

## Part 1 Business Overview

### 1. Business Policy and Business Overview

Principal Capital Public Company Limited (“Company”) was originally incorporated in 2000 under the name “Metrostar Property Company Limited” to engage in residential property development business. Later, in 2005, the Company was listed on the Stock Exchange of Thailand. In 2013, following a change in the shareholding structure, the Company was renamed as Principal Capital Public Company Limited.

In 2017, the Company acquired shares of Principal Health Care Company Limited (originally Alliance Medical Asia Company Limited) which was operating a private hospital business, with four network hospitals in three provinces. Two large hospitals were acquired in 2018. One was Princ Hospital Suvarnabhumi (originally Piyamin Hospital - which was a large hospital in Samut Prakan Province. The acquisition helped to expand the Company’s hospital network, particularly in Bangkok and nearby provinces. The other was Princ Uthai Thani Hospital, of which operation had been suspended, and the acquisition was for renovation. Therefore, the number of hospitals in the Company network increased to six as at the end of 2018.

Following the acquisitions, the Company’s core business became operating and management of private hospitals, and its sector on the SET was changed from “Property Development” to “Healthcare Services”. The Company has been determined to expand the Princ Healthcare Group’s hospital network through building new hospitals, forming joint ventures with alliances, and acquiring existing businesses with good potential for renovation and development to upgrade them in order to offer medical treatment using modern medical technologies. Its aim is to expand the hospital network to cover all the regions of the country, focusing on provinces with no private hospitals but with the demand for medical services.

Three more hospitals were added to the network in 2019; namely, 1) Sirivej Lamphun Hospital, which the Company acquired and the business of which was accepted. In September 2019 the Company acquired a new land plot adjacent to Sirivej Lamphun Hospital to build a new hospital building under the name Princ Hospital Lamphun to provide medical service to the patients under Social Security System. The construction is expected to complete and is ready to provide medical services in 2021; 2) Princ Hospital Uttaradit in Uttaradit Province which was built entirely by the Company and 3) Princ Hospital Uthai Thani in Uthai Thani Province, of which renovation has been completed and has been in operation since November 2019. In addition, the network is being expanded to the Northeast through a joint venture formed with a local alliance. A new hospital, Princ Hospital Sisaket, is being constructed in Sisaket Province and is expected to be completed and to start offering services in 2021. Moreover, the hospital business of Virajsilp Hospital Co., Ltd., which operated a private hospital in Chumphon Province, was acquired. The business transfer was completed on March 2, 2020. In September 2020, the Company acquired and accepted business transfer of Sanphasitinter Hospital in Ubonratchathani

Province and renamed to Princ Hospital Ubonratchathani marking the increase of the Company's network hospitals to 11 in 10 provinces.

The Company keeps exploring opportunities in the healthcare industry. According to the National Statistical Office, elderly people constitute 16% of the population. Thailand is expected to become a completely aged society in 2021. Hence, the growth of the number of elderly people signifies a major target group and thus an important business opportunity. The Company has therefore formed a joint venture with the Nihon Keiei Group from Japan to engage in the elderly care business, expected to commence in 2021. Furthermore, the Company targets to open 20 new primary care clinics within 2021 to offer medical services to the patients under Universal Health Coverage system who were affected by the termination of service of 190 Clinics. This would generate supplemental revenues on top of medical treatment.

Apart from the private hospital and hospital management businesses, the Company is also engaged in property development business in the category of hi-end residences in prime business locations as well as in the fully integrated office building management business, sales services, procurement services, and accounting services. These are carried out by professionals, operating in a transparent and fair manner in all areas.

The current businesses of the Company and the subsidiaries fall into two categories as follows:

- 1. Private hospital and private hospital management business** Presently, the Company's hospital network has 11 hospitals, located in four regions of Thailand, the North, the Central Region, the Northeast and the South. Six hospitals are in the Central; namely, Princ Hospital Suvarnabhumi in Samut Prakarn Province, Pitsanuvej Hospital in Phitsanulok Province, Pitsanuvej Phichit Hospital in Phichit Province, Princ Hospital Paknampho 1 and Princ Hospital Paknampho 2 in Nakhon Sawan Province, Princ Uthai Thani Hospital in Uthai Thani Province. Two hospitals in the North which are Pitsanuvej Uttaradit Hospital in Uttaradit Province, officially opened in March 2019 and Sirivej Lamphun Hospital in Lamphun Province.. There are two hospitals in the Northeast – Princ Hospital Sisaket (under construction, scheduled for completion in 2021) and Princ Hospital Ubonratchathani that the Company has just acquired and accepted the business transfer in September 2020 and one in the South - Virajsilp Hospital – in Chumphon Province.
- 2. Property development for rent business:** hotels and serviced apartments, office buildings for rent

## 1.1 Vision

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

## 1.2 Mission

- To take part in enhancing the health of the community through building hospitals in areas with shortages for the benefit of people in the community and society and creating a sustainable healthy society.
- To provide professional hospital management services, along with non-medical shared services, to our subsidiary hospitals as well as our partner hospitals.
- To efficiently operate the hospital, with the use of IT, to deliver the desired outcomes in every perspective including financial, service quality, and customer satisfaction.
- To strengthen our network of hospitals through partnership and new acquisitions.
- To develop viable health-related projects to serve potential markets both in our own properties and in new promising sites.
- To continually develop our human resources to be competent with up-to-date technology, enhanced with new capabilities, and adaptive to our fast-growing organizations and to instill giver's consciousness among them so that they, in turn, deliver heartfelt service to the community and society.
- Determine to develop excellence in service providing of existing hotel and serviced apartment in order to build customer satisfaction.

## 1.3 Key Events and Major Developments

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

Year	Event/development
2020	<ul style="list-style-type: none"> <li>— In December 2020, the Company restructured business to pursue the Company's expansion policy in Healthcare Business, via Partial Business Transfer (PBT), by transferring hotel and serviced apartment business namely the Marriott Executive Apartment Sathorn-Vista ("Marriott Hotel"), as well as all assets in relation to and used for such business, agreements, licenses, and all relevant personnel relating to such business to VMEA Co., Ltd., a newly established subsidiary company of which its 100% of shares shall be held by V Brilliant Group Holding Co., Ltd.</li> <li>— In December 2020, the Company and Bumrungrad Hospital established the Holistic Cancer Center under Bumrungrad Healthcare Network in Princ Hospital Ubonratchathani and Pitsanuvej</li> </ul>

Year	Event/development
	<p data-bbox="384 253 1444 331">Hospital in Phitsanulok Province. It is expected to open for service within Q1/2021. Both Centers will be Cancer Center Hub for other hospitals in PRINC Hospital network.</p> <ul style="list-style-type: none"> <li data-bbox="339 360 1444 495">— In December 2020 Princ Investment Co., Ltd. was renamed Klai Baan Klai Jai Co., Ltd. to operate primary care clinics and provided medical services to the patients under Universal Health Coverage system (Gold Cardholders) and also increased its registered capital to Baht 20 million.</li> <li data-bbox="339 517 1444 1473">— In September 2020, the Company disposed assets of V Brilliant Group Holding Co., Ltd. (VB), a subsidiary of the Company to Ms. Satita Viddayakorn, concert party with a total consideration of not exceeding Baht 433.69 million. The details of asset disposition are as follows: <ul style="list-style-type: none"> <li data-bbox="395 674 1444 958">a) 28,124,998 ordinary shares of V 33 Co., Ltd. ("V33") representing 99.99% of total issued and paid-up shares at par value of Baht 7.50 per share with Baht 6 paid-up per share which are held by VB, a subsidiary of the Company with a total consideration of not exceeding Baht 176.95 million or approximately not exceed Baht 6.29176 per share. The objective to sell V33's ordinary shares is to sell a land plot owned by V33 and buildings located in Rim Tai Sub-district, Mae Rim District, Chiang Mai Province.</li> <li data-bbox="395 981 1444 1059">b) Land plots with total area of 49-3-93 rai located in Muang Ang Thong District, Ang Thong Province at the price not exceed Baht 87.27 million.</li> <li data-bbox="395 1081 1444 1160">c) Land plots with the total area of 10-0-00 rai and buildings located in Muak Lek Sub-district, Muak Lek District, Saraburi Province at the price not exceed Baht 32.08 million.</li> <li data-bbox="395 1182 1444 1473">d) 12,899,998 ordinary shares of Udon Business District Company Limited ("UBD") or approximately 99.99% of total issued and paid-up shares of UBD at par value of Baht 10 each which were held by VB, a subsidiary of the Company at the price not exceeding Baht 137.37 million or approximately Baht 10.64929 per share. The objective of share disposal is to sell the land owned by UBD with total area of 5-3-35.2 rai located in Muang Udon Thani District, Udon Thani Province.</li> </ul> </li> </ul> <p data-bbox="395 1496 1444 1989">In this connection, the disposal of the foregoing plots of land is considered the exercise of the Company's rights as set out in the Sale and Purchase Agreement of VB's shares entered into between Ms. Satita (as a seller) and the Company (as a purchaser) dated September 8, 2016 (the "SPA"). According to the Extraordinary Meeting of Shareholder (EGM) No.1/2016 held on September 28, 2016, according to the Right to Sell Back, in the event that the Company and/or its subsidiaries does not wish to develop any project on the foregoing land plots within 3 years from October 10, 2016, VB Share Sale and Purchase Agreement date, the Company and/or its subsidiaries have the right to sell either one or all land plots back to Ms. Satita at cost plus carrying cost (1.75% per annum) from share purchase date until the completion of registration of the ownership transfer on such land. Ms. Satita agreed to be solely responsible for the transfer</p>

