

Section 1

Business operation

1. BUSINESS POLICY AND OVERALL OPERATION

Bumrungrad Hospital Public Company Limited (the "Company") operates a private hospital business in Bangkok with 563 licensed beds and capacity over 5,500 outpatients per day (as of 31 December 2013). The Company is one of the leading healthcare providers in Thailand and in the Southeast Asian region, providing complete healthcare services for both outpatients and inpatients. The Company has always emphasized the importance of quality healthcare and experienced physicians and staff. Bumrungrad International Hospital, Bangkok is the first hospital in Asia to receive the US standard accreditation from the Joint Commission International (JCI). The hospital has also received JCI's Clinical Care Program Certification (CCPC) for specialties programs including the Primary Stroke Program, Acute Myocardial Infarction, Diabetes Mellitus Type I and II and Chronic Kidney Disease Stage I to IV. Besides, the Company is the first hospital which was approved by Thai Hospital Accreditation (HA).

1.1 Vision / Mission / Guiding principles

Vision: WORLD CLASS MEDICINE WORLD CLASS SERVICE

Mission: WE PROVIDE WORLD CLASS HEALTHCARE WITH CARE AND COMPASSION

Guiding principles:

1. We strive to exceed our customer's expectations.
2. We are committed to our Medical and Hospital staff's welfare, education, training and development.
3. We continually improve the quality and safety of everything we do.
4. We strive for professional excellence and innovation in all we do.
5. We embrace cultural diversity with Thai hospitality.
6. We strive to make everything we do "World Class".
7. We are trusted, honest, and ethical in all our dealings.
8. We work as a team and share what we know.
9. We highly value our corporate social responsibilities.
10. We operate in an environmentally responsible manner.

1.2 Company history

1980: Bumrungrad Hospital was the first private hospital to open in central Bangkok with a capacity of 220 beds.

1989: Bumrungrad Hospital Public Company Limited (the "Company") became a listed company on the Stock Exchange of Thailand.

1997: The hospital opened the new replacement facility with capacity of 554 beds.

1999: Bumrungrad Hospital received ISO9002 certification and was the first private hospital in Thailand to receive Thai Hospital Accreditation (HA).

2000: The Company voluntarily requested for the suspension of the trading of its shares on the Stock Exchange of Thailand (SET), as the Company was in the process of negotiating with its creditors on the debt restructuring. In August of the same year, the Company successfully completed its debt restructuring.

2001: Bumrungrad Hospital received ISO14001 standard for its environmental management, and was the first hospital in Asia to receive ISO9001:2000 accreditation. In addition, it was the first hospital to receive the renewal of Thai Hospital Accreditation (HA).

2002: Bumrungrad Hospital was the first hospital in Asia to receive the highly prestigious international standard hospital accreditation by the US-based Joint Commission International Accreditation ("JCIA").

2003: The Company succeeded in transferring its securities to the Healthcare Service Sector and the Company's shares commenced trading on the SET again on 29 October 2003. In addition, the Company started its expansion plan by building a new outpatient facility to accommodate the increase in demand.

2004: The Company reduced its par value from Baht 10 per share to Baht 5 per share and used all the reduced paid-up share capital to settle against retained loss. In addition, the Company changed its par value from Baht 5 per share to Baht 1 per share (share split). On the international expansion, Bumrungrad International Limited's policy was changed from providing consulting and management services to investments in hospitals in the region.

2005: Bumrungrad International Limited invested an effective shareholding of 43.25% in Asian Hospital Inc. ("AHI") which is the operator of 253-bed private hospital in Manila, the Philippines at that time.

2006: Bumrungrad International Limited ("BIL") made a 49% investment in Bumrungrad Hospital Dubai LLC, the operator of a 250-bed private hospital in Dubai, United Arab Emirates. In addition, BIL increased its capital through an issuance of 5,764,701 new shares to strategic partners, Temasek, Istithmar and Bangkok Bank Public Company Limited. As a result, the Company's shareholding in Bumrungrad International Limited was decreased from 100% to 51%.

2007: For the expansion of the Bangkok facility, the Company completed the construction of the new Bumrungrad International Clinic Building and opened the Health Screening Center on the 11th floor and the parking in the beginning of 2007.

In 2007, Bumrungrad International Limited ("BIL") increased its capital from Baht 1,176,470,100 to Baht 2,749,336,700 in two tranches: the first tranche to allow Asia Financial Holdings Group to become a 19.5% shareholder in BIL, resulting in a decrease in the Company's shareholding in BIL from 51% to 31.5%; and the second tranche to raise additional capital for BIL's investments.

BIL invested US\$ 75 million for a 100% stake of Asia Renal Care Limited ("ARC"), the largest private provider of dialysis and related services in Asia. Also, BIL signed a four-year agreement with the Health Authority of Abu Dhabi to manage Mafraq Hospital in Abu Dhabi, United Arab Emirates. In addition, BIL converted management fees received from AHI in the Philippines into equity stake, resulting in an increase in its shareholding in AHI from 43.25% to 45.5% as at 31 December 2007.

Global Care Solutions (Thailand) Company Limited ("GCS Thailand"), the Company's 30% associated company, sold its software and other assets to the Microsoft Group, resulting in a share of profit from GCS Thailand of Baht 829 million in the fourth quarter of 2007. GCS Thailand then changed its name from Global Care Solutions (Thailand) Company Limited to CDE Trading Company Limited.

