



PRINCIPAL CAPITAL PUBLIC COMPANY LIMITED

Annual Report 2021

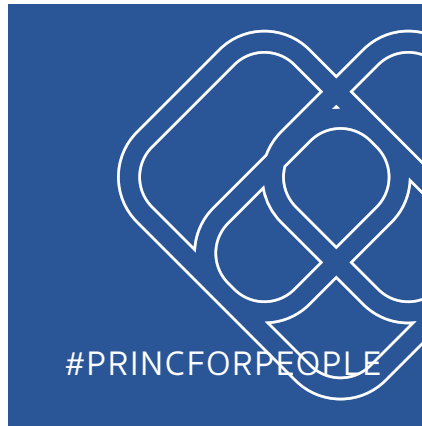
(56-1 One Report)



Service with compassion



Service with
compassion



“

COMPANY PURPOSE

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

To community, and to society

”

A portrait of John LEE Kohshun, an older man with glasses, wearing a dark suit, white shirt, and blue tie. He is standing in front of a large window with a grid pattern. A white flower pin is on his lapel.A white, stylized signature of John LEE Kohshun.

John LEE Kohshun
Chairman

A portrait of Dr. Satit Viddayakorn, a younger man with glasses, wearing a dark suit, white shirt, and blue tie. He is standing in front of a large window with a grid pattern. A white flower pin is on his lapel.A white, stylized signature of Dr. Satit Viddayakorn.

Dr. Satit Viddayakorn
Managing Director

Message from Chairman



As we enter the second year of Pandemic, healthcare providers face the challenge of variants of COVID-19. High infection rate of Delta variant resulted in very high demand for services of many of the hospitals. Several Princ Hospitals have to increase capacity rapidly, including setting up field hospital and hospitels to care patients. We also take on the responsibilities of providing testing and vaccination services to the community.

Multi-hospital setting of our group helped us in managing sudden surge of work load by sharing human, equipment and supplies. We also have strong support for business partners in setting up a large field hospital within a short period of time.

Technology in healthcare became the focus of improving workflow and supply chain management. Our team continues to develop and implement technology as an enabler of healthcare services. We also grew our business through acquisition and construction of new hospitals.

On behalf of the Board, Management wish to express our sincere thanks to all our clinical and support staff, business and community partners in working closely with us, and sharing their resources in order to help to serve the healthcare needs of the communities where our hospitals are located. We also appreciate the patience and understanding of our customers the patients as we try to serve under difficult situation.

As the Omicron variant continues to challenge us, we also look with hope that the acute phase of COVID-19 pandemic will shift towards endemic phase. Therefore we are also focusing on transforming our company to better serve in the “next normal” post COVID-19 environment. We appreciate the many recommendations that we received from our staff, business partners and community as we transform to serve you better.

We all look forward to a better and healthy time ahead. I want to wish all our shareholders and the community good health and happiness.



John LEE Kohshun
Chairman

Message from Managing Director

Dear Shareholders,

Year 2021 passed very rapidly amidst the severe spread of COVID-19, Principal Capital Public Company Limited (“the Company”) has determination to pursue the mission of the organization. The co-operation from various parts both internal and external company to take care of people and society to pass this crisis brought about many good stories.

To meet with the urgent demand of medical service during COVID-19 outbreak, it is necessary to get the co-operation from the internal network and the supporting workforce for the replacement and backup headcount in the area that is at risk in the fragile situation. The medical equipment was borrowed urgently to keep the breath of the patients. The doctors who work tirelessly to keep the patients alive as long as possible. The unity of this network has enabled the company to open 10 hospitals in the past year. With such assistance, the personnel of the hospitals in the network obtained the useful experience to take care of COVID-19 patients. Later COVID-19 spread all over the country as a result every hospital in PRINC network has to expand capacity to support this group of patients. Furthermore, the Company have strong support from the alliances, for example, Doctor Han Hospital Group sent medical personnel to work at the COVID patient ward and 80-bed ICU unit for COVID-19 patient. Krung Thai Car Rent Co., Ltd. also provided shuttle buses for the patients. The Company co-operated with the alliance from various sectors including Magnolia Quality Development Corporation Limited to co-found “Light of Heart Field Hospital” which was honoured from Major General Prayut Chan-o-cha, Prime Minister to officially opened this hospital, the first medical service unit that brought in Telemedicine to take care of the patients. Combining all hospitals with the field hospitals in Nakhon Sawan Province and all COVID patients’ ward in PRINC network, the Company network took part in taking care of more than 19,000 patients in 2021.

Besides serving the patients, the Company speed up to expand the capacity to support the needs related to COVID-19 from the upstream level that is to participate in public vaccine and alternative vaccine injection to the people, provide COVID screening services that has been continued until today as well as active screening of COVID-19 in the communities. With all these tasks, the Company has initiated a Duckling Project (the project to hire more than 100 local students as a backup workforce to take care of the society), which increasing their professional experiences with revenue generation simultaneously.

In the previous year, the Company opened 2 new hospitals including Princ Hospital Lamphun (new building in addition to the existing Sirivej Lamphun Hospital) and Princ Hospital Sisaket in the period to take part in caring for COVID-19 patients and help relieved the government burden as well as being a part to bring more than 100 employee back to their hometown, add up the hospital network to 12 hospitals in 10 provinces, aiming to the target of 20 hospitals within the year 2023. In 2021, the Company had a new strategic partner, RATCH Group Public Company Limited (“RATCH”) join hand to provide healthcare services to more secondary cities. Recently, the Company joint with RATCH to build a new hospital in the area owned by Catholic Mission Center, Thare-Nongsaeng, Sakon Nakhon Province. It is expected to commercially operate in March 2023.

The increase task in many folds within the short period would not be achieved smoothly and quickly without the strong support from Shared Service of Principal Healthcare. Such business unit has been adjusted its operating procedure to better support the operation, for example the change of the annual traditional medicine auction to be an online auction for the security purpose with the transparency and the best result.

For the accessibility to the Gold Card holder patients via Klai Baan Klai Jai primary clinic, in this year the accessibility to the community was higher with the 16 primary clinics. Such clinics had good operating performance and took an important part in taking care of the Home Isolation COVID-19 patients. Moreover, the Company started to operate the Elderly Care Center under the name PRINC Recovery Center to build on the existing medical services, serving the chronic disease patients and the elders as well as those who needs the rehabilitation after operation or COVID-19 treatment. In the past year, a number of bedridden patients were able to live their normal life with a better quality.

Despite the situation coping with a large number of critical illness patients, the hospitals upholds the standard and quality of medical services. Many hospitals are certified the hospital standard from Joint Commission International (JCI) and Hospital Accreditation Institute with the target to receive the Hospital Accreditation (HA) certificate for Princ Hospital Sisaket and upgrade the standard of the hospitals with Hospital Accreditation in level 2 to level 3 or JCI standard.

Regarding to the caring for employee wellness, the Company procured vaccines for the employee to boost their immunity, COVID-19 test from time to time, providing employee the COVID insurance and take good care of the employee in case of COVID-19 infection, enhance employee moral by giving a special bonus and the annual bonus.

Regarding to the organization driven by technology perspective, the Company initiated Digital Transformation Project with the objective to have technology as a part of the organization's blueprint with the direction set by the middle to high level executives to initiate the new projects to upgrade the operational process and service with the assistance of the technology.

Regarding to the fostering the giver's mind to all level of employee, apart from responsible for the day-to-day operation activities the employee were also joining to support the religion in building the monastery of Duoykai Temple, Ubonratchathani Province, joining Kathina activities to build Satta Nakaraj in Payao Province to be a meditation place for the Buddhists etc.

The good support in the past year enabled the Company to pass the crisis that affected people's lives and the economy with full of good stories and made the entering into New Normal being the process that everyone holds hands to go forward together proudly. I would like to thank you all shareholders, employee at all levels and all business units as well as business partners and all stakeholders to be a part to take care of the people in the society in the past year. I believe that the year 2022 will be another year with challenge and opportunity for the Company to contribute to better take care of health of the people in the community with larger coverage as well as initiate the new projects to reduce the environmental impact and develop sustainable society in parallel with the growth of the Company. I strongly believe that PRINC team is ready to continue carrying on these good things.



Dr. Satit Viddayakorn
Managing Director



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PRINCIPAL CAPITAL PUBLIC COMPANY LIMITED



BUSINESS AND OPERATING RESULTS

Q1



Business Overview and Performance

1. Business Structure and Operations

1.1 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 the 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 Principal Capital Public Company Limited.

In 2017, the Company acquired shares of Principal Health Care Company Limited ("PRINH") (originally Alliance Medical Asia Company Limited) which was operating a private hospital business, with four network hospitals in three provinces. Two other hospitals were acquired in 2018. One was Princ Hospital Suvarnabhumi (originally Piyamin Hospital) - which was a large hospital in Samut Prakan Province. The other was Princ Hospital Uthai Thani, of which operation had been suspended, and the acquisition was for renovation. Both hospitals opened to provide healthcare services in 2019.

Following the acquisitions, the Company's core business became operating and management of private hospitals. The Company has been determined to expand the Princ Healthcare 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 to offer medical treatment using modern medical technologies. It aims to expand the hospital network to cover all the regions of the country, focusing on provinces with no private hospitals or the provinces with scarcity of medical services. In 2019, the Company changed its sector on the SET from "Property Development" to "Healthcare Services" to be in line with the Company's policy.

In 2019-2021, six hospitals were added to the network through business acquisition, partnering with the local alliance and greenfield building to expand its network coverage to the northern, northeastern, and southern regions. Three hospitals in the northern region include Sirivej Lamphun Hospital and Princ Hospital Lamphun in Lamphun Province and Pitsanuvej Uttaradit Hospital in Uttaradit Province. Two hospitals in the northeastern region include Princ Hospital Srisaket in Srisaket Province and Princ Hospital Ubonratchatani in Ubon Ratchathani Province. One hospital in the south is Virajsilp Hospital in Chumphon Province. As a result, there is a total of 12 hospitals in the network located in 10 provinces that cover all regions. By the end of 2021, a new subsidiary was established by partnering with Ratch Group PCL. (RATCH) to build a new hospital under the name Princ Hospital Sakon Nakhon. The construction is expected to complete in 2022 and open for service in the first quarter of 2023.



1. Business Structure and Operations

Business Overview and Performance



1.1 Business Policy and Business Overview

The Company keeps exploring opportunities in the health industry. According to the National Statistical Office, Thailand is expected to become a completely aged society in 2021. The Company has therefor formed a joint venture under the name Principal NKG Co., Ltd. with the Nihon Keiei Group from Japan to engage in the elderly care business in 2019 and open the center to take care and rehabilitate the special group of elderly people as a Pilot Case. In addition, in 2021 the Company also opened 15 primary clinics in Bangkok to offer medical services to the patients under the Universal Health Coverage System who were affected by the termination of services of 190 Clinics, and 50 new primary clinics are expected to be opened nationwide in 2022. This will help increase the number of patients in our hospital network by referring the patients of the primary clinics who are sick from more complicated diseases and need treatment from the doctors at the secondary care or tertiary care hospitals in our hospital networks. 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 hotel and serviced apartment business in the category of hi-end residences in prime business locations which are managed by a professional team with integrity and fairness.



1.1.1 Vision

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

1.1.2 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 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'sconsciousness among them so that they, in turn, deliver heartfelt service to the community and society.
- ◆ Determine to develop excellence in service providing of the existing hotel and serviced apartment to build customer satisfaction.





1. Business Structure and Operations

Business Overview
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1.1.3 Major development to achieve sustainable growth

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

Major Events

Year 2021

- ◆ In December 2021, the Board of Directors' Meeting had a resolution for the investment and set up a new subsidiary of PRINH which is a joint venture with Ratch Group PCL. in the proportion of 75:25 under the name Principal Healthcare – Sakon Nakhon Co., Ltd. with the total registered capital of Baht 300 million to build a new 59-bed private hospital on 14-rai leased land plot in Sakon Nakhon Province. The total investment cost is Baht 463 million. The Source of funds will come from internal cash flow and/or loans from banks.
- ◆ On September 1, 2021, the Board of Directors' Meeting had the resolution to liquidate Bangkok Center District Co., Ltd. The registration for business liquidation at the Ministry of Commerce was made on September 2, 2021. Such company is under the liquidation process.
- ◆ On June 18, 2021, PRINH, a major shareholder of Principal Healthcare – Ubonratchathani Co., Ltd (“PUBN”) entered into the Share Sale and Purchase Agreement to sell 20% of the total registered capital of PUBN's shares to Ubon S.K. Meditech Co., Ltd. (Local Partner).
1,200,000 shares and 6,000,000 shares were transferred to the local partner on August 4, 2021, and September 10, 2021, respectively.
- ◆ In May 2021, the Board of Directors' Meeting had the resolution to increase the registered capital and allocated the newly issued ordinary shares under the General Mandate scheme in the amount of 346,233,682 shares at par value of Baht 1 per share or 10% of total issued and paid-up capital, at the offering price of Baht 4.09 per share to RATCH. Total proceeds were Baht 1,416.09 million.



1. Business Structure and Operations

Business Overview and Performance



1.1.3 Major development to achieve sustainable growth

Major Events

Year 2021

- ◆ On May 2, 2021, the Board of Directors' Meeting approved the liquidation of VI and the registration of business liquidation with the Ministry of Commerce was made on May 7, 2021. The liquidation of such company has completed.
- ◆ On April 23, 2021, the Annual General Meeting of shareholders of V Brilliant Group Holding Co., Ltd. ("VB") approved the acquisition and accept the transfer of V Intelligence ("VI"), a Company's subsidiary's office building for rent. Such transaction was completed on April 30, 2021.
- ◆ On April 9, 2021, the Annual General Meeting of PUBN's shareholders approved the increase of registered capital from 30,000,000 ordinary shares at a par value of Baht 10 per share to 36,000,000 ordinary shares at a par value of Baht 10 per share. The registration of capital increase at the Ministry of Commerce was made on April 22, 2021.
- ◆ On April 2, 2021, the Annual General Meeting of shareholders of Klai Baan Klai Jai Co., Ltd. approved the increase of registered capital to 5,000,000 ordinary shares at a par value of Baht 10 per share. The Company has paid for the newly issued share to the subsidiary. The registration of capital increase at the Ministry of Commerce was made on April 5, 2021.
- ◆ In April 2021, Princ Hospital Srisaket was officially opened.
- ◆ In March 2021, Princ Hospital Lamphun was officially opened.
- ◆ In March 2021, the Board of Directors of the Company had the resolution to sell land and building of Bangkok Business Center, the Office Building for rent owned by the Company's subsidiary to BUALUANG Office Leasehold Real Estate Investment Trust (B-WORK) at the price of Baht 1,550 million (exclude VAT). Currently, it is waiting to process the transaction.



1. Business Structure and Operations

Business Overview and Performance



1.1.3 Major development to achieve sustainable growth

Major Events

Year 2020

- ◆ In December 2020, the Company restructured business to mainly focus on expanding Healthcare Business and gradually divest property business by transferring hotel and serviced apartment business namely the Marriott Executive Apartment Sathorn-Vista ("Marriott Hotel"), as well as all assets 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.

- ◆ In December 2020, the Company and Bumrungrad Hospital established the Holistic Cancer Center under Bumrungrad Healthcare Network in the northeast and lower north region at Princ Hospital Ubonratchathani and Pitsanuvej Hospital in Phitsanulok Province. It was opened for service in Q1/2021. Both Centers will be Cancer Center Hub for other hospitals in PRINC Hospital network.

- ◆ In December 2020, Princ Investment Co., Ltd. was renamed to Klai Baan Klai Jai Co., Ltd. to operate primary clinics and provide medical services to the patients under the Universal Health Coverage system (Gold Cardholders).

- ◆ In September 2020, the Company disposed of assets of VB, a subsidiary of the Company to Ms. Satita Viddayakorn, a concert party with total consideration of not exceeding Baht 433.69 million. The details of asset disposition are as follows:
 - 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 is held by VB, a subsidiary of the Company with a total consideration of not exceeding Baht 176.95 million or approximately not exceeds 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.



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1.1.3 Major development to achieve sustainable growth

Major Events

Year 2020

b) Land plots with a total area of 49-3-93 rai located in Muang Ang Thong District, Ang Thong Province, owned by VB at the price does not exceed Baht 87.27 million.

c) Land plots with a total area of 10-0-00 rai and buildings located in Muak Lek Sub-district, Muak Lek District, Saraburi Province, owned by VB at the price did not exceed Baht 32.08 million.

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 a total area of 5-3-35.2 rai located in Muang Udon Thani District, Udon Thani Province.

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.

- ◆ In July 2020, The Company set up a new subsidiary, which 99.99% shares held by 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 to operate a 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 the financial institution 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.



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1.1.3 Major development to achieve sustainable growth

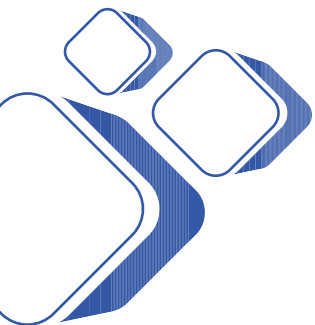


Major Events



Year 2020

- ◆ In June 2020, Principal Healthcare – Lamphun Co., Ltd. increased its issued and paid-up capital by Baht 100 million to Baht 300 million.
- ◆ On March 2, 2020, the Entire Business of Viraajsilp Hospital was completely transferred to Principal Healthcare – Chumphon Co., Ltd.



1. Business Structure and Operations

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1.1.3 Major development to achieve sustainable growth

Major Events

Year 2019

- ◆ 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 (“PNKG”) in the Year 2020 was set up with a registered capital of Baht 10 million, divided into 100,000 shares, each with a par value of 100 Baht, with 51% shareholding by Principal Capital Public Company Limited and 49% of total shares are held by NKG.
- ◆ In December 2019, PRINH, a Company’s subsidiary set up a new subsidiary Principal Healthcare - Chumphon Company Limited with a registered and paid-up capital of Baht 270 million. The Company owned 90% of the total shares. 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,



1. Business Structure and Operations

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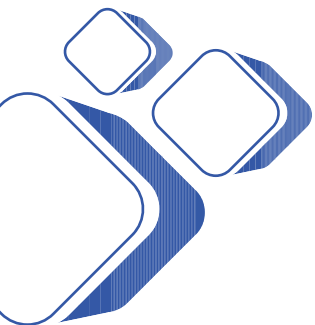


1.1.3 Major development to achieve sustainable growth

Major Events

Year 2019

- ◆ In December 2019, the Company signed an agreement with Bumrungrad Health Network Co., Ltd., which is under the management of Bumrungrad Hospital Public Company Limited, to launch a new business model - "Bumrungrad Health Network – Growing Together", whereby medical excellence centers are to be set up to offer access to standard quality medical treatment. As part of the first phase, a Spine and Joint Center is to be opened at Princ Hospital Suvarnabhumi, to offer spine and joint medical treatment as a prototype of the model.
- ◆ On December 2, 2019, Princ Hospital Suvarnabhumi was officially opened.
- ◆ In November 2019, a new subsidiary Principal Healthcare - Sisaket Company Limited ("PSSK") – with a registered and paid-up 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 Joint Venture Agreement was signed on November 14, 2019.
- ◆ In November 2019, Princ Paknambo Hospital in Nakhon Sawan Province was certified for having achieved Stage 7 – the highest level - on the HIMSS Analytics Electronic Medical Records Adoption Model (EMRAM).
It is the first hospital in Thailand and the second in Southeast Asia to have achieved this level.
- ◆ In November 2019, the Company sold all shares in Convergence Systems Co., Ltd. to the third party as the business was no longer necessary. Resources related to the development of hospital systems, including personnel, were transferred to PRINH.



