attend external training courses related to their work. In addition, in 2018 there were 2 directors attending the Director Certification Program (DCP) organized by Thai Institute of Director.

Auditor's fee

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



The Board of Directors



The Board of Directors

Directors

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

Name	Position	Join the meeting/Number of meeting		
		Executive Committee's Meeting	Shareholders' Meeting	Reason for Absent
1. Mr. Pongsak Viddayakorn	- Director - Chairman of the Board of Directors	8/8	1/1	-
2. Mr. Yamsak Manomaiphiboon	- Independent Director - Chairman of the Audit Committee	8/8	1/1	-
3. Dr. Satit Viddayakorn	- Director - Chairman of the Executive Committee - Chairman of the Risk Management Committee	7/8	1/1	On business
4. Miss Aranya Chalernpornvarodom	- Independent Director - Audit Committee Member	8/8	1/1	-
5. Dr. Jutamas Ingpochai	- Independent Director - Audit Committee Member	8/8	1/1	-
6. Mr. Veera Srirachachai	- Director - Executive Committee Member - Risk Management Committee Member - Chief Executive Officer – Corporate	8/8	1/1	-
7. Dr. Soontorn Sriitha M.D.	- Director - Executive Committee Member - Chief Executive Officer – Healthcare	8/8	1/1	-
8. Miss Seerada Tiemprasert ^{1/}	- Director	8/8	1/1	-
9. Miss Patraporn Jarupat ^{1/}	- Director	8/8	1/1	-
10. Miss Chayaporn Luannapavan ^{2/}	- Corporate Secretary	3/3	1/1	-
11. Miss Ritima Jirasuradate ^{3/}	- Corporate Secretary	5/5	1/1	***

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

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

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

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

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

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

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

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

7. To consider appointment of a person who possesses qualifications and does not possess any 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 of December 31, 2018.

The Executive Committee composes of

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

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

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

*** Ms. Ritima Jirasuradate did not attend the Executive Committee meeting No. 1-2/2018 because she has not yet

Authorities and Responsibilities of the Executive Committee

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

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

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

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

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

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

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

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

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

Audit Committee

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

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

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

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

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

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

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

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

Authorities and Responsibilities of the Audit Committee

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

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

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

4. To review the evidence in case there are any doubts about the 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 are connected transactions or transactions with potential conflicts of interest and ensure the transaction is in compliance with Securities Exchange of Thailand's laws and regulations in order to ensure that such transactions are reasonable and maximize benefits to the Company.

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

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

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

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

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

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

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

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

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

15. To perform other tasks assigned by the Board of Directors 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

least 1 member being a director of the Company. Each member can be the Risk Management Committee member of not exceed 5 listed companies. As of December 31, 2018, there were 9 members of Risk Management Committee consisting of

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

Name	Position	Join the meeting/Number of meetings	
		Risk Management Committee's Meeting	Reason for absence
12. Mrs. Tuanchai Keawwanna ⁶	- Member of Risk Management Committee	0/1	On business ***

Remark :

- Ms. Chayaporn Luannapavan resigned from secretary to Risk Management Committee position on May 1, 2018.
- Ms. Ritima Jirasuradate was appointed to be a member of Risk Management Committee and secretary to Risk Management Committee on May 14, 2018 and she did not attend Risk Management Committee's meeting No. 1/2018 because she has not yet been appointed to be a member of Risk Management Committee and secretary to Risk Management Committee.
- Ms. Thiranan Sangphungtham, Ms. Pear Hovrongkura resigned from being a member of Risk Management Committee on October 1, 2018.
- Ass. Prof. Korpong Rookkapan was appointed to be a member of Risk Management Committee in place of Ms. Thiranan Sangphungtham on October 17, 2018.
- Mrs. Achara Ratanaphunsri was appointed to be a member of Risk Management Committee in place of Ms. Pear Hovrongkura on October 17, 2018.
- Dr. Soontorn Sriitha, M.D., Mrs. Tuanchai Keawwanna were appointed to be members of Risk Management Committee on October 17, 2018.

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

Authorities and Responsibilities of the Risk Management Committee

- 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.
- To develop an efficient enterprise risk management system and promote collaboration to ensure risk management is continuously implemented at all levels in the organization.
- To review risk report of each department and provide recommendations and resolutions.
- To coordinate with the Audit Committee about significant risk factors and propose appropriate mitigation policy or measures.
- To oversee the effectiveness of risk management processes.
- To report significant risks and risk management solutions to the Board of Directors' meeting periodically.
- 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 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 in the first paragraph, the rule no. 4 or 6 shall be waived when there is the opinion from Board of Director that the Board has considered that the appointment of such director would not affect his/her duties to provide independent opinion under Section 89/7 and also discloses the following information in the agenda related to independent director selection in the invitation to Board of Director's meeting

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

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

Appointment of the Board Members

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

1. The appointment of a director shall be in accordance with the Articles of Association of the Company and the provisions of relevant laws. Incidentally, the appointment of director must be transparent and clear. The consideration must include the educational record and professional experience and track record of such person with sufficient information to support the decision of the Board of Directors and the shareholders of the Company.
2. A director of the Company must be a knowledgeable, capable, transparent, honest person, has business ethics and has sufficient time to devote his/her knowledge, ability to perform duty for the Company.
3. A director is forbidden to be a partner or a director of any other juristic person that operates the same business or being a competitor with the Company, unless the shareholders is notified before the release of meeting resolution. Also, a director shall immediately inform the Company if he/she has conflict of interest in

the agreement entered into by the Company, or holding shares or debenture up or down in the Company or the subsidiary companies or the affiliated companies.

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

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

1. Each shareholder shall have 1 vote per 1 share
2. Each shareholder shall use all his or her votes under no. 1 to elect one or several candidates as a Director. However, he or she may not divide his or her votes among the candidates.
3. Those who receive the highest number of votes shall be elected as directors of the Company on descending basis until the required number of directors is appointed. In the event of a tie, the chairman of the meeting shall have the decisive vote.

Selection and Appointment of Senior Executives

Chairman of Executive Committee will be the one who selects Chief Executive Officer by considering those who has suitable qualifications in term of knowledge, skill, capability and experience that would be able to manage business operation of the Company and also have good 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 February 26, 2019 are as follows:

Name	Position
Principal Capital PCL.	
1. Mr. Veera Srichanachaichok	Chief Executive Officer - Corporate
2. Dr. Soontorn Sriha M.D.	Chief Executive Officer - Healthcare
3. Mr. Sirichai Towiriyawate	Director of Risk Management and Investment
4. Ms. Preeyaporn Aphiwathwithaya	Director of Accounting Services
5. Ms. Thiranan Sangphungtham	Assistant Director of Legal & Government Relations
6. Ms. Ritima Jirasuradate	Corporate Secretary
Principal Healthcare Co., Ltd.	
1. Mrs. Achara Ratanphunsri	COO, Non-Med Shared Services
2. Mrs. Tuanchai Keawwanna	COO, Hospital Operations
3. Ms. Tanatorn Viddayakorn	Deputy COO, Shared Services
4. Ms. Pear Hovarongkura	Assistant to COO Non-Med Shared Services
5. Mrs. Samerkae Sattapong	Division Director, Procurement Management
6. Mrs. Sukanit Mahanukul	Division Director, Central Payroll
7. Mr. Supawas Pongsiriphanich	Division Director, Construction Management
8. Dr. Korpong Rookkapan, M.D.	Division Director, Risk Management & Quality
9. Mrs. Wannee Rojanaolamrat	Executive Director, Corporate Public Relation & Marketing
10. Ms. Kanokwan Udomkitkosol	Director, Technology Transformation
11. Mrs. Pimyada Boontem	Division Director, System & Process Improvement
12. Ms. Napatporn Rodcha	Division Director, Accounting & Systems
13. Ms. Atiya Awachanakarn	Division Director, HR System Development
14. Ms. Budsakorn Kaewboonthum	Division Director, Payroll Solutions
15. Dr. Athiwat Noiprasit, M.D.	Hospital Director
16. Dr. Jessada Chungpaibulpatana, M.D.	Hospital Director

17. Dr. Surasak Ammartyothin, M.D.	Hospital Director
18. Dr. Arthit Piemkkhar, M.D.	Hospital Director
19. Dr. Bunchana Petchployngam, M.D.	Deputy of Hospital Director , Hospital Management
20. Mr. Somchai Sengsomwongs	Assistant Division Director, Construction Management
21. Mr. Naruepol Phansupamongkol	Assistant Hospital Director
22. Ms. Janpen Jongjirangsap	Senior Division Manager, Big Data

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.

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.

Chief Financial Officer (CFO) and Chief Accountant

Chief Financial Officer (CFO) of the Company is Mr. Veera Srichanachaichok who started working in this position since February 26, 2016. The Chief Accountant of the Company is Ms. Preeyaporn Aphiwathwithaya . She started working in this position since November 1, 2013. The qualifications of the CFO and qualifications Chief Accountant and experience are disclosed in the details of Directors, Executives, Controlling Persons, Chief Accountant and Corporate Secretary

Corporate Secretary

The Board of Directors has appointed Ms. Ritima Jirasuradate 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, Chief Accountant and Corporate Secretary

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the Company	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Dr. Pongsak Vddayakorn, M.D. Chairman of the Board of Director	86	- Doctor of Medicine Faculty of Medicine, Siriraj Hospital Mahidol University - DTM&H Faculty of Tropical Medicine Mahidol University - Post graduated study, University of Pennsylvania, Philadelphia, USA - The National Defense College Training <u>Thai Institute of Directors Association</u> - Director Accreditation Program (DAP) at IOD	None	Father of Dr. Satit Vddayakorn	April 2013 - Present	Chairman of the Board of Directors	Principal Capital PCL.
							<u>Listed Companies</u>
					1977-2007	President/ Board of	Bangkok Dusit Medical Services PCL.
					1991-2001	Board of Advisors/Deputy	Samitivej PCL.
							<u>Non-listed Companies</u>
					2017-Present	Chairman	Pitsanuvej Pattana Co., Ltd. (Pitsanuloke Medical Co., Ltd.'s subsidiary)
					2017-Present	Chairman	Pitsanuvej Uttaradit Hospital Co., Ltd. (Pitsanuloke Medical Co., Ltd.'s subsidiary)
					2016-Present	Chairman	Union Pichit Doctors Co., Ltd. (Pitsanuloke Medical Co., Ltd.'s subsidiary)
					2015-Present	Chairman	Pitsanuloke Medical Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)
					2014-Present	Chairman	Paknampo Hospital Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)
					2013-Present	Chairman, Shareholder 99.98%	Hospital Management Training and (HMTDI)

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

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

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

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage in the Company	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Dr. Satit Vddayakorn, Ph.D. Director Chairman of the Executive Chairman of the Risk Management Committee	56	- Bachelor of Engineering Mechanical Engineering Chulalongkorn University - MBA, Golden Gate University San Francisco, USA. - Ph. D, Business Administration Joint Program of Bangkok University and University of Nebraska-Lincoln, USA. - Senior Executive Program (Sasin, Graduate Institute of Business Administration of Chulalongkorn University) - Executive Education, Harvard Business School Training <u>Thai Institute of Directors Association</u> - Director Certification Program 2015 (DCP)	24.86	Son of Dr. Vddayakorn, MD	April 2013 -Present	Directors Chairman of the Executive Chairman of the Risk Committee	Principal Capital PCL..
					2012	Assistant to President	<u>Listed Companies</u> Bangkok Dusit Medical Services PCL.
					2018 - Present	Director Shareholder 0.001%	<u>Non-Listed Companies</u> Principal Healthcare - Lamphun Co., Ltd. (Principal Capital PCL.'s subsidiary)
					2018 - Present	Director Shareholder 0.001%	Principal Healthcare - Uthai Co., Ltd. (Principal Capital PCL.'s subsidiary)
					2018 - Present	Director Shareholder 0.001%	Banchang Business District Co., Ltd. (Principal Capital PCL.'s subsidiary)
					2018 - Present	Director Shareholder 0.001%	Udon Business District Co., Ltd. (Principal Capital PCL.'s subsidiary)
					2017 - Present	Director	Principal Healthcare Co., Ltd. (Principal Capital PCL.'s subsidiary)
					2017 - Present	Director Shareholder 0.001%	Pisanuvej Pattana Co., Ltd. (Pitsanuloke Medical Co., Ltd's subsidiary)
					2017 - Present	Director Shareholder 0.001%	Pitsanuvej Uttaradit Hospital Co., Ltd. (Pitsanuloke Medical Co., Ltd's subsidiary)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Name-Surname/Position	Age (Year)	Educational Background/ Training Record	Shareholding percentage	Board's Family Relationship	Work experience in the past 5 years		
					Period	Position	Organization/Company/Type of business
Miss. Preeyaporn Aphiwathwittaya Chief Accountant					2017 - Present	Director	<u>Non-Listed Companies</u> V 33 Co., Ltd. (V Brilliant Group Holding Co., Ltd.'s subsidiary)
					2017 - Present	Director	Bangkok Management Co., Ltd. (V Brilliant Group Holding Co., Ltd.'s subsidiary)