2008: For the Bangkok facility, the Company held a grand-opening of the new Bumrungrad International Clinic Building in June 2008, with seven additional floors opened, of which four floors are outpatient clinics. As a result, the hospital's outpatient capacity increased from 3,500 patients per day to 4,500 patients per day. The hospital also invested in major technologies to improve its quality of service especially for patient safety, including the new state-of-the-art, fully-automated drug management system, the 'Pharmacy Robot', which is the first of its kind in Asia, and Thailand's first modern medical lab automation system, Beckman Coulter's Lab Automation. In addition, the Company bought back BH Tower from Bangkok Bank Public Company Limited for Baht 470 million.

For the international business, in February 2008, Bumrungrad International Limited ("BIL") increased its paid-up capital from Baht 2,749,336,700 to Baht 3,199,336,700. The fund was used for the expansion of AHI in the Philippines, which is the construction of a new hospital building. As BIL was the only shareholder that participated in AHI's capital increase, together with the conversion of

management fees into equity stake, BIL's shareholding in AHI increased from 45.5% to 54.4% as at 31 December 2008.

In December 2008, the Company, together with Asia Renal Care (SEA) Limited ("ARC (SEA)"), which is BIL's 100% subsidiary, through Asia Renal Care Limited, formed a joint venture, Asia Renal Care (Thailand) Co., Ltd. ("ARC Thailand"), with registered and paid-up capital of Baht 12 million. The Company has 51% shareholding in ARC Thailand while ARC (SEA) holds the remaining 49%.

2009: In February 2009, ARC Thailand made a 20% investment in Nephromed Co., Ltd. ("Nephromed"), a dialysis service provider with 14 clinics in Thailand at the time. With ARC (SEA) directly holding another 40% in Nephromed, the group's collective shareholding in Nephromed is 60%.

In November 2009, Bumrungrad International Limited ("BIL") sold all of its shares in Bumrungrad Hospital Dubai LLC back to Istithmar World Group. BIL had made provision for the investment in its 2008 financial statements upon the temporarily suspension of the project. In addition, as at 31 December 2009, BIL's shareholding in AHI was at 56.4%, an increase from 54.4%, as a result of the conversion of management fees into equity.

In addition, in 2009, two 100%-owned subsidiaries have been incorporated: (1) Asia Global Health Limited (AGH) was registered in Hong Kong in March 2009, with paid-up capital of HK\$ 4.8 million, or approximately Baht 22.08 million, with the objective to seek investment opportunities in healthcare and related businesses in the region; and (2) Asia Global Research Company Limited (AGR) was incorporated in June 2009, with registered capital of Baht 20 million, and with the objective to provide clinical research and related services.

2010: For Bumrungrad Hospital, Bangkok, renovating and upgrading all of its inpatient rooms finished on plan, the number of available beds has been 484 beds.

In March 2010, the Company received two additional disease-specific JCI Certifications: Diabetes Mellitus and Chronic Kidney Disease. The Company opened new Women Center at the second floor of Bumrungrad Hospital building.

In May 2010, Bumrungrad International Limited signed a share purchase agreement in relation to the sale of all the shares of ARC to Fresenius Medical Care Beteiligungsgesellschaft mbH ("Fresenius Medical Care"), a company incorporated in Germany. ARC is a 100% indirectly owned subsidiary of Bumrungrad International Limited. In tandem with the above sale, the Company signed a share purchase agreement to sell all of the ARC Thailand shares held by the Company of 51% to Nephrocare (Thailand) Co., Ltd., an affiliated company of Fresenius Medical Care.

In June 2010, the Company opened new Digestive Disease Center.

2011: In March 2011, the Company, acquired common shares of Bangkok Chain Hospital Plc. (KH) doing business as Kasemrad Hospital Group in an amount of 415,624,000 shares or equivalent to 24.99% of total issued and paid-up shares at acquisition price of Baht 8.50 per share. The transaction value is Baht 3,562.9 million (included investment acquisition expenses). That company is an associated company of the Company since 18 March 2011, regarding to this, the Company recognizes the share of profit (loss) since the second quarter of 2011 onward.

In April 2011, an associate (Bumrungrad International Ltd. "BIL") registered with the Ministry of Commerce to reduce its registered and paid-up share capital from Baht 3,199.3 million (31,993,367 ordinary shares at par value of Baht 100.00 each) to Baht 1,176.0 million (11,760,000 ordinary shares at par value of Baht 100.00 each). The associate's share capital reduction was made in accordance with a resolution of the Extraordinary General Meeting of its shareholders held on 14 March 2011. The Company received a return of share capital in proportion to its 31.5% shareholding in the associate on 19 April 2011, amounting to Baht 612.6 million (6,373,506 shares at a value of Baht 96.12 each). In this regard, Bumrungrad International Ltd. is still an associate of the Company.

In September 2011, the Extraordinary General Shareholders' Meeting of the Company's subsidiary (Asia Global Research Ltd.) approved the increase of registered share capital from Baht 20.0 million (2.0 million ordinary shares of Baht 10.00 each) to Baht 50.0 million (5.0 million ordinary shares of Baht 10.00 each), through the issuance of 30.0 million additional ordinary shares with a par value of Baht 10.00 each, for offer to its existing shareholders at Baht 10.00 per share. The Company purchased all of the additional ordinary shares and paid for the share subscription on 13 September 2011. The subsidiary registered the increase of its capital with the Ministry of Commerce on 14 September 2011.

In November 2011, BIL entered into a Share Purchase Agreement in relation to the sale of all of its interests in companies in the Philippines related to Asian Hospital, Inc. to Metro Pacific Investment Corporation, a company incorporated in the Philippines. Subsequently, on 6 December 2011, the most significant aspects of the sales transaction were completed including the transfer of control over these companies to the buyer. In December 2011, BIL also notified SEHA that BIL decided to not renew the Hospital Management Services Agreement in relation to Mafraq Hospital in the UAE.