1. Business Structure and Operations

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1.1.3 Major development to achieve sustainable growth

Major Events

Year 2019

- ◆ In November 2019, the Company sold all shares in Convergence Systems Co., Ltd. to the third party as the business was no longer necessary. Resources related to the development of hospital systems, including personnel, were transferred to PRINH.
- ◆ In November 2019, the Company issued and allocated new ordinary shares in a maximum amount of 222,249,300 Baht, with a par value of Baht 1 per share, at an offer price of Baht 4.09 per share in a private placement to one buyer, the International Finance Corporation ("IFC") an institutional investor in the World Bank Group. The registered capital has been increased from Baht 3,240,087,520 to Baht 3,462,336,820 with a par value of Baht 1 per share since November 28, 2019.
- ◆ On November 15, 2019, Princ Hospital Uthai Thani was officially opened.
- ◆ In September 2019, the Extraordinary Meeting of Shareholders, Session 1/2019, approved the disposition of 9,985,998 ordinary shares of Bangkok Management Co., Ltd. ("BG"), representing 99.99 % of its issued and outstanding shares, each with a par value of 100 Baht, held by V Brilliant Group Holding Co., Ltd. ("VB"), a subsidiary of the Company, to VMS Development Co., Ltd. ("VMSD"), a connected person of the Company, at 133.08632 Baht per share. The selling amount totaled approximately 1,328.99 million Baht. Proceeds from the disposition will be used as working capital and in expanding the hospital and health care businesses following the Company's business policy.



1. Business Structure and Operations

Business Overview
and Performance



1.1.3 Major development to achieve sustainable growth



Major Events



Year 2019

- ◆ On March 29, 2019, Pitsanuvej Uttaradit Hospital was officially opened.
- ◆ On March 1, 2019, Principal Healthcare – Lamphun Co., Ltd. (“PLPN”) completed the acceptance of the Entire Business Transfer (EBT) of Sirivej Lamphun Hospital.
- ◆ In February 2019, the Stock Exchange of Thailand approved the reclassification of the Company's Industry Group from "Property Development and Construction" under the "Property Development" Sector to "Services" under the "Healthcare Service Services" Sector.



1. Business Structure and Operations

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1.1.4 The Utilization of Proceeds from Right Offering in 2021

| Objective of the use of proceeds | Estimated use of net proceeds (Million baht) | Utilization of proceeds from July 1 to Dec. 31, 2021 (million Baht) | Remaining proceeds (million Baht) |
|---|--|---|-----------------------------------|
| 1) Invest in the expansion of the hospital in the construction and medical equipment cost in 2 new hospitals. | 700 | | 383.68 |
| (1) Princ Hospital Lamphun | | 138.15 | |
| (2) Princ Hospital Sisaket | | 178.17 | |
| 2) Renovate its existing hospitals including investment in new medical equipment for Covid-19 patients and other patients | 297 | 269.23 | 27.77 |
| 3) Loan repayment | 418 | 418 | 0 |
| Total | 1,415 | 1,003.55 | 411.45 |

Business Overview and Performance

1. Business Structure and Operations

1.2 Business Overview

Current business of the Company and its subsidiaries can be categorized into 2 types as follows:

1. Private Hospital Business and Private Hospital Management

Currently there are 13 hospitals in Princ hospital network, located in 10 provinces 4 regions of Thailand. Of which 12 hospitals, were officially opened and 1 hospital is under construction as follows:





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Business Overview and Performance



1.2 Business Overview



2. Property development and rental business :

There are 2 hotels and serviced apartments namely “Marriott Executive Apartment Sathorn Vista Bangkok” and “Somerset Ekamai Bangkok” located in Central Business District, providing long-term accommodation to the executives and expatriates who work in Bangkok as well as Thai and foreign tourists.

1.2.1 Revenue structure

| Revenue type | Operate by | % shareholding | 2021 | | 2020 | | 2019 | |
|-------------------|------------|----------------|----------------|--------------|----------------|--------------|----------------|--------------|
| | | | Baht million | % | Baht million | % | Baht million | % |
| Hospital business | PSUV | | 1,368.4 | 27.1% | 184.7 | 7.0% | 227.4 | 7.9% |
| | PSV | 60.00 | 1,174.2 | 23.2% | 1,040.7 | 39.3% | 1,200.7 | 41.8% |
| | PPNP | 91.53 | 701.2 | 13.9% | 479.7 | 18.1% | 530.5 | 18.5% |
| | PCPN | 90.00 | 466.5 | 9.2% | 165.4 | 6.2% | - | - |
| | PLPN | 86.67 | 248.3 | 4.9% | 91.3 | 3.4% | 69.4 | 2.4% |
| | PUBN | 80.00 | 173.3 | 3.4% | 20.9 | 0.8% | - | 0.0% |
| | PPCH | 60.00 | 170.9 | 3.4% | 147.3 | 5.6% | 174.8 | 6.1% |
| | PUTD | 60.00 | 161.9 | 3.2% | 111.9 | 4.2% | 85.8 | 3.0% |
| | PSSK | 60.00 | 123.7 | 2.4% | - | 0.0% | - | 0.0% |
| | PUTH | 99.99 | 81.7 | 1.6% | 48.5 | 1.8% | 7.0 | 0.2% |
| | KBKJ | 92.00 | 71.9 | 1.4% | - | - | - | - |
| | PNKG | 51.00 | 0.4 | 0.0% | - | - | - | - |
| | PRINH | 99.99 | 0.2 | 0.0% | 0.0 | 0.0% | 0.6 | 0.0% |
| Total | | | 4,742.7 | 93.8% | 2,290.3 | 86.4% | 2,296.2 | 80.0% |
| Property Business | VMEA | 99.99 | 76.3 | 1.5% | 110.3 | 4.2% | 234.5 | 8.2% |
| | VR | 99.99 | 121.3 | 2.4% | 121.7 | 4.6% | 204.9 | 7.1% |
| | VB | 99.99 | 72.3 | 1.4% | - | - | - | - |
| | VIN | 99.99 | 40.8 | 0.8% | 122.3 | 4.6% | 125.2 | 4.4% |
| | PRINC | - | 5.5 | 0.1% | 6.0 | 0.2% | 3.9 | 0.1% |
| | BG | 99.99 | - | - | - | - | 6.8 | 0.2% |
| Total | | | 316.1 | 6.2% | 360.4 | 13.6% | 575.3 | 20.0% |



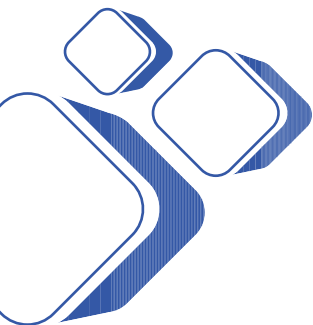
1. Business Structure and Operations

Business Overview and Performance



1.2.1 Revenue structure

| Remark | PSUV | - | Princ Hospital Suvarnabhumi by Principal Capital PCL. | PU TH | - | Princ Hospital Uthai Thani by Principal Healthcare – Uthai Co., Ltd. |
|--------|------|---|---|-------|---|--|
| | PSV | - | Pitsanuvej Hospital by Pitsanuloke Medical Co.,Ltd. | KIKI | - | Kai Baan Kai Jai (Kai Baan Kai Jai Clinics) |
| | PPNP | - | Princ Hospital Paknam by Paknam Hospital Co., Ltd. | PNKG | - | Principal NKG Co., Ltd. (Elderly care Center) |
| | PCPN | - | Princ Hospital Chumphon by Principal Healthcare – Chumphon Co.,Ltd. | PRNH | - | Principal Healthcare Co., Ltd. |
| | PUPN | - | Princ Hospital Lamphun by Principal Healthcare – Lamphun Co.,Ltd. | VMEA | - | VMEA Co., Ltd. (Mamott Executive Apartment Sathom Vata, Bangkok) |
| | PUBN | - | Princ Hospital Ubonratchathani by Principal Healthcare – Ubonratchathani Co.,Ltd. | VR | - | V residence Co., Ltd.(Somerset Ekamai Bangkok) |
| | PPCH | - | Pitsanuvej Hospital Pichit by Union Pichit Doctors Co., Ltd. | VBI | - | V Brilliant Group Holding Co., Ltd. |
| | PUTD | - | Pitsanuvej Utharadit Hospital by Pitsanuvej Utharadit Hospital Co.,Ltd. | VIN | - | V Intelligence Co., Ltd. |
| | PSSK | - | Princ Hospital Sisaket by Principal Healthcare – Sisaket Co., Ltd. | PRNC | - | Principal Capital PCL. |
| | | | | BG | - | Bangkok Management Co., Ltd.(The disposition ordinary shares of the company in September 2019 and ending the status of a subsidiary) |



1. Business Structure and Operations

Business Overview
and Performance



1.2.2 Products and services

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



Princ Hospital Suvarnabhumi 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 are specialist clinics as follows:

- | | |
|------------------------------------|-----------------------------|
| ◇ Internal Medicine Clinic | ◇ Surgery Clinic |
| ◇ Obstetrics and Gynecology Clinic | ◇ Orthopedic Clinic |
| ◇ Pediatrics Clinic | ◇ Intensive Care Unit |
| ◇ Rehabilitation Medicine Center | ◇ Otolaryngology Clinic |
| ◇ Eye Clinic | ◇ Heart 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.

PRINC HOSPITAL SUARNABHUMI

Overview



Size
200 Beds



Location
Samut Prakarn Province



Nearby Places
Central Bangna, MEGA Bangna, Suanluang RAMA IX, Suvarnabhumi Airport



Highlights of the hospital



Joint Surgery Center



Health Care Services



Child Health Clinic
24 hrs.



21 fields of specialist



HIMSS Analytics **STAGE 6**

Business Overview and Performance

1. Business Structure and Operations

1.2.2 Products and services

1

Private Hospital Business and Private Hospital Management

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:



Pitsanuvej Hospital

This 150-bed hospital is located in Phitsanulok Province, providing tertiary care service, and is operated by Pitsanulok Medical Co., Ltd., has been open for 40 years. The JCI (Joint Commission International) accredited hospital and also obtain Laboratory Accreditation (LA) and ISO 15189. It is open around the clock to provide medical services to both outpatients and inpatients, with more than 200 doctors and specialist clinics as follows:

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

PITSANUVEJ HOSPITAL

โรงพยาบาล
พิจิตร
PITSANUVEJ HOSPITAL
A REGIONAL HEALTHCARE COMPANY

Overview



Size **150** Beds



Location
Phitsanulok Province



Nearby Places
Makro Phitsanulok, Lotus Phitsanulok 2, Phitsanulok Airport

Highlights of the hospital



DEAR Hearing Center



Diabetes Mellitus &
Endocrinology Clinic



Cath Lab



24 fields of specialist



Hospital
Certification Award

Business Overview and Performance

1. Business Structure and Operations

1.2.2 Products and services

1

Private Hospital Business and Private Hospital Management

Private hospitals in the provinces

Pitsanuvej Phichit Hospital

This 90-bed hospital is operated located in Phichit Province, providing secondary care service, and is operated by Union Phichit Doctors Co., Ltd. The 90-bed hospital has been open for 31 years. has been in operation since October 15, 1990, providing secondary care services and is located in Phichit 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
- ◇ Obstetrics and Gynecology Clinic
- ◇ Plastic Surgery Clinic
- ◇ Emergency Center
- ◇ Diabetes Center
- ◇ Physical Therapy Center
- ◇ Health Check-up Center
- ◇ Hemodialysis Center
- ◇ Diagnostic Radiology Center
- ◇ Lactation Clinic
- ◇ General Surgery Clinic
- ◇ Urinary Clinic
- ◇ Pediatrics Center

PITSANUVEJ PHICHIT HOSPITAL

Overview



Size **90** Beds



Location
Phichit Province



Nearby Places
Makro Phichit / Phichit hospital / Park and Train station

Highlights of the hospital



Orthopaedic Surgeons



Mammogram Ultrasoun



CT SCAN 160 Slice



13 fields of specialist



Hospital
Certification Award

Business Overview and Performance

1. Business Structure and Operations

1.2.2 Products and services

1

Private Hospital Business and Private Hospital Management

Private hospitals in the provinces

Princ Hospital Paknampo 1 and Princ Hospital Paknampo 2

Both hospitals are located in Muang District, Nakhon Sawan Province. Each is a 100-bed hospital and providing secondary care service. And are operated by Paknampo Hospital Co., Ltd. (former name: Ten M.D. Nakornsawan Co., Ltd.) has been open for 31 years. It is open around the clock to offer medical services to in-patients and out-patients, having specialists and using modern technologies for medical excellence with a focus on treatment. With a multidisciplinary team, patients can rest assured of professional-specific treatment of their illness. It is a referral center from clinics and various hospitals in Nakhonsawan and nearby provinces. The success award received was the 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 |
| ◇ Kidney Disease Clinic | ◇ Infectious Disease Clinic |
| ◇ Internal Medicine Clinic | ◇ Chinese Medicine Center |
| ◇ Neurology Clinic | ◇ Orthopedic Clinic |
| ◇ Physical Therapy Department | ◇ Surgery Clinic |
| ◇ Urinary Center | ◇ Women Health Center |
| ◇ Medical Check-up Center | ◇ Otolaryngology Clinic |
| ◇ Eye Clinic | ◇ Diabetes, Thyroid, and Endocrine Center |

PRINC HOSPITAL PAKNAMPO

Overview



Size **200** Beds



Location
Nakhon Sawan Province



Nearby Places
Satri Nakhonsawan School, Sawan Park, BigC Nakhon Sawan



Highlights of the hospital



ER



Mother and
children clinic



MRI 3 Tesla



20 fields of specialist

HIMSS Analytics **7**

Business Overview and Performance

1. Business Structure and Operations

1.2.2 Products and services

1

Private Hospital Business and Private Hospital Management

Private hospitals in the provinces

Pitsanuvej Uttaradit Hospital

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

- ◇ Internal Medicine Clinic
- ◇ Obstetrics and Gynecology Clinic
- ◇ Diagnostic Radiology Center
- ◇ Heart Clinic
- ◇ Rehabilitation Medicine Center
- ◇ Otolaryngology Clinic
- ◇ Surgery Clinic
- ◇ Pediatrics Clinic
- ◇ Health Check-up Center
- ◇ Gastrointestinal and Liver Center
- ◇ Emergency and accident Center

PITSANUVEJ UTTARADIT HOSPITAL

Overview



Size **57** Beds



Location
Uttaradit Province



Nearby Places

Global house uttaradit, Uttaradit Technical College,
Uttaradit Rajabhat University



Highlights of the hospital



ER



Gynecology Clinic



Child Health Clinic
24 hrs.



11 fields of specialist



Hospital
Certification Award

Business Overview and Performance

1. Business Structure and Operations

1.2.2 Products and services

1 Private Hospital Business and Private Hospital Management

Private hospitals in the provinces

Sirivej Lamphun Hospital

This 59-bed hospital located in Lamphun Province. Providing secondary care services, and is operated by Principal Healthcare – Lamphun Co., Ltd. It has been open for 24 years, providing secondary care services, 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:

- ◇ Hemodialysis Center
- ◇ Knee Arthroplasty Center
- ◇ Beauty Clinic
- ◇ Cataract Surgery Center

SIRIVEJ LAMPHUN HOSPITAL

Overview



Size **59** Beds



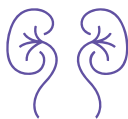
Location
Lamphun Province



Nearby Places
Lamphun Provincial Transport Office



Highlights of the hospital



Hemodialysis Center



Cataract surgery



Asthethic Clinic



4 fields of specialist

Business Overview and Performance

1. Business Structure and Operations

1.2.2 Products and services

1

Private Hospital Business and Private Hospital Management

Private hospitals in the provinces

Princ Hospital Uthai Thani

This 59-bed hospital and the only private hospital in Uthai Thani Province. It is located on Uthai Thani – Paholyotin Road, providing secondary care service and is operated by Principal Healthcare – Uthai Co., Ltd. It opened for 2 year. 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 was accredited for Step 2 Hospital Accreditation (HA) of Thailand. It 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 Paknambo Hospital in Nakhon Sawan Province. The hospital features the following specialists and clinics:

- ◇ Internal Medicine Department
- ◇ Orthopedics Department
- ◇ Pediatrics Department
- ◇ Obstetrics and Gynecology Clinic
- ◇ Health Check-up Center
- ◇ Chinese Medicine Department
- ◇ Emergency and Accident Center
- ◇ Surgery Department
- ◇ Delivery Room and Nursery Department
- ◇ Physical Therapy Department
- ◇ Diagnostic Radiology Department

PRINC HOSPITAL UTHAI THANI

Overview



Size **59** Beds



Location
Uthai Thani Province



Nearby Places
Uthai Wittayakhom School, Provincial Police, Provincial Bus Station



Highlights of the hospital



First private
secondary care hospital
in province



Surgeons Center



Plastic Surgery
Cosmetic Center



6 fields of specialist

Business Overview and Performance

1. Business Structure and Operations

1.2.2 Products and services

1

Private Hospital Business and Private Hospital Management

Private hospitals in the provinces

Virajsilp Hospital

Virajsilp Hospital is a 100-bed hospital located in Muang Chumphon District, Chumphon province. It opened 43 years, providing secondary care services, and is operated by Principal Healthcare – Chumphon Co., Ltd. It is 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 Step 3 Hospital Accreditation and ISO 9001: 2015, having specialists and clinics as follows:

- | | |
|------------------------------------|-----------------------------|
| ◇ Internal Medicine Department | ◇ Pediatrics Department |
| ◇ Obstetrics and Gynecology Clinic | ◇ Psychiatric Clinic |
| ◇ Dental Clinic | ◇ Eye Clinic |
| ◇ Surgery Clinic | ◇ Otolaryngology Department |
| ◇ Emergency Center | ◇ Child Development Center |
| ◇ Physical Therapy Center | ◇ Hemodialysis Center |

VIRAJSILP HOSPITAL

Overview



Size **100** Beds



Location
Chumphon Province



Nearby Places
Fresh market Chumphon / Bodinroj Plaza / Silfahsuperstore



Highlights of the hospital



Surgery Clinic



Gynecology Clinic



Dental Clinic



15 fields of specialist



HA ชั้นที่ 3



ISO
9001:2015

Hospital
Certification Award

Business Overview and Performance

1. Business Structure and Operations

1.2.2 Products and services

1

Private Hospital Business and Private Hospital Management

Private hospitals in the provinces

Princ Hospital Lamphun

This 59-bed hospital located in Muang District, Lamphun Province, providing secondary care services, and is operated by Principal Healthcare – Lamphun Co., Ltd. It was opened in March 2021, It is determined to provide excellent healthcare to the patients in the Social Security System with modern medical equipment and medical specialist. It offers 24 hours medical treatment for both in-patients and out-patients with the certification of Step 2 Hospital Accreditation from Hospital Accreditation (HA) of Thailand, having specialists and clinics as follows:

- | | |
|------------------------------------|--------------------------|
| ◇ Internal Medicine Department | ◇ Pediatrics Department |
| ◇ Obstetrics and Gynecology Clinic | ◇ Health Check-up Center |
| ◇ Skin Disease Clinic | ◇ Otolaryngology Clinic |
| ◇ Surgery Clinic | ◇ Orthopedics Clinic |
| ◇ Emergency Center | ◇ Eye Clinic |

PRINC HOSPITAL LAMPHUN

Overview



Size **59** Beds



Location
Lamphun Province



Nearby Places
Lamphun Provincial Transport Office



Highlights of the hospital



Medicine



Child Health Clinic
24 hrs.