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

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

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

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

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

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

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

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

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

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

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

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

Position :

C – Chairman of the Board

D – Director

Cs – Corporate Secretary

E – Executive

Ca - Chairman of Audit Committee

Ad – Audit Committee

Id - Independence Director

IR – Investor Relation

Ce – Chairman of Executive Committee

Ed – Executive Director

Cr – Chairman of Risk Management Committee

Rd – Risk Management Director

Shareholding details of Directors and Executive on latest book closing date

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

	Name	Shareholding % As of December 6, 2018		Shareholding % As of February 18, 2018	
		Number of common share	%	Number of common share	%
18	Ms. Pear Hovarongkura	-	-	-	-
	Spouse and child	-	-	-	-
19	Ms. Napatporn Rodsa	-	-	-	-
	Spouse and child	-	-	-	-
20	Ms. Janpen Jongjirangsap	98,000	0.003	98,000	0.003
	Spouse and child	-	-	-	-
21	Mr. Naruepol Phansupamongkol	21,000	0.0006	21,000	0.0006
	Spouse and child	-	-	-	-
22	Mrs. Tuenjai Kaewwanna	-	-	-	-
	Spouse and child	-	-	-	-
23	Dr. Korpong Rookkapan, M.D.	-	-	-	-
	Spouse and child	-	-	-	-
24	Dr. Atiwat Noiprasit, M.D.	2,507,600	0.07	2,517,600	0.07
	Spouse and child	-	-	-	-
25	Dr. Athiwat Piemkkhar, M.D.	-	-	-	-
	Spouse and child	-	-	-	-
26	Dr. Jessada Chungpaibulpatana, M.D.	-	-	-	-
	Spouse and child	-	-	-	-
27	Mrs. Pimyada Boontem	-	-	-	-
	Spouse and child	-	-	-	-
28	Mrs. Wannee Rojanaolamrat	-	-	-	-
	Spouse and child	-	-	-	-
29	Ms. Kanokwan Udomkitkosol	29,600	0.0009	29,600	0.0009
	Spouse and child	-	-	-	-
30	Dr. Surasak Ammartyothin, M.D.	-	-	-	-
	Spouse and child	-	-	-	-
31	Mr. Surasak Pusadeesopon	-	-	-	-
	Spouse and child	-	-	-	-
32	Mr. Somchai Sengsomwongs	-	-	-	-
	Spouse and child	-	-	-	-
33	Ms. Atiya Awachanakarn	-	-	-	-
	Spouse and child	-	-	-	-
34	Ms. Budsakorn Kaewboonthum	-	-	-	-
	Spouse and child	-	-	-	-
35	Mr. Bunchana Petchployngam	-	-	-	-
	Spouse and child	-	-	-	-

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

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



Corporate Governance Policy

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

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

Section 1 Rights of Shareholders

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

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

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

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

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

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

5.1 To approve the minutes of the previous shareholders' meeting

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

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

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

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

5.6 To consider and approve the remuneration of the directors

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

5.8 Other agenda

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

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

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

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

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

Section 2 Equitable Treatment of Shareholders

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

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

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

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

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

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

Section 3 Roles of Stakeholders

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

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

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

3. The Company shall consider the welfare of its personnel. Their employment contracts shall be fair. The remuneration shall be reasonable and appropriate to the employee's capability in order to build motivation. Training and opportunity to pursue their education shall be provided to enhance the performance of employees. The Company shall also create a pleasant working environment by setting high safety standard and working discipline to ensure all

employees are well taken care. An appropriate compensation plan shall be drawn up if, under any circumstances an employee must stop working.

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

Whistle Blowing Policy and Channels for Whistle Blowing

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

Corporate Secretary

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

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

Section 4: Disclosure and Transparency

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

1. The Board of Directors or the person assigned by the Board of Directors has a duty to disclose both financial and non-financial information. Such disclosures should be adequate, reliable and up-to-date. Shareholders and stakeholders shall obtain information equally as stipulated by the law and the Company's regulation. The information published on the Company's website shall be regularly updated to ensure its completeness and timeliness and

shareholders are able to conveniently and efficiently access all relevant information and contact the business unit responsible for its disclosure.

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

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

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

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

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

Section 5: Responsibilities of the Board

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

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

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.

Performance Evaluation of Board of Directors

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 should participate in explaining his expectation to obtain support from the Board of Directors.

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.

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.

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.

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.

Subsidiary companies' and associated companies' operational control

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

1. Assign those who have appropriate knowledge and experiences as recognized by the Board of Directors/Executive Committee to be directors in the subsidiary companies.
2. Arrange the meeting to monitor the operating results every quarter.

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

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

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.

Compliance with other good corporate governance policy

Anti-corruption

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

1. 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.

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.

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 government and private agencies with transparency, integrity and complying with relevant laws and regulations.

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

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.

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.

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>)

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 who is independent and have expertise to set up the controlling system to the Company and its subsidiaries. The internal auditor shall audit on a quarterly basis, in which Miss Karntima Kongsomyuti is the main responsible person in internal auditing of the Company and its subsidiaries.

The Company has set the following internal control guidelines.

1. All executives have duties and responsibilities to monitor and review internal control system within their units to ensure the efficiency and in compliance with the operating standards with efficient internal control system. Every department must have manual prescribing standard operating procedures of the department and must comply with the quality standard of the Company as well as important policies and guidelines on corporate governance principles.
2. Internal control system with assessment and risk management can ensure that each department has self-assessment mechanism of its business process with the controlling measures to minimize the probability and impact of risk. Therefore, the Company expects 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.

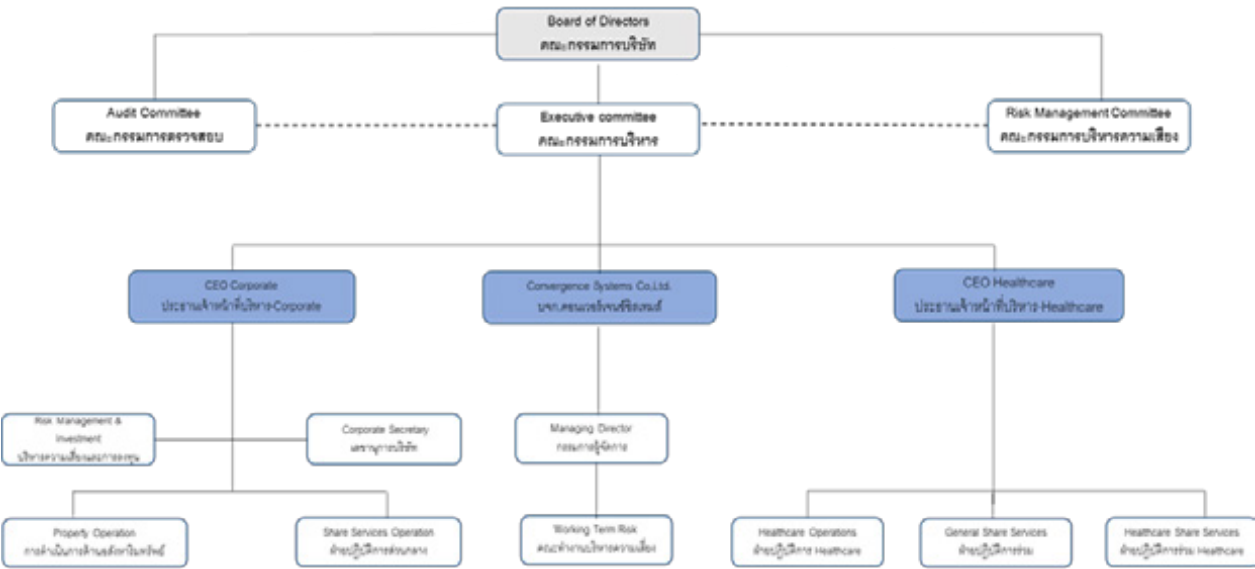
The Company gives an importance to risk management starting from finding, identifying, analyzing, evaluating, managing and controlling as well as following up and reporting result by applying ISO 31000 standard to develop the framework for risk management with reference to internal control guideline 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:
 - 5.1 Set the policy, target and risk management strategy.
 - 5.2 Develop organization wide risk management system efficiently and stimulate the co-ordination in risk management at all level continuously.
 - 5.3 Follow up and review risk of business units and propose recommendation for improvement.
 - 5.4 Control and monitor effectiveness of risk management procedures.
 - 5.5 Report risk and risk management result to the Board of Director as scheduled.

Expected Outcomes from Risk Management

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

Policy review

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

Corporate Social Responsibility

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

1. Good corporate governance

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

2. Doing business with fairness

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

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

3. Human Rights and Employees Treatment

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

- Capacity development to improve yourself
- Effective communication and teamwork and other specific course for business unit

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

4. Responsibilities to Customers

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

5. Environment and Security

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

6. Participation in Community and Society Development

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

Social Activities of Principal Capital PCL.

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

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

- The Company has the policy for Convergence Systems Co., Ltd. to implement the information system along with 3-years maintenance services for an integrative Thai medical clinic, which focus on the root cause of both physical and psychological pain so that the patients can be free from endless circle of treatments. Also, this clinic has a policy to not overcharge the patients and offers special rate for the Company's employees. This is another way to promote the Company's stakeholders' health
- Convergence Systems Co., Ltd. (CS), the Company's subsidiary collaborate with College of Asian Scholars (College), a private college in Khon Kaen to develop a modern education management system namely "Cloud-Edu". Such project is the information system for full scale education management which provides benefits

to both CS and College. The development of Cloud-Edu provided an opportunity for CS's staffs to develop their skill and experience in developing a computer program. In addition, it saves cost to promote CS's products while College receives benefit from the use of such program.

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

Social Activities of Principal Capital PCL.

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

Social Activities of Pitsanuloke Medical Co., Ltd.

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

Social Activities of Paknampo Hospital Co., Ltd.

- Paknampo Hospital set up a project "Give New Eyesight to 30 people" by providing cataract operation to 30 disadvantaged and the poor who cannot afford to pay for medical services in Nakorn Sawan Province.
- Paknampo Hospital led by the management team gave Uthayan Sawan Health Center to Nakorn Sawan Municipal for public benefits and those who come to exercise at the park.
- Paknampo Hospital's medical team consisted of doctors, nurse together with the governor and government official join together in the mobile health units visited the patients who are unable to help themselves in

the project "Relieve Suffering, Enhance Happiness to Nakorn Sawan People" and donated household appliance to the patients and co-operate with Thai Red Cross Center to accept blood donation. Total donated blood was 335 units. And the hospital also donate patient's bed to Blood Service No.8 to give it to the disadvantaged patients. Moreover, the hospital also gave 10 AED to government agency to use in case of emergency.

Social Activities of Union Pichit Doctors Co., Ltd.

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

7. Giving an importance to Social Responsibility Activity

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

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

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

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



Related Party Transactions

Disclosure of related party transactions with possible conflict of interest

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

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

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

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

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

If there is related party transaction in the future, the Company shall process to approve such transaction without the involvement of those who may have conflict of interest. As such, the Audit Committee is responsible for giving an opinion regarding the entering into every transaction 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.

Independent Auditor's Report

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

PRINCIPAL CAPITAL PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2018

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 2018, 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 2018;
- 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 27 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 matter

I determined business combination - an entire business transfer as a key audit matter.