Year	Event/development
	<p>fees, related fees, special business tax, other expenses related to the transfer of land and taxes incurred in respect of the Company and/or its subsidiaries in connection with the sale of the Assets.</p> <ul style="list-style-type: none"> <li>— In July 2020 The Company set up a new subsidiary, which 99.99% shares held by Principal Healthcare Co., Ltd. (PRINH), namely Principal Healthcare Ubonratchathani Co., Ltd. (PUBN) with registered and paid-up capital of Baht 300 million divided into 30 million ordinary shares at par value of Baht 10 per share. This company was set up with an objective to operate private hospital business in Ubonratchathani Province by the acquisition of Ruamphaetsapphasit Co., Ltd., which operates Sunpasitinter Hospital and accepting the Entire Business Transfer (EBT) including assets, medical equipment, all licenses related to hospital business operations as well as land and buildings of the hospital and the employees wishing to work with PUBN by using its internal cash flow and loan from financial institutions to pay a total amount of not exceeding Baht 500 million. The Company signed the business transfer agreement on July 9, 2020 and the transfer was completed on September 1, 2020.</li> <li>— In June 2020 Principal Healthcare – Lamphun Co., Ltd. increased its issued and paid-up capital by Baht 100 million to Baht 300 million.</li> <li>— On March 2, 2020 the Entire Business of Virajsilp Hospital was completely transferred to Principal Healthcare – Chumphon Co., Ltd.</li> </ul>
2019	<ul style="list-style-type: none"> <li>— 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 was set up with a registered capital of Baht 10 million, divided into 100,000 shares, each with a par value of 100 Baht. Principal Capital Public Company Limited held 51 % of the shares and NKG held 49%.</li> <li>— In December 2019, the company set up a new subsidiary Principal Healthcare - Chumphon Company Limited with a registered and paid up capital of Baht 270 million, 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 Baht 570 million 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.</li> </ul>

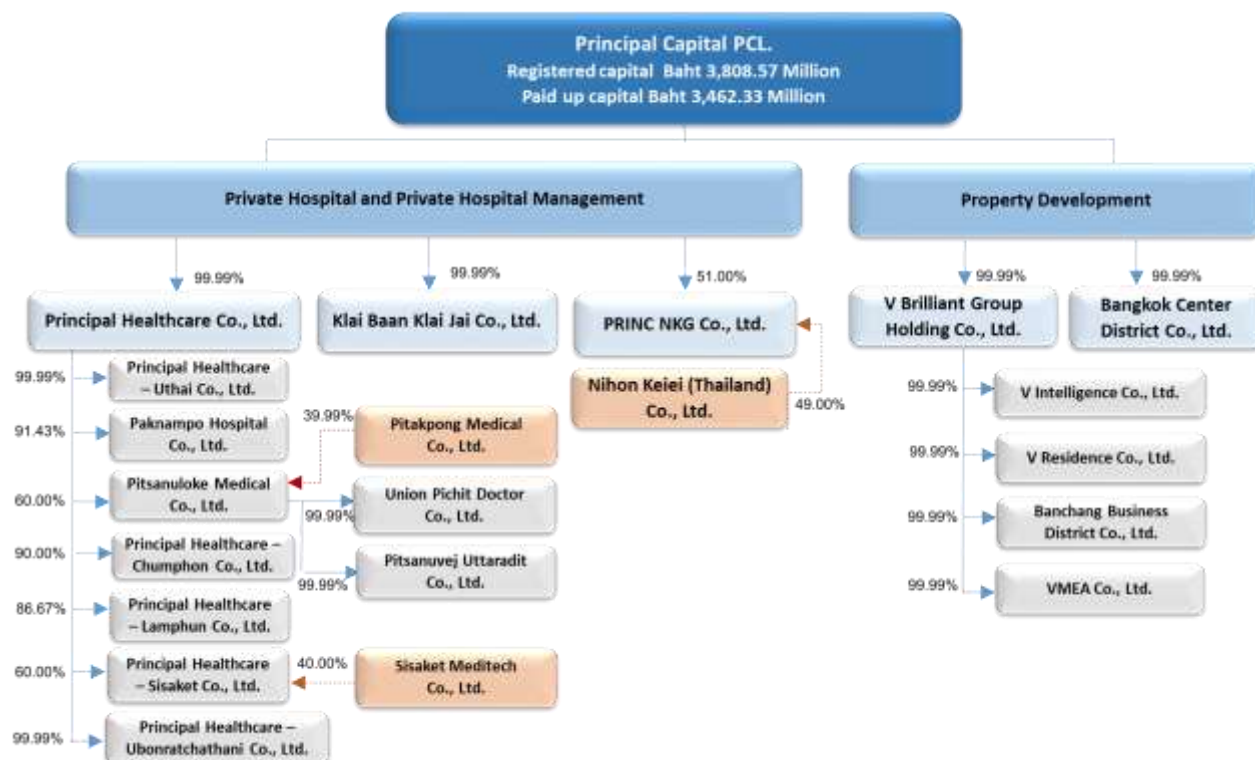
Year	Event/development
	<ul style="list-style-type: none"> <li data-bbox="341 253 1444 544">— In December 2019, the Company signed an agreement with Bumrungrad Health Network Co., Ltd., which is under management of Bumrungrad Hospital Public Company Limited, to launch a new business model - “Bumrungrad 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.</li> <li data-bbox="341 566 1214 600">— On December 2, 2019, Princ Hospital Suvarnabhumi was officially opened.</li> <li data-bbox="341 622 1444 857">— In November, 2019, a new subsidiary Principal Healthcare - Sisaket Company Limited – with a registered capital of Baht 250 million, 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.</li> <li data-bbox="341 880 1444 1070">— In November 2019, Princ Paknam 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.</li> <li data-bbox="341 1093 1444 1227">— In November 2019, the Company sold Convergence Systems Co., Ltd. to the third party as the business was no longer necessary. Resources related to development of hospital systems, including personnel, were transferred to PRINH.</li> <li data-bbox="341 1249 1444 2002">— In November 2019, the Company issued and allocated new shares in a maximum amount of Baht 222,249,300 , with a par value of Baht 100 per share, at an offer price of Baht 4.09 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 November 4, 2019 to November 22, 2019, which was equivalent to Baht 4.14 per share (information from SETSMART at <a href="http://www.setsmart.com">www.setsmart.com</a>) 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 knowledge 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 Baht 909 million 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</li> </ul>

Year	Event/development
	<p>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.</p> <ul style="list-style-type: none"> <li>— On November 15, 2019, Princ Hospital Uthai Thani was officially opened.</li> <li>— 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 Baht 100 per share, 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 Baht 133.08632 per share. The selling amount totaled approximately Baht 1,328.99 million. 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.</li> <li>— On March 29, 2019, Pitsanuvej Uttaradit Hospital was officially opened.</li> <li>— On March 1, 2019, Principal Healthcare – Lamphun Company Limited completed the acceptance of the Entire Business Transfer (EBT) of Sirivej Lamphun Hospital.</li> <li>— 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" Sector.</li> </ul>
2018	<ul style="list-style-type: none"> <li>— In November 2018, the Company was certified to the ISO 9001:2015 standard.</li> <li>— In October 2018, Principal Healthcare Co., Ltd., a subsidiary of the Company, set up Principal Healthcare – Lamphun Co., Ltd. (PLPN) 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.</li> <li>— 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.</li> <li>— In May 2018, Principal Healthcare Co., Ltd., a subsidiary of the Company, set up Principal Healthcare – Uthai Co., Ltd. (PUTH) to operate a private hospital business with a registered capital of Baht 50 million. Principal Healthcare – Uthai Co., Ltd. (PUTH) 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 Bangprakru Sub-district, Nakhon Luang District, Uthai Thani Province. The buildings were renovated into a 59-bed hospital.</li> </ul>

Year	Event/development
	<ul style="list-style-type: none"> <li>— In March 2018, V Brilliant Group Holding Co., Ltd. (VB), a PRINC's subsidiary set up two new companies: Ban Chang Business District Co., Ltd. (BBD) and Udon Business District Co., Ltd., (UBD) with a registered capital of Baht 121 million and Baht 129 million, respectively, to engage in property development.</li> <li>— 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 Baht 900 million 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.</li> <li>— On January 25, 2018, Alliance Medical Asia Co., Ltd. was renamed to Principal Healthcare Co., Ltd.</li> </ul>
2017	<ul style="list-style-type: none"> <li>— 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 Baht 7.4523 per share, totaling not more than Baht 2,000 million. 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) Phitsanuloke Medical Co., Ltd. 2) Paknam Hospital Co., Ltd. 3) Union Pichit Doctors Co., Ltd. 4) Pitsanuvej Uttradit Co., Ltd. 5) Pitsanuvej Pattana Co., Ltd. and 6) P.N.P. Hospital Co., Ltd. (collectively 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</li> </ul>

Year	Event/development
	<p>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).</p> <ul style="list-style-type: none"> <li>— 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 Baht 2,400 million, plus Baht 100 million for taxes and other expenses related to the transfer of the land and the building. The total purchase price was Baht 2,500 million. With consent of the buyer, Carlton Hotel Bangkok Co., Ltd., the Buyer's subsidiary, was the transferee.</li> <li>— The Company amended its objectives and Memorandum of Association to accommodate the hospital business operation.</li> </ul>
2016	<ul style="list-style-type: none"> <li>— The Company increased its paid-up capital, due to the conversion of 442,172,887 warrants amounting to Baht 442,172,887, to Baht 1,400,149,087.</li> <li>— 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 Viddayakorn 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 Baht 5,791.13 million. The Company issued 1,839,938,433 new common shares, at the offer price of Baht 2.87 per share to Ms. Satita Viddayakorn 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 Baht 3,240,683,433 Baht.</li> </ul>