Gynecology Clinic



10 fields of specialist



Hospital
Certification Award

HA ชั้นที่ 3

Business Overview and Performance

1. Business Structure and Operations

1.2.2 Products and services

1

Private Hospital Business and Private Hospital Management

Private hospitals in the provinces

Princ Hospital Sisaket

This 59-bed hospital located in Muang District, Sisaket Province, providing secondary care services, and is operated by Principal Healthcare – Sisaket Co., Ltd. It was officially opened in April 2021, It determined to provide excellent healthcare with modern medical equipment and medical specialist. It offers 24 hours medical treatment for both in-patients and out-patients, having specialists and clinics as follows:

- ◇ Internal Medicine Department
- ◇ Obstetrics and Gynecology Clinic
- ◇ Surgery Clinic
- ◇ Physical Therapy Department

- ◇ Pediatrics Department
- ◇ Otolaryngology Clinic
- ◇ Health Check-up Center
- ◇ Orthopedics Clinic

PRINC HOSPITAL SISAKET

Overview



Size **59** Beds



Location
Sisaket Province



Nearby Places
Srisaket Hospital / Srisaket Provincial Hall



Highlights of the hospital



Child Health Clinic
24 Hrs.



Gastro colono



CT Scan



6 fields of specialist

Business Overview and Performance

1. Business Structure and Operations

1.2.2 Products and services

1 Private Hospital Business and Private Hospital Management

Private hospitals in the provinces

Princ Hospital Ubonratchathani

The former name was Sappasit Inter Hospital. After the company was transferred to Principal Healthcare Group in September 2020, it was renamed Princ Hospital Ubon Ratchathani. It is a 59-bed hospital located in Muang District, Ubon Ratchathani Province, providing secondary care services and is operated by Principal Healthcare – Ubonratchathani Co., Ltd. It determined to provide excellent healthcare. It offers 24 hours medical treatment for both in-patients and out-patients with the certification of Step 2 Hospital Accreditation from Hospital Accreditation (HA) of Thailand. The hospital features the following specialists and clinics:

- ◇ Orthopedics Center
- ◇ Diagnostic Radiology Department
- ◇ Health Check-up Center
- ◇ Obstetrics and Gynecology Clinic
- ◇ Aesthetic Surgery Center
- ◇ Emergency Center
- ◇ Pediatrics Department

PRINC HOSPITAL UBON RATCHATHANI

Overview



Size **59** Beds



Location
Ubon Ratchathani Province



Nearby Places
International Ubon Rachathani Airport / Sunpasitthiprasong Hospital



Highlights of the hospital



Child Health Clinic
24 Hrs.



Surgeons Center



Plastic Surgery
Cosmetic Center



6 fields of specialist

Business Overview and Performance

1. Business Structure and Operations

1.2.2 Products and services

1 Private Hospital Business and Private Hospital Management

Private hospitals in the provinces

Project under construction

In 2021, Principal Healthcare Co., Ltd., a subsidiary partner with Ratch Group PCL. to set up a new company namely Principal Healthcare – Sakon Nakhon Co., Ltd. to build a new 59-bed hospital in Sakon Nakhon Province to provide medical services to the public. The total investment is Baht 463 million. This project construction has commenced and is expected to complete within 2022.

COMING
SOON

PRINC HOSPITAL SAKON NAKHON

Overview



Size **59** Beds



Location
Sakon Nakhon Province



Nearby Places
-



Highlights of the hospital



First 59-bed
private hospital



Partnering with
RATCH GROUP PCL.

OPEN
2023

Open 2023



1. Business Structure and Operations

Business Overview
and Performance



1.2.2 Products and services

Medical Service Capacity

The capacity to serve the Out-Patient group (OPD) was evaluated from the availability of room while the capacity to serve In-Patient was evaluated from the availability of beds. As of December 31, 2021, the capacity of the hospitals in the Group was as follows:

| Hospital | Number of Bed | Number of outpatient per day | |
|---|---------------|------------------------------|-----------------------|
| | | 2021 | 2022 |
| Princ Hospital Suvarnabhumi | 200 | | |
| Pitsanuvej Hospital | 150 | | |
| Pitsanuvej Phichit Hospital | 90 | | |
| Princ Hospital Paknambo 1 and Princ Hospital Paknambo 2 | 200 | | |
| Sirivej Lamphun Hospital | 59 | 1,880 persons /day | 1,405 persons /day |
| Pitsanuvej Uttaradit Hospital | 57 | | |
| Princ Hospital Uthai Thani | 59 | | |
| Virajsilp Hospital ^① | 100 | | |
| Princ Hospital Ubon ratchathani ^② | 59 | | |
| Princ Hospital Sisaket ^③ | 59 | | |
| Princ Hospital Lamphun ^④ | 59 | | |

Remark:

- ^① Accepted the business transfer in March 2020
- ^② Accepted business transfer in September 2020
- ^③ Open in Q1/2021
- ^④ Open in Q2/2021



1. Business Structure and Operations

Business Overview
and Performance



1.2.2 Products and services

Medical Co-operation

In 2019, the Company co-operated with Bumrungrad Hospital to set up 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 a spine and joint problem or the disease related to muscle and office syndrome.

In addition, the Company co-operated with Bumrungrad Health Network Model has been set up The Horizon Cancer Center at Pisanuvej Hospital in Pitsanulok Province For the opportunity and potential to expand holistic cancer treatment in the lower northern region. For patients who want access to treatment with modern, comprehensive treatment technology and a specialist with experience and expertise to achieve the best and safest treatment results at an affordable price and patients, there is a plan to expand the cancer treatment center to Princ Hospital Ubon ratchathani and network hospitals.

Bumrungrad Health Network is the cooperation and sharing between Bumrungrad Hospital and the allied hospital in terms 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 the 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 an 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 to treatment and care of quality standards to the patients in other regional areas.



1. Business Structure and Operations

Business Overview and Performance



1.2.2 Products and services

Market and Competition

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 Hospital Uthai Thani Hospital which has officially started to offer the services in 2019. 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 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 12 hospitals in 10 provinces around the country.
2. 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. The Company will manage its business and take care of cost management, guaranteeing revenue and profit growth.
3. Providing service by focusing on the needs of the middle-income group, the majority of the population employing pricing strategy and medical service with complete medical equipment.
4. Placing importance on the alliance including medical and nursing alliance, that help increase the capacity to take care of the patients. The business alliance is also important to enhance the efficiency of service and the accessibility to the customer group.
5. Creating community engagement by developing the hospital in parallel with creating a strong community under "Creating Shared Value" concept through "Princ Mix" Project by using local products and adding value to the products along with the care of the health of people in the community.



1. Business Structure and Operations

Business Overview
and Performance

1

1.2.2 Products and services

Market and Competition

Marketing Strategy

6.

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 via mobile.



Dr.PRINC TeleHealth



Dr.PRINC Drive Thru



Dr.PRINC@Home

In addition, there is a telehealth service with the Application PRINC Telemed. Such service will reduce the traveling to the hospital of the patient and also reduce the risk for medical personnel.



1. Business Structure and Operations

Business Overview
and Performance



1.2.2 Products and services

Market and Competition

Competition

The 13 hospitals of the subsidiaries are located in 10 provinces in various regions covering the north, central, northeastern, and south of Thailand which are Samut Prakarn, Lamphun, Phichit, Phitsanulok, Nakhon Sawan, Uthai Thani, Uttaradit, Ubon Ratchathani, Sisaket, Chumphon and Sakon Nakhon. Our competitor is a public hospital and private hospital in those provinces. Nevertheless, the Company has the policy to invest in hospital business in the province with no private hospital or few private hospitals compared with the population in the province, having middle-income earners and afford to pay for medical services in a private hospital. As such, this is an opportunity to expand medical services with modern technology equipment to the local population. Therefore, the competition in the business is not high and provides a chance to access good quality and high standard medical service at an affordable price.



1. Business Structure and Operations

Business Overview
and Performance



1.2.2 Products and services

Market and Competition

The strength / competitive advantage of the hospital in Principal Healthcare network



PRINC HOSPITAL SUARNABHUMI

Princ Hospital Suvarnabhumi

Is in a good location near Suvarnabhumi Airport and Megabangna Shopping Centre, There are capable doctors and specialists in various fields such as Gynecology, Surgery, Internal Medicine, Pediatrics and 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. It also has the potential to provide service to foreigners who need health check-ups according to pandemics screening measures.



1. Business Structure and Operations

Business Overview
and Performance

1

1.2.2 Products and services

Market and Competition

The strength / competitive advantage of the hospital in Principal Healthcare network



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 hospital is located not far from Pitsanuvej Hospital (Phitsanulok), a high-level medical treatment hospital. As such, the patients can be confident that the hospital can co-ordinate with a specialized doctor in case of transfers efficiently.



1. Business Structure and Operations

Business Overview
and Performance

1

1.2.2 Products and services

Market and Competition

The strength / competitive advantage of the hospital in Principal Healthcare network



Pitsanuvej Hospital

is accredited by the Joint Commission International (JCI) in Phitsanulok Province. It is the only hospital in the lower north region that offers Cathiab, Open-heart, Venaseal, and Thrombectomy. 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.



1. Business Structure and Operations

Business Overview
and Performance

1

1.2.2 Products and services

Market and Competition

The strength / competitive advantage of the hospital in Principal Healthcare network



Princ Hospital Paknampo 1 and 2

Are both model hospitals when it comes to the application of information technology, such as HIS use Centrix Program to record patients' information, which enables 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.



1. Business Structure and Operations

Business Overview
and Performance

1

1.2.2 Products and services

Market and Competition

The strength / competitive advantage of the hospital in Principal Healthcare network



PITSANUVEJ UTTARADIT HOSPITAL

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.



1. Business Structure and Operations

Business Overview
and Performance



1.2.2 Products and services

Market and Competition

The strength / competitive advantage of the hospital in Principal Healthcare network



Sirivej Lamphun Hospital

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 equipments 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 in Lamphun Province.



1. Business Structure and Operations

Business Overview
and Performance

1

1.2.2 Products and services

Market and Competition

The strength / competitive advantage of the hospital in Principal Healthcare network



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. In addition, its location is near Princ Hospital Paknampo 1 and Princ Hospital Paknampo 2 which enable the transfer of the patients to those hospitals smoothly.



1. Business Structure and Operations

Business Overview
and Performance

1

1.2.2 Products and services

Market and Competition

The strength / competitive advantage of the hospital in Principal Healthcare network



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. Also, 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 low medical fees.



1. Business Structure and Operations

Business Overview and Performance

1

1.2.2 Products and services

Market and Competition

The strength / competitive advantage of the hospital in Principal Healthcare network



Princ Hospital Ubonratchathani

is a small private hospital located in Muang District, providing medical services with a 24-hour Emergency Center, 24-hour Pediatrics doctors. It has specialized clinics providing service by experienced medical personnel and specialists in various areas with reasonable medical fees suitable for the target customers and also has the potential to provide medical service to the foreigners in CLMVT countries comprised Lao PDR, Myanmar, and Vietnam. This group has spending power with high growth potential. The demand for medical services for this group is expected to increase when the situation of the pandemic is relieved.



1. Business Structure and Operations

Business Overview
and Performance

1

1.2.2 Products and services

Market and Competition

The strength / competitive advantage of the hospital in Principal Healthcare network



PRINC HOSPITAL SISAKET

Princ Hospital Sisaket

is a new hospital located in Muang District, having a 24-hour Pediatric Center, Gastrointestinal Endoscopy Center. It also has more than 20 specialized clinics fully equipped with modern medical equipment. It is a new private hospital alternative for the people in Sisaket Province that offer good standard medical service at affordable service fee.



1. Business Structure and Operations

Business Overview
and Performance

1

1.2.2 Products and services

Market and Competition

The strength / competitive advantage of the hospital in Principal Healthcare network



Princ Hospital Lamphun

is a new private hospital in Lamphun Province that was just opened in 2021. It has capable specialized doctors and also has modern medical equipment together with an efficient management system that enables the hospital to control cost effectively. The medical fee is charged at the rate suitable for the target customers. Moreover, it was certified Step 2 Hospital Accreditation from Hospital Accreditation of Thailand.



1. Business Structure and Operations

Business Overview
and Performance



1.2.2 Products and services

Market and Competition

The strength / competitive advantage of the hospital in Principal Healthcare network

In addition, the Company has introduced the Hospital Information System (HIS) for use in the hospital network. All the databases have been uploaded to the 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 the 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. Furthermore, as it recognizes the importance of human resources development, it has installed the Workday Human Capital Management (HCM), a Workday cloud technology to increase operational efficiency and upgrade the health service experience in Thailand and ASEAN.

The Company's selection of the HCM signified it is 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 evaluation.



1. Business Structure and Operations

Business Overview
and Performance



1.2.2 Products and services

Market and Competition

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 pocket. The target customers in this category are those living or working near the respective hospitals.



2. Contract customers - These are customers under going 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 expatriates.

Pricing policy

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



1. Business Structure and Operations

Business Overview and Performance



1.2.2 Products and services

Market and Competition

Outlook of Private Hospital Business

Private hospital business is another business that was adversely affected by the first wave of COVID-19 outbreak at the beginning of the year 2020, causing the most severe contraction in revenue never ever before. The strict lockdown measures that lower the number of Thai and international patients tremendously is the major cause. However, the new wave of COVID-19 outbreaks in April 2021 with the jump in the number of infected patients led to the public health crisis helped increase the revenue of private hospitals in 2021 from the COVID screening and the admission of infected domestic patients. Nevertheless, the private hospitals that relied on revenue from Medical Tourism patients from the Middle East, China, and ASEAN were still affected since the overall Medical Tourism market continued shrinking by not less than 90% from last year due to the limitation in international traveling

Furthermore, the business was challenged by various factors especially higher cost in doing business to maintain the quality of services but it may be difficult to adjust medical fees when the consumers' purchasing power is not yet revived and there is uncertainty about their future revenue and employment. Cost to control quality and safety from contagious disease, cost of medical personnel, medicine cost as well as the cost of imported medical equipment and antibiotics may increase with the depreciation of Thai Baht and also the higher cost to bring-in modern technology or Health-tech to provide medical services.

The private hospitals that mainly rely their revenue on Thai patients would face with higher competition from more players and most of them are large investors in the private hospital market, the open country to welcome international patients does not come back to normal. Therefore, the hospital operators that focus on foreign patients have to adjust their business strategy to increase the market share of Thai patients with high potential. Furthermore, they have to compete with foreign hospital competitors like Singapore, Malaysia, and South Korea that position themselves as a Medical Hub like Thailand.

The private hospital group with the network or allies may be at the advantage to adjust themselves with more flexibility to manage cost than the single or stand-alone private hospitals. The private hospitals that diversify market risk by penetrating various market segments both Thai and foreign patients will be more flexible in term of cost management than the hospitals that heavily focus or rely on any group of patients.

For the year 2022 and the near future, although the revenue of private hospitals is expected to gradually improve, the negative factors that may affect the recovery include the number of infected patients, outbreak situation, the change in consumer behavior, economic growth, and purchasing power of domestic consumers, as well as the return of Medical tourism patients, have to be closely monitored.

Source: "Year 2021-2022 Private hospital businesses that depend on Medical Tourism are still in trouble whilst the COVID has not yet recovered" (<https://www.ryt9.com/s/prg/3243088>)

"Kasikorn viewed that revenue of private hospital in 2021 would increase but still face with the high cost and intensified competition" (<https://www.bangkokbiznews.com/business/964918>)

Hospital business through strong healthcare competition (<https://forbesthailand.com/commentaries/special-report>)



1. Business Structure and Operations

Business Overview and Performance



1.2.2 Products and services

Sourcing of Products and Services



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 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 with the co-operation from the unit inside and organization outside the hospital network to develop and update their knowledge continuously to support fast business growth.



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 treatment, the Company selects and purchases good quality medical equipment in corresponding to the hospitals' needs from reliable manufacturers and distributors providing good after-sales services.



The environment and safety

In operating the business, the Company is aware of the importance of buildings as well as the workplace and worker safety. The Company also places importance to the conservation of the environment and natural resources support various activities that use natural resources effectively including proper disposal of garbage and waste with no effect on the environment. The Company encourages employee and surrounded community to sort the garbage correctly in cooperation with the Stock Exchange of Thailand via the "Care the Whale" Project to sort, manage and deliver each type of garbage to the elimination or recycle process. Princ Hospital Suvarnabhumi in Samut Prakarn Province is a model for waste management especially infectious waste and currently, it is under the process to initiate this project in other hospitals in Principal Healthcare network around the country.

Business Overview and Performance

1. Business Structure and Operations

Marriott Executive Apartment Sathorn Vista, Bangkok

2 Property Business

is a four-star hotel and serviced apartments with 187 units operated by VMEA Co., Ltd., a subsidiary of the Company. This hotel was managed by Marriott Group, providing short-term and long-term accommodation services to foreign customers working and traveling in Thailand. The property is located in a Central Business District on Sathorn Road near Silom, providing good service with an efficient security system.

Business category

One four-star hotel and serviced apartment building

Location

Sathorn Soi 3 (Suan Plu), S Sathon Rd, Thung Maha Mek, Sathon, Bangkok

Room types

- 1 Bedroom Suite & Executive Suite 105 room
- 2 Bedroom Suite 58 room
- 3 Bedroom Suite & Executive Suite 21 room

Restaurant

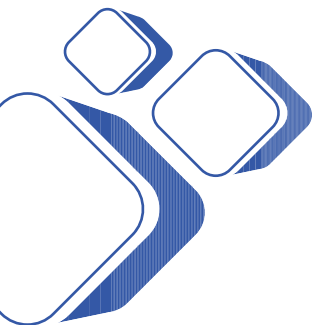
Momo Café (Thai and international cuisine)
Pool Bar

Banquet/meeting room

1 room

Commercial operation date

March 2009



1. Business Structure and Operations

Business Overview and Performance



2

Property Business



Somerset Ekamai Bangkok (SEB)

is a four-star hotel and serviced apartments located in Sukhumvit and Ekamai area operated by V Residence Co., Ltd., the Company's subsidiary.

This property was managed by Ascott Group and has reputation and international hotel management experience.

This project provides short- term and long-term accommodation services to foreigners who come to work in Thailand and foreign visitors, providing full amenities inside the rooms.

Business category

4-star hotel and serviced apartment under the management of Ascott Group with total 262 rooms

Location

Soi Ekamai 2 Sukhumvit 63 road (Ekamai), North Prakhnong, Wattana, Bangkok

Room types

| | | |
|---|-----------|---------|
| 1 | Studio | 90 room |
| 2 | 1-Bedroom | 77 room |
| 3 | 2-Bedroom | 39 room |
| 4 | 3-Bedroom | 56 room |

Banquet/meeting room

1 auditorium and 5 meeting rooms

Commercial operation date

Q4/2016

Business Overview and Performance

1. Business Structure and Operations

1.2.2 Products and services



Property Business

Market and Competition

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 offer short-term rentals. Many operators price their daily room rates 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 apartments to obtain a hotel license as well. Another factor is a 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. Put in place an efficient reservation system and meet international standards, 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.

