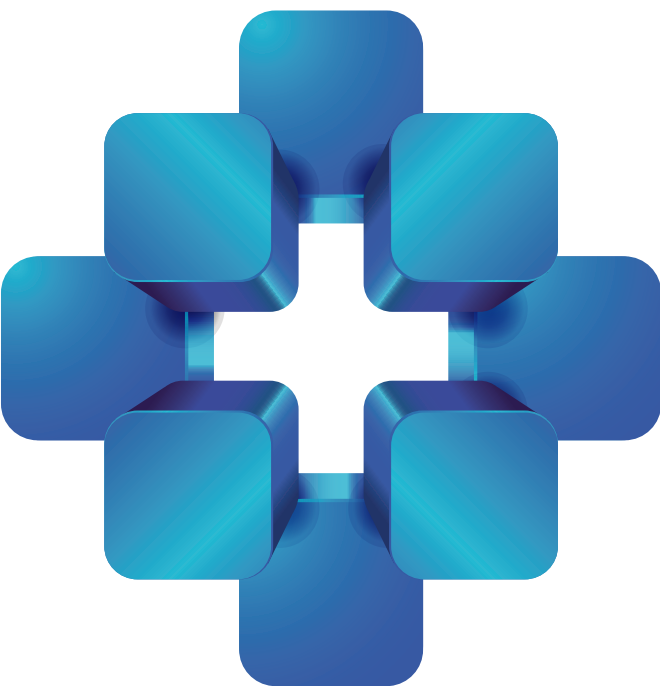


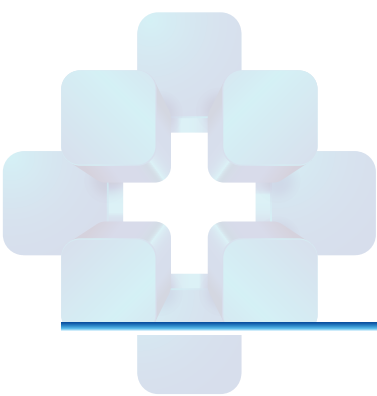
ANNUAL REPORT | 2019

A place where compassionate people are nurtured
and gathered to pay it forward to other people.
to community and to society



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Message from Chairman of the Board of Directors

Dear Shareholders,

Healthcare is the focus of government and public with the challenge of COVID-19 pandemic. As I am writing this message, and as shareholders meet in Annual General Meeting, patient care professionals are busy in our hospitals are taking care of patients while taking preventive measures to ensure safety for our patients and staff themselves. The situation will continue to change, both clinical and regulatory, and we will monitor and adjust our approach accordingly.

I want to express my personal appreciation, and of all the board and administration, to all the professional and support staff of our hospitals and all hospitals, for their hard work during this period of crisis. Your dedication will help all of us to go through the COVID-19 pandemic.

As this is my first written message to our shareholders, I would like to salute Dr Pongsak Viddayakorn, Founder and Honorary Chairman of Principal Capital PCL, for his leadership and inspiration, in refocusing the Company in healthcare industry. The vision that he inspires will continue to guide the company. Having worked with Dr Pongsak very closely in healthcare investment and administration over the last 20 years, I am privileged to be Chairman of the Board in guiding the Company to provide affordable healthcare services to communities we serve.

The vision and Mission of the Company will continue to be to provide affordable healthcare services to the middle class of Thailand, in communities where such services are not adequately provided.

We welcome IFC, a subsidiary of World Bank, to be a shareholder of Principal Capital PCL. Aside from investing in share of the Company, IFC will bring to us their extensive experience and resources in healthcare services, in line with the Vision and Mission of our Company. We look forward to working very closely with IFC.

Recognizing that we are in uncertain time of world economy, especially with the impact of COVID-19, expansion of the Company in healthcare sector will continue to be prudent. We will have balanced of greenfield, brownfield as well as existing hospitals This is to Ensure that there is appropriate return on investment can be achieved in timely manner, while seeking opportunities in underserved communities.

Divestment of non-healthcare assets will also be done according to market situation, in order to achieve maximum return to the Company.



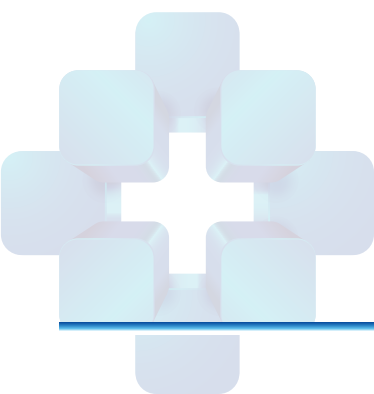
Management team of the Company will continue to develop group healthcare management process in order to take full advantage of changing healthcare industry. Hospitals of the Company will operate efficiently in providing quality healthcare services to the community.

It is our aim to bring the Company to profitability at the earliest possible date while be opportunistic in investment strategies. This will enhance shareholders value, and value and bring about better health for the community we serve.



(Mr. John Lee Kohshun)

Chairman of the Board of Directors



Message from Managing Director

Dear Shareholders,

2019 was another year of business progress for Principal Capital Public Company Limited. Business was operated as planned; expansion of the network had a more solid foundation; quality improvement and extension of shared services covered more areas of the business, which resulted in increased efficiency and extending standards from the center. In addition, new alliances were established to strengthen the Group's ecosystem.

As regards network expansion, we have been heading towards our goal of having 20 hospitals. During 2019, we had three hospitals as new members of the Group; Pitsanuvej Uttaradit Hospital, Sirivej Lamphun Hospital and Princ Uthathani Hospital, bringing the number of hospitals in the Group to eight, as of the end of 2019. In addition, on December 2, 2019, Princ Hospital Suvannabhumi was officially opened. The Company had the honor to have Mr. Anutin Charnvirakul, Deputy Prime Minister and Minister of Public Health, preside over the opening ceremony.

During the previous year, the Company entered into a Memorandum of Cooperation with Sisaket Meditech Company Limited on development of Princ Sisaket Hospital, of which operation is expected to commence in 2022. Moreover, in March, the Company completed the acquisition and acceptance of the transfer of the business of Virajsilp Hospital. There are projects in five two six other provinces which are still under negotiation. I am therefore confident that we will be able to expand our hospital network to cover secondary provinces as planned.

A challenge that will accompany such network expansion is aligning all the hospitals in the network in the same direction and making them share harmonious values. During the previous year, we began to communicate corporate values which we believe are beneficial to society and help us take the path leading to becoming an organization welcomed by respective communities in which we start new businesses. The goal of this organization's existence is to make our people ones with the heart of a giver, so that they, in turn, help people, communities and society. To develop into such an organization, we need to have a good organizational culture as the foundation, a culture conducive to working happily together, with constructive exchanges of ideas and opinions. Hence, we have begun to stimulate behaviors, focusing on positive psychology. Coaching, facilitating and mentoring principles have been employed in the hope to create empathy and compassion among our people. We believe that, if we our personnel work happily, they will transfer such positive atmosphere to our clients. The main objective is to create growth from within, starting from building a happy workforce that will build confidence in our Group among our service users.

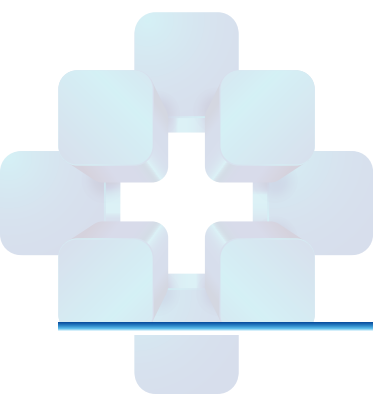
The Company has a strong intention to expand the hospital network to secondary provinces to allow local people to have access to quality medical treatment at appropriate prices. Technologies will be introduced to upgrade the service quality, in line with the investment direction and policy of the International Finance Corporation (IFC), an

international financial institution under the umbrella of the World Bank, to promote and support private sector investment. The IFC has hence decided to invest in the Company, with an investment amount of 909 million Baht, accounting for approximately 7% of the Company's shares. The move has raised the Company's business potential and will definitely enable the Company to achieve its goals. Last year also saw our development of cooperation with alliances to establish a more complete business ecosystem. Examples were the cooperation we had with Bumrungrad Hospital Public Company Limited, through its subsidiary, Bumrungrad Health Network Co., Ltd., for development of a Spine and Joint Center at Princ Hospital Suvarnabhumi, the making of a Memorandum on Cooperation with Nihon Keiei Company Limited of Japan for development of an Elderly Care Center in Thailand, and establishment of relationships with MEDcury, a younger generation's business, in order to make use of new technologies and marketing approaches in improvement of the Company's business potential.

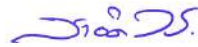
The main focus of our hospital operation in the previous year was on quality systems. Another three hospitals of the Group, Pitsanuvej Pichit Hospital, Princ Paknam Hospital and Sirivej Lamphun Hospital, were awarded Stage Two Accreditation by the Healthcare Accreditation Institute (Public Organization), and in early 2020, Princ Hospital Suvarnabhumi, was also awarded the certification. Another achievement of which the Group is proud is the fact that Princ Paknam Hospital was certified for achievement of HIMSS Analytics EMRAM Stage 7, the first hospital in Thailand and the second in Asia to have achieved this staged, following achievement of Stage 6 in 2016. This serves to reaffirm our commitment to application of technologies to raise the quality levels of medical treatment and services.

As for the progress of the Group's shared services, the scope of the work was extended last year to cover more areas: medical equipment care, premises and outsourced services care and cash pooling. The results have been better control of standards of operation and centrally executed negotiations, effectively cutting down costs by over 85 million Baht per year.

2019 will definitely be a challenging year due to both overall economic recession and the Covid-19 Pandemic which directly affects the hospital business. The emergence of the crisis provides an opportunity for the hospitals in the Group to develop their potential and to review their preparedness to best accommodate users' demand for medical services. We will play our role as part of Thailand's public health system, helping the members of this society remain healthy and strong for country development and economic recovery.

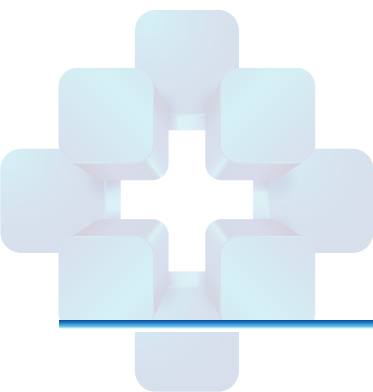


Finally, I would like to thank the Shareholders and all the Company's stakeholders for continued confidence in the Company's direction under the present Management. I hope for continuity of your trust and support in our endeavor to make this organization one which brings about well-being of its personnel and creates returns to its allies and all the Shareholders.



(Dr.Satit Viddayakorn,Ph.D.)

Managing Director



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 2019, the Audit Committee has held 5 meetings with the executives, the external auditor and the internal auditor, in the Audit Committee meeting, Audit Committee Member 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 2019, 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 transactions.

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.

In addition, the Audit Committee has suggested Executives to prepared about the adjustment of the principal accounting policies used for preparation of consolidated and separate financial statements which are:

1. New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2019 which is Thai Financial Reporting Standard no.15 (TFRS 15), Revenue from contracts with customers.

2. New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020.

- Financial instruments the new financial standards relate to financial instruments which are:
 - TAS 32 Financial Instruments: Presentation
 - TFRS 7 Financial Instruments: Disclosures
 - TFRS 9 Financial Instruments
- TFRS 16, Leases

2. To consider and review 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 2019, 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. It also suggested the Management the Company that fast-growing should be prepared of planning and succession plan is important in the next year.

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 2019 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 to be operated correctly and in line with the requirement of relevant organizations. Moreover, in 2019 Personal Data Protection Act B.E. 2562 (2019) and National Cyber Security Act B.E. 2562 (2019) were announced which effect to the operation due to the database of the patients from the service. The Company has prepared the operation to comply with the laws.

5. To consider the operations on risk management The Audit Committee consider and give opinion regarding the key risk Management plan and including the risk from anti-corruption. Also provide understanding about risk management to key related party including Board of Directors, Executives and responsible person for each business unit which recently the Company expand more into hospital business and continuingly adjust the risk management plan of the hospital to reduce and restrict the risks in many areas

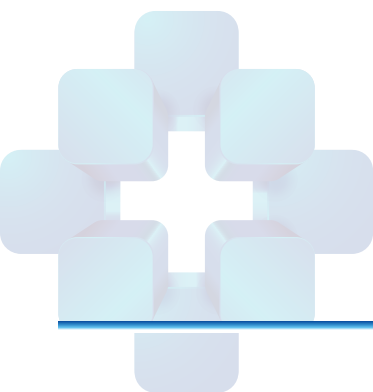
6. To consider the appointment of external auditor and audit fee for the year 2020. The Audit Committee has considered the performance of an external auditor from PricewaterhouseCoopers ABAS Co., Ltd. and concluded that such external auditor is an expert in the profession, independent and has performed his duty well and effectively. Then, the Committee proposed the appointment of Mr.Chanchai Chaiprasit, CPA No. 3760 or Mr. Paiboon Tankul CPA No. 4298 or Miss Sinsiri Thangsombat, CPA No.7352 from PricewaterhouseCoopers ABAS Co., Ltd., any of the above auditor as the Company's external auditor and allow any of the auditors in the above list to express the opinion on the financial reports. If the auditors in the above list cannot perform the work, PricewaterhouseCoopers ABAS Co., Ltd. shall find other auditor to replace the auditors listed above. Such

appointed auditors shall not have any relationship or conflict of interest with the Company or executives or shareholders or related party that may have an impact to his/her duty to perform his/her work independently.

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



(Mr. Yarnsak Manomaiphiboon)
Chairman of the Audit Committee



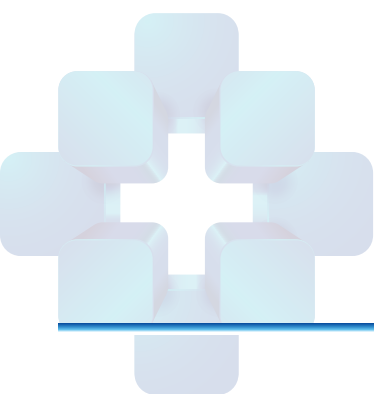
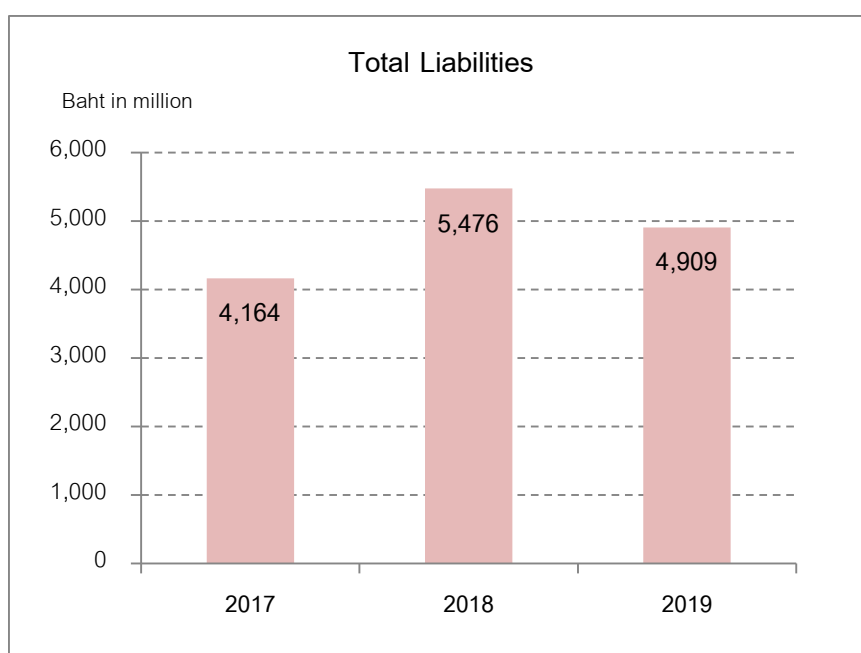
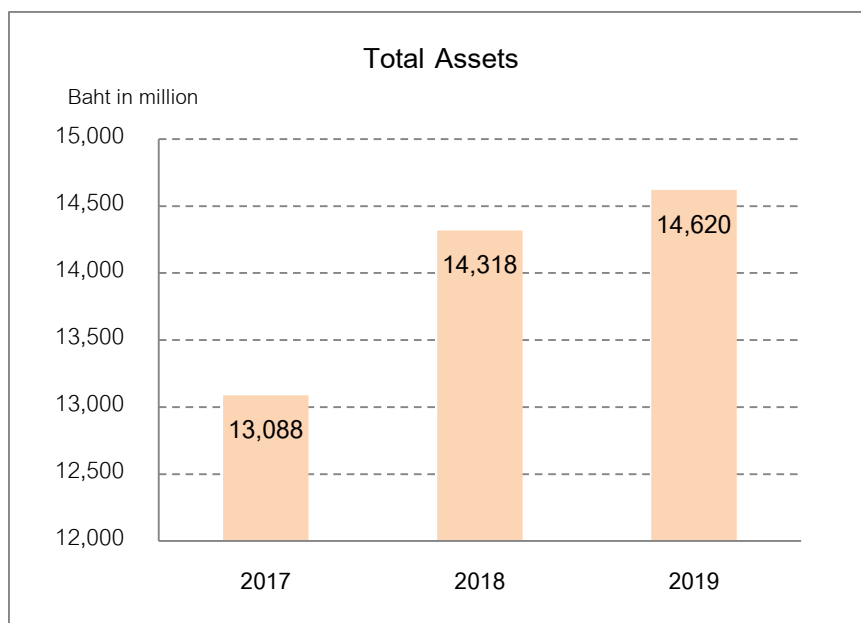
Financial Highlight for the year 2017-2019

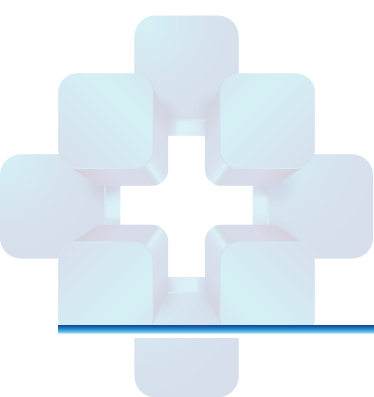
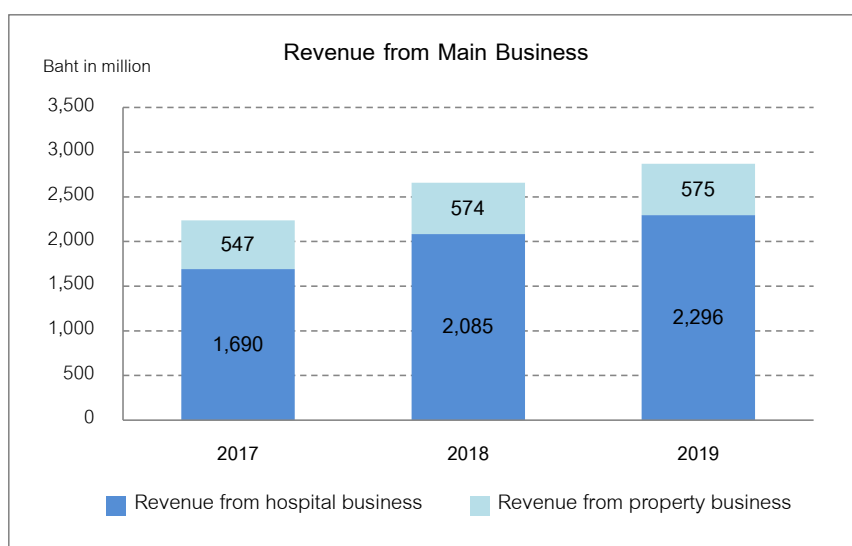
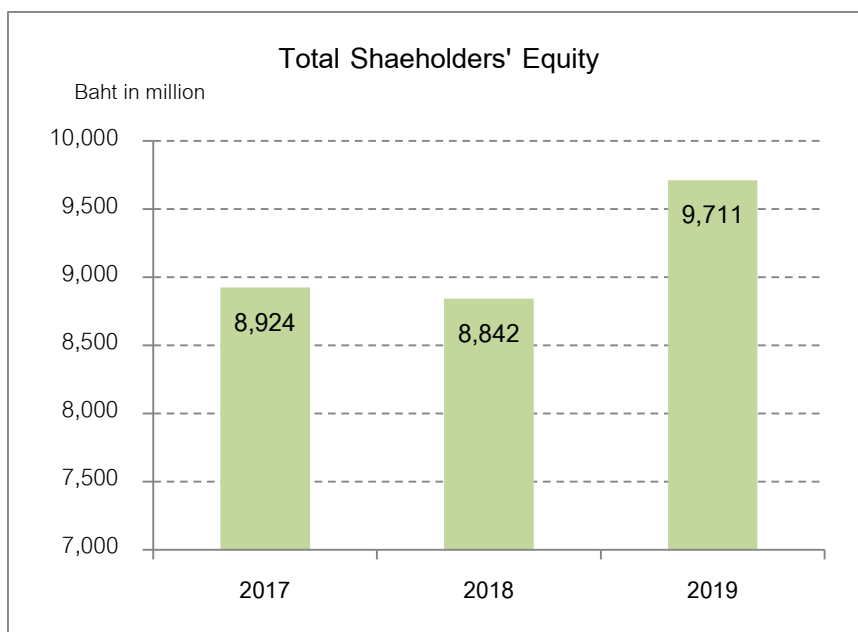
Significant Financial Figures

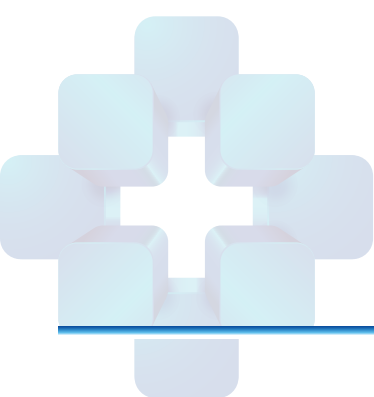
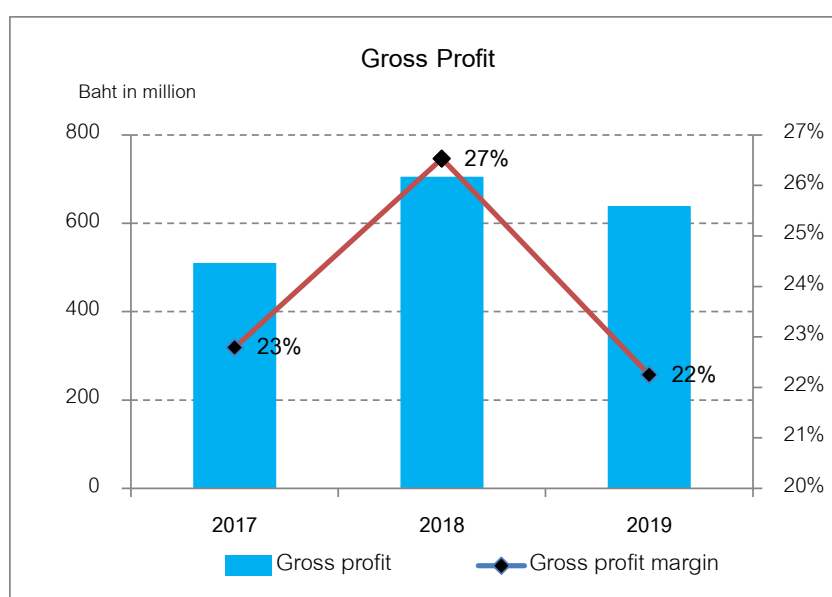
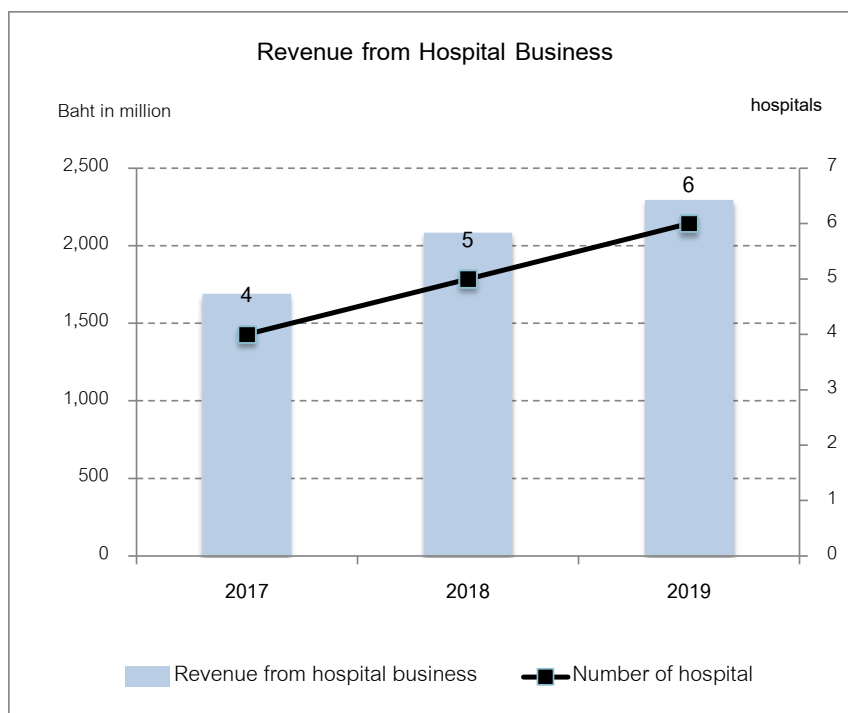
Unit : Million Baht	2017	2018	2019
Total Assets	13,088.21	14,318.08	14,620.04
Total Liabilities	4,164.11	5,476.46	4,908.82
Total Shareholders' Equity	8,924.10	8,841.62	9,711.22
Revenue from hospital business	1,690.42	2,084.63	2,296.17
Revenue from property business	547.35	574.24	575.27
Total revenue	2,237.77	2,658.87	2,871.44
Gross profit	510.05	705.48	638.87
Net profit (losses)	(371.61)	(152.64)	(186.94)

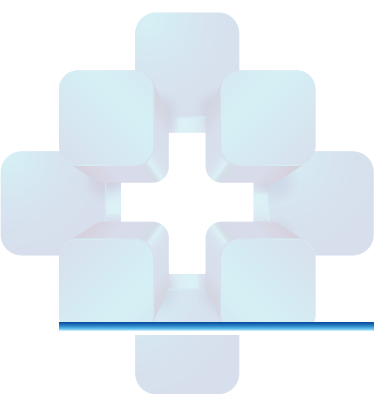
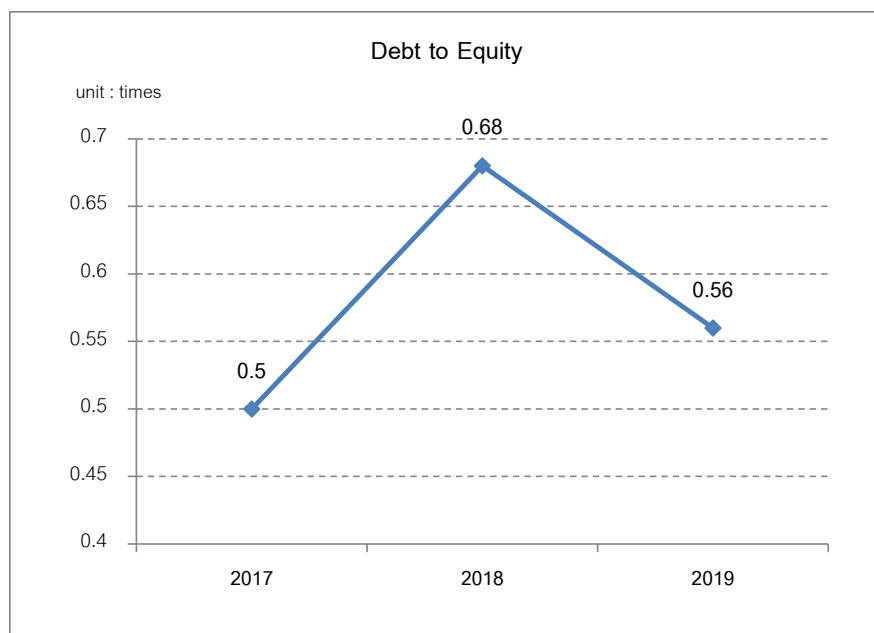
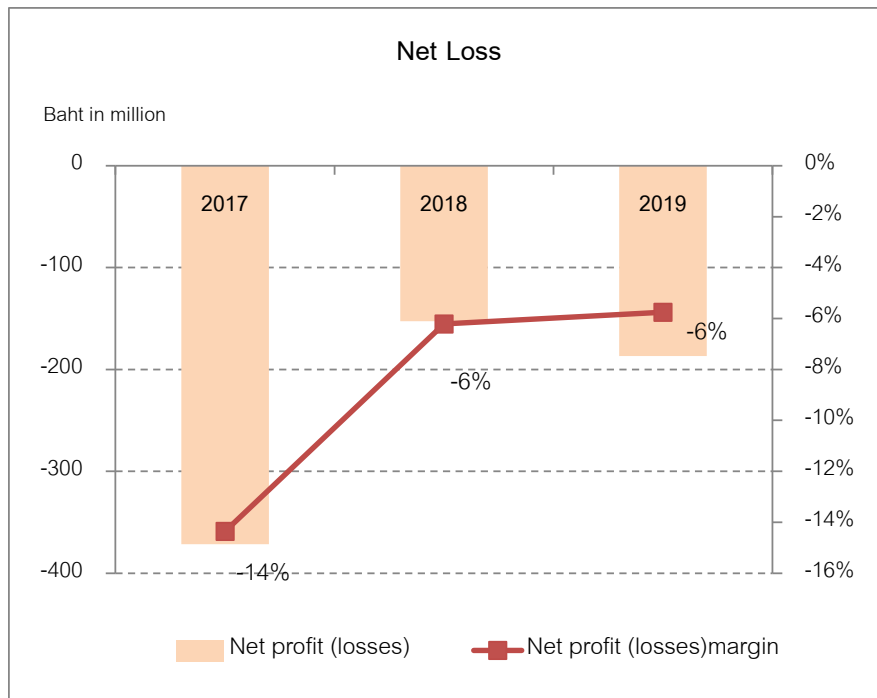
Significant Financial Ratio

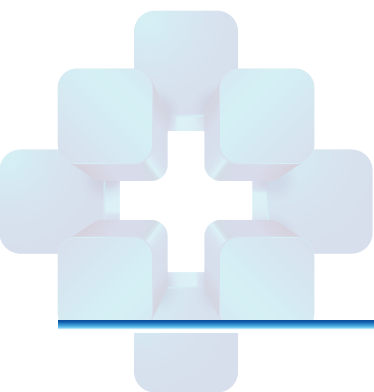
	Unit	2017	2018	2019
Profitability Ratio				
Gross profit margin	%	22.79	26.53	22.25
Net profit (losses) margin	%	(14.35)	(6.21)	(5.75)
Return on Equity	%	(4.29)	(2.12)	(2.15)
Liquidity Ratio				
Current Ratio	Times	0.62	0.31	0.68
Quick Ratio	Times	0.55	0.25	0.6
Efficiency Ratio				
Accounts Receivable Turnover	Times	15.7	21.46	17.76
Accounts Payable Turnover	Times	10.12	12.83	16.6
Return on Assets	%	(2.7)	(1.11)	(1.29)
Financial Policy Ratio				
Debt to Equity Ratio	Times	0.5	0.68	0.56
Interest Coverage Ratio	Times	4.31	1.9	2.61
Earnings (losses) per share	Baht	(0.107)	(0.054)	(0.056)
Book value per share	Baht	2.55	2.49	2.54











Award and Recognition

Private Hospital Business and Private Hospital Management

Pitsanuvej Hospital

- Pitsanuvej Hospital was certified as a JCI-accredited hospital in December 2012 and was reaccredited in December 2015 and December 2018.
- Awarded as a Model Business Establishment for Safety, Occupational Health and Workplace Environment (Gold Level) for four consecutive years (2016-2019) by the Department of Labour Protection and Welfare, Ministry of Labour.
- Awarded as a Model Business Establishment for Labor Relations and Welfare for five consecutive years (2015-2019) by the Department of Labour Protection and Welfare, Ministry of Labour.
- Awarded as a Distinguished Business Establishment for skill development by Phitsanulok Skill Development Institution 9
- A certificate of Honor (Silver Level) 2018 was awarded under the Zero Accident Campaign and a Gold Level Award was presented for 2019 by the Thailand Institute of Occupational Safety and Health (Public Organization).
- A Certificate of Honor (Gold Level) was awarded in recognition of the support extended to public activities of the Rotaract club of Med-Sci, Naresuan University
- A Certificate of Honor was awarded by Phitsanulok University in recognition of the hospital being a study visit site with a good system of occupational health and safety suitable for students of the university.
- A Certificate of Honor in the field of medicine and public health was awarded by the For Thai Social Foundation for contributions made for the homeland in various forms.

Pitsanuvej Pichit Hospital was awarded a Certificate of Honor as a Model Business Establishment in social security contribution payment.



Princ Paknampo Hospital

- A Certificate Of Laboratory Quality Management the certification was in accordance with Thailand Medical Technology Standards 2017 (Laboratories), Third Certification by the Medical Technology Council.
- Certificate of Honor for National-Level Distinguished Business Establishment in Labor Relations and Welfare for 2019
- Certificates were presented to Princ Paknampo Hospital and Princ Paknampo 2 Hospital upon meeting the criteria for standard food safety hospitals for fiscal 2019 by Nakhon Sawan Province Public Health Office.
- Princ Paknampo 2 Hospital was awarded a certificate from the Healthcare Accreditation Institute (Public Organization) for following the Step 2 Path Towards HA, which serves as an important basis for quality improvement for patients' safety.
- Princ Paknampo Hospital was certified to have achieved HIMSS Analytics Stage 7 (the first hospital in Thailand to have achieved this level). A Certificate of Honor was presented by Nakhon Sawan Chamber of Commerce to mark the occasion.
- Princ Paknampo Hospital was certified as a Good Governance Hospital with transparent charging. The certificate was presented by the Director General of the Department of Internal Trade.
- A certificate was given to Princ Paknampo Hospital by the Department of Internal Trade for achieving Hospital HIMSS Analytics stage 7 as designated by HIMSS Analytics using the Electronic Medical Record Adoption Model.
- Princ Paknampo Hospital received a certificate for quality assessment rating - Excellent Level – in the category of blood bank, consistently throughout fiscal 2019, from the Bureau of Laboratory Quality Standards, Department of Medical Sciences, Ministry of Public Health.

Pitsanuvej Uttaradit Hospital

- Certificate of Honor, 2 A Level, was presented by the Department of Labour Protection and Welfare, for having in place a mechanism for prevention of and solution to drug problems in a business establishment under the White Factory Program.
- The hospital was given a certificate for being a Good Governance Hospital with transparent charging from the Department of Internal Trade, on December 19, 2019.



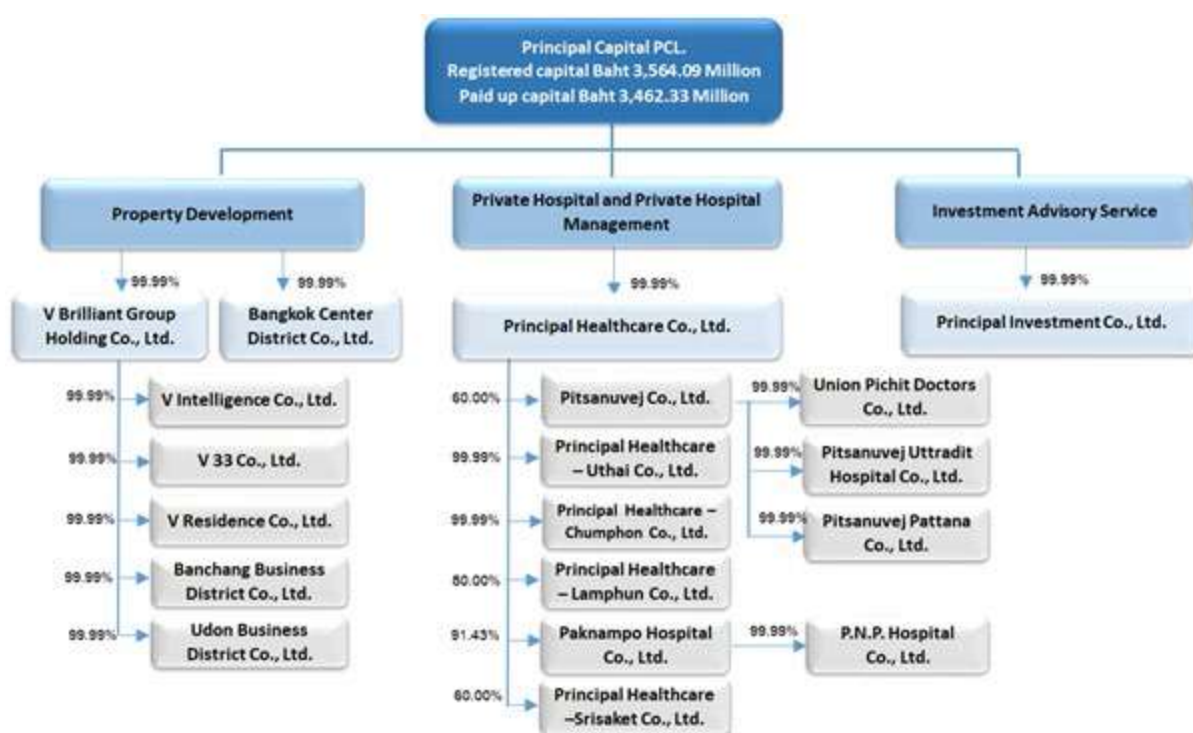
Property Development

Marriott Executive Apartment Sathorn Vista Bangkok received awards from several agencies, as follows:

- TripAdvisor Certificate of Excellence for 2015 and 2019
- Clean and Green Award from the Bangkok Metropolitan Administration
- Love by Guests Award Winner 2019 from Hotel.com (9.1 out of 10)
- Recommended Award 2019 from Holiday Check.com (6 out of 6)
- Two chefs of the hotel won the first prize in the Bangkok Junior Chefs Competition 2019.