#### 1.4 PRINC's Group Structure (As of December 31, 2020)



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

Company name	Business Type	Description of business	Percentage of shares held by the Company
Principal Capital PCL. (PRINC)	Private hospital business and investment in property development business	Operating a private hospital under the name of Princ Hospital Suvarnabhumi Invest in property development business via V Brilliant Group Holding Co., Ltd., its subsidiary	-
<b>Private Hospital and Hospital Management</b>			
Principal Healthcare Co., Ltd. (PRINH) <sup>1/</sup>	Holding company	Holding company and provision of shared services to the hospitals in the group	99.99
Phitsanuloke Medical Co., Ltd. <sup>2/</sup> (PSV)	Private Hospital	Operating Pitsanuvej Hospital	60.00
Union Pichit Doctors Co., Ltd. <sup>2/</sup> (PPCH)	Private Hospital	Operating Pitsanuvej Pichit Hospital	60.00
Pitsanuvej Uttaradit Hospital Co., Ltd. <sup>2/</sup> (PUTD)	Private Hospital	Operating Pitsanuvej Uttaradit Hospital	60.00
Paknampo Hospital Co., Ltd. <sup>3/</sup> (PPNP)	Private Hospital	Operating Princ Hospita Paknampo 1 and Princ Hospital Paknampo 2	91.43

Company name	Business Type	Description of business	Percentage of shares held by the Company
Principal Healthcare – Uthai Co., Ltd. <sup>4/</sup> (PUTH)	Private Hospital	Operating Princ Hospital Uthai Thani	99.99
Principal Healthcare – Lamphun Co., Ltd. <sup>4/</sup> (PLPN)	Private Hospital	Operating Sirivej Lamphun Hospital	86.67
Principal Healthcare – Sisaket Co., Ltd. <sup>4/</sup> (PSSK)	Private Hospital	Operating Princ Hospital Sisaket	60.00
Principal Healthcare – Chumphon Co., Ltd. <sup>4/</sup> (PCPN)	Private Hospital	Operating Virajsilp Hospital	90.00
Principal Healthcare – Ubonratchathani Co., Ltd. <sup>4/</sup> (PUBN)	Private Hospital	Operating Princ Hospital Ubonratchathani	99.99
Klai Baan Klai Jai Co., Ltd.	Primary care clinic	Primary care clinic for patients under Universal Health Coverage System	99.99
<b>Joint Venture Company</b>			
Principal NKG Co., Ltd. <sup>5/</sup>	Elderly care center	Operating elderly care center	99.99
<b>Property Development Business</b>			
Bangkok Center District Co., Ltd. (BCD)	Property Development	Property development of Siam Square Block L	99.99
V Brilliant Group Holding Co., Ltd. (VB)	Property development and investing in other companies	Hold shares of property development companies in the group	99.99
V Intelligence Co., Ltd. <sup>6/</sup> (VI)	Building and offices for rent	Office space rental at Bangkok Business Center Building located on Ekamai Road	99.99
V Residence Co., Ltd. <sup>6/</sup> (VR)	Hotel and serviced apartments	Serviced apartment under the Somerset Ekamai Project	99.99
Banchang Business District Co., Ltd. <sup>6/</sup> (BBD)	Property development	Currently owning vacant land in Rayong Province, under project feasibility study.	99.99
VMEA Co., Ltd. <sup>6/</sup> (VMEA)	Property development	Serviced apartment under Marriott Executive Service Apartment Sathorn Vista - Bangkok	99.99

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

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

3/ The Company held shares via Principal Healthcare Co., Ltd. which own 91.43% stake in Paknam Hospital Co., Ltd.

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

5/ Joint venture between Principal Capital PCL. and Nihon Keiei Group (NK Group) whereby 49% shares held by Nihon Keiei (Thailand) Co., Ltd

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

## 1.5 Award and Recognition

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

### Private Hospital Business and Private Hospital Management

#### Princ Hospital Suvarnabhumi

- Awarded a certificate from the Healthcare Accreditation Institute (Public Organization) for following the Step 2 Path towards HA.
- In October 2020, Princ Hospital Suvarnabhumi was certified to have achieved HIMSS Analytics Stage 6 as designated by HIMSS Analytics using the Electronic Medical Record Adoption Model.
- In November 2020, Princ Hospital Suvarnabhumi was certified as a hospital in compliance to Global Healthcare Accreditation COVID-19 Guideline.

#### Pitsanuvej Hospital

- In January 2020, Pitsanuvej Hospital received Best Practice Awards 2020 in the field of medicine and public health and Dr. Athiwat Noiprasit, M.D. was awarded as a Person of The Year 2020 by the For Thai Social Foundation.
- In February 2020, Pitsanuvej Hospital received Muang Thai Life Assurance Hospital Awards 2019 outstanding in term of caretaking from Muang Thai Life Assurance Co., Ltd.
- In July 2020, Pitsanuvej Hospital received a certificate of Honor (Gold Level) 2020 was awarded under the Zero Accident Campaign by the Thailand Institute of Occupational Safety and Health (Public Organization ).
- In November 2020, Pitsanuvej Hospital was awarded as a Model Business Establishment for Safety, Occupational Health and Workplace Environment (Diamond Level) in the 5<sup>th</sup> year by the Department of Labour Protection and Welfare, Ministry of Labour.
- In November 2020, Pitsanuvej Hospital was awarded as a Model Business Establishment for Labor Relations and Welfare for ten consecutive years (2011-2019) by the Department of Labour Protection and Welfare, Ministry of Labour.

**Pitsanuvej Phichit Hospital**

- In August 2020, Pitsanuvej Pichit Hospital was awarded Organization of the Year 2020 by For Thai Social Foundation
- In September 2020, Pitsanuvej Phichit Hospital received an award regarding to Good Corporate Governance and certified the standard of corporate governance from Department of Business Development, Ministry of Commerce.
- Pitsanuvej Phichit 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 Hospital Paknampo**

- Princ Hospital Paknampo 1 & 2 received a Certificate of Honor Excellence Level for the support of health in the workplace with 10 packages from Nakhon Sawan Province Public Health Office.
- Princ Hospital Paknampo 1 & 2 received a Certificate of Honor for National-Level Distinguished Business Establishment in Labor Relations and Welfare for 2020 from the Ministry of Labour.
- Certificates from the Healthcare Accreditation Institute (Public Organization) was presented to Princ Hospital Paknampo 2 to certify hospital's contribution in Patient and Personnel Safety Hospital : 2P Safety Hospital

**Pitsanuvej Uttaradit Hospital**

- In January 2020, Pitsanuvej Uttaradit Hospital received Best Practice Awards 2020 in the field of medicine and public health by For Thai Social Foundation

**Sirivej Lamphun Hospital**

- In January 2020, Sirivej Lamphun received an Innovation Award from Pisanuvej Hospoital.

**Virajsilp Hospital**

- Virajsilp Hosptial was certified to have achieved ISO 9001:2015 and also achieved hospital and healthcare standard as certified by The Healthcare Accreditation Institute.
- In September 2020, Virajsilp Hosptial received a Certificates of 2P Safety Hospital from the Ministry of Health
- In December 2020, Virajsilp Hospital was awarded a certificate from the Healthcare Accreditation Institute (Public Organization) for following the Step 3 Path towards HA.

### Property Development

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

- Travelers' Choice Best of the Best 2020 from TripAdvisor.com
- Momo Café received a certificate of TripAdvisor Travelers' Choice 2020
- Love by Guests Award Winner 2019 from Hotel.com (9.1 out of 10)

#### 1.6 Medical Co-operation

In 2020 the Company co-operated with Bumrungrad Hospital to set up the Absolute Spine care and Joint Surgery Center under Bumrungrad Health Network Model at Princ Suvarnabhumi Hospital to offer special medical services to those who have spine and joint problem or the disease related to muscle and office syndrome.

Furthermore, Holistic Cancer Center under Bumrungrad Health Network Model has been set up at Pisanuvej Hospital in Phitsanulok Province and Princ Ubonratchathani Hospital. Both centers will be Cancer Center Hub for other hospitals in Princ Hospital network in the northeastern and northern region and also being a center to accept the transfer of the serious Cancer case for treatment from other hospitals before discharging to the departed hospital when the patients are in better condition.

Bumrungrad Health Network is the co-operation and sharing between Bumrungrad Hospital and the allied hospital in term of cost, revenue, medical team, equipment. The training will be provided to the allied hospital to upgrade the knowledge and capability for medical treatment. The treatment will be provided based on Bumrungrad Hospital by medical specialist team from Bumrungrad Hospital with the utilization of medical services and infrastructure of the allied hospital. This business model will provide an opportunity for the patients to access treatment and care of quality standards at the affordable price for the target group of the allied hospital. This model will enhance the sustainable growth for the hospital business and upgrade the medical services in Thailand by providing access treatment and care of quality standards to the patients in other regional area.

## 2. Business Overview

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 Central of Thailand – Pitsanuvej Phichit Hospital (originally Sahavej Hospital) in Phichit 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 2019 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 - Chumphon 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. In September 2020, the Company acquired

and accepted business transfer of Sanphasitinter Hospital in Ubonratchathani Province and renamed to Princ Hospital Ubonratchathani marking the increase of the Company's network hospitals to 11 in 10 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. Toward the end of 2020, the Holistic Cancer Center under Bumrungrad Health Network was set up in the northeastern and northern region at Princ Ubonratchathani Hospital and Pitsanuvej Hospital in Phitsanulok Province to be opened for services within Q1/2021. Both centers will be Cancer Center Hub for other hospitals in PRINC hospital network.