Business Overview and Performance

1. Business Structure and Operations

1.2.2 Products and services



Property Business

Target customer groups



Expatriates working in Thailand



Tourists

Pricing policy

Pricing of rooms in the hotel and serviced apartment businesses are subject to several 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 salespersons who submit a rate proposal directly to the customer to maintain their relationship.



Sales through travel agents and booking websites, such as Agoda.com, Booking.com, Hotels.com and Expedia.com



Sales through Internet booking on the website www.marriott.com. This channel has become more and more popular among foreigners.



Business Overview and Performance



1. Business Structure and Operations

1.2.2 Products and services

2 Property Business

Overview of tourism business

In 2020, the number of international visitors was 6.70 million, decreased by 83.21% from 39.92 million in 2019 due to COVID-19 outbreaks. During the 10 months of 2021, the number of international visitors was 106,000, which decreased by 98.41% from the same period of last year. According to Kasikorn Research viewpoint, the reopening to the international tourists with no quarantine requirement from November 1, 2021, may help bolster the number of international tourist arrivals in Thailand by around 64% during the last 2 final months of 2021 when compared to the case of no such plan at all. As a result, the number of foreign tourists in Thailand may increase to 180,000 (from the prior estimate at 150,000) help generate tourism revenue of at least Baht 13.5 billion

Sian Fenner, Lead Asia Economists, Oxford Economics anticipated that the inbound tourism in Thailand will start to recover in 2022 and the number of inbound tourists will be fully recovered to the pre-COVID level in the year 2025.

Source: Nov1 Reopening Setto Revive Thai Tourism with Substantial Growth Seen in 2022 (Current Issue No. 3279) by Kasikorn Research dated October 15, 2021 <https://www.posttoday.com/world/666967>

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 shows serviced apartments have generally fared 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. 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 the 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.



1. Business Structure and Operations

Business Overview and Performance



1.2.2 Products and services

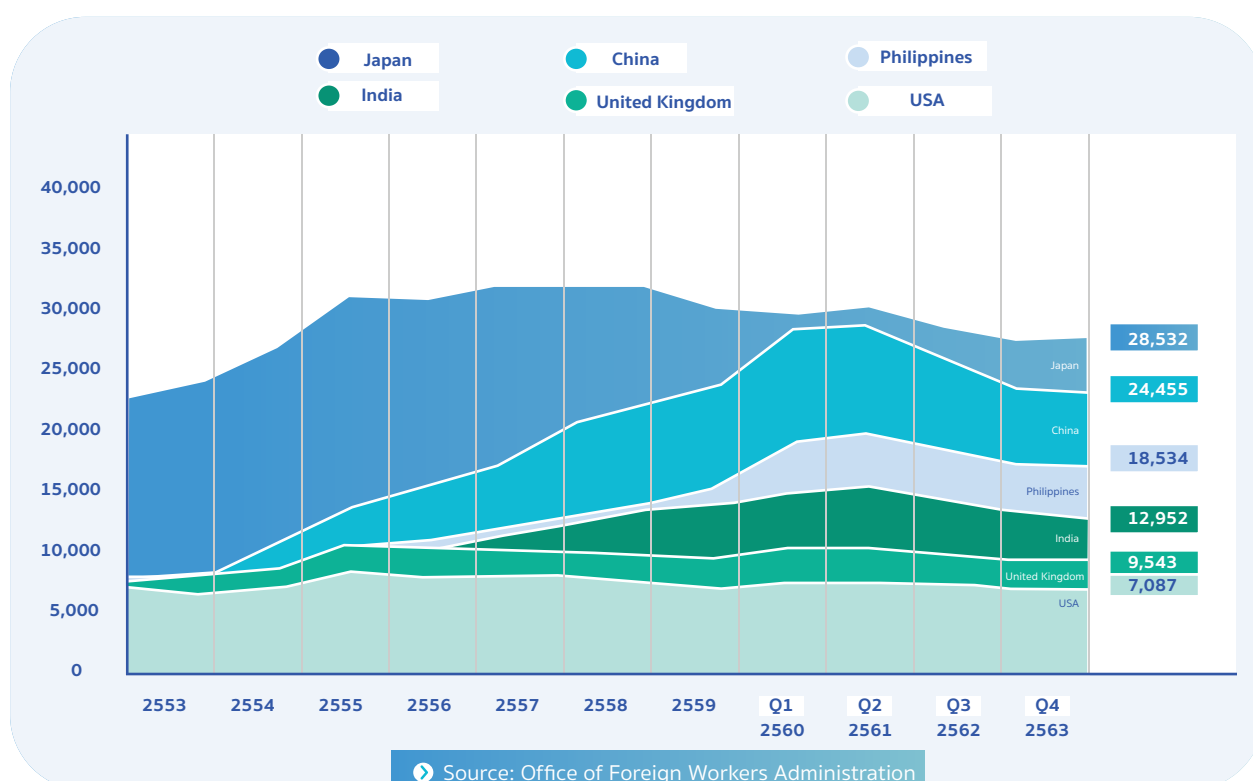
2 Property Business

Overview of tourism business

Whilst the ongoing tourism market slump has forced the majority of hotels across Thailand to close their doors to lower their fixed costs, most of 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 a 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 the 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 continues to increase, as serviced apartments in Bangkok also operate 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.





1. Business Structure and Operations

Business Overview
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1.2.2 Products and services



Property Business

Sourcing of Products and Services

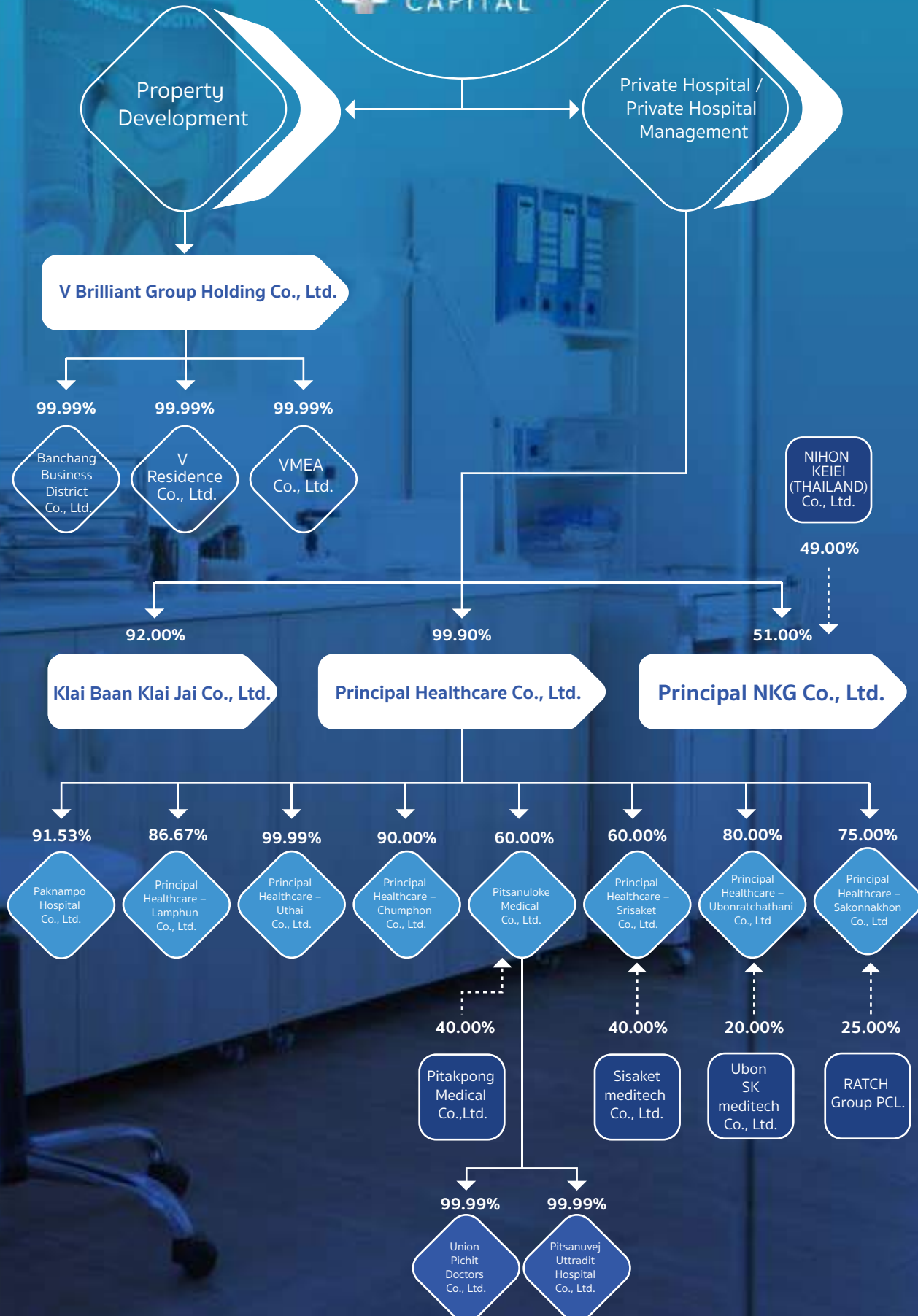
To maintain the standards of services rendered to high-end customers, the Company made a management contract with the Marriott group, which is a world-famous hotel group, for management of the Company's residential building - Marriott Executive Apartments Sathorn Vista – Bangkok. A contract has also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

1.3 Shareholding Structure

Principal Capital Public Company Limited

Registered capital Baht 3,808.57 Million

Paid up capital Baht 3,808.57 Million





1. Business Structure and Operations

Business Overview
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1.3 Shareholding Structure

Investment in Subsidiaries Policy

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.

General Information of the subsidiaries with more than 50% shareholding

• Direct subsidiaries

| Subsidiary | Business type | Address | % Shareholding by the Company (%) | Paid-up capital (million Baht) |
|-------------------------------------|---|--|-----------------------------------|--------------------------------|
| Principal Healthcare Co., Ltd. | Holding company and shared service to the hospital in the group | 23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110 | 99.99 | 5,083.75 |
| Klai Baan Klai Jai Co., Ltd. | Primary clinic | 23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110 | 92.00 | 50.00 |
| Principal NKG Co., Ltd. | Elderly care center | 35/2 Moo 12 Bangkaew, Bangplee District, Samut Prakarn Province | 51.00 | 10.00 |
| V Brilliant Group Holding Co., Ltd. | Holding company | 23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110 | 99.99 | 6,330.90 |



1. Business Structure and Operations

Business Overview and Performance



1.3 Shareholding Structure

• Indirect subsidiaries (Investment via Principal Healthcare Co., Ltd.)

| Subsidiary | Business type | Address | % Shareholding by the Company (%) | Paid-up capital (million Baht) |
|--|--|--|-----------------------------------|--------------------------------|
| Phitsanulok Medical Co., Ltd. | Private hospital and invest in other companies | 211 Khun Phirenthorathep Road, Nai Muang Sub-district, Muang Phitsanulok District, Phitsanulok Province 65000 | 60.00 | 500.00 |
| Union Phichit Doctors Co., Ltd. | Private hospital | 2/158 Srimala Road, Nai Muang Sub-district, Muang Phichit District, Phichit Province 66000 | 60.00 | 200.00 |
| Pitsanuvej Uttaradit Hospital Co., Ltd. | Private hospital | 888 Moo 5 Pasao Sub-district, Muang Uttaradit District, Uttaradit Province 53000 | 60.00 | 300.00 |
| Paknampo Hospital Co., Ltd. | Private hospital | 96/12 Moo 9 Asian Highway, Nakornsawan Tok, Muang Nakornsawan District, Nakornsawan Province 60000 | 91.53 | 354.166 |
| Principal Healthcare – Lamphun Co., Ltd. | Private hospital | 7 Moo 5 Wiengyong Sub-district, Muang Lamphun District, Lamphun Province 51000 | 86.67 | 300.00 |
| Principal Healthcare – Uthai Co., Ltd. | Private hospital | 256 Moo 2 Sakae Krang District, Muang Uthai Thani, Uthai Thani 61000 | 99.99 | 200.00 |
| Principal Healthcare – Chumphon Co., Ltd. | Private hospital | 18/22 Paraminmanka Road, Tha Taphao District, Muang Chumphon, Chumphon 86000 | 90.00 | 270.00 |
| Principal Healthcare – Sisaket Co., Ltd. | Private hospital | 888 Moo 11 Sisaket-Utumpompisai Road, Yaplong, Sisaket District, Sisaket 33000 | 60.00 | 250.00 |
| Principal Healthcare – Ubonratchathani Co., Ltd. | Private hospital | 139 Polpan Road, Nai Muang Sub District, Muang District, Ubon Ratchathani Province | 80.00 | 360.00 |
| Principal Healthcare – Sakon Nakhon Co., Ltd. | Private hospital | 23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Khlongton Nua, Wattana, Bangkok 10110 | 75.00 | 300.00 |



1. Business Structure and Operations

Business Overview
and Performance



1.3 Shareholding Structure

Indirect subsidiaries (investment via V Brilliant Group Holding Co., Ltd.)

| Subsidiary | Business type | Address | % shareholding by the Company (%) | Paid-up capital (million Baht) |
|--|---------------------------------|---|---|-----------------------------------|
| V Residence Co., Ltd. | Hotel and Serviced Apartment | 23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110 | 99.99 | 1,000.00 |
| Ban Chang Business District Co., Ltd. | Property Development | 23rd Floor Bangkok Business Center Building 29 Soi Sukhumvit 63 (Ekamai) Sukhumvit Road, Klongton Nua, Wattana, Bangkok 10110 | 99.99 | 121.00 |
| VMEA Co., Ltd. | Hotel and Serviced Apartment | 1 Soi Suanplu Tung Mahamek Sub-district Sathorn District Bangkok | 99.99 | 2,000.00 |



1. Business Structure and Operations

Business Overview and Performance



1.3 Shareholding Structure

1.3.1 Shareholders

The list of top 10 shareholders as of February 4, 2022, were as follows :

| Shareholder name | Number of shares | % of total shares |
|---|-------------------------|-------------------|
| 1. Viddayakorn Group | 2,783,987,174 | 73.10 |
| 1.1 Miss Satita Viddayakorn | 1,725,491,745 | 45.31 |
| 1.2 Dr. Satit Viddayakorn | 828,786,600 | 21.76 |
| 1.3 Peak Development Holdings Ltd. ¹ | 157,737,029 | 4.14 |
| 1.4 Miss Pallapa Viddayakorn | 48,986,700 | 1.29 |
| 1.5 Miss Tanatam Viddayakorn | 22,985,100 | 0.60 |
| 2. RATCH Group Public Company Limited | 380,857,051 | 10.00 |
| 3. International Finance Corporation | 222,249,300 | 5.84 |
| 4. Miss Sarinya Apimonbutra | 100,000,000 | 2.63 |
| 5. Mrs. Payao Chalacheep | 12,041,300 | 0.32 |
| 6. Miss Peechaya Krimwongrat | 11,549,300 | 0.30 |
| 7. Mr. Peerapol Prasertchaikul | 10,354,900 | 0.27 |
| 8. STATE STREET EUROPE LIMITED | 10,056,600 | 0.26 |
| 9. Mr. Direk Takru | 6,455,000 | 0.17 |
| 10. Miss Kataliya Saengsatra | 6,400,000 | 0.17 |
| Other shareholders | 264,619,877.00 | 6.94 |
| Total | 3,808,570,502.00 | 100.00 |

Remark: 1. Peak Development Holdings Ltd. is a company registered in the British Virgin. The final beneficiary is Ms. Satita Viddayakorn

1.4 Number of registered capital and paid-up capital

As of December 31, 2021, the Company has registered and paid-up capital of Baht 3,808,570,502 consisting of 3,808,570,502 ordinary shares at a par value of Baht 1 per share.

1.5 Dividend payment policy

The Company has the policy to pay a dividend to the shareholders at a rate of no less than 40% of the Company's annual net profit after deducting corporate income tax, legal reserve, and other reserves. For the past years, the Company has never paid the dividend and is presently in the period of business expansion. Therefore, the dividend payment policy may be adjusted based on the Company's business operations performance, business expansion plan, liquidity condition, as well as other necessary and appropriate factors in the future, with the authority to approve by the Board of Directors. All decisions will be to maximize benefits for the shareholders.

Business Overview and Performance

2. Risk Management

2.1 Risk management policy

The company places importance to risk management process starting from finding, identification, risk analysis, risk assessment, risk monitoring, and report by using risk management guidelines based on ISO 31000 standard to develop a framework to control risk that incurs from the uncertainty, change which may be the obstacle to achieve the business targets. The Board of Directors will oversee the overview of risk management and Risk Management Committee will take care of the development of the efficient risk management system and push all levels to co-operate in risk management.

2.2 Risk factors affecting business operations of the Company

2.2.1 Business operation risks



Private hospital business

Risks from increasing competition

Thai private hospitals will still confront intensified competition from the upgrade service standard and after-hour special clinic of public hospitals and medical colleges such as Siriraj Piyamaharajkarun Hospital of Siriraj Hospital. The expansion of the domestic hospital and the international operator under the healthcare liberalization policy increased the number of hospitals and beds. Hence, there will likely be more intense competition among private hospitals for pricing, promotion packages, and special programs.

However, the Company focuses on providing services to medium-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 to manage costs down and increased competitiveness.



2. Risk Management

Business Overview
and Performance



2.2 Risk factors affecting business operations of the Company

Risks from COVID-19 outbreak

The outbreak of COVID-19 in 2020-2021 affected private hospital business especially the loss of medical tourists so the hospitals with large revenue contributions from foreign patients were hit badly whereas the hospitals with domestic patients especially under Social Security System would have a lower effect. The target customers of Princ Hospital network are medium-income earners. During the COVID-19 outbreaks, the number of non-COVID-19 patients decreased, resulting in lower revenue from this group of the patient in 2021. To reduce such risk, each hospital in PRINH network has adjusted the business strategy and seek the business alliance and brought in the digital platform to enhance business efficiency, cut cost and improve service for the patients and exploit the technology to connect the 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 draws, wound cleaning, and vaccine injection at the patients' homes. Furthermore, the hospitals in Princ healthcare network also offer COVID-19 screening and accept COVID-19 patients, resulting in an increase in the number of patients and hospital revenue. The Company also diversified risk with the plan to open medical clinics in 2021 to provide medical services to the patients who are under the Universal Coverage Scheme and Social Security System and also join with Nihon Keiei Group from Japan to operate elderly care business.

Risks associated with hospital business expansion

In 2021, Principal Healthcare Co., Ltd, a subsidiary company, and RATCH Group Public Company Limited jointly invested in building a new 59-bed hospital in Sakon Nakhon Province to expand the network to 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 delayed penalty enabling the subsidiary to claim from the main contractor in the event the construction is not completed on the 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 reduce risks as newly built hospitals need time to generate revenues and profits whereas acquired hospitals can deliver a stream of revenues and minimize the impact on the Company's overall operating result.



2. Risk Management

2.2 Risk factors affecting business operations of the Company

Risks from shortages of medical personnel

Medical personnel, consisting of physicians, nurses, and specialists in various fields, are crucial to hospital business operations. 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 a possibility for competition for medical personnel. In addition, expansion of the private hospitals in preparation for an aging society and future business expansion has led to increasing demand for experienced and quality medical staff. Since the development of skills, knowledge, and capability of these medical personnel takes an extended period, 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 that 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 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 the 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 who fail to meet their expectations.