PRINC's Group Structure

Principal Capital Public Company Limited's business can be fall into three categories which are Property development for rent business, Private hospital and Private hospital management business and Investment consultancy. PRINC's Group Structure as of December 31,2019 as follows :



Presently, the Company's core businesses are private hospitals and private hospital management. The Company sees tremendous opportunities and growth potential in the healthcare business. In 2017, it acquired shares of Principal Healthcare Co., Ltd. (originally Alliance Medical Asia Co., Ltd.) which was operating a private hospital business, having four hospitals in three provinces in the North of Thailand – Pitsanuvej Pichit Hospital (originally Sahavej Hospital) in Pichit Province, Princ Paknampo Hospital 1 (originally Paknampo Hospital) and Princ Paknampo Hospital 2 (originally Paknampo Hospital 2) in Nakhon Sawan Province and Pitsanuvej Hospital in Phitsanulok Province.

The Company's aim is to be a leading healthcare service provider to medium income customers in Thailand by expanding its hospital network and strengthening the revenue generating potential by constructing its own hospitals, acquisition of hospitals and offering hospital management services. Hospital Information Systems (HIS) are introduced for efficient cost management. In 2018, the Company acquired another hospital, Princ Hospital Suvarnabhumi (originally Piyamin Hospital), a large hospital in Samut Prakan Province. This helped expand the Group's hospital network to cover Bangkok and peripheral areas. Previously, the hospitals in the group had been in the provinces. Acquisition of this new hospital has created a hub and spoke system for the hospital business, thus enhancing growth and competitiveness. As a result of the acquisition, revenues from healthcare services have become the main revenue of the Company. It therefore requested the SET to change the business sector from Property Development to Health Care Services and approval for the reclassification was granted in February 2019. Later, in March 2019, the Company acquired and received the transfer of the business of Sirivej Lamphun Hospital in Lamphun Province. In addition, the Company built a new hospital, Pitsanuvej Uttaradit Hospital, in Uttaradit Province which has been in operation in March 2020 and also acquired a hospital in Uthai Thani Province which was classified as non-performing assets (NPA) from a financial institution and renovated it to Princ Uthai Thani Hospital, which has been in operation since November 2019. Seeing business opportunities in the Northeast, the Company founded Principal Healthcare - Sisaket Company Limited, which is a joint venture formed with Sisaket Meditech Company Limited in order to build a private hospital in Sisaket Province. Furthermore, the Company successfully expanded to the South, having established another subsidiary, Principal Healthcare – Company Limited, for its business operation in Chumphon Province. It acquired and accepted the transfer of a hospital business, including all assets, liabilities, and necessary licenses of Virajsilp Hospital Company Limited, which had been operating Virajsilp Hospital in Chumphon Province. The transfer was completed on March 2, 2020, marking the increase of the number of hospitals in the network to 10 in 9 provinces.

To further strengthen the hospital network, the Company cooperates with a leading ally, Bumrungrad Health Network Co., Ltd., to open a Spine and Joint Center at Princ Hospital Suvarnabhumi in November 2019. The excellence of the Center lies in the standard of the medical team from Bumrungrad Hospital and state-of-the-art technologies in treating patients both in Bangkok and from upcountry areas. The concept has been planned for future replication at other hospitals as well.

New businesses have been initiated by forming a joint venture with the Japanese-based Nihon Keiei Group, which has over 50 years of experience in the elderly care business, to engage in the elderly care business in Thailand. This is in line with the government's policy, Healthcare 4.0, of which aim is to make Thailand a medical hub and a center of health tourism. A subsidiary of the Company will form a joint venture – Principal NKG Co.,Ltd.—to set up an elderly care center focusing on rehabilitation and caring for elderly people and make them physically and mentally strong and as self-reliant as possible so that they can resume their living with their families. The first center is expected to be set up at Princ Hospital Suvarnabhumi within 2020.

As for the property development business, the Company still operates the property for rent business in the form of hotel/serviced apartments and full-service office building rental. However, the Company has discontinued expanding the property development for sale business and has no plan to develop additional property. The Company is ready to sell its land bank and existing projects to interested investors in order to obtain fund for development of the healthcare business, except for land with potential for development to support the healthcare business in the future.

In addition to healthcare and property development businesses, the Company also operates a business consultancy business.

Revenue structure

Type of revenue	Operated by	2019		2018		2017	
		Million Baht	%	Million Baht	%	Million Baht	%
Hospital business	PSV, PPCH, PLPN, PUTH, PUTD, PPNP	2,296.2	80.0	2,084.6	78.4	1,690.4	78.0
Property development for rent	PRINC, VB, VI, VR	575.3	20.0	574.2	21.6	476.4	22.0
Total revenue		2,871.5	100.00	2,658.8	100.0	2,166.8	100.0

Remarks:	PSV	-	Pitsanuvej Hospital	PRINC	-	Principal Capital PCL.
	PPCH	-	Pitsanuvej Pichit Hospital	VB	-	V Brilliant Group Holding Co., Ltd.
	PLPN	-	Sirivej Lamphun Hospital	VI	-	V Intelligence Co., Ltd.
	PUTH	-	Princ Uthaithani Hospital	VR	-	V Residence Co., Ltd.
	PUTD	-	Pitsanuvej Uttaradit Hospital			
	PPNP	-	Princ Paknampo Hospital 1 and Princ Paknampo Hospital 2			

Products and services

The products and services of the Company and its subsidiaries are categorized by business type as follows:

a) Private Hospital Business and Private Hospital Management

- **Private Hospital in Bangkok and peripheral areas**

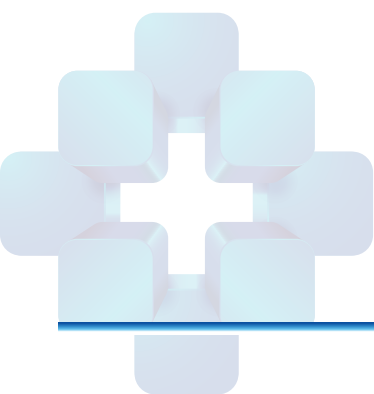
On February 27, 2018, the Company started to operate a private hospital business under the name “Princ Hospital Suvarnabhumi” (Originally Piyamin Hospital). The Company acquired and has accepted the business transfer of Thai Healthcare Management Organization Co., Ltd. (“THM”), the operator of the hospital, which now has 200 beds and an OPD capacity of 600 patients per day. It is open around the clock and there are specialist clinics as follows:

- | | |
|------------------------------------|-----------------------|
| — Internal Medicine Clinic | — Neurosurgery |
| — Obstetrics and Gynecology Clinic | — Orthopedic surgery |
| — Pediatrics Clinic | — Emergency Center |
| — Geriatric Medical Center | — Endocrine Center |
| — Gastrointestinal Center | — Heart Center |
| — Cancer Center | — Hemodialysis Center |

In December 2019, the Company and Bamrungrad Health Network Co., Ltd. jointly launched the Spine and Joint Center at Princ Hospital Suvarnabhumi, offering excellent services and treatment standards by a specialist team from Bamrungrad Hospital. Modern technologies are applied in the treatment by the Center, depending on the patients’ symptoms.

- **Private hospitals in the provinces**

The Company operates private hospitals in the provinces via Principal Healthcare Co., Ltd. (PRINH), a subsidiary of which 99.99% of the shares are held by the Company. PRINH invested in the group of companies operating private hospitals, with details as follows:



1. *Pitsanuvej Hospital*

This 150-bed hospital is located in Phitsanulok Province. It has been in operation for 35 years, providing higher-level secondary care service, and is operated by Phitsanuvej Co., Ltd. The JCI (Joint Commission International) accredited hospital provides 24-hour medical services to both outpatients and inpatients, with specialist clinics as follows:

- | | |
|---|-------------------------------|
| — Internal Medicine Clinic | — Pediatrics Clinic |
| — Obstetrics and Gynecology Clinic | — Surgical Clinic |
| — Health Check-up Center | — Psychiatric Clinic |
| — Child and Adolescent Development Clinic | — Eye Clinic |
| — Emergency Center | — Ear, Nose and Throat Clinic |
| — Dental Center | |

In addition, it also provides other services, such as radiological examination, heart examination, laboratory examination and Surgery. In 2019, a Rehabilitation Center and a Gastrointestinal and Liver Center were opened in the hospital's new building.

2. *Pitsanuvej Pichit Hospital*

This hospital is operated by Union Pichit Doctors Co., Ltd. It is a 90-bed hospital which has been in operation since October 15, 1990, and is located in Pichit Province. It provides 24-hour medical services to both outpatients and inpatients. The hospital has specialist clinics as follows:

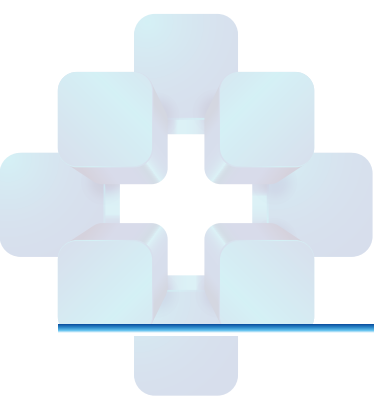
- | | |
|------------------------------------|---------------------------|
| — Orthopedics and Joint Center | — Emergency Center |
| — Health Check-up Center | — Urological Stone Clinic |
| — Hemodialysis Center | — CT Scan CM |
| — Internal Medicine Clinic | — General Surgical Clinic |
| — Physical Therapy Center | — Pediatrics Center |
| — Diabetes Clinic | — Breastfeeding Clinic |
| — Obstetrics and Gynecology Clinic | |



3. Princ Paknampo Hospital 1 and Princ Paknampo Hospital 2

Both hospitals are located in Muang District, Nakorn Sawan Province and are operated by Paknampo Hospital Co., Ltd. (former name: Ten M.D. Nakornsawan Co., Ltd.). Each is a 100-bed hospital accredited by the Healthcare Accreditation Institute (Public Organization). The two high-level secondary hospitals offer 24 hours services to in-patients and out-patients, having specialists and using modern technologies for medical excellence with the focus in patient treatment. With a multidisciplinary team, patients can rest assured of professional specific treatment of their illness. The success award received were achievement of HIMSS Analytics stage 7 – the first hospital in Thailand to have achieve this stage and Hospital Accreditation (HA) of Thailand. The hospitals feature the following Centers and Clinics.

- | | |
|-------------------------------------|--|
| — Emergency Center | — Pediatrics Clinic |
| — Dental Clinic | — Diagnostic Imaging Center |
| — Nephrology Clinic | |
| — Gastrointestinal and Liver Clinic | — Cardiovascular Clinic |
| — ICU | — Infectious Disease Clinic |
| — Internal Medicine Clinic | — Laboratories |
| — Neurology Clinic | — Orthopedic Clinic |
| — Physical Therapy Department | — General Surgery Clinic |
| — Urinary Tract Center | — Genecology and Obstetricians Clinic |
| — Medical Check-up Center | — Ear, Nose and Throat Clinic |
| — Eye Clinic | — Diabetes,Thyroid, and Endocrine Center |



4. Pittsanuvej Uttaradit Hospital

Pitsanuvej Uttaradit Hospital, which is operated by Pitsanuvej Uttaradit Hospital Co., Ltd. is a 57-bed hospital located on Pitsanulok-Denchai Highway, Muang District, Uttaradit Province. It was officially opened in March 2019. It features 50 patient rooms, seven individual rooms in the ICU with equipment and ventilators, international standard operation rooms and modern medical equipment, including a high-speed CT scanner, a mammography device, a 4D ultrasound machine, cardiac stress test equipment and echocardiography equipment. Emergency services are also available and are provided by emergency medicine physicians, ready to take care of patients in the locality and nearby provinces such as Sukhothai, Phrae, Nan, as well as neighboring Lao PDR. It has the capability to transfer patients to another network hospital and has medical specialists and clinics as follows:

- Internal Medicine Department
- Obstetrics and Gynecology
- Orthopedics Clinic
- Wards
- Delivery Room and Nursery Department
- Laboratories
- ICU Department
- Surgery Department
- Pediatrics Clinic
- Physical Therapy Department
- Emergency and accident Center
- Surgical Department
- Diagnostic Imaging Department

5. Sirivej Lamphun Hospital

Sirivej Lamphun Hospital Operated by Principal Healthcare – Lamphun Co., Ltd., Sirivej Lamphun Hospital is a 59-bed hospital located on a plot of land with an area of 11 rai. It has been endorsed by the National Health Security Office for treatment of cataracts and osteoarthritis of the knee for gold card holders. It offers 24 hours medical treatment for both in-patients and out-patients, having specialists and clinics as follows:

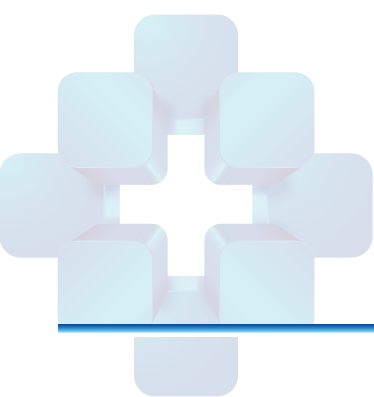
- Cataract Clinic
- Internal Medicine Department
- Emergency and Accident center
- Weight Loss Center
- Aesthetic Surgery Center
- Varicose Veins Center
- Dental Center



6. *Princ Uthai Thani Hospital*

Princ Uthai Thani Hospital Operated by Principal Healthcare – Lamphun Co., Ltd., Princ Uthai Thani Hospital is a 59-bed hospital located on a plot of land with an area of 12 rai in Uthai Thani Province. It was officially opened in November 2019 and is ready to offer medical services, as well as check-ups. Its focus is on taking care of trauma patients by its Emergency Center, which is staffed with emergency medicine physicians and specialists. It is fully equipped and is accommodate people in Uthai Thani and nearby provinces, such as Chai Nat and Nakhon Sawan Provinces. It also provides consultations and 24-hour transfers to a network hospital, such as Princ Paknam Hospital in Nakhon Sawan Province. The hospital features the following specialists and clinics:

- | | |
|--------------------------------|---|
| — Internal Medicine Department | — Emergency Center |
| — Orthopedics Department | — Surgical Department |
| — Pediatrics Department | — ICU Department |
| — Wards | — Diagnostic Imaging Department |
| — Laboratories | — Delivery Room and Nursery Department. |



Medical Service Capacity

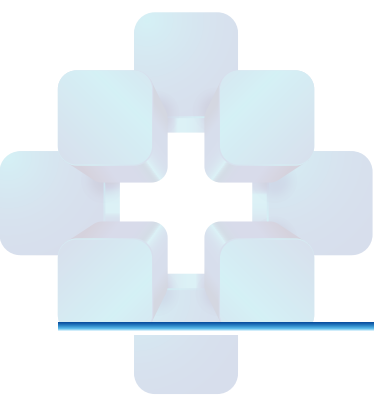
The capacity to serve Out-Patient group (OPD) was evaluated from the availability of room while the capacity to serve In-Patient was evaluated from availability of beds. As of December 31, 2019 the capacity of the hospitals in the Group was as follows:

	Princ Hospital Suvannabhumi		Pisanuvej Hospital		Sahavej Hospital		Paknampo Hospital	
	2019	2018 (EBT in February 2018)	2019	2018	2019	2018	2019	2018
Number of licensed beds	200	200	150	150	90	90	200	200
Average outpatients per day (persons)	215	309	566	573	150	185	353	336
Revenue (Million Baht)	227.6	206.9	1,200.6	1,160.5	174.8	176.6	530.4	514.3

	Sirivej Lamphun Hospital		Pittsanuvej Uttaradit Hospital		Princ Uthai Thani Hospital	
	2019	2018 (EBT in March 2018)	2019 (Operation in March 2019)	2018	2019 (Operation in November 2019)	2018
Number of licensed beds	59	59	57	-	59	-
Average outpatients per day (persons)	170	237	49	-	24	-
Revenue (Million Baht)	69.4	-	85.9	-	6.9	-

Project of which transfer has just been accepted

The Company set up a subsidiary, Principal Healthcare – Chumphon Co., Ltd., (“PCPN”) to invest in and operate a hospital business in Chumphon Province. The subsidiary acquired and accepted the transfer of the hospital business of Virajsilp Hospital Company Limited (Virajsilp), which had been operating a 100-bed private hospital - Virajsilp Hospital - located in Chumphon Province in the South. PCPN accepted the transfer of the hospital of Virajsilp, including its assets, licenses necessary for operating the hospital, as well as contractual rights and obligations as of the transfer date, and employees wishing to work for PCPN. The acquisition of Virajsilp's hospital effectively expanded the Company's hospital network to cover the South, another region of Thailand, thus enhancing growth potential and competitiveness, as well as future revenues. The transfer was completed in March, 2020.



Project under construction

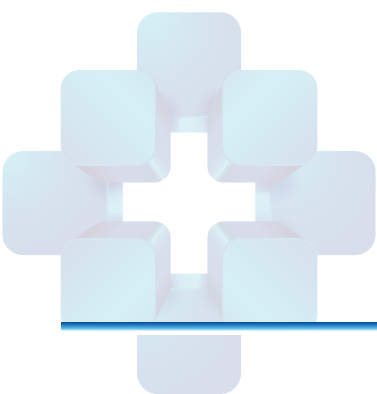
Principal Health Care Company Limited, a subsidiary of the Company, entered into a Joint Venture Agreement with Sisaket Meditech Company Limited, to form a Principal Healthcare - Sisaket Company Limited., in order to engage in a private hospital business in Sisaket Province. The hospital, to be named Princ Sisaket Hospital, will be the first private hospital in the province. The project is currently under construction and is expected to be available for services in Q2/2021.

b) Property Development for Rent

● Hotel/Service Apartment

1. Marriott Executive Apartment Sathorn Vista, Bangkok is a five-star hotel and serviced apartments with 187 units under management of the Marriott Group. Fully-equipped with facilities and amenities, it provides accommodation services to foreign customers working and traveling in Thailand for short- and long-terms. The property is located in a Central Business District on Sathorn Road near Silom, with an efficient security system.

Marriott Executive Apartment Sathorn Vista, Bangkok		
Business category	One five-star hotel and serviced apartment building	
Location	Sathorn Soi 3 (Suan Plu), S Sathon Rd, Thung Maha Mek, Sathon, Bangkok	
Room types	<u>Type</u>	<u>Number of rooms</u>
	1 Bedroom Suite	55
	1 Bedroom Executive Suite	50
	2 Bedroom Suite	58
	3 Bedroom Suite	11
	3 Bedroom Executive Suite	10
Dining	<u>Name/type of food</u> Momo Café (Thai and international cuisines) Pool Bar	
Banquet and meeting room	<u>Room name</u> Board Room	
Other services	-	
Operation commencement 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 (Aim, Balance, Cheer Tower) 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	
Room Type	<u>Room type</u>	<u>Number of rooms</u>
	1. Studio Executive	26
	2. Studio Executive Twin	13
	3. 1-Bedroom Classic	13
	4. 1-Bedroom Executive	13
	5. 1-Bedroom Premier	39
	6. 2-Bedroom Executive	13
	7. 2-Bedroom Premier	13
	8. 1-Bedroom Deluxe	12
	9. 2-Bedroom Deluxe	13
	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	
Commercial Operation Date	Quarter 4, 2016	



- **Office space for rent business**

V Intelligence Co., Ltd., a subsidiary, is engaged in the renting of space in Bangkok Business Center Building to medium-sized and large companies, both Thai and foreign. The building is in Ekamai area, which is a CBD with complete public utilities and telecommunications.

Bangkok Business Center Building	
Location	Ekamai Road (Soi Sukhumvit 63), Klongton Nua, Wattana, Bangkok
Area	1-3-9 rai (709 square wah)
Building area	37,770.61 Square meters
Project details	30-story building with one basement floor
Highlights	Grade A Office building in Ekamai area. Modern decoration. Common facilities. A food court. Seven standard meeting rooms. A 50-seat training/seminar room. A plaza and shops.
Number of units for rent	93 unit
Target customers	Thai and foreign medium-sized to large companies looking for office space in Sukhumvit-Ekamai area, within a distance of 100-900 meters.



The Company has five plots of land in the provinces (Chiangmai, Ang Thong, Saraburi, Rayong and Udon Thani) with ownership held by V Brilliant Group Holding Co., Ltd. As the Company has a clearly defined policy to focus in the healthcare business and not to operate the property development for sale business, it will consider the potential of the individual land plots to determine their suitability for development into a hospital rather than property for sale. Plots with no potential for development into a hospital will be sold back to the seller within the time frame (as specified in the Sale and Purchase Agreement) or will be sold to interested investors.

c) Investment Consultancy Business

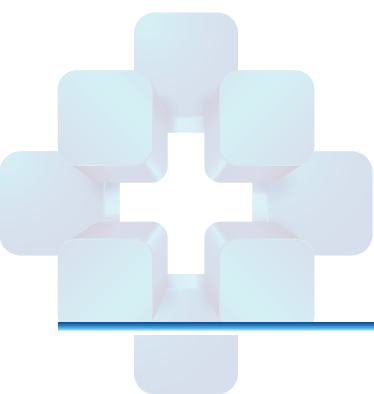
Principal Investment, a subsidiary, provides investment consultancy services. Its operation is currently under suspension.

Market and competition

Overview of Thai Economy

In 2019, the Thai economy is expected to grow at a rate of 2.5 %, lower than the previous year, due mainly to the export slow down induced by risks arising out of the unstable world economic policies, as well as the trade war and Brexit. The Government took several measures to stimulate the economy, including reducing the cost of living of low income earners through the state welfare card, the Card Top-Up Measure, the tourism promotion “Shim Shop Shai” (tasting, shopping and spending) scheme, the measures to support small farmers and drought-affected farmers, the tax measures to promote domestic investment (1.5 times deduction of expenses for machinery investment) and easing SMEs’ access to financing. The main objectives of these measures were to stimulate private sector consumption and investment. The Bank of Thailand has forecast Thailand’s economic growth in 2020 at 2.8% due to the export slowdown as a result of the trade war which has led to uncertainty. The outbreak of Covid-19, which started in China and forced the Chinese Government to bar outbound Chinese tourists, has significantly led to reduction of the number of Chinese tourists visiting Thailand, affecting the tourism industry and linkage industries, as well as domestic spending.

Source: 2020 Thai economy: another bad year (ชาติอีกปีหรือดีอีกหน) By the Bank of Thailand
<https://www.posttoday.com/finance-stock/columnist/600179>



Overview of Healthcare Business in Thailand

The medical service business has been growing by leaps and bounds due to the fact that medical services are one of the basic necessities in life.

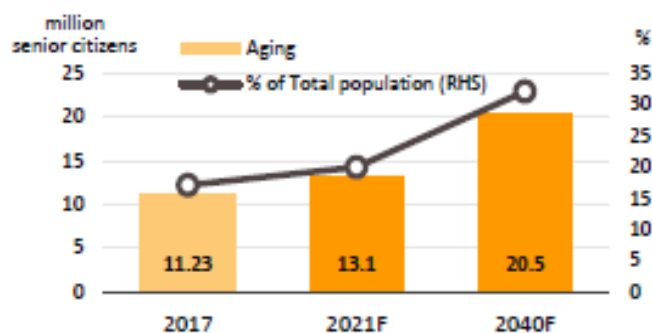
The Thai healthcare system

The government provides healthcare schemes to all Thai people through the health security system. The main healthcare schemes are as follows:

- The Universal Coverage Scheme: provision of medical and healthcare service to those who do not have any other healthcare coverage, especially low-income earners. This scheme is known as the “30 Baht Scheme”, mainly covering general illnesses, and is under supervision of the National Health Security Office.
- The Social Security Scheme: provision of medical and healthcare services to private companies’ employees. This scheme covers illnesses and disabilities, including child delivery, child care, senility and unemployment. This scheme is under supervision of the Social Security Office.
- Medical benefit schemes for government officials and state enterprise employees: provision of medical and healthcare services to government officials and state enterprise employees, their spouse, parents, and children under legal age. These schemes are under supervision of the Comptroller General Department, Ministry of Finance.

Positive factors for the private hospital business

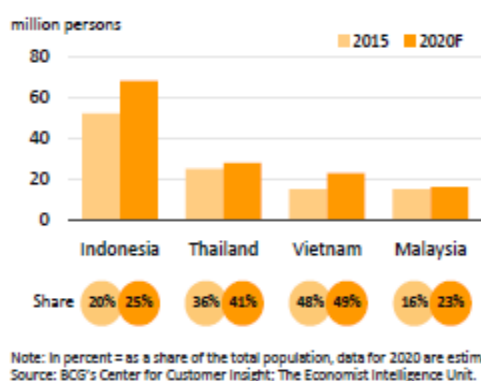
- **Becoming an aged society** This will lead to increasing demands for more sophisticated medical services requiring higher technologies. The NESDB forecast an increase of the population over 60 years of age from 11.2 million in 2017 to 13.1 million in 2021. 60% of elderly people generally have health problems. The Ministry of Public Health forecast the increase of healthcare expenditure for the elderly from 63 billion Baht (2.1% of The GDP) in 1990 to 228 billion Baht (2.8% of the GDP) in 2022 (From the Twelfth National Health Development Plan, 2017-2021).



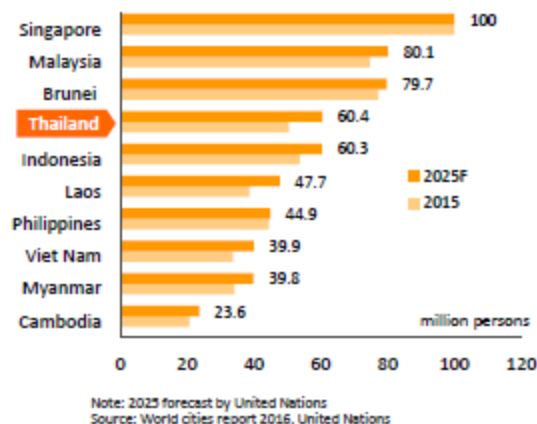
Source: NESDB

Population over 60 years of age in Thailand

- Urbanization** The United Nations expects Thailand's degree of urbanization to increase from 50.4% in 2015 to 60.4% in 2025. The governments' several initiatives, such as those related to investments in infrastructure, establishment of Special Economic Zones and the Eastern Economic Corridor (EEC), offer greater opportunities for businesses to expand healthcare services to the provinces to accommodate patients and expatriates working in Thailand.

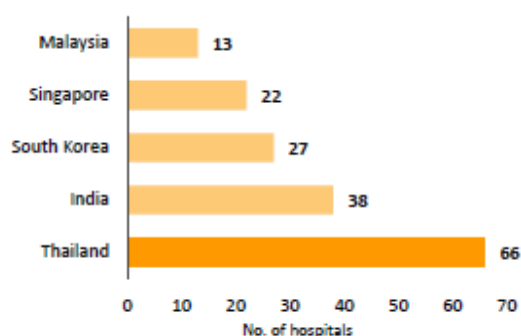


Proportion of middle-income earners in some ASEAN countries



Urbanization in Thailand and other ASEAN countries

- Government support to make Thailand a Medical Hub of Asia** A plan (for 2016-2025) has been established and implemented to make Thailand a medical hub. The country is known as one of the medical tourism hubs in the world because Thai hospitals are advanced and provide specialist centers, especially those for chronic disease treatment (including heart disease, bone diseases, cancer etc.) as well as elderly care centers. Moreover, Thai private hospitals are well-recognized for treatment quality and the prices of medical services are lower than other countries. In addition, 66 Thai hospitals are accredited by the Joint Commission International (JCI), which is more than competitor countries in the region. (For example, there are 38 JCI-accredited hospitals in India, 22 in Singapore, and 13 in Malaysia.) The International Healthcare Research Center (IHRC) ranks Thailand sixth for medical tourism and as the country with the largest share of medical tourists in Asia, 38%.



Source: Joint Commission International

JCI-accredited hospitals

Procedure :	USA	India	Thailand	Singapore
Coronary Angioplasty	28,200 \$	5,700 \$	4,200 \$	13,400 \$
Heart Bypass	123,000 \$	7,900 \$	15,000 \$	17,200 \$
Hip Replacement	40,364 \$	7,200 \$	17,000 \$	13,900 \$
Gastric Bypass	25,000 \$	7,000 \$	16,800 \$	13,700 \$
Hysterectomy	15,400 \$	3,200 \$	3,650 \$	10,400 \$
Lasik (2 eyes)	4,000 \$	1,000 \$	2,310 \$	3,800 \$
Dental Implant	2,500 \$	900 \$	1,720 \$	2,700 \$
Breast Implant	6,400 \$	3,000 \$	3,500 \$	8,400 \$

Source: medicaltourism.com (2019)

Table showing medical expense comparison

In addition, the period for staying in Thailand for medical treatment for people from CLMV countries and China has been extended from 30 to 90 days. Long-stay visas for people from 14 countries have been extended from 1 to 10 years. Dental and check-up packages are also offered to foreigners.

Moreover, the Medical Hub has been identified as one of the 10 target industries of the Special Economic Zone Policy and is among the four high-tech industry groups (medicine, herbs, medical equipment and medical services). Tax privileges have been granted to increase competitiveness by reducing costs to induce more medical service users.

- **The number of patients and death rates from Non-Communicable Diseases (NCD's), such as heart disease, stroke, cancer, diabetes and pneumonia, tend to increase among Thai people.** Patients in Thailand show relatively high behavioral risks, including a high smoking rate, high alcoholic consumption at 6.5 liters per person per year, higher sugar intake than the safe limit by almost five times. This leads to prediction that the demand for medical services will continue to rise.

Negative factors potentially affecting the growth of the healthcare business

- **Intense competition from domestic and foreign competitors**

Apart from continued investments of the existing hospital business operators, large investors in other industries have adjusted their business model and entered the hospital business; e.g., Pruksa Holding (operator of Vimutti International Hospital - expected to open in 2020), RSU Group (RSU International Hospital, also to open in 2020), other groups such as Charoen Pokphand Group (CP Group) and Thai Charoen Corporation (TCC Group). This causes an increase in the numbers of hospitals and beds, resulting in more intense competition among Thai hospital business operators in terms of pricing and services, as well as medical personnel poaching. In addition, private hospitals also have to compete with after hour clinics of public hospitals and its spoke hospitals as well as medical schools (such as Siriraj Piyamaharajkarun Hospital, spoke hospital of Siriraj hospital and Somdech Phra Debaratana Medical Center of Ramathibodi Hospital) which have competitive advantages in terms of reputation, medical technology and medical specialists.

In the medium to long term, the private hospital business would be faced with competition from advancement to this business of foreign investors exploiting benefits from the opening of the AEC, allowing foreign investors to hold up to 70% shares in Thai hospitals, particularly those from Singapore and Malaysia who have experience in acquiring this business in other countries. In addition, there are also foreign hospital competitors. Some countries in Asia, such as Singapore, Malaysia and India, also position themselves as International Medical Hubs and have the same target as Thailand. Middle East countries which are major customers of leading Thai hospitals, such as Qatar, opened a Medical City with 559 beds worth 23,000 million Baht in the end of 2017. Kuwait opened a Hospital Complex with 1,166 beds worth 35,000 million Baht. The United Arab Emirates changed the health insurance policy to focus on undergoing domestic medical treatment instead of going abroad for medical services. These factors put the pressure

on the financial performance and profitability of private hospitals, and medium-sized and small-sized hospitals with no spoke hospitals would have lower profits.

- **Government policy to control the prices of medicines, medical supplies and medical services**

In January 2019, the Cabinet approved the adding of medicines, medical supplies and medical services to the price control list according to the Prices of Goods and Services Act, B.E. 2542 (1999). Such inclusion of goods such as medicines and medical supplies and services may affect the service charge adjustment and operating results of private hospitals, particularly medium-sized and small ones without a network, in the future.

Source: 2019-2021 Business/Industrial forecast "Private Hospital Business", Krungsri Research Center

Marketing Strategy

1. To expand the hospital network by increasing the number of hospitals in secondary provinces through self-investment in provinces with good potential and no private hospitals. Investment has been made in Uttaradit Province; a hospital in Uthai Thani Province has been renovated and has been operational since 2019. In addition, the Company also has a policy to partner with the existing medium-sized and small-sized hospitals through joint ventures or acquisition, with priority given to established and reputable hospitals in operation for longer than 10 years. Of late, in 2020, the Company expanded the network to the Northeast and the South by forming a joint venture with a local operator and acquisition of a hospital with good potential. As a result, the Company's network now has 10 hospitals.
2. Penetrating the middle-income group, the majority of the population, employing a focus strategy through pricing at lower levels than leading chain hospitals.
3. Provision of hospital management service to private and public hospitals, especially private hospitals in the provinces which have been in operation for more than 10-25 years. The operators of these hospitals neither want to sell their business nor to find a new partner but have incurred losses from the operation. The Company will manage their business and take care of cost management, guaranteeing revenue and profit growth.
4. Using technology to drive the business, attaching importance to modern medical technologies to provide greater efficiency of services to patients; for example, automatic medicine dispensing machines, dispensing medicine using a system with high accuracy, having modern medical equipment, and reviewing x-ray images via a computer. This is done in parallel with development of the Hospital Information System to establish network hospital management; promotion of resource sharing and working collaboration, e.g. procurement, finance, information technology, strategic work, accounting, as well as the new human resources system, Workday, which will provide an overview of human resources of the hospitals in the network and enable efficient management of human resources.

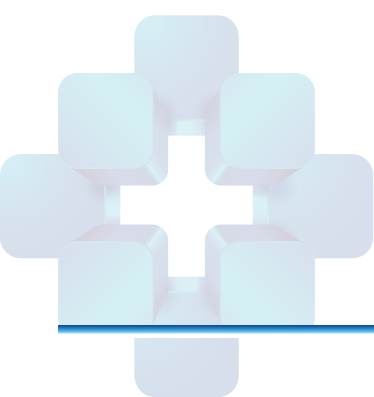


Competition

The hospitals of the subsidiaries are located in Samut Prakan Province and six provinces in the North; namely, Pichit Province, Phitsanulok Province, Nakorn Sawan Province, Uthai Thani Province, Uttaradit Province and Lamphun Province. According to the plan, the network will be extended to the Northeast and the South in Sisaket and Chumphon Provinces, respectively, in 2019. There are enormous opportunities to grow in the hospital business in these provinces because of their large populations. The hospitals in the group are considered leading hospitals in their respective areas in terms of medical teams, the number of beds, and the reputation of the hospitals in the network.

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

Group hospital	Nearby private hospital	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
	Samrong General Hospital	Samut Prakan Province
Pitsanuvej Pichit Hospital	Chai Arun Vejchakam Hospital	Pichit
	Srisukho Hospital	Pichit
Pitsanuvej Hospital	Bangkok Hospital Phitsanulok	Phitsanulok
	Ruamphat Phitsanulok Hospital	Phitsanulok
	Phitsanulok Hospital	Phitsanulok
Princ Paknampo Hospital 1 and Princ Paknampo Hospital 2	Srisawan Hospital	Nakhon Sawan
	Romchat Hospital	Nakhon Sawan
	Ruamphat Hospital	Nakhon Sawan
Pitsanuvej Uttaradit Hospital	No private hospitals Uttaradit Province	
Sirivej Lamphun Hospital	Lamphun Hospital	Lamphun
	Hariphunchai Memorial Hospital	Lamphun
Princ Hospital Uthai Thani Virajsilp Hospital	No private hospitals in Uthai Thani Province	
	Thonburi-Chumphon Hospital	Chumphon





The advantages of the private hospitals of the Group over competitors are as follows:

Princ Hospital Suvarnabhumi is in a good location near Suvarnabhumi Airport and Megabangna Shopping Centre, with a large property development project near the hospital. The hospital is ready to be developed into a tertiary care establishment.

Pitsanuvej Pichit Hospital is the first private hospital in Pichit Province. It has been in operation for 27 years. The establishment has competitive advantages in various aspects, including competent specialists, heavy investment in modern medical equipment, efficient management systems leading to effective cost control. Furthermore, the medical fees are charged at reasonable rates suitable for the target customers. In addition, the hospitals in the group have high capabilities, which builds confidence in case of transfers.

Pitsanuvej Hospital is accredited by the Joint Commission International (JCI). The international standard, hospital has modern medical equipment and offers advanced medical services. It also features an advanced technology Radiology Center. Moreover, the management team has over 40 years' experience in hospital management. Its medical personnel include multidisciplinary professionals in all areas, ready to deliver professional services.

Princ Paknam Hospital 1 and Princ Paknam Hospital 2 are both model hospitals when it comes to application of information technology, such as the smart system. It has been certified for having achieved HIMSS Analytics EMRAM Stage 7 (the first in Thailand to have achieved this level). It has network hospitals staffed with experienced medical personnel and specialists in various areas.

Pitsanuvej Uttaradit Hospital is a new hospital situated in Muang District of Uttaradit Province. It is the first private hospital in the province, with international standard operation rooms and modern medical equipment, such as a high-speed CT scanner and a mammography device. It is staffed with physicians specializing in many areas.

Sirivej Lamphun Hospital is a small private hospital located in Muang District of Lamphun Province. There are medical doctors specializing in treatment of cataract and osteoarthritis and modern medical equipment.

Princ Hospital Uthai Thani is a new hospital situated in Muang District of Uthai Thani Province. This first private hospital in the Province offers international standard medical services with modern equipment and has experienced medical personnel, ready to deliver professional services.

Virajsilp Hospital is a private hospital offering complete medical service. It has been in operation for over 40 years. It provides speedy and efficient examination and treatment, using modern medical equipment. Its Operation Center has a computerized analysis system which is efficient and fast.