New businesses have been initiated by forming a new JV company namely PRINC NKG Co., Ltd., a joint venture between PRINC Healthcare Co., Ltd. and the Japanese-based Nihon Keiei Group from Japan 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 2021.

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. In 2020 the Company restructured the business to pursue the Company's expansion policy in Healthcare Business, through Partial Business Transfer (PBT), by transferring hotel and serviced apartment business namely the Marriott Executive Apartment Sathorn-Vista ("Marriott Hotel"), as well as all assets in relation to and used for such business, agreements, licenses, and all relevant personnel relating to such business to VMEA Co., Ltd., a newly established subsidiary company of which its 100% of shares shall be held by V Brilliant Group Holding Co., Ltd. and sell shares of subsidiaries which owned the land plots in provincial area (Chiang Mai, Udon Thani, Ang Thong and Saraburi) to Ms. Satita Viddayakorn pursuant to the rights as set out in the Sale and Purchase Agreement of V Brilliant Group Holdings Co., Ltd.'s shares.

## Revenue structure

Type of revenue	Operated by	2020		2019		2018	
		Million Baht	%	Million Baht	%	Million Baht	%
Hospital business	PSV, PPCH, PLPN, PSUV, PLPN, PUTH, PUTD, PPNP, PCPN	2,290.3	86.4	2,296.2	80.0	2,084.6	78.4
Property development for rent	VMEA, VI, VR	360.4	13.6	575.3	20.0	574.2	21.6
<b>Total revenue</b>		<b>2,650.7</b>	<b>100.00</b>	<b>2,871.5</b>	<b>100.00</b>	<b>2,658.8</b>	<b>100.0</b>

Remarks:	PSV	-	Pitsanuvej Hospital	PSUV	-	PRINC Hospital Suvarnabhumi
	PPCH	-	Pitsanuvej Pichit Hospital	PCPN	-	Virajsilp Hospital
	PLPN	-	Sirivej Lamphun Hospital	VI	-	V Intelligence Co., Ltd.
	PUTH	-	Princ Hospital Uthaitani	VR	-	V Residence Co., Ltd.
	PUTD	-	Pitsanuvej Uttaradit Hospital	VMEA	-	VMEA Co., Ltd.
	PPNP	-	Princ Hospital Paknam 1 and Princ Hospital Paknam 2			

## 2.1 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

##### *Princ Hospital Suvarnabhumi*

Princ Suvarnabhumi Hospital is located in Samut Prakarn Province. It has been opened for 3 years, providing secondary care services and is operated by Principal Capital PCL. It is open around the clock to both outpatients and inpatients with the certification from the Healthcare Accreditation Institute (Public Organization) for following the Step 2 Path towards HA. There is specialist clinics as follows:

- Internal Medicine Clinic
- Obstetrics and Gynecology Clinic
- Pediatrics Clinic
- Rehabilitation Medicine Center
- Eye Clinic
- Cancer Center
- Surgery Clinic
- Orthopedic Clinic
- Intensive Care Unit
- Otolaryngology Clinic
- Heart Center
- Hemodialysis Center

- |                            |                             |
|----------------------------|-----------------------------|
| — Prima Aesthetica Center  | — Chinese Medicine Center   |
| — Health Check-up Center   | — Psychiatric Clinic        |
| — Child Development Clinic | — X-ray and Computer Center |

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, providing higher-level secondary care service, and is operated by Phitsanuloke Medical Co., Ltd. The JCI (Joint Commission International) accredited hospital and also obtain Laboratory Accreditation (LA) and ISO 15189 provides 24-hour medical services to both outpatients and inpatients, with specialist clinics as follows:

- |   |  |
|---|--|
| — Internal Medicine Clinic                | — Pediatrics Clinic                          |
| — Obstetrics and Gynecology Clinic        | — Surgery Clinic                             |
| — Health Check-up Center                  | — Psychiatric Clinic                         |
| — Child and Adolescent Development Clinic | — Eye Clinic                                 |
| — Emergency Center                        | — OtolaryngologyClinic                       |
| — Hemodialysis Center                     | — Vaccine Center                             |
| — Gastrointestinal and Liver Center       | — Child Development Clinic                   |
| — Diagnostic Radiology Center             | — Rehabilitation and Physical Therapy Center |
| — Dental Center                           | — Heart Center                               |

*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 with the certification from the Healthcare Accreditation Institute (Public Organization)

for following the Step 2 Path towards HA for the quality development and safety of the patients. The hospital has specialist clinics as follows:

- |                                       |                              |
|---------------------------------------|------------------------------|
| — Orthopedics Clinic                  | — Child Psychiatric Clinic   |
| — Obstetrics and Gynecology Clinic    | — Heart Clinic               |
| — Plastic Surgery Clinic              | — Hematology Medicine Clinic |
| — Internal Medicine Clinic            | — General Surgery Clinic     |
| — Neurosurgery Clinic                 | — Neurology Clinic           |
| — Pain Rehabilitation Clinic          | — Pediatrics Center          |
| — Endocrinology and Metabolism Clinic | — Urinary Clinic             |

### 3. *Princ Paknampo Hospital 1 and Princ Paknampo Hospital 2*

Both hospitals are located in Muang District, Nakhorn Sawan Province and are operated by Paknampo Hospital Co., Ltd. (former name: Ten M.D. Nakhon Sawan 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 achieved this stage and was accredited for Step 2 Hospital Accreditation (HA) of Thailand. The hospitals feature the following Centers and Clinics.

- |                                     |   |
|-------------------------------------|---|
| — Emergency Center                  | — Pediatrics Clinic                       |
| — Dental Clinic                     | — Diagnostic Radiology Center             |
| — Gastrointestinal and Liver Clinic | — Cardiovascular Clinic                   |
| — Intensive Care Unit               | — Infectious Disease Clinic               |
| — Internal Medicine Clinic          | — Laboratories                            |
| — Neurology Clinic                  | — Orthopedic Clinic                       |
| — Physical Therapy Department       | — Surgery Clinic                          |
| — Urinary Center                    | — Obstetrics and Gynecology Center        |
| — Medical Check-up Center           | — Otolaryngology Clinic                   |
| — Eye Clinic                        | — Diabetes, Thyroid, and Endocrine Center |
| — Nephrology Clinic                 | — Chinese Medicine Center                 |

### 4. *Pittsanuvej Uttaradit Hospital*

Pittsanuvej Uttaradit Hospital, the only private hospital in Uttaradit Province, is operated by Pittsanuvej Uttaradit Hospital Co., Ltd. is a 57-bed secondary care hospital located on Phitsanulok-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 Clinic         | — Surgery Clinic                |
| — Obstetrics and Gynecology Clinic | — Pediatrics Clinic             |
| — Rehabilitation Medicine Center   | — Health Check-up Center        |
| — Otolaryngology Clinic            | — Emergency and accident Center |

#### 5. *Sirivej Lamphun Hospital*

Sirivej Lamphun Hospital is a 59-bed hospital located in Lamphun Province. It has been opened for 23 years, providing secondary care services and is operated by Principal Healthcare – Lamphun Co., Ltd. It offers 24 hours medical treatment for both in-patients and out-patients with certification of Step 2 Hospital Accreditation from Hospital Accreditation (HA) of Thailand, having specialists and clinics as follows:

- |                                    |                          |
|------------------------------------|--------------------------|
| — Obstetrics and Gynecology Clinic | — Surgery Center         |
| — Internal Medicine Department     | — Health Check-up Center |
| — Emergency and Accident Center    | — Dental Center          |
| — Eye Clinic                       | — Pediatrics Clinic      |
| — Otolaryngology Clinic            |                          |

#### 6. *Princ Uthai Thani Hospital*

Princ Uthai Thani Hospital is a 59-bed hospital and has been opened for 1 year, providing secondary care service. It is located on Uthai Thani – Paholyotin Road, Uthai Thani Province and is operated by Principal Healthcare – Uthai Thani Co., Ltd. It offers medical services with the focus on taking care of trauma patients by its Emergency Center, which is staffed with emergency medicine physicians and specialists. It is fully equipped and accommodates 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 Paknampong Hospital in Nakhon Sawan Province. The hospital features the following specialists and clinics:

- |                                |                                 |
|--------------------------------|---------------------------------|
| — Internal Medicine Department | — Emergency and Accident Center |
| — Orthopedics Department       | — Surgery Department            |
| — Pediatrics Department        | — ICU Department                |

- Obstetrics and Gynecology Clinic
- Laboratories
- Health Check Up Center
- Diagnostic Radiology Department
- Delivery Room and Nursery Department
- Physical Therapy Department

#### 7. Virajsilp Hospital

Virajsilp Hospital is 100-bed hospital located in Muang Chumphon District, Chumphon province. It has been opened for 43 years, providing secondary care services and is operated by Principal Healthcare – Chumphon Co., Ltd.. It determined to provide excellent healthcare with safe, standard and modern medical equipment. It offers 24 hours medical treatment for both in-patients and out-patients with the certification of Setp 3 Hospital Accreditation and ISO 9001: 2015, having specialists and clinics as follows:

- Internal Medicine Department
- Obstetrics and Gynecology Clinic
- Dental Clinic
- Surgery Clinic
- Emergency Center
- Health Check Up Center
- Pediatrics Department
- Psychiatric Clinic
- Neurology Center
- Otolaryngology Department
- Orthopedics Department
- Hemodialysis Center