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 27 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 1.35 million.

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. I determined one key audit matter: Business combination - an entire business transfer. The matters was 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 the matter.

Key audit matter	How my audit addressed the key audit matter
Business combination - an entire business transfer Please refer to Note 28 to the financial statements for entire business transfer. During the year the Company paid to acquire the entire business of Thai Health Maintenance Organization Co., Ltd. which is a company operating a private hospital. This was done to create a network for the Group’s hospital business and increase the potential profitability of the Group in the future. The management assessed this acquisition as an entire business transfer using the Thai Financial Reporting Standard: TFRS 3 (revised 2017) Business Combinations. In this regard, the management recognised net assets acquired at the fair value of Baht 982.54 million and the gain from bargain purchase of Baht 82.54 million based on the difference between the fair value of the net assets acquired and the total purchase consideration. The net assets were valued as part of the purchase price allocation by an independent valuation expert. At the end of 27 February 2018 all assets and liabilities of the hospital business acquired through the entire business transfer were defined by referring to the Revenue Code. The Company received promotional privileges such as exemptions from corporate income tax, value added tax and stamp duty if it complied with conditions identified in the Code. I focused on this matter because valuating the net assets that were required the management and the independent expert to use significant judgement which would affect the net assets acquired and the gain from the bargain purchase. The value of the gain from bargain purchase mentioned above was significant for the Company’s financial statement.	I enquired the management to understand the basis used to recognise the acquisition of the hospital business. I evaluated the management’s assessment and the information used in the acquisition of the hospital business according to the Thai Financial Reporting Standard TFRS 3 (revised 2017) Business Combinations. I read the sale and purchase agreement for the hospital business and the minutes of the Board of Directors meeting where the acquisition was approved. Also, I consulted my accounting specialist when analysing the information gathered and I considered that this business acquisition recognition conformed to the principles mention above. I assessed the reliability of the purchase price allocation report by the independent valuation expert. I considered the qualifications, competency, and independence of the independent expert. I examined the identification and valuation of net assets acquired against the purchase price allocation report, which included testing the calculation of gain from bargain purchase. Also, I traced payments to the bank statements. From the procedures performed above, I found that the management appropriately assessed the acquisition of the hospital business as an entire business transfer and its major assumptions in valuation of the net assets acquired were reasonable. Also, the accounting for the business combination for the entire business transfer was also recorded appropriately.

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.

PricewaterhouseCoopers ABAS Ltd.



Chanchai Chaiprasit
Certified Public Accountant (Thailand) No. 3760
Bangkok
26 February 2019

Statement of Financial Position

Principal Capital Public Company Limited
Statement of Financial Position
As at 31 December 2018

		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	449,319,453	371,921,850	91,809,673	71,737,713
Short-term investments	8	6,064,020	647,919,870	3,930,213	46,530,623
Restricted deposits at					
financial institutions - current	12	5,445,500	5,445,500	5,000,000	5,000,000
Trade and other receivables, net	9	267,616,530	199,956,312	43,686,717	13,374,941
Short-term loan to subsidiaries	33	-	-	520,835,901	101,749,298
Inventories, net	10	49,571,670	49,984,106	5,891,267	308,496
Work in progress					
under service contracts	11	-	12,936,775	-	-
Other current assets	13	96,599,034	85,286,168	9,015,726	6,340,616
Total current assets		874,616,207	1,373,450,581	680,169,497	245,041,687
Non-current assets					
Restricted deposits at					
financial institutions	12	12,166,146	13,600,041	-	-
Investments in subsidiaries	14	-	-	8,013,253,520	8,013,253,520
Long-term investments		330,000	-	330,000	-
Investment property, net	15	2,719,903,248	2,754,025,972	-	-
Property, plant and equipment, net	16	8,942,749,880	7,187,429,719	2,679,824,880	1,366,438,105
Intangible assets, net	17	69,632,256	77,062,177	3,676,956	3,817,000
Leasehold rights		25,221,690	22,422,640	-	-
Goodwill	18	1,648,636,237	1,648,636,237	-	-
Deferred tax assets	19	4,603,891	5,300,619	-	2,468,204
Other non-current assets		20,221,638	6,284,550	14,492,200	4,341,465
Total non-current assets		13,443,464,986	11,714,761,955	10,711,577,556	9,390,318,294
Total assets		14,318,081,193	13,088,212,536	11,391,747,053	9,635,359,981

Director _____ Director _____

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2018

		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Bank overdrafts from a					
financial institution	20	7,414,576	1,448,274	-	-
Short-term borrowings from					
financial institutions	20	1,030,400,181	30,000,000	1,000,400,181	-
Trade and other payables	21	463,546,360	1,370,899,979	98,773,987	1,053,985,213
Advances received from					
customers - current		24,502,187	23,706,911	6,075,926	4,077,969
Short-term borrowings					
from related parties	20	461,891,445	445,618,548	614,851,238	-
Current portion of					
finance lease liabilities	20	26,436,869	8,705,655	9,280,120	-
Current portion					
of long-term borrowings					
from financial institutions	20	183,999,549	138,198,557	32,818,378	-
Current portion of promissory notes					
from a related party	20, 33	530,403,694	-	530,403,694	-
Income tax payable		18,944,080	71,778,855	-	-
Deposits received					
from customers - current		30,673,961	49,053,678	9,203,334	29,075,977
Other current liabilities	22	75,224,261	75,597,790	5,829,636	4,871,180
Total current liabilities		2,853,437,163	2,215,008,247	2,307,636,494	1,092,010,339
Non-current liabilities					
Finance lease liabilities	20	74,640,282	11,057,063	31,522,363	-
Long-term borrowings from					
financial institutions	20	2,063,842,959	1,102,412,040	915,501,439	-
Advances received from customers		3,320,024	9,634,810	-	-
Deposits received from customers		19,193,022	19,675,786	-	-
Long-term promissory notes from					
a related party	20, 33	-	521,469,771	-	521,469,771
Deferred tax liabilities	19	333,153,092	171,398,059	170,322,202	-
Employee benefit obligations	23	85,162,888	71,012,437	15,152,353	12,680,791
Other non-current liabilities	24	43,712,527	42,443,180	3,446,298	27,620,190
Total non-current liabilities		2,623,024,794	1,949,103,146	1,135,944,655	561,770,752
Total liabilities		5,476,461,957	4,164,111,393	3,443,581,149	1,653,781,091

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2018

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
	Notes	Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital	25				
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	3,240,638,433
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	3,240,087,520
Premium on paid-up share capital	25	4,476,767,055	4,476,767,055	4,476,767,055	4,476,767,055
Retained earnings (deficits)					
Appropriated - legal reserve	26	44,199,790	44,199,790	44,199,790	44,199,790
Unappropriated		(447,622,766)	(278,895,727)	187,111,539	220,524,525
Other components of equity		764,129,669	764,129,669	-	-
Equity attributable to owners of the parent					
		8,077,561,268	8,246,288,307	7,948,165,904	7,981,578,890
Non-controlling interests		764,057,968	677,812,836	-	-
Total equity		8,841,619,236	8,924,101,143	7,948,165,904	7,981,578,890
Total liabilities and equity		14,318,081,193	13,088,212,536	11,391,747,053	9,635,359,981

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2018

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Revenues from hospital operations	6	2,084,631,463	1,690,423,085	206,947,250	-
Revenues from sales and services	6	638,074,048	547,347,807	286,784,201	280,253,970
Costs of hospital operations		(1,577,357,862)	(1,274,462,523)	(172,492,777)	-
Costs of sales and services		(451,281,766)	(453,257,050)	(162,004,218)	(138,945,742)
Gross profit		694,065,883	510,051,319	159,234,456	141,308,228
Other income	29	51,245,926	166,524,038	23,846,394	143,332,476
Gain on bargain purchase		82,544,015	-	82,544,015	-
Selling expenses		(60,302,724)	(45,387,887)	(18,369,695)	(12,424,890)
Administrative expenses		(746,491,349)	(761,050,714)	(212,041,805)	(159,625,529)
Other expenses		(16,579,422)	(8,324,446)	-	-
Finance costs		(126,109,180)	(69,120,459)	(74,701,628)	(8,933,922)
Profit (loss) before income tax expense		(121,626,851)	(207,308,149)	(39,488,263)	103,656,363
Income tax (expense) income	31	(31,016,525)	(164,305,570)	4,253,397	(7,244,869)
Profit (loss) for the year		(152,643,376)	(371,613,719)	(35,234,866)	96,411,494
Other comprehensive income (expense):					
Items that will not be reclassified to profit or loss					
Remeasurements of employee benefit obligations	23	4,701,841	11,494,104	2,277,350	(50,420)
Deferred income tax on remeasurements of employee benefit obligations	31	(940,368)	(2,298,821)	(455,470)	10,084
Total items that will not be reclassified to profit or loss		3,761,473	9,195,283	1,821,880	(40,336)
Other comprehensive income (expense) for the year, net of tax		3,761,473	9,195,283	1,821,880	(40,336)
Total comprehensive income (expense) for the year		(148,881,903)	(362,418,436)	(33,412,986)	96,371,158
Profit (loss) attributable to:					
Owner of the parent		(173,397,115)	(345,096,006)	(35,234,866)	96,411,494
Non-controlling interests		20,753,739	(26,517,713)	-	-
		(152,643,376)	(371,613,719)	(35,234,866)	96,411,494
Total comprehensive income (expense) attributable to:					
Owner of the parent		(168,727,035)	(343,177,337)	(33,412,986)	96,371,158
Non-controlling interests		19,845,132	(19,241,099)	-	-
		(148,881,903)	(362,418,436)	(33,412,986)	96,371,158
Earnings (loss) per share (Baht)	32				
Basic earnings (loss) per share		(0.054)	(0.107)	(0.011)	0.030

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2018

Consolidated financial statements										
Notes	Attributable to owners of the parent									
	Retained earnings (deficits)			Other components of equity			Difference arising from business combination under common control			Total equity Baht
	Issued and paid-up share capital Baht	Premium on paid-up share capital Baht	Appropriated - legal reserve Baht	Unappropriated Baht	Appropriated - legal reserve Baht	Unappropriated Baht	from business combination under common control Baht	Total owners of the parent Baht	Non-controlling interests Baht	
Opening balance as at 1 January 2017	3,240,087,520	4,476,767,055	39,379,215	69,102,185	-	7,825,335,975	-	7,825,335,975	3,470,332,940	11,295,668,915
Investment in subsidiaries under common control	-	-	-	-	-	-	764,129,669	764,129,669	(2,764,129,669)	(2,000,000,000)
Legal reserve	-	-	4,820,575	(4,820,575)	-	-	-	-	-	-
Proceeds from ordinary shares issued of a subsidiary	-	-	-	-	-	-	-	-	18,257,250	18,257,250
Change in parent's ownership interests in subsidiaries	-	-	-	-	-	-	-	-	43,593,414	43,593,414
Dividend paid	-	-	-	-	-	-	-	-	(71,000,000)	(71,000,000)
Total comprehensive expense for the year	-	-	-	(343,177,337)	-	(343,177,337)	-	(343,177,337)	(19,241,099)	(362,418,436)
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	764,129,669	8,246,288,307	677,812,836	8,924,101,143
Opening balance as at 1 January 2018	3,240,087,520	4,476,767,055	44,199,790	(278,895,727)	764,129,669	8,246,288,307	764,129,669	8,246,288,307	677,812,836	8,924,101,143
Proceeds from ordinary shares issued of a subsidiary	-	-	-	-	-	-	-	-	90,000,000	90,000,000
Dividend paid	-	-	-	(4)	-	(4)	-	(4)	(23,600,000)	(23,600,004)
Total comprehensive expense for the year	-	-	-	(168,727,035)	-	(168,727,035)	-	(168,727,035)	19,845,132	(148,881,903)
Closing balance as at 31 December 2018	3,240,087,520	4,476,767,055	44,199,790	(447,622,766)	764,129,669	8,077,561,268	764,129,669	8,077,561,268	764,057,968	8,841,619,236