The Hospital is still needed to acquire additional land to support the expansion of business. In this regards, the Investment Committee had considered and approved the proposal to acquire additional land for totaling 4-0-49 Rai (located at Petchburi Road).

In December 2011, Extraordinary General Meeting of Shareholders No. 1/2011 has approved the issuance and offering of debentures by the Company to Institutional and high net-worth investors in compliance with the notifications of the Securities and Exchange Commission at 3 tranches with tenors of 5, 7 and 10 years (principal amount Baht 5,000 million). And also to extend the tenure of the Convertible Bonds for additional 5 years, maturing on 23 August 2017 but the security of the Convertible Bonds be released in accordance with the same term on 23 August 2013. The Company also sold investment in a subsidiary (Bumrungrad Medical Center Ltd. ("BMC")) to third party for 229,680 shares at price of Baht 9.80 per share or amounting to Baht 2.3 million, resulting in loss incurred from sales of investment in subsidiary of Baht 1.0 million presented in the profit or loss for the year ended 31 December 2011. As a result, the Company's shareholding in BMC decreased from 100 percent to 51 percent and BMC is still a subsidiary of the Company.

In addition, in 2011, the Company received the "Best Practice Workplace Award on Labor Relations and Labor Welfare Award 2011" from the Ministry of Labor for the third consecutive year.

2012: In May 2012, to increase efficiency for using of the land and in consistence with the business expansion, the Company acquired the additional land (342 sq.wah) that adjacent to the acquired land of the Company on Petchburi Road (totaling 4-3-91.2 Rai).

In July 2012, the Company divested all common shares of Bangkok Chain Hospital Plc. (BCH) doing business as Kasemrad Hospital Group in an amount of 498,748,800 shares or equivalent to 24.99% of total issued and paid-up shares. The transaction value is Baht 4,563.55 million.

In September 2012, for consistence with the business expansion, the Company acquired all common shares of Ruenmongkol Co., Ltd., 34,000,000 shares, representing 100% of Ruenmongkol Co., Ltd.'s issued and paid-up capital. The total amount of transactions is Baht 1,053.11 million. (Ruenmongkol owns the land approx. 3-3-44.4 Rai at Sukhumvit Soi 1).

In September 2012, the Company disposed all the rest of shareholding (63,747 shares) in ABSPC Group Co., Ltd. (Previous name: Bumrungrad Medical Center Co., Ltd. – BMC, which is the subsidiary company) held by the Company representing 51% of ABSPC Group Co., Ltd.'s issued and paid-up capital, at the average price of 24 Baht per share. The total amount of transactions is 1,529,928 Baht. There is no further obligation or commitment with such subsidiary company.

During 2012, an associate (Bumrungrad International Ltd.) registered with the Ministry of Commerce to reduce its registered and paid-up share capital 4 times, 15 Mar 2013, 18 May 2013, 23 July 2013 and 25 September 2013: from Baht 1,176.0 million to Baht 4.6 million (45,938 ordinary shares at par value of Baht 100.00 each). The associate's share capital reduction was made in accordance with a

resolution of the shareholders meetings. The Company received a return of share capital in proportion to its 31.5% shareholding in the associate, amounting to Baht 361.8 million. In this regard, Bumrungrad International Ltd. is still an associate of the Company.

In 2012, the Company has been recognized by third-party organizations for its achievements in various areas and received awards as follows:

1. Bumrungrad receives Happy Workplace award for "Do Good for the King" CSR campaign from the Thai Health Promotion Foundation. The award is part of a program started by business, government and non-government sectors.
2. Bumrungrad named a 'Happy Workplace' award.
3. Trusted Brand Award 2012 from Readers Digest
4. International Quality Indicator Project Member, quality measures in Acute Inpatient care: Cardiac Surgery, Orthopedic Surgery, Maternity and Childbirth, Intensive Care, Infection Control, Patient Safety. Certified by Press Ganey Associates, Inc.
5. Bumrungrad named a 'CSR Thailand: 50 Good Practices in 2012'
6. 'Best Practice Workplace' in the 'large-enterprise without Federation of Labor Union' category by the Ministry of Labor for the fourth consecutive year.

2013: In May 2012, for the expansion of the Bangkok facility, the Company opened the rest of existing floors in Bumrungrad International Clinic Building; with consist of 4 additional clinic floors and another floor for educational and conference center. As a result, the hospital's outpatient capacity increased from 4,500 patients per day to 5,500 patients per day. In addition the Company finished the construction and renovating 58 inpatient beds on 12th floor in Bumrungrad International Hospital Building by the end of 2013.

In June 2013, to acquire a full road frontage of the land on Petchburi Road, the Company acquired the additional land (59 sq.wah) that adjacent to the existing land of the Company on Petchburi Road (totaling 5-0-51 Rai).