#### Medical Service Capacity

The capacity to serve Out-Patient group (OPD) was evaluated from the availability of room while the capacity to serve In-Patient was evaluated from availability of beds. As of December 31, 2020 the capacity of the hospitals in the Group was as follows:

Hospital	Number of Bed	No. of outpatient/day	
		2020	2019
Princ Hospital Suvarnabhumi	200	1,405 persons/day	1,297 persons/day
Pitsanuvej Hospital	150		
Pitsanuvej Phichit Hospital	90		
Princ Hospital Paknambo 1	100		
Princ Hospital Paknambo 2	100		
Sirivej Lamphun Hospital	59		
Pitsanuvej Uttaradit Hospital <sup>1/</sup>	57		
Princ Hospital Uthaitani <sup>2/</sup>	59		
Virajsilp Hospital <sup>3/</sup>	100		
Princ Hospital Ubonratchathani <sup>4/</sup>	59		

Remark : 1/ Opened for service in March 2019

2/ Opened for service in November 2019

3/ Accepted the business transfer in March 2020

4/ Accepted business transfer in September 2020

#### **Project of which transfer has just been accepted**

The Company set up a subsidiary, Principal Healthcare – Ubonratchathani Co., Ltd., (“PUBN”) to invest in and operate a hospital business in Ubon Ratchathani Province. The subsidiary acquired and accepted the transfer of the hospital business of Ruamphaetsanpasit Company Limited (Ruamphaetsanpasit), which had been operating a 59-bed private hospital – Sanpasitinter Hospital - located in Ubon Ratchathani Province. PUBN accepted the transfer of the hospital Ruamphaetsanpasit including its assets, licenses necessary for operating the hospital on the transfer date, and employees wishing to work for PUBN. The acquisition of Ruamphaetsanpasit Hospital effectively expanded the Company's hospital network to cover the Northeastern region of Thailand, thus enhancing growth potential and competitiveness, as well as future revenues. The transfer was completed on September 1, 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 which 60% shares in a new subsidiary are held by PRINC Group, 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 59-bed private hospital in the province. The project is currently under construction and is expected to be available for services in Q2/2021.

In September 2019 the Company acquired a land plot in Lamphun province to build a new hospital under the name Princ Hospital Lamphun, a 59-bed hospital to provide medical services to the patients under Social Security System. Currently the project is under construction and it is expected to be ready to offer service in Q2/2021.

#### **b) Property Development for Rent**

##### **● Hotel/ Serviced 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	<table> <tr> <th>Type</th><th>Number of rooms</th></tr> <tr> <td>1 Bedroom Suite</td><td>55</td></tr> <tr> <td>1 Bedroom Executive Suite</td><td>50</td></tr> <tr> <td>2 Bedroom Suite</td><td>58</td></tr> <tr> <td>3 Bedroom Suite</td><td>11</td></tr> <tr> <td>3 Bedroom Executive Suite</td><td>10</td></tr> </table>	Type	Number of rooms	1 Bedroom Suite	55	1 Bedroom Executive Suite	50	2 Bedroom Suite	58	3 Bedroom Suite	11	3 Bedroom Executive Suite	10
Type	Number of rooms												
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 totalling 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	<table> <tr> <th>Room type</th><th>Number of rooms</th></tr> <tr> <td>1. Studio Executive</td><td>26</td></tr> <tr> <td>2. Studio Executive Twin</td><td>13</td></tr> </table>	Room type	Number of rooms	1. Studio Executive	26	2. Studio Executive Twin	13
Room type	Number of rooms						
1. Studio Executive	26						
2. Studio Executive Twin	13						

Somerset Ekamai Bangkok Project		
	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 and 5 meeting room	
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 in 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 units
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.

Currently the Company has one land plot in Rayong Province owned by Banchang Business District Co., Ltd., a subsidiary in V Brilliant Group Holding Co., Ltd. Such land plot has potential for development into a hospital. Presently, it is under project feasibility study.

## 2.2 Market and competition

### Thailand Economic Outlook

Thai economy in 2020 was forecasted to shrink by -6.5% improving from the forecast in October at -7.7% with the support from the favorable measures to control the spread of COVID-19 and government measures to stimulate the economic recovery in the second half of 2020. The export value also increased from the faster economic recovery of the trading partners than expected after many countries relief the measures controlling the spreading of COVID-19.

The Ministry of Finance forecasted that Thailand's economy in 2021 expects to grow at 2.8% per year due to the COVID-19 outbreaks in many countries including Thailand. This affects economic activities, international traveling, and the number of inbound tourists. The lower number of international visitors in 2021 is foreseeable. However, there is a positive signal from the vaccine injection to the people in various countries. In addition, the government continuously uses fiscal policy to support and stimulate the recovery of the Thai economy such as the 50-50 Co-Payment Project, We Win Project and also exploit monetary policy via Specialised Financial Institutions to support and remedy the impact from COVID-19 outbreaks. In addition the borrowing of the remaining loan to solve the problem, help revive the economy and society affected by the spread of COVID-19 is expected to be made by the Ministry of Finance. This would help stimulate consumption and increase employment. Private consumption and investment are expected to grow at 2.5% and 3.4% per year. Meanwhile, public consumption and investment is anticipated to expand at 6.1% and 12.1% per year. The export value of Thai products expects to grow at 6.2% per year with the continued recovery trend in line with the economic recovery of the key trading partner countries. The Ministry of Finance forecasted that the Thai economy in 2022 will gradually recover in line with the world economic recovery supporting by the progress of vaccine and economic stimulus package in various countries.

Source: Thai Economic Forecast Report in 2020 and 2021 by Fiscal Policy Office in January 2021

### **Overview of Healthcare Business in Thailand**

The medical service business has been growing by leaps and bounds because medical services are one of the 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:

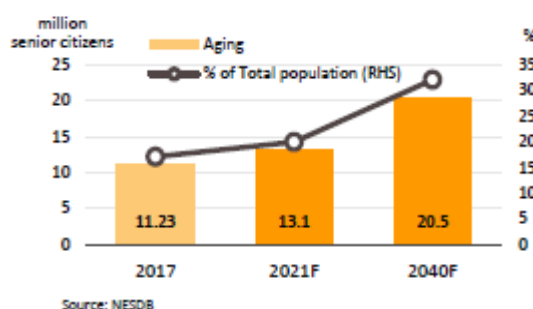
- The Universal Coverage Scheme: provision of medical and healthcare service to those who do not have any other healthcare coverage, especially low-income earners. This scheme is known as the

“30 Baht Scheme”, mainly covering general illnesses, and is under the 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 the 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 the 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 that Thailand will become an Aged Society in 2021. The population over 60 years represents 20% of the total population and will increase to 32% in 2040. 60% of elderly people generally have health problems. The Ministry of Public Health forecast the increase of healthcare expenditure for the elderly from Baht 63 billion (2.1% of the GDP) in 1990 to Baht 228 billion (2.8% of the GDP) in 2022 (From the Twelfth National Health Development Plan, 2017-2021).

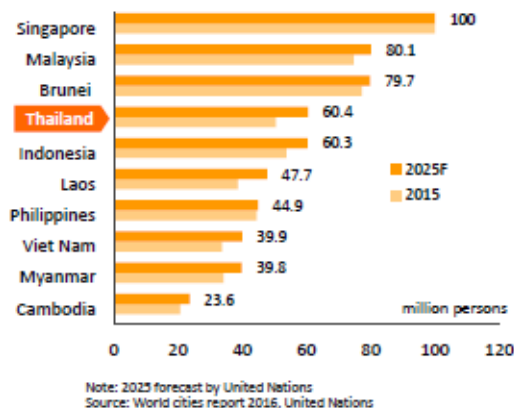


Population over 60 years of age in Thailand

- **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

- Promoting Thailand as an international healthcare hub:** This strategy is aligned with rising interest worldwide in medical tourism. From now to 2024, The Tourism Authority of Thailand will promote the country as the 'medical and wellness resort of the world'. They are trying to achieve this through several programs: (i) Telemedicine for overseas Thais, which aims to help Thais living overseas receive medical and beauty treatment in Thailand. This is expected to generate THB80,000 per person; (ii) global health insurance companies, to increase uptake of Thai healthcare services by civil servants in Myanmar, Lao PDR, Cambodia and the Middle East; (iii) online health, which focuses on visitors seeking healthcare and beauty treatments arriving from Myanmar, China and the Middle East; the services are promoted on the online marketplace; (iv) hotelistic (a portmanteau of hotel and holistic), which promotes health services such as health checks and checking for toxins in patients and removing these in-situ at tourist hotels or wellness centers; and (v) agent/media outreach, which aims to establish Thailand as a global 'top of mind destination' for medical and wellness tourism. Rising interest in personal health and wellbeing is also prompting hospitals to venture into the wellness industry. These include the BDMS Wellness Clinic (Bangkok Hospital), Vitalife Wellness Center (Bumrungrad Hospital, expected to open this year), and Medical City (Thonburi Hospital). Combined, these measures will support the ongoing growth of the medical tourism industry in Thailand over the long term
- Designating Thailand's medical industry and 'medical hub' status as 'new S-curve' industries:** The government has offered a range of incentives (including generous tax breaks) to attract overseas players to invest in Thailand. That includes setting up facilities for the research and development of medical innovation and pharmaceutical products. This could help private hospitals to cut costs, increase their competitiveness against overseas players, and strengthen related industries in the area of medical tourism. In April this year, the government responded to the anticipated new demand for medical equipment created by the Covid-19 pandemic by introducing more investment support measures.