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 expectations. The insurance covers not only the liability for unintentional treatment errors but also the litigation expenses. With the 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 can bring about customer satisfaction.



2. Risk Management

2.2 Risk factors affecting business operations of the Company

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 with 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 before the price adjustment. Nevertheless, the Company's policy is to render medical services at appropriate prices. The government policy does not have any significant impact on the Company's performance.



Property development and rental 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.

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 a large number of customers. The maximum loss from credit extension is the book value of the account receivables shown in the financial statements.

Risk from COVID-19 outbreak

COVID-19 outbreak incurred in 2020 and has been prolonged until now affected tourism as well as hotel and serviced apartment industry resulting from the outbreak controlling measures of the government that lock down the country, no meeting and seminar activities, and dine-in at the restaurant is allowed for a certain period. The entering into the country of the international visitors was also not allowed. This caused a decrease in revenue due to the significant decline in occupancy rate and average room rate of the hotel business. For the serviced apartment of the company, the customers are mainly expatriates who work in Thailand with a long-term stay so the effect on the business is lower than the hotel operators.



2. Risk Management

Business Overview and Performance



2.2 Risk factors affecting business operations of the Company

2.2.2 Financial Risk

Capital structure and liquidity risk

In 2021, The Company had long-term loan of Baht 3,822.8 million. Under long-term loan agreement, the companies in the group have to maintain Debt Ratio in the range of 125% and 233% also maintain Debt Service Coverage Ratio not less than 115% and 125%. The company in the group was able to maintain Debt Ratio as stipulated in the loan agreement but some companies in the group was unable to maintain Debt Service Coverage Ratio as set by the banks due to the effect from the initial stage of medical service providing together with the COVID-19 outbreaks. However, the Company obtained the waiver from the banks. Such company was able to make loan repayment as schedule with the financial assistance from the parent Company who is a guarantor. 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.

2.2.3 Risks affecting rights of shareholders

Risks from having major shareholders with more than 50% shareholding

As of February 4, 2022, the major shareholder was Viddayakorn Group, which held 2,783,987,174 shares representing 73.10% of the total issued and paid-up capital. As a result, the Group can control and influence every matter requiring approval by the Shareholder's Meeting including the 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 of 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.

Risks from low free float shares resulting in low share liquidity

On March 12, 2022, book closing date there were a total of 2,470 shareholders holding shares representing 11.86% of total paid-up capital. As a result, there were a small number of free float shares with low share trading transactions so the shareholder may have risk to sell the share at the desired price.

However, in 2021 there was a right offering to expand and develop healthcare business resulting in a decrease in the number of shares held by major shareholders (Viddayakorn Group). Currently, it is under discussion with the investor and business partners to find a new business opportunity. The company intends to adjust the distribution of shareholders to comply with the regulation of the Stock Exchange of Thailand as soon as possible.

Business Overview and Performance

3. Sustainability

Sustainability Policy and Objectives

"Medical and healthcare is an important fundamental for the development of the country. No country in the world will be fully developed if the population in the country is unhealthy...because human is the important resources of the country."

This message is a part of His Majesty the late King Bhumibol Adulyadej's quote and is the key resolution for the company's business, which aim to co-operate with all stakeholders to improve the healthcare of the population for the country to create the strong and sustainable fundamental for the community and society.

The sustainability policy for the benefits of all stakeholders including customers, shareholders, investors, trade partner, employee, society, and environment are as follows:





1. Grow the business with transparency with good corporate governance and business ethics and take the benefits of the stakeholders, society, and environment into account.
2. Manage and take care of all stakeholders fairly, promote free trade that does not initiate the conflict of interest, anti-fraud, and all forms of corruption.
3. Respect, place importance to the human rights protection with the fair treatment to the employee, and also provide fair remuneration, welfare, safety, and good occupational health in the workplace. Provide training to enhance knowledge and skill for the job advancement as well as create bonding between employees and the organization. Encourage the employee to participate in corporate social activities for the direct and indirect benefits of the society within and outside the organization.
4. Create value and quality of products and services that have a lower effect on the environment and less harm to the consumers to improve the quality of life in corresponding to the consumers' needs.
5. Develop quality of life and economic to the community around the organization and the society through business process and corporate activities.
6. Place importance to environmental management based upon safety principle by considering the effect that may occur and also use the resources efficiently and save the energy.
7. Support and encourage the initiative of the stakeholders to develop the innovation to create value to the community, society, and environment together with growing sustainable business.




































3. Sustainability

Business Overview and Performance

In 2021, the company still pursues the determination to bring good medical services to the secondary cities and create the giver's mind environment to the people, community, and society to be in line with the sustainability management target by having a business plan in 3 dimensions as shown in the following table.

| Business operation | Sustainability target of the United Nations | Economic Dimension | Social Dimension | Environmental Dimension |
|--|---|--------------------|------------------|-------------------------|
| 1. Open 2 hospitals in the secondary cities which are Princ Hospital Lamphun and Princ Hospital Sisaket to provide healthcare services to the community and enhance family institutions by encouraging the employee to work in their hometown and improve the economic of the community through local employment. | <div>  Good Health and well - Being </div> <div>  Sustainzble Cities and Communities </div> <div>  Decent Work And Economic Growth </div> | ● | ● | |
| 2. Co-invest with Nihon Keiei Group to expand new business which is the elderly care center for the elderly and the chronic disease patients under the name Princ Recovery Center and opens 15 primary clinics. | <div> Good Health and well - Being  </div> | ● | ● | |

| Business operation | Sustainability target of the United Nations | Economic Dimension | Social Dimension | Environmental Dimension |
|--|---|---|---|---|
| 3. Increase the service channels via PRINC Health App and Telemed | Good Health and well - Being  Industry, innovation and Infrastructure  |  | | |
| 4. Increase the capacity to support COVID-19 patients by opening 10 hospitels and 2 field hospitals with total 1,800 beds |  Good Health and well - Being  Redeced Inequalities |  |  | |
| 5. Upgrade medical services with quality certification from domestic and international agencies (HA and JCI). ¹ | Good Health and well - Being  |  | | |
| 6. Enhance the transparency in business operation together with the care of employees with the recognition as a distinguished business in labor relations and good corporate governance ² |  Decent Work And Economic Growth | |  |  |
| 7. Enhance knowledge and capability of the management team and personnel with Digital Transformation and e-learning platform training course | Quality Education  Decent Work And Economic Growth  | |  | |
| 8. Job creation during the pandemic crisis cause a higher unemployment rate up to 2.25% ³ the highest level since 2006 by initiating the "Duckling Employment Project" ⁴ |  Gender Equality  Decent Work And Economic Growth | |  | |

| Business operation | Sustainability target of the United Nations | Economic Dimension  | Social Dimension  | Environmental Dimension  |
|---|--|---|---|--|
| 9. Initiate the project to use local products in the area where the hospital is located, for example, being new year gifts to the customers. |  Decent Work And Economic Growth | |  | |
| 10. Participate in “Care the Whale” project of the Stock Exchange of Thailand | Responsible Consumption and Production  Climate Action  | | |  |
| 11. Initiate energy-saving projects, for example, feasibility study of solar cell installation project and commence the study of greenhouse gas management. |  Affordable and Clean Energy  Climate Action | | |  |
| 12. Educate the employee by providing training courses related to Personal Information Protection Act B.E. 2019 that will be effective in 2022. Currently, more than 65% of the total employee attends this course with a 100% attendance target within May 2022. | Peace, Justice and Institution  |  | | |
| 13. Provide educational support by giving 377 scholarships to the children of low-income employees. |  Quality Education | |  | |



3. Sustainability

In addition, the company values sustainable business development so the company set up a new business unit with the assigned person to be responsible for the business operation to achieve the business sustainability target.

¹ HA - Hospital Accreditation or healthcare and hospital standard from Hospital Accreditation Institute.

JCI - Joint Commission International or the U.S independent organization that provides international hospital accreditation.

In 2021, the hospitals in PRINC network with new accreditation and reaccreditation are listed below:

Step 2 HA standard – Pitsanuvej Phichit Hospital, Princ Hospital Uthaithani, Princ Hospital Paknampo 2, Princ Hospital Lamphun, Sirivej Lamphun Hospital, and Princ Hospital Ubon Ratchathani

JCI standard – Pitsanuvej Hospital

²Hospitals that received the award as a Distinguish Business in Labor Relation are Pitsanuvej Hospital, Pitsanuvej Phichit Hospital, and Princ Hospital Paknampo 1

The hospital with Good Corporate Governance Award is Pitsanuvej Phichit Hospital

Hospital with honor to be a Distinguished Business Entity concerning Safely, Occupational Health and Workplace is Pitsanuvej Hospital

The hospital with a Gold level award in the 3rd year from the Zero Accident in the Workplace Campaign is Pitsanuvej Hospital.

³The employment rate in Q3/2021 from the Office of National Economics Social Development

⁴ Duckling employment project is the project that provides an employment opportunity to the local youth and those who are unemployed to work, study tour, and intern at various departments of the hospitals.



3. Sustainability

Business Overview and Performance



Manage Stakeholder Impact and the Value Chain

The value chain of the business is shown in the following picture:

Caring Solution



Local people shareholder

- Analyze basic needs of local people
- Design products to respond needs of all groups of people in the local area.
- Build the alliance

Caring Operation



- ◆ Local Hospital
- ◆ Local Employee

- Procure the equipment and personel to support the economic in the local area
- Operate business with the awareness of the environmental impact and social needs
- Operate business with the improvement in employee's quality

Caring Service



- ◆ Public unit
- ◆ Patients

- Improve the quality of service
- Enhance knowledge and develop skills of the employee
- Suyvey customer satisfaction for future improvement

Caring Community



- ◆ Patients Community

- Improve relationships with local people who may not be our target customers but relate to the establishment of the hospital
- Encourage the partienpation of all stakeholders in the community



3. Sustainability

In 2021, the company identified the stakeholders in the value chain of the business, the communication channels, understanding the expectation in various issues of each stakeholder group to respond to their expectations, and also being a part of the strategic plan to better respond to their needs in the next year. The details are summarized in the following table.

| Stakeholder group | Communication Channel | Expectation and Important issues | Company's Response in 2021 and Plan for the year 2022 |
|-------------------|---|--|--|
| Employee | <ul style="list-style-type: none"> ● Meeting with senior executives of the organization via Town Hall Meeting ● Monthly/quarterly performance report and Morning Brief meeting ● Communicate company's news via Line Group and Workplace ● Annual employee bonding survey ● Employee health and welfare survey ● Employee training and development needs survey ● Set up Dialogue/HR delivery ● Annual performance evaluation and 360-degree survey | <ol style="list-style-type: none"> 1. Appropriate remuneration and welfare 2. Career stability and advancement 3. Skill and potential development incessantly 4. Fairness and equal treatment 5. Welfare and safety at work 6. Appropriate headcount 7. Facility and working equipment 8. Good working environment | <ol style="list-style-type: none"> 1. Pay special bonus in the hospital that extends the service to COVID-19 patients 2. Increase compensation to the medical personnel who directly take care of COVID-19 patients. 3. Conduct the remuneration survey of the market and adjust the remuneration structure (plan for the year 2022) 4. Develop an annual training plan for the year 2021 and develop an e-learning platform for the training during the Covid crisis. 5. Develop the career path, individual career development plan, and communicate such plan with the employee (Plan for the year 2022). 6. Inform company's performance to the employee (at least 1 time every organization in 2021). |



3. Sustainability

| Stakeholder group | Communication Channel | Expectation and Important issues | Company's Response in 2021 and Plan for the year 2022 |
|-------------------|--|--|--|
| | | | <p>7. Procure protection supplies for work and personal use for the employee.</p> <p>8. Provide Covid-19 vaccination to the employee (99.2% in 2021) and their family</p> <p>9. Announce the clear criteria for performance evaluation and annual bonus payment for the year 2021</p> <p>10. Adding the headcount and internal rotation within the group to reduce the workload.</p> <p>11. Procure Covid-19 insurance for the employee.</p> <p>12. Conduct HR delivery in each department in 4 hospitals in 2021 and initiate the dialogue to increase the communication with the employee.</p> |
| Supplier | <ul style="list-style-type: none"> Regular meeting with suppliers Annual supplier evaluation and selection | <ol style="list-style-type: none"> Transparency in supplier selection The payment of goods and services as scheduled Long-term relationship | <ol style="list-style-type: none"> Elaborate auction process with the issuance of TOR in all services procurement. Set the clear payment date |



3. Sustainability

| Stakeholder group | Communication Channel | Expectation and Important issues | Company's Response in 2021 and Plan for the year 2022 |
|----------------------|--|---|---|
| | | | 3. Discuss the operation and long-term expectation |
| Specialist | <ul style="list-style-type: none"> ● Doctors conference ● Annual specialist survey | 1. Remuneration and welfare 2. Hospital standard 3. Continually potential development | 1. Take the proposal at the doctor conference to discuss with the management team and add other welfares such as insurance during the Covid outbreak. 2. Process hospital accreditation to certify the quality of the hospital to increase confidence. 3. Arrange the seminar or knowledge exchange meeting for the doctors regularly |
| Customer or consumer | <ul style="list-style-type: none"> ● Public relation channels via SMS, social media like Facebook, Line Official Account ● Poster ● Customer relationship enhancement activities such as Seminar, sale promotion activities | 1. Appropriate medical fee 2. Good medical treatment quality 3. Variety of services that respond to their needs 4. Good service standard | 1. The medical services fee is based on the local living cost and is lower than in Bangkok. 2. Having quality control department to monitor and ensure the standard of treatment quality. |



3. Sustainability

| Stakeholder group | Communication Channel | Expectation and Important issues | Company's Response in 2021 and Plan for the year 2022 |
|-------------------|--|--|--|
| | <ul style="list-style-type: none"> ● Listen to customer's complaints/comments via Call Center ● Customer satisfaction survey ● Corporate customer visit | | <p>3. Conduct the survey and analysis the needs of that locality.</p> <p>4. Train service behavior and follow up on the complaints regularly.</p> |
| Community | <ul style="list-style-type: none"> ● Poster, newsletter, Community radio ● Community visit ● Social activities for the community | <p>1. Provide medical treatment at an affordable price</p> <p>2. Provide better service than a public hospital, higher coverage with good standard</p> <p>3. Local employment</p> <p>4. Develop the civilization of the community</p> <p>5. Having special medical equipment</p> | <p>1. Medical services fee is based on the local living cost and is lower than in Bangkok.</p> <p>2. Evaluate community satisfaction and train service behavior.</p> <p>3. Having employment policy to employ the employee whose hometown is in that local community.</p> <p>4. Support local business and employment</p> <p>5. Hiring doctors and procure appropriate medical equipment to respond to the local's needs or refer the patients to the hospitals in the network</p> |



3. Sustainability

| Stakeholder group | Communication Channel | Expectation and Important issues | Company's Response in 2021 and Plan for the year 2022 |
|-------------------|---|---|---|
| Society | <ul style="list-style-type: none"> ● Posters, newsletter, community radio ● Social activities | 1. Responsibility to the society 2. Responsibility to the environment and the community surround | 1. Increase hospital capacity during the pandemic crisis by opening more than 10 hospitals and 2 field hospitals to support more than 19,000 Covid-19 patients nationwide. 2. Monitor and test the wastewater before releasing it to the community and join the Care the Whale Project to improve waste management process and find the alliance to develop zero waste to landfill in the end. |
| Business partner | <ul style="list-style-type: none"> ● Regular meeting (monthly, quarterly, yearly) | 1. Appropriate return within a suitable period. 2. Transparent business operation 3. Growing together | 1. Arrange the performance report meeting and take the recommendation from the meeting to adjust the strategy. 2. Arrange the business trip for business partners to visit company's business in each province. 3. Find additional business opportunities in the secondary cities and co-develop energy-saving projects. |



3. Sustainability

| Stakeholder group | Communication Channel | Expectation and Important issues | Company's Response in 2021 and Plan for the year 2022 |
|--------------------------|--|--|--|
| Creditor | <ul style="list-style-type: none"> ● Annual meeting and meetings on occasion | <ol style="list-style-type: none"> 1. Make loan repayment according to the repayment schedule and comply with the loan agreement. 2. Long-term partnership | <ol style="list-style-type: none"> 1. Having a clear operational plan and following the plan to achieve the target to be able to perform according to the loan agreement. 2. Discuss investment plan and long-term business expansion. |
| Shareholder and Investor | <ul style="list-style-type: none"> ● Disclose the company's operating performance on a quarterly and yearly basis as well as management discussion and analysis (MD&A) of the company's performance via the website ● Annual report ● Annual General Meeting of Shareholders ● Information disclosure via SET ● Investors and analysts meeting on various occasions | <ol style="list-style-type: none"> 1. Dividend and growth in share price from the continued business expansion 2. Good corporate governance | <ol style="list-style-type: none"> 1. Improve and develop business strategies closely to improve the operating performance to meet the shareholders' expectations. 2. Perform according to corporate governance policy and report the correct and transparent information in One Report. |



3. Sustainability

| Stakeholder group | Communication Channel | Expectation and Important issues | Company's Response in 2021 and Plan for the year 2022 |
|---------------------------------------|--|---|--|
| Regulator/ Government authority | <ul style="list-style-type: none"> ● Communicate and meet with the regulator regularly. ● Prepare report according to the regulation. ● Participate in various activities arranged by government authority. | 1. Comply with the law and regulation completely. 2. Co-operate with the regulator or government authority in various activities | 1. Maintain operational standards and always update about the new regulations. 2. Co-operate in various activities for example sending personnel to join National Labour Day. |



3. Sustainability

Business Overview and Performance

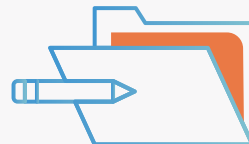
Issue identification

There are both positive and negative factors affecting hospital and healthcare business in the previous year. Planning for sustainable business operation has to consider risk factors and opportunities in every dimension and need to identify the important issues based on the following process.

01

Sustainability issue identification and the scope of report

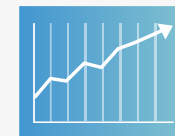
The issues are collected from the stakeholder's opinion for example, listen to the opinion of customers, business partners, community from various channels and the analysis of the external factors in the country level and global level from various research. Scope of report will identify the issue based on the readiness and status of each organization.



02

Prioritize the issue based on the importance

Prioritize the issue to consider the short-term and long-term impact to the business and all stakeholders as well as the event that may have a special effect on some groups of stakeholders, for example, the society will be affected by the pandemic crisis thus, the need for the accessibility to healthcare services is higher than normal situation.





3. Sustainability

Business Overview
and Performance



Issue identification

03

Verification of information

Sustainability development team propose the issues to the Executive Committee and the Board of Directors for reviewing and prioritizing the issues to be in line with the Company's strategy and objectives and approval to disclose the information in various dimensions.



04

Prepare the sustainability report

PRINC prepared the report as well as reviewed the completeness of the content verified by the Board of Directors and the third party. The Company will hire the third party to examine the important issues and the engagement of the stakeholders to obtain the clear, correct and complete information.