In addition, the Company has introduced the Hospital Information System (HIS) for use in the hospital network. All the databases have been uploaded to cloud and patients' records are digitally linked, thus increasing efficiency in treatment and significantly reducing server costs, maintenance costs and personnel costs. The system can accommodate rapid expansion of the business and network operation as users can access information of each hospital from everywhere and anytime according to the assigned authority. Also, the HIS can support the Electronic Medical Record (EMR) system and can accommodate all steps in the hospital process, from registration to completion of the treatment and the discharge. Principal Healthcare is the first hospital network to have uploaded all the databases to the cloud. In Addition, as it recognizes the importance of human resources development, it has installed the Workday Human Capital Management (HCM), a Workday cloud technology in order to increase operation efficiency and upgrade the health service experience in Thailand and ASEAN.

The Company's selecting the HCM signified its being the first healthcare business to have turned to cloud technology for management of human capital. This is part of the digital transformation strategy. Through the use of an application, employee time attendance can be managed with greater flexibility. This also applies to making leave requests, shift change requests, and announcements, as well as performance appraisal.

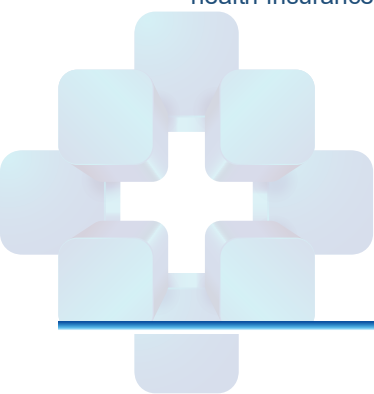
Customer characteristics

Customers of the hospitals of companies in the Principal Healthcare Group can be classified into two categories as follows:

1. Cash customers These customers pay their hospital bills out of their own pocket. The target customers in this category are those living or working near the respective hospitals.
2. Contract customers These are customers undergoing treatment under the contracts made with their organizations, which will assume responsibility for the expenses incurred, or holders of health insurance policies whose expenses will be reimbursed by the hospital from the organizations or the insurers, or the Social Security Office.

Target customers

Target customers are middle to high income earners in each locality, including those holding life and health insurance, customers suffering from road accidents and foreigners.



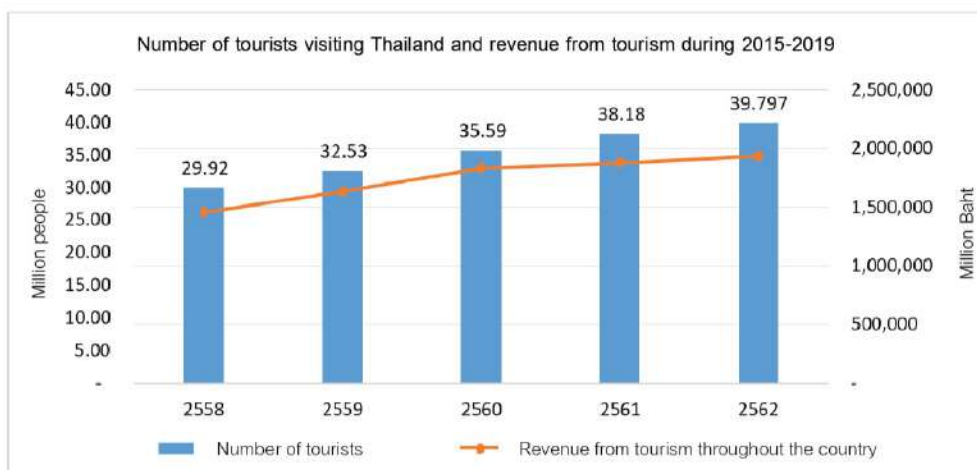
Pricing policy

The Group's policy is to set prices at levels suitable for the symptoms and treatment methods. The prices are comparable to local competitors of the same level and are competitive, based on market prices of reference hospitals in the same or nearby locations.

1) Overview of the tourism industry

The serviced apartment and the hotel businesses are closely related to the tourism industry since some of their customers are tourists. The overall tourism industry in 2019 continued to grow, both in terms of the number of foreign tourists and their spending. The supporting factor was the measures taken by the government to promote tourism. The fee for visa on arrival, covering 21 countries, was reduced until October 31, 2019, followed by a one-year extension. Visa fees are exempted for tourists from 19 countries, excluding China and India, until October 31, 2020. Visas are exempted for Chinese and Indian tourists arriving in Thailand for a 15-day stay in Thailand, effective from November 1, 2019 to October 31, 2020.

With regard to Thailand's tourism situation, in 2019, there were 39.79 million foreign tourists visiting Thailand, representing an increase of 4.24% from 2018.

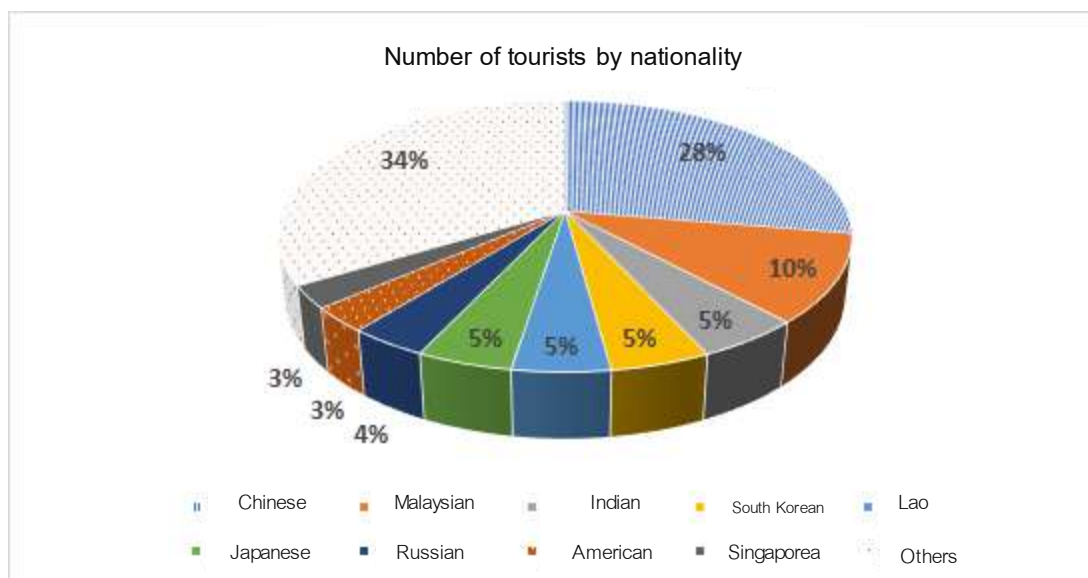


Source: Department of Tourism, Ministry of Tourism & Sports

The revenue from foreign tourists visiting Thailand in 2019 totaled 1.93 trillion Baht, increasing by 3% from 1.87 trillion Baht in 2018, a positive change for the fifth consecutive year.



The pie chart below shows the top ten tourist nationalities in 2019



Source: Department of Tourism, Ministry of Tourism & Sports

Of all the tourists visiting Thailand, the Chinese accounted for 28%, followed by the Malaysians (10%) and four nationalities were number three; i.e., the Indians, the South Koreans, the Laotians and the Japanese.

2020 will be a challenging year for Thai tourism due to several factors – the global economic slowdown, appreciation of the Baht, and the novel coronavirus outbreak in China and other countries, including Thailand. All these are expected to result in smaller numbers of tourists from China and other countries by approximately 0.5 - 2.0%.



Overview of the Bangkok serviced apartment market

The supply of serviced apartments in Bangkok is expected to increase as new serviced apartment projects emerge on a continuous basis. These projects are from listed property developers wishing to generate extra revenues from rent, such as Sansiri Plc., Origin Property Plc., and Ananda Development Plc.

The demand for serviced apartments still comes mainly from expatriates. As of Q4/2019, 102,274 aliens have obtained a permit to work in Bangkok. The number has been constantly on the increase over the past several years. Rental rates for serviced apartments in Bangkok have not increased much. The average occupancy rate of serviced apartments in Bangkok is at 85.9 %, with Sukhumvit remaining the most popular area among the expatriates due to convenience brought about by the BTS and other facilities. The extension of the dark green line is another factor leading to the increase in the demand for this area. The average rental rates in Sukhumvit area fall around 850 –1,200 Baht per square meter per month. The rate may be adjusted upwards only slightly in 2020 as most of the tenants have made long-term agreements. Competition between serviced apartments and luxurious condominiums has been quite intense over the past several years. Quite a few serviced apartment tenants have moved to condominiums in the same area as the rents are lower while the facilities are more or less the same.

Source: Q4/2019 Bangkok Serviced Apartment Report, Colliers International

Competition situation

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

Marketing strategies

The Company employs the following strategies for the serviced apartment business.

1. Ensure that services delivered match the rates charged to impress customers so that they come back again.
2. Have in place a reservation system which is efficient and is of international standard, both on the website and online.
3. Conduct sales promotion together with allies in the tourist industry and give a discount to foreign conglomerates.
4. Maintain the existing customer base and find new customer bases.

Target customer groups

1. Expatriates working in Thailand
2. Tourists

Pricing policy

Pricing of rooms in the hotel and serviced apartment businesses are subject to a number of factors; seasonality, prices of competitors at the same level, and operation cost. However, as the majority of the Company's customers are Thai and expatriate businessmen/businesswomen staying long-term, seasonality does not have much effect on the Company.

Distribution channels

The Company uses a variety of distribution channels, as follows:

- Direct sales through the Company's sales persons who submit a rate proposal directly to the customer to maintain their relationship.
- Sales through travel agents and booking websites, such as Agoda.com, Booking.com, Hotels.com and Expedia.com.
- Sales through Internet booking on the website www.marriott.com This channel has become more and more popular among foreigners.

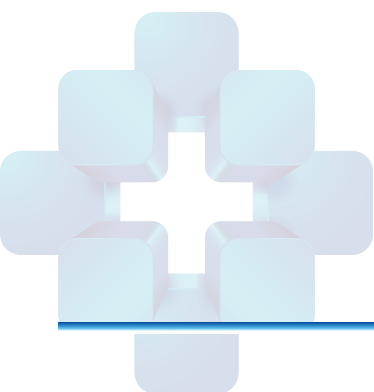


2) Overview of the office building for rent business

At the end of 2018, there were 8.80 million square meters of office space in Bangkok, around 262,000 square meters of which being under construction and scheduled for completion in 2019. In addition, another 1.3 million square meters is also under construction, completion of which is expected during 2020 - 2022. About 50% of the supply are in the CBD area and about 70% are Grade A offices. New office buildings scheduled for completion during 2020 - 2024 are shown below:

Building Name	Lettable Area (square meters)	Completion
Summer Point	5,780	2020
Siam Scape	13,238	2020
Silom Center	17,000	2020
Sathom Prime	21,000	2020
Major Tower Ramkhamhaeng	25,181	2020
Rasa Two	45,000	2020
WHA Tower	53,000	2020
The PARQ	60,000	2020
Vanissa Building	22,185	2020
Total office completion in 2020	262,384	
111 Praditmanutham	9,800	2021
140 Wireless	14,315	2021
Poem Tower	25,000	2021
Kronos Sathom	22,481	2021
66 Tower	29,000	2021
O-NES Tower	46,000	2021
Oasis	53,000	2021
Onnut Hills	8,073	2022
M Tower II	15,682	2022
One City Centre	59,170	2022
Ratchayothin Hills	16,521	2022
The Unicom (Phayathai)	22,499	2022
One Bangkok (Phase I)	100,000	2022
The Forestias	100,000	2022
Sriboonrourng	56,500	2022
Super Tower	94,000	2023
Chuvit Garden	20,000	2023
Dusit Central Park	90,000	2024
Total office completion 2021-2024	782,104	

Source: Bangkok Office Market Overview Q3 2019, Knight Frank (Thailand)



The office space occupancy rate in Q4/2019 was around 95.9%. During the past several years, the demand for office space was around 150,000 – 2000,000 square meters per year on average and is expected to remain at this level well into the future. However, the office building space occupancy rate varies with global economic growth. In 2021, the occupancy rate may shrink with the entrance of new supply which will force rental rates down.

Rental rates in the CBD will still go up by 5-10% per year. The average rental rate for Grade A office space in the CBD area is 1,112 Baht per square meter per month while the average rental rate for Grade B office space in the CBD area is 759 Baht per square meter per month. The average rental rates for Grades A and B outside the CBD are 940 and 582 Baht per square meter per month, respectively.

Sources: Bangkok Office Market Report, Q4 2019, Knight Frank (Thailand)
Bangkok Office Market Overview Q3 2019, Knight Frank (Thailand)

Marketing strategy

- The Company's office buildings for rent are located in business districts, allowing convenient commuting
- The company has in place standardized security systems, with experienced and skillful technician teams overseeing the buildings and the systems.
- The Company has professional and experienced teams for management of office buildings for rent.

Target customers

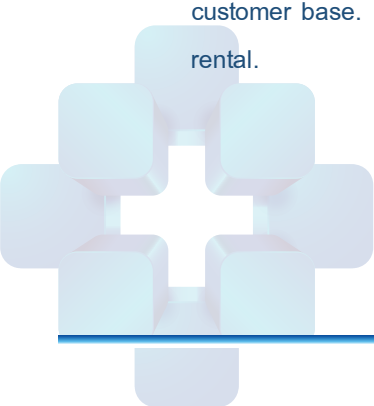
Target customers are Thai and foreign medium-sized to large firms wanting office space in Sukhumvit - Ekamai area.

Pricing policy

The Company's policy is to set prices at appropriate and competitive levels.

Distribution channels

The Company and its subsidiaries conduct sales through agents as they have their network and customer base. In addition, customers may contact sales officials stationed in the building area for space rental.



Sourcing of products and services

Private hospital and private hospital management businesses

- **Medical Personnel**

As medical personnel – physicians, nurses and nurse aides - are key to the private hospital operation, the Company's policy is to find physicians specializing in specific areas in order to render quality services to patients. Physicians and nurses are selected from reputable medical and nurse colleges. In addition, physicians and nurses are further trained to develop and update their knowledge.

- **Sourcing of medicines and medical supplies**

The Company's policy is to procure medicines and medical supplies from several manufacturers and distributors to prevent risks from shortages. It plans to adopt a centralized procurement system for all the network hospitals. Procurement will collect purchasing orders from all the hospitals in the Groups and place orders with distributors from time to time.

- **Medical equipment**

Recognizing the importance of procurement of medical equipment as it is an important factor in patient treatment, the Company selects and purchases good quality medical equipment from reliable manufacturers and distributors providing good after sales services.

- **The environment and safety**

In operating the business, the Company recognizes the importance of buildings as well as the workplace and work safety. It also attaches importance to conservation of the environment and natural resources, including proper disposal of garbage and waste from the operation without affecting the environment

Property for rent business

To maintain the standards of services rendered to high-end customers, the Company made a management contract with the Marriott group, which is a world-famous hotel group, for management of the Company's residential building - Marriott Executive Apartments Sathorn Vista – Bangkok. A contract has also been made with the Ascott Group, also an internationally recognized hotel group, for management of the Somerset Ekamai Project.

Work Pending

-None-

Risk Factors

Business operation risks

Private hospital business

Risks from increasing competition

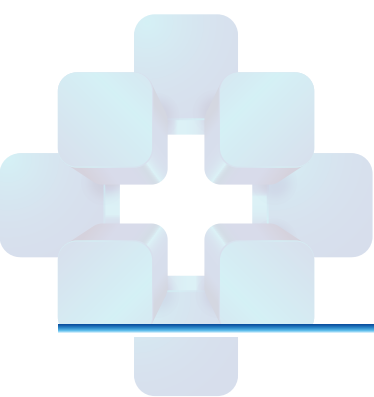
Despite its favorable growth potential, the hospital business is faced with intense competition both from public hospitals which now offer healthcare services of the same standard as private hospitals and from international operators under the health care liberalization policy. Foreign competitors have competitive edge in more advanced technologies, large hospital networks and a world class image.

Thai private hospitals will still confront fierce competition triggered by the increasing investment in the hospital business in Thailand over the past period, resulting in growing numbers of hospitals and hospital beds. Hence, there will likely be more intense competition among private hospitals with respect to pricing, promotion packages and special programs, and poaching of medical personnel. Competition also comes from after-hours clinic services offered by state hospitals and from medical colleges (such as Siriraj Piyamaharajkarun Hospital of Siriraj Hospital and Somdech Phra Debaratana Medical Center of Ramathibodi Hospital), which have competitive advantages in terms of reputation, medical technology and specialized physicians. Such competitive environment may crucially affect private hospitals' performance.

However, the Company focuses on providing services to middle- income customers who need international standard medical services in a private hospital. Charges of the Princ Healthcare's hospitals are lower than top tier hospitals. Also, the Hospital Information System has helped managing costs down and increased competitiveness.

Risks associated with hospital business expansion

In 2018, Principal Healthcare Co., Ltd., which is a subsidiary, formed a joint venture with Sisaket Meditech Company Limited in order to set up a 59-bed hospital in Sisaket Province as a move to expand into the Northeast. The Company may be exposed to risks of construction behind schedule, costs becoming higher than the estimates, or any other developments which interrupt the construction, causing damage, and the operating result of the hospital may not be as planned. However, as far as construction is concerned, the Company has hired experienced contractors and consultants to ensure that construction proceeds as planned. In addition, the contract signed with the main contractor has a condition clause, allowing a delay penalty enabling the subsidiary to claim from the main contractor in the event the construction is not completed on agreed schedule.



The Company's policy is to expand the private hospital business by building new hospitals and acquiring hospitals in operation, of which potential can be improved for future better performance. Investment in these two forms helps reducing risks as newly built hospitals need time to generate revenues and profits whereas acquired hospitals can deliver a stream of revenues and minimize impacts on the Company's overall operating result.

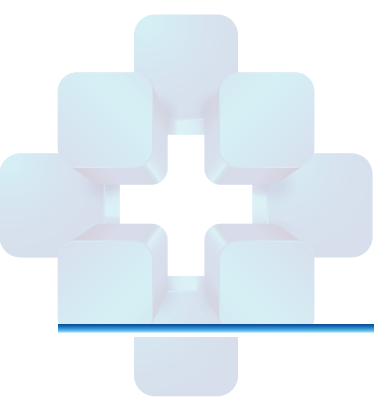
Risk from shortages of medical personnel

Medical personnel, consisting of physicians, nurses and specialists in various fields, are crucial to hospital business operation. Currently, the production of human resources for healthcare is still limited in quantity and famous physicians mostly work with public hospitals. Thus, it is costly to recruit these physicians, whether part time or full time. Consequently, there is possibility for competition for medical personnel. In addition, expansion of the private hospitals in preparation for an aging society and for future business expansion has led to an increasing demand for experienced and quality medical staff. Since the development of skills, knowledge and capability of these medical personnel takes an extended period of time, the business may be affected by shortages of medical staff in various fields in the future.

Nonetheless, the hospitals in PRINH Group are located close to state universities which offer the relevant fields of studies, such as Medicine, Nursing, Pharmaceutical Science, and Medical Science (Naresuan University, Phitsanulok 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 own existing resources.

Risks from changing technology for medical equipment

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



Risks of facing lawsuits for damage claims arising from medical services

The hospital business is faced with a threat of legal actions taken by patients or their related persons due to dissatisfaction with the treatment or the results of treatment by physicians or specialists which fail to meet their expectation.

PRINH Group has developed service quality and applied modern treatment technologies. Moreover, it has Medical Malpractice Liability Insurance coverage against claims by patients who find the treatment results not meeting their expectation. 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 bring about customer satisfaction.

Risks from regulatory changes

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

Property Development Business

Risks from intense competition

At present, competition in the serviced apartment business is relatively intense. As it also offers short-term stay services, it has to compete also with hotel operators. Moreover, several high-end condominium owners have converted some of their units to serviced apartments with lower rental rates. These make it more difficult for serviced apartment rental rates to be increased.

Risk from the change of policies towards land and building taxes

The Ministry of Finance has introduced a Land and Building Tax Act which has been endorsed by the cabinet and will come into force in 2020. The changes in the land and building policies may affect the Company and the subsidiaries in terms of increasing land tax expenses as a result of owning several parcels of land and buildings with values exceeding 50 million baht. The Act has a provisional clause alleviating the tax burden in the first two years (2020-2021). Owners of the property are required to pay taxes based on the value as appraised by the Treasury Department at the starting rate of 0.3 % for property worth less than 50 million Baht and the highest rate of 0.7% for property worth more than 5,000 million Baht. The rates are to go up by 0.3% every three years but the full rate shall not exceed 3% of the appraised value of the land and the buildings.

The Company's land and buildings are located in a business district and used to be subject to Building and Land Tax at the rate of 12.5% of rental revenues. The policy change will result in the Company having to pay taxes based on the values of land and buildings instead, which may be higher.

Risks related to credit extension

The Company is exposed to risks from extending credit related to account receivables and manages the risks by setting policies and procedures for appropriate credit control. Therefore, the Company does not expect to suffer significant damage from extending credit. Besides, the trade credit granted by the Company is not concentrated because of the diversity and large number of customers. The maximum loss from credit extension is the book value of the account receivables shown in the financial statements.

Financial Risks

Risk of capital structure and liquidity

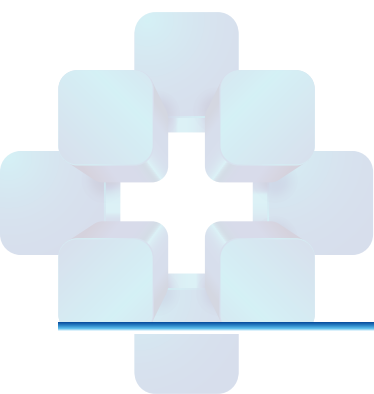
In 2019, the Company had an additional borrowing of 125 million Baht from financial institutions for construction of Princ Uthai Thani Hospital. As of December 31, 2019, the Company had loans from financial institutions totaling 1,600 million Baht for the healthcare business. Borrowings for the property development business totaled 674.94 million Baht. There were no Directors' loans. At the end of 2019, the debt to equity ratio was low, 0.56 time, hence the financial risk is still low.

Managerial risks

Risks arising from the major shareholders has influence over determination of managerial policy

As of January 24, 2020, the major shareholder, Viddayakorn Group, held 2,639,953,414 shares, representing 76.24% of the total outstanding shares. As a result, the Group can control and has influence over every matter requiring approval by the Shareholder's Meeting, be it appointment of Directors, or any other matters requiring a majority vote from the Shareholder's Meeting, except for matters required by law or the Company's Articles of Association to be passed by three-fourths of the votes of the Shareholder's Meeting. Therefore, the small shareholders are at risk from not being able to obtain the necessary votes for checks and balances in matters which the major shareholder proposes for consideration by the Shareholder's Meeting.

However, the Company has appointed three outsiders to be Independent Directors and the Audit Committee Members, out of the nine Directors for management checks and balances the management to a certain degree. Moreover, in case of a transaction related to the directors, the major shareholder and the controlling party including those with conflict of interest do not have the right to vote for approval in that matter.



Major Assets in Business Operation

Major Assets of the Company

As of December 31, 2019, the Company's main assets including land and building were as follows:

Hospital Business

a) Main Assets of Hospital Business

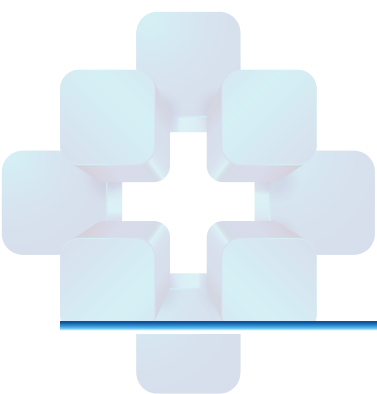
No.	Property Type/Location	Net Book Value As of Dec. 31, 2019 (Million Baht)	Ownership	Obligation
1.	Pitsanuloke Medical Co., Ltd. (Pitsanuvej			
	-Land 1-1- 45.5 rai Muang Pitsanuloke District, Pitsanuloke Province	192.93	Owned	None
	-Land 8-0-57.5 rai Muang Pitsanuloke District, Pitsanuloke Province		Owned	Bank of Ayudhaya PCL.
	-Land 28-1-78.1 Rai Muang Uttaradit District, Uttaradit Province		Owned	Bank of Ayudhaya PCL.
	Building	240.22	Owned	Bank of Ayudhaya PCL.
	Medical Tool and Equipment	126.70	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	Bank of Ayudhaya PCL.
	-Land 1-0-97 rai Muang Pichit District, Pichit Province	33.21	Owned	None
	Building	89.78	Owned	Bank of Ayudhaya PCL.
	Medical Tool and Equipment	34.53	Owned	Bank of Ayudhaya PCL.(partial)
3.	Paknampo Hospital Co., Ltd. (Paknampo Hospital 1, Paknampo Hospital 2)			
	-Land 13-0- 98.4 rai Muang Nakomsawan District, Nakomsawan Province	348.80	Owned	Thanachart Bank PCL.
	Building	1,025.73	Owned	Thanachart Bank PCL.
	Work in Progress	9.09	Owned	Thanachart Bank PCL.
	Medical Tool and Equipment	153.54	Owned	None

No.	Property Type/Location	Net Book Value As of Dec. 31, 2019 (Million Baht)	Ownership	Obligation
	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	4.49	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)			
	Building	504.06	Owned	Bank of Ayudhaya PCL.
	Medical Tool and Equipment	55.98	Owned	None
6.	Principal Healthcare – Uthai Co., Ltd. (Princ Uthaithani Hospital)			
	Land 12-1-79.55 rai, Nakom Luang District, Uthaithani Province.	31.20	Owned	Thanachart Bank PCL.
	Building	336.66	Owned	Thanachart Bank PCL.
	Medical Tool and Equipment	18.15	Owned	None
7.	Principal Healthcare – Lamphun Co., Ltd. (Sirivej Lamphun Hospital)			
	Land 10-3-98.5 rai Muang Lamphun District, Lamphun Province	35.25	Owned	Thanachart Bank PCL.
	Land 1-1-37.2 rai Muang Lamphun District, Lamphun Province	4.05	Owned	None
	Land 0-0-56 rai Muang Lamphun District, Lamphun Province	0.49	Owned	None
	Land 0-0-59.3 rai Muang Lamphun District, Lamphun Province	0.48	Owned	None
	Land 1-1-73.2 rai Muang Lamphun District, Lamphun Province	4.38	Owned	None
	Land 2-2-25.7 rai Muang Lamphun District, Lamphun Province	6.26	Owned	None
	Land 2-2-24.5 rai Muang Lamphun District, Lamphun Province	6.48	Owned	None
	Building and Improvement	63.38	Owned	Thanachart Bank PCL.
	Medical Tool and Equipment	16.43	Owned	None

No.	Property Type/Location	Net Book Value As of Dec. 31, 2019 (Million Baht)	Ownership	Obligation
8.	Principal Capital Co., Ltd. (PCL) (Princ Suvarnabhumi Hospital)			
	Land 0-1-31 rai Bang Phli District, Samut Prakan Province	368.47	Owned	Bank of Ayudhaya PCL.
	Land 2-2-41.7 rai Bang Phli District, Samut Prakan Province		Owned	Bank of Ayudhaya PCL.
	Land 3-2-53.3 rai Bang Phli District, Samut Prakan Province		Owned	Bank of Ayudhaya PCL.
	Building and Improvement	1,147.20	Owned	Bank of Ayudhaya PCL.(partial)
	Medical Tool and Equipment	123.58	Owned	Bank of Ayudhaya PCL. Kasikombank PCL.(partial)

● **Hotel/Service Apartment Business**

Project name and location	Project Type	Area (Rai-Ngan-Sq.wa)	Book Value As of Dec. 31, 2019 (Million Baht)	Owner	Obligation
Marriott Executive Service Apartments Sathorn Vista- Bangkok Tungmahamek, Sathorn Bangkok	Service Apartment	2-0-34.3	1,246.51	Company	Mortgage as collateral for bank
Somerset Service Apartment Soi Ekamai 2, Ekamai Road, Bangkok	Service Apartment	5-1-94	2,132.52	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, 2019 (Million Baht)	Owner	Obligation
Bangkok Business Center Sukhumvit 63 Road (Ekamai Road) Bangkok	Office area for lease	1-3-9	488.78	V Intelligence Co., Ltd.	Mortgage as collateral for bank

- Vacant land for project sell

No.	Asset/ Location	Book Value As of Dec. 31, 2019 (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	152.27	V33 Co., Ltd.	None
4	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: 1/ 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.

- Vacant land for project development

No.	Asset/ Location	Book Value As of Dec. 31, 2019 (Million Baht)	Owner	Obligation
1	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

Progress of the Business

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

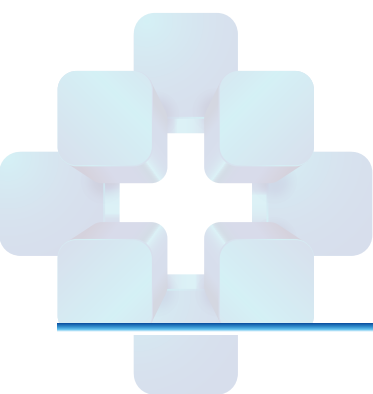
Year	
2019	<ul style="list-style-type: none"> On December 18, 2019, the Company entered into a joint venture agreement with the Nihon Keiei Group (NKG) to engage in the elderly care business. A new subsidiary Principal NKG Company Limited in Year 2020 was set up with a registered capital of 10,000,000 Baht, divided into 100,000 shares, each with a par value of 100 Baht. Principal Capital Public Company Limited holds 51 % of the shares and NKG holds 49%. In December 2019, the company set up a new subsidiary Principal Healthcare - Chumphon Company Limited with a registered and paid up capital of 270,000,000 Baht 99.99% of the shares were held by the Company through a subsidiary (PRINH). The objective of the new company was to engage in a private hospital business in Chumphon Province, through acquisition and acceptance of the Entire Business Transfer of a hospital of Virajsilp Hospital Company Limited. The transfer included assets, liabilities, licenses required for operating a hospital, as well as contractual rights and obligations of Virajsilp Hospital Company Limited as of the transfer date, including all of its employees wishing to work for PCPN. The consideration for the transfer and long-term lease of land totaling 570,000,000 Baht was paid to the old shareholder group of the hospital, using the Group's internal cash flows and borrowings from financial institutions. The transfer agreement was made on December 18, 2019 and the transfer of the hospital was completed on March 2, 2020. In December 2019, the Company signed an agreement with Bumrungrad Health Network Co., Ltd., which is under management of Bumrungrad Hospital Public Company Limited, to launch a new business model - "Bumrungrad Health Network – Growing Together", whereby medical excellence centers are to be set up to offer access to standard quality medical treatment. As part of the first phase, a Spine and Joint Center is to be opened at Princ Hospital Suvarnabhumi, to offer spine and joint medical treatment as a prototype of the model. On December 2, 2019, Princ Hospital Suvarnabhumi was officially opened. In November, 2019, a new subsidiary Principal Healthcare - Sisaket Company Limited – with a registered capital of 250,000,000 Baht, was incorporated to engage in a 60-bed private hospital business in Sisaket Province. 60% of the shares are held by Principal Health Care Company Limited (a subsidiary of the Company). This joint venture has been formed with Sisaket Meditech Company Limited. The Agreement was made on November 14, 2019. In November 2019, Princ Paknambo Hospital in Nakhon Sawan Province, was certified for having achieved Stage 7 – the highest level - on the HIMSS Analytics Electronic Medical Records Adoption Model (EMRAM). It is the first hospital in Thailand and the second in Southeast Asia to have achieved this level.

Year	
	<ul style="list-style-type: none"> — In November 2019, the Company made a sale of Convergence Systems Co., Ltd. to an outside party as the business was no longer necessary. Resources related to development of hospital systems, including personnel, were transferred to PRINH. — In November 2019, the Company issued and allocated new shares in a maximum amount of 222,249,300 Baht , with a par value of 100 Baht per share, at an offer price of 4.09 Baht per share, with 1.20% discount of the market price, the market price refers to the weighted-average price of the Company's shares traded on the SET during the period of 15 consecutive business days prior to the date of determination of the offering price by the Board of Directors which from 4 November 2019 to 22 November 2019, which was equivalent to Baht 4.14 per share (information from SETSMART at www.setsmart.com) in a private placement to one buyer, the International Finance Corporation ("IFC"), an institutional investor in the World Bank Group. The IFC is in a strong financial position and has genuine investment capability, having knowledgeable and experience in the healthcare business. It can share information useful for the Company business and can connect the Company with international corporations for business networking. This presents an opportunity to generate revenues and profits for the Company's sustainable growth. Proceeds of about 909 million Baht will be used in implementing the Company's plan for expansion of the Company's hospital and other linkage businesses, including increasing the number of hospitals in the network and finding business alliances for joint investment in more network hospitals. The registered capital has been increased from 3,240,087,520 to 3,462,336,820 Baht, with a par value of 100 Baht per share since November 28, 2019. — On November 15, 2019, Princ Uthai Thani Hospital was officially opened. — In September, 2019, the Extraordinary Meeting of Shareholders, Session 1/2019, approved the disposition of 9,985,998 ordinary shares of Bangkok Management Co., Ltd. ("BG"), representing 99.99 % of its issued and outstanding shares, each with a par value of 100 Baht, held by V Brilliant Group Holding Co., Ltd. ("VB"), a subsidiary of the Company, to VMS Development Co., Ltd. ("VMSD"), a connected person of the Company, at 133.08632 Baht per share. The selling amount totaled approximately 1,328.99 million Baht. Proceeds from the disposition will be used as working capital and in expanding the hospital and health care businesses in accordance with the Company's business policy. — On March 29, 2019, Pitsanuvej Uttaradit Hospital was officially opened. — On March 1, 2019, Principal Healthcare – Lamphun Company Limited completed the acceptance of the Entire Business Transfer (EBT) of Sirivej Lamphun Hospital. — In February, 2019, the Stock Exchange of Thailand approved reclassification of the Company's Industry Group from "Property Development and Construction" under the "Property Development" Sector to "Services" under the "Healthcare Service Services" Sector.

Year	
2018	<ul style="list-style-type: none"> — In November 2018, the Company was certified to the ISO 9001:2015 standard. — In October 2018, Principal Healthcare Co., Ltd., a subsidiary of the Company, set up Principal Healthcare – Lamphun Co., Ltd. with a registered capital of 200 million Baht to operate a private hospital business. The Company’s Board of Directors passed a resolution approving Principal Healthcare – Lamphun Co., Ltd.’s acceptance of the Entire Business Transfer (EBT) of Sirivej Lamphun Hospital in Lamphun Province, consisting of land and buildings, medical equipment and the licenses to operate the 59-bed hospital. — On June 7, 2018, the Company was certified as a member of the “Thailand’s Private Sector Collective Action Coalition against Corruption” (CAC) for its anti-corruption position. — In May 2018, Principal Healthcare Co., Ltd., a subsidiary of the Company, set up Principal Healthcare – Uthai Co., Ltd. to operate a private hospital business with a registered capital of 50 million Baht. Principal Healthcare – Uthai Co., Ltd. acquired a suspended hospital, a non-performing asset from a financial institution. The transaction included acquisition of land with an area of 12-1-79.5 rai and 10 buildings (under renovation) in Tambon Bangprakru, Nakhon Luang District, Uthai Thani Province. The buildings were renovated into a 59-bed hospital. — In March 2018, V Brilliant Group Holding Co., Ltd., a PRINC’s subsidiary set up two new companies: Ban Chang Business District Co., Ltd. and Udon Business District Co., Ltd., with a registered capital of 121 and 129 million Baht, respectively, to engage in property development. — On February 27, 2018, the Company purchased and accepted the business transfer of Thai Health Management Organization Co., Ltd. (“THM”), a company operating a private hospital business under the name “Piyamin Hospital” (subsequently renamed to “Princ Hospital Suvarnabhumi”), located in Samut Prakan Province, and three medical clinics in Bangkok. Under the terms of the Agreement, the Company would accept the transfer of the hospital business of THM, including its assets, liabilities, licenses necessary for its hospital business operation, all of the employees wishing to continue working for the Company, as well as the contractual rights and obligations existing as of the transfer date, pursuant to the terms and conditions of the Business Transfer Agreement between the Company and THM. The Company was obliged to pay a consideration not exceeding 900,000,000 Baht to THM upon fulfillment of the conditions precedent of the Agreement. The acquisition of THM’s hospital business was expected to result in expansion of the Group’s hospital network, particularly in Bangkok and its perimeter, given the hospitals currently operated by the Group were located only in the provinces. It would create a hub-and-spoke system for the Group’s hospital business, which would enhance growth and competitiveness. Acceptance of the transfer has been completed.

Year	
	<ul style="list-style-type: none"> On January 25, 2018, Alliance Medical Asia Co., Ltd. was renamed to Principal Healthcare Co., Ltd.
2017	<ul style="list-style-type: none"> In November 2017, the Company acquired the business of Alliance Medical Asia Co., Ltd (“AMA”) Group of Companies through the purchase of 268,374,998 shares, representing approximately 99.99% of AMA’s total issued and paid-up shares from the existing shareholders who were connected persons; namely, Miss. Satita Viddhayakorn (“Miss Satita”), Vantage Point Management Limited (“Vantage Point”) and Mr. Sirichai Towiriyawate (“Mr.Sirichai”), at approximately 7.4523 Baht per share, totaling not more than 2,000 million Baht. This deal effectively resulted in the Company acquiring six subsidiaries, of which shares had been held, directly or indirectly, by AMA, as well as their businesses. The subsidiaries were 1) Pitsanuloke Medical Co., Ltd. 2) Paknampo Hospital Co., Ltd.3) Union Pichit Doctors Co., Ltd. 4) Pitsanuvej Uthradit Co., Ltd. 5) Pitsanuvej Pattana Co., Ltd. and 6) P.N.P. Hospital Co., Ltd. (collectively referred to as “subsidiaries”). According to the Agreement, the payment for such shares would be made in cash to Khun Satita, Vantage Point and Khun Sirichai at 50% of the total purchase price on the Share Purchase Date and the remaining half of the total consideration would be paid within 12 months from the Share Sale and Purchase Agreement Date. In the event the Company paid the remaining portion to Ms. Satita, Vantage Point and/or Mr. Sirichai after the end of 6 months from the Share Sale and Purchase Agreement Date, the Company would have to pay monthly interest to Ms. Satita, Vantage Point or Mr. Sirichai at Bangkok Bank Plc.’s MLR minus 2% (MLR-2%), starting from the day immediately after the end of 6 months, until the full repayment was made (with no compound interest). In May 2017, Bangkok Management Co., Ltd, the Company’s subsidiary (“Subsidiary” or “the Seller”) sold 2 land plots with title deeds nos. 3582 and 3962, with a total area of 2-2-34.3 rai with a 34-storey building and parking as well as construction permit no. 42/2016, to Carlton Bangkok Investment Pte., Ltd. (“the Buyer”), at 2,400 million Baht, plus 100 million Baht for taxes and other expenses related to the transfer of the land and the building. The total purchase price was 2,500 million Baht. With consent of the buyer, Carlton Hotel Bangkok Co., Ltd., the Buyer’s subsidiary, was the transferee. The Company amended its objectives and Memorandum of Association to accommodate the hospital business operation.