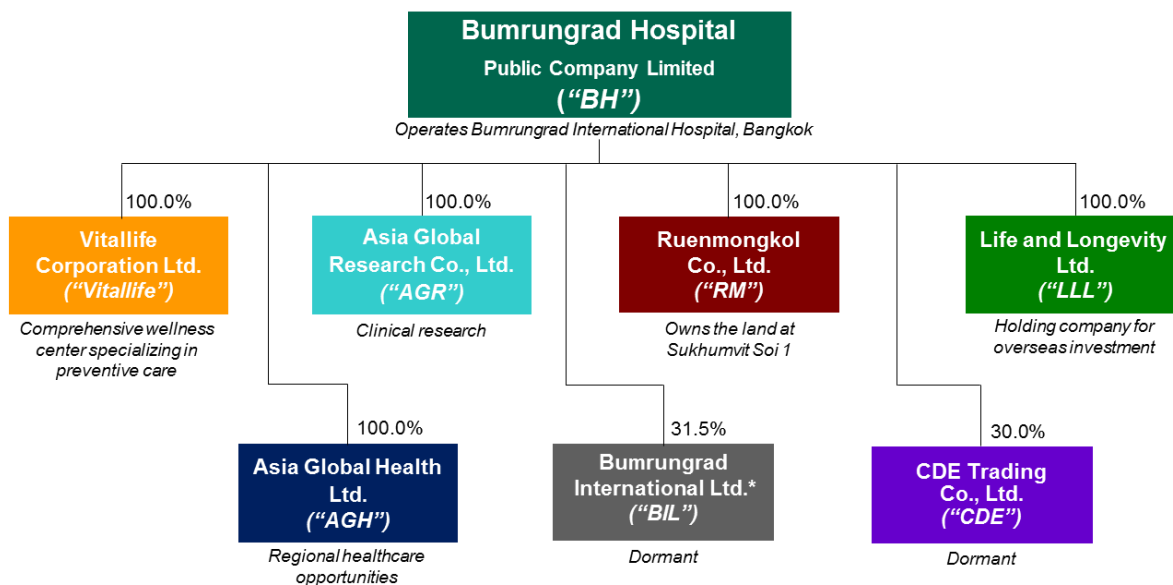
In October 2013, the Company acquired Boss Tower Building (23-storey building, total building area of 40,650 sq. m.) with the land area of 2-0-42 Rai located on Rama IV Road. This building will accommodate for back office space and dorm rooms for over 1,000 nurses in the future. The transaction value is Baht 837.50 million.

In October 2013, a 100%-owned subsidiary has been incorporated: Life and Longevity Limited ("LLL") was registered in Hong Kong Special Administrative Regions of the People's Republic of China, with paid-up capital of HK\$ 100,000, for being the holding company for overseas investments.

In 2013, the Company has been recognized by third-party organizations for its achievements in various areas and received awards as follows:

1. Bumrungrad named a "2013 Best of Asia-Pacific Medical Tourism" from Frost & Sullivan
2. Bumrungrad named a 'Happy Workplace' Award from Thai Health Promotion Foundation.
3. 'Best Practice Workplace' in the 'large-enterprise without Federation of Labor Union' category by the Ministry of Labor for the fifth consecutive year.
4. 2013 AMCHAM CSR Excellence Award from The American Chamber of Commerce in Thailand (AMCHAM)

1.3 Corporate structure (as of 31 December 2013)



Remarks

- Bumrungrad Personnel Development Center Co., Ltd. has been registered on 6th January 2014 (registered capital Baht 5 million, 100% owned by the Company), being the personnel development and training center for healthcare service business.
- Vitallife International AG has been registered on 16th January 2014 (registered capital CHF 100,000, 51% owned by the Company's subsidiary - Life and Longevity Ltd.), being the holding company for overseas investments.

Bumrungrad Hospital Public Company Limited (the "Company") operates a private hospital business in Bangkok with the current 563 licensed beds and capacity over 5,500 outpatients per day. The Company is one of the leading healthcare providers in Thailand and in the Southeast Asian region, providing complete healthcare services for both outpatients and inpatients. The Company has always emphasized the importance of quality healthcare and experienced physicians and staff. Bumrungrad International Hospital, Bangkok is the first hospital in Asia to receive the US standard accreditation from the Joint Commission International (JCI). The hospital has also received JCI's Clinical Care Program Certification (CCPC) for specialties programs including the Primary Stroke Program, Acute Myocardial Infarction, Diabetes Mellitus Type I and II and Chronic Kidney Disease Stage I to IV. Besides, the Company is the first hospital which was approved by Thai Hospital Accreditation (HA).

The Company has five 100%-owned subsidiaries, including (1) Vitallife Corporation Limited, (2) Asia Global Health Limited, (3) Asia Global Research Company Limited, (4) Ruenmongkol Company Limited and (5) Life and Longevity Limited. The Company has two associated companies, including 31.5%-owned Bumrungrad International Limited and 30%-owned CDE Trading Company Limited.

Vitalife Corporation Limited ("Vitalife") is a pioneer in wellness and anti-aging which provides preventive care services targeted at health-conscious individuals. The Vitalife program brings together experienced medical professionals and world-class technologies to provide customers with customized exercise programs, nutrition plans, and food and vitamin supplements for healthy living. Vitalife is also the center in providing anti-aging services for other wellness clinics.

Asia Global Health Limited ("AGH") is a company that supports the strategy for regional investment in healthcare and related business.

Asia Global Research Company Limited ("AGR") is the provider of clinical research, both within Thailand and Southeast Asia. The services include (1) contract research organization ("CRO"), which performs multicenter clinical trials for international biotech, pharmaceutical and device companies, and (2) site management organization ("SMO"), which manages groups of investigational sites to provide quality research and quality data.

Ruenmongkol Company Limited ("RM") is currently an owner of the land at Sukhumvit Soi 1 (approx. 3-3-44.4 Rai), for consistence with the future business expansion.

Life and Longevity Limited ("LLL") registered in Hong Kong Special Administrative Regions of the People's Republic of China, for the benefit of overseas investments of the Company.