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2018

Separate financial statements										
Notes	Issued and paid-up share capital		Premium on paid-up capital		Retained earnings		Total equity		Total equity Baht	Baht
	Baht	Baht	Baht	Baht	Appropriated - legal reserve Baht	Unappropriated Baht	Appropriated - legal reserve Baht	Unappropriated Baht		
Opening balance as at 1 January 2017	3,240,087,520	4,476,767,055	39,379,215	128,973,942	7,885,207,732					
Legal reserve	-	-	4,820,575	(4,820,575)	-					
Total comprehensive income for the year	-	-	-	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					
Opening balance as at 1 January 2018	3,240,087,520	4,476,767,055	44,199,790	220,524,525	7,981,578,890					
Total comprehensive expense for the year	-	-	-	(33,412,986)	(33,412,986)					
Closing balance as at 31 December 2018	3,240,087,520	4,476,767,055	44,199,790	187,111,539	7,948,165,904					

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2018

Notes	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Cash flows from operating activities				
Profit (loss) before income tax	(121,626,851)	(207,308,149)	(39,488,263)	103,656,363
Adjustments for:				
Depreciation and amortisation	30 421,545,134	395,668,966	76,196,597	46,573,581
Allowance for (reversal of)				
- doubtful accounts -				
trade and other receivables	(1,739,471)	(6,234,480)	(309,899)	13,575
- obsolete inventories	(207,013)	-	-	-
Write-offs withholding tax receivables	4,833,954	1,732,925	1,520,205	1,597,672
Realised gains on sales of				
trading securities	8 (1,393,478)	(2,671,167)	(28,978)	-
Unrealised gains on changes in				
fair values of trading securities	(83)	(1,173,557)	-	(487,934)
Loss on impairment of investment				
in subsidiaries	-	-	-	7,801,943
Gain on bargain purchase	28 (82,544,015)	-	(82,544,015)	-
Gain on disposals of investment property	29 (122,250)	(104,400,000)	-	-
(Gain) loss on disposals of equipment	1,163,271	-	(22,250)	-
Loss on write-offs of equipment and intangible				
assets	474,559	5,069,196	-	-
Employee benefit expenses	23 18,009,389	18,859,834	2,373,243	3,561,172
Interest income	29 (1,483,917)	(11,591,801)	(8,007,481)	(24,296,557)
Interest expense	126,109,180	69,120,459	74,701,628	8,933,922
Profit from operating activities before changes				
in operating assets and liabilities	363,018,409	157,072,226	24,390,787	147,353,737
Trade and other receivables	(71,924,445)	34,231,428	(29,770,109)	2,283,921
Inventories	8,296,525	(2,492,244)	2,094,305	219,182
Work in progress under service contracts	12,936,775	(9,653,117)	-	-
Other current assets	1,931,261	3,344,066	2,959,488	6,406,963
Other non-current assets	(11,803,188)	19,958,512	(8,016,835)	(502,260)
Trade and other payables	(17,257,537)	96,821,869	15,155,841	35,103,260
Advances received from customers	(25,954,987)	(1,153,638)	(18,437,520)	1,765,522
Deposits received from customers	(18,862,481)	25,056,546	(19,872,643)	19,183,382
Other current liabilities	(373,529)	(9,621,966)	958,456	1,157,228
Employee benefits paid	23 (2,096,366)	(878,575)	(563,600)	-
Other non-current liabilities	1,269,347	(15,023,134)	(24,173,892)	(11,526,557)
Cash generated from (used in) operations	239,179,784	297,661,973	(55,275,722)	201,444,378
Interest paid	(106,714,280)	(66,279,076)	(50,462,484)	-
Income tax paid	(117,006,320)	(119,055,057)	(7,154,802)	(8,788,423)
Net cash generated from (used in) operating activities	15,459,184	112,327,840	(112,893,008)	192,655,955

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2018

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Cash flows from investing activities				
Proceeds from disposals of				
short-term investments	8 947,709,541	3,638,841,762	46,559,601	-
Purchases of short-term investments	(304,417,682)	(4,165,621,309)	(3,930,214)	-
Decrease (increase) in restricted deposits				
at a financial institution	1,433,895	(772,833)	-	-
Cash received from short-term loans				
to subsidiaries	-	-	57,500,000	1,840,000,000
Payment of short-term loans to subsidiaries	-	-	(468,999,963)	(1,007,000,000)
Payments for purchases of subsidiaries	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(1,010,000,000)
Payments for entire business transfer	28 (900,000,000)	-	(900,000,000)	-
Cash received from interest income	1,441,440	6,072,531	420,815	25,866,087
Proceeds from disposals of investment property	-	2,500,000,000	-	-
Proceeds from disposals of equipment	636,554	-	246,411	-
Purchases of investment property	(26,759,542)	-	-	-
Purchases of property, plant and equipment	(704,177,315)	(868,666,708)	(142,654,466)	(16,759,121)
Purchases of intangible assets	(14,366,347)	-	(1,241,990)	-
Payments for leasehold rights	(2,799,050)	(12,035,140)	-	-
Net cash (used in) from investing activities	(2,001,298,506)	97,818,303	(2,412,099,806)	(167,893,034)
Cash flows from financing activities				
Payments for financing fee	(4,660,000)	-	(4,160,000)	-
Proceeds from borrowings from				
financial institutions	2,189,224,888	380,923,256	1,949,128,955	-
Repayments of borrowings from				
financial institutions	(181,312,200)	(882,615,798)	-	-
Proceeds from borrowings from related parties	-	441,500,000	602,500,000	-
Repayments of borrowings from related parties	-	(33,500,000)	-	-
Payments of finance lease liabilities	(12,382,061)	(9,937,986)	(2,404,181)	-
Dividends paid	(23,600,004)	(28,400,034)	-	-
Proceeds from ordinary shares issued				
of a subsidiary	90,000,000	18,257,250	-	-
Net cash from (used in) financing activities	2,057,270,623	(113,773,312)	2,545,064,774	-
Net increase in cash and cash equivalents	71,431,301	96,372,831	20,071,960	24,762,921
Cash and cash equivalents at				
the beginning of the year, net	370,473,576	274,100,745	71,737,713	46,974,792
Cash and cash equivalents at the end of the year	441,904,877	370,473,576	91,809,673	71,737,713

The accompanying notes are an integral part of these consolidated and separate financial statements.

Principal Capital Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2018

		Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
	Note				
Cash and cash equivalents include the following for the purposes of the statement of cash flows:					
Cash and cash equivalents		449,319,453	371,921,850	91,809,673	71,737,713
Bank overdrafts from a financial institution		(7,414,576)	(1,448,274)	-	-
		<u>441,904,877</u>	<u>370,473,576</u>	<u>91,809,673</u>	<u>71,737,713</u>
Non-cash transactions					
Significant non-cash transactions for the year ended 31 December are as follows:					
Purchases of plant and equipment not yet paid for		158,481,726	-	31,416,223	2,157,346
Purchases of equipment under finance lease contracts		92,971,598	-	42,481,769	-
Purchases of intangible assets not yet paid for		373,957	-	373,957	-
Purchases of subsidiaries by using share payables	21	-	1,000,000,000	-	1,000,000,000

Notes to the Consolidated and Separate Financial Statements

Principal Capital Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2018

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 branches located at No. 1, Soi Suanplu, Sathorn Road, Thungmahamek, Sathorn, Bangkok, and No.35/2, Moo 12, Bangna-Trad Road, Bangkaew, Bangphli, Samut Prakan.

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

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

These Group consolidated and separate financial statements were authorised for issue by the Board of Directors on 26 February 2019.

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 4.

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, and related interpretations

The Group has applied the revised financial reporting standards which are effective on 1 January 2018 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 2019. The Group's management is currently assessing the impact of those revised standards on the Group.

The accompanying notes are an integral part of these consolidated and separate financial statements.

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.

A list of the Group's subsidiaries is disclosed in Note 14.

(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 attributable 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.

(4) Separate financial statement

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.

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 Accounting policies (Cont'd)

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.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted 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 Investments

Investments other than investments in subsidiaries are classified into the following three categories: (1) trading investments; (2) held-to-maturity investments; and (3) general investments. The classification is dependent 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.

1. 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.

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

3. Investments in non-marketable equity securities are classified as general investments.

2 Accounting policies (Cont'd)

2.9 Investments (Cont'd)

All categories of 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 profit or loss.

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

General investments are carried at cost 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.

2.10 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.

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 - 20 years
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2 Accounting policies (Cont'd)

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	5 - 40 years
Furniture, fixtures and office equipment	3 - 5 years
Medical equipment	3 - 10 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 asset's 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.

2.12 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 Accounting policies (Cont'd)

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 the lessee

Leases in 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.

Long-term leases - where the Group is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

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.

2 Accounting policies (Cont'd)

2.16 Borrowings (Cont'd)

(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 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.

2.18 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.

2 Accounting policies (Cont'd)

2.18 Employee benefits (Cont'd)

(a) Retirement benefits

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.

2.20 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 hospital operations

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.

2 Accounting policies (Cont'd)

2.21 Revenue recognition (Cont'd)

Revenues from sales and services

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.

Other income

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 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.3 Credit risk

The Group has no 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.

3.2 Fair value estimation

The following table presents the Group's financial assets that are measured at fair value at 31 December 2018.

	Consolidated financial statements			
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Asset				
Trading securities (Note 8)	8	-	-	8

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 8)	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 8)	46,531	-	-	46,531

(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 Stock Exchange of Thailand or NAV. 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.

3 Financial risk management (Cont'd)

3.2 Fair value estimation (Cont'd)

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 2018 and 31 December 2017 as presented in the financial statements approximate to their fair value since their interest rate approximately subject to current market interest rate.

4 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 is outlined below.

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 23.

5 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.

Principal Capital Public Company Limited Notes to the Consolidated and Separate Financial Statements For the year ended 31 December 2018

6 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 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 2018 was as follows:

	Hospital business		Property development and rental business				Other business		Elimination		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	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	2,084.6	1,690.4	574.2	476.4	63.9	71.0	-	-	2,722.7	2,237.8	-	-
Inter-segment revenues	84.7	10.0	62.0	60.5	1.9	0.7	(148.6)	(71.2)	-	-	-	-
Total	2,169.3	1,700.4	636.2	536.9	65.8	71.7	(148.6)	(71.2)	2,722.7	2,237.8		
Gross profit (loss)	595.5	425.7	291.1	192.2	(9.5)	3.2	(183.0)	(111.1)	694.1	510.0		
Selling and administrative expenses	(629.9)	(460.7)	(1,533.0)	(469.4)	(26.9)	(28.3)	1,383.0	152.0	(806.8)	(806.4)		
Profit (loss) before income tax expenses	36.3	4.5	(1,195.0)	1,299.6	(39.1)	(27.8)	1,076.2	(1,483.6)	(121.6)	(207.3)		
Income tax (expense) income	(19.2)	(19.0)	(21.1)	(145.4)	0.2	(0.1)	9.1	0.2	(31.0)	(164.3)		
Profit (loss) for the year	17.0	(14.5)	(1,216.1)	1,154.2	(38.9)	(27.9)	1,085.4	(1,483.4)	(152.6)	(371.6)		
Investment property, net	-	-	2,719.7	2,754.0	-	-	-	-	2,719.9	2,754.0		
Property, plant and equipment, net	5,175.7	3,316.3	3,766.9	3,870.8	0.2	0.3	-	-	8,942.7	7,187.4		
Total assets	6,727.9	3,534.4	10,493.1	12,749.6	108.7	129.5	(3,011.6)	(3,325.3)	14,318.1	13,088.2		

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Cash on hand and at banks	449,319	364,379	91,810	64,195
Short-term bank deposits	-	7,543	-	7,543
	<u>449,319</u>	<u>371,922</u>	<u>91,810</u>	<u>71,738</u>

As at 31 December 2018, there is no short-term bank deposits (2017: The effective interest rate on short-term bank deposits was 1.20% per annum. These deposits have an average maturity of 90 days.)