Year	
2016	<ul style="list-style-type: none"> — The Company increased its paid-up capital, due to the conversion of 442,172,887 warrants amounting to 442,172,887 Baht, to 1,400,149,087 Baht. — The Company entered into a transaction, buying 99.99% of common shares and preferred shares of V Brilliant Group Holding Co., Ltd, which was engaged in property development business and investing in four subsidiaries operating property development business; namely, 1) V Intelligence Co., Ltd. 2) V Residence Co., Ltd.3) Bangkok Management Co., Ltd. and 4) V 33 Co., Ltd., from Ms.Satita Vidayakorn and Peak Development Holdings Ltd. The investment enabled the Company to obtain ownership in land and buildings in nine locations: four property projects located in the heart of Bangkok and five vacant land plots in the provinces. The total value of VB Group was 5,791.13 million Baht. The Company issued 1,839,938,433 new common shares, at the offer price of 2.87 Baht per share to Ms. Satita Vidayakorn and Peaks Development Holdings Ltd. and also issued promissory notes amounting to 510,509,850 Baht to Ms. Satita as consideration for the acquisition of V Brilliant Group Holding Co., Ltd., resulting in an increase in the registered capital to 3,240,683,433 Baht.

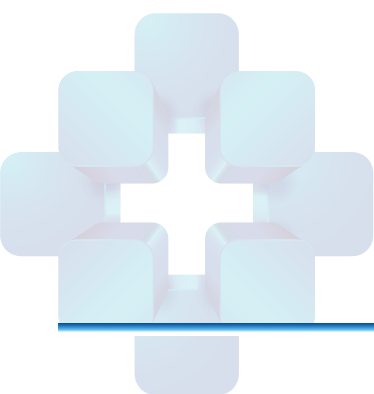


Investment policy in subsidiary company

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 (%)	
		2018	2019
Private Hospital and Private Hospital Management			
Principal Healthcare Co., Ltd. ^{1/} (PRINH)	Holding Company and shared serviced to other hospital in the group	99.99	99.99
Pisanuloke Medical Co., Ltd. ^{2/} (PSV)	Private hospital	60.00	60.00
Union Pichit Doctor Co., Ltd. ^{2/} (PPCH)	Private hospital	60.00	60.00
Pitsanuvej Uttaradit Co., Ltd. ^{2/} (PUTD)	Private hospital	60.00	60.00
Pitsanuvej Pattana Co., Ltd. ^{2/} (PPTN)	Private hospital	60.00	60.00
Paknampo Hospital Co., Ltd. ^{3/} (PPNP)	Private hospital	90.92	91.43
P.N.P. Hospital Co., Ltd. ^{3/} (PNPH)	Private hospital	90.92	91.43
Principal Healthcare – Lamphun Co., Ltd. ^{4/} (PLPN)	Private hospital	99.99	80.00
Principal Healthcare – Uthai Co., Ltd. ^{5/} (PUTH)	Private hospital	99.99	99.99
Principal Healthcare – Sisaketi Co., Ltd. ^{5/} (PSSK)	Private hospital	-	60.00



Company Name	Business Type	Shareholding (%)	
		2018	2019
Principal Healthcare – Chumphon Co., Ltd. ^{5/} (PCPN)	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. ^{6/} (VI)	Office area for lease	99.99	99.99
V 33 Co., Ltd. ^{6/} (V33)	Property development	99.99	99.99
V Residence Co., Ltd. ^{6/} (VR)	Hotel and serviced apartment	99.99	99.99
Ban Chang Business District Co., Ltd. ^{6/} (BBD)	Property development	99.99	99.99
Udon Business District Co., Ltd. ^{6/} (UBD)	Property development	99.99	99.99
Business Advisory Services			
Principal Investment Co., Ltd. (PI)	Business advisory service	99.99	99.99

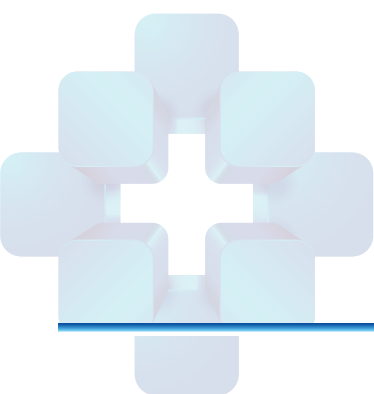
Remark : 1/ Previous name is Alliance Medical Asia Co., Ltd.

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 91.43% stake in Paknam 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, 2019 the Company had registered capital of Baht 3,564,096,272.00 and paid up capital of Baht 3,462,336,820 consisting of 3,462,336,820 common shares at par value of Baht 1 each.

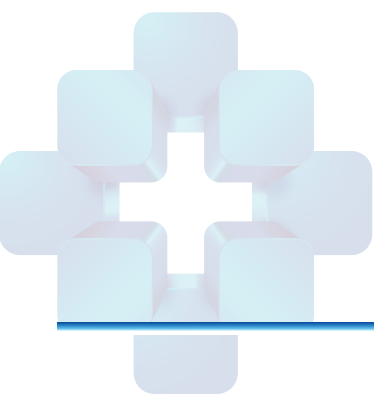
Shareholders

List of shareholders and percentage of shareholding on the book closing date as of March 13, 2020 were as follows:

Shareholder Name	No. of Shares	% Shareholding
1. UBS AG Hong Kong Branch	1,262,060,526	36.45
2. Dr. Satit Viddayakorn	806,728,800	23.30
3. Ms. Satita Viddayakorn	498,054,588	14.38
4. International Finance Corporation	222,249,300	6.42
5. Peak Development Holdings Ltd.	157,737,029	4.56
6. Mr. Sirinya Apimonbutra	100,000,000	2.89
7. Ms. Pallapa Viddayakorn	50,124,400	1.45
8. Ms. Somsamorn Putphan	40,628,800	1.17
9. Mrs. Payao Chalacheep	27,511,900	0.79
10. Ms. Tanatorn Viddayakorn	22,985,100	0.66
Other shareholders	274,256,377	7.97
Total	3,462,336,820	100.00

Dividend payment policy

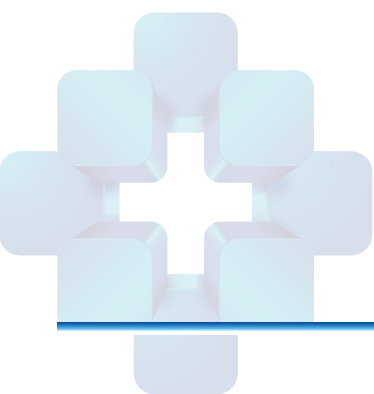
The Company has the policy to pay dividend to the shareholders at a rate of no less than 40% of the Company's annual net profit after deducting corporate income tax, legal reserve and other reserves. For the past years, the Company has never paid the dividend and presently in the period of business expansion. 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

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	Hospital Business and Private Hospital Management Business and Property development.
Head office location	23th Floor Bangkok Business Center Building 29 Sukhumvit 63, Klongtan Nua, Wattana, Bangkok 10110
Branch locater	1) 1 Soi Suan Plu, Sathorn Road, Thungmahamek, Sathorn Bangkok 10120 2) 35/2 Moo 12 Bangna-Trad Road, Bangkaew, Bangplee, SamutPrakan 10540
Business Registration Number	0107547000869 (formerly 0107574700864)
Registered capital	Baht 3,564,096,272.00 consisting of 3,564,096,272 common shares at par value of Baht 1 per share
Paid up capital	Baht 3,462,336,820.00 consisting of 3,462,336,820 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	2158 Srinala Road, Nai Muang Sub-district, Muang Phichit District, Phichit Province 66000	220.00	200.00	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	300.00	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, Nakomsawan Tok, Muang Nakomsawan District, Nakomsawan 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, Nakomsawan Tok, Muang Nakomsawan District, Nakomsawan 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	256 Moo 2 Sakae Krang District, Muang Uthai Thani, Uthai Thani 61000	200.00	200.00	Tel : 056-049-899 Fax : 056-049-898

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
Principal Healthcare – Chumphon Co., Ltd.	Private hospital	0105562205951	18/22 Paraminmanka Road, Tha Taphao District, Muang Chumphon, Chumphon 86000	270.00	270.00	Tel : 077-542-555 Fax : 077-542-570
Principal Healthcare – Sisaket Co., Ltd.	Private hospital	0335562001362	0885/15 Palat Monthon Road, Muang Tai District, Muang Sisaket, Si Sa Ket 33000	250.00	150.00	Tel : 02-714-2173 Fax : 02-714-2185
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	375.00	225.00	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	1,000.00	Tel : 02-714-2171 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
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
Udon Business 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
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

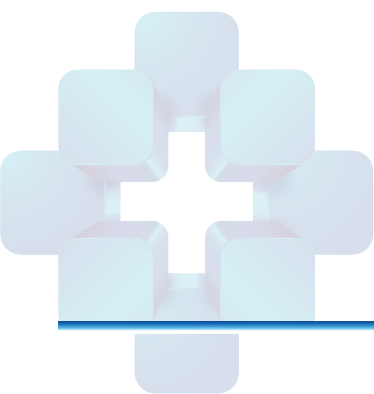
Mr. Chanchai Chaiprasit CPA No. 3760

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

Organization chart as of December 31, 2019



Director and Executive Remuneration

1) Cash Remuneration

In 2019, there were 9 meetings of the Board of Directors in which the Company paid the meeting allowance to all board members totaling of Baht 915,000. There was Executive Committee's meeting and Risk Management Committee meeting. However, all members of Executive Committee and Risk Management Committee disclaimed for 2019 cash remuneration. The Company paid annual bonus to all directors totaling of Baht 3,000,000. The total remuneration for the year was Baht 3,915,000.

Name of directors	Meeting allowance for members of Board of Directors, Executive Committee and Audit Committee	Annual bonus for directors	Total
1. Dr. Pongsak Viddayakom, M.D.	135,000	450,000	585,000
2. Mr. Yamsak Manomaiphiboon	165,000	450,000	615,000
3. Dr. Satit Viddayakom, Ph.D.	90,000	300,000	390,000
4. Miss Aranya Chalempomvarodom	100,000	300,000	400,000
5. Dr. Jutamas Ingpochai, Ph.D.	85,000	300,000	385,000
6. Mr. Veera Srichanachaichok	90,000	300,000	390,000
7. Dr. Soontorn Sritha, M.D.	90,000	300,000	390,000
8. Miss Seerada Tiemprasert *	-	300,000	300,000
9. Miss Patrapom Jarupat *	-	300,000	300,000
10. Mr. John LEE Kohshun (To appointed as the Director of the Company to replace Miss Seerada Tiemprasert)	80,000	-	80,000
11. Miss Tanatom Viddayakom (To appointed as the Director of the Company to replace Miss Patrapom Jarupat)	80,000	-	80,000
Total remuneration	915,000	3,000,000	3,915,000

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

During 2019, the Company paid the remuneration consisting of salary and bonus to executives of the Company and its subsidiaries total amounting to Baht 89 million.



2) Other Remunerations

Other Remunerations for Directors

The insured amount for the responsibility of director and executive and the compensation to the Company (Director and Officers Liability and Company Reimbursement Policy : D&O) was Baht 400 million.

Other Remunerations for Executives

- Provident Fund

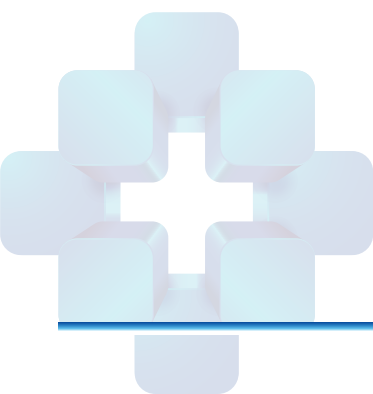
The Company has set up Provident Fund for its employees and executives since January 2014, in which the Company's contribution rate is 3% of the salary.

Human Resources

As of December 31, 2019 the Company and its subsidiaries had staff headcount (including executives) of 1,941. The Company paid total remunerations which included salary, over time, bonus, social security contribution and other welfare of totaling Baht 954.99 million.

Company name	Operational level (Person)	Executive level (Person)	Total staff (Person)
Principal Capital PCL.			
— Headquarter	21	14	35
— Branch	129	12	141
V Residence Co., Ltd.			
— Headquarter	-	1	1
— Branch	55	-	55
Principal Healthcare Co., Ltd.	180	8	188
Pitsanuloke Medical Co., Ltd.	649	16	665
Union Pichit Doctors Co., Ltd.	184	3	187
Pitsanuvej Uttaradit Co., Ltd.	107	2	109
Paknampo Hospital Co., Ltd.	372	13	385
Principal Healthcare – Uthai Co., Ltd.	54	3	57
Principal Healthcare – Lamphun Co., Ltd.	113	5	118
Total	1,864	77	1,941

Remark: Information as of December 31, 2019.



However, 11 subsidiaries include Pitsanuvej Pattana Co., Ltd., P.N.P. Hospital Co., Ltd. Principal Investment Co., Ltd., Principal Healthcare – Sisaket Co., Ltd., Principal Healthcare – Chumphon Co., Ltd., Bangkok Center District Co., Ltd., V Brilliant Group Holding Co., Ltd., V 33 Co., Ltd., V Intelligence Co., Ltd., Banchang Business District Co., Ltd., Udon Business District Co., Ltd., had no staff so no remuneration has been paid in 2019.

Bonus Criteria

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

Labor Dispute

None

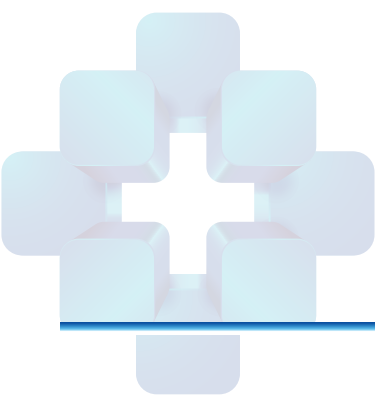
Staff Development Policy

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

Last year the Company arranged 3 in-house training courses to the staff and 10 training courses to the Executive and also sent the staff to attend external training courses related to their work. In addition, in Year 2019, there were 1 director joining Director Certification Program (DCP) which 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 2019 of the Company and its subsidiaries was totaling Baht 13.38 million, increasing from what has been approved by ordinary shareholder meeting in 2019 because there is audit fee for 3 newly opened companies in 2019.



Board of Directors of Principal Capital Public Company Limited



Dr. Pongsak Viddayakorn, M.D.
Honorary Chairman



Mr. John Lee Kohshun
Chairman of the Board of Directors



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



Dr. Satit Viddayakorn, Ph.D.
Director/Managing Director



Ms. Aranya Chalempornvarodom
Independent Director and
Member the Audit Committee



Dr. Jutamas Ingpochai, Ph.D.
Independent Director and
Member the Audit Committee



Mr. Veera Srichanachaichok
Director/Member the
Executive Committee



Dr. Soontorn Sritha, M.D.
Director/Member the
Executive Committee



Ms. Tanatorn Viddayakorn
Director/Member the
Executive Committee



Board of Directors

As of December 31, 2019, 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		
		Board of Director Meeting	Shareholders' Meeting	Reason for Absent
1. Dr. Pongsak Viddayakorn, M.D. ^{1/}	Honorary Chairman	9/9	2/2	-
2. Mr. John LEE Kohshun ^{2/}	Chairman of the Board of Directors	9/9	2/2	-
3. Mr. Yamsak Manomaiphiboon	Independent Director	9/9	2/2	-
4. Dr. Satit Viddayakorn, Ph.D.	Director	9/9	2/2	-
5. Miss Aranya Chalempomvarodom	Independent Director	8/9	2/2	Leave
6. Dr. Jutamas Ingpochai Ph. D	Independent Director	7/9	2/2	Leave
7. Mr. Veera Srichanachaichok	Director	9/9	2/2	-
8. Dr. Soontom Sritha, M.D.	Director	9/9	2/2	-
9. Miss Tanatom Viddayakorn ^{3/}	Director	9/9	2/2	-
10. Miss. Ritima Jirasuradate	Corporate Secretary	9/9	2/2	-

Remark : 1/ was appointment Mr. Pongsak Viddayakorn to be the Honorary Chairman effective as of August 13, 2019 onwards.

2/ was appointment Mr. John Lee Kohshun as the director of the Company to replace Miss Seerada Tiemprasert effective as of February 26, 2019 onwards and to be the Chairman of the Board of Directors to replace Dr. Pongsak Viddayakorn effective as of August 13, 2019 onwards.

3/ was appointment Miss Tanatom Viddayakorn as the director of the Company to replace Miss Patraporn Jarupat effective as of February 26, 2019 onwards.

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 prohibited characteristics under the Public Company Act B.E. 2535 and the laws governing securities and exchange and any relevant rules, regulations and/or notifications to be director in case there is a vacancy due to a cause other than retirement by rotation.

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

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

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

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

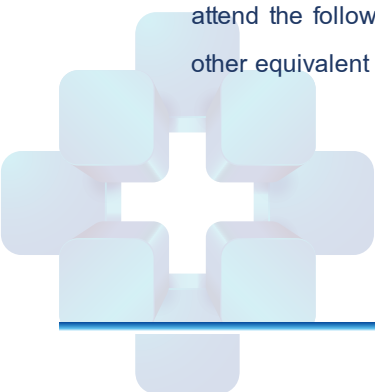
12. To appoint the corporate secretary in accordance with the Securities and Exchange Act who is responsible for preparing and assembling documents and other tasks as prescribed by the Capital Market Supervisory Board. The corporate secretary shall be in charge of supervising activities of the Board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

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

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

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

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

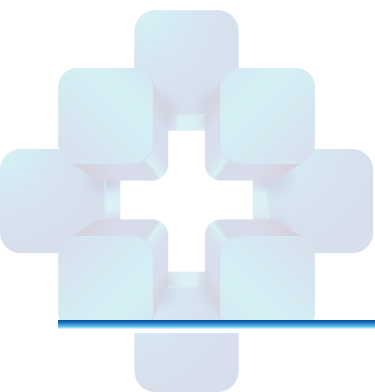


16. Other duties of the directors prescribed in the notifications, regulations, or any other laws of the governing agencies.

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

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

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

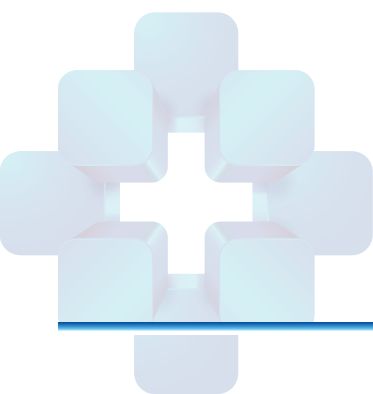


- **Executive Committee**

Executive Committee is appointed by the Company's Board of Directors as of December 31, 2019. 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	12/12	-
2. Mr. Veera Srichanachaichok	Executive Director	11/12	On business
3. Dr. Soontorn Sritha, M.D.	Executive Director	12/12	-
4. Miss Preeyapom Apiwathwittaya	Executive Director	12/12	-
5. Mrs. Achara Ratanaphunsri ^{1/}	Executive Director	1/1	-
6. Miss Tanatorn Vidayakorn ^{1/}	Executive Director	1/1	-
7. Miss Ritima Jirasuradate	Executive Director Secretary to Executive Committee	10/12	On business

Remark : 1/ Mrs. Achara Ratanaphunsri and Miss Tanatorn Vidayakorn, was appointed as Executive Director effective as of November 25, 2019.



Authorities and Responsibilities of the Executive Committee

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

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

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

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

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

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

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

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

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

- **Audit Committee**

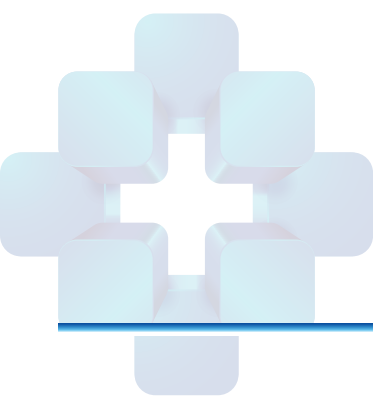
The Audit Committee shall comprise at least 3 independent directors, with at least 1 member of Audit Committee who has knowledge and experiences to review the reliability of financial statements. The Audit Committee members must bear independent qualifications in accordance with the Securities and Exchange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

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

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

For the year 2019, the Company has 3 members of the Audit Committee who have sufficient knowledge, ability and experiences to review the reliability of financial statement consisting of

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



Authorities and Responsibilities of the Audit Committee

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

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

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

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

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

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

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

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

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

10. To consider the independence of the internal audit department of the Company or recruit external service provider to perform internal audit functions. The Audit Committee may give recommendations on budget

and human resources of internal audit department. The Audit Committee shall give consent to the appointment, transfer and dismissal of the head of internal audit department and assess the performance of the head of internal audit department.

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

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

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

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

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

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



- **Risk Management Committee**

Risk management committee comprises at least 3 members appointed by the Board of Directors, and at least 1 member being a director of the Company. Each member can be the Risk Management Committee member of not exceed 5 listed companies. As of December 31, 2019, 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. Preeyapom Apiwathwittaya	Member of Risk Management Committee	4/4	-
5. Ass. Prof. Korpong Rookkapan, M.D. ^{1/}	Member of Risk Management Committee	2/2	-
6. Mrs. Achara Ratanaphunsri	Member of Risk Management Committee	4/4	-
7. Dr. Soontom Sritha, M.D.	Member of Risk Management Committee	4/4	-
8. Mrs. Tuanchai Keawwanna	Member of Risk Management Committee	3/4	On business
9. Miss. Ritima Jirasuradate	Member of Risk Management Committee and Secretary to Risk Management Committee	4/4	-

Remark : 1/ Ass. Prof. Korpong Rookkapan has resigned from Member of Risk Management Committee since August 1, 2019.

Authorities and Responsibilities of the Risk Management Committee

1. To consider and propose the risk management policy related to the Company's business operations, acceptable risk appetite, and other related operational framework to the Board of Directors.
2. To develop an efficient enterprise risk management system and promote collaboration to ensure risk management is continuously implemented at all levels in the organization.
3. To review risk report of each department and provide recommendations and resolutions.

4. To coordinate with the Audit Committee about significant risk factors and propose appropriate mitigation policy or measures.
5. To oversee the effectiveness of risk management processes.
6. To report significant risks and risk management solutions to the Board of Directors' meeting periodically.
7. To perform other tasks related to risks management as assigned by the Board of Directors.



Selection and Appointment of Directors and Removal of Directors

The appointment of Independent Director

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

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

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

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

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

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

6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding Baht 2 million per year from the Company, its subsidiary, related company, major shareholder or entity with controlling power, and not be a significant shareholder, entity with controlling power or partner of the provider of professional services.

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

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

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

After the appointment as independent directors with the qualifications in corresponding to No.1 to 9 specified above, they may be assigned by the Board of Directors to make collective decisions involving the business

of the Company, the parent company, subsidiary, associated company, major shareholder or an entity with controlling power.

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

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

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



Appointment of the Board members

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

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

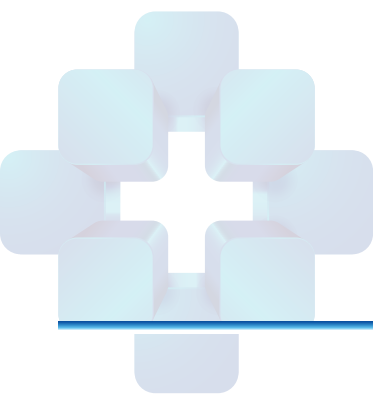
2. A director of the Company must be a knowledgeable, capable, transparent, honest person, has business ethics and has sufficient time to devote his/her knowledge, ability to perform duty for the Company.

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

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

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

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



Selection and Appointment of Senior Executives

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

Removal and Discharge of Directors

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

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

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

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

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

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

Executives of Principal Capital Public Company Limited

Lists of PRINC Group's executives as of January 1, 2020 are as follows:

Name	Position
Principal Capital PCL.	
1. Dr. Satit Vidayakom, Ph.D. ^{1/}	Managing Director
2. Mr. Veera Srichanachaichok ^{1/}	Acting Chief Financial Officer
3. Dr. Soontom Sritha, M.D. ^{1/}	Acting Chief Investor Relations and Performance Coach and Chief Business Expansion
4. Ms. Tanatom Vidayakom ^{2/}	Chief Investment Officer
5. Mrs. Achara Ratanaphunsri ^{2/}	Chief Administrative Officer
6. Dr. Suebpong Intralawan, M.D. ^{2/}	Chief Medical Officer
7. Ms. Preeyaporn Aphiwathwittaya	Director of Accounting Services
8. Ms. Ritima Jirasuradate ^{2/}	Corporate Secretary and MD Office Director
9. Ms. Thiranan Sangphungtham	Assistant Director of Legal & Government Relations
10. Ms. Atiya Awachanakam ^{2/}	People & Culture Cultivation Director

Remark : 1/ was appointed Dr.Satit Vidayakorn Ph.D., as Managing Director effective as of December 17, 2019 onwards.

was appointed Mr.Veera Srichanachaichok, as acting Chief Financial Officer effective as of December 17, 2019 onwards.

was appointed Dr.Soontorn Sritha M.D., as acting Chief Investor Relations and Performance Coach and Expansion Business effective as of December 17, 2019 onwards.

2/ was appointed Miss Tanatorm Vidayakorn, as Chief Investment Officer effective as of January 1, 2020 onwards.

was appointed Mrs.Achara Ratanaphunsri, as Chief Administrative Officer effective as of January 1, 2020 onwards.

was appointed Dr.Suebpong Intralawan, M.D., as Chief Medical Officer effective as of January 1, 2020 onwards.

was appointed Ms. Ritima Jirasuradate, as MD Office Director effective as of January 1, 2020 onwards.

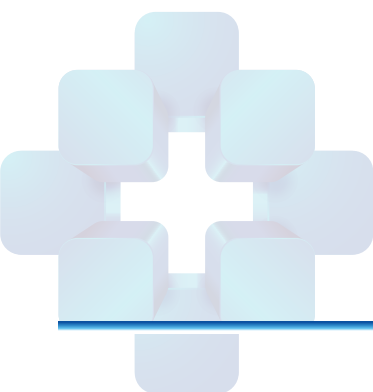
was appointed Ms. Atiya Awachanakarn, as People & Culture Cultivation Director effective as of January 1, 2020 onwards.

Name	Position
Principal Healthcare Co., Ltd.	
1. Mrs. Achara Ratanaphunsri	Chief Administrative Officer
2. Mrs. Tuanchai Keawwanna	Senior Consultant
3. Ms. Tanatom Vidayakom	Chief Investment Officer and Deputy Chief Administrative Office
4. Ms. Pear Hovrongkura	Assistant to Chief Administrative Officer
5. Mr. Naruepol Phansupamongkol	Assistant to Chief Administrative Officer
6. Mrs. Samerkae Sattapong	Division Director, Procurement Management
7. Mrs. Pimyada Ruananukoon	Division Director, Medicine & Med-Supply Sourcing
8. Mrs. Sukanit Mahanukul	Division Director, Central Payroll
9. Mr. Supawas Pongsiriphanich	Division Director, Construction Management
10. Ms. Atiya Awachanakam	Division Director, Human Resource
11. Ms. Patkamol Sakarthomsup	Senior Division Director, IT & Infrastructure
12. Ms. Kanokwan Udomkitkosol	Director, Technology Transformation

Name	Position
Principal Healthcare Co., Ltd.	
13. Mrs. Pimlada Boontem	Division Director, System & Process Improvement
14. Ms. Napatpom Rodcha	Division Director, Finance & Accounting
15. Ms. Tissana Toviriyavate	Assistant Division Director, Finance & Accounting
16. Ms. Budsakom Kaewboonthum	Division Director, Payroll Solutions
17. Dr. Athiwat Noiprasit, M.D.	Hospital Director
18. Dr. Narongsak Wongroj, M.D.	Director, Executive Development
19. Ms. Sudamas Boonwan	Division Director, Facility Management
20. Dr. Varan Tiensong, M.D.	Hospital Director
21. Dr. Chote Nisoong, M.D.	Hospital Director
22. Dr. Suradanai Naorungrot, M.D.	Division Director, Government Healthcare Coverage Setup
23. Dr. Bunchana Petchployngam, M.D.	Deputy of Hospital Director , Hospital Management
24. Ms. Janpen Jongjirangsap	Senior Division Director, Data Analysis/Core/Add-on Applications

Roles, Duties and Responsibilities of Chief Executive Officer

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

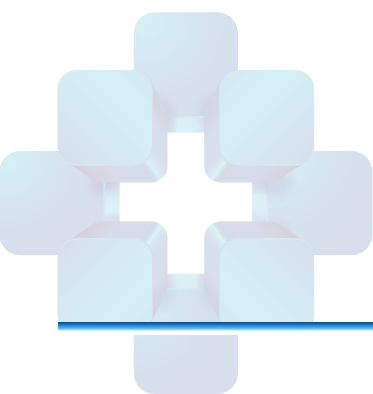


6. Monitor and evaluate the operations of the Company on a regular basis to prevent the various internal and external risk factors.
7. Empower to employ, appoint, transfer, and removal for cross-functional/departments/divisions or terminate the employment of the employees.
8. Empower to issue orders, 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 qualifications of the CFO are disclosed in the attachment 1. The Chief Accountant of the Company is Ms. Preeyaporn Aphiwathwithaya . She started working in this position since November 1, 2013. Her qualifications and experience are disclosed in attachment 4.

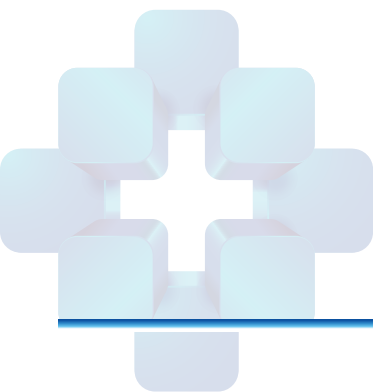


● Corporate Secretary

The Board of Directors has appointed Ms. Ritima Jirasuradate to be 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
Mr. Pongsak Viddayakorn, M.D. Honorary Chairman Director	87	<ul style="list-style-type: none"> - 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 	None	<ul style="list-style-type: none"> Father of Dr. Satit Viddayakorn and Grandfather of Ms. Tanatom Viddayakorn 	August 2019 - Present	Honorary President	Principal Capital PCL.
					April 2013 - August 2019	Chairman of the Board of Directors	
					April 2013 - Present	Directors	<u>Listed Companies</u>
					1977 - 2007	President/ Board of Directors	Bangkok Dusit Medical Services PCL.
					1991 - 2001	Board of Advisors/Deputy Chairman	Samitivej PCL.
		<ul style="list-style-type: none"> Training Thai Institute of Directors Association - Director Accreditation Program 2005 (DAP 45/2005) 			2017 - Present	Chairman	<u>Non-listed Companies</u>
							Pitsanuvej Pattana Co., Ltd.
							(Pitsanuloke Medical Co., Ltd's subsidiary)
					2017 - Present	Chairman	Pitsanuvej Uttaradit Hospital Co., Ltd.
							(Pitsanuloke Medical Co., Ltd's subsidiary)
					2016 - Present	Chairman	Union Pichit Doctors Co., Ltd.
							(Pitsanuloke Medical Co., Ltd's subsidiary)
					2015 - Present	Chairman	Pitsanuloke Medical Co., Ltd.
							(Principal Healthcare Co., Ltd's subsidiary)
					2014 - Present	Chairman	Paknam Hospital Co., Ltd.
					2013 - Present	Chairman	(Principal Healthcare Co., Ltd's subsidiary)
						Shareholder 99.998%	Hospital Management Training and Development Institute.