Bumrungrad International Limited ("BIL") has served as the Company's international investment arm. BIL has focused on hospital ownership and management. During 2011, BIL divested its last core asset, comprising direct and indirect interests in Asian Hospital, Inc. in the Philippines; and do not renew the BIL's contract to operate Mafraq Hospital in Abu Dhabi. In 2013, BIL ceased its operating activity and pursued the distribution of its funds to shareholders via capital reduction and loan to shareholders.

CDE Trading Company Limited ("CDE") (previously Global Care Solutions (Thailand) Company Limited) was a software development company for healthcare business. In December 2007, Global Care Solutions (Thailand) Company Limited completed the sale of its core assets, which was the hospital software, and other assets to the Microsoft Group and changed its name from Global Care Solutions (Thailand) Company Limited to CDE Trading Company Limited. CDE Trading is currently a temporarily dormant company.

2. **BUSINESS DESCRIPTIONS**

Revenue Structure

Unit: Baht Million

Product line / Business Group	Operate by	% Shareholding By Company	2013		2012		2011	
			Revenue	%	Revenue	%	Revenue	%
Healthcare	Bumrungrad Hospital Pcl.	100.0	14,008	95.6	12,662	90.2	10,850	96.0
Healthcare	Vitalife Corporation Ltd.		243	1.7	194	1.4	165	1.5
Total Healthcare			14,251	97.3	12,856	91.6	11,015	97.5
Rental	Bumrungrad Hospital Pcl.	100.0	94	0.6	125	0.9	121	1.0
Rental	Ruenmongkol		1	-	1	-	-	-
Total Rental			95	0.6	126	0.9	121	1.0
Others	Bumrungrad Hospital Pcl.	100.0	280	1.9	1,048	7.5	161	1.4
Others	Vitalife Corporation Ltd.		5	0.1	4	-	3	-
Others	Asia Global Research Ltd.	100.0	18	0.1	7	-	6	0.1
Others	Ruenmongkol	100.0	2	-	-	-		
Total Others			305	2.1	1,059	7.5	170	1.5
Total			14,651	100	14,041	100	11,306	100

2.1 Products and services description

Bumrungrad Hospital Public Company Limited ("the Company")

The Company is the operator of Bumrungrad International Hospital, Bangkok, which is the main revenue contributor. In 2013, the revenue from hospital operations of the Bangkok facility is 95.6% of total revenues.

The Hospital's Services:

The services of Bumrungrad International Hospital, Bangkok can be detailed as follows:

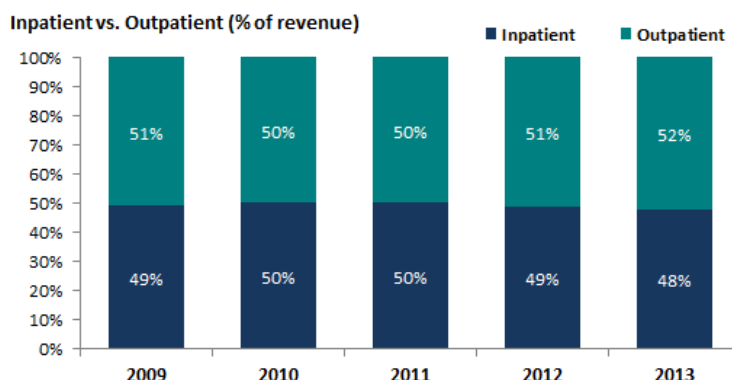
- Outpatient service has 37 clinics center with 275 examination rooms, and capacity to serve over 5,500 outpatients per day, with the following details:
 - Allergy Center
 - Aviation Medicine Center
 - Behavioral Health Center
 - Breast Screening Center
 - Children's Center
 - Dental Center
 - Diabetes Center
 - Dialysis Center
 - Digestive Disease Center
 - Early Intervention Center
 - Emergency Center
 - Endoscopic Center
 - ENT Center
 - Eye Center
 - Imaging Center
 - Joint Replacement Center
 - Men Center
 - Neurology Center
 - Orthopedic Center
 - Pathology Center
 - Physiotherapy Center
 - Plastic Surgery Center
 - Pulmonary Center
 - Radiology Center
 - Rehabilitation Center
 - Skin Center
 - Skin Laser Center
 - Sleep Disorders Center

- Fertility Center
- Health Screening Center
- Heart Center
- Horizon Regional Cancer Center
- Hypertension & Stroke Program
- Spine Institute
- Urology Center
- Vitallife Wellness Center
- Women Center

2. Licensed capacity for inpatient service totals 563 beds, of which including ward beds and intensive care beds. As at 31 December 2013, the hospital has 543 beds in operation.

In 2013, the Company treated a total of over 1.1 million medical episodes. The revenue contributions by inpatient and outpatient in 2013 are as follows:

Inpatient vs. Outpatient (% of total revenue)



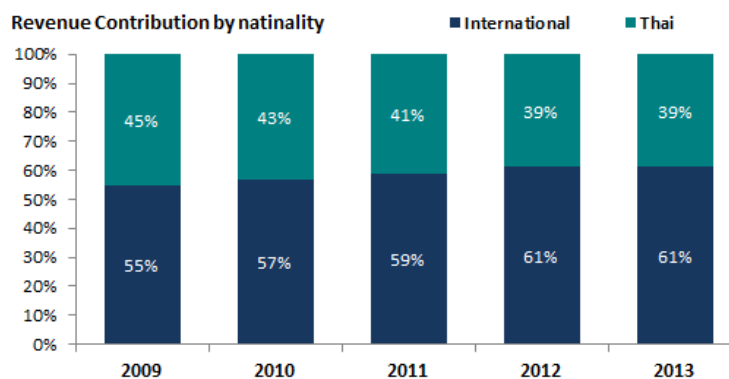
International Patient Services:

The Company has a strong and successful track record in increasing its presence in the international market. It has an International Patient Services Center to facilitate and accommodate international patients. The services offered include interpreters, international insurance coordination and international medical coordinators, referral center, email correspondence, visa extension counter, embassy assistance, airport reception and travel assistance. The Company also has 20 overseas referral offices in 15 countries.