As a result, in 1H/2020, there received 52 applications (+174% YoY) for investment support for projects related to the medical industry with a combined value of Baht 13 billion (+123% YoY). Within the EEC, the government has also given the green light to Thammasat University's new EECmd project in Pattaya, which will be home to medical innovation and an important part of the medical hub strategy. Several parties have expressed interest in investing in the project, including Japan's Mizuho Bank, which will offer loans to customers who invest in the healthcare industry in the area, Chinese players looking to establish a center for research into traditional Chinese medicine in the ASEAN zone, and a Taiwanese clinic for the elderly. Beyond this, there will also be an international health center that specializes in medical genomics, and there is support for private-sector investment in the construction of a new hospital to meet the rising demand for healthcare services from those working in industrial estates in the area.

#### 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 number 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 that are major customers of leading Thai hospitals, such as Qatar, opened a Medical City with 559 beds worth Baht 23,000 million at the end of 2017. Kuwait opened a Hospital Complex with 1,166 beds worth Baht 35,000 million. 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 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.

- **Lack of doctor and medical personnel:** World Health Organization set the number of doctors and nurses to the population at 2.8 per 1000 while such ratio in Thailand is 0.4 per 1000 which is lower than the major competitors like Singapore at 1.92 per 1000 and Malaysia at 1.2 per 1000. The increase in the number of private hospitals will cause a shortage of doctor and medical personnel thus, increase cost to the business.

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

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. The medium-sized hospital often relies on the revenue from service under the Social Security Fund. The change in the health care policy of the Social Security Fund will affect the performance of the business.

Source: 2020-2022 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. For example in Uthai Thani Province that the investment has been made in Princ Uthaitani Hospital which has officially started to offer the services 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 11 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 its 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 the 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. Besides that, the Company develops the Mobile Application namely “PRINC Health” to allow the patient to access the medical service via mobile linked to the hospital system of PRINC Hospital network. The patient can see his medical record and make an appointment to see the doctor and to receive news from the hospital.

Princ hospital network has provided New Normal service since the beginning of 2020 as a result of COVID-19 outbreak by launching “Dr. PRINC” Kind doctor fight with COVID-19 via 3 medical services.

1. Dr. PRINC Telehealth – provides health consultation service by doctors of PRINC Hospital network via Line Official Account:@Dr.PRINC. The patient can see the doctors and receive consultation online 24 hours free of charge.
2. Dr.PRINC Drive Thru – provides drive-thru service at the service point outside the building including screening for COVID-19 service, injecting vaccine to those who are older than 15 years of age and get the medicine without getting off the car.
3. Dr.PRINC@Home – provides medical services at home to the patients including vaccine injection, blood test, dress and clean the wound, medicine delivery.

Such service will reduce the traveling to the hospital of the patient and also reduce the risk for medical personnel.

### **Competition**

The hospitals of the subsidiaries are located in Samut Prakan Province and six provinces in the North; namely, Phichit 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 Ubonratchathani and Chumphon Provinces in 2020 and in Sisaket Province in 2021 respectively. 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 Phichit Hospital	Chai Arun Vejchakarn Hospital	Phichit
	Srisukho Hospital	Phichit
Pitsanuvej Hospital	Bangkok Hospital Phitsanulok	Phitsanulok
	Ruamphat Phitsanulok Hospital	Phitsanulok
	Phitsanulok Hospital	Phitsanulok
Princ Hospital Paknampo 1	Srisawan Hospital	Nakhon Sawan
and Princ Hospital Paknampo 2	Romchat Hospital	Nakhon Sawan
	Ruamphat Hospital	Nakhon Sawan
Pitsanuvej Hospital Uttaradit	No private hospitals Uttaradit Province	
Sirivej Lamphun Hospital	Lamphun Hospital	Lamphun
	Hariphunchai Memorial Hospital	Lamphun
Princ Hospital Uthai Thani	No private hospitals in Uthai Thani Province	
Virajsilp Hospital	Thonburi-Chumphon Hospital	Chumphon
Princ Hospital Ubonratchathani	Rajavej Ubonratchathani Hospital	Ubon Ratchathani
	Ubonrak Thonburi Hospital	Ubon Ratchathani

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

**Princ Hospital Suvannabhumi** is in a good location near Suvannabhumi Airport and Megabangna Shopping Centre, There are capable doctors and specialists in various fields such as Gynecology, Surgery, Internal Medicine, Pediatrics, Orthopedics Surgery together with the investment in modern medical equipment like CT 128 slice MRI 3 tesla. It has efficient management systems leading to effective cost control. Furthermore, the medical fees are charged at reasonable rates suitable for the target customers.

**Pitsanuvej Phichit Hospital** is the first private hospital in Phichit Province. It has been in operation for 27 years. The establishment has competitive advantages in various aspects, including the certification of Hospital quality from Hospital Accreditation in 2020 with competent specialists, heavy investment in modern medical equipment, modern information technology system, and 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 build confidence in case of transfers.

**Pitsanuvej Hospital** is accredited by the Joint Commission International (JCI). The international standard, the 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 of experience in hospital management. Its medical personnel includes multidisciplinary professionals in all areas, ready to deliver professional services.

**Princ Hospital Paknambo 1 and Princ Hospital Paknambo 2** are both model hospitals when it comes to the application of information technology, such as HIS that use Centrix Program to record patients' information, which enable to provide speedy service to the patients. 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. Furthermore, it has efficient management systems leading to effective cost control. As such, the medical fees are charged at reasonable rates suitable for the target customers.

**Pitsanuvej Uttaradit Hospital** is a new hospital situated in Muang District of Uttaradit Province. It is the first and only 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 located in the city center, easy to access. It is well-recognized by people in Lamphun Province because it has been in operation for 23 years. Medical doctors are specializing in the treatment of cataracts and osteoarthritis and modern medical equipment as well as efficient management systems leading to effective cost control. As such, the medical fees are charged at reasonable rates suitable for the target customers.

**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. The medical fees are charged at reasonable rates suitable for the target customers.

**Virajsilp Hospital** is located in Muang District of Chumphon Province. The patients can travel to the Hospital easily. It is a private hospital offering complete medical service and 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, it is the only private hospital in Chumphon that was certified the quality standard Step 3 Hospital Accreditation from Hospital Accreditation Thailand. Virajsilp Hospital is classified as a large hospital with a low medical fee.

**Princ Hospital Ubonratchathani** is a small private hospital located in Muang District, providing medical services, rehabilitation, disease protection, aesthetic surgery clinic by experienced doctors. It has specialized clinics providing service by experienced medical personnel and specialists in various areas with the professional standards.

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 operational efficiency and upgrade the health service experience in Thailand and ASEAN.

The Company's selection of the HCM signified it's being the first healthcare business to have turned to cloud technology for the 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 the level 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.

### **Overview of the tourism industry**

Year 2020 is the difficult year for Thailand's tourism industry. Based on the statistics of Tourism Authority of Thailand, there were 6.7 million international visitors visiting Thailand during the 11 months of 2020 decreasing by 83% YoY, generating tourism receipts of approximately Baht 332.01 billion, dropped by 82% from last year. The traveling situation of international visitors to Thailand from the end of 2020 to 2021 is still versatile from the unstable internal and external factors especially the outbreak of COVID-19 in many countries still do not reach its peak level. For example, the number of new infected person increased continuously while many countries experienced new wave of outbreaks such as Japan, South Korea, Indonesia, Philippines, Australia and Europe. The new wave of outbreaks tends to be more severe than previous on at the beginning of 2020 forced many countries to impose lockdown measures again. World Health Organization warned every country to prepare to cope with the new wave of outbreaks in winter at the end of 2020 to the beginning of 2021. Tourism Authority of Thailand forecasts that the economic in many countries would not be recovered to normal within 2021. K-Research predicted that the situation will be back to normal as pre-COVID in 2023. However, the good news about the 90% progress of vaccine development will support the faster recovery of tourism industry than expected period. In the meantime, the business has to rely on the domestic travelers. The domestic traveling situation is favorable but the recovery is limited in some area and in some provinces only.

Based on the uncertainty of internal and external factor in 2021, Tourism Authority of Thailand forecasts that the number of international visitors to Thailand will be around 6-15.5 million and generate tourism receipts of around Baht 300-740 billion.

Source: Tourism Authority of Thailand

<https://www.bussinesstoday.co/business/16/11/2020/54240/>

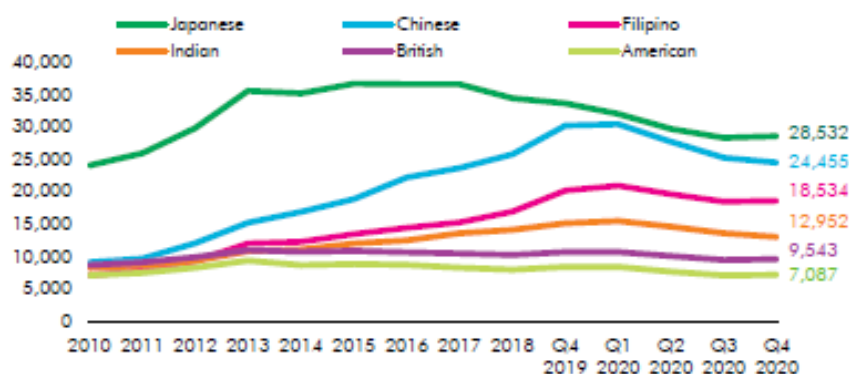
<https://www.thaihotelbusiness.com/hot-issue/>

### **Overview of the Bangkok serviced apartment market**

Thailand's hospitality industry has been hit hard by the COVID-19 pandemic and Bangkok's serviced apartments are no exception. However, a recent study by JLL, showed serviced apartments generally are far better than hotels in current and past times of distress. JLL expects the pandemic to boost the growing trend of mixed-use format offering hotel rooms and serviced apartments in a single development.