8 Short-term investments

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Short-term deposits due more than 3 months	6,056	1,626	3,930	-
Trading securities - Investment units	8	345,059	-	45,995
Held-to-maturity due within 1 year - Treasury bills	-	299,970	-	-
Add Changes in fair values of trading securities	-	1,265	-	536
	<u>6,064</u>	<u>647,920</u>	<u>3,930</u>	<u>46,531</u>

As at 31 December 2018, fixed deposits of the Group and the Company represent 6 - 12 months fixed deposits (2017: 6 - 12 months fixed deposits) bearing interest at the rates of 0.75% - 1.40% per annum (2017: 0.75% - 1.20% per annum).

A subsidiary of the Group had held the treasury bills until maturity bearing interest at the rate of 1.24% per annum.

As at 31 December 2018, 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	646,294	46,531
Additions	300,000	-
Disposals	(947,710)	-
Realised gains on disposals of trading securities	1,393	29
Interest income from held-to-maturity due within 1 year	31	-
Closing balance	<u>8</u>	<u>-</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.

9 Trade and other receivables, net

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Trade accounts receivable - third parties	136,504	131,706	22,750	6,123
Less Allowance for doubtful accounts	(7,192)	(8,551)	(120)	(430)
Trade accounts receivable, net	<u>129,312</u>	<u>123,155</u>	<u>22,630</u>	<u>5,693</u>
Accrued income	40,972	42,585	3,208	2
Less Allowance for doubtful accounts	(2,017)	(2,397)	-	-
Accrued income, net	<u>38,955</u>	<u>40,188</u>	<u>3,208</u>	<u>2</u>
Trade accounts receivable - related party (Note 33 b)	655	671	5,449	4,830
Unbilled contract revenue (Note 11)	36,991	16,593	-	-
Prepaid expenses	27,227	13,099	11,831	2,498
Advances	9,280	3,513	77	5
Deposit for hospital acquisition	24,000	-	-	-
Other receivables	1,197	2,737	492	346
	<u>267,617</u>	<u>199,956</u>	<u>43,687</u>	<u>13,374</u>

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

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Not overdue	83,235	64,005	16,894	5,870
Overdue				
Up to 3 months	33,602	51,686	3,696	253
3 - 6 months	6,432	6,541	749	-
6 - 12 months	3,195	3,395	187	-
Over 12 months	10,040	6,079	1,224	-
	<u>136,504</u>	<u>131,706</u>	<u>22,750</u>	<u>6,123</u>
Less Allowance for doubtful accounts	(7,192)	(8,551)	(120)	(430)
	<u>129,312</u>	<u>123,155</u>	<u>22,630</u>	<u>5,693</u>

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

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Not overdue	655	671	5,449	4,830
	<u>655</u>	<u>671</u>	<u>5,449</u>	<u>4,830</u>

10 Inventories, net

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Work in progress	-	2,347	-	-
Medicines	30,885	31,048	2,454	-
Medical supplies	18,245	15,942	3,152	-
Goods for sales	-	283	-	-
General supplies	308	414	-	-
Food and beverage	285	308	285	308
	49,723	50,342	5,891	308
Less Allowance for obsolete inventories	(151)	(358)	-	-
	49,572	49,984	5,891	308

11 Work in progress under service contracts

	Consolidated financial statements	
	2018 Thousand Baht	2017 Thousand Baht
At 1 January	12,937	3,284
Service costs incurred during the year	1,725	16,135
Service expenses recognised during the year	(14,662)	(6,482)
At 31 December	-	12,937
Service costs incurred and recognised profits (less losses) to date	71,804	24,920
Less Progress billings	(34,813)	(8,327)
Unbilled contract revenue (Note 9)	36,991	16,593
Service costs incurred and recognised profits (less losses) to date	-	10,414
Less Progress billings	-	(12,754)
Advances received on service contracts	-	(2,340)

12 Restricted bank deposits

As at 31 December 2018, the Company's restricted deposits represents fixed deposits totalling Baht 5.0 million (2017: Baht 5.0 million) with the interest rate of 1.00% per annum (2017: 1.00% per annum) pledged as collateral for letters of guarantee (Note 34).

As at 31 December 2018, the Group's restricted deposits represents saving and fixed deposits totalling Baht 17.6 million (2017: Baht 19.0 million) with the interest rate of 1.00% - 1.25% per annum (2017: 1.00% - 1.25% per annum) pledged as collateral for letters of guarantee (Note 34).

13 Other current assets

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Short-term deposits	24,696	4,576	2,215	627
Receivable from Revenue Department	36,112	43,159	450	-
Withholding tax refundable	30,188	28,199	5,635	4,182
Suspense Input VAT	1,879	6,361	612	1,286
Short-term retentions	2,567	2,532	-	-
Others	1,157	459	104	246
	96,599	85,286	9,016	6,341

14 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	2018 Percent	2017 Percent	2018 Percent	2017 Percent
Direct: Subsidiaries under Principal Capital Public Company Limited						
Principal Investment Co., Ltd.	Thailand	Business consultancy	99.99	99.99	-	-
Convergence Systems Co., Ltd.	Thailand	Information system implementation	99.99	99.99	-	-
Bangkok Center District Co., Ltd.	Thailand	Property development	99.99	99.99	-	-
V Brilliant Group Holding Co., Ltd.	Thailand	Property development	99.99	99.99	-	-
Principal Healthcare Co., Ltd. (formerly named "Alliance Medical Asia Company Limited")	Thailand	Investment holding and hospital management services	99.99	99.99	-	-
Indirect: Subsidiaries under V Brilliant Group Holding Co., Ltd						
V Intelligence Co., Ltd.	Thailand	Office rental	99.99	99.99	-	-
V Residence Co., Ltd.	Thailand	Service apartment rental	99.99	99.99	-	-
V 33 Co., Ltd.	Thailand	Property development	99.99	99.99	-	-
Bangkok Management Co., Ltd.	Thailand	Property rental	99.99	99.99	-	-
Udon Business District Co., Ltd.	Thailand	Property development	99.99	-	-	-
Ban Chang Business District Co., Ltd.	Thailand	Property development	99.99	-	-	-
Indirect: Subsidiaries under Principal Healthcare Co., Ltd. (formerly named "Alliance Medical Asia Company Limited")						
Pitsanuloke Medical Co., Ltd.	Thailand	Hospital	60.00	60.00	40.00	40.00
Paknampo Hospital Co., Ltd.	Thailand	Hospital	90.92	90.92	9.08	9.08
Principal Healthcare-Uthai Co., Ltd.	Thailand	Hospital	99.99	-	-	-
Principal Healthcare-Lamphun Co., Ltd.	Thailand	Hospital	99.99	-	-	-
Indirect: Subsidiaries under Pitsanuloke Medical Co., Ltd.						
Union Pichit Doctors Co., Ltd.	Thailand	Hospital	60.00	60.00	40.00	40.00
Pitsanuvej Uttaradit Hospital Co.,Ltd.	Thailand	Hospital	60.00	60.00	40.00	40.00
Pitsanuvej Pattana Co.,Ltd.	Thailand	Hospital	60.00	60.00	40.00	40.00
Indirect: Subsidiaries under Paknampo Hospital Co., Ltd.						
P.N.P Hospital Co.,Ltd.	Thailand	Hospital	90.92	90.92	9.08	9.08

14 Investments in subsidiaries (Cont'd)

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

	Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht
As at 1 January	8,013,254	6,011,055
Addition (Note 27)	-	2,010,000
Less Provision for impairment (Note 30)	-	(7,801)
As at 31 December	8,013,254	8,013,254

All preferred shares and ordinary shares of Principal Healthcare Co., Ltd. which held by the Company has been pledged as securities for borrowing facilities from a financial institution (Note 20).

14 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.		Paknam Hospital Co., Ltd.		Union Pichit Doctors Co., Ltd	
	As at 31 December	2017 Thousand Baht	As at 31 December	2018 Thousand Baht	As at 31 December	2017 Thousand Baht
Current assets	440,064	216,800	69,995	205,482	30,544	20,822
Current liabilities	(222,594)	(226,505)	(284,526)	(222,075)	(111,052)	(52,865)
Total current net assets	217,470	(9,705)	(214,531)	(16,593)	(80,508)	(32,043)
Non-current assets	982,367	882,510	1,815,159	1,793,891	189,141	130,747
Non-current liabilities	(241,092)	(193,205)	(613,727)	(724,415)	(44,676)	(8,968)
Total non-current net assets	741,275	689,305	1,201,432	1,069,476	144,465	121,779
Net assets	958,745	679,600	986,901	1,052,883	63,957	89,736
Accumulated non-controlling interests	383,498	271,840	89,611	95,602	25,583	49,222

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14 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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Revenue	1,161,534	1,069,929	514,356	460,945	176,739	157,628
Profit (loss)	116,261	116,325	(72,274)	(79,417)	(25,421)	(16,739)
Other comprehensive income (expense)	(3,115)	3,336	5,292	5,760	(358)	-
Total comprehensive income (expense)	113,146	119,661	(66,982)	(73,657)	(25,779)	(16,739)
Profit (loss) allocated to non-controlling interests	40,348	115,806	(6,856)	(63,749)	(10,816)	(13,353)
Dividends paid to non-controlling interests	23,600	24,000	-	-	-	4,400

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14 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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Net cash generated from (used in) operating activities	178,228	141,960	40,821	12,033	(13,468)	12,917
Net cash used in investing activities	(261,094)	(258,455)	(109,186)	(370,053)	(52,347)	(24,171)
Net cash generated from (used in) financing activities	189,655	110,608	(70,059)	409,328	72,714	(5,948)
Net increase (decrease) in cash and cash equivalents	106,789	(5,887)	(138,424)	51,308	6,899	(17,202)
Cash and cash equivalents at beginning of year - net	39,921	45,808	138,268	86,690	223	18,873
Cash and cash equivalents at end of year	146,710	39,921	(156)	137,998	7,122	1,671

15 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 2017				
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)
Transfers in (out)	-	15,801	(15,801)	-
Transfers to property, plant and equipment (Note 16)	-	(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
For the year ended 31 December 2018				
Opening net book amount	2,048,135	705,891	-	2,754,026
Additions	122	26,760	-	26,882
Transfers from property, plant and equipment (Note 16)	-	1,458	-	1,458
Depreciation charges	-	(62,463)	-	(62,463)
Closing net book amount	2,048,257	671,646	-	2,719,903
As at 31 December 2018				
Cost	2,048,257	808,461	-	2,856,718
<u>Less</u> Accumulated depreciation	-	(136,815)	-	(136,815)
Net book amount	2,048,257	671,646	-	2,719,903

As 31 December 2018, fair value of investment properties in the consolidated financial statements including blank land, and land with buildings are

	Consolidated financial statements	
	2018 Thousand Baht	2017 Thousand Baht
Market approach	1,617,210	1,617,210
Income approach	1,279,000	1,233,000
Total fair value	2,896,210	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 2018, the subsidiaries has no bank overdrafts and long-term borrowings from financial institutions and already released the mortgage of investment property. (As at 31 December 2017, subsidiaries' investment properties of net book value of Baht 1,158.1 million has been pledged as a security for borrowings.)