In 2013, Bumrungrad International Hospital treated over 520,000 international medical episodes from over 200 countries. The top three highest revenue contributors by country are the United Arab Emirates, Myanmar and Oman.

The following graph shows the historical revenue contribution of international patients over the past five years.

Thai vs. international patients (% of total revenue)



* Note: International patients are by nationality and include both expatriates and medical tourists.

The Bangkok Facility:

At present, the hospital's services are offered in three buildings:

1. **Bumrungrad International Clinic Building** is a 22-storey outpatient facility, with the first ten floors being used as parking spaces and the top 12 floors as outpatient clinics and ancillary services together with non-clinic floors for patient services, restaurant, conference and educational facilities.
2. **Bumrungrad International Hospital Building** offers a combination of inpatient and outpatient services. The licensed inpatient bed capacity of the Bumrungrad International Hospital Building is 563. The Company plans to renovate back office space into 18 additional ICU beds in 2014 to serve additional demand from our patients.
3. **BH Residence Building** offers space on the Bangkok campus for support functions and 7 floors of parking spaces.

Industry and Competition

In Thailand, the private hospital sector has evolved from small family businesses into large corporations with professional management. Many are now regularly reviewed by domestic or international accreditation organizations, resulting in improved medical quality, safety, management discipline and operating processes. These hospitals encourage and attract an increasing pool of highly skilled medical practitioners. Business opportunities and competition expand.

In 2013, sector growth continued to be driven by external demand drivers and the hospitals' business strategies. Economic and consumer income growth, together with an aging population, encouraged spending on both necessary and discretionary healthcare. Healthcare providers continued to aggressively market their services. Thailand's popularity as both a tourist and medical destination provided more patients. Preventative and wellness services opened market segments beyond the sick and frail. Expanded networks reached more suburban and provincial consumers, and gave the biggest providers increased economies of scale and bargaining power.

Bangkok continues to host the most private hospitals. It has seen not only renovations, expansions, and new campuses in the private sector, but also public hospital developments targeting premium private hospital market segments. Thais and international patients seeking high quality treatment in modern facilities for serious conditions have more options than ever.

The Company positions itself at the premium end of the domestic market. For a family in the higher socioeconomic strata seeking the best available treatment – often for a serious medical condition – Bumrungrad offers excellent doctors supported by experienced colleagues, advanced technology and responsive service, in a comforting environment. It uses a wide variety of tools, including mass media, events, the internet and onsite communications, to convey these benefits.

The global medical tourism industry is expected to see continued growth, and Thailand has been one of the top destinations. Demand continues to be driven by two groups: aging populations in developed countries with dysfunctional, expensive healthcare systems; and upwardly mobile consumers in emerging economies where healthcare resources are not sufficiently trained or transparent. These factors will continue to drive patients across borders in search of care. However, they may not have to travel as far. Thailand's strongest competitors were once Singapore and India; today they include Malaysia, Korea, Turkey and Latin America.

As more countries develop medical tourism strategies and more hospitals get international accreditation, medical tourism will become more segmented and regional. The Company believes it can compete successfully across a wide variety of medical specialties, but its key patient sources will be within a half day's flight.

Worldwide competition is growing but hospitals in Thailand have a competitive advantage. Thailand offers a unique combination of high quality doctors, an appealing service culture, affordability and long experience serving international patients. The country is also a popular tourist destination with a good supporting infrastructure. The Company benefits from all these characteristics, plus a large, centrally-located campus that provides rapid access to resources that meet virtually all the needs of a typical medical tourist.

International patients travel for medical expertise they cannot find at home, so the Company introduces many of its top doctors at events in key source markets. A network of 20 overseas referral offices helps raise awareness of the hospital, answer questions and coordinate patient visits. The Company also seeks to differentiate itself with more transparent pricing and an experienced team of multicultural medical coordinators and interpreters.

Target Markets

The domestic market can be divided into two types, upper-middle to premium class Thais and the expatriate community in Thailand.

The international market reflects primarily medical tourism from countries where there are issues with quality, access and affordability with their healthcare services.

In addition, the Company also targets patients from corporate contracts, insurance companies and referral patients both within Thailand and from abroad.

Distribution and Marketing Channels

An effective way to attract customers is by way of obtaining patient referrals, both within Thailand and from other countries. With Bumrungrad International Hospital, Bangkok as a reputable tertiary hospital of 30 years, specializing in the treatments of complicated diseases, the Company has established excellent referral connections with hospitals and doctors both within Thailand and abroad.

The hospital maintains over one thousand corporate and insurance contracts as a method for directing patients to the hospital.

For its international marketing, the Company has set up 20 referral offices in 15 countries.