JLL's study monitored international grade hotels and serviced apartments across Bangkok between January and April 2020. The findings from the study show that over 80% of the city's serviced apartments remained open at the end of April, with the average occupancy rates declining by 30% year-on-year. During the same period, as of Q3/2020 the occupancy rate was at 53% and majority of hotels across the city was shut down and those that remained operational saw occupancies drop by nearly 50% year on year and the occupancy rate of many hotels was lower than 10% of total rooms. Whilst the ongoing tourism market slump has forced the majority of hotels across Thailand to close their doors in order to lower their fixed costs, most of the Bangkok's serviced apartments have remained open to serve long-stay guests. Tourists or short-stay guests represent a smaller demand source in Bangkok's serviced apartment sector. Though we have seen serviced apartments shifting their guest acquisition strategies by increasing the portion of short-stay guests in recent years, long-stay guests, most of whom are expatriates, have remained their top source of demand. This explains why the serviced apartment sector has felt relatively smaller impact from the COVID-19 pandemic than hotels that rely more on short-stay demand from tourists. However, the competition in serviced apartment business tends to increase. Japanese expatriates, the key market feeder of the long-term rental market to serviced apartments in Bangkok, has continued to decline from cost-cutting policy of many companies and relocation to other emerging market like Vietnam as the management roles are now replaced with Thais which has lower costs. At the same time, the number of new expatriates coming in will be limited in 2021.

While the supply in serviced apartment market continue to increase, as serviced apartments in Bangkok also operates in daily rental and compete directly with hotels , the competition is also coming from the future hotel supply of over 9,000 keys in the next three years.



Source: Serviced apartments weathering the storm by Jones Lang Lasalle Co., Ltd. (JLL)  
2021 Thailand Real Estate Market Outlook Report by CBRE

### 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](http://www.marriott.com). This channel has become more and more popular among foreigners.

## 2) Overview of the office building for rent business

As of the end of Q4 2020, the total office space in Bangkok continued to rise to 9.063 million sq.m., from the new launches of 3 office buildings. The overall occupancy rate in Q4 2020 stood at 93.6%, decreased by approximately 0.9% q-o-q. The Sukhumvit CBD area remained the location with the highest occupancy rate at 94.7% in Q4 2020, despite a slight decline. Tenants have been affected by the Covid-19 outbreak and economic slowdown and have often considered or actioned downsizing their rental spaces, as well as applying for a temporary reduction in rent, or changing their rental spaces to a Co-Working space instead. New demand generally came from industries such as e-commerce, logistics and technology companies expanding their businesses as well as from start-up business.

Rents declined across the city in Q4/2020, with the overall average rental price of all levels falling by about 0.13% to about Baht 742 per sq.m. It was found that in the CBD area, rents decreased by about 0.18% from Baht 1,110 to Baht 1,108. It was found that many office buildings had slightly reduced their rents to help support their tenants during the COVID-19 outbreak.

The supply of new buildings remains reasonably high. Most developments still follow their schedules. Key examples of buildings that we expect to see continue pre-leasing programs in 2021 include Vanissa Building (22,000 sq.m.), located in the CBD area and is expected to be completed in Q1 2021. Future 2021 supply in the CBD area also includes The Kronos Tower (22,481 sq.m.), O-NES Tower (46,000 sq.m.) and 140 Wireless (25,784 sq.m.).

Colliers expects the downward pressure on rents to remain in the short term while businesses focus on operational cost savings. The decline in rent rates are expected to stabilise once businesses fully recover from the COVID-19 situation.

Sources: Bangkok Office Market, Q4 2020, Colliers International

### 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.

## **2.3 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.

**2.4 Work Pending**

-None-

### 3. Risk Factors

#### 3.1 Business operation risks

##### 3.1.1 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.

###### *Risk from COVID-19 outbreak*

The outbreak of COVID-19 from 2020 to the beginning of 2021 affected private hospital business especially the loss of medical tourists so the hospitals with large revenue contribution from foreign patients were hardly hit. The hospitals with domestic patients especially under the Social Security System would have lower effect.

The target customers of Princ Hospital network are medium-income earners. During the COVID-19 outbreaks, number of patients dropped resulting in the lower revenue from hospital business in 2020. To reduce such risk, each hospital in PRINH network has adjusted the business strategy and find the business alliance and delay large amount of investment and bring in the digital platform to enhance business efficiency, cut cost and improve service for the patients and exploit the technology to link between doctors and patients for example, Telemedicine via Mobile Application and Dr.PRINC (Line Official Account) in Line Application to provide online medical advice to the patients. The hospitals also provide medicine and medical products delivery services and

also provide other services like blood drawing, wound cleaning and vaccine injection at the patients' home. Furthermore, the Company also diversified risk with the plan to open medical clinics in 2021 to provide medical services to the patients who are under Universal Coverage Scheme and Social Security System and also join with Nihon Keiei Group from Japan to operate elderly care business in order to be a new source of income in addition to existing income from hospital business.

**Risks associated with hospital business expansion**

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.

### 3.1.2 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.

### 3.2 Financial Risks

#### *Risk of capital structure and liquidity*

In 2020, the Company had an additional borrowing of 454 million Baht from financial institutions for construction of Princ Hospital Sisaket and acquired Virajsilp Hospital from Virajsilp Hospital Co., Ltd. As of December 31, 2020, the Company had loans from financial institutions totaling Baht 3,679.94 million for the healthcare business. There was no loan from directors. At the end of 2019, the debt to equity ratio was low, 0.73 time, hence the financial risk is still low. Due to the COVID-19 outbreak situation, the Company managed

cash cautiously and participated in the bank's policy to help relief the debt burden in order to maintain highest liquidity.

### 3.3 Managerial risks

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

As of February 25, 2020, the major shareholder, Viddayakorn Group, held 2,811,552,743 shares, representing 81.20% 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.

#### 4. Major Assets in Business Operation

##### 4.1 Major Assets of the Company

As of December 31, 2020, the Company's main assets including land and building were as follows:

##### 4.1.1 Hospital Business

###### a) Main Assets of Hospital Business

No.	Property Type/Location	Net Book Value As of Dec. 31, 2020 (Million Baht)	Ownership	Obligation
1.	<b>Phitsanuloke Medical Co., Ltd. (Pitsanuvej)</b>			
	-Land 1-1- 45.5 rai Muang Phitsanuloke District, Phitsanuloke Province	263.69	Owned	None
	-Land 8-0-57.5 rai Muang Phitsanuloke District, Phitsanuloke Province		Owned	Bank of Ayudhaya PCL.
	-Land 28-1-78.1 Rai Muang Uttaradit District, Uttaradit Province		Owned	Thai Military Bank PCL.
	-Land 2-0-9 Rai Muang Phitsanulok, Phitsanulok Province		Owned	None
	Building	237.89	Owned	Bank of Ayudhaya PCL.
	Medical Tool and Equipment	94.21	Owned	Bank of Ayudhaya PCL.(partial)
2.	<b>Union Pichit Doctors Co., Ltd. (Pitsanuvej Pitchit Hospital)</b>			
	-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	86.39	Owned	Thai Military Bank PCL
	Medical Tool and Equipment	32.55	Owned	Bank of Ayudhaya PCL.(partial)
3.	<b>Paknampo Hospital Co., Ltd. (Princ Hospital Paknampo 1, Princ Hospital Paknampo 2)</b>			
	-Land 13-0- 98.4 rai Muang Nakhon Sawan District, Nakhon Sawan Province	348.80	Owned	Thanachart Bank PCL.
	Building	992.93	Owned	Thanachart Bank PCL.
	Work in Progress	8.22	Owned	Thanachart Bank PCL.

No.	Property Type/Location	Net Book Value As of Dec. 31, 2020 (Million Baht)	Ownership	Obligation
	Medical Tool and Equipment	128.67	Owned	None
	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 Nakhon Sawan District, Nakhon Sawan Province	72.00	Owned	None
	O2 Condominium Unit No. Jor76/108	4.37	Owned	Bangkok Bank PCL.
4.	Pitsanuvej Uttaradit Hospital Co., Ltd. (Pitsanuvej Uttaradit Hospital)			
	Building	491.00	Owned	Thai Military Bank PCL.
	Medical Tool and Equipment	45.14	Owned	None
5.	Principal Healthcare – Uthai Co., Ltd. (Princ Hospital Uthaitani)			
	Land 12-1-79.5 rai Nakorn Luang District, Uthaitani Province.	31.20	Owned	Thanachart Bank PCL.
	Building	338.14	Owned	Thanachart Bank PCL.
	Medical Tool and Equipment	21.72	Owned	None
6.	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	Thanachart Bank PCL.
	Land 0-0-56 rai Muang Lamphun District, Lamphun Province	0.49	Owned	Thanachart Bank PCL.
	Land 0-0-59.3 rai Muang Lamphun District, Lamphun Province	0.48	Owned	Thanachart Bank PCL.
	Land 1-1-73.2 rai Muang Lamphun District, Lamphun Province	4.38	Owned	Thanachart Bank PCL.
	Land 2-2-25.7 rai Muang Lamphun District, Lamphun Province	6.26	Owned	Thanachart Bank PCL.
	Land 2-2-24.5 rai Muang Lamphun District, Lamphun Province	6.48	Owned	Thanachart Bank PCL.
	Building and Improvement	58.85	Owned	Thanachart Bank PCL.
	Medical Tool and Equipment	26.19	Owned	None