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. John LEE Kohshun Chairman of the Board of Director Director	76	<ul style="list-style-type: none"> - Master of Public Health (MPH), Loma Linda University. - MBA Philosophy MA., Adventist University of the Philippines. - Bachelor of Philosophy MA. Adventist University of the Philippines.	None	None	Aug 2019 - Present	Chairman of the Board of Director	Principal Capital PCL.
					Feb 2019 - Present	Director	<u>Listed Companies</u>
					2000 - 2007	Director	Samitivej PCL.
					2000 - 2007	Chief Executive Officer	Bangkok Dusit Medical Services PCL.
					2008 - 2010	Deputy President	
					2008 - 2010	Executive Director	
							<u>Non-listed Companies</u>
					2017 - 2019	Chairman	Premiere Home Healthcare Co., Ltd.
					2009 - 2010	Chairman	Bangkok Hospital Rayong
					2009 - 2010	Chairman	Bangkok Hospital Chanthaburi
		Training <u>Thai Institute of Directors</u> - Role of the Chairman Program 2018 (RCP 43/2018) - Director Certification Program 2002 (DCP 23/2002) <u>Clinical Training</u> - St Lukes Medical Center, Quezon City, Philippines 1969 - Loma Linda University Medical Center, Loma Linda CA, USA 1973			2010 - Present	Managing Director & Principal Consultant	MuziHealth Consulting Pte Ltd (Singapore)
							Parkway Health, (now part of IHH Healthcare, listed in Kuala Lumpur & Singapore)
					1998 - 2000		- Gleneagles Intan Medical Center, Kuala Lumpur.
					1996 - 1998		- Gleneagles International

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 Manomaphiboon Independent Director and Chairman of the Audit Committee	57	- BSc. 2nd Honor, Engineering Chulalongkorn University - MBA, Finance and Management - Indiana University, Boonington, USA <u>Training</u> - Program on Corporate Governance for Directors and Senior Management of State Enterprise and Public Organization Class 3 - Executive Class 5 Capital Market Academy <u>Thai Institute of Directors Association</u> - Director Certification Program 2005 (DCP 60/2005) - Director Accreditation Program 2004 (DAP 199/2015)	None	None	April 2013 - Present	Independent Director and Chairman of the Audit Committee	Principal Capital PCL.
					March 2017 - Present	Independent Director and Audit Committee	<u>Listed Companies</u> Cheneman PCL.
					February 2012 - Present	Independent Director and Audit Committee	Sahaviriya Steel Industry PCL.
					February 2018 - Present	Director	<u>Non-listed Companies</u> Asco Business Promotion Co., Ltd.
					February 2018 - Present	Director	National Digital IT Co., Ltd.
					May 2012 - Present	Secretariat	Association of Thai Securities Company
					2014 - 2016	Chairman	Federation of Thai Capital Market Organization
					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 Viddayakorn, Ph.D. Managing Director Chairman of the Executive Committee Chairman of the Risk Management Committee Director	57	<ul style="list-style-type: none"> - 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 Thai Institute of Directors Association - Director Certification Program 2015 (DCP 199/2015) 	23.30	Son of Dr. Pongsak Viddayakorn, MD Father of Ms. Thanatorn Thanatorn Viddayakorn	December 2019 - Present	Managing Director	Principal Capital PCL.
					April 2013 - Present	Chairman of the Executive Committee	
						Chairman of the Risk Management Committee	
						Director	Listed Companies Bangkok Dusit Medical Services PCL.
					2004	Assistant to President	
							Non-Listed Companies Principal Healthcare - Chumphon Co., Ltd. (Principal Healthcare PCL's subsidiary)
					December 2019 - Present	Director	
						Shareholder 0.001%	
					November 2019 - Present	Director	Principal Healthcare - Sisaket Co., Ltd. (Principal Healthcare PCL's subsidiary)
					May 2019 - Present	Shareholder 0.000004%	
						Director	VMS Development Co., Ltd. Principal Healthcare - Lamphun Co., Ltd. (Principal Healthcare PCL's subsidiary)
					2018 - Present	Director	
						Shareholder 0.001%	
					2018 - Present	Director	Principal Healthcare - Uthai Co., Ltd. (Principal Healthcare PCL's subsidiary)
						Shareholder 0.001%	
					2018 - Present	Director	Banchang Business District Co., Ltd. (V Brilliant Group Holding Co., Ltd.'s subsidiary)
						Shareholder 0.001%	

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. Sati Viddayakorn, Ph.D. Managing Director Chairman of the Executive Committee Chairman of the Risk Management Committee Director					2018 - Present	Director	Non-listed Companies (continued) Udon Business District Co., Ltd.
						Shareholder 0.001%	(V Brilliant Group Holding Co., Ltd.'s subsidiary)
					2018 - Present	Director	P.N.P. Hospital Co., Ltd.
							(Paknampo Co., Ltd.'s subsidiary)
					2018 - Present	Director	Paknampo Hospital Co., Ltd.
							(Principal Healthcare PCL's subsidiary)
					2017 - Present	Director	Principal Healthcare Co., Ltd.
							(Principal Capital PCL's subsidiary)
					2017 - Present	Director	Pisanuvej Pattana Co., Ltd.
						Shareholder 0.001%	(Pitsanuloke Medical Co., Ltd.'s subsidiary)
					2017 - Present	Director	Pisanuvej Utharadit Hospital Co., Ltd.
						Shareholder 0.001%	(Pitsanuloke Medical Co., Ltd.'s subsidiary)
					2016 - Present	Director	Union Pichit Doctors Co., Ltd.
						Shareholder 0.001%	(Pitsanuloke Medical Co., Ltd.'s subsidiary)
					2017 - Present	Director	Service Station Co., Ltd.
						Shareholder 0.001%	
					2015 - Present	Director/Managing Director	Pitsanuloke Medical 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. Sati Viddayakorn, Ph.D. Managing Director Chairman of the Executive Committee Chairman of the Risk Management Committee Director					October 2016 – Present	Director	Non-listed Companies (continued) V Brilliant Group Co., Ltd.
					October 2016 – Present	Director	(Principal Capital PCL's subsidiary) V Intelligence Co., Ltd.
					October 2016 – Present	Director	(V Brilliant Group Holding Co., Ltd.'s subsidiary) V Residence Co., Ltd.
					October 2016 – Present	Director	(V Brilliant Group Holding Co., Ltd.'s subsidiary) V 33 Co., Ltd.
					October 2016 – Present	Director	(V Brilliant Group Holding Co., Ltd.'s subsidiary) Bangkok Management Co., Ltd.
					November 2015 – Present	Chairman	Wiwatta Foundation
					August 2015 – Present	Chairman	Wiwatta Clinic Co., Ltd.
					October 2016 – Present	Shareholder 99.998%	Bangkok Center District Co., Ltd.
					October 2016 – Present	Director (Shareholder 0.002%)	(Principal Capital PCL's subsidiary) Hospital Management Training and Development Institute
					April 2014 – Present	Shareholder 0.001%	Principal Investment Co., Ltd.
					July 2013 – Present	Director	(Principal Capital PCL's subsidiary)
						Shareholder 0.002%	

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 Sichanachaichok Acting Chief Executive Officer Executive Director Member of Risk Management Committee Director	60	<ul style="list-style-type: none"> - Bachelor of Accounting Thammasat University - MBA, Accounting Thammasat University Training <u>Thai Institute of Directors Association</u> <ul style="list-style-type: none"> - Director Certification Program 2005 (DCP) - Advance Management Program - Executive Development Program - Risk Management Allianz Management Institute 	0.29	None	December 2019 - Present	Acting Chief Executive Officer	Principal Capital PCL.
					2015 - December 2019	Chief Executive Officer - Corporate	
					2015 - Present	Director, Executive Director, Risk Management Committee	
						<u>Listed Companies</u>	
						None	
						<u>Non-Listed Companies</u>	
					December 2019 - Present	Director	Principal Healthcare - Chumphon Co., Ltd.
						Shareholder 0.001%	(Principal Healthcare PCL's subsidiary)
					November 2019 - Present	Director	Principal Healthcare - Sisaket Co., Ltd.
						Shareholder 0.0000004%	(Principal Healthcare PCL's subsidiary)
					2018 - Present	Director, Shareholder 0.001%	Principal Healthcare - Lamphun Co., Ltd.
							(Principal Healthcare Co., Ltd.'s subsidiary)
					2018 - Present	Director, Shareholder 0.001%	Principal Healthcare - Uthai Co., Ltd.
							(Principal Healthcare Co., Ltd.'s subsidiary)
					2018 - Present	Director	Pitsanuvej Pattana Co., Ltd.
							(Pitsanuvej Co., Ltd.'s subsidiary)
					2018 - Present	Director	Pitsanuvej Utharadit Co., Ltd.
							(Pitsanuvej 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 Srichanachaihak Acting Chief Executive Officer Executive Director Member of Risk Management Committee Director					2018 - Present	Director	Pitsanuej Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)
					2018 - Present	Director	Paknampo Hospital Co., Ltd. (Principal Healthcare PCL's subsidiary)
					2018 - Present	Director	Union Pichit Doctors Co., Ltd. (Principal Healthcare Co., Ltd.'s subsidiary)
					2018-Present	Director	Banchang Business District Co., Ltd. (V Brilliant Group Holding Co., Ltd.'s subsidiary)
					2018-Present	Shareholder 0.001%	Udon Business District Co., Ltd. (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 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
Mr. Veera Sridhanadaichok Acting Chief Executive Officer Executive Director Member of Risk Management Committee Director					October 2016 -Present	Director	Bangkok Management Co., Ltd. (V Brilliant Group Holding Co., Ltd.'s subsidiary)
					September 2016 – November 2019	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. Soonbom Sriha, M.D. Acting Chief Investor Relations, Performance Coach Executive Director Member of Risk Management Committee Director	66	<ul style="list-style-type: none"> - BSc. Medical Science Mahidol University - Doctor of Medicine M.D. Faculty of Medicine, Rama Hospital Mahidol University - Master of Public Health (Urban Health) Mahidol University - Preventive Medicine Certificate The Medical Council of Thailand - Bachelor of Economics Sukhothai Thammathirath University - Bachelor of Political Science (Comparative Politics) Sukhothai Thammathirath University - Mini MBA Thai Chamber of Commerce University - Advanced Management Program Harvard University 	0.44	None	December 2019 - Present	Acting Chief Investor Relations, Performance Coach	Principal Capital PCL.
					2017 - December 2019	Chief Executive Officer - Healthcare	
					2017 - Present	Director, Executive Director, Risk Management Committee	
					2009 - 2014	CEO BDMS group 4	Listed Companies Bangkok Dusit Medical Service PCL.
					2015-2017	Deputy Executive Director	Thonburi Healthcare Group PCL.
					December 2019 - Present	Director	Non-Listed Companies Principal Healthcare - Chumphon Co., Ltd.
					November 2019 - Present	Director	(Principal Healthcare PCL.'s subsidiary)
					2018 - Present	Director	Principal Healthcare - Sisaket Co., Ltd.
					2018 - Present	Director	(Principal Healthcare PCL.'s subsidiary)
					2018 - Present	Director	Principal Healthcare - Lamphun Co., Ltd.
					2018 - Present	Director	(Principal Healthcare Co., Ltd.'s subsidiary)
					2018 - Present	Director	Principal Healthcare - Uthai Co., Ltd.
					2018 - Present	Director	(Principal Healthcare Co., Ltd.'s subsidiary)
					2018 - Present	Director	Pitsanuvej Pattana Co., Ltd.
					2018 - Present	Director	(Pitsanuvej Co., Ltd.'s subsidiary)
					2018 - Present	Director	Pitsanuvej Uttaradit Hospital Co., Ltd.
					2018 - Present	Director	(Pitsanuvej Co., Ltd.'s subsidiary)
					2018 - Present	Director	Union Pichit Doctors Co., Ltd.
					2018 - Present	Director	(Principal Healthcare Co., Ltd.'s subsidiary)
							P.N.P. Hospital Co., Ltd.
					2018 - Present	Director	(Principal Healthcare Co., Ltd.'s subsidiary)
							(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 Sriha, M.D. Acting Chief Investor Relations, Performance Coach Executive Director Member of Risk Management Committee Director		Training Thailand Institute of Directors - Director Certification Program 2017 (DCP 250/2017)			2017 - Present	Director	Non-Listed Companies (continued) Paknam Hospital Co., Ltd. (Principal Healthcare PCL's subsidiary)
					2017 - Present	Director	Principal Healthcare Co., Ltd. (Principal Capital PCL's subsidiary)
					2017 - Present	Director	Pisanuloke Medical 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. Aranya Chalermponvarodom Independent Director the Audit Committee Member	72	- BA Accounting, 2nd Honor Chulalongkorn University - MA Accounting, Chulalongkorn University Training Thai Institute of Directors - Chief Financial Officer Federation of Accounting Directors Certification Program 2018 (DCP 252/2018) - Directors Accreditation Program April 2016 (DAP 24/2016)	None	None	April 2013 - Present	Independent Director and the Audit Committee Member	Principal Capital PCL.
							<u>Listed Companies</u> none
							<u>Non-Listed Companies</u>
					2008 - Present	Advisor to Executive Director	Regent Group

Details of Directors, Executives, Controlling Persons, 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. Tanatorn Viddayakorn Chief Investment Officer Executive Director Director	28	Bachelor of Hospitality Management with Real Estate Finance and Revenue Management, Gilon Institute of Higher Education, Switzerland. Gilon Institute of Higher Education, Switzerland. Training <u>Thai Institute of Directors</u> - Director Certification Program 2017 (DCP 273/2019) <u>TLCA</u> Executive Development Program (EDP 2020)	0.66	Son of Dr.Satit Viddayakorn and Grandchild of Dr. Pongsak Viddayakorn	January 2020 - Present	Chief Investment Officer	Principal Capital PCL.
					November 2019 - Present	Executive Director	
					February 2011 - Present	Director	<u>Listed Companies</u>
							None
							<u>Non-Listed Companies (continued)</u>
					June 2019 - Present	Director	Wiwatla Clinic Co., Ltd.
					2019 - Present	Director	V Management Services Co., Ltd.
					2018 - Present	Director	Ratchada Business District Co., Ltd.
					2018 - Present	Deputy Chief Administrative Office	Principal Healthcare Co., Ltd.
					2017 - 2018	Manager in Training	Four Seasons Thailand

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 MD Office Director Corporate Secretary Member of Risk Management Committee Executive Director	43	- Bachelor of Law Thammasat University - Barrister-At-Law (Thai Bar) The Thai Bar Association Training <u>Thai Institute of Directors</u> - Corporate Secretary Program , TLCA <u>Secretary Supporting Program</u> - Effective Minute Taking - Board Reporting Program - Company Reporting Program	None	None	January 2020 - Present	MD Office Director	Principal Capital PCL.
					May 2018 - Present	Corporate Secretary Member of Risk Management Committee Executive Director	
					Oct 2016 - Apr. 2018	Vice President	Gland REIT Management Co., Ltd.
					Oct 2011 - Sep. 2016	Compliance & Risk Management Assistant Vice President	
					January 2007 - October 2011	CEO Office Assistant Manager Corporate Secretary and Legal Office	Grand Canal Land PCL. Prinsiri PCL.
							<u>Listed Companies</u> None
							<u>Non-Listed Companies</u> Go Green Cleaning Co., Ltd
					July 2019 - Present	Director	

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 Sriphanachachok and Dr. Soontorn Sriha, M.D. are delegated authorized signatory as stipulated in affidavit of Department of Business Development

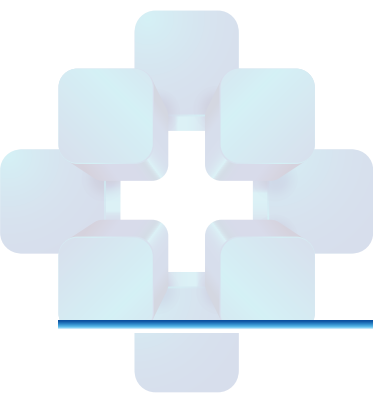
(the appointment was approved by Board of Directors' meeting on February 26, 2019)

2. Shareholding proportion as of March 13, 2020.

3. Role and responsibility of Corporate Secretary are defined in Part 2, Section 9.11.4 roles and responsibility of senior executives and corporate secretary

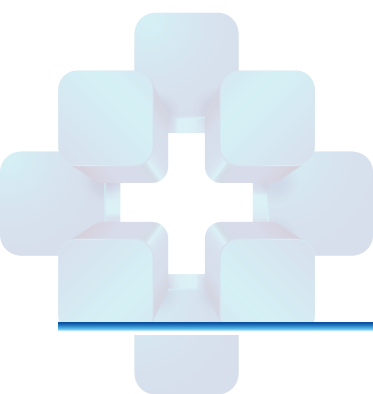
Details about information of Directors and Executives of the Company and subsidiary companies

Name	PRINC	Subsidiary (The Company has more than 50% shareholding)																		
		Principal Healthcare Co., Ltd	Paknampo Hospital Co., Ltd.	P.N.P. Hospital Co., Ltd.	Pisanuloke Medical Co., Ltd.	Union Pichit Doctors Co., Ltd.	Pitsanuej Uttaradit Hospital Co., Ltd.	Pitsanuej Pattana Co., Ltd.	Principal Healthcare - Uthai Co., Ltd.	Principal Healthcare - Lamphun Co., Ltd.	Principal Healthcare - Chumphon Co., Ltd.	Principal Healthcare - Srisaket Co., Ltd.	Principal Investment Co., Ltd.	Bangkok Center District Co., Ltd.	V Brilliant Group Co., Ltd.	V Intelligence Co., Ltd.	V 33 Co., Ltd.	V Residence	Ban Chang Business District Co., Ltd.	Udon Business District Co., Ltd.
Dr.Pongsak Viddayakom	HC, D	-	D	-	D	D	D	D	-	-	-	-	-	-	-	-	-	-	-	-
Mr.John LEE Kohshun	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Yamsak Manomaiphiboon	Id, Ca	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Satit Viddayakom	D, Ce, Cr, MD	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. Soontom Sritha, M.D.	D, Ed, Rd, IR, E	D	D	D	D	D	D	D	D	D	D	D	-	-	-	-	-	-	-	-
Ms. Aranya Chalempomvarodom	Id, Ad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Jutamas Ingpochai	Id, Ad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Tanatom Viddayakom	D, Ed, E	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Ritima Jirasuradet	Cs, Rd, Ed, E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mrs. Achara Rattanaphansri	Rd, Ed, E	D, E	-	-	-	-	-	-	D	D	D	-	-	-	-	-	-	-	-	-
Ms. Preeyapom Apiwatwittaya	Rd, Ed, E	D	-	-	-	-	-	-	-	-	-	-	D	D	D	D	D	D	D	D
Mr. Sirichai Towiriyawate	Rd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr.Suebpong Intralawan	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr.Varan Tiensong	-	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 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.	Principal Healthcare - Chumphon Co., Ltd.	Principal Healthcare - Srisaket Co., Ltd.	Principal Investment Co., Ltd.	Bangkok Center District Co., Ltd.	V Brilliant Group Co., Ltd.	V Intelligence Co., Ltd.	V 33 Co., Ltd.	V Residence	Ban Chang Business District Co., Ltd.
Ms. Sudamas Boonwan	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr.Suradanai Naorungrot	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr.Narongsak Wongroj	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Supawas Pongsiriphanich	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mrs. Samerkae Sattapong	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mrs. Sukanit Mahanukul	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms.Pear Hovarongkura	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms.Napatpom Rodcha	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms.Janpen Jongjirangsap	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mrs. Tuanjai Kaewwanna	Rd	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Korpong Rukkhaphan, M.D.	-	-	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Athiwat Noiprasit, M.D.	-	E	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mrs.Pimyada Ruananukoon	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr.Naruepol Phansupamongkol	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



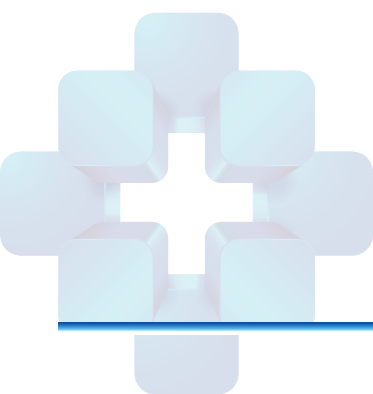
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Ms.Kanokwan Udomkitkosol	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms.Tissana Toviriyavate	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms.Patkamol Sakarhomsup	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms.Atiya Awachanakam	E	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms.Budsakom Kaewboonthum	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr.Bunchana Petchployngam	-	E	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Satita Viddayakom	-	-	-	-	-	-	-	-	-	-	-	-	-	D	D	D	D	D	-	-
Mrs. Niphapom Nimphithakphong	-	-	-	-	D	D	D	D	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Wansiri Nimphithakphong	-	-	-	-	D	D	D	D	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Khongchanok Thirawarakan	-	-	-	-	D	D	D	D	-	-	-	-	-	-	-	-	-	-	-	-
Mr.Voratus Palakawong Na Ayudhya	-	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Sitthichai Wongnitchakul	-	-	D	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mrs.Pimyada Boontem	-	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Chote Nisoong	-	E	-	-	-	-	-	-	-	D	-	-	-	-	-	-	-	-	-	-
Ms. Thiranan Sangphungtham	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Thisarin Takkametha	-	-	-	-	-	-	-	-	-	-	-	D	-	-	-	-	-	-	-	-
Mr. Siripong Angkasakulkait	-	-	-	-	-	-	-	-	-	-	-	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



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.

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.

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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
28th 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.

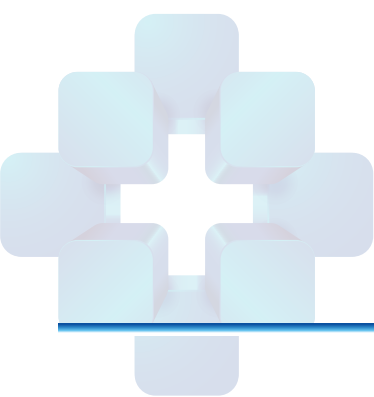
10. The minutes of the Board of Directors' meetings that contain the resolutions of the meeting and the comments of the Board of Directors must be clear for reference.

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.



Internal Control Policy

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

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

The Company has set the following internal control guidelines.

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

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

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

4. Audit and evaluation procedures shall be conducted in a constructive way for the improvement in working process. Internal audit report, which is agreed by owner of work process, shall be proposed to audit committee for approval before implementation. In case that there is any improvement required to enhance

efficiency and effectiveness, it deems as the responsibilities of all related departments to fix and improve the process. This function shall be a part of performance evaluation of related personnel.

Risk Management Policy

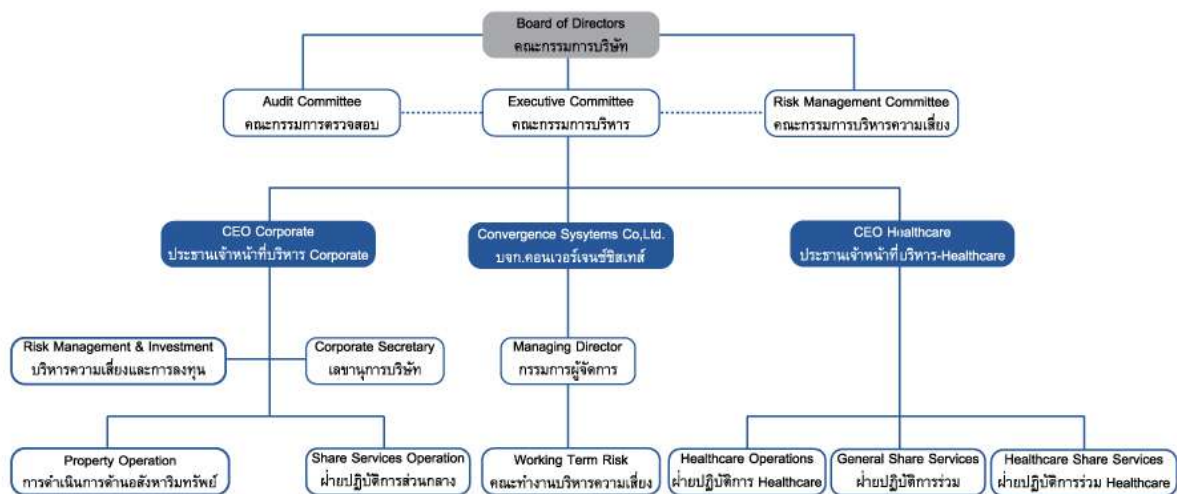
On November 26, 2015 Board of Director declared “Risk Management Policy” and “The Charter of Risk Management Committee” At the initial stage, the Committee to prepare Risk Management guideline was set up and on February 26, 2016, Board of Directors appointed Risk Management Committee to plan and rate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

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

Risk Management Approaches are as follows:

1. The Company operates business under 6 areas of risk, consisting of investment, finance, operation, politic and governmental policies, good corporate governance and regulation, and the reputation/brand image. Therefore, the Company requires to manage risk systematically and regularly both at the organization and project level by using the same standard set by the Company.
2. Management must communicate to personnel in all departments to aware of the importance of risk management and the Company’s risks. The Company’s personnel must be able to show risk status of their related works and use it for making decision to manage their department as well as to formulate the guidelines for proper operations and the contingency plan to deal with those risks.
3. Each department shall use risk map and risk management tools according to risk management manual in order to find, identify risk factors and risk models that affect the operation, analyze and evaluate the identified risks, specify the risk level as well as the acceptable criteria, formulate operational guidelines/measures or risk management plan that shall prevent, mitigate, avoid or control risk effectively as well as supervise, monitor, review and evaluate the results of risk management in order to improve risk management process.
4. The responsible persons of each department shall report the monitoring and evaluation result on risk management as required by the Company to the Risk Management Committee.
5. The Risk Management Committee shall formulate the risk management policy and the operational guideline as well as oversee internal risks. Also, the Risk Management Committee shall summarize and report the results of risk management to the Board of Directors.

Risk Management Structure with responsibilities (As of December 31, 2019)



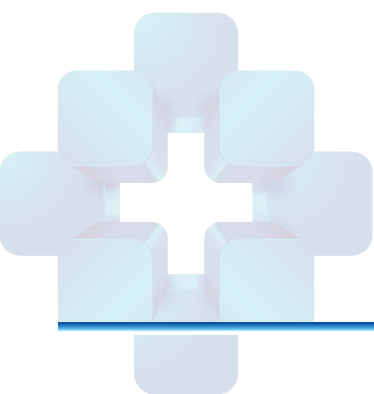
1. Board of Directors are responsible for the overview of risk management of the Company.
2. Audit Committee are responsible for supporting Board of Director in reviewing independently to ensure that risk management system is suitable and effective.
3. Executive Committee is responsible for reviewing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

Expected 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.



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 employment treatment**

The Company treats its employees equitably and fairly, providing welfare, safety and hygiene in line with labor standards. Employee compensation covers more than wages, salaries and bonuses. Training is also provided to develop employee skills in various areas. Relationships within the organization are promoted, as well as effective communications and teamwork. Specialized training is provided, such as Senior Supervisor and Leadership Skill Development courses for officials, physicians and nurses of Pitsanuvej Hospital.

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 conducts CSR-In process activities, which are social and environmental activities affecting to an organization's stakeholders and surroundings. CSR – After process, which covers activities for society and the environment not directly related to the organization's operation, is also executed. During 2019, the following activities were conducted.

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 91,859
- 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, Phetchaburi province. The Company donated amounting to Baht 16,681
- 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 22,750
- The Company conducted activities for breast cancer patients, raising funds totaling 900 Baht (after expense deduction), by organizing goods selling booths for donating to the Queen Sirikit Centre for Breast Cancer Foundation for breast cancer patients on the occasion of the International Women's Day

Social Activities of Pitsanuloke Medical Co., Ltd.

- Pitsanuvej Hospital organized "Ton Kla Haeng Kwam Dee" voluntary activities for 2019, presenting scholarships, teaching aids, books, computers, clothes, and household drugs to students of Forest Industry Organization School 2, Phitsanulok Province.

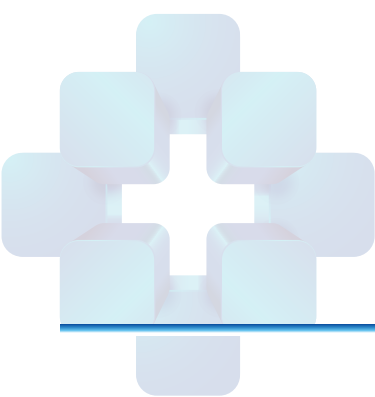
- Pitsanuvej Hospital presented relief items and money to flood victims in Wang Thong District, Phitsanulok Province.
- Hospital personnel provided basic first aid training to students of Imperial School as part of the Safety Day and Disaster Activities for Academic Year 2019.
- Pitsanuvej Hospital conducted panel discussions to educate people on various topics; e.g., smart exercises for better life.
- A mobile medical team provided first aid services as part of the Ban Mung Noen Ma Prang Marathon Event.

Social Activities of Paknampo Hospital Co., Ltd.

- Princ Paknampo Hospital presented 50 life jackets to Nakhon Sawan Municipality for use by officials working for safety of boat commuters and tourists.
- Princ Paknampo Hospital in cooperation with Nakhon Sawan Municipality set up Sawan Park Health Center to impart health knowledge and provide basic health services to people of Nakhon Sawan Province.
- Officials of Princ Paknampo hospital provided AED training to personnel of agencies to which the hospital had donated automated external defibrillators (AED) for them to use the equipment properly.
- Princ Paknampo Hospital took part in the blood donation event in cooperation with Regional Blood Center VIII, Nakhon Sawan Province. 72 units of blood was donated by the hospital's service users and employees.
- The Hemodialysis Center of Princ Paknampo Hospital 2 provides free hemodialysis service to low-income patients with kidney diseases.

Social Activities of Union Pichit Doctors Co., Ltd.

Pitsanuvej Pichit Hospital's mobile medical team provided basic health check-ups in cooperation with agencies of the public and private sectors. The Hospital also presented money and 50 dozens of water bottles for relief of flood victims to the Pichit Provincial Administration Organization. It also presented dried food in support of the Center for Road Safety during the New Year's Festival and provided basic first aid training under the Rescue Project of Pichit Province. Its medical personnel took part in the basic fire drill at Tops Plaza, Pichit Province.



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.

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



1. Disclosure of related party transactions with possible conflict of interest

As of December 31, 2019 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 2019.

2. Necessity and Reasonability of Related Party Transactions

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

3. Related Party Transaction Policy

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

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

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

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

Accounting Professions of Thailand, including taking into account the reasonableness of transactions and the benefits to the Company as a major priority and shall disclose the relevant details in the Company's notes to financial statement and annual report.



Independent Auditor's Report

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

My opinion

In my opinion, the consolidated financial statements of Principal Capital Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2019, 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).

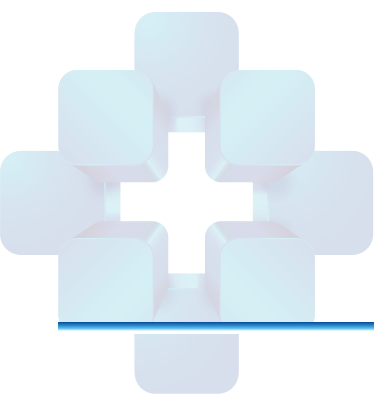
What I have audited

The consolidated financial statements and the separate financial statements comprise:

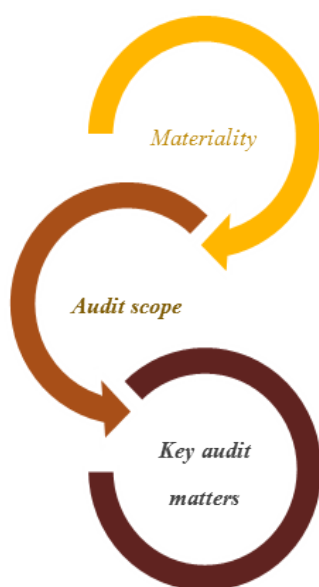
- the consolidated and separate statements of financial position as at 31 December 2019;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate 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 29 million (1% of the 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 86% of the Group's total revenue and 83% 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.

Rational for the materiality benchmark applied

I chose revenue as the critical measure because the Group's operation results 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.

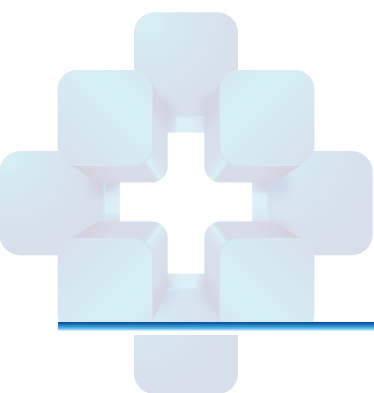
I agreed with the audit committee that I would report to them misstatements identified during my audit above Baht 1.45 million.

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. These were addressed in the context of my audit of the consolidated and separate financial statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on the matters.



Key audit matter	How my audit addressed the key audit matter
<p>1. Goodwill impairment assessment</p> <p>Refer to Note 4 to the financial statements for critical accounting estimates and judgments and Note 18 to the financial statements for goodwill.</p> <p>According to Thai Accounting Standards, TAS 36 - Impairment of assets, an entity should test the impairment of goodwill annually.</p> <p>Goodwill of the Group was allocated to a group of cash generating units (CGUs) identified according to hospital segment for management. The goodwill had a book value amounting to Baht 1,657 million.</p> <p>The management determined the recoverable amount of group of cash generating unit based on its value in use by a discounted forecast of the future cash flow and compared this to the book value for considering the need to set up impairment allowance.</p> <p>In this regard, the management considered there was no need to set up an allowance for impairment of goodwill which allocated to the group of cash generating unit because the recoverable amount exceeded its net book value.</p> <p>Current business volatility significantly affects assumptions used, both external and internal factors, in projected cash flows. In response, the management team has determined that the best course of action is to estimate assumptions used in the cash flows projection to reflect the current situation. This is of great importance to me because they have considerable impact on the recoverable amount and as well as on the goodwill impairment due to current sensitivities.</p>	<p>I obtained information about the forecasted future cash flow of group of cash generating units (CGUs) provided by the Group's management and gained an understanding of the procedures used to prepare the forecast.</p> <p>I challenged the reasonableness of the procedures and assumptions relating to management's forecast for the growth rate, discount rate whether they were in line with the business volatility which are comparable to reasonable sources of information and a component of weighted average cost of capital for comparative companies.</p> <p>I mathematically tested key figures derived from the estimation according to the above assumptions to calculate the recoverable amount and compared this to the net book value.</p> <p>From the procedures performed above, I found that the recoverable amount assessment and management's key assumptions were still within the acceptable range.</p>

Key audit matter	How my audit addressed the key audit matter
<p>2. Business combination - an entire business transfer</p> <p>Please refer to Note 24 to the financial statements for the entire business transfer.</p> <p>During the year a subsidiary of the Group paid to acquire the entire business of Lamphoon Ruamphaet 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.</p> <p>The management assessed this acquisition as an entire business transfer using the Thai Financial Reporting Standard (TFRS) 3 Business Combinations.</p> <p>Regarding this, on 28 February 2019 the management recognised net assets acquired at the fair value of Baht 82.91 million and goodwill from the business acquisition of Baht 13.09 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.</p> <p>I focused on this matter because valuating the net assets required significant judgement by the management and the independent expert which would affect the net assets acquired and goodwill from the business purchase. The value of this transaction is significant for the Group's financial statements.</p>	<p>In addressing the matter, I enquired with the management to understand the basis used to recognise the acquisition of the hospital business.</p> <p>I evaluated the management's assessment and the information used in the acquisition of the hospital business according to the TFRS 3 Business Combinations.</p> <p>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 to be done through a subsidiary. Also, I consulted my accounting specialist when analysing the information gathered and I considered if this business acquisition recognition conformed to the principles mentioned above.</p> <p>I assessed the reliability of the purchase price allocation report done by the independent valuation expert. I also 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 the goodwill from the acquisition. Also, I traced payments to the bank statements.</p> <p>From the procedures performed above, I found that classing the hospital business acquisition as an entire business transfer was reasonable. Also, the accounting for the business combination for the entire business transfer was recorded appropriately.</p>

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.

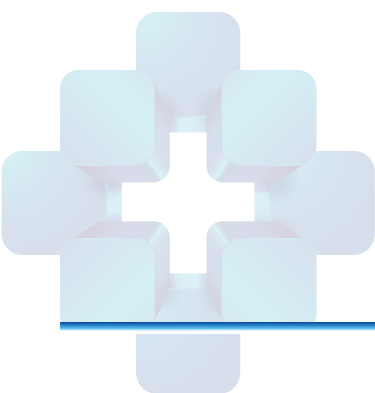
When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

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.

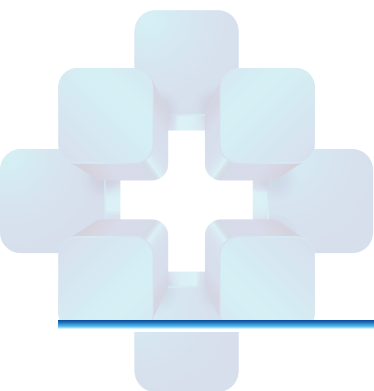


Chanchai Chaiprasit

Certified Public Accountant (Thailand) No. 3760

Bangkok

27 February 2020



Statement of Financial Position

Principal Capital Public Company Limited		Consolidated		Separate	
		financial statements		financial statements	
Statement of Financial Position		2019	2018	2019	2018
As at 31 December 2019	Notes	Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	395,864,506	449,319,453	53,079,771	91,809,673
Short-term investments	8	525,827,195	6,064,020	484,568,615	3,930,213
Restricted deposits at					
financial institutions - current	11	5,000,000	5,445,500	5,000,000	5,000,000
Trade and other receivables, net	9	233,450,311	267,616,530	48,066,031	43,686,717
Current portion of receivables					
under finance lease, net		-	-	1,610,766	-
Short-term loans to subsidiaries	30	-	-	1,355,988,644	520,835,901
Short-term loan to third party		39,044,440	-	39,044,440	-
Inventories, net	10	59,120,105	49,571,670	5,058,708	5,891,267
Other current assets	12	54,495,093	96,599,034	12,504,764	9,015,726
Total current assets		1,312,801,650	874,616,207	2,004,921,739	680,169,497
Non-current assets					
Restricted deposits at financial institution	11	2,799,725	12,166,146	-	-
Receivables under finance lease, net		-	-	6,743,766	-
Investment in an associate		410,724	-	-	-
Investments in subsidiaries	13	-	-	7,963,253,540	8,013,253,520
Long-term investments		330,000	330,000	330,000	330,000
Investment property, net	15	1,576,376,289	2,719,903,248	-	-
Property, plant and equipment, net	16	9,896,169,674	8,942,749,880	3,033,818,641	2,679,824,880
Intangible assets, net	17	93,977,215	69,632,256	4,631,436	3,676,956
Leasehold rights		26,512,846	25,221,690	-	-
Goodwill	18	1,657,153,409	1,648,636,237	-	-
Deferred tax assets	19	23,278,149	4,603,891	-	-
Other non-current assets		30,235,735	20,221,638	3,533,695	14,492,200
Total non-current assets		13,307,243,766	13,443,464,986	11,012,311,078	10,711,577,556
Total assets		14,620,045,416	14,318,081,193	13,017,232,817	11,391,747,053

Director _____ Director _____

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

Statement of Financial Position (Cont'd)

Principal Capital Public Company Limited		Consolidated		Separate	
		financial statements		financial statements	
Statement of Financial Position (Cont'd)		2019	2018	2019	2018
As at 31 December 2019	Notes	Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Bank overdrafts from a financial institution	20	-	7,414,576	-	-
Short-term borrowings from financial institutions	20	50,010,959	1,030,400,181	-	1,000,400,181
Trade and other payables	21	485,984,915	463,546,360	91,469,880	98,773,987
Advances received from customers - current	25	36,796,688	24,502,187	10,560,023	6,075,926
Short-term borrowings from related parties	20	348,416,234	461,891,445	1,886,110,809	614,851,238
Current portion of finance lease liabilities	20	64,811,684	26,436,869	27,249,664	9,280,120
Current portion of long-term borrowings from financial institutions	20	260,324,773	183,999,549	95,611,054	32,818,378
Current portion of promissory notes from a related party	20, 30	539,337,616	530,403,694	539,337,616	530,403,694
Income tax payable		15,457,743	18,944,080	-	-
Deposits received from customers - current		24,638,843	30,673,961	7,187,000	9,203,334
Other current liabilities		92,631,682	75,224,261	6,446,686	5,829,636
Total current liabilities		1,918,411,137	2,853,437,163	2,663,972,732	2,307,636,494
Non-current liabilities					
Finance lease liabilities	20	204,917,951	74,640,282	90,691,684	31,522,363
Long-term borrowings from financial institutions	20	2,267,470,954	2,063,842,959	1,457,763,495	915,501,439
Advances received from customers	25	-	3,320,024	-	-
Deposits received from customers		24,479,412	19,193,022	-	-
Deferred tax liabilities	19	333,879,767	333,153,092	164,789,591	170,322,202
Employee benefit obligations	22	117,847,500	85,162,888	18,534,694	15,152,353
Other non-current liabilities		41,812,005	43,712,527	17,436,987	3,446,298
Total non-current liabilities		2,990,407,589	2,623,024,794	1,749,216,451	1,135,944,655
Total liabilities		4,908,818,726	5,476,461,957	4,413,189,183	3,443,581,149

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

Statement of Financial Position (Cont'd)

Principal Capital Public Company Limited		Consolidated financial statements		Separate financial statements	
Statement of Financial Position (Cont'd)		2019	2018	2019	2018
As at 31 December 2019	Notes	Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital	23				
Authorised share capital					
Ordinary shares, 3,564,096,272 shares at par value of Baht 1 each		3,564,096,272	-	3,564,096,272	-
Ordinary shares, 3,240,638,433 shares at par value of Baht 1 each			3,240,638,433		3,240,638,433
Issued and paid-up share capital					
Ordinary shares, 3,462,336,820 shares paid-up at Baht 1 each		3,462,336,820	-	3,462,336,820	-
Ordinary shares, 3,240,087,520 shares paid-up at Baht 1 each		-	3,240,087,520	-	3,240,087,520
Premium on paid-up share capital	23	5,163,517,392	4,476,767,055	5,163,517,392	4,476,767,055
Retained earnings (deficits)					
Appropriated - legal reserve		44,199,790	44,199,790	44,199,790	44,199,790
Unappropriated		(626,349,548)	(447,622,766)	(66,010,368)	187,111,539
Other components of equity		766,023,166	764,129,669	-	-
Equity attributable to owners of the parent		8,809,727,620	8,077,561,268	8,604,043,634	7,948,165,904
Non-controlling interests		901,499,070	764,057,968	-	-
Total equity		9,711,226,690	8,841,619,236	8,604,043,634	7,948,165,904
Total liabilities and equity		14,620,045,416	14,318,081,193	13,017,232,817	11,391,747,053