2.3 Sources of Products and Services

Capacity

As at 31 December

Inpatients	2013	2012	2011
Total number of licensed beds*	563	538	538
Beds in operation*	543	487	484
Weighted total capacity**	179,458	178,242	176,660
Occupied beds per year (beds)	134,908	138,580	127,817
Weighted capacity Utilization (percent)	75.18	77.75	72.35

* In December 2013, the Company has increased the licensed beds to 563 and operational beds to 543

** Weighted total capacity is calculated by multiplying the number of beds in operation with the number of days of service

As at 31 December

Outpatients	2013	2012	2011
Capacity per day (persons)*	5,500	4,500	4,500
Average outpatients per day (persons)	3,021	3,017	2,801
Weighted Capacity Utilization (percent)	59.43	67.04	62.24

* 4 additional OPD floors have been opened at BI Clinic Building on May 23, 2013

* In December 2013, the Company has increased the operational beds to 543

Raw Materials and Suppliers

Primary raw materials of the hospital business are pharmaceuticals, medical supplies and medical equipment. Raw materials suppliers include both local companies and international distributors with offices in Thailand. With a network of over 600 suppliers, the Company is able to source raw materials without disruption. In addition, the Company uses an efficient purchasing and inventory control system to evaluate pricing, effectiveness and quality of raw materials.

Environmental Compliance

The Company is firmly committed to environmental protection and conservation of energy and natural resources. The Company has established an environmental policy to communicate to employees its views on environmental preservation and encourages employees to actively support environmental protection.

The Company is committed to minimizing its environmental impact on neighboring communities and to efficient use of natural resources through energy conservation and materials recycling programs. All employees and contractors of the Company are expected to follow the government's environmental regulations and the Company's environmental policies.

3. RISK FACTORS

Political, macroeconomic and natural disaster-related factors

In recent years, the hospital industry in Thailand has been affected by a number of external factors, including global and domestic economic downturns, political unrest, flu pandemics and weather-related events. In 2013, Thailand's economic growth was supported by government stimulus programs and domestic consumption. For 2014, slow growth in export-focused industries, reduced levels of government spending and private investment, and ongoing political unrest are expected to have an adverse impact on Thailand's economy and its tourism sector, including the medical tourism market.

In order to minimize risk, the Company maintains a balanced portfolio of international and Thai patients so that BH does not rely excessively on revenue from international patients. The Company continues to focus on marketing activities related to the domestic market while continuing to work to attract international patients.

Intensified competition in the premium healthcare sector

As private hospitals in Thailand and across the region continue to develop, competition in the private healthcare sector continues to intensify the risk of losing clients to competitors.

In order to maintain its leading position in Thailand and Asia and to mitigate this risk, the Company has focused on continuing to recruit doctors of the highest caliber (especially sub-specialty experts), invested in up-to-date equipment and information technology, upgraded and expanded both inpatient and outpatient facilities as well as continuously improved its quality of care. The Company's hospital was the first hospital in Asia to receive US standard accreditation from Joint Commission International Accreditation (JCIA).

The hospital has also received JCI's Clinical Care Program Certification (CCPC) for specialty programs, including the Primary Stroke Program, Acute Myocardial Infarction, Diabetes Mellitus Types I and II, and Chronic Kidney Disease Stages I to IV. The hospital was also the first private hospital in Thailand to receive Thai Hospital Accreditation (HA) and the first to be awarded "Thailand Quality Class" from the Thailand Productivity Institute. In addition, BH has a strong client base of referral patients both from within Thailand and internationally.

Shortage of professional staff

The hospital business requires personnel including nurses, pharmacists and various technicians, with specific technical expertise and knowledge. A shortage of these professionals is due in part to increasing demand from both the private and public sectors. Given the importance of its international client base, the Company also requires multi-lingual professionals.

In order to minimize risk, the Company offers competitive compensation and benefits for its staff. BH also provides education and training, recreation, staff engagement projects, scholarships and staff welfare activities to all staff members. Through a decentralized management structure, the Company also offers excellent career paths to various categories of staff. In 2013, BH received the "Best Practice Workplace Award on Labor Relations and Labor Welfare Award 2013" from Thailand's Ministry of Labor for the fifth consecutive year.

Legal disputes

The hospital business is subject to litigation risk related to the provision of healthcare services by hospital staff and physicians.

To minimize litigation risk, BH has implemented a healthcare risk management system to ensure that the risk of mistakes by BH personnel is minimized and corrected. In addition, BH has various insurance policies in force against potential litigation.

4. **ASSETS USED FOR BUSINESS OPERATIONS**

Fixed Assets of the Company and its Subsidiaries

As at 31 December 2013

Type/Characteristics of Assets	Ownership Status	Obligations	Book Value (Baht million)
11 plots of land on Sukhumvit Rd., a total of 9 rai 3 ngarn	Owner	-	290.86
3 plots of land on Sukhumvit Rd., A total of 2 rai 1 ngarn	Owner	-	297.53
Land at New Phetchaburi Road A total of 5 rai 51 wah	Owner	-	893.52
7 plots of land on Sukhumvit Soi 1 Rd., A total of 3 rai 3 ngarn 44 sq.wah	Owner	-	1,045.03
2 plots of land on Rama IV Road A total of 2 rai 42 sq.wah	Owner	-	336.80
Leasehold rights and land improvement	30-year right	-	17.42
12-storey hospital building on Sukhumvit Rd.	Owner	-	1,753.05
22-storey hospital building	Owner	-	1,164.87
BH Tower I and II	Owner	-	156.42
Nurse dormitory	Owner	-	16.68
Boss Tower	Owner	-	503.91
Facility system	Owner	-	446.67
Medical equipment	Owner	-	1,188.51
Hospital equipment	Owner	-	270.02
Utensils and furniture	Owner	-	228.86
Vehicles	Owner	-	7.90
Assets under construction and installation	Owner	-	477.64
Total			9,095.69

Intangible Assets of the Company and its Subsidiaries

As at 31 December 2013, the Company and subsidiaries have net intangible assets of Baht 189.30million, most of which are computer program used for hospital business and ancillary businesses of the Company and subsidiaries.