15 Investment property, net (Cont'd)

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

	Consolidated financial statements	
	2018 Thousand Baht	2017 Thousand Baht
Rental income	114,138	100,125
Direct operating expense arise from investment property that generated rental income	76,970	70,899
Direct operating expense arise from investment property that did not generate rental income	13,038	12,370

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16 Property, plant and equipment, net

Property, plant and equipment, net	Consolidated financial statements						
	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 2017							
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
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	6,672,397
Additions	253,762	6,443	91,333	30,039	748	452,342	834,667
Disposals and write-offs	-	-	-	(2)	-	(274)	(276)
Transfers in (out)	-	706,488	5,318	47,230	-	(759,036)	-
Transfers from investment property (Note 15)	-	2,645	-	-	-	-	2,645
Transfers from intangible assets (Note 17)	-	-	-	340	-	-	340
Depreciation charges	-	(167,870)	(83,752)	(59,432)	(11,290)	-	(322,344)
Closing net book amount	2,216,898	3,912,367	352,124	193,804	16,810	495,426	7,187,429
At 31 December 2017							
Cost	2,216,898	4,805,952	833,476	549,178	73,893	495,426	8,974,823
Less Accumulated depreciation	-	(893,585)	(481,352)	(355,374)	(57,083)	-	(1,787,394)
Net book amount	2,216,898	3,912,367	352,124	193,804	16,810	495,426	7,187,429

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16 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	Total Thousand Baht
For the year ended 31 December 2018							
Opening net book amount	2,216,898	3,912,367	352,124	193,804	16,810	495,426	7,187,429
Entire business transfer							
- Property, plant and equipment	368,475	773,826	15,272	13,210	1,043	5,799	1,177,625
Additions	64,403	32,504	99,599	50,413	4,447	672,250	923,616
Disposals and write-offs	-	(1,391)	(37)	(185)	(197)	(361)	(2,171)
Transfers in (out)	-	526,584	20,792	663	-	(548,039)	-
Transfers to investment property (Note 15)	-	(1,458)	-	-	-	-	(1,458)
Depreciation charges	-	(166,559)	(101,040)	(65,203)	(9,489)	-	(342,291)
Closing net book amount	2,649,776	5,075,873	386,710	192,702	12,614	625,075	8,942,750
At 31 December 2018							
Cost	2,649,776	7,006,783	971,597	619,740	80,134	625,075	11,953,105
Less Accumulated depreciation	-	(1,930,910)	(584,887)	(427,038)	(67,520)	-	(3,010,355)
Net book amount	2,649,776	5,075,873	386,710	192,702	12,614	625,075	8,942,750

The Group's land and building and improvements of net book value of Baht 5,304.9 million (2017: Baht 5,632.4 million) has been pledged as a security for borrowings.

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

	Separate 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
At 1 January 2017					
Cost	227,517	1,423,471	-	155,106	10,990
Less Accumulated depreciation	-	(293,769)	-	(119,470)	(6,765)
Net book amount	227,517	1,129,702	-	35,636	4,225
For the year ended 31 December 2017					
Opening net book amount	227,517	1,129,702	-	35,636	4,225
Additions	-	801	-	13,422	-
Depreciation charges	-	(37,896)	-	(4,770)	(2,198)
Closing net book amount	227,517	1,092,607	-	44,288	2,027
At 31 December 2017					
Cost	227,517	1,424,272	-	168,529	10,990
Less Accumulated depreciation	-	(331,665)	-	(124,241)	(8,963)
Net book amount	227,517	1,092,607	-	44,288	2,027

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

	Separate 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
For the year ended 31 December 2018					
Opening net book amount	227,517	1,092,607	-	44,288	2,027
Entire business transfer	-	-	-	-	-
- Property, plant and equipment	368,475	773,826	15,272	13,210	1,043
Additions	-	14,666	35,808	22,125	1,221
Disposals and write-offs	-	-	(37)	(169)	(27)
Transfers in(out)	-	-	5,101	-	-
Depreciation charges	-	(53,213)	(6,152)	(12,665)	(2,411)
Closing net book amount	595,992	1,827,886	49,992	66,789	1,853
At 31 December 2018					
Cost	595,992	3,084,284	63,625	215,004	14,304
Less Accumulated depreciation	-	(1,256,398)	(13,633)	(148,215)	(12,451)
Net book amount	595,992	1,827,886	49,992	66,789	1,853

The Company's land and buildings of net book value of Baht 612.2 million (2017: nil) has been pledged as securities for borrowing facilities from a financial institution (Note 20).

16 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		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Cost - capitalised finance leases	132,080	52,573	42,482	-
<u>Less</u> Accumulated depreciation	(34,551)	(34,536)	(1,387)	-
Net book amount	97,529	18,037	41,095	-

Borrowing costs totaling Baht 8.9 million (2017: Baht 15.6 million), arising from financing specifically entered into for the construction of plant and equipment of Baht 2.6 million (2017: Baht 3.6 million) and financing generally of Baht 6.3 million (2017: Baht 12.0 million), were capitalised during the year and are included in additions. A capitalisation rate of 3.57% (2017: 3.38%) was used representing actual borrowing cost of the loan used to finance construction of plant and equipment.

17 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 2017				
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
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 16)	-	-	(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

17 Intangible assets, net (Cont'd)

For the year ended 31 December 2018

	Information system service agreements Thousand Baht	Computer software Thousand Baht	Computer software in progress Thousand Baht	Total Thousand Baht
Opening net book amount	-	68,337	8,725	77,062
Additions	-	4,278	10,462	14,740
Write-offs	-	-	(114)	(114)
Transfers in (out)	-	13,542	(13,542)	-
Transfers to prepaid expense	-	-	(5,265)	(5,265)
Amortisation charges	-	(16,791)	-	(16,791)

Closing net book amount

At 31 December 2018

Cost	35,490	127,371	266	163,127
<u>Less</u> Accumulated amortisation	(35,490)	(58,005)	-	(93,495)
Net book amount	-	69,366	266	69,632

	Separate financial statements Thousand Baht			
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Computer software

At 1 January 2017

Cost	13,490
<u>Less</u> Accumulated amortisation	(8,886)
Net book amount	4,604

For the year ended 31 December 2017

Opening net book amount	4,604
Additions	922
Amortisation charges	(1,709)
Closing net book amount	3,817

At 31 December 2017

Cost	14,412
<u>Less</u> Accumulated amortisation	(10,595)
Net book amount	3,817

For the year ended 31 December 2018

Opening net book amount	3,817
Additions	1,616
Amortisation charges	(1,756)
Closing net book amount	3,677

At 31 December 2018

Cost	16,028
<u>Less</u> Accumulated amortisation	(12,351)
Net book amount	3,677

18 Goodwill

	Consolidated financial statements	
	2018 Thousand Baht	2017 Thousand Baht
At 1 January		
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>
For the year ended 31 December		
Opening net book amount	1,648,636	1,648,636
Acquisitions	-	-
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 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>
For the year ended 31 December 2018			
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 which does not exceed the long-term average growth rate for the business in which the CGU operates.

19 Deferred income taxes

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

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Deferred tax assets				
Deferred tax assets to be recovered within 12 months	6,276	2,386	2,216	39
Deferred tax assets to be recovered after 12 months	22,304	16,414	9,709	2,536
	<u>28,580</u>	<u>18,800</u>	<u>11,925</u>	<u>2,575</u>
Deferred tax liabilities				
Deferred tax liabilities to be settled within 12 months	(341)	(253)	(318)	(107)
Deferred tax liabilities to be settled after 12 months	(356,788)	(184,644)	(181,929)	-
	<u>(357,129)</u>	<u>(184,897)</u>	<u>(182,247)</u>	<u>(107)</u>
Deferred taxes, net	<u>(328,549)</u>	<u>(166,097)</u>	<u>(170,322)</u>	<u>2,468</u>

Presentation in the statements of financial position are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Deferred tax assets	4,604	5,093	-	2,468
Deferred tax liabilities	(333,153)	(171,190)	(170,322)	-
Deferred taxes, net	<u>(328,549)</u>	<u>(166,097)</u>	<u>(170,322)</u>	<u>2,468</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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
At 1 January	(166,097)	(168,686)	2,468	2,138
Entire business transfer (Note 28)	(176,588)	-	(176,588)	-
Charge to profit or loss	15,076	4,888	4,253	320
Charge/(credit) to other comprehensive income	(940)	(2,299)	(455)	10
At 31 December	<u>(328,549)</u>	<u>(166,097)</u>	<u>(170,322)</u>	<u>2,468</u>

19 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 2018 Thousand Baht	Entire business transfer Thousand Baht	Charge/(credit) to profit or loss Thousand Baht	Credit to other comprehensive income Thousand Baht	At 31 December 2018 Thousand Baht
Deferred tax assets					
Allowance for doubtful accounts	1,032	-	(1)	-	1,031
Property, plant and equipment	208	-	(11)	-	197
Provisions for staff expenses	39	-	3	-	42
Employee benefit obligations	14,202	588	3,183	(940)	17,033
Finance lease liabilities	(642)	-	974	-	332
	14,839	588	4,148	(940)	18,635
Deferred tax liabilities					
Unrealised gains of changes in fair value of short-term investments	(253)	-	253	-	-
Property, plant and equipment	(179,753)	(177,176)	9,984	-	(346,945)
Intangible assets	(930)	-	691	-	(239)
	(180,936)	(177,176)	10,928	-	(347,184)
	(166,097)	(176,588)	15,076	(940)	(328,549)
Consolidated financial statements					
	At 1 January 2017 Thousand Baht	Entire business transfer Thousand Baht	Charge/(credit) 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
Property, plant and equipment	-	-	208	-	208
Provisions for staff expenses	31	-	8	-	39
Employee benefit obligations	12,905	-	3,596	(2,299)	14,202
Long-term provisions	303	-	(303)	-	-
	15,508	-	2,272	(2,299)	15,481
Deferred tax liabilities					
Unrealised gains of changes in fair value of short-term investments	(23)	-	(230)	-	(253)
Property, plant and equipment	(184,399)	-	4,646	-	(179,753)
Intangible assets	(103)	-	(827)	-	(930)
Finance lease liabilities	331	-	(973)	-	(642)
	(184,194)	-	2,616	-	(181,578)
	(168,686)	-	4,888	(2,299)	(166,097)

19 Deferred income taxes (Cont'd)

	Separate financial statements				
	At 1 January 2018 Thousand Baht	Entire business transfer Thousand Baht	Charge/(credit) to profit or loss Thousand Baht	Credit to other comprehensive income Thousand Baht	At 31 December 2018 Thousand Baht
Deferred tax assets					
Provisions for staff expenses	39	-	3	-	42
Employee benefit obligations	2,536	588	362	(455)	3,031
	2,575	588	365	(455)	3,073
Deferred tax liabilities					
Unrealised gains of changes in fair value of short-term investments	(107)	-	107	-	-
Property, plant and equipment	-	(177,176)	3,941	-	(173,235)
Finance lease liabilities	-	-	(160)	-	(160)
	(107)	(177,176)	3,888	-	(173,395)
	2,468	(176,588)	4,253	(455)	(170,322)

The movements of deferred tax assets and deferred tax liabilities is as follows:

	Separate financial statements				
	At 1 January 2017 Thousand Baht	Entire business transfer Thousand Baht	Charge/(credit) to profit or loss Thousand Baht	Charge to other comprehensive income Thousand Baht	At 31 December 2017 Thousand Baht
Deferred tax assets					
Provisions for staff expenses	31	-	8	-	39
Employee benefit obligations	1,814	-	712	10	2,536
Long-term provisions	303	-	(303)	-	-
	<u>2,148</u>	<u>-</u>	<u>417</u>	<u>10</u>	<u>2,575</u>
Deferred tax liabilities					
Unrealised gains of changes in fair value of short-term investments	(10)	-	(97)	-	(107)
	<u>(10)</u>	<u>-</u>	<u>(97)</u>	<u>-</u>	<u>(107)</u>
	<u>2,138</u>	<u>-</u>	<u>320</u>	<u>10</u>	<u>2,468</u>

The Group did not recognise deferred income tax assets of Baht 150.0 million (2017: Baht 79.3 million) in respect of losses amounting to Baht 750.2 million (2017: Baht 396.6 million) that can be carried forward against future taxable income. Losses amounting to Baht 324.6 million (2017: Baht 396.6 million) expire in 2023 and 2022 respectively.

20 Borrowings

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Current				
Bank overdrafts	7,415	1,448	-	-
Short-term borrowings				
- Bank borrowings	1,029,962	30,000	999,962	-
- Accrued interest	438	-	438	-
Current portion of long-term borrowings				
- Bank borrowings	182,911	137,531	32,525	-
- Accrued interest	1,089	667	293	-
- Finance lease liabilities	26,437	8,706	9,280	-
Short-term borrowings from related parties (Note 33 d)				
- Borrowings from related parties	441,500	441,500	602,500	-
- Accrued interest	20,391	4,119	12,351	-
Current portion of long-term promissory notes (Note 33 e)				
- Long-term promissory notes from a related party	510,510	-	510,510	-
- Accrued interest	19,894	-	19,894	-
Total current borrowings	2,240,547	623,971	2,187,753	-
Non-current				
Long-term borrowings				
- Bank borrowings	2,063,843	1,102,412	915,501	-
- Finance lease liabilities	74,640	11,057	31,522	-
Long-term promissory notes (Note 33 e)				
- Long-term promissory notes from a related party	-	510,510	-	510,510
- Accrued interest	-	10,960	-	10,960
Total non-current borrowings	2,138,483	1,634,939	947,023	521,470
Total borrowings	4,379,030	2,258,910	3,134,776	521,470

The borrowings include secured liabilities (bank borrowings) in a total amount of Baht 3,246.7 million (2017: Baht 1,271.4 million). Borrowings from financial institutions are secured by a subsidiary's preferred shares and ordinary shares (Note 14) and land and buildings (Note 16).