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

Statement of Comprehensive Income

Principal Capital Public Company Limited

		Consolidated		Separate	
		financial statements		financial statements	
Statement of Comprehensive Income		2019	2018	2019	2018
For the year ended 31 December 2019	Notes	Baht	Baht	Baht	Baht
Revenues from hospital operations	6	2,296,171,232	2,084,631,463	227,379,346	206,947,250
Revenues from sales and services	6	575,269,628	574,240,632	288,754,396	286,784,201
Costs of hospital operations		(1,879,283,287)	(1,577,357,864)	(251,700,220)	(172,492,777)
Costs of sales and services		(353,286,426)	(376,029,457)	(137,816,024)	(162,004,218)
Gross profit		638,871,147	705,484,774	126,617,498	159,234,456
Other income		46,889,816	51,144,683	30,703,549	23,846,394
Gain (loss) on disposal of investment in subsidiaries	13	240,374,977	-	(44,999,980)	-
Gain on bargain purchase		-	82,544,015	-	82,544,015
Selling expenses		(66,869,959)	(60,302,724)	(20,484,933)	(18,369,695)
Administrative expenses		(842,341,023)	(725,419,317)	(250,914,849)	(212,041,805)
Other expenses		(16,965,342)	(16,579,422)	-	-
Finance costs	26	(153,190,151)	(126,109,179)	(100,981,926)	(74,701,628)
Share of profit from an associate		160,724	-	-	-
Loss before income tax expense		(153,069,811)	(89,237,170)	(260,060,641)	(39,488,263)
Income tax (expense) income	28	(2,434,057)	(31,211,157)	5,813,836	4,253,397
Loss from continuing operations		(155,503,868)	(120,448,327)	(254,246,805)	(35,234,866)
Loss from discontinued operations	14	(31,438,891)	(32,195,049)	-	-
Loss for the year		(186,942,759)	(152,643,376)	(254,246,805)	(35,234,866)
Other comprehensive income :					
Items that will not be reclassified to profit or loss					
Remeasurements of employee benefit obligations	22	4,154,734	4,701,841	1,406,123	2,277,350
Deferred income tax on remeasurements of employee benefit obligations	28	(830,947)	(940,368)	(281,225)	(455,470)
Total items that will not be reclassified to profit or loss		3,323,787	3,761,473	1,124,898	1,821,880
Other comprehensive income for the year, net of tax		3,323,787	3,761,473	1,124,898	1,821,880
Total comprehensive expense for the year		(183,618,972)	(148,881,903)	(253,121,907)	(33,412,986)
Profit (loss) attributable to:					
Owner of the parent		(181,716,809)	(173,397,115)	(254,246,805)	(35,234,866)
Non-controlling interests		(5,225,950)	20,753,739	-	-
		(186,942,759)	(152,643,376)	(254,246,805)	(35,234,866)

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

Statement of Comprehensive Income (Cont'd)

Principal Capital Public Company Limited		Consolidated financial statements		Separate financial statements	
Statement of Comprehensive Income (Cont'd)		2019	2018	2019	2018
For the year ended 31 December 2019	Note	Baht	Baht	Baht	Baht
Total comprehensive income (expense)					
attributable to:					
Owner of the parent		(178,726,782)	(168,727,035)	(253,121,907)	(33,412,986)
Non-controlling interests		(4,892,190)	19,845,132	-	-
		<u>(183,618,972)</u>	<u>(148,881,903)</u>	<u>(253,121,907)</u>	<u>(33,412,986)</u>
Loss per share					
	29				
Basic loss per share		<u>(0.056)</u>	<u>(0.054)</u>	<u>(0.078)</u>	<u>(0.011)</u>

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

Statement of Changes in Equity

Principal Capital Public Company Limited

Statement of Changes in Equity

For the year ended 31 December 2019

Principal Capital Public Company Limited													
Statement of Changes in Equity													
For the year ended 31 December 2019													
		Consolidated financial statements											
		Attributable to owners of the parent					Other components						
		Retained earnings (deficits)			Difference arising from business combination under ownership interest in subsidiaries		Difference arising from change in interest components of equity		Total owners of the parent		Non-controlling interests		
		Unappropriated		common control		in subsidiaries		of equity		of the parent		interests	
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Issued and paid-up share capital	Note	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
paid-up share capital		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Premium on paid-up share capital		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Total equity		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2018													
Proceeds from ordinary shares issued of a subsidiary													
Dividend paid													
Total comprehensive expense for the year													
Closing balance as at 31 December 2018													
Opening balance as at 1 January 2019													
Proceeds from ordinary shares issued 23													
Proceeds from a subsidiary's ordinary shares issued													
Proceeds from a new subsidiary establishment													
Entire business transfer 24													
Change in ownership interest in subsidiaries													
Dividend paid													
Total comprehensive expense for the year													
Closing balance as at 31 December 2019													

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

Statement of Changes in Equity (Cont'd)

Principal Capital Public Company Limited

Statement of Changes in Equity (Cont'd)

For the year ended 31 December 2019

	Note	Separate financial statements					
		Issued and paid-up share capital	Premium on paid-up capital	Retained earnings (deficits)		Total equity	Baht
				Appropriated - legal reserve	Unappropriated		
		Baht	Baht	Baht	Baht		
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	
Opening balance as at 1 January 2019		3,240,087,520	4,476,767,055	44,199,790	187,111,539	7,948,165,904	
Proceeds from ordinary shares issued	23	222,249,300	686,750,337	-	-	908,999,637	
Total comprehensive expense for the year		-	-	-	(253,121,907)	(253,121,907)	
Closing balance as at 31 December 2019		3,462,336,820	5,163,517,392	44,199,790	(66,010,368)	8,604,043,634	

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

Statement of Cash Flows

Principal Capital Public Company Limited

		Consolidated financial statements		Separate financial statements	
Statement of Cash Flows		2019	2018	2019	2018
For the year ended 31 December 2019	Notes	Baht	Baht	Baht	Baht
Cash flows from operating activities					
Loss before income tax					
From continuing operation		(153,069,811)	(89,237,170)	(260,060,641)	(39,488,263)
From discontinued operation		(31,746,014)	(32,389,681)	-	-
Total		(184,815,825)	(121,626,851)	(260,060,641)	(39,488,263)
Adjustments for:					
Depreciation and amortisation	27	472,434,408	421,545,134	96,716,475	76,196,597
Allowance for (reversal of)					
- doubtful accounts -					
trade and other receivables		14,684,829	(1,739,471)	1,143,996	(309,899)
- obsolete inventories		(27,432)	(207,013)	-	-
Write-offs withholding tax receivables		3,637,475	4,833,954	-	1,520,205
Realised gains on sales of					
trading securities	8	(303,431)	(1,393,478)	(129,685)	(28,978)
Unrealised gains on changes in					
fair values of trading securities	8	(463,072)	(83)	(451,779)	-
(Gain) loss on disposal of investment in					
subsidiaries	13	(245,989,546)	-	44,999,980	-
Gain on bargain purchase		-	(82,544,015)	-	(82,544,015)
Gain on disposals of investment property		-	(122,250)	-	-
(Gain) loss on disposals of equipment		(399,337)	1,163,271	(350,379)	(22,250)
Loss on write-offs of equipment		371,326	474,559	270,020	-
Loss on write-offs of intangible assets		17,881	-	17,833	-
Employee benefit expenses	22	44,053,300	18,009,389	4,920,064	2,373,243
Interest income		(1,550,050)	(1,483,917)	(23,501,987)	(8,007,481)
Finance costs	26	153,190,151	126,109,180	100,981,926	74,701,628
Share of profit from an associate		(160,724)	-	-	-
Profit (loss) from operating activities before changes					
in operating assets and liabilities		254,679,953	363,018,409	(35,444,177)	24,390,787
Trade and other receivables		26,890,920	(71,924,445)	(5,591,820)	(29,770,109)
Inventories		(7,124,380)	8,296,525	832,559	2,094,305
Work in progress under service contracts		-	12,936,775	-	-
Other current assets		4,205,074	1,931,261	480,432	2,959,488
Other non-current assets		(9,096,605)	(11,803,188)	10,958,505	(8,016,835)
Trade and other payables		107,045,859	(17,257,537)	17,490,130	15,155,841
Advances received from customers		9,951,185	(25,954,987)	4,484,097	(18,437,520)
Deposits received from customers		(623,728)	(18,862,481)	(2,016,334)	(19,872,643)
Other current liabilities		18,499,339	(373,529)	617,050	958,456
Employee benefits paid	22	(5,836,046)	(2,096,366)	(131,600)	(563,600)
Other non-current liabilities		(1,900,522)	1,269,347	13,990,689	(24,173,892)
Cash generated from (used in) operations		396,691,049	239,179,784	5,669,531	(55,275,722)
Interest paid		(147,354,670)	(106,714,280)	(81,401,759)	(50,462,484)
Income tax paid		(59,841,635)	(117,006,320)	(3,969,470)	(7,154,802)
Income tax received		3,524,159	-	-	-
Net cash generated from (used in) operating activities		193,018,903	15,459,184	(79,701,698)	(112,893,008)

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

Statement of Cash Flows (Cont'd)
Principal Capital Public Company Limited

		Consolidated financial statements		Separate financial statements	
Statement of Cash Flows (Cont'd)		2019	2018	2019	2018
For the year ended 31 December 2019	Note	Baht	Baht	Baht	Baht
Cash flows from investing activities					
Proceeds from disposals of					
short-term investments	8	1,280,173,746	947,709,541	220,000,000	46,559,601
Purchases of short-term investments	8	(1,799,170,418)	(304,417,682)	(700,056,938)	(3,930,214)
Decrease in restricted deposits					
at financial institutions		566,421	1,433,895	-	-
Cash received from short-term loans					
to related parties		3,500,000	-	402,000,000	57,500,000
Payment of short-term loans to subsidiaries		-	-	(1,253,699,958)	(468,999,963)
Payments for purchases of investment in					
an associate		(250,000)	-	-	-
Payments for purchases of subsidiaries		(96,000,000)	(1,900,000,000)	-	(1,900,000,000)
Payments for transaction costs of disposal of investment					
in subsidiaries		(7,974,000)	-	-	-
Cash received from decrease in share capital of a subsid		13,000,000	-	-	-
Cash received from receivables under finance lease		-		262,868	
Cash received from interest income		1,565,357	1,441,440	504,736	420,815
Proceeds from disposals of investment in					
subsidiaries - net of cash disposed		1,331,789,403	-	5,000,000	-
Proceeds from disposals of equipment		10,191,836	636,554	561,215	246,411
Payments for land purchase deposit		(1,000,000)	-	-	-
Purchases of investment property		(1,534,599)	(26,759,542)	-	-
Purchases of property, plant and equipment		(1,088,376,406)	(704,177,315)	(381,273,116)	(142,654,466)
Purchases of intangible assets		(46,155,404)	(14,366,347)	(2,101,298)	(1,241,990)
Payments for leasehold rights		(1,291,156)	(2,799,050)	-	-
Net cash used in investing activities		(400,965,220)	(2,001,298,506)	(1,708,802,491)	(2,412,099,806)
Cash flows from financing activities					
Payments for financing fee		(1,500,000)	(4,660,000)	(1,500,000)	(4,160,000)
Proceeds from borrowings from					
financial institutions		1,971,669,415	2,189,224,888	1,667,578,669	1,949,128,955
Repayments of borrowings from					
financial institutions		(2,670,332,830)	(181,312,200)	(2,061,732,706)	-
Proceeds from borrowings from related parties		200,000,000	-	1,546,751,770	602,500,000
Repayments of borrowings from related parties		(324,500,000)	-	(296,000,000)	-
Payments of finance lease liabilities		(45,930,296)	(12,382,061)	(14,323,083)	(2,404,181)
Dividends paid		(8,000,000)	(23,600,004)	-	-
Proceeds from share issuance		908,999,637	-	908,999,637	-
Proceeds from subsidiaries' ordinary shares issued		120,000,020	90,000,000	-	-
Payments for acquisition in a subsidiary's ownership inter		(4,500,000)	-	-	-
Proceeds from partial disposal of					
investment in a subsidiary		16,000,000	-	-	-
Net cash from financing activities		161,905,946	2,057,270,623	1,749,774,287	2,545,064,774
Net (decrease) increase in cash and cash equivalents		(46,040,371)	71,431,301	(38,729,902)	20,071,960
Cash and cash equivalents at					
the beginning of the year, net		441,904,877	370,473,576	91,809,673	71,737,713
Cash and cash equivalents at the end of the year		395,864,506	441,904,877	53,079,771	91,809,673

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

Statement of Cash Flows (Cont'd)

Principal Capital Public Company Limited

Statement of Cash Flows (Cont'd) For the year ended 31 December 2019	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Cash and cash equivalents include the following for the purposes of the statement of cash flows:				
Cash and cash equivalents	395,864,506	449,319,453	53,079,771	91,809,673
Bank overdrafts from a financial institution	-	(7,414,576)	-	-
	<u>395,864,506</u>	<u>441,904,877</u>	<u>53,079,771</u>	<u>91,809,673</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	109,706,566	158,481,726	6,898,829	31,416,223
Purchases of equipment under finance lease contracts	213,204,744	92,971,598	91,461,948	42,481,769
Purchases of intangible assets not yet paid for	-	373,957	-	373,957

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

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 for rent, property development and letting and implementing information systems.

These consolidated and separate financial statements were authorised for issue by the Board of Directors on 27 February 2020.

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 Financial Reporting Standards (“TFRS”) and the financial reporting requirements issued under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention, except others which stated in the following accounting policies.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 4.

An English version of the consolidated and separate financial statements have 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

2.2.1 The Group has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019

a) Thai Financial Reporting Standard no.15 (TFRS 15), Revenue from contracts with customers

The Group has adopted the new TFRS 15, Revenue from contracts with customers from 1 January 2019 (initial application date) by applying the modified retrospective approach and the comparative figures have not been restated. The Group applies practical expedient relates to completed contracts and contract modifications as allowed by TFRS 15. The Group has applied the revised financial reporting standards which are effective on 1 January 2019 and relevant to the Group. The application of those financial reporting standards does not have significant impact to the Group.

The adoption of TFRS 15 mainly affects the Group's accounting treatment as follows;

Accounting for medical service contracts with multiple elements

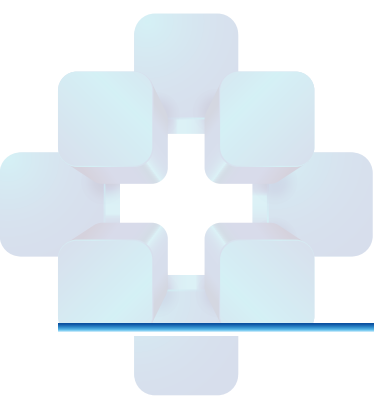
Multiple element arrangements such as health check-up programme with membership card and gift voucher which the Group must provide multiple services, the Group separates those services into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer or until the rights expired, except for the price allocated to membership cards which will be recognised as revenue on a straight line basis over the membership term.

b) Thai Accounting Standard no.40 (revised 2018), Investment property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020

Certain new and amended financial reporting standards have been issued that are not mandatory for current period end 31 December 2019 reporting period and have not been early adopted by the Group.



a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

b) TFRS 16, Leases

Where the Group is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

The Group has not early adopted new financial reporting standards which are effective on 1 January 2020 before the effective date. The Group's management is currently assessing the impacts on beginning retained earnings.

2.3 Principles of consolidation accounting

a) Subsidiaries

Subsidiaries are all 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 consolidated from the date on which control is transferred to the Group until the date that control ceases.

In the separate financial statements, investments in subsidiaries are accounted for using cost method. Directly attributable costs of acquisition of the investment is capitalised as costs of the investment.

b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting.

In the separate financial statements, investments in associates are accounted for using cost method.

c) Equity method

The investment is initially recognised at cost which is consideration paid and directly attributable costs.

The Group's subsequently shares of its associates' profits or losses and other comprehensive income in the profit or loss and other comprehensive income, respectively. The subsequent cumulative movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in associates equals or exceeds its interest in the associates and joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A difference between the amount of the adjustment to non-controlling interests to reflect their relative interest in the subsidiary and any consideration paid or received is recognised within equity.

If the ownership interest in associates is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from reduce of the ownership interest in associates is recognised in profit or loss.

When the Group losses control or significant influence over investments, any retained interest in the investment is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount of the retained interest which is reclassified to investment in an associate, or a joint venture, or a financial asset accordingly.

e) Intercompany transactions on consolidation

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.

2.4 Business combination

The Group applies the acquisition method to account for business combinations with an exception on business combination under common control. The consideration transferred for the acquisition of a subsidiary comprises.

- fair value of the assets transferred,
- liabilities incurred to the former owners of the acquiree
- equity interests issued by the Group

Identifiable assets and liabilities acquired 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 initially 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.

The excess of the consideration transferred, the amount of any non-controlling interest recognised and the acquisition-date fair value of any previous equity interest in the acquiree (for business combination achieved in stages) over the fair value of the identifiable net assets acquired is recorded as goodwill. In the case of a bargain purchase, the difference is recognised directly in profit or loss.

Acquisition-related cost

Acquisition-related cost are recognised as expenses.

As in fair value of contingent consideration paid/received

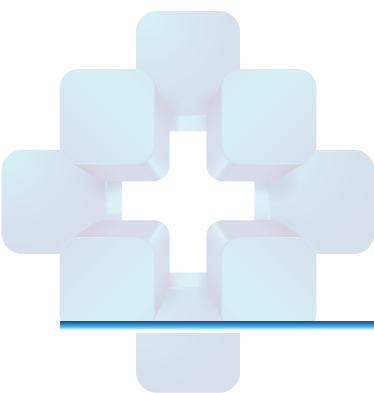
Subsequent changes to the fair value of the contingent consideration that is an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured.

Business combination under common control

The Group accounts for business combination under common control by measuring acquired assets and liabilities of the acquiree at their carrying values presented in the highest level of the consolidation at the acquisition date. The Group retrospectively adjusted the business combination under common control transactions as if the combination had occurred on the later of the beginning of the preceding comparative period and the date the acquiree has become under common control.

Consideration 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.

The difference between consideration under business combination under common control and the acquirer's interests in the carrying value of the acquiree is presented as "surplus arising from business combination under common control" in equity and is derecognised when the investment is disposed of (transferred to retained earnings).



2.5 Foreign currency translation

a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency and the Company's 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 the date of revaluation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

2.6 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call financial institution, short-term highly liquid investments with maturities of three months or less from acquisition date and bank overdrafts.

In the statements of financial position, bank overdrafts are shown in current liabilities.

2.7 Trade receivables

Trade receivables are amounts due from customers for goods sold or service performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditionally unless they contain significant financing components, when they are recognised at its present value. The Group presented trade receivables at cost less allowance for doubtful accounts.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value .

Cost of inventories is determined by the weighted average method. Cost of inventories comprise all purchase cost and costs directly attributable to the acquisition of the inventory less all attributable discounts. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

2.9 Investments in equity securities

Investments other than investments in subsidiaries and associates are initially recognised at fair value of consideration paid plus direct transaction cost.

Trading investments

Trading investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss. On a disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised to the profit or loss.

General investments

General investments are carried at cost less allowance for impairment.

2.10 Non-current assets (or disposal groups) held-for-sale and discontinued operation

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount will be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of the carrying amount and fair value less costs to sell.

An impairment loss is recognised to write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of the asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale, and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2.11 Investment property

Investment properties, principally land and office buildings for rental, are held for long-term rental yields or for capital appreciation or both and are not occupied by the Group.

Investment property is measured initially at cost, including directly attributable costs and borrowing costs.

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:

2.12 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

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

Building and building improvements	5 - 40 years
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.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

2.14 Intangible assets

Computer software

Acquired computer software is measured at cost. These costs are amortised over their estimated useful lives not over than 3 - 10 years.

2.15 Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. 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 of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

2.16 Leases

Leases - where the Group is the lessee

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.

At the inception of finance lease, the lower of the fair value of the leased property and the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit or loss over the lease period.

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 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.

Rental income under operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.17 Borrowings

Borrowings are recognised initially at the fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. The fee is deferred until the drawn down occurs and included in effective interest calculation. However, if it is probable that facility will not be drawn down, that portion of the fee paid is recognised as a prepayment and amortised over the period of related facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

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 reporting date.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (assets that take substantial period of time to get ready for its intended use or sale) are added to the cost of those assets less investment income earned from those specific borrowings. The capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Other borrowing costs are expensed in the period in which they are incurred.

2.19 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.

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. 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

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements 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 is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred 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 tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

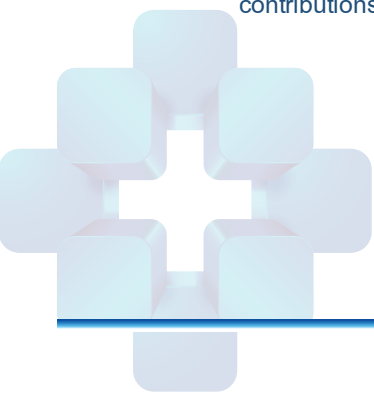
2.20 Employee benefits

a) Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries, paid annual leave and paid sick leave, profit-sharing and bonuses, and medical care that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

b) Defined contribution plan

The Group pays contributions to a separate fund. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.



c) *Defined benefit plans*

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are charged or credited to other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

Past service costs are recognised immediately in profit or loss.

2.21 Provisions

Provisions 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Share capital

Ordinary shares with discretionary dividends are classified as equity.

Incremental costs directly attributable to the issue of new shares or options (net of tax) are shown as a deduction in equity.

2.23 Legal reserve

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.

2.24 Revenue recognition

Revenue include all revenues from ordinary business activities. All ancillary income in connection with rendering of services in the course of the Group's ordinary activities is also presented as revenue.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectibility of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfillment of the obligation to the customer.

Revenues from hospital operations

Revenues from hospital operations include doctor fee, room service, and medical fee. The revenues, net amount of discount, are recognised when services or medicine have been delivered.

Revenues from services

Revenues from the serviced apartments and office building management businesses are recognised on an accrual basis at the amount net of value added taxes and 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 project. Provision for anticipated loss on the projects will be made where there is the possibility that the loss is expected.

Revenues from rental operations

Rental revenues from investment property are recognised in statement of income by using the straight-line method over the rental contract period.

Other income

Interest income and other income are recognised on an accrual basis, unless collectability is in doubt.

Contract assets and liabilities

The Group will recognise revenue from contract as assets when the Group has performed by transferring a good or service to the customer before due date or prior to receiving payment from customer.

The Group will recognise revenue from contract as liabilities at contract due date or receiving payment from customer prior to the Group performing by transferring the related good or service to the customer.

The Group will offset the amount of contract assets or contract liabilities of the same contract.

2.25 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.

2.26 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 exposes to a variety of financial risks: market risk (currency risk, fair value risk and price 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.

The Board of Directors provides written principles for overall risk management which is carried out by a central treasury department (the Group treasury), including identification, evaluation and hedge of financial risks in close co-operation with 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 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

The Group has risk of float interest rate from bank overdraft and borrowings from financial institutions. The Group also has loans to and loans from related parties with fixed interest rate. The Group does not hedge its exposure to interest rate risk.

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

The following table presents the Group's financial assets that are measured at fair value as at 31 December 2019, excluding where its fair value is approximating the carrying amount.

Consolidated financial statements								
Level 1		Level 2		Level 3		Total		
2019	2018	2019	2018	2019	2018	2019	2018	
Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Assets								
Financial assets at fair value								
through profit or loss								
Trading securities (Note 8)	519,600	8	-	-	-	-	519,600	8
Separate financial statements								
Level 1		Level 2		Level 3		Total		
2019	2018	2019	2018	2019	2018	2019	2018	
Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Assets:								
Financial assets at fair value								
through profit or loss								
Trading securities (Note 8)	480,582	-	-	-	-	-	480,582	-

Transfer between fair value hierarchy

The Group has no transfers between fair value hierarchy levels during the year.

The Group's valuation processes

The fair value of financial instruments in level 1 is calculated from fund's net asset value by reference to the asset management company.

4 Critical 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.

Goodwill impairment

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The calculations use cash flow projections based on financial budget approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in note 18. These long-term growth rates are not exceed long-term growth rates specific into the industry in which each CGU operates.

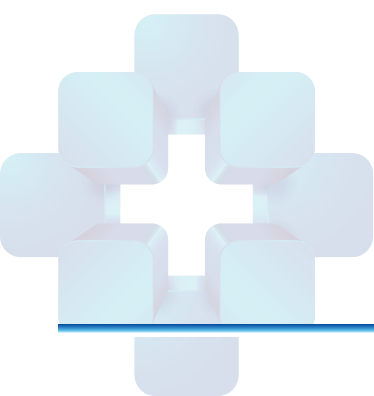
Defined retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of assumptions. Key assumptions used and impacts from possible changes in key assumptions are disclosed in note 22.

5 Capital management

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

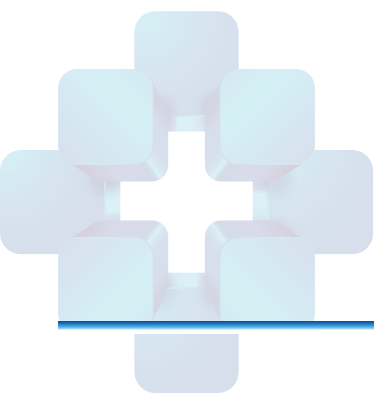
In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.



6 Segment information

The Group's committee identifies reportable segments of its business to examine the Group's performance by product lines as follows:

	Property development									
	Hospital business			and rental business			Other businesses			Total
	2019	2018	2019	2018	2019	2018	2019	2018	2019	
	Million Baht	Million Baht	Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Revenues from sales and services										
External customers	2,296.2	2,084.6	575.3	574.2	-	-	-	-	2,871.5	2,658.8
Inter-segment	126.8	84.7	57.8	62.0	-	-	(184.6)	(146.7)	-	-
Total	2,423.0	2,169.3	633.1	636.2	-	-	(184.6)	(146.7)	2,871.5	2,658.8
Timing of revenue recognition:										
At a point in time	2,126.7	1,882.4	42.3	43.0	-	-	(3.8)	(2.4)	2,165.2	1,923.0
Over time	296.3	286.9	590.8	593.2	-	-	(180.8)	(144.3)	706.3	735.8
Total	2,423.0	2,169.3	633.1	636.2	-	-	(184.6)	(146.7)	2,871.5	2,658.8
Gross profit (loss)	434.5	595.5	284.4	291.1	-	-	(80.0)	(181.1)	638.9	705.5
Selling and administrative expenses	(689.1)	(629.9)	(264.4)	(1,533.0)	(0.2)	(0.2)	44.5	1,377.4	(909.2)	(785.7)
Profit (loss) before income tax expense	(345.8)	36.2	(132.6)	(1,195.0)	(0.2)	(0.2)	325.5	1,069.8	(153.1)	(89.2)
Income tax (expense) income	(11.2)	(19.2)	(6.5)	(21.1)	-	-	15.3	9.1	(2.4)	(31.2)
Profit (loss) for the year from continuing operations	(357.0)	17.0	(139.1)	(1,216.1)	(0.2)	(0.2)	340.8	1,078.9	(155.5)	(120.4)
Profit (loss) for the year from discontinued operations (Note 14)	-	-	-	-	34.7	(38.7)	(66.1)	6.5	(31.4)	(32.2)



As at 31December
Investment property, net
Property, plant and equipment, net
Goodwill
Total assets

Property										
Hospital business			Property development and rental business			Other businesses			Eliminations	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	Total
Million Baht	Million Baht	Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
-	-	1,576.4	2,719.7	-	-	-	-	-	-	2,719.7
6,226.0	5,175.7	3,670.2	3,766.9	-	0.2	-	-	-	-	8,942.8
1,657.2	1,644.1	-	-	-	4.5	-	-	-	-	1,648.6
8,351.3	6,727.9	12,119.6	10,493.1	1.8	108.7	(5,852.7)	(3,011.6)	14,620.0	14,318.1	

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Cash at bank and on hand	393,568	449,319	50,784	91,810
Short-term bank deposits	2,296	-	2,296	-
	395,864	449,319	53,080	91,810

The effective interest rate on short-term bank deposits was 1.20% and these deposits have a maturity of 90 days. (2018: None)

8 Short-term investments

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Short-term deposits due between 6 to 12 months	6,227	6,056	3,987	3,930
Trading securities - Investment units	519,137	8	480,130	-
Changes in fair values of trading securities	463	-	452	-
	525,827	6,064	484,569	3,930

As at 31 December 2019, fixed deposits of the Group and the Company represent 6 to 12 months fixed deposits (2018: 6 to 12 months fixed deposits) bearing interest at the rates of 0.75% to 1.38% per annum (2018: 0.75% to 1.40% per annum).

The movements in short-term investments in trading securities during the years are as follows:

	Consolidated financial statements	Separate financial statements
	Thousand Baht	Thousand Baht
At 1 January 2018	646,294	46,531
Additions	300,000	-
Disposals	(947,710)	(46,560)
Realised gains on disposals of trading securities	1,393	29
Interest income from held-to-maturity due within 1 year	31	-
At 31 December 2018	8	-
Additions	1,799,000	700,000
Disposals	(1,280,174)	(200,000)
Realised gains on disposals of trading securities	303	130

Change in fair value of trading securities

463 452

At 31 December 2019

519,600 480,582

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

9 Trade and other receivables, net

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Trade receivables - third parties	200,434	136,504	37,527	22,750
<u>Less</u> Allowance for doubtful accounts	(7,432)	(7,192)	(1,264)	(120)
Trade receivables, net	193,002	129,312	36,263	22,630
Accrued income	8,332	40,972	748	3,208
<u>Less</u> Allowance for doubtful accounts	-	(2,017)	-	-
Accrued income, net	8,332	38,955	748	3,208
Trade receivables - related parties (Note 30b)	321	655	4,627	5,449
Unbilled contract revenue	-	36,991	-	-
Prepaid expenses	23,231	51,227	5,510	11,831
Advances	1,150	9,280	104	77
Other receivable - related party	3,914	-	-	-
Other receivables - third parties	3,500	1,197	814	492
	233,450	267,617	48,066	43,687

Outstanding trade receivables - third parties can be analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Not overdue (due within 1 month)	111,555	83,235	20,603	16,894
Overdue				
Up to 3 months	51,712	33,602	12,801	3,696
3 - 6 month	22,715	6,432	1,343	749
6 - 12 months	7,125	3,195	1,623	187
Over 12 months	7,327	10,040	1,157	1,224

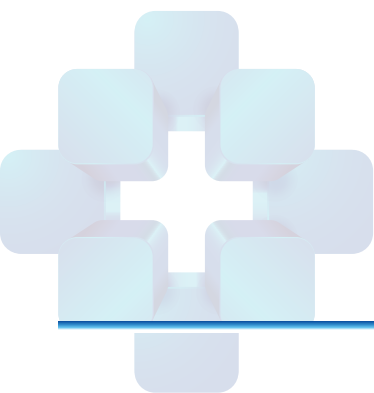
Less Allowance for doubtful accounts

200,434	136,504	37,527	22,750
(7,432)	(7,192)	(1,264)	(120)
193,002	129,312	36,263	22,630

Outstanding trade receivables - related parties can be analysed as follows:

Not overdue (due within 1 month)

Consolidated financial statements		Separate financial statements	
2019	2018	2019	2018
Thousand	Thousand	Thousand	Thousand
Baht	Baht	Baht	Baht
321	655	4,627	5,449



10 Inventories, net

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Medicines	32,617	30,885	2,202	2,454
Medical supplies	25,794	18,245	2,590	3,152
Goods for sales	78	-	-	-
General supplies	488	308	-	-
Food and beverage	267	285	267	285
	59,244	49,723	5,059	5,891
<u>Less</u> Allowance for obsolete inventories	(124)	(151)	-	-
	59,120	49,572	5,059	5,891

During the year ended 2019 and 2018, amounts recognised as cost of sales in profit or loss are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Cost of sales and services	384,887	357,516	28,247	31,339

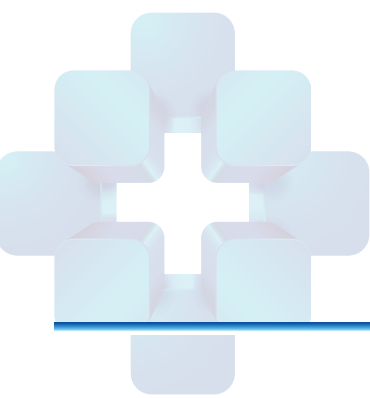
11 Restricted bank deposits

As at 31 December 2019, the Company's restricted deposits represents fixed deposits totalling Baht 5.0 million (2018: Baht 5.0 million) with the interest rate of 1.00% per annum (2018: 1.00% per annum) pledged as collateral for letters of guarantee (Note 31).

As at 31 December 2019, the Group's restricted deposits represents savings and fixed deposits totalling Baht 7.8 million (2018: Baht 17.6 million) with the interest rates of 1.00 % to 1.25% per annum (2018: 1.00% to 1.25% per annum) pledged as collateral for letters of guarantee (Note 31).

12 Other current assets

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Short-term deposits	3,556	24,696	2,209	2,215
Receivables from the Revenue Department	17,439	36,112	-	450
Withholding tax refundable	30,643	30,188	9,604	5,635
Undue input VAT	1,821	1,879	387	612
Retention receivables	-	2,567	-	-
Others	1,036	1,157	305	104
	54,495	96,599	12,505	9,016



13 Investments in subsidiaries

As at 31 December 2019, the Group included the following subsidiaries in the preparation of consolidated financial statements. The subsidiaries have ordinary shares and preference shares in which the Group directly holds those shares. The proportion of ownership interests held by the Group is equal to voting rights in subsidiaries held by the Group.

Investments in subsidiaries as at 31 December comprised the following:

Company's name	Country of incorporation	Nature of business	Ownership interests held by the Group		Ownership interests held by non-controlling interests	
			2019	2018	2019	2018
			Percent	Percent	Percent	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	-	-
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.	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	-	-
Udon Business District Co., Ltd.	Thailand	Property development	99.99	99.99	-	-
Ban Chang Business District Co., Ltd.	Thailand	Property development	99.99	99.99	-	-
Indirect: Subsidiaries under						
Principal Healthcare Co., Ltd.						
Pitsanuloke Medical Co., Ltd.	Thailand	Hospital	60.00	60.00	40.00	40.00
Paknampo Hospital Co., Ltd.	Thailand	Hospital	91.43	90.92	8.57	9.08
Principal Healthcare-Uthai Co., Ltd.	Thailand	Hospital	99.99	99.99	-	-
Principal Healthcare-Lamphun Co., Ltd.	Thailand	Hospital	80.00	99.99	20.00	-
Principal Healthcare-Sisaket Co., Ltd.	Thailand	Hospital	60.00	-	40.00	-
Principal Healthcare-Chumphon 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: A subsidiary under						
Paknampo Hospital Co., Ltd.						
P.N.P Hospital Co.,Ltd.	Thailand	Hospital	91.43	90.92	8.57	9.08

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

	Separate financial statements	
	2019	2018
	Thousand	Thousand
	Baht	Baht
As at 1 January	8,013,254	8,013,254
Disposal of investment	(50,000)	-
As at 31 December	7,963,254	8,013,254

At the Shareholders' meeting of Union Pichit Doctors Co., Ltd. held on 5 April 2019, the shareholders have passed a resolution to approve increase the Company's authorised share capital from 1,000,000 ordinary shares of par Baht 100 each to 2,200,000 ordinary shares of par Baht 100 each to the existing shareholders in proportion to the number of shares held by each of them. The subsidiary registered the increased share capital with the Ministry of Commerce on 16 April 2019.

At the Extraordinary General meeting of Principal Healthcare-Uthai Co., Ltd. held on 26 July 2019, the shareholders have passed a resolution to approve increase the Company's authorised share capital from 5,000,000 ordinary shares of par Baht 10 each to 20,000,000 ordinary shares of par Baht 10 each to the existing shareholders in proportion to the number of shares held by each of them. The subsidiary registered the increased share capital with the Ministry of Commerce on 9 August 2019.

At the Board of Directors' meeting held on 13 August 2019, the Board of Directors have passed a resolution to approve establishment of Principal Healthcare-Sisaket Co., Ltd. with authorised share capital of Baht 250.0 million, which consisted of 25,000,000 ordinary shares at a par value of Baht 10 each. Principal Healthcare Co., Ltd. acquired 60% ownership interests. The subsidiary registered the establishment with the Ministry of Commerce on 27 November 2019.

At the Extraordinary General meeting of the Company held on 5 September 2019, the shareholders have passed a resolution to approve the disposition of investment in Bangkok Management Co., Ltd. to a related party. On 27 September 2019, the Group disposed the investment for a consideration of Baht 1,329.0 million. The Baht 240.4 million gain on disposal was recognised in the consolidated statement of comprehensive income.

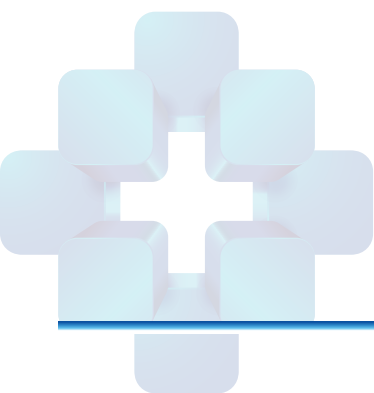
At the Extraordinary General meeting of V33 Co., Ltd. held on 21 October 2019, the shareholders have passed a resolution to approve decrease in the Company's authorised share capital from 50,000,000 ordinary shares at par Baht 10 each to 37,500,000 shares at par Baht 10 each. The subsidiary registered the decreased share capital with the Ministry of Commerce on 2 December 2019.