No.	Property Type/Location	Net Book Value As of Dec. 31, 2020 (Million Baht)	Ownership	Obligation
7.	<b>Principal Capital Co., Ltd. (PCL)</b> <b>Princ Hospital Suvarnabhumi</b>			
	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. Kasikornthai Bank PCL. (partial)
	Building and Improvement	1,370.73	Owned	Bank of Ayudhaya PCL..
	Medical Tool and Equipment	107.25	Owned	Bank of Ayudhaya PCL. Kasikornbank PCL. (partial)
8.	<b>Principal Healthcare – Sisaket Co., Ltd.</b> <b>(Princ Hospital Sisaket)</b>			
	Land 12-1-40.5 rai Muang Sisaket District, Sisaket Province	74.21	Owned	Bangkok Bank PCL.
	Work in progress	281.03	Owned	Bangkok Bank PCL.
9.	<b>Principal Healthcare – Ubonratchathani Co., Ltd.</b> <b>(Princ Hospital Ubonratchathani)</b>			
	Land 1-3-27.1 rai Muang Ubonratchathani, Ubonratchathani Province	152.66	Owned	None
	Land 94.7 sq.wah Muang Ubonratchathani, Ubonratchathani Province			
	Land 98.9 sq.wah Muang Ubonratchathani, Ubonratchathani Province			
	Land 83.1 sq.wah Muang Ubonratchathani, Ubonratchathani Province			
	Land 97.6 sq.wah Muang Ubonratchathani, Ubonratchathani Province			
	Land 99.6 sq.wah Muang Ubonratchathani, Ubonratchathani Province			
	Land 2-0-85 rai Muang Ubonratchathani, Ubonratchathani Province			
	Land 1-0-68.3 rai Muang Ubonratchathani, Ubonratchathani Province			
	Land 49.5 sq.wah Muang Ubonratchathani, Ubonratchathani Province			

No.	Property Type/Location	Net Book Value As of Dec. 31, 2020 (Million Baht)	Ownership	Obligation
	Land 40.2 sq.wah Muang Ubonratchathani, Ubonratchathani Province			
	Land 88 sq.wah Muang Ubonratchathani, Ubonratchathani Province			
	Land 86.4 sq.wah Muang Ubonratchathani, Ubonratchathani Province			
	Land 26 sq.wah Muang Ubonratchathani, Ubonratchathani Province			
	Buildings	336.92	Owned	None
	Medical tools and equipment	35.44	Owned	None
10.	Principal Healthcare – Chumphon Co., Ltd. (Virajsilp Hospital)			
	Building	174.64	Owned	None
	Medical tools and equipment	36.82	Owned	None

#### 4.1.2 Hotel/Service Apartment Business

Project name and location	Project Type	Area (Rai-Ngan-Sq.wa)	Book Value As of Dec. 31, 2020 (Million Baht)	Owner	Obligation
Marriott Executive Service Apartments Sathorn Vista- Bangkok Tungmahamek, Sathorn Bangkok	Service Apartment	2-0-34.3	1,956.56	VMEA Co., Ltd.	None
Somerset Service Apartment Soi Ekamai 2, Ekamai Road, Bangkok	Service Apartment	5-1-94	2,132.40	V Residence Co., Ltd.	Mortgage as collateral for bank

#### 4.1.3 Office area for lease Business

Project name and location	Project Type	Area (Rai-Ngan-Sq.wa)	Book Value As of Dec. 31, 2020 (Million Baht)	Owner	Obligation
Bangkok Business Center Sukhumvit 63 Road (Ekamai Road) Bangkok	Office area for lease	1-3-9	466.57	V Intelligence Co., Ltd.	Mortgage as collateral for bank

#### 4.1.5 Vacant land for project development

No.	Asset/ Location	Book Value As of Dec. 31, 2020 (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

#### 4.2 Investment policy in subsidiary company

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

The shareholding proportion in subsidiaries can be summarized as follows:

Company Name	Business Type	Shareholding (%)	
		2019	2020
Private Hospital and Private Hospital Management			
Principal Healthcare Co., Ltd. <sup>1/</sup> (PRINH)	Holding Company and shared serviced to other hospital in the group	99.99	99.99
Pisanuloke Medical Co., Ltd. <sup>2/</sup> (PSV)	Private hospital	60.00	60.00
Union Pichit Doctor Co., Ltd. <sup>2/</sup> (PPCH)	Private hospital	60.00	60.00

Company Name	Business Type	Shareholding (%)	
		2019	2020
Pitsanuvej Uttaradit Co., Ltd. <sup>2/</sup> (PUTD)	Private hospital	60.00	60.00
Paknampo Hospital Co., Ltd. <sup>3/</sup> (PPNP)	Private hospital	91.43	91.43
Principal Healthcare – Lamphun Co., Ltd. <sup>4/</sup> (PLPN)	Private hospital	80.00	80.00
Principal Healthcare – Uthai Co., Ltd. <sup>5/</sup> (PUTH)	Private hospital	99.99	99.99
Principal Healthcare – Sisaket Co., Ltd. <sup>5/</sup> (PSSK)	Private hospital	60.00	60.00
Principal Healthcare – Chumphon Co., Ltd. <sup>5/</sup> (PCPN)	Private hospital	99.99	99.99
Principal Healthcare – Ubonratchathani Co., Ltd. <sup>5/</sup> (PCPN)	Private hospital	-	99.99
Klai Baan Klai Jai Co., Ltd.	Medical clinic	99.99	99.99
<b>Property Business</b>			
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. <sup>6/</sup> (VI)	Office area for lease	99.99	99.99
V 33 Co., Ltd. <sup>6/</sup> (V33)	Property development	99.99	99.99
V Residence Co., Ltd. <sup>6/</sup> (VR)	Hotel and serviced apartment	99.99	99.99
Ban Chang Business District Co., Ltd. <sup>6/</sup> (BBD)	Property development	99.99	99.99
VMEA Co., Ltd. (VMEA)	Hotel and serviced apartmen	-	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 Phitsanuloke Medical Co., Ltd.

3/ The Company has indirect shareholding via Principal Healthcare Co., Ltd. who owns 91.43% stake in Paknampo Hospital Co., Ltd.

4/ The Company has indirect shareholding via Principal Healthcare Co., Ltd and on March 1, 2019 the shareholding specifically Principal Healthcare – Lamphun Co., Ltd. portion was reduced to 80%.

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

6/ Principal Investment Co., Ltd. was renamed to Klai Baan Klai Jai Co., Ltd. in November 2020

7/ The Company has indirect shareholding via V Brilliant Group Holding Co., Ltd.

## 5. Legal Disputes

No legal dispute

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

Listed company	Principal Capital Public Company Limited
	Formerly named Metrostar Property Public Company Limited
SET symbol	PRINC
Business type	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 3,808,570,502.00 consisting of 3,808,570,502.00 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	<a href="http://www.principalcapital.co.th">http://www.principalcapital.co.th</a>
Telephone	02-714-2171-3
Fax	02-714-2185

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

Company name	Business type	Registration number	Address	Registered capital (Million Baht)	Paid up capital (Million Baht)	Contact number
Principal Healthcare Co., Ltd.	Holding company and shared service to hospital in the group	0125557004113	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	2,683.75	2,683.75	Tel : 02-714-2173 Fax : 02-714-2185
Phitsanuloke Medical Co., Ltd.	Private hospital and invest in other companies	0655524000033	211 Khun Phirenthorathep Road, Nai Muang Sub-district, Muang Phitsanulok District, Phitsanulok Province 65000	500.00	500.00	Tel : 055-909-000 Fax : 055-909-005
Union Pichit Doctors Co., Ltd.	Private hospital	0665532000039	2/158 Srimala Road, Nai Muang Sub-district, Muang Phichit District, Phichit Province 66000	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 : -
Paknampo Hospital Co., Ltd.	Private hospital	0605530000155	96/12 Moo 9 Asian Highway, Nakhon Sawan Tok, Muang Nakhon Sawan District, Nakhon Sawan Province 60000	354.166	354.166	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	300.00	300.00	Tel : 053-096-440 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
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	250.00	Tel : 02-714-2173 Fax : 02-714-2185

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

Company name	Business type	Registration number	Address	Registered capital (Million Baht)	Paid up capital (Million Baht)	Contact number
Principal Healthcare – Ubon Ratchathani Co., Ltd.	Private hospital	0105563098191	139 Polpan Road, Nai Muang Sub District, Muang District, Ubonratchathani Province	300.00	300.00	Tel : 045-244-999
Klai Baan Klai Jai Co., Ltd.	Medical clinic	0105556119227	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	18.50	18.50	Tel : 02-714-2184 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.	Office building for rent	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 Residence Co., Ltd.	Hotel and Serviced Apartment	0105556015847	23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110	1,000.00	1000.00	Tel : 02-714-2171 Fax : 02-714-2185
Ban Chang 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
VMEA Co., Ltd.	Hotel and Serviced Apartment	0105563122467	1 Soi Suanplu Tung Mahamek Sub-district Sathorn District Bangkok	2,000.00	2,000.00	Tel : 02-343-6789 Fax : 02-343-6790

### 6.3 Other References

#### 1) Registrar

**Thailand Securities Depository Company Limited**

93 Ratchadapisek Road, Dindaeng, Bangkok 10400

Telephone : 66 2 009 9000

Fax : 66 2 009 9991

#### 2) Auditor

Mr. Chanchai Chaiprasit                      CPA No. 3760

PricewaterhouseCoopers ABAS Company Limited

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

Tel. 66 2 344 1000    66 2 824 5000

Fax 66 2 286 5050