Trademark

The Company's subsidiary and affiliate have trademarks which have been registered with Department of Intellectual Property, Ministry of Commerce. At present, two trademarks are being used commercially as follows:

... Translation ...

Trademark	Objective of use	Registration Date	Expiry Date
	For services including physical therapy, healthcare, child care, baby delivery, optical services, blood bank services, medical services, medical assistance, pharmaceutical advisory, medical clinic, dentistry, hospital business, plastic surgery, rehabilitation service, nursery and beauty clinic	23 May 2005	22 May 2021
	For services including physical therapy, healthcare, child care, baby delivery, optical services, blood bank services, medical services, medical assistance, pharmaceutical advisory, medical clinic, dentistry, hospital business, plastic surgery, rehabilitation service, nursery and beauty clinic, and for services including business management, and supporting services for the group	27 December 2004	26 December 2014

In addition, the Company's subsidiary has registered trademark "Vitalife" in other countries, including India, Malaysia, Indonesia, the Philippines and Singapore.

5. LEGAL DISPUTES

At present, the Company has no legal disputes which will materially impact the Company's assets and operations.

6. **GENERAL INFORMATION**

1. Company Information

Name :	Bumrungrad Hospital Public Company Limited
Type of Business :	Private hospital
Head Office Address :	33 Sukhumvit Soi 3 (Nana Nua) Sukhumvit Road Klong Toey Nua, Wattana, Bangkok 10110
Registration No. :	0107536000994
Home page :	http://www.bumrungrad.com
E-mail address :	ir@bumrungrad.com
Telephone :	0 2667 1000
Fax :	0 2667 2525
Registered Capital :	Baht 922,702,685 Divided into Ordinary shares of 921,211,022 shares, par value at Baht 1 per share Preferred shares of 1,491,663 shares, par value at Baht 1 per share
Issued and Paid up Capital:	Baht 730,052,222 Divided into Ordinary shares of 728,560,559 shares, par value at Baht 1 per share Preferred shares of 1,491,663 shares, par value at Baht 1 per share

2. Entities in which the Company has more than 10% shareholding

Company	Type of Business	Issued and paid up ordinary shares	Shareholding (%)
1. Vitallife Corporation Limited 210 Sukhumvit Soi 1, Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110 Phone 0 2667 2340, Fax 0 2667 2341	Wellness Center	315,000 shares	100.0%
2. Asia Global Research Company Limited 2 Sukhumvit Road, Klong Toey, Klong Toey, Bangkok 10110 Phone 0 2667 1700, Fax 0 2667 1800	Clinical Research	5,000,000 shares	100.0%
3. Asia Global Health Limited Room 337, 3 rd Fl. South China C.S. Building, 13-17 Wah Sing Street, Kwai Chung, New Territories, Hong Kong. Phone (852) 881 8226, Fax (852) 881 0377	Investment in healthcare & related business in Asia	1,220,000 shares	100.0%
4. Ruenmongkol Company Limited 11/26 Sukhumvit Soi 1 Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110 Phone 0 2667 1000, Fax 0 2667 2525	Owns the land at Sukhumvit Soi 1	34,000,000 shares	100.0%

Company	Type of Business	Issued and paid up ordinary shares	Shareholding (%)
5. Life and Longevity Limited Room 337, 3 rd Fl. South China C.S. Building, 13-17 Wah Sing Street, Kwai Chung, New Territories, Hong Kong. Phone (852) 881 8226, Fax (852) 881 0377	Holding company for overseas investments	100,000 shares	100.0%
6. Bumrungrad International Limited 33 Sukhumvit Soi 3 Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110 Phone 0 2667 1000, Fax 0 2667 2525	International Investment	45,938 shares	31.5%
7. CDE Trading Company Limited 33 Sukhumvit Soi 3 Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110 Pho 0 2ne667 1000, Fax 0 2667 2525	Temporarily Dormant Company	100,000 shares	30.0%

3. Reference Persons

1. Auditor	Ernst & Young Office Limited 33 rd Floor, Lake Rajada Office Complex, 193/136-137 New Rajadapisek Road, Bangkok 10110 Phone 0 2264 0777, Fax 0 2264 0789-90
2. Legal Consultant	Damrongtham Law Office 63 Soi 8 (Soi Preeda), Sukhumvit Road, Bangkok 10110 Phone 0 2255 2552, Fax 0 2653 1133
3. Share Registrar	Thailand Securities Depository Company Limited 62 The Stock Exchange of T hailand Building, 4 th and 6 th -7 th Floor, Rachadapisek Road, Klong Toey, Bangkok 10110 Phone 0 2229 2888, Fax 0 2359 1259
4. Convertible Bonds Registrar	Bumrungrad Hospital Public Company Limited 33 Sukhumvit Soi 3 (Nana Nua), Sukhumvit Road, Klong Toey Nua, Wattana, Bangkok 10110 Phone 0 2667 2025, Fax 0 2667 2031
5. Convertible Bondholders' Representative	Thai Military Bank Public Company Limited 3000 Paholyothin Road, Jatujak, Bangkok 10900 Phone 0 2299 1111, 0 2617 9111, Fax 0 2299 1784
6. Debentures Registrar	Siam Commercial Bank Public Company Limited 9 Rutchadapisek Road, Jatujak, Bangkok 10900 Phone 0 2544 4049, Fax 0 2937 7662