At the Board of Directors' meeting held on 25 November 2019, the Board of Directors have passed a resolution to approve the disposition of investment in Convergence Systems Co., Ltd. to a third party. On 29 November 2019, the Group disposed the

investment for a consideration of Baht 5.0 million. The Baht 5.6 million of gain on disposal was recognised in the consolidated statement of comprehensive income and the Baht 45.0 million of loss on disposal was recognised in the separate statement of comprehensive income.

At the Board of Directors' meeting held on 17 December 2019, the Board of Directors have passed a resolution to approve establishment of Principal Healthcare-Chumphon Co., Ltd. with authorised share capital of Baht 1.0 million, which consisted of 100,000 ordinary shares at a par value of Baht 10 each. Principal Healthcare Co., Ltd. acquired 99.99% ownership interests. The subsidiary registered the establishment with the Ministry of Commerce on 17 December 2019.

On 1 March 2019, the Company has already released the mortgage of all preferred shares and ordinary shares of Principal Healthcare Co., Ltd., a subsidiary, which had been pledged as securities for borrowing facilities from a financial institution.



Summarised financial information on subsidiaries with material non-controlling interests

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

Summarised statement of financial position

	Pitsanuloke Medical Co., Ltd.			Paknampo Hospital Co., Ltd			Union Pichit Doctors Co., Ltd			Principal Healthcare-Lamphun Co., Ltd			Pitsanuvej Uttaradit Co., Ltd		
	As at 31 December			As at 31 December			As at 31 December			As at 31 December			As at 31 December		
	2019	2018		2019	2018		2019	2018		2019	2018		2019	2018	
	Thousand	Thousand		Thousand	Thousand		Thousand	Thousand		Thousand	Thousand		Thousand	Thousand	
	Baht	Baht		Baht	Baht		Baht	Baht		Baht	Baht		Baht	Baht	
Current assets	306,057	440,064		87,428	69,995		40,976	30,544		155,418	49,989		13,699	12,654	
Current liabilities	(236,938)	(222,594)		(554,588)	(284,526)		(51,827)	(111,052)		(26,734)	(642)		(133,663)	(186,754)	
Total net current assets	69,119	217,470		(467,160)	(214,531)		(10,851)	(80,508)		128,684	49,347		(119,964)	(174,100)	
Non-current assets	1,365,658	982,367		1,752,498	1,815,159		190,328	189,141		144,184	-		586,122	394,861	
Non-current liabilities	(230,445)	(241,092)		(361,584)	(613,727)		(47,395)	(44,676)		(72,840)	-		(230,643)	(147,626)	
Total net non-current assets	1,135,213	741,275		1,390,914	1,201,432		142,933	144,465		71,344	-		355,479	247,235	
Net assets	1,204,332	958,745		923,754	986,901		132,082	63,957		200,028	49,347		235,495	73,135	
Non-controlling assets	481,733	383,498		79,166	89,611		52,833	25,583		40,006	-		94,198	29,254	

Summarised statement of comprehensive income

	Pitsanuloke Medical Co., Ltd.			Paknampo Hospital Co., Ltd			Union Pichit Doctors Co., Ltd			Principal Healthcare-Lamphun Co., Ltd			Pitsanuvej Uttaradit Co., Ltd		
	As at 31 December			As at 31 December			As at 31 December			As at 31 December			As at 31 December		
	2019	2018		2019	2018		2019	2018		2019	2018		2019	2018	
	Thousand Baht	Thousand Baht		Thousand Baht	Thousand Baht		Thousand Baht	Thousand Baht		Thousand Baht	Thousand Baht		Thousand Baht	Thousand Baht	
Revenue	1,202,047	1,161,534		531,820	514,356		174,884	176,739		69,444	-		85,857	-	
Profit (loss)	144,248	116,261		(61,508)	(72,274)		(31,263)	(25,421)		(383)	(653)		(61,890)	(2,160)	
Other comprehensive income (expense)	1,428	(3,115)		(639)	5,292		(619)	(358)		880	-		-	-	
Total comprehensive income (expense)	145,676	113,146		(62,147)	(66,982)		(31,882)	(25,779)		497	(653)		(61,890)	(2,160)	
Profit (loss) allocated to non-controlling interests	58,270	40,348		(5,326)	(6,856)		(12,753)	(10,816)		99	-		(24,756)	(864)	
Dividends paid to non-controlling interests	8,000	23,600		-	-		-	-		-	-		-	-	

Summarised statement of comprehensive income

	Pitsanuloke Medical Co., Ltd.			Paknampo Hospital Co., Ltd			Union Pichit Doctors Co., Ltd			Principal Healthcare-Lamphun Co., Ltd			Pitsanuvej Uttaradit Co., Ltd		
	As at 31 December			As at 31 December			As at 31 December			As at 31 December			As at 31 December		
	2019	2018		2019	2018		2019	2018		2019	2018		2019	2018	
	Thousand Baht	Thousand Baht		Thousand Baht	Thousand Baht		Thousand Baht	Thousand Baht		Thousand Baht	Thousand Baht		Thousand Baht	Thousand Baht	
Revenue	1,202,047	1,161,534		531,820	514,356		174,884	176,739		69,444	-		85,857	-	
Profit (loss)	144,248	116,261		(61,508)	(72,274)		(31,263)	(25,421)		(383)	(653)		(61,890)	(2,160)	
Other comprehensive income (expense)	1,428	(3,115)		(639)	5,292		(619)	(358)		880	-		-	-	
Total comprehensive income (expense)	145,676	113,146		(62,147)	(66,982)		(31,882)	(25,779)		497	(653)		(61,890)	(2,160)	
Profit (loss) allocated to non-controlling interests	58,270	40,348		(5,326)	(6,856)		(12,753)	(10,816)		99	-		(24,756)	(864)	
Dividends paid to non-controlling interests	8,000	23,600		-	-		-	-		-	-		-	-	

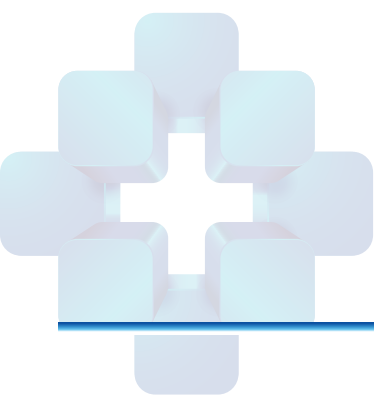
14 Discontinued operation

On 29 November 2019, the Group disposed the investment in Convergence Systems Co., Ltd which operated information system implementation (Note 13). The operating results and cash flows of this discontinued operation before the disposal are as follows:

Financial performance and cash flow information

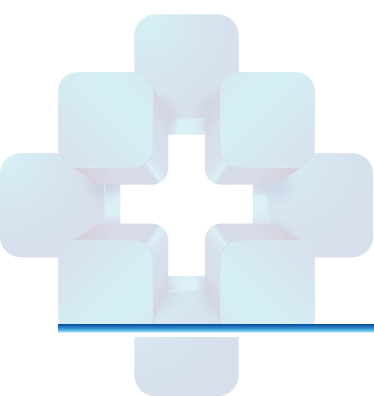
The financial performance and cash flow information presented are for 11 months ended 29 November 2019 and the year ended 31 December 2018.

	Consolidated	
	financial statements	
	2019	2018
	Thousand	Thousand
	Baht	Baht
Revenue from sales and services	19,158	63,833
Cost of sales and services	(27,876)	(75,252)
Gross loss	(8,718)	(11,419)
Other income	61	101
Administrative expenses	(28,704)	(21,072)
Loss before income tax from discontinued operation	(37,361)	(32,390)
Income tax income	307	195
Loss from discontinued operation	(37,054)	(32,195)
Gain on disposal	5,615	-
Loss for the year from discontinued operation, net of tax	(31,439)	(32,195)
Operating cash flows	9,824	(38,069)
Investing cash flows	49	95
Total cash flows from discontinued operation	9,873	(37,974)



Consideration received and gain(loss) on disposal of discontinued operation are summarized as follows:

	Consolidated financial statements	Separate financial statements
	2019	2019
	Thousand Baht	Thousand Baht
Total sales consideration - cash	5,000	5,000
Book value of net identifiable liabilities and investment of discontinued operation	615	(50,000)
Gain (loss) on disposal of discontinued operation	5,615	(45,000)



15 Investment property, net

	Consolidated financial statements		
	Land	Building and improvements	Total
	Thousand	Thousand	Thousand
	Baht	Baht	Baht
As at 1 January 2018			
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
For the year ended 31 December 2019			
Opening net book amount	2,048,257	671,646	2,719,903
Additions	-	1,535	1,535
Disposition of subsidiaries	(1,055,459)	(30,269)	(1,085,728)
Depreciation charges	-	(59,334)	(59,334)
Closing net book amount	992,798	583,578	1,576,376
As at 31 December 2019			
Cost	992,798	816,708	1,809,506
<u>Less</u> Accumulated depreciation	-	(233,130)	(233,130)
Net book amount	992,798	583,578	1,576,376

As 31 December 2019, fair value of investment properties in the consolidated financial statements including blank land, and land with buildings are as follows:

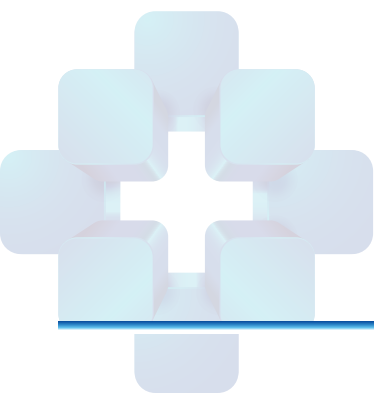
	Consolidated financial statements	
	2019	2018
	Thousand	Thousand
	Baht	Baht
Market approach	596,418	1,617,210
Income approach	1,279,000	1,279,000
Total fair value	1,875,418	2,896,210

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 level 2 of fair value estimation). In addition, appraiser used income approach (Discounted cash flow method). Therefore, the Group classified revaluation of investment properties in level 3 of fair value estimation.

As at 31 December 2019, the Group's land and buildings of net book value of Baht 1,064.5 million (31 December 2018: Baht 1,102.9 million) has been pledged as securities for borrowing facilities from financial institutions (Note 20).

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

	Consolidated financial statements	
	2019	2018
	Thousand	Thousand
	Baht	Baht
Rental income	112,582	114,138
Direct operating expense arise from investment property that generated rental income	55,304	55,261
Direct operating expense arise from investment property that did not generate rental income	4,682	5,948



16 Property, plant and equipment

Consolidated financial statements

	Land Thousand Baht	Building and improvements Thousand Baht	Medical equipment Thousand Baht	Furniture, fixtures, and office equipment Thousand Baht	Vehicles Thousand Baht	Construction in process Thousand Baht	Total Thousand Baht
At 1 January 2018							
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
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							
Additions	368,475	773,826	15,272	13,210	1,043	5,799	1,177,625
Disposals and write-offs	64,403	32,504	99,599	50,413	4,447	672,250	923,616
Transfer in (out)	-	(1,391)	(37)	(185)	(197)	(361)	(2,171)
Transfers to investment property (Note 15)	-	526,584	20,792	663	-	(548,039)	-
Depreciation charge	-	(1,458)	-	-	-	-	(1,458)
	-	(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

For the year ended 31 December 2019

Opening net book amount
 Entire business transfer - Property, plant and equipment (Note 24)
 Additions
 Disposition of subsidiaries
 Disposals and write-offs
 Transfer in (out)
 Depreciation charge

Closing net book amount

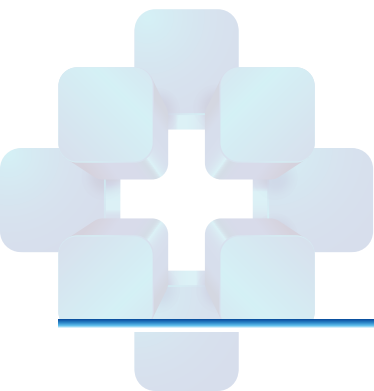
At 31 December 2019

Cost
 Less Accumulated depreciation

Net book amount

Consolidated financial statements						
	Land	Building and	Medical	Furniture, fixtures, and office equipment	Vehicles	Construction in process
	Thousand Baht	improvements	equipment	Thousand Baht	Thousand Baht	Thousand Baht
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
	2,649,776	5,075,873	386,710	192,702	12,614	625,075
	35,252	62,843	13,833	1,429	2,042	3,513
	26,946	35,796	255,862	64,506	15,633	844,263
	-	-	-	(164)	(6)	-
	-	(373)	(13,991)	(4,202)	(481)	-
	-	1,332,290	22	18,148	-	(1,350,460)
	-	(201,138)	(112,620)	(67,757)	(7,766)	-
	2,711,974	6,305,291	529,816	204,662	22,036	122,391
	2,711,974	8,463,295	1,211,111	681,566	96,788	13,287,125
	-	(2,158,004)	(681,295)	(476,904)	(74,752)	-
	2,711,974	6,305,291	529,816	204,662	22,036	122,391
						9,896,170

The Group's land and building and improvements of net book value as at 31 December 2019 of Baht 7,485.3 million (2018: Baht 7,202.0 million) has been pledged as a security for borrowings (Note 20).



For the year ended 31 December 2019
 Opening net book amount
 Entire business transfer - Property, plant and equipment (Note 24)
 Additions
 Disposition of subsidiaries
 Disposals and write-offs
 Transfer in (out)
 Depreciation charge

Closing net book amount

At 31 December 2019

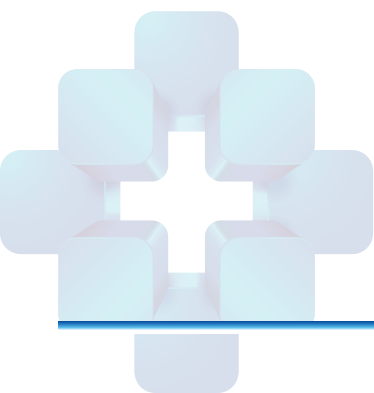
Cost
Less Accumulated depreciation

Net book amount

Consolidated financial statements

	Land	Building and improvements	Medical equipment	Furniture, fixtures, and office equipment	Vehicles	Construction in process	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
	2,649,776	5,075,873	386,710	192,702	12,614	625,075	8,942,750
	35,252	62,843	13,833	1,429	2,042	3,513	118,912
	26,946	35,796	255,862	64,506	15,633	844,263	1,243,006
	-	-	-	(164)	(6)	-	(170)
	-	(373)	(13,991)	(4,202)	(481)	-	(19,047)
	-	1,332,290	22	18,148	-	(1,350,460)	-
	-	(201,138)	(112,620)	(67,757)	(7,766)	-	(389,281)
	2,711,974	6,305,291	529,816	204,662	22,036	122,391	9,896,170
	2,711,974	8,463,295	1,211,111	681,566	96,788	122,391	13,287,125
	-	(2,158,004)	(681,295)	(476,904)	(74,752)	-	(3,390,955)
	2,711,974	6,305,291	529,816	204,662	22,036	122,391	9,896,170

The Group's land and building and improvements of net book value as at 31 December 2019 of Baht 7,485.3 million (2018: Baht 7,202.0 million) has been pledged as a security for borrowings (Note 20).



For the year ended 31 December 2019

Opening net book amount

Additions

Disposals and write-offs

Transfer in (out)

Depreciation charge

Closing net book amount

At 31 December 2019

Cost

Less Accumulated depreciation

Net book amount

Separate financial statements

Furniture, fixtures, and office equipment						
Land	Building and improvements	Medical equipment		Vehicles	Construction in process	Total
Thousand Baht	Thousand Baht	Thousand Baht		Thousand Baht	Thousand Baht	Thousand Baht
595,992	1,827,886	49,992	66,789	1,853	137,313	2,679,825
-	22,600	93,948	22,809	4,596	315,670	459,623
-	(373)	(8,000)	(2,525)	-	-	(10,898)
-	382,736	7	3,329	-	(386,072)	-
-	(64,327)	(12,368)	(16,713)	(1,323)	-	(94,731)
595,992	2,168,522	123,579	73,689	5,126	66,911	3,033,819
595,992	3,488,706	149,579	231,436	18,900	66,911	4,551,524
-	(1,320,184)	(26,000)	(157,747)	(13,774)	-	(1,517,705)
595,992	2,168,522	123,579	73,689	5,126	66,911	3,033,819

The Group's land and building and improvements of net book value as at 31 December 2019 of Baht 2,764.5 million (2018: Baht 2,506.2 million) has been pledged as a security for borrowings (Note 20).

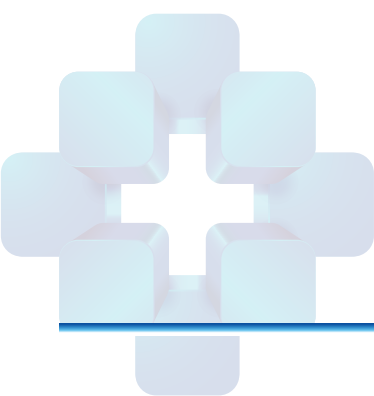
Leased assets included above, where the Group is a lessee under finance leases, comprise medical equipment, office equipment and vehicles

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Cost - finance leases	307,953	132,080	87,799	42,482
<u>Less</u> Accumulated depreciation	(58,619)	(34,551)	(4,568)	(1,387)
Net book amount	249,334	97,529	83,231	41,095

Borrowing costs totaling Baht 14.8 million (2018: Baht 8.9 million), arising from financing specifically entered into for the construction of plant and equipment installation of Baht 10.1 million (2018: Baht 2.6 million) and financing generally of Baht 4.7 million (2018: Baht 6.3 million), were capitalised during the year and are included in additions. A capitalisation rate of 3.67% (2018: 3.57%) 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	Computer software	Computer software in progress	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
At 1 January 2018				
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
For the year ended 31 December 2018				
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	-	69,366	266	69,632
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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
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Consolidated financial statements

	Information system service agreements Thousand Baht	Computer software Thousand Baht	Computer software in progress Thousand Baht	Total Thousand Baht
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For the year ended 31 December 2019

Opening net book amount	-	69,366	266	69,632
Additions	-	42,271	5,997	48,268
Disposition of a subsidiary	-	(57)	-	(57)
Write-offs	-	(47)	-	(47)
Transfers in (out)	-	2,820	(2,820)	-
Amortisation charge	-	(23,819)	-	(23,819)

Closing net book amount	-	90,534	3,443	93,977
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At 31 December 2019

Cost	-	169,312	3,443	172,755
<u>Less</u> Accumulated amortisation	-	(78,778)	-	(78,778)

Net book amount	-	90,534	3,443	93,977
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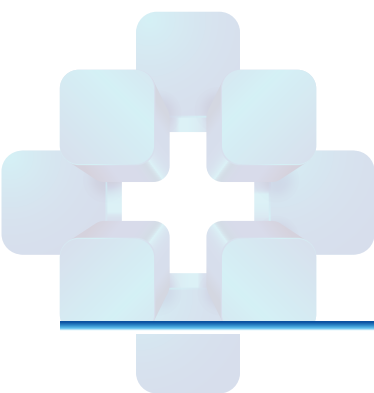
Separate financial statements Thousand Baht

Computer software

At 1 January 2018

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

Net book amount	3,817
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For the year ended 31 December 2018

Opening net book amount	3,817
Additions	1,616
Amortisation charge	(1,756)

Closing net book amount	3,677
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At 31 December 2018

Cost	16,028
<u>Less</u> Accumulated amortisation	(12,351)

Closing net book amount	3,677
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For the year ended 31 December 2019

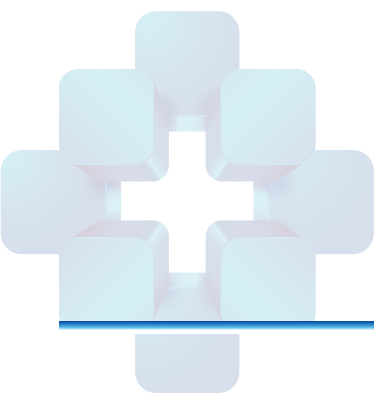
Opening net book amount	3,677
Additions	2,959
Write-offs	(18)
Amortisation charge	(1,987)

Closing net book amount	4,631
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At 31 December 2019

Cost	18,969
<u>Less</u> Accumulated amortisation	(14,338)

Closing net book amount	4,631
-------------------------	-------



18 Goodwill

As 1 January

	Consolidated financial statements	
	2019	2018
	Baht	Baht
Cost	1,648,636	1,648,636
<u>Less</u> Provision for impairment	-	-
Net book amount	1,648,636	1,648,636

For the year ended 31 December

Opening net book amount	1,648,636	1,648,636
Entire business transfer (Note 24)	13,093	-
Disposition of subsidiaries	(4,576)	-
Closing net book amount	1,657,153	1,648,636

At 31 December

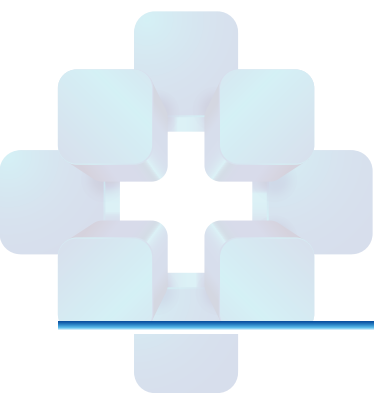
Cost	1,657,153	1,648,636
<u>Less</u> Provision for impairment	-	-
Net book amount	1,657,153	1,648,636

Goodwill is allocated to the Group's cash-generating units (CGUs).

A segment-level summary of the goodwill allocation categorised by business segments is presented below;

Goodwill allocation to;

	Consolidated financial statements	
	2019	2018
	Baht	Baht
Hospital business	1,657,153	1,644,060
Other business	-	4,576
Total	1,657,153	1,648,636



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

The key assumptions used for value-in-use calculations are as follows:

	Hospital
Long-term growth rate	2.00%
Discount rate	6.86% - 7.71%

These assumptions have been used for the analysis of each CGU within the business segment.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The recoverable amount calculated based on value in use is not less than carrying amount. A raise in discount rate 0.03% to 3.88% would remove the remaining headroom.

19 Deferred income taxes

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

	Consolidated financial statements		Separate financial statements	
	2019 Baht	2018 Baht	2019 Baht	2018 Baht
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	5,923	6,276	3,504	2,216
Deferred tax assets to be recovered more than 12 months	37,261	22,304	336	9,709
	43,184	28,580	3,840	11,925

Deferred tax liabilities:

Deferred tax liabilities to be settled

within 12 months

Deferred tax liabilities to be settled

more than 12 months

Deferred tax (net)

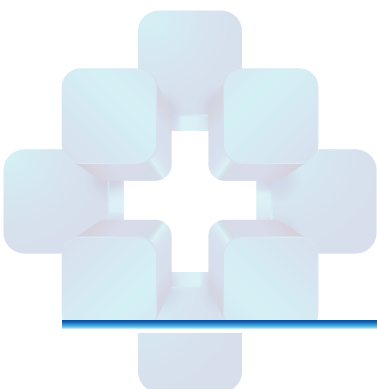
	(6,094)	(341)	(4,798)	(318)
	(347,692)	(356,788)	(163,832)	(181,929)
	(353,786)	(357,129)	(168,630)	(182,247)
	(310,602)	(328,549)	(164,790)	(170,322)

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

	Consolidated financial statements				
	Allowance for doubtful accounts	Property, plant and equipment	Intangible assets	Employee benefit obligations	Total
	Thousand	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht	Baht
Deferred tax assets:					
At 1 January 2018	1,032	208	(930)	14,202	14,512
Entire business transfer	-	-	-	588	588
Charged/(credited) to profit or loss	(1)	(11)	691	3,183	3,862
Credited to other comprehensive income	-	-	-	(940)	(940)
At 31 December 2018	1,031	197	(239)	17,033	18,022
At 1 January 2019	1,031	197	(239)	17,033	18,022
Entire business transfer	-	-	-	512	512
Disposition of a subsidiary	-	-	-	(788)	(788)
Charged/(credited) to profit or loss	(31)	3,583	14,829	7,643	26,024
Credited to other comprehensive income	-	-	-	(831)	(831)
At 31 December 2019	1,000	3,780	14,590	23,569	42,939

	Consolidated financial statements				
	Unrealised gains of changes in fair value of short-term investments	Provisions for staff expenses	Property, plant and equipment	Finance lease liabilities	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Deferred tax liabilities:					
At 1 January 2018	(253)	39	(179,753)	(642)	(180,609)
Entire business transfer	-	-	(177,176)	-	(177,176)
Charged to profit or loss	253	3	9,984	974	11,214
At 31 December 2018	-	42	(346,945)	332	(346,571)
At 1 January 2019	-	42	(346,945)	332	(346,571)
Entire business transfer	-	-	(16,604)	-	(16,604)
Charged/(credited) to profit or loss	(93)	(48)	11,137	(1,362)	9,634
At 31 December 2019	(93)	(6)	(352,412)	(1,030)	(353,541)

	Separate financial statements		
	Employee benefit obligations	Finance lease liabilities	Total
	Thousand Baht	Thousand Baht	Thousand Baht
Deferred tax assets:			
At 1 January 2018	2,536	-	2,536
Entire business transfer	588	-	588
Charged/(credited) to profit or loss	362	(160)	202
Credited to other comprehensive income	(455)	-	(455)
At 31 December 2018	3,031	(160)	2,871
At 1 January 2019	3,031	(160)	2,871
Charged to profit or loss	958	293	1,251
Credited to other comprehensive income	(281)	-	(281)
At 31 December 2019	3,708	133	3,841



Separate financial statements

Unrealised gains of changes in fair value of short-term investments Thousand Baht	Provisions for staff expenses Thousand Baht	Property, plant and equipment Thousand Baht	Total Thousand Baht
(107)	39	-	(68)
-	-	(177,176)	(177,176)
107	3	3,941	4,051
-	42	(173,235)	(173,193)
-	42	(173,235)	(173,193)
(90)	(48)	4,701	4,563
(90)	(6)	(168,534)	(168,630)

Deferred income tax assets are recognised for tax loss and carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 529.2 million (2018: Baht 150.0 million) in respect of losses amounting to Baht 2,646.0 million (2018: Baht 750.2 million) that can be carried forward against future taxable income. Losses amounting to Baht 1,957.6 million (2018: Baht 324.6 million) will be expired in 2024 and 2023 respectively.

20 Borrowings

	Consolidated financial statements		Separate financial statement	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Current				
Bank overdrafts	-	7,415	-	-
Short-term borrowings				
- Bank borrowings	50,000	1,029,962	-	999,962
- Accrued interest	11	438	-	438

Current portion				
of long-term borrowings				
- Bank borrowings	259,820	182,911	95,309	32,525
- Accrued interest	505	1,089	302	293
- Finance lease liabilities	64,812	26,437	27,250	9,280
Borrowings from related parties				
(Note 30 d)				
- Borrowings from related parties	317,000	441,500	1,852,752	602,500
- Accrued interest	31,416	20,391	33,359	12,351
Current portion of long-term				
promissory notes (Note 30 e)				
- Long-term promissory notes				
from a related party	510,510	510,510	510,510	510,510
- Accrued interest	28,828	19,894	28,828	19,894
Total current borrowings	1,262,902	2,240,547	2,548,310	2,187,753
Non-current				
Long-term borrowings				
- Bank borrowings	2,267,471	2,063,843	1,457,763	915,501
- Finance lease liabilities	204,918	74,640	90,692	31,522
Total non-current borrowings	2,472,389	2,138,483	1,548,455	947,023
Total borrowings	3,735,291	4,379,030	4,096,765	3,134,776

The borrowings include secured liabilities in a total amount of Baht 2,577.2 million (2018: Baht 3,246.7 million). Borrowings from financial institutions are secured by land and buildings (Notes 15 and 16).

The movements of borrowings during 2019 (excluding finance lease liabilities) are analysed as follows:

	Consolidated financial statements	Separate financial statements
	Thousand Baht	Thousand Baht
Opening balance	4,277,953	3,093,974
Additions		
- Principle	2,154,579	3,247,721
- Interest	157,635	108,566
Repayments		
- Principle	(2,984,488)	(2,391,623)
- Interest	(138,530)	(78,991)



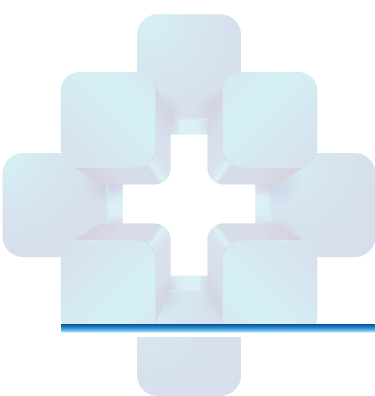
Financing fee	(2,857)	(1,797)
Amortisation of financing fee	1,269	973
Closing balance	3,465,561	3,978,823

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Bank overdrafts	MOR	MOR	-	-
Bank borrowings	MLR -2.6% to -3.1%	MLR -2.0% to -3.1%	MLR -2.6% to -3.1%	MLR -2.0% to -3.1%

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

	Consolidated financial statements			
	Carrying amounts		Fair values	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Long-term borrowings from financial institutions	2,267,471	2,063,843	2,268,269	2,079,771
	Separate financial statements			
	Carrying amounts		Fair values	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Long-term borrowings from financial institutions	1,457,763	915,501	1,458,992	935,914



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.

Minimum lease payments of				
finance lease liabilities:				
Not later than 1 year	73,184	30,813	31,193	10,869
Later than 1 year but not later than				
5 years	216,932	80,375	96,670	33,900
Less Future finance charges				
on finance leases	(20,386)	(10,111)	(9,921)	(3,967)
Present value of finance lease liabilities	269,730	101,077	117,942	40,802
Representing lease liabilities:				
- Short-term	64,812	26,437	27,250	9,280
- Long-term	204,918	74,640	90,692	31,522
	269,730	101,077	117,942	40,802

**Present value of
finance lease liabilities**

Not later than 1 year	64,812	26,437	27,250	9,280
Later than 1 year but not later than 5 years	204,918	74,640	90,692	31,522
	269,730	101,077	117,942	40,802

The Group have the following undrawn committed borrowing facilities:

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Floating rate				
- expiring within 1 year	-	76,961	-	-
- expiring beyond 1 year	1,419,886	1,568,505	924,630	1,380,871
	1,419,886	1,645,466	924,630	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	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Trade accounts payable - third parties	148,770	118,430	30,957	14,313
Trade accounts payable - related parties (Note 30 b)	1,717	-	3,299	3,363
Other payables	149,011	221,482	17,441	35,309
Accrued expenses	173,046	96,633	26,332	18,788
Accrued management expenses	13,441	27,001	13,441	27,001
	485,985	463,546	91,470	98,774

The Group have the following undrawn committed borrowing facilities:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Floating rate				
- expiring within 1 year	-	76,961	-	-
- expiring beyond 1 year	1,419,886	1,568,505	924,630	1,380,871
	1,419,886	1,645,466	924,630	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	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Trade accounts payable - third parties	148,770	118,430	30,957	14,313
Trade accounts payable - related parties (Note 30 b)	1,717	-	3,299	3,363
Other payables	149,011	221,482	17,441	35,309
Accrued expenses	173,046	96,633	26,332	18,788
Accrued management expenses	13,441	27,001	13,441	27,001
	485,985	463,546	91,470	98,774

22 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Statement of financial position:				
Retirement benefits	117,848	85,163	18,535	15,152
Profit or loss charge included in operating profit for:				
Retirement benefits	44,053	18,009	4,920	2,373
Remeasurement for: Retirement benefits	(4,155)	(4,701)	(1,406)	(2,277)

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

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
At 1 January	85,163	71,012	15,152	12,681
Entire business transfer (Note 24)	2,562	2,939	-	2,939
Disposition of a subsidiary	(3,940)	-	-	-
Current service cost	20,770	16,519	4,009	3,580
Past service cost	21,492	(357)	595	(1,461)
Interest expense	1,791	1,847	316	254
	127,838	91,960	20,072	17,993
Remeasurement:				
Gain from change in demographic assumptions	(1,360)	(7,746)	(92)	(146)
(Gain) loss from change in financial assumptions	8,094	(769)	58	(346)
Experience (gain) loss	(10,888)	3,814	(1,372)	(1,785)
	(4,154)	(4,701)	(1,406)	(2,277)
Benefits paid	(5,835)	(2,096)	(131)	(564)
As at 31 December	117,848	85,163	18,535	15,152

On 5 April 2019, an amendment bill to the Labour Protection Law was published in the Government Gazette. The amended law will become effective 30 days after its publication. The main amendment is that the compensation for employees who have retired and have more than or equal to 20 years of service has changed from 300 days' pay to 400 days' pay. The effects of the amendment were recognised as past service cost during the year.

The significant actuarial assumptions used were as follows:



The significant actuarial assumptions used were as follows:

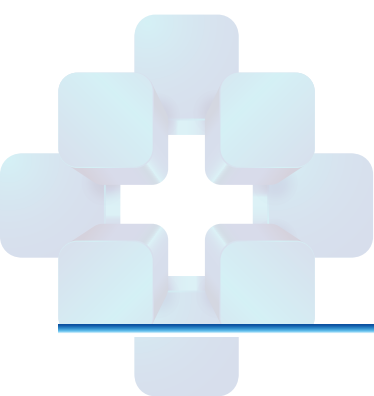
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Percent	Percent	Percent	Percent
Discount rate	1.49 - 2.86	2.27 - 3.65	1.49 - 2.27	2.27
Salary growth rate	0.00 - 5.00	2.00 - 4.50	0.00 - 4.00	2.00 - 4.00
Staff turnover rate (depending on age)	0.00 - 37.00	0.00 - 37.00	0.00 - 22.00	0.00 - 34.00

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

	Consolidated financial statements					
	Impact on defined employee benefit obligations					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2019	2018	2019	2018	2019	2018
Discount rate	1%	1%	Decreased by 8.59%	Decreased by 8.40%	Increased by 10.12%	Increased by 9.85%
Salary growth rate	1%	1%	Increased by 9.77%	Increased by 9.47%	Decreased by 8.48%	Decreased by 8.24%
Staff turnover rate (depending on age)	1%	1%	Decreased by 9.13%	Decreased by 8.96%	Increased by 4.61%	Increased by 3.57 %

	Separate financial statements					
	Impact on defined employee benefit obligations					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2019	2018	2019	2018	2019	2018
Discount rate	1%	1%	Decreased by 3.97%	Decreased by 2.83%	Increased by 4.46%	Increased by 3.12 %
Salary growth rate	1%	1%	Increased by 5.05%	Increased by 2.97%	Decreased by 4.59%	Decreased by 2.74%
Staff turnover rate (depending on age)	1%	1%	Decreased by 4.31%	Decreased by 3.01%	Increased by 1.57%	Increased by 0.48 %

The above sensitivity analysis is 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.

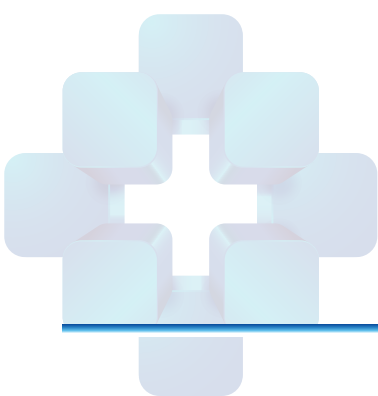
The duration of the defined benefit obligation of each entity in the Group is 9.30 to 31.00 years (2018: 6.12 to 27.90 years).

23 Share capital and premium on share capital

	Number of shares	Ordinary shares Thousand	Share premium Thousand	Total Thousand
As at 1 January 2018	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
Issuance of shares	222,249,300	222,249	686,750	908,999
As at 31 December 2019	3,462,336,820	3,462,337	5,163,517	8,625,854

The total number of authorised ordinary shares is 3,462,336,820 shares (2018: 3,240,087,520 shares) with a par value of Baht 1 per share (2018: Baht 1 per share).

At the Shareholders meeting held on 25 April 2019, the shareholders have passed a resolution to approve decrease the Company's authorised share capital that previously reserved for expired warrant (PRINC - W1) and increase the Company's



authorised share capital from 3,240,638,433 ordinary shares of par Baht 1 each to 3,564,096,272 ordinary shares of par Baht 1 each. The Company registered the increased share capital with the Ministry of Commerce on 15 May 2019.

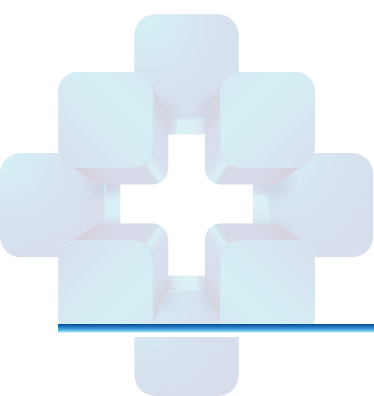
As at 28 November 2019, the Company received share payment from a shareholder amount Baht 909.0 million for 222,249,300 ordinary shares with par Baht 1 each at Baht 4.09 per share. The total receiving amount separated to par value and premium on paid-up share capital as Baht 222.25 million and Baht 686.75 million respectively.

24 Entire business transfer

On 28 February 2019, a subsidiary acquired Sirivej Lamphun Hospital, a private hospital operating in Lamphun. The purpose of the acquisition was to create a hub-and-spoke model for the Group's hospitals and enhance the profitability of the Group in the future. The acquisition was through an entire business transfer.

The amounts below are fair values of assets acquired and liabilities assumed at the date of acquisition.

	Thousand baht
Total purchase consideration - cash	96,000
	Fair value Thousand Baht
Trade receivables	5,428
Inventories	2,397
Property, plant and equipment	118,912
Other non-current assets	779
Advances received from customers	(3,814)
Finance lease liabilities	(1,415)
Employee benefit obligations	(2,562)
Deferred tax liabilities	(16,091)
Net identifiable assets acquired (100%)	103,634
<u>Less</u> Non-controlling interests (20%)	(20,727)
Net identifiable assets acquired	82,907
<u>Add</u> Goodwill	13,093
	96,000



The Group completed the measurement the fair value of identifiable assets acquired and liabilities assumed of Lamphoon Ruamphaet Co., Ltd. during the fourth quarter of 2019. The fair value measurement of the identifiable assets and liabilities is reasonable.