The movements of borrowings during the period (excluding finance lease liabilities) are analysed as follows:

	Consolidated financial statements	Separate financial statements
	Thousand Baht	Thousand Baht
Opening balance	2,239,147	521,470
Additions		
- Principle	2,196,639	2,551,629
- Interest	120,342	65,637
Repayments		
- Principle	(182,764)	-
- Interest	(94,271)	(43,622)
Financing fee	(3,928)	(3,928)
Amortisation of financing fee	2,788	2,788
Closing balance	4,277,953	3,093,974

20 Borrowings (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Bank overdrafts	MRR + 0.75%	MRR + 0.75%	-	-
Bank borrowings	MLR - 2% to - 3.1%	MLR - 2% to - 2.6%	MLR - 2% to - 3.1%	-

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

	Consolidated financial statements			
	Carrying amounts		Fair values	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Long-term bank borrowings	2,063,843	1,102,412	2,079,771	1,101,949
Long-term promissory notes from a related party	-	521,470	-	521,470
	2,063,843	1,623,882	2,079,771	1,623,419
	Separate financial statements			
	Carrying amounts		Fair values	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Long-term bank borrowings	915,501	-	935,914	-
Long-term promissory notes from a related party	-	521,470	-	521,470
	915,501	521,470	935,914	521,470

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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Between 1 and 2 years	679,133	817,331	739,050	521,470
Between 2 years and 5 years	1,200,837	423,158	500,968	-
Over 5 years	267,606	521,591	238,706	-
	2,778,246	1,762,080	1,478,724	521,470

20 Borrowings (Cont'd)

Minimum lease payments of finance lease liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Not later than one year	30,813	10,144	10,869	-
Later than 1 year but not later than 5 years	80,375	12,663	33,900	-
<u>Less</u> Future finance charges on finance leases	(10,111)	(3,044)	(3,967)	-
Present value of finance lease liabilities	101,077	19,763	40,802	-
Representing lease liabilities:				
- Short-term	26,437	8,706	9,280	-
- Long-term	74,640	11,057	31,522	-
	101,077	19,763	40,802	-

The present value of finance lease liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Not later than one year	26,437	8,706	9,280	-
Later than 1 year but not later than 5 years	74,640	11,057	31,522	-
	101,077	19,763	40,802	-

The Group have the following undrawn committed borrowing facilities:

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Floating rate				
- expiring within one year	76,961	-	-	-
- expiring beyond one year	1,568,505	154,960	1,380,871	-
	1,645,466	154,960	1,380,871	-

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.

21 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Trade accounts payable - third parties	118,430	197,912	14,313	21,877
Trade accounts payable - related party (Note 33 b)	-	-	3,363	52
Other payables	221,482	5,026	35,309	942
Share payables	-	1,000,000	-	1,000,000
Accrued expenses	96,633	154,823	18,788	17,975
Accrued management expenses	27,001	13,139	27,001	13,139
	463,546	1,370,900	98,774	1,053,985

22 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Retention from contractors	54,602	59,284	-	-
Withholding tax payable	13,866	10,042	4,106	2,588
Payable from Revenue Department	1,542	1,470	-	794
Undued output VAT	2,287	2,401	976	1,069
Others	2,927	2,401	748	420
	75,224	75,598	5,830	4,871

23 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Statement of financial position	85,163	71,012	15,152	12,681
Profit or loss	18,009	21,445	2,373	3,561
Other comprehensive (income) expense	(4,701)	(11,494)	(2,277)	50

23 Employee benefit obligations (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
At 1 January	71,012	64,525	12,681	9,069
Entire business transfer (Note 28)	2,939	-	2,939	-
Current service cost	16,519	16,735	3,580	3,291
Past service cost	(357)	2,846	(1,461)	-
Interest expense	1,847	1,864	254	271
	91,960	85,970	17,993	12,631
Remeasurement:				
(Gain) loss from change in demographic assumptions	(7,746)	(54)	(146)	742
(Gain) loss from change in financial assumptions	(769)	2,451	(346)	575
Experience (gain) loss	3,814	(13,891)	(1,785)	(1,267)
	(4,701)	(11,494)	(2,277)	50
Benefits paid	(2,096)	(3,464)	(564)	-
At 31 December	85,163	71,012	15,152	12,681

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

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Current service cost	16,519	16,735	3,580	3,291
Past service cost	(357)	2,846	(1,461)	-
Interest expense	1,847	1,864	254	270
Total (presented as part of staff expenses)	18,009	21,445	2,373	3,561

The principal actuarial assumptions used are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 per annum	2017 per annum	2018 per annum	2017 per annum
Discount rate	2.27% - 3.65%	2.00% - 3.65%	2.27%	2.00%
Salary growth rate	2.00% - 4.50%	2.00% - 5.00%	2.00% - 4.00%	2.00% - 5.00%
Staff turnover rate (depending on age)	0.00% - 37.00%	0.00% - 26.00%	0.00% - 34.00%	0.00% - 23.00%

23 Employee benefit obligations (Cont'd)

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	
	2018	2017	2018	2017	2018	2017
Discount rate	1%	1%	Decrease by 8.40%	Decrease by 9.56%	Increase by 9.85%	Increase by 11.24%
Salary growth rate	1%	1%	Increase by 9.47%	Increase by 10.83%	Decrease by 8.24%	Decrease by 9.40%
Staff turnover rate (depending on age)	1%	1%	Decrease by 8.96%	Decrease by 10.13%	Increase by 3.57%	Increase by 4.28%
	Separate financial statements					
	Impact on defined employee benefit obligations					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
Discount rate	1%	1%	Decrease by 2.83%	Decrease by 5.10%	Increase by 3.12%	Increase by 5.72%
Salary growth rate	1%	1%	Increase by 2.97%	Increase by 5.52%	Decrease by 2.74%	Decrease by 5.02%
Staff turnover rate (depending on age)	1%	1%	Decrease by 3.01%	Decrease by 5.47%	Increase by 0.48%	Increase by 1.81%

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 6.12 to 27.90 years (2017: 6.38 to 28.90 years).

24 Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Retention	43,713	14,823	3,446	-
Accrued management expense	-	27,620	-	27,620
	43,713	42,443	3,446	27,620

25 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 2017	3,240,087,520	3,240,088	4,476,767	7,716,855
Issuance of shares	-	-	-	-
As at 31 December 2017	3,240,087,520	3,240,088	4,476,767	7,716,855
Issuance of shares	-	-	-	-
As at 31 December 2018	3,240,087,520	3,240,088	4,476,767	7,716,855

The total number of authorised ordinary shares is 3,240,087,520 shares (2017: 3,240,087,520 shares) with a par value of Baht 1 per share (2017: Baht 1 per share).

26 Legal reserve

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
At 1 January	44,200	39,379	44,200	39,379
Appropriation during the year	-	4,821	-	4,821
At 31 December	44,200	44,200	44,200	44,200

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.

27 Business combination under common control

The Company acquired ordinary shares of Alliance Medical Asia Company Limited (currently named "Principal Healthcare Co., Ltd.") and its subsidiaries. The payment of the investment in a subsidiary was made on 30 November 2017. The acquisition is considered as business combination under common control. Difference between consideration amount and net assets acquired of Baht 3,446.0 million is presented as other components of equity in the consolidated statement of changes in equity. The Group presented the operating results of Alliance Medical Asia Company Limited and its subsidiaries since the date that the Group did not hold Alliance Medical Asia Company Limited and its subsidiaries' shares in the consolidated statement of comprehensive income in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions.

The following table summarises the consideration paid for Alliance Medical Asia Company Limited and the amounts of the assets and liabilities acquired recognised at the business combination under common control date.

27 Business combination under common control (Cont'd)

	As at 30 November 2017 Thousand Baht
	Book Value Thousand Baht
Total purchase consideration	2,000,000
Cash and cash equivalents	221,657
Trade and other receivables	143,542
Inventories	43,189
Other assets	21,674
Property, plant and equipment	3,282,637
Intangible assets	70,680
Goodwill	1,644,060
Trade and other payables	(220,108)
Borrowings from a financial institution	(1,463,652)
Income tax payable	(16,990)
Finance lease liabilities	(10,084)
Deferred tax liabilities	(167,920)
Employee benefit obligations	(55,459)
Other liabilities	(47,240)
Net identifiable assets acquired	3,445,986
Non-controlling interest	(681,856)
Difference arising from business combination under common control	(764,130)
Total	2,000,000

Acquisition-related costs of Baht 10 million have been charged to administrative expenses in the consolidated statement of income the year ended 31 December 2017.

28 Entire business transfer

On 27 February 2018, the Company paid for an acquisition and acceptance of entire business transfer of Thai Health Maintenance Organization Co., Ltd. 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. This is to create a Hub and Spoke System for the Group's hospital business and increase potential profitability of the Group in the future.

The provisionally determined fair values of the assets and liabilities of Thai Health Maintenance Organization Co., Ltd. as at the date of acquisition are as follows:

	As at 27 February 2018 Thousand Baht
	Fair value Thousand Baht
Total purchase consideration - cash	900,000
Inventories	7,677
Long-term investment	330
Property, plant and equipment	1,173,091
Other non-current assets	2,134
Advances received from customers	(20,435)
Finance lease liabilities	(726)
Employee benefit obligations	(2,939)
Deferred tax liabilities	(176,588)
Net identifiable assets acquired	982,544
Gain from bargain purchase	(82,544)
Total	900,000

29 Other income

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Interest income	1,484	11,592	8,007	24,297
Realised gains on sales of trading securities (Note 8)	1,393	2,671	29	-
Unrealised gains on changes in fair values of trading securities (Note 8)	-	1,174	-	488
Gains on sales of investment property	122	104,400	-	-
Gains on sales of equipment	-	619	22	-
Gains on sales of rights for clinics operation	10,500	-	10,500	-
Gains on sales of general investments	-	1,940	-	-
Dividend income	-	4,400	-	-
Revenue from rental	2,643	1,379	1,424	938
Revenue from sales of foods and beverages	14,383	14,213	226	-
Revenue from shop sales	3,214	3,179	-	-
Revenue from sales of cosmetics	4,382	4,699	-	-
Revenue from laundry service	382	-	-	-
Revenue from commissions	312	405	312	405
Gain on foreign exchange rate	430	110	359	-
Others	12,000	15,743	2,967	117,204
	51,245	166,524	23,846	143,332

30 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Staff benefit expenses	838,089	578,237	181,871	110,993
Depreciation charges (Note 15 and 16)	404,754	383,156	74,441	44,864
Amortisation charges (Note 17)	16,791	12,153	1,756	1,709
Management fees	30,196	24,636	16,406	16,339
Operating lease payments	22,516	8,628	6,212	5,802
Impairment on investment in subsidiaries (Note 14)	-	-	-	7,801

31 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Current tax:				
Current tax on profit for the year	46,093	169,194	-	7,565
Total current tax	46,093	169,194	-	7,565
Deferred taxes:				
Increase to deferred tax assets (Note 19)	(4,148)	(2,272)	(365)	(417)
Increase (decrease) to deferred tax liabilities (Note 19)	(10,928)	(2,616)	(3,888)	97
Total deferred taxes	(15,076)	(4,888)	(4,253)	(320)
Income tax expense (income)	31,017	164,306	(4,253)	7,245

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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Profit (loss) before tax	(121,627)	(207,308)	(39,488)	103,656
Tax calculated from a tax rate of 20% (2017: 20%)	(24,325)	(41,462)	(7,898)	20,731
Tax effects of:				
Income not subject to tax	(19,449)	-	(16,616)	-
Expenses non-deductible for tax purpose	3,781	222,467	1,364	4,649
Additional expenses deductible for tax purpose	(18,900)	(114,556)	(677)	(1,167)
Utilisation of tax losses carried forward for which deferred tax assets had not been recognised	-	(43,249)	-	(16,968)
Tax losses for which no deferred income tax assets were recognised	89,910	58,182	19,574	-
Income tax (expense) income	31,017	164,306	(4,253)	7,245

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

	Consolidated financial statements					
	2018			2017		
	Before tax Baht	Tax credit Baht	After tax Baht	Before tax Baht	Tax credit Baht	After tax Baht
Remeasurements of employee benefit obligations	(4,701)	940	(3,761)	(11,494)	2,299	(9,195)
Other comprehensive income	(4,701)	940	(3,761)	(11,494)	2,299	(9,195)

31 Income tax expense (Cont'd)

	Separate financial statements					
	2018			2017		
	Before tax Baht	Tax credit Baht	After tax Baht	Before tax Baht	Tax charge Baht	After tax Baht
Remeasurements of employee benefit obligations	(2,277)	455	(1,822)	50	(10)	40
Other comprehensive income	(2,277)	455	(1,822)	50	(10)	40

32 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.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net profit (loss) attributable to ordinary shareholders of the Company (Thousand Baht)	(173,397)	(345,096)	(35,235)	96,411
Weighted average number of ordinary shares outstanding (shares)	3,240,087,520	3,240,087,520	3,240,087,520	3,240,087,520
Basic earnings (loss) per share (Baht per share)	(0.054)	(0.107)	(0.011)	0.030

There is no diluted earnings per share during the year 2018 and 2017

33 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 are control by the Viddayakorn Family in the proportions of 89.2%. The remaining 10.8% of the shares are widely held.