3. Sustainability

Issue that the company take into account to consider risk and opportunity are as follows :



| Issues | Risk | | | Opportunity | | |
|--|--------------------|------------------|-------------------------|--------------------|------------------|-------------------------|
| | Economic Dimension | Social Dimension | Environmental Dimension | Economic Dimension | Social Dimension | Environmental Dimension |
| 1. Emerging Infectious Disease situation | ● | | ● | ● | ● | |
| 2. The change in criteria and/or healthcare policy by the government | ● | | | ● | | |



3. Sustainability

| Issues | Risk | | | Opportunity | | |
|---|--------------------|------------------|-------------------------|--------------------|------------------|-------------------------|
| | Economic Dimension | Social Dimension | Environmental Dimension | Economic Dimension | Social Dimension | Environmental Dimension |
| 3. Healthtech and Digital Transformation | ● | | | ● | | |
| 4. Slow economic recovery affecting consumer purchasing power | ● | | | | | |
| 5. De-urbanization | | | | ● | ● | |
| 6. Aging Society | ● | ● | | ● | ● | |
| 7. Climate Change | | | ● | | | |



3. Sustainability

Prioritized sustainable issue process

Based on the risk issues and opportunities that has been collected by listening to the stakeholders' opinion and expectation, the Company has identified the issues relating to the sustainability of the business, the scope of impact and evaluate the degree of emergency to cope with risk and opportunities as shown in the following table and diagram.

| Rank | Key Indicator | Internal Scope | External Scope |
|---|---|----------------|----------------|
| First priority | | | |
| ● Quality of health and safety of the customers | - The number of serious cases relating to medical service in 2021. There was no serious case relating to medical service in the hospital network which was caused by the low quality of services. The hospitals still maintain the quality of service which is certified by domestic and international hospital accreditation institutions. | | X |
| ● Responsibility to customers and consumers | - The number of complaints from customers/patients in the previous year. Most of the complaints are related to the readiness to provide alternative vaccines for COVID-19 due to the uncertainty from the manufacturers and importers. The way to solve the problem is to the stock vaccine for immunostimulation later. | | X |
| ● Personal data protection | - The number of complaints relating to infringement of personal information. In the past year. There was no complaint in this matter. (More details will be elaborated in the economic dimension) | X | X |



3. Sustainability

| Rank | Key Indicator | Internal Scope | External Scope |
|---|---|----------------|----------------|
| First priority | | | |
| ● Digital Transformation | - Digital project to improve the efficiency in providing service or upgrade the service such as building on the hospital application to show the COVID-19 test result and COVID-19 test certificate, develop the platform for online training. (More details will be elaborated in the economic dimension) | X | X |
| ● Employment of local people from the expansion of hospital in the secondary province | - Local employment ratio. Last year 2 new hospitals in Lamphun and Sisaket Province were commercially operated with additional 125 headcounts and the local employment ratio was at 85%. | X | X |
| ● Provide accessibility to medical service and good health | - Achieve hospital expansion target by opening 2 new hospitals add up the total to 12 hospitals in 10 provinces with the goal to reach 20 hospitals within 2024. There were 15 Klai Baan Klai Jai primary clinics to take care of those who cannot access to the medical services and the opening of the hospital as well as field hospitals to take care of COVID-19 patients. | | X |
| ● Garbage and toxic waste | - The hospitals try to manage garbage and waste from business, which increased in corresponding to the number of infectious patients efficiently and lowest impact to the environment (more details will be elaborated in environmental dimension). | X | X |
| ● Water treatment management | - The water treatment parameter of all hospitals in 2021 was to comply with the law governing hospitals. | X | X |



3. Sustainability

| Rank | Key Indicator | Internal Scope | External Scope |
|---|--|----------------|----------------|
| Second priority | | | |
| ● Corporate governance structure and policy | <ul style="list-style-type: none"> - Corporate governance policy - Business ethics - Anti-corruption policy are put in place. | X | X |
| ● Risk management | <ul style="list-style-type: none"> - Having risk management policy and guideline and updated risk profile - Business succession plan is put in place | X | X |
| Low priority | | | |
| ● Respect equality and accept diversity | <ul style="list-style-type: none"> - The number of complaints about inequality. In 2021 there was no complaint about inequality. - Diversity of employee in several dimensions such as gender, handicap, age (more information in social dimension part) | X | |
| ● Energy management | <ul style="list-style-type: none"> - Electricity utilization volume (more details are shown in environmental dimension) | X | X |

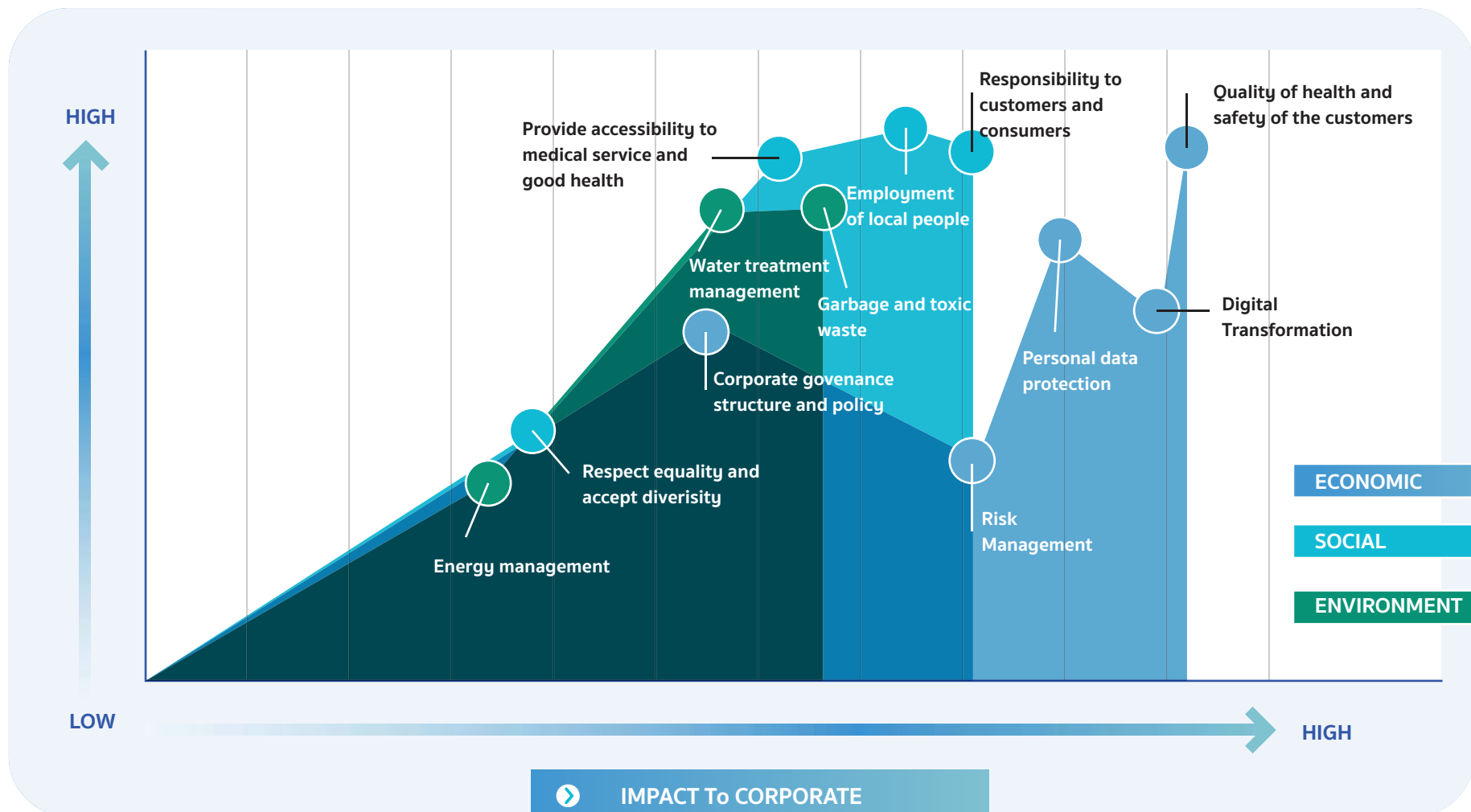


3. Sustainability

Business Overview
and Performance



PRINC MATERIALITY MATRIX





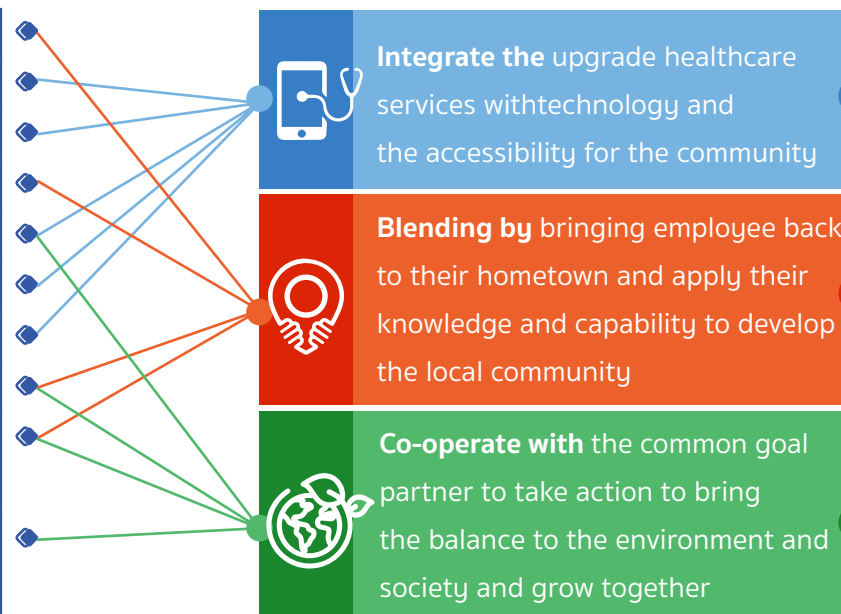
3. Sustainability

Diagram showing the impact of the issue to the sustainability

1. **Enhance healthcare accessibility and operation efficiency via innovation and technology**, to ensure that quality of life can be delivered to our communities.
2. **Foster the culture of service with empathy by having the employee experience it first handed**, along with having their career development so they can provide good service quality with good experience to the customers.
3. **Continued build and strengthen relationship with strategic partners**, who have similar objectives to join hands in providing the services and products with the awareness of impact in economic, social and environmental dimensions

Key Success Factor

| |
|---|
| Human resource development |
| Hospital standard accreditation |
| Innovation and technological development |
| Employee wellness and employee welfare |
| Finding business partner to achieve company's goal |
| Efficient cost management |
| New products and services development |
| Community engagement |
| Create awareness and understanding to use the resources wisely and safely |
| Co-operate with trade partner to take care of the environment |



"PRINC Integration"

พลาบ
by PRINCIPAL HEALTHCARE COMPANY



Sustainability Strategy



Business Overview and Performance



3. Sustainability

Sustainability management in various dimensions was in line with the Company's strategy.

3.1 Sustainability management in environmental dimension

Over the years, the world faces a significant environmental crisis that is climate change.

Although hospital business does not directly release greenhouse gas, it cannot be denied that business activities indirectly release the greenhouse gas from the electricity utilization, the employee traveling, the transportation between the hospital network, etc. Some activities affect the environment, for example, utilization of plastic products in business operation, the utilization of water in dialysis process and the other cleaning process.

But the mission of the Company is to be an organization that instills givers' consciousness and passes it on to the people in the community and society, "Giving" responsibility to society and environment where the business entities located becomes a target to grow a sustainable business with the community and society.

All hospitals in the Company's network have a policy and guideline with environmental consideration and comply with the relevant law, for example, notification of Ministry of Natural Resource and Environment in respect to the type of building that is a source of pollution with the control to release of the polluted water to the public river or environment, Ministerial regulation regarding the elimination of infectious waste B.E. 2545. The hospitals have relevant regulated processes to ensure the compliance of business operations to the law. Moreover, the key indicators have to be monitored regularly. If any indicators are shown abnormal, the Company will take a corrective action to be in line with the regulation. Moreover, all PRINC hospitals network are certified the hospital quality standard from the domestic and international agency with the regular company visits by a government agency. These can ensure that the Company's business operation complies with the law and regulations related to the environment (except Princ Hospital Sisaket, which has just opened and is expected to achieve hospital quality certification within mid of 2022). 2021 was another year that there was no law violation or environmental impact in the PRINC hospital network.



3. Sustainability

Business Overview
and Performance



3.1 Sustainability management in environmental dimension

3.1.1 Water management

The hospital business must have a water management plan and water treatment system to comply with the relevant law so every hospital in the network has to monitor the parameter and analyze the wastewater quality of every building regularly. If the abnormal parameter is found, the examination and corrective action will be taken urgently. The relevant personnel were trained to be water pollution system controllers. The utilization of water increased from the addition of 2 hospitals to the network and the increase in the number of patients. In 2022, the Company plans to use the treated water in the activities like watering the trees to optimize the utilization of the natural resources.

3.1.2 Garbage and hazardous waste management

To ensure the business operation of all hospitals comply to the law, the relevant policy is put in place including garbage and hazardous waste management policy, waste management policy, policy to control the infection in the hospital with the target to reduce the contamination of hazardous waste to the environment and community and reduce the waste volume affecting the environment.

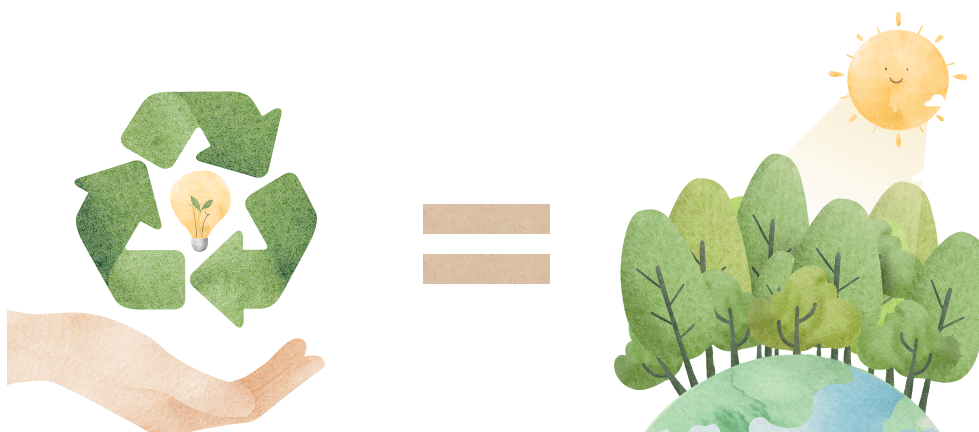
In the past year, Princ Hospital Suvarnabhumi, the first hospital in the network, participated in Care the Whale Project with the Stock Exchange of Thailand to show the determination and intention to better manage the waste than before. The participation led to significant changes as follows:



3. Sustainability

3.1 Sustainability management in environmental dimension

1. Last year the hospital provided medical care to a large number of COVID-19 patients so there were a larger amount of infectious waste however, the infectious waste volume per patient decreased from 6.5 kilograms per patient to 3 kilograms per patient.
2. Adding waste separation points within the hospital.
3. Educate the hospital personnel via activities and encourage them to separate waste at the origination point so the general waste does not become infectious waste such as plastic waste at the vaccination point. Waste separation activity in 2021 helped reducing greenhouse gas by 19,703 kilograms carbon or equal to the plantation of 2,190 trees.



Reducing Greenhouse Gas

19,703

kilograms carbon

Equal To The Plantation

2,190 trees





3. Sustainability

Business Overview and Performance



3.1 Sustainability management in environmental dimension

4. In addition, Princ Hospital Suvarnabhumi set the target to reduce general waste to landfill to zero waste to landfill by sourcing the contractor who can take such waste to separate and deliver to the incineration plant to produce the energy from the waste (RDF). This project was implemented in Q4/2022.
5. Adding drinking water stations for employee to reduce the purchase of plastic bottle waters
6. Change the drinking water at service point from plastic bottles to glass bottles.
7. Find the environmental concerned manufacturers or service providers for example, buying uniform for temporary staff from Moreloop who make clothes from upcycling.



8. The next target is to implement this project in every hospital in the network and co-operate with the community, and find the elimination places for such waste. Moreover, the hospitals plan to find an alliance to recycle waste into the products that can be used in the business. Start the Circular Economy in the hospital.



3. Sustainability

3.1 Sustainability management in environmental dimension

3.1.3 Energy Management

For energy management, every hospital has an energy-saving campaign. The construction of the new hospital project will take environmental factors into consideration. The Company is in the process of solar cell installation at every hospital in the network to use solar power as renewable energy to reduce the indirect release of greenhouse gas. However, the Company has never calculated the organization's carbon footprint or calculated greenhouse gas of the Company's activities concretely so the Company applied and was selected as a model organization in the Carbon Offset Project to support the Voluntary Emission Trading Market in the 9th year. The Company will receive advice from the expert to collect the information to be able to calculate the carbon footprint of the organization correctly and also have complete initial information which help the company to set long-term goal or management policy to reduce the release of greenhouse gas from the Company's activities efficiently and effectively and is beneficial to the Company to find the suitable channels for carbon offsetting.



Details of the key indicator for environmental dimension

| Topic | Key Indicator | unit | 2019 | 2020 | 2021 |
|-----------------------|--------------------------|--------------------|---|------------|------------|
| Water management plan | Water management plan | have / do not have | There is water treatment plan to comply with relevant law governing hospital business | | |
| Water utilization | Water utilization volume | m ³ | 232,987.00 | 210,296.00 | 246,925.27 |



3. Sustainability

การประกอบธุรกิจ
และผลการดำเนินงาน



3.1 Sustainability management in environmental dimension

| Topic | Key indicator | unit | 2019 | 2020 | 2021 |
|--|--|-----------------------|--|---------------|---------------|
| Garbage and waste management plan | Garbage and waste management plan from business operation | have / do not have | There is garbage and waste management plan according to the standard of hospital business and plans to achieve zero waste to landfill in every hospital (Currently this project is implemented at Princ Hospital Suvarnabhumi) | | |
| Result of garbage and waste management | Garbage and waste from business operation (general waste) | kilogram | 238,007.00 | 240,834.40 | 415,935.24 |
| | Garbage and waste from business operation (infectious waste) | kilogram | 71,694.40 | 127,755.92 | 385,088.65 |
| | Garbage and waste from business operation (hazardous waste) | kilogram | 2,163.10 | 4,428.90 | 7,325.37 |
| | Garbage and waste from business operation (recycle waste) | kilogram | 45,632.75 | 60,326.56 | 63,673.60 |
| Energy utilization | Electricity utilization volume | kWh | 16,036,504.28 | 18,144,659.22 | 22,373,576.08 |
| Energy utilization | Renewable energy utilization volume | kWh | At present, no renewable energy is utilized but it is under process of solar cell installation which is expected to complete in 2022. | | |
| Green gas management | Company's green gas management plan | have / do not have | It is under planning and data collection process and is expected to complete within September 2022 | | |
| Result of green gas management | Scope 1 and Scope 2 of green gas emission volume | Ton CO ₂ e | | | |
| Result of green gas management | Review information of green gas emission volume by the related agency. | have / do not have | | | |

Business Overview and Performance

3. Sustainability

3.2 Sustainability management in social dimension

3.2.1 Employment

Local employment

The Company has a target to bring the staff back to their hometown and to feel love of their hometown, to take care of local people's health in the secondary provinces or place with medical services scarcity and also distributes income to the secondary cities, strengthen the local economy. In the past year, the Company opened 2 new hospitals included Princ Hospital Lamphun and Princ Hospital Sisaket. This increased the number of the employee by 125 headcounts. The employment guideline is to consider hometown as a part of selection criteria. 85% of the total headcounts are local people. Before the commercial operation of the hospitals, those employees visited the people in the community, talked to them, listened to their expectations and create bonding between employees, organization, and community. The Company also expects the low employee turnover.