25 Liabilities relating to contracts with customers

25.1 Contract liabilities

The Group has recognised the following liabilities related to contracts with customers:

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Contract liabilities - current	34,875	18,145	10,487	6,076

Significant changes in contract liabilities

Contract liabilities for medical services and building and office services have increased by 16.7 million following new hospital operations and the entire business transfer in 2019 as disclosed in Note 24.

Revenue recognised in relation to contract liabilities

Revenue recognised in 2019 relates to carried-forward contract liabilities.

	Consolidated financial statements		Separate financial statements	
	2019 Thousand Baht	2018 Thousand Baht	2019 Thousand Baht	2018 Thousand Baht
Revenue recognised that was included in the contract liability balance at the beginning of the period				
- Medical services	5,720	2,586	404	-
- Building and office services	8,028	10,762	5,451	4,078
- Information system implementation	-	2,340	-	-

13,748	15,688	5,855	4,078
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25.2 Unsatisfied long-term contracts

As at 31 December 2019 and 2018 the unsatisfied performance obligations resulting from contracts are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Medical service contract	4,816	-	-	-
Building and office service contracts	89,785	76,424	-	-

Management expects that 55.92% of the transaction price allocated to the unsatisfied contracts as of 31 December 2019 will be recognised as revenue during the next reporting period amounting to Baht 50.2 million. The remaining 44.08% amounting to Baht 39.6 million will be recognised in the 2021 to 2023.

26 Finance costs

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Borrowings from financial institutions	112,387	91,022	67,920	46,649
Borrowings from related parties	31,695	32,195	30,045	27,509
Finance leases	9,108	2,892	3,017	544
	153,190	126,109	100,982	74,702

27 Expense by nature

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Employee benefit expenses	954,997	838,089	189,558	181,871

Depreciation (Notes 15 and 16)	448,615	404,754	94,731	74,441
Amortisation (Note 17)	23,819	16,791	1,987	1,756
Management fees	31,959	30,196	16,823	16,406
Operating lease payments	24,667	22,516	6,510	6,212

28 Income tax expense

Income tax expense for the year comprises the following:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Current tax:				
Current tax on profits for the year	37,785	46,093	-	-
Total current tax	37,785	46,093	-	-
Deferred tax:				
Increase in deferred tax assets (Note 19)	(26,024)	(4,148)	(1,251)	(365)
Decrease in deferred tax liabilities (Note 19)	(9,634)	(10,928)	(4,563)	(3,888)
Total deferred tax	(35,658)	(15,076)	(5,814)	(4,253)
Income tax expense (income)	2,127	31,017	(5,814)	(4,253)
Income tax expense(income) attributable to				
Loss from continuing operation	2,434	31,211	(5,814)	(4,253)
Loss from discontinued operation	(307)	(194)	-	-
	2,127	31,017	(5,814)	(4,253)

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 as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Loss before tax				
From continuing operation	(153,070)	(89,237)	(260,061)	(39,488)
From discontinued operation	(31,746)	(32,390)	-	-
	(184,816)	(121,627)	(260,061)	(39,488)
Tax calculated at a tax rate of 20% (2018: 20%)	(36,963)	(24,325)	(52,012)	(7,898)
Tax effect of:				
Associate's results reported net of tax	(32)	-	-	-
Income not subject to tax	-	(19,449)	-	(16,616)
Expenses not deductible for tax purpose	21,899	3,781	2,577	1,364
Additional expenses deductible for tax purpose	(66,907)	(18,900)	(4,087)	(677)
Utilisation of previously unrecognised tax losses	(10,942)	-	-	-
Tax losses for which no deferred income tax assets were recognised	95,072	89,910	47,708	19,574
Income tax expense(income)	2,127	31,017	(5,814)	(4,253)

29 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		Separate	
financial statements		financial statements	
2019	2018	2019	2018

From continuing operations attributable to the ordinary equity holders of the Company	(150,278)	(141,202)	(254,247)	(35,235)
From discontinued operation	(31,439)	(32,195)	-	-
Net loss attributable to ordinary shareholders of the Company (Thousand Baht)	(181,717)	(173,397)	(254,247)	(35,235)
Weighted average number of ordinary shares outstanding (shares)	3,260,181,292	3,240,087,520	3,260,181,292	3,240,087,520
Loss per share (Baht per share)	(0.056)	(0.054)	(0.078)	(0.011)

There is no diluted earnings per share during the year 2019 and 2018.

30 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.

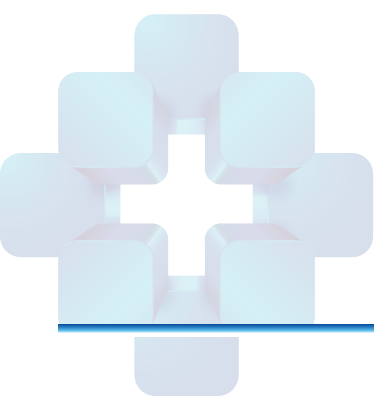
The Company are control by the Viddayakorn Family in the proportions of 80.83%. The remaining 19.17% of the shares are widely held.

The investments in subsidiaries are disclosed in Note 13.

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	
2019	2018	2019	2018
Thousand	Thousand	Thousand	Thousand

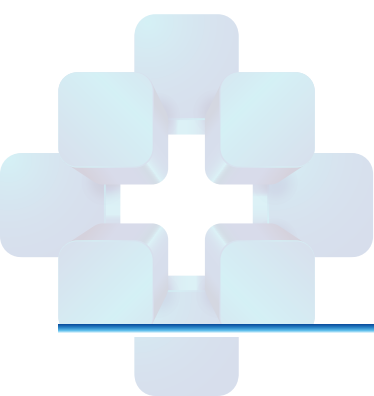


	Baht	Baht	Baht	Baht
For the year ended 31 December				
Revenue from services				
Subsidiaries	-	-	50,376	54,804
Related parties	4,336	4,478	2,772	2,220
	4,336	4,478	53,148	57,024
Revenue from rental				
Related parties	5,431	7,280	-	-
Interest income				
Subsidiaries	-	-	23,030	7,587
Rental and its related service fees				
Subsidiaries	-	-	4,469	4,596
Service fees				
Subsidiaries	-	-	10,654	12,744
Related parties	5,468	-	3,377	-
	5,468	-	14,031	12,744
Interest expense				
Subsidiaries	-	-	21,112	12,351
Related parties	31,772	31,430	8,934	15,157
	31,772	31,430	30,046	27,508

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

The outstanding balances at the end of the period ended in relation to transactions with related parties are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Accounts receivable				
Subsidiaries	-	-	4,306	5,251
Related parties	4,235	655	321	198

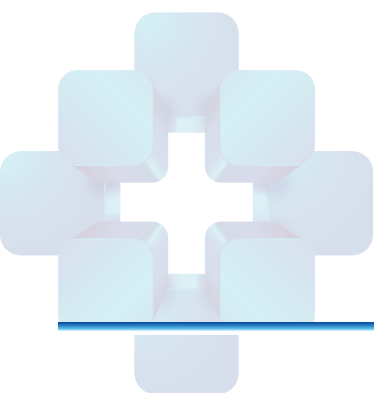


	4,235	655	4,627	5,449
Deposits				
Subsidiary	-	-	1,006	1,006
Accounts payable				
Subsidiaries	-	-	2,492	3,363
Related parties	1,717	-	807	-
	1,717	-	3,299	3,363
Accrued expenses				
Subsidiaries	-	-	33	66
Related parties	184	-	-	-
	184	-	33	66
Advances received from customers				
Related party	-	9,472	-	-

c) Short-term loans to subsidiaries

The movements of loans to subsidiaries can be analysed as follows:

	Separate financial statements	
	2019	2018
	Thousand Baht	Thousand Baht
At 1 January	520,836	101,749
Loans advanced during the period		
- principle	1,253,700	469,000
- interest	22,919	7,587
Loans repayment received		
- principle	(402,500)	(57,500)
Reclassified as short term loan to other party	(38,966)	-
At 31 December	1,355,989	520,836
Short-term loans to subsidiaries	1,330,700	511,500



Short-term loans to subsidiaries have bear an interest rate of 12-month fixed deposit plus 1.00% per annum and an interest rate from source of borrowings plus 0.50% to 1.00% per annum are due within 6 months from the borrowing date.

d) Short-term borrowings from related parties

The movements of short-term borrowings from related parties can be analysed are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
At 1 January	461,891	445,619	614,851	-
Borrowings received during the period				
- principle	200,000	-	1,597,479	602,500
- interest	22,838	16,272	21,112	12,351
Borrowings repaid during the period				
- principle	(324,500)	-	(347,228)	-
- interest	(11,813)	-	(103)	-
At 31 December	348,416	461,891	1,886,111	614,851
Short term borrowings				
Subsidiaries	-	-	1,852,752	602,500
Related parties	317,000	441,500	-	-
Accrued interest expense				
Subsidiaries	-	-	33,359	12,351
Related parties	31,416	20,391	-	-

The Company has short-term borrowings from subsidiaries which were bear an interest rate of 12-month fixed deposit plus 1.00% 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		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018

	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Current portion of long-term promissory notes				
Related party	510,510	510,510	510,510	510,510
Accrued interest expense				
Related party	28,828	19,894	28,828	19,894

The movements in long-term promissory notes from a related party for the year ended 31 December 2019 are analysed as follows:

	Consolidated financial statements and separate financial statements Thousand baht
Opening balance	530,404
Additions - Interest	8,934
Closing balance	539,338

Long-term promissory notes from a related party bear an interest rate of 1.75% per annum and are due within 3 years from the borrowing date.

f) Key management compensation of the Group

Key management compensation is as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Short-term employee benefits	88,993	88,738	37,672	36,142
Retirement benefits	6,432	7,072	2,679	2,366
	95,425	95,810	40,351	38,508

	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Current portion of long-term promissory notes				
Related party	510,510	510,510	510,510	510,510
Accrued interest expense				
Related party	28,828	19,894	28,828	19,894

The movements in long-term promissory notes from a related party for the year ended 31 December 2019 are analysed as follows:

	Consolidated financial statements and separate financial statements Thousand baht
Opening balance	530,404
Additions - Interest	8,934
Closing balance	539,338

Long-term promissory notes from a related party bear an interest rate of 1.75% per annum and are due within 3 years from the borrowing date.

f) Key management compensation of the Group

Key management compensation is as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Short-term employee benefits	88,993	88,738	37,672	36,142
Retirement benefits	6,432	7,072	2,679	2,366
	95,425	95,810	40,351	38,508

31 Letter of guarantees

As at 31 December 2019, the Company had letters of guarantee issued by financial institutions of Baht 16.4 million (2018: Baht 16.4 million) in respect of certain performance bonds in relation for medical services and obligation of property development business as required in the normal course of business.

As at 31 December 2019, the Group had letters of guarantee issued by financial institutions of Baht 28.8 million (2018: Baht 35.9 million) in respect of certain performance bonds in relation for guaranteeing electricity usages with Metropolitan Electricity Authority as required in the normal course of business.

32 Commitments

32.1 Capital expenditure commitments

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

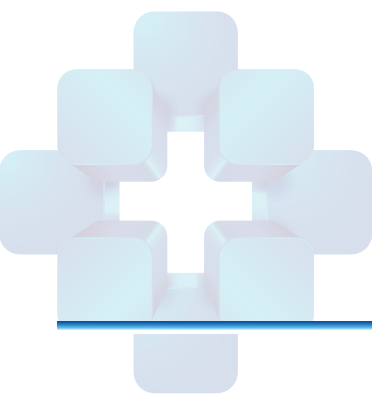
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Plant and equipment	21,909	473,362	12,166	186,193

32.2 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 12 years.

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

Consolidated		Separate	
financial statements		financial statements	
2019	2018	2019	2018



	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Not later than 1 year	33,637	36,936	5,714	7,244
Later than 1 year but not later than 5 years	16,895	18,197	4,638	12,211
More than 5 years	8,344	9,290	-	-
	58,876	64,423	10,352	19,455

32.3 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 2019 were Baht 16.8 million.

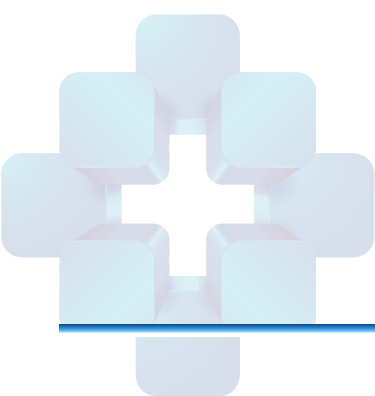
On 14 January 2016, the Group entered into management agreements with a group company of a well known international standard hotel chain, appointing the hotel group to manage the Company's serviced apartments. Under the conditions of the agreements, the Company has to pay service fees to the hotel group 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 2019 were Baht 15.1 million.

32.4 Entire business transfer commitment

On 18 December 2019, the Group entered into an entire business transfer agreement of a private hospital in Chumphon province at a consideration of not exceeding Baht 570 million. The Group paid deposit as at the agreement date for Baht 20 million. The Group expects the transfer and obtaining control will incur in the first quarter of 2020.

32.5 Joint venture commitment

On 18 December 2019, the Company signed a joint venture agreement with a company to study the feasibility of the elderly care business and establish health care service and facility of service center for elderly care for support expansion of elderly care business in the future.



27 February 2020

RE: Management Discussion and Analysis for Year 2019

TO: President, Stock Exchange of Thailand

Principal Capital Public Company Limited ("Company") would like to submit the following Management Discussion and Analysis on the Company and Consolidated Financial Statements for Year 2019, ended 31 December 2019, compare with Year 2018 as follows.

Major developments in 2019

On February 28, 2019, Principal Healthcare - Lamphun Co., Ltd., a subsidiary of which shares are held indirectly by the Company, acquired and accepted the Entire Business Transfer (EBT) of Lamphun Ruamphat Company Limited which was operating a private hospital business under the name "Sirivej Lamphun Hospital", located in Lamphun Province. The objective was to expand the coverage of the Business Group's private hospital business network in order to enhance the Group's future revenue generating capability. The subsidiary paid a consideration of 96.0 million Baht. The transaction resulted in a goodwill of 13.09 million Baht in the Consolidate Financial Statement.

On March 29, 2019, the Company launched an opening of Pitsanuvej Uttaradit Hospital, the only private hospital in Uttaradit Province. The hospital features 50 inpatient rooms and seven critical care rooms equipped with ventilators, international standard operation rooms and modern storage for medical devices (e.g. a multislice CT scanner, a mammogram machine, a 4-D ultrasound machine, cardiac stress test equipment, and an echocardiography machine). It also has an Emergency and Trauma Center with emergency medicine physicians ready to take care of patients in the locality and nearby provinces, such as Sukhothai, Phrae, and Nan, as well as neighboring Lao PDR, and capable of transferring patients to a network hospital around the clock.

On September 27, 2019, V Brilliant Group Holding Co., Ltd., a subsidiary of the Company, disposed of ordinary shares of Bangkok Management Co., Ltd., a subsidiary of V Brilliant Group Holding Co., Ltd., of which the only remaining assets were a land plot with an area of 651 square wah and a sixty-room old hotel building. The disposition was made to VMS Development Co., Ltd., which is a connected person of the Company, at a price of 1,329.0 million Baht. The transaction generated a gain on sale of investment in a subsidiary of 240.4 million Baht, which is reflected in the Interim Statement of Comprehensive Income.

On November 12, 2019, an opening ceremony was held for Princ Uthai Thani Hospital, the first private hospital of Uthai Thani Province. The 60-bed hospital has the capacity to provide treatment services, including check-ups, with the focus on medical treatment for emergency patients by its Emergency and Trauma Center with a team of emergency medicine physicians and specialists, coming complete with sophisticated medical

devices and technologies. The hospital can accommodate people in Uthai Thani and nearby provinces, such as Chai Nat and Nakhon Sawan, and can provide consultancy and 24-hour transfer service to a network hospital; e.g., Princ Hospital Paknambo in Nakhon Sawan Province.

On November 14, 2019, Principal Healthcare Company Limited, a subsidiary of the Company, entered into a Joint Venture Agreement with Sisaket Meditech Company Limited, to operate a private hospital in Sisaket Province under the name “PRINC Hospital Sisaket”. Construction of the hospital, which will be the first private hospital in the province - with 59 beds - will begin in the first quarter of 2020 and services will be available in the first half of 2021.

On November 28, 2019, the Company disposed of 222.25 million newly issued ordinary shares to, and received payment, from the International Finance Corporation (IFC). The new shares were issued in accordance with the resolution passed by the 2019 Annual General Meeting of Shareholders convened on April 25, 2019, approving a general mandate, and sold at 4.09 Baht per share. (The seven-day and fourteen-day average market prices per share were 4.18 and 4.14 Baht, respectively.) The total value of the disposition was 909.0 million Baht. The payment was divided into the par value and the share premium of 222.25 and 686.75 million Baht, respectively.

On November 29, 2019, the Company made a sale of investment in Convergence Systems Co., Ltd., a subsidiary engaged in providing IT systems installation services. The sale was made to Full Stack Enterprise Co., Ltd. at 5.0 million Baht. The transaction resulted in a loss on disposal of investment in a subsidiary in an amount of 45.0 million Baht in the Separate Financial Statement and a gain from a sale of investment in a subsidiary in an amount of 5.6 million Baht in the Consolidated Financial Statement. The reason was the Company had transferred personnel of the functions dealing with development and installation of hospital systems to another subsidiary - Principal Healthcare Company Limited - prior to the sale of this company.

On December 2, 2019, Princ Suvarnabhumi Hospital was officially opened. This leading tertiary hospital is a center of specialists and serves as a center for transfers to other hospitals in the Group. It has also formed alliances in order to build on other related medical businesses. An example is the alliance with Bumrungrad Hospital formed to launch a new business model - “Bumrungrad Health Network- Growing Together Model” – whereby a medical excellence center is established to offer access to standard medical treatment. In the first phase, a Spine and Joint Center has been set up at Princ Hospital Suvarnabhumi. Another example is the joint venture formed with Nihon Keiei Group (NKG) to coinvest in establishing an Elderly Care Center.

A resolution was passed by the Company’s Board of Directors on December 17, 2019, approving incorporation of a new subsidiary, Principal Healthcare - Chumphon Company Limited, to accommodate investment and business expansion in Chumphon Province. The new company has a registered capital of 270.0 million Baht, divided into 27 ordinary shares, each with a par value of 10 Baht per share. The Board also granted approval for Principal Healthcare - Chumphon Company Limited to acquire and accept the transfer of a private hospital in Chumphon Province operated by Virajsilp Hospital Co., Ltd. under the name “Virajsilp Hospital”,

registered for 100 beds. In this transaction, Principal Healthcare - Chumphon Company Limited will pay a consideration not exceeding 540.0 million Baht in total. The Company expects the acquisition of Virajsilp Hospital to mark a move to increase its business coverage in the regions of the country, particularly in the South. The move would add to its growth and enhance its potential and competitiveness as well as future revenue generating.

Another resolution was passed on December 17, 2019, to approve formation of a joint venture for elderly care business with the NK Group. A Joint Venture Agreement was made on December 18, 2019, for a joint elderly care business. Approval was also granted for establishment of a new subsidiary under the name Princ NKG Company Limited, with the objective of investing in elderly care business. The Company holds 51% of the shares in the new company and the other 49% is held by NK Group. The company's concept of elderly care focuses on self-reliance, whereby elderly people resume their healthy condition and capability of conducting their Activities of Daily Living (ADL) with their family members. The aim is to assist the elderly in rehabilitating their physical and mental strength for maximum self-reliance. According to the plan, the service will be first offered at Princ Suvarnabhumi Hospital in 2020.

The economic and industrial situations affecting the operation and business policies, strategies and decisions

The private hospital business has had an average annual growth rate of revenue around 10 % over the past 5-6 years during which net profit grew by approximately 10.7% per year on average. This was due in part to the rise in revenues from medical treatment which have been correspondent with the level of treatment, complexity of illnesses and technologies used, as well as the increase in investment in new private hospitals. The main drivers of private hospitals' business have been foreign patients, particularly medical tourists, and patients who have bought health insurance for themselves, the majority of whom have moderate to high purchasing power.

Net profit of listed private hospital businesses is projected to grow by 3-6%, somewhat slowing down from growth in 2019. This holds particularly true for private hospitals targeting patients with moderate to high purchasing power due to fierce competition from the increasing number of competitors, yet the number of patients with required potential has not increased proportionately. This imposes pressure on revenue growth in contrast with consistently rising expenses due to changes made by the business operators, such as medical personnel expenses, and investment in technologies and specialization for differentiation purposes, or even discount offers to certain patient groups. Consequently, over the past 1-2 years, there have been signs of lower growth rates of revenue and profitability of the private hospital business group. There are also other developments deserving monitoring, particularly the measures taken to control the prices of medicines, medical supplies and medical services. Such measures are likely to impose pressure on profitability of individual private hospitals in varying degrees. Although, on one hand, the measures make it convenient for patients to become aware of relevant information and to be able to compare prices of medicines which they can choose to buy outside the hospital, the regulation may put profitability of private hospital businesses under pressure in the future as revenues from medicines constitute the majority of the revenues in private hospital businesses.

Nevertheless, some private hospital businesses are likely to continue to make increasing profits in 2020, particularly those operating hospitals in locations with no competitors and focusing on patients exercising rights from their own health insurance plans. Amid the current economic condition, which is not recovering yet, patients without their own health insurance plans and have to pay cash out of their own pocket are more likely to exercise their rights granted by the state. The revenues and thus profitability of this group of private hospital businesses are likely to increase in 2020 if there is positive adjustment of the capitation payment under the social security health scheme.

Moving forward, in order to diversify risks associated with generating revenues and profits from hospitals in the PRINC Group, there should be strategy adjustments to explore new sources of revenues to supplement medical services which are the major revenue source, in addition to introduction of technologies for cost reduction and service quality maintenance. Some non-hospital service groups are interesting and are likely to expand, such as the elderly care business. This strategy should be adopted by the private hospital business.

The Company plans to continue to increase the number of hospitals in the next 3-5 years. The focus will be on the provinces where there are no private hospitals, with a sizeable population and demand for medical services. The hospitals will be located in all the regions. Emphasis will be placed on service quality and cost control. What the Company has done and has proved very effective is putting in place shared services, particularly in terms of technology. Service functions in similar departments are consolidated on a single database. Examples are the personnel department, the accounting department, and the medicine and medical supply storage. Such centralization can bring about cost reduction. Also, procurement of equipment as a network can also reduce costs. Besides, patient registration and files are entered into the Hospital Information System to enhance efficiency, minimize errors and provide speedy services. The latest achievement in upgrading hospital operation was introduction of electronic medical record systems at Princ Paknampo Hospital in Nakhon Sawan Province, enabling it to achieve Stage 7 on the HIMSS Analytics Electronic Medical Records Adoption Model (EMRAM). This reflects the hospital's excellence in terms of healthcare information technology. It is the first and only hospital in Thailand to have become a stage 7 organization.

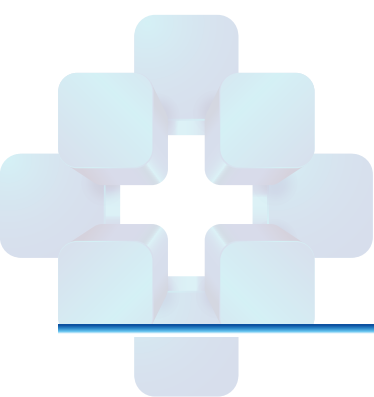
Going forward, the Company remains committed to adding health services, such as businesses related to the aging society due to increasing human longevity, which will lead to greater demand for health services for elderly people. The Company sees this as an extension of its health service business and focuses on providing quality services to middle income earners by offering elderly care in all forms for their greater well-being.



2019 operating results

Statement of Comprehensive Income	Y2019	Y2018	Increase	Change
Unit: million			(decrease)	%
Revenues from hospital operations	2,296.2	2,084.6	211.6	10.1
Revenues from sales and services	575.3	574.2	1.1	0.2
Costs of hospital operations	1,879.3	1,577.4	301.9	19.1
Costs of sales and services	353.3	376.0	(22.7)	-6.0
Gross profit	638.9	705.5	(66.6)	-9.4
Other income	46.9	51.1	(4.2)	-8.3
Gain on disposal of investment in a subsidiary	240.4	-	240.4	100.0
Gain on bargain purchase	-	82.5	(82.5)	-100.0
Selling and Administrative expenses	926.2	802.3	123.9	15.4
Finance costs	153.2	126.1	27.1	21.5
Loss before income tax expense	(153.1)	(89.2)	63.9	71.5
Income tax expense	(2.4)	(31.2)	(28.8)	-92.2
Loss from continuing operations	(155.5)	(120.4)	35.1	29.1
Loss from discontinued operations	(31.4)	(32.2)	(0.8)	-2.3
Loss for the year	(186.9)	(152.6)	34.3	22.5
Total comprehensive expense for the year	(183.6)	(148.8)	34.8	23.3

In 2019, the Company and the subsidiaries generated revenues totaling 2,296.2 million Baht from the hospital business and incurred costs totaling 1,879.3 million Baht from the hospital business, and revenues from sales and services totaling 575.3. Costs of sales and services totaled 353.3 million Baht. There was a gain of 240.4 million Baht on disposal of investment in subsidiary. Selling and administrative expenses totaled 926.2 million Baht and financial costs totaled 153.2 million Baht. There was a resultant loss for the year of 155.5 million Baht from the going concern. The Company also incurred a loss of 31.4 million Baht from discontinued operations. As a result, the Company's loss for the year totaled 186.9 million Baht.

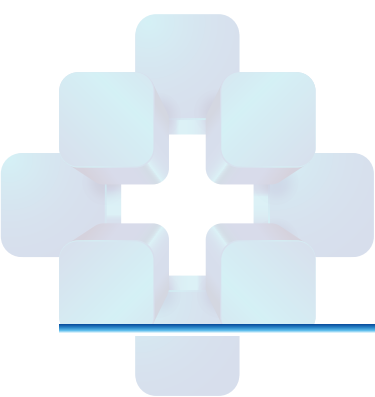


Losses for 2019 and 2018. One-off adjusting entries are combined from:

Statement of Comprehensive Income	Y2019	Y2018	Increase	Change
Unit: million			(decrease)	%
Loss for the year	(186.9)	(152.6)	34.3	22.5
Loss from discontinued operations	(31.4)	(32.2)	(0.8)	-2.3
Gain on disposal of investment in a subsidiary	240.4	-	240.4	100.0
Gain on bargain purchase	-	82.5	(82.5)	-100.0
Loss for the year	(395.9)	(202.9)	193.0	95.1
(excluded adjustment transaction)				

It can be seen that, if the adjusting entries are not included, the Company and the subsidiaries incurred a loss for the year of 395.9 million Baht - 193.0 million Baht higher than the previous year. This was because:

- During the year, three new hospitals were opened; namely, Sirivej Lamphun Hospital, Pitsanuvej Uttaradit Hospital and Princ Uthai Thani Hospital, although they are not yet fully operational. This has led to unusually high direct costs, and selling and public relations as well as administrative expenses.
- Princ Hospital Suvarnabhumi is undergoing renovation of the in-patient and out-patient buildings, causing inconvenience to service users and patients on some floors. Services to patients under the National Health Security Program (the Gold Card Program) were discontinued. Revenues generated during the year therefore did not reach the maximum potential although the costs and expenses did not decrease proportionately. The renovation was completed in early December, 2019 and the hospital has now been officially opened.
- In the third and fourth quarters of 2019, revenues of both the hospital and property business groups grew at a lower rate than what it should have been, compared to the corresponding period of the previous year. This was attributed to climate change which caused fewer epidemics. Also, the general economic condition was not conducive to business growth of both the hospital and the serviced apartment businesses.



The following explains the operating results by business group.

Revenues from sales and services

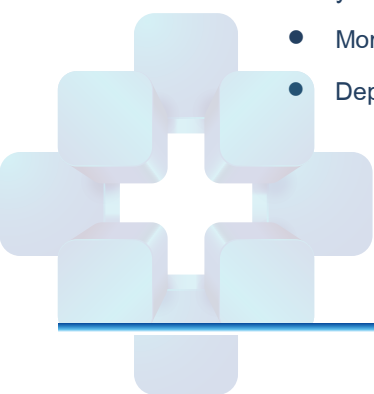
Unit: million	Y2019		Y2018		Change
	Amount	%	Amount	%	%
Hospital business	2,296.2	80.0	2,084.6	78.4	10.1
Property development and property rental business	575.3	20.0	574.2	21.6	0.2
Total	2,871.5	100.0	2,658.8	100.0	8.0

The Company and the subsidiaries generated revenues from sales and the rendering of services totaling 2,871.5 million Baht, an increase of 212.7 million Baht or 8.0 %. The increase resulted from the following:

- The hospital business' revenues increased by 211.6 million Baht, or 10.1% due mainly to:
 - Revenues of the new hospitals opened in 2019; namely, Sirivej Lamphun Hospital, Pitsanuvej Uttaradit Hospital and Princ Uthai Thani Hospital, totaled 162.2 million Baht. Princ Suvarnabhumi Hospital generated revenues totaling 20.8 million Baht. In 2018, the hospital did not recognize revenues for the whole year.
 - Revenues of existing hospitals – Pitsanuvej Hospital and Princ Hospital Paknampo – totaled 56.3 million Baht.
- The property development and rental business had a revenue increase of 1.1 million Baht, or 0.2 %, due mainly to the following :
 - The Marriott Executive Apartment Sathorn Vista – Bangkok Project had a revenue increase of 5.9 million Baht because the occupancy rate rose from 81.7 % in 2018 to 86.8 % in 2019, and the average daily rate (ADR) increased from 4,024 to 4,093 Baht.
 - The Bangkok Business Center Building, which is for office space rental, had a revenue increase of 0.8 million Baht.

Gross profit was 66.6 million Baht lower than 2018, for the following main reasons:

- Costs of the new hospitals (Sirivej Lamphun Hospital, Pitsanuvej Uttaradit Hospital and Princ Uthai Thani Hospital) in 2019 totaled 174.8 million Baht, and Princ Suvarnabhumi Hospital incurred costs totaling 57.5 million Baht. The costs for 2018 were not recognized for the whole year.
- Moreover, existing hospitals incurred higher personnel and physician costs.
- Depreciation of both new and existing hospitals increased.



Gain on disposal of investment in a subsidiary of 240.4 million Baht. This one-off item resulted from disposition of ordinary shares of Bangkok Management Co., Ltd.

Selling and administrative expenses were 123.9 million Baht (15.4 %) higher than 2018 due to:

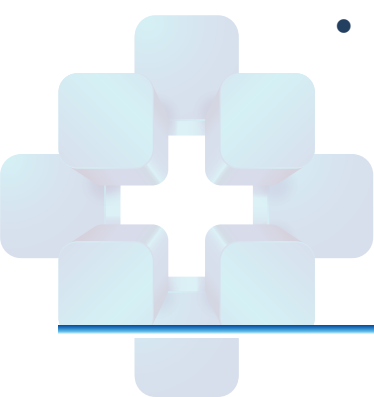
- Selling and administrative expenses of the new hospitals opened in 2019 (Sirivej Lamphun Hospital, Pitsanuvej Uttaradit Hospital and Princ Uthai Thani Hospital) totaling 68.1 million Baht
- Marketing and public relations expenses, as well as other expenses of the hospitals opened during the year pushed up the selling and administrative expenses.
- Expenses for financial and legal advisors increased as there were two transactions involving sales of investments in subsidiaries and sales of newly issued ordinary shares. Besides, the Company is currently undergoing restructuring for future expansion and needs to hire experts for consultancy.
- The new Labor Protection Act entitles employees to severance pays not less than an equivalent of 400 days times their last wage, as against the original 300 days. This has led to an increase in administrative expenses of 8.7 million Baht on the parts of the Company and the subsidiaries.

EBITDA:

Unit: million	Y2019	Y2018	Increase (decrease)	Change %
EBITDA	472.5	458.4	14.1	3.1
Finance costs	153.2	126.1	27.1	21.5
Depreciation and amortisation	472.4	421.5	50.9	12.1
Profit before income tax	(153.1)	(89.2)	63.9	71.5
Income tax expense	(2.4)	(31.2)	(28.8)	-92.2
Loss for the year	(155.5)	(120.4)	35.1	29.1
**EBITDA excluded adjustment transaction	232.1	375.9	(143.8)	-38.3

EBITDA for 2019 totaled 472.5 million Baht, which was 14.1 million Baht, or 3.1% higher than the previous year because:

- There was a one-off item – a gain on disposal of investment in a subsidiary – of 240.4 million Baht.
- There were direct costs, marketing and public relations expenses as well as other expenses of newly opened hospitals, increasing selling and administrative expenses.



EBITDA of the Company and the subsidiaries, excluding this adjusting entry, totaled 232.1 million Baht, 143.8 million Baht lower than the previous year due to lower gross profits and the increases in the expenses of newly opened hospitals, and investment in physicians and medical units.

Interest expenses rose by 27.1 million Baht, as a result of the increase in borrowings from financial institutions for the newly opened hospitals and renovation and modernization of hospital buildings to suit customers' requirements.

Appreciation increased by 50.9 million Baht as there were three new hospitals and innovation work at some hospitals had been completed; hence, higher depreciation was booked.

Loss for the year The Company and the subsidiaries incurred a loss of 155.5 million Baht in 2019 (excluding the losses incurred from discontinued operations). The loss amount is greater than that of 2018 and resulted from the increases in the costs of sales and services, expenses of the subsidiaries, interest expenses and depreciation.

Financial Position

Statement of Financial Position	31 December	31 December	Increase	Change
Unit: million	2019	2018	(Decrease)	%
Total assets	14,620.0	14,318.1	301.9	2.1
Total liabilities	4,908.8	5,476.5	(567.7)	-10.4
Equity attributable to owners of the parent	8,809.7	8,077.6	732.1	9.1
Debt to Equity Ratio (times)	0.56	0.68		

As at December 31, 2019, the Company and the subsidiaries has assets totaling 14,620.0 million Baht, increasing from total assets as at December 31, 2018 by 301.9 million Baht, resulting from:

- An increase in short-terms investments by 519.8 million Baht as a result of the receiving by the parent company of proceeds from the sale of newly issued ordinary shares and by the subsidiaries of proceeds from the sale of investment in the subsidiaries.
- Property, plant and equipment and intangible assets increased by 977.8 million Baht in total due to opening of the new hospitals and renovation of the existing ones.
- Investment property, meanwhile, decreased by 1,143.5 million Baht due mainly to the sales of investments in subsidiaries.



Liabilities of the Company and the subsidiaries as at December 31, 2019 totaled 4,908.8 million Baht, decreasing from total liabilities as at December 31, 2018 by 567.7 million Baht, for the following reasons:

- The Company's short-term borrowings from financial institutions decreased by 1,000.0 million Baht and the subsidiaries' short-term borrowings from related parties decreased by 113.5 million Baht as a result of the repayments made during Q4/2019.
- Long-term borrowings from financial institutions increased by 280.0 million Baht, resulting from investments in the new hospitals and in renovation of the existing hospitals.
- Liabilities from financial lease of the subsidiaries rose by 168.7 million Baht, resulting from investments in additional medical supplies and equipment.

Shareholders' equity increased by 732.1 million Baht from:

- The increase of issued and paid-up capital and ordinary share premium, totaling 909.0 million Baht as a result of the sale of newly issued ordinary shares to the IFC.
- Losses incurred by the Company during the year totaling 178.7 million Baht.

The debt-to-equity (D/E) ratio stood at 0.56, down from 0.68 on December 31, 2018, resulting from repayments of short-term borrowings from financial institutions and borrowings from related parties.

Shareholders' equity increased due to receipt of payments for new share subscriptions.

Please be informed accordingly.

For your kind acknowledgement.

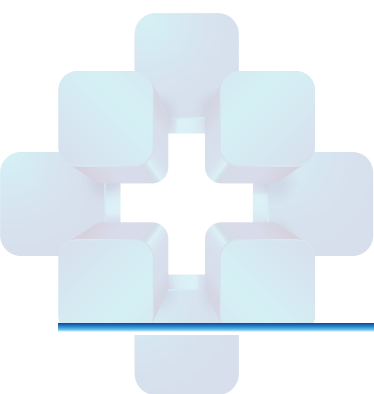
Yours respectfully.

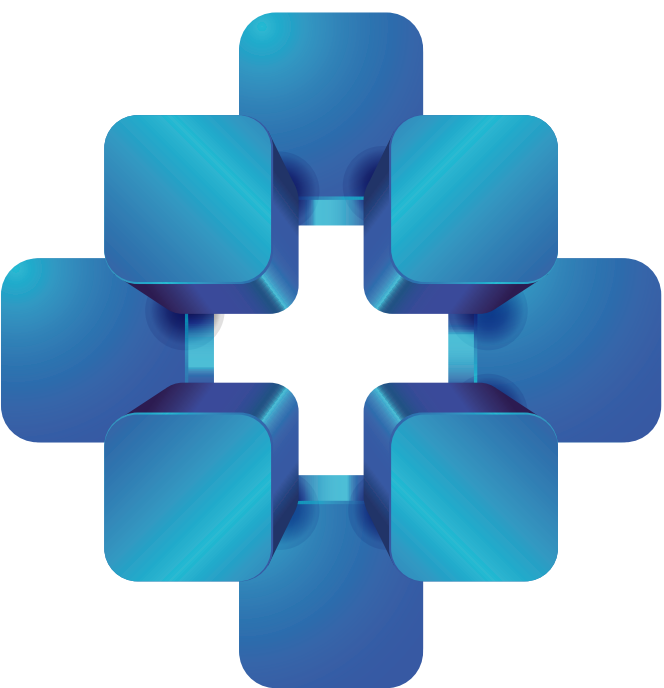


Signature _____

(Miss Preeyaporn Aphiwathwittaya)

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