The investments in subsidiaries are disclosed in Note 14.

33 Related party transactions (Cont'd)

The following transactions were carried out with related parties:

a) Revenue from services, revenue from rental, interest income, rental fees and service fees

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
For the year ended 31 December				
Revenue from services				
Subsidiaries	-	-	54,804	47,604
Related parties	4,478	1,865	2,220	1,860
	4,478	1,865	57,024	49,464
Revenue from rental				
Related party	7,268	5,285	-	-
Interest income				
Subsidiaries	-	-	7,587	23,753
Rental and its related service fees				
Subsidiary	-	-	4,596	5,069
Service fees				
Subsidiaries	-	-	12,744	7,780
Interest expense				
Subsidiaries	-	-	12,351	-
Related parties	31,430	13,057	15,157	8,934
	31,430	13,057	27,508	8,934

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

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Trade accounts receivable				
Subsidiaries	-	-	5,251	4,340
Related parties	655	671	198	490
	655	671	5,449	4,830
Deposits				
Subsidiary	-	-	1,006	1,084
Trade accounts payable				
Subsidiaries	-	-	3,363	52

33 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 (Cont'd)

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Accrued expenses				
Subsidiaries	-	-	66	7,260
Advances received from customers				
Related party	9,472	15,950	-	-
Share payable				
Related party	-	1,000,000	-	1,000,000

c) Short-term loan to subsidiaries

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Short-term loan to subsidiaries				
Subsidiaries	-	-	511,500	100,000
Accrued interest income				
Subsidiaries	-	-	9,336	1,749

The movements in short-term loans to subsidiaries for the year ended 31 December 2018 are analysed as follows:

	Consolidated financial statements Thousand Baht	Separate financial statements Thousand Baht
Opening balance	-	101,749
Additions		
- Principal	-	469,000
- Interest	-	7,587
Repayments	-	(57,500)
Closing balance	-	520,836

Short-term loans to subsidiaries have bear an interest rate of 12-month fixed deposit plus 1% per annum and an interest rate of bank borrowings plus 1% per annum are due within 6 months from the borrowing date.

33 Related party transactions (Cont'd)

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

d) Short-term borrowings from related parties

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Short-term borrowings				
Subsidiary	-	-	602,500	-
Related parties	441,500	441,500	-	-
	441,500	441,500	602,500	-
Accrued interest expenses				
Subsidiary	-	-	12,351	-
Related parties	20,391	4,119	-	-
	20,391	4,119	12,351	-

The movements in short-term borrowings from related parties for the year ended 31 December 2018 are analysed as follows:

	Consolidated financial statements Thousand Baht	Separate financial statements Thousand Baht
Opening balance	445,619	-
Additions		
- Principal	-	602,500
- Interest	16,272	12,351
Closing balance	461,891	614,851

The Company has short-term borrowings from a subsidiary which were bear an interest rate of 12-month fixed deposit plus 1% to 1.50% per annum and are due within 6 months from the borrowing date.

The Group has short-term borrowings from a related party which were bear an interest rate of 4.25% per annum and are due within 6 months from the borrowing date.

e) Long-term promissory notes from a related party

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Current portion of long-term promissory notes				
Related party	510,510	-	510,510	-
Long-term promissory notes				
Related party	-	510,510	-	510,510
Interest payable				
Related party	19,894	10,960	19,894	10,960

33 Related party transactions (Cont'd)

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

e) Long-term promissory notes from a related party (Cont'd)

The movements in long-term promissory notes from a related party for the year ended 31 December 2018 are analysed as follows:

	Consolidated financial statements	Separate financial statements
	Thousand Baht	Thousand Baht
Opening balance	521,470	521,470
Additions - Interest	8,934	8,934
Closing balance	530,404	530,404

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.

f) Key management compensation

Key management compensation is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
For the year ended 31 December				
Management's benefits				
Short-term employee benefits	73,588	49,802	37,969	36,474
Retirement benefits	6,176	3,172	2,455	2,218
	<u>79,764</u>	<u>52,974</u>	<u>40,424</u>	<u>38,692</u>

34 Letter of guarantees

As at 31 December 2018, the Company had letters of guarantee issued by a financial institution of Baht 16.3 million (2017: Baht 10.0 million) in respect of certain performance bonds as required in the normal course of business.

As at 31 December 2018, the Group had letters of guarantee issued by financial institutions of Baht 35.9 million (2017: Baht 29.9 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.

35 Commitments and contingencies

35.1 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	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Plant and equipment	473,362	44,214	186,193	-

35.2 Operating lease commitments

The Group has entered into non-cancellable lease agreements in respect to leases of land, equipment and its related service agreements. The lease terms are between 1 to 13 years.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Not later than 1 year	36,936	22,300	7,244	6,376
Later than 1 year but not later than 5 years	18,197	25,987	12,211	1,692
Later than 5 years	9,290	10,580	-	-
	<u>64,423</u>	<u>58,867</u>	<u>19,455</u>	<u>8,068</u>

35.3 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 2018 were Baht 16.4 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 2018 were Baht 16.9 million.

Management Structure and Remuneration

RE: Management Discussion and Analysis for the Year 2018

TO: President, Stock Exchange of Thailand

Significant Matters of the year 2018

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

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

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

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

Economic and Industry Conditions and Outlook

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

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

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

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

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

Financial Performance and Analysis

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

Statement of Comprehensive Income	2018	2017	Increase	Change
Unit: million			(decrease)	%
Revenues from hospital operations	2,084.6	1,690.4	394.2	23.3
Revenues from sales and services	638.1	547.3	90.7	16.6
Costs of hospital operations	1,577.4	1,274.5	302.9	23.8
Cost of sales and services	451.3	453.3	(2.0)	(0.4)
Gross profit	694.1	510.1	184.0	36.1

Other income	133.8	166.5	(32.7)	(19.7)
Selling and Administrative expenses	823.4	814.8	8.6	1.1
Finance costs	126.1	69.1	57.0	82.4
Loss for the year	(152.6)	(371.6)	219.0	58.9
Total comprehensive expense for the year	(148.9)	(362.4)	213.5	58.9

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

Revenues from sales and services

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

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

- Revenue from hospital business increased by Baht 394.2 million or 23.3%, mainly because;
 - The Company and its subsidiaries had additional revenue from PRINC Hospital Suvarnabhumi of Baht 206.9 million after business acquisition in early 2018 but there was no such revenue in 2017.
 - The revenue from the 3 existing hospitals (Phitsanuvej Hospital, Paknampho Hospital and Sahavej Hospital) increased by Baht 164.1 million from the increasing in number of In-patient and Out-Patient, eventhough some hospitals were renovated which decrease the amount of the patients.
- Property development and rental business increasing by Baht 97.8 million or 20.5% mainly from;
 - Somerset Ekamai Bangkok generated higher revenue amounting to Baht 79.4 million from the increase of occupancy rate from 82.0% in 2017 to 86.0% in 2018 and the Average Daily

Rate also increased from Baht 2,447 to Baht 2,546. In 2018 is the first year that fully operated.

- Bangkok Business Center, the office for rent reported the increase in revenue by Baht 13.5 million from higher average rental rate from Baht 553 to Baht 572 while occupancy rate in 2018 was in the same level as last year (2018: 87.9% vs 2017: 88.1%). The average rental rate for the new customer is over 600 Baht per square meter.
- While, Marriott Executive Apartment Sathorn Vista – Bangkok, the revenue slightly decrease from the previous year (Revenue in 2018 was 228.6 Million Baht, Revenue in 2017 was 230.1 Million Baht) due to the impact from the decreasing of Chinese Tourists in the middle of the year but recover in Q4 of 2018, the revenue increase more than the same quarter of the previous year.

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

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

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

EBITDA:

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

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

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

Financial Position

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

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

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

As of December 31, 2018, the Company and its subsidiaries had total liabilities of Baht 5,476.5 million, increased by Baht 1,312.4 million, compared with total liabilities as of December 31, 2017, main reasons are;

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

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

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

Liquidity

Unit: million	2018	2017
Net cash generated from operating activities	15.4	112.3
Net cash (used in) from investing activities	(2,001.3)	97.8
Net cash from (used in) financing activities	2,057.3	(113.8)
Net increase in cash and cash equivalents	71.4	96.3

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

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

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

For your kind acknowledgement.

Yours respectfully.



Signature _____

(Miss Preeyaporn Aphiwathwittaya)

Division Director, Corporate Accounting Services



Outstanding Places for People with Disabilities Award, 2018
(National level) from the Department of Promotion
And improve the quality of life of the disabled



Outstanding business contest file
In the promotion of skill development
Year 2018



Pisanuvej Hospital offers scholarships
to students. Doctor amount 60,000 baht
per academic year



Scholarship ceremony for children of employees 685,000 baht,
amount 215 scholarships



Outstanding Enterprise Award
In the promotion of skill development
From the Institute for Skill Development



Outstanding establishment Labor Relations and Labor Welfare
(8th consecutive year) from the Department of Labor
Protection and Welfare Ministry of Labour



Supporting medicine bags for various fitness



MOU signing ceremony for promotion of organization measures
for road safety Together with Phitsanulok Governor



Volunteer activity Seedlings
of goodness, year 2



Thailand Corporate Governance
Award 2018 from
the Department of Business



Awards Establishment
Outstanding safety prototype
Occupational health and
working environment



Muang Thai Life Assurance Award
hospital award
1st prize winner
The initiative is open to innovation.



Support Children's Day,
external agencies



Receive awards Zero accident
Campaign 2018 Money levels from
the Institute for Safety Promotion Health



Good Governance Award Certificate
Outstanding business at
the provincial level. Receive prizes from
Governor of Phitsanulok Province



Office of Disease Prevention
and Control 2 Received 2nd runner up
award In the presentation of Phlebitis
Innovation and R2R



CSR activities with the 46th
Airborne Division At Ban Tabaek Ngam, Bang Rakam
District, Phitsanulok



Republic of the Philippines Study in the clinic and
Various service centers of Pisanu Vej Hospital



let me pay the bills And donating things to students
Bang Kao School, Cha-am District, Phetchaburi Province



Giving new opportunities to see for 30 eyes
Cataract surgery program for the poor



Run to Give Charity RunTo bring revenue from the sale
of donated shirts to Siriraj Hospital,
building a new patient building



Dear students From Panyapiwat University
See the work of the hotel and
compete for fruit juice.



Suffering from the Suffering Treatment Project creates a smile for the people.
Take care of patients with bed and disability together
with the governor of Nakhon Sawan.



EXPERTISE



INNOVATION



TRUST

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