Employment diversity

The Company has no discrimination policy in terms of gender, age, nationality, handicapped, religion, or any other. At present, the Company employs 13 people with disabilities including hearing-impaired and physically impaired at various hospitals. They were assigned to be responsible for administrative work or take care of the meeting room to make them feel valuable.



3. Sustainability

3.2 Sustainability management in social dimension

Women workforce

The women workforce is the main workforce of the healthcare service business. About three-fourths (76.82%) of the Company's personnel are female. The Company supports career advancement with no discrimination. More than half of the total workforce (63.12%) in middle management level or those who are in Manager position to Vice President position are female and 2 female are in senior executives level representing 11.1% of the total workforce as shown in the following table.

| Information as of December 31, 2021 | PRINC | |
|--|-------|--------|
| Permanent staff | Male | Female |
| Staff (O1, O2) | | |
| <25 (Gen Z) | 57 | 268 |
| 25-40 (Gen Y) | 266 | 1161 |
| 41-55 (Gen X) | 133 | 314 |
| >55 (BB) | 12 | 28 |
| Supervisor (H1, H2) | | |
| <25 (Gen Z) | 0 | 0 |
| 25-40 (Gen Y) | 39 | 60 |
| 41-55 (Gen X) | 19 | 47 |
| >55 (BB) | 2 | 6 |
| Manager and Vice President (M1-M4) | | |
| <25 (Gen Z) | 0 | 0 |
| 25-40 (Gen Y) | 29 | 34 |
| 41-55 (Gen X) | 18 | 46 |
| >55 (BB) | 5 | 8 |
| Senior executive (Higher than Hospital Director) (C1-C4) | | |
| <25 (Gen Z) | 0 | 0 |
| 25-40 (Gen Y) | 1 | 0 |
| 41-55 (Gen X) | 7 | 5 |
| >55 (BB) | 7 | 0 |



3. Sustainability

3.2 Sustainability management in social dimension

Career guidance and promotion

Due to the COVID-19 outbreak in the past few years, the unemployment rate in Thailand in Q3/2021 was at 2.25%, a peak level since 2006. The Company has initiated the Duckling Employment project to increase the headcounts with no requirement of medical and healthcare degree and specialized skills but multi-tasking skills are required (source of project's name Duckling) to support the main task of medical personnel in various points such as vaccine service center, patient registration point, finance, call center, food delivery in the hospitals. Moreover, the Company also accepts the local youth who are not yet graduated and interested in volunteer work with extra income to learn about the various professionals in the hospital to be a guideline for their further education in the future. The staff in this project were trained how to work properly to reduce operational risk and the PPE and other necessary personal protection supplies were provided completely and sufficiently to work at each point at the hospital. There was 120 staff in the Duckling Employment Project.





3. Sustainability

Business Overview and Performance



3.2 Sustainability management in social dimension

Moreover, the hospital has initiated a short-term internship project for the students who are interested in studying in the Faculty of Medicine. Two students who participated in this internship project were admitted to study in the Faculty of Medicine at Rama Hospital, Mahidol University. This project is a part of future medical personnel fostering for Thai Healthcare.



3.2.2 Personnel Development

Respect equality and diversity

The Company employs personnel with various religions and nationalities including those who are Buddhist, Christian, and Muslim as well as Myanmar people and Filipino with the tendency of more nationality diversity after the COVID crisis. In the related meeting, there will be an assigned translator to translate and communicate the information to the foreign personnel. The Company has never received any complaints about sensitive issues like unfair treatment or discrimination in terms of religion and nationality



3. Sustainability

Business Overview and Performance



3.2 Sustainability management in social dimension

3.2.2 Personnel Development

Occupational health and security

The Company has a policy and guideline regarding working environment, occupational health, and security by having Occupational Health, Safety and Security Committee who is responsible to conduct ENV round to ensure the accuracy of the related policies and guidelines and appropriate working environment. Every hospital must have the following activities.

1. Annual health check-up with the checklist based on risk and service points.
2. Training about infection control and protection as well as how to wear the personal protection costume for the related job.





3. Sustainability

Business Overview and Performance

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3.2 Sustainability management in social dimension

3.2.2 Personnel Development

- 3. Adding occupational health and security topic in the orientation course for the new employee
- 4. Fire training and annual fire drill





3. Sustainability

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3.2 Sustainability management in social dimension

3.2.2 Personnel Development

Various hospitals in PRINC's network received the awards from the Occupational Health and Employee Welfare agency as follows:



Pitsanuvej Hospital was awarded as a National Level Distinguished Model Business Establishment for Safety, Occupational Health, and Workplace Environment for the year 2021(Diamond level) in the 6th year.



Pitsanuvej Hospital received a certificate of honor as a Model Business Establishment for Labor Relations and Welfare in the 11th year and Pitsanuvej Phichit Hospital received a certificate of honor for National-Level Distinguished Business Establishment in Labor Relations and Welfare for 2021 in the 1st year.





3. Sustainability

Business Overview and Performance



3.2 Sustainability management in social dimension

3.2.2 Personnel Development



Pitsanuvej Hospital received a certificate of honor (Gold Level) that was awarded under the Zero Accident Campaign in the 3rd year and Pitsanuvej Phichit received a certificate of Honor (Bronze level) in the 1st year from the same project.



Employee skill development

The COVID crisis led to fewer activities and training courses together with more assigned tasks thus, decreased the training hour per person significantly in the past 2 years. Only the compulsory training courses were held like Occupational Health and Security Course, Cyber Security and Personal Data Protection Course or Professional related course in Emergency Units such as Advanced Cardiovascular Life Support (ACLS) which was trained in-house and a total of 138 personnel also attended an external training course at Phramongkutklao Hospital.



3. Sustainability

Business Overview
and Performance

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3.2 Sustainability management in social dimension

3.2.2 Personnel Development

Moreover, in Q4/2021 the Company launched an Online Learning Platform namely PRINC Academy to serve the personnel in 2 hospitals included Princ Hospital Ubonratchathani and Princ Hospital Sisaket. The Company plans to expand access to all hospitals within Q2/2022.

The Company places importance on personal skill developments which help employees work smoothly and initiate the Dialogue to develop communication skills of various parts in the organization to reduce stress and conflict





3. Sustainability

3.2 Sustainability management in social dimension

3.2.2 Personnel Development

Employee welfare

Health welfare

- General welfare for the employees include annual health check-up, medical fee discount for the employees and their family
- During the 2 years of the COVID-19 outbreak, the hospitals have provided health insurance to the employee and discounts for an alternative vaccine for employees and their families as an additional welfare.
- Provide fingerroot extract in the form of capsule and drink to all employees in the hospital network
- Visit the sick personnel

Financial welfare

- Provide fingerroot extract in the form of capsule and drink to all employees in the hospital network
- Co-operate with banks to offer special borrowing rate to the employee (Previously only some hospitals provided this benefit. Currently it is in the process to deal with the banks to cover all hospitals in the network with more alternative banks).
- Additional payment for risk to the employee who works in the point with high risk during COVID-19 outbreak.
- Provide 377 scholarships worth Baht 678,000 to the children of the employee to relieve the financial burden of the family



3. Sustainability

Business Overview and Performance



3.2 Sustainability management in social dimension

3.2.2 Personnel Development



Employee welfare

Organization engagement activities



Media release the story of those who show the giver's mind in various forms for employee compliment and foster good culture as well as to enable them to link with the organization's mission.



Point collection program - P-Point will be earned from the good deed and the participation in the activities beyond their normal responsibilities for the success of the organization. The points are collected to exchange for gifts and other privileges.





3. Sustainability

Business Overview
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3.2 Sustainability management in social dimension

3.2.2 Personnel Development

Employee welfare

- Online coaching for employees to listen to their concern to relieve stress during crisis.



- The past 2-year period with the COVID-19 outbreak become a difficult period for the business, as it negatively affected the revenue, bonus, and salary adjustment of the employee and also negatively affected the number of employee resignations and employee bonding with the organization. The Company has conducted in depth analysis and employee bonding enhancement plan, for example, make a clear career advancement and succession plan, updating current salary structure to be more competitive that will be applied to all PRINC hospitals networks, arrange the activities in other forms to replace the employee bonding activities that could not be held during the outbreak etc.



3. Sustainability

3.2 Sustainability management in social dimension

3.2.2 Personnel Development



Employee welfare

Key indicators for social dimension

| Issue | Key indicator | Unit | 2019 | 2020 | 2021 |
|--|---|--------------------|--|-------------------------|-------------------------|
| Employment | Number of disabled people and/or underprivileged | person | 10 | 13 | 13 |
| Employee remuneration | Percentage of employee being a member of Provident Fund | % | 29.5 | 24.8 | 23.0 |
| Employee development | Employee development plan and activities | have / do not have | Annual training and development plan was developed based on the information from the training need survey and organization strategy as well as relevant law. | | |
| Employee development | Number of average training hour of the employee | Hour/person/year | 108 | 73 | 59 |
| Safety at work | Number of event or serious injury case from work led to the leave from work | Number of cases | 3 | 3 | 4 |
| Enhance relationship and employee engagement | Employee bonding with the organization evaluation result | % /total employee | 60.60% (4 hospitals) | 62.24% (5 hospitals) | 58.25% (9 hospitals) |
| Enhance relationship and employee engagement | % of employee who resigns voluntarily | percentage | 11.5 | 10.3 | 14.5 |
| Enhance relationship and employee engagement | Number of major labor dispute in the past year with the handling method | Number of cases | There was no labor dispute in the past 3 years and the Company complied with the regulations under the labor law | | |



3. Sustainability

Business Overview and Performance



3.2 Sustainability management in social dimension

3.2.3 Contribution in community development

The Company places importance on being a part and growing together with the community so the community caring concept is fostered as a part of the Company's mission with the plan to educate the Company's personnel to have a better understanding about community engagement and consideration of impact to the community. The Company arranged a field trip for the executives of every hospital to visit and learn about the work and operation of the Office of Social Enterprise Promotion to understand from the operational level. The Company also included community development as one of the key indicators for the 2022 organization plan to take concrete action.

In 2021, the Company allied with the partner with the specialization in community engagement to initiate the Creating Shared Value Project with the community by starting in Chumphon Province where Virajsilp Hospital is located. The Company co-operated with SATARANA group, a business for society. In February 2021, data are collected by community visits and making friends with the community leaders. However, the next step of the project was postponed to 2022 as a result of the COVID-19 outbreak.





3. Sustainability

Business Overview and Performance



3.2 Sustainability management in social dimension

3.2.3 Contribution in community development

During the COVID-19 outbreak, the first thing that the Company can do for the community is health-care. The activities were as follows:

- Expand COVID-19 screening capacity to the red zone area like Princ Hospital Suvarnabhumi in Samutprakarn Province. This service is provided daily with only 2 weeks closing to increase the capacity of the laboratory clinic and also expand the ward to support the new wave of the outbreak. In 2021, the hospitals in the network conducted COVID-19 screening around 160,000 cases.
- Urgently expand the ward for special patients, totaling 8 wards in the province where PRINC hospital is located to provide healthcare access for those who are sick from COVID-19. Combining with the existing wards, the Company was able to take care of more than 19,000 COVID-19 patients.
- Open field hospitals with the private network under the name “Light of Heart” Field Hospital in Samutprakarn Province and co-operated with Nakhonsawan municipal to open Putta Utayan Field Hospital to take care of a total of more than 11,000 patients.





3. Sustainability

Business Overview
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3.2 Sustainability management in social dimension

3.2.3 Contribution in community development



COVID screening with Antigen Test Kit (ATK) in the community, for example, at 24 markets in Bangna and Samutprakarn area, Nakhonsawan municipal, Pracha Uthit 17 community in Bangkok.



Provide vaccination to fragile group, the elders, and bedridden patients in many provinces.

“COVID-19 VACCINE” FREE

Give Love





3. Sustainability

Business Overview and Performance



3.2 Sustainability management in social dimension

3.2.3 Contribution in community development



Provide vaccination service within the hospital and in the department stores as well as in the community like Bangkaew community, Samutprakarn with total more than 200,000 doses.



Educate the community about COVID-19 infection.



Mobile healthcare service such as Cataract test, Liver disease test, Elderly health checkup, Bone mineral density test in every province that located Princ hospital network.





3. Sustainability

3.2 Sustainability management in social dimension

3.2.3 Contribution in community development



Teach first-aid and Cardio Pulmonary Resuscitation (CPR) to the schools and private company in the community of hospital network.



Provide COVID insurance to the Rescue Foundation Group of the hospital network.



Blood donation activities to donate blood to Thai Red Cross.





3. Sustainability

Business Overview and Performance



3.2 Sustainability management in social dimension

3.2.3 Contribution in community development

- Build a first aid room to the school in the community for example Ja Karn Boon School in Phitsanulok Province.
- Princ Integration Project is another example showing the Company's determination to grow with the community. "Integration" is compared with the weaving process to make the thread become a piece of cloth which means to combine the expertise and Company's mission with local wisdom to develop the local community. In the past year, the Company gave loincloth from Huayrob Temple Community, Uthaithani Province, and cotton towels from Baan Doncan community, Roi-et Province as a New Year gift and souvenirs on various occasions (please find more details at www.princhealth.com/psarn/ or Scan QR Code below)





3. Sustainability

3.2 Sustainability management in social dimension

3.2.3 Contribution in community development



With the belief that religion is a part to incubate a good heart, the Company has activities to promote Buddhism regularly. At the end of 2021, there were Kathina activities to build Satta Nakaraj 900 meters long at Puttachinvong Upasamaram Temple in Payao Province to be a place of meditation for the Buddhists. Moreover, the Company also encourages the executives to go for meditation to be able to cope with the crisis and relax stress from work.



The Company never had the serious disputes with the community in the past 3 years. In case there is any activities that may affect the community, the Company always co-ordinates with the community to discuss about the impact that may have from the activities before organizing such activities.



Business Overview and Performance



3. Sustainability

3.3 Sustainability management in economic dimension

There are 2 important issues in sustainability management in economic dimensions as follows:

3.3.1 Cyber Security and Personal Data Protection

A hospital business is a business with important personal data which are sickness history and medical treatment records. Therefore, the Company places importance on cyber security and personal data protection. With regard to cyber security, currently, firewall and website attack is being monitored regularly. And the Company starts using Huawei's technological structure which has cyber security standard certification such as ISO 27001:2013 Information Technology Security Standard.

ISO 29151:2017 Personal Data Protection Standard

CSA-STAR Security for Cloud System Standard

ISO 22301 Business Contingency Plan Management Standard

ISO 27799 Healthtech Security Standard etc. with strict backup information. In the past, the Company never had any damage from cyber attacks or personal data leaks.

However, with the increase in risk from a cyber attack in the healthcare business that happened continuously, the Company evaluates risk from time to time and improves cyber security standards to comply with The National Institute of Standards and Technology (NIST) of USA in 2022 to be in line with the organization's strategy to upgrade the accessibility of healthcare service with Health Technology.

Moreover, the Company is aware that all businesses operated with Cloud Technology. If there is a cyber-attack or any event that causes damage to the operating system, medical services will be affected. Business Contingency Plan (BCP) is created with the BCP test at least once a year to prepare the personnel to be ready to provide services in the unexpected event or the inability to use the operating system.



3. Sustainability

3.3 Sustainability management in economic dimension

3.3.1 Cyber Security and Personal Data Protection

In respect to Personal Data Protection according to the law, every PRINC hospital has a consent form every time of hiring in order to get permission from the employee for access to their personal data. The employee is required to keep the personal data of the patients according to the hospital standard. In 2021, the Company had online cyber security and personal data protection training course to support the effectiveness of the Personal Data Protection Act on June 1, 2022. Such a course is a compulsory course for all levels of employee. They must pass the test. As of February 28, 2022, 64% of the total employee attended this course.

3.3.2 Digital Transformation

With the change in context and customer expectation in all dimensions that follow the rapid change of the world, the hospital business is also required to adjust to keep up with such change and increase the competitiveness in the long run. The Company determines to bring in technology to upgrade and expand the accessibility to healthcare services. To build on the success of Princ Hospital Paknampo and Princ Hospital Suvarnabhumi were certified to have achieved the adoption of technology in the hospital business HIMSS Analytics Stage 7 and 6 respectively, the Company has a plan to expand such achievement to other hospitals in the network.

In 2021, apart from the development of digital products to respond to the needs of the patients, for example, vaccine certificate or COVID-19 screening certificate via Princ Health Application etc., the Company also held Workshop Digital Transformation: Enterprise Blueprint which more than 100 executives from the manager level to the senior executives level attended online more than 10 times with a total of 30 hours to get the business strategy to drive the Company toward sustainability in economic, social, and environmental dimensions having technology as a key supporting factor. The sample project from the workshop is Single Patient ID for every hospital in the network to improve the capability of the network to take care of the patient and support the referral in the future.



“

Our compassion is to support initiatives
to enhance people and society.

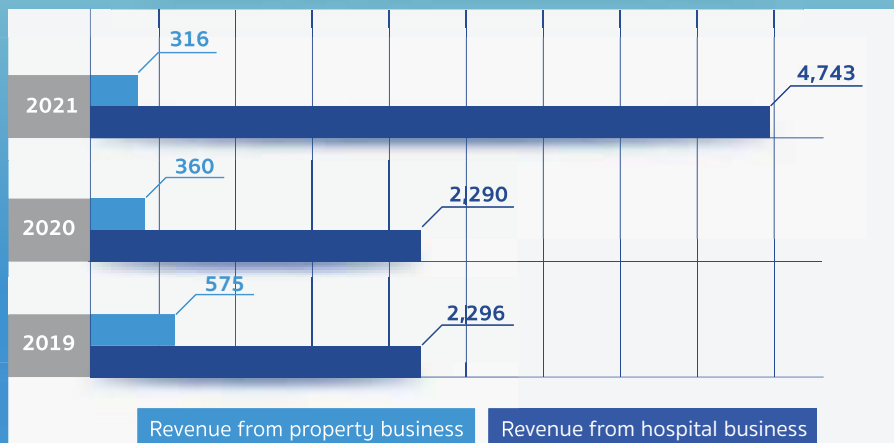
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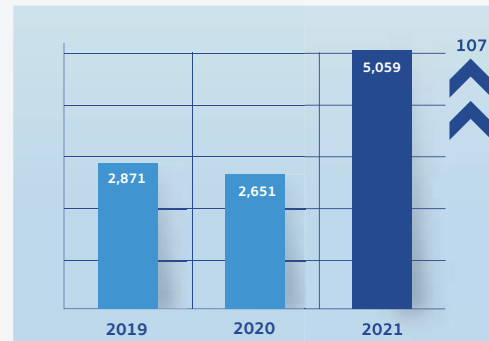
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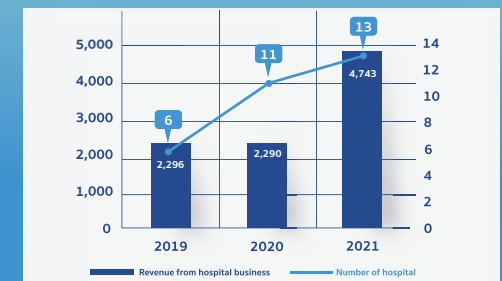
Revenue from main business (million Baht)



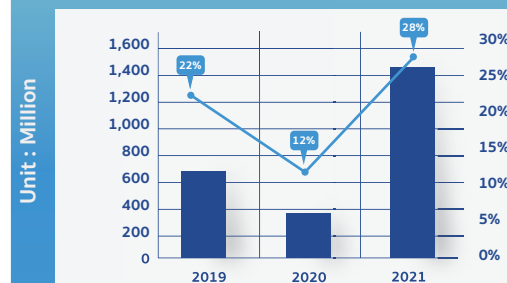
Total Revenue Revenue(million Baht)



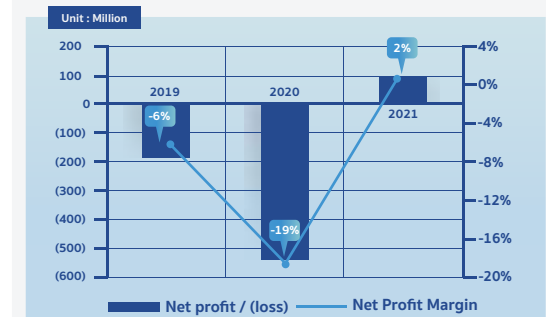
Revenue from Hospital Business



Gross Profit



Net profit / (loss)



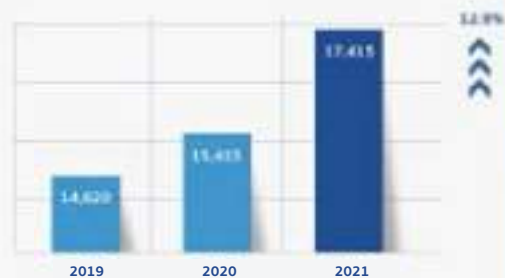


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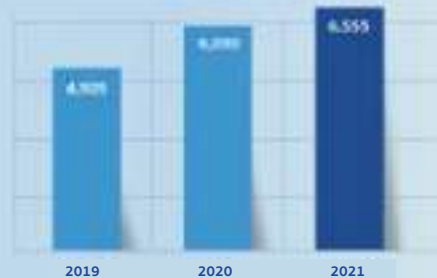
Business Overview and Performance



Total Assets (million Baht)



Total Liabilities (million Baht)



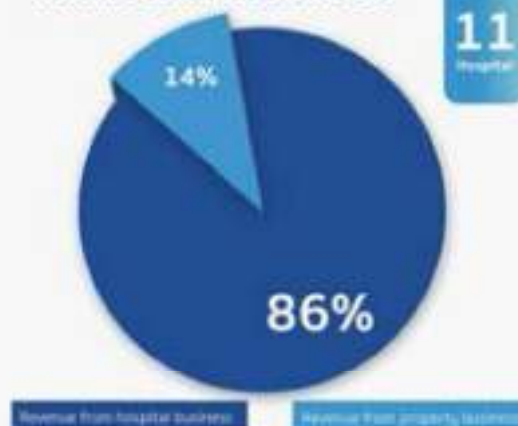
Shareholders' equity (million Baht)



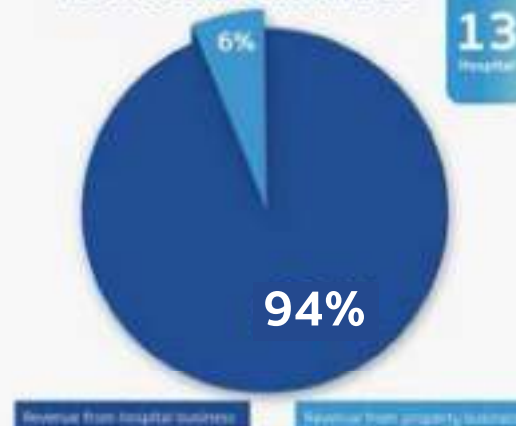
Debt/Equity Ratio



Revenue contribution in 2020



Revenue contribution in 2021





Financial Statements

Statement of Financial Position of Principal Capital Public Company Limited and it Subsidiaries
As of December 31

| Unit : Baht in Thousand | Consolidated Financial Statement | | | | | | Separated Financial Statement | | | | | |
|--|----------------------------------|--------------|----------------|-------------|------------------|-------------|-------------------------------|-------------|----------------|-------------|------------------|--------------|
| | 2021 | | 2020 | | 2019 | | 2021 | | 2020 | | 2019 | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Assets | | | | | | | | | | | | |
| Current assets | | | | | | | | | | | | |
| Cash and cash equivalents | 488,648 | 2.81 | 176,319 | 1.14 | 395,865 | 2.71 | 164,044 | 1.15 | 20,859 | 0.16 | 53,080 | 0.41 |
| Financial assets measured at fair value through profit or loss | 400,466 | 2.30 | 34,007 | 0.22 | - | - | 400,458 | 2.82 | 18,000 | 0.14 | - | - |
| Short-term fixed deposits | 1,405 | 0.01 | 1,388 | 0.01 | - | - | - | - | - | - | - | - |
| Short-term investments | - | - | - | - | 525,827 | 3.60 | - | - | - | - | 484,568 | 3.72 |
| Restricted deposits at a financial institution - currents | 360 | 0.00 | 5,000 | 0.03 | 5,000 | 0.03 | - | - | 5,000 | 0.04 | 5,000 | 0.04 |
| Trade receivables, other receivables and prepayments, net | 1,680,694 | 9.65 | 342,837 | 2.22 | 233,450 | 1.60 | 792,737 | 5.58 | 49,513 | 0.39 | 48,066 | 0.37 |
| Current portion of receivables-under lease agreement, net | - | - | - | - | - | - | 1,731 | 0.01 | 1,670 | 0.01 | 1,611 | 0.01 |
| Short-term loans to a subsidiaries | - | - | - | - | - | - | - | - | 10 | 0.00 | 1,355,989 | 10.42 |
| Short-term loan to third party | - | - | - | - | 39,044 | 0.27 | - | - | - | - | 39,044 | 0.30 |
| Inventories, net | 128,868 | 0.74 | 71,903 | 0.47 | 59,120 | 0.40 | 27,807 | 0.20 | 6,013 | 0.05 | 5,059 | 0.04 |
| Other current assets | 12,705 | 0.07 | 18,604 | 0.12 | 54,495 | 0.37 | 2,892 | 0.02 | 4,281 | 0.03 | 12,505 | 0.10 |
| Non-current assets held-for-sale | 1,010,754 | 5.80 | - | - | - | - | - | - | - | - | - | - |
| Total current assets | 3,723,900 | 21.38 | 650,058 | 4.22 | 1,312,801 | 8.98 | 1,389,669 | 9.77 | 105,346 | 0.83 | 2,004,922 | 15.40 |
| Non-current assets | | | | | | | | | | | | |
| Restricted deposits at a financial institutions | 2,804 | 0.02 | 2,803 | 0.02 | 2,800 | 0.02 | - | - | - | - | - | - |



Financial Statements

Business Overview and Performance



| Unit : Baht in Thousand | Consolidated Financial Statement | | | | | | Separated Financial Statement | | | | | |
|---|----------------------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------------------|---------------|-------------------|---------------|-------------------|---------------|
| | 2021 | | 2020 | | 2019 | | 2021 | | 2020 | | 2019 | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Receivables under finance lease, net | - | - | - | - | - | - | 3,342 | 0.02 | 5,074 | 0.04 | 6,744 | 0.05 |
| Investment in an associate | 373 | 0.00 | 300 | 0.00 | 411 | 0.00 | - | - | - | - | - | - |
| Investment in subsidiaries | - | - | - | - | - | - | 8,012,155 | 56.35 | 7,976,853 | 62.84 | 7,963,253 | 61.17 |
| Financial assets measured at fair value through profit or loss | 330 | 0.00 | 330 | 0.00 | - | - | 330 | 0.00 | 330 | 0.00 | - | - |
| Long-term investments | - | - | - | - | 330 | 0.00 | - | - | - | - | 330 | 0.00 |
| Long-term loans to subsidiaries | - | - | - | - | - | - | 2,821,573 | 19.84 | 2,629,296 | 20.71 | - | - |
| Investment property, net | 136,472 | 0.78 | 1,155,055 | 7.49 | 1,576,376 | 10.78 | - | - | - | - | - | - |
| Property, plant and equipment, net | 11,058,733 | 63.50 | 10,987,585 | 71.28 | 9,896,170 | 67.69 | 1,882,101 | 13.24 | 1,848,742 | 14.57 | 3,033,819 | 23.31 |
| Intangible assets, net | 245,676 | 1.41 | 286,875 | 1.86 | 93,977 | 0.64 | 3,778 | 0.03 | 2,922 | 0.02 | 4,631 | 0.04 |
| Right-of-use assets, net | 347,077 | 1.99 | 425,305 | 2.76 | - | - | 98,777 | 0.69 | 116,668 | 0.92 | - | - |
| Leasehold rights | - | - | - | - | 26,513 | 0.18 | - | - | - | - | - | - |
| Goodwill | 1,823,978 | 10.47 | 1,823,978 | 11.83 | 1,657,153 | 11.33 | - | - | - | - | - | - |
| Deferred tax assets | 13,383 | 0.08 | 11,524 | 0.07 | 23,278 | 0.16 | - | - | - | - | - | - |
| Other non-current assets | 62,623 | 0.36 | 71,298 | 0.46 | 30,236 | 0.21 | 6,353 | 0.04 | 7,723 | 0.06 | 3,534 | 0.03 |
| Total non-current assets | 13,691,450 | 78.62 | 14,765,053 | 95.78 | 13,307,244 | 91.02 | 12,828,410 | 90.23 | 12,587,608 | 99.17 | 11,012,311 | 84.60 |
| Total assets | 17,415,350 | 100.00 | 15,415,111 | 100.00 | 14,620,045 | 100.00 | 14,218,079 | 100.00 | 12,692,954 | 100.00 | 13,017,233 | 100.00 |
| Liabilities and equity | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | |
| Short-term borrowing from financial institutions | - | - | - | - | 50,011 | 0.34 | - | - | - | - | - | - |
| Trade and other payables | 729,769 | 4.19 | 921,420 | 5.98 | 485,985 | 3.32 | 200,505 | 1.41 | 100,270 | 0.79 | 91,470 | 0.70 |
| Advances received from customer | 657,502 | 3.78 | 32,882 | 0.23 | 36,797 | 0.25 | 210,109 | 1.48 | 1,846 | 0.01 | 10,560 | 0.08 |
| Short-term borrowings from related parties | 287,271 | 1.65 | 298,258 | 1.93 | 348,416 | 2.38 | 520,132 | 3.66 | 482,382 | 3.80 | 1,886,111 | 14.49 |
| Current portion of finance lease liabilities | 84,471 | 0.49 | 68,709 | 0.45 | 64,812 | 0.44 | 34,594 | 0.24 | 29,294 | 0.23 | 27,249 | 0.21 |
| Current portion of long-term borrowings from financial institutions | 328,105 | 1.88 | 273,323 | 1.77 | 260,325 | 1.78 | 274,156 | 1.93 | 181,467 | 1.43 | 95,611 | 0.73 |



Financial Statements

Business Overview and Performance



| Unit : Baht in Thousand | Consolidated Financial Statement | | | | | | Separated Financial Statement | | | | | |
|--|----------------------------------|--------------|------------------|--------------|------------------|--------------|-------------------------------|--------------|------------------|--------------|------------------|--------------|
| | 2021 | | 2020 | | 2019 | | 2021 | | 2020 | | 2019 | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Current portion of promissory notes from a related party | - | - | 120,973 | 0.78 | 539,338 | 3.69 | - | - | 120,973 | 0.95 | 539,338 | 4.14 |
| Income tax payable | 76,164 | 0.44 | 9,474 | 0.06 | 15,458 | 0.11 | 52,100 | 0.37 | 720 | 0.01 | - | - |
| Deposits received from customers – current | 45,442 | 0.26 | 29,444 | 0.19 | 24,638 | 0.17 | - | - | - | - | 7,187 | 0.06 |
| Other current liabilities | 95,034 | 0.55 | 92,596 | 0.60 | 92,631 | 0.63 | 22,615 | 0.16 | 18,132 | 0.14 | 6,446 | 0.05 |
| Total current liabilities | 2,303,758 | 13.23 | 1,849,079 | 12.00 | 1,918,411 | 13.12 | 1,314,212 | 9.24 | 935,084 | 7.37 | 2,663,972 | 20.46 |
| Non-current liabilities | | | | | | | | | | | | |
| Financial lease liabilities | 164,275 | 0.94 | 224,059 | 1.45 | 204,918 | 1.40 | 49,585 | 0.35 | 82,104 | 0.65 | 90,692 | 0.70 |
| Long-term borrowings from financial institutions | 3,490,899 | 20.04 | 3,406,617 | 22.10 | 2,267,471 | 15.51 | 2,012,778 | 14.16 | 2,170,080 | 17.10 | 1,457,763 | 11.20 |
| Long-term borrowings from related parties | - | - | - | - | - | - | - | - | 300,000 | 2.36 | - | - |
| Advances received from customers | - | - | 19,070 | 0.12 | 24,479 | 0.17 | - | - | - | - | - | - |
| Deposits received from customers | 371,649 | 2.13 | 382,868 | 2.48 | 333,880 | 2.28 | 156,677 | 1.10 | 158,365 | 1.25 | 164,789 | 1.27 |
| Deferred tax liabilities | 151,643 | 0.87 | 144,586 | 0.94 | 117,847 | 0.81 | 23,980 | 0.17 | 21,079 | 0.17 | 18,535 | 0.14 |
| Employee benefit obligations | 53,735 | 0.31 | 46,675 | 0.30 | - | - | - | - | - | - | - | - |
| Hospital acquisition payables | 18,937 | 0.11 | 17,240 | 0.11 | 41,812 | 0.29 | 1,493 | 0.01 | 7,295 | 0.06 | 17,437 | 0.13 |
| Other non-current liabilities | 4,251,137 | 24.41 | 4,241,115 | 27.51 | 2,990,407 | 20.45 | 2,244,513 | 15.79 | 2,739,922 | 21.59 | 1,749,216 | 13.44 |
| Total non-current liabilities | 6,554,895 | 37.64 | 6,090,194 | 39.51 | 4,908,818 | 33.58 | 3,558,726 | 25.03 | 3,675,006 | 28.95 | 4,413,189 | 33.90 |
| Equity | | | | | | | | | | | | |
| Issued and paid up share capital | 3,808,570 | 21.87 | 3,462,337 | 22.46 | 3,462,337 | 23.68 | 3,808,570 | 26.79 | 3,462,337 | 27.28 | 3,462,337 | 26.60 |
| Premium on share capital | 6,233,379 | 35.79 | 5,163,517 | 33.50 | 5,163,517 | 35.32 | 6,233,378 | 43.84 | 5,163,517 | 40.68 | 5,163,517 | 39.67 |
| Retained earnings (deficits) | | | | | | | | | | | | |
| Appropriated – legal reserve | 73,001 | 0.42 | 61,736 | 0.40 | 44,200 | 0.30 | 73,001 | 0.51 | 61,736 | 0.49 | 44,200 | 0.34 |
| Unappropriated | (1,076,663) | (6.18) | (1,155,337) | (7.49) | (626,349) | (4.28) | 544,401 | 3.83 | 330,358 | 2.60 | (66,010) | (0.51) |
| Other components of equity | 769,890 | 4.42 | 764,873 | 4.96 | 766,023 | 5.24 | - | - | - | - | - | - |
| Equity attributable to owners of the parent | 9,808,178 | 56.32 | 8,297,126 | 53.83 | 8,809,728 | 60.26 | 10,659,353 | 74.97 | 9,017,948 | 71.05 | 8,604,044 | 66.10 |



Financial Statements

Business Overview and Performance



| Unit : Baht in Thousand | Consolidated Financial Statement | | | | | | Separated Financial Statement | | | | | |
|--|----------------------------------|--------------|------------------|--------------|------------------|--------------|-------------------------------|--------------|------------------|--------------|------------------|--------------|
| | 2021 | | 2020 | | 2019 | | 2021 | | 2020 | | 2019 | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Current portion of promissory notes from a related party | - | - | 120,973 | 0.78 | 539,338 | 3.69 | - | - | 120,973 | 0.95 | 539,338 | 4.14 |
| Income tax payable | 76,164 | 0.44 | 9,474 | 0.06 | 15,458 | 0.11 | 52,100 | 0.37 | 720 | 0.01 | - | - |
| Deposits received from customers – current | 45,442 | 0.26 | 29,444 | 0.19 | 24,638 | 0.17 | - | - | - | - | 7,187 | 0.06 |
| Other current liabilities | 95,034 | 0.55 | 92,596 | 0.60 | 92,631 | 0.63 | 22,615 | 0.16 | 18,132 | 0.14 | 6,446 | 0.05 |
| Total current liabilities | 2,303,758 | 13.23 | 1,849,079 | 12.00 | 1,918,411 | 13.12 | 1,314,212 | 9.24 | 935,084 | 7.37 | 2,663,972 | 20.46 |
| Non-current liabilities | | | | | | | | | | | | |
| Financial lease liabilities | 164,275 | 0.94 | 224,059 | 1.45 | 204,918 | 1.40 | 49,585 | 0.35 | 82,104 | 0.65 | 90,692 | 0.70 |
| Long-term borrowings from financial institutions | 3,490,899 | 20.04 | 3,406,617 | 22.10 | 2,267,471 | 15.51 | 2,012,778 | 14.16 | 2,170,080 | 17.10 | 1,457,763 | 11.20 |
| Long-term borrowings from related parties | - | - | - | - | - | - | - | - | 300,000 | 2.36 | - | - |
| Advances received from customers | - | - | 19,070 | 0.12 | 24,479 | 0.17 | - | - | - | - | - | - |
| Deposits received from customers | 371,649 | 2.13 | 382,868 | 2.48 | 333,880 | 2.28 | 156,677 | 1.10 | 158,365 | 1.25 | 164,789 | 1.27 |
| Deferred tax liabilities | 151,643 | 0.87 | 144,586 | 0.94 | 117,847 | 0.81 | 23,980 | 0.17 | 21,079 | 0.17 | 18,535 | 0.14 |
| Employee benefit obligations | 53,735 | 0.31 | 46,675 | 0.30 | - | - | - | - | - | - | - | - |
| Hospital acquisition payables | 18,937 | 0.11 | 17,240 | 0.11 | 41,812 | 0.29 | 1,493 | 0.01 | 7,295 | 0.06 | 17,437 | 0.13 |
| Other non-current liabilities | 4,251,137 | 24.41 | 4,241,115 | 27.51 | 2,990,407 | 20.45 | 2,244,513 | 15.79 | 2,739,922 | 21.59 | 1,749,216 | 13.44 |
| Total non-current liabilities | 6,554,895 | 37.64 | 6,090,194 | 39.51 | 4,908,818 | 33.58 | 3,558,726 | 25.03 | 3,675,006 | 28.95 | 4,413,189 | 33.90 |
| Equity | | | | | | | | | | | | |
| Issued and paid up share capital | 3,808,570 | 21.87 | 3,462,337 | 22.46 | 3,462,337 | 23.68 | 3,808,570 | 26.79 | 3,462,337 | 27.28 | 3,462,337 | 26.60 |
| Premium on share capital | 6,233,379 | 35.79 | 5,163,517 | 33.50 | 5,163,517 | 35.32 | 6,233,378 | 43.84 | 5,163,517 | 40.68 | 5,163,517 | 39.67 |
| Retained earnings (deficits) | | | | | | | | | | | | |
| Appropriated – legal reserve | 73,001 | 0.42 | 61,736 | 0.40 | 44,200 | 0.30 | 73,001 | 0.51 | 61,736 | 0.49 | 44,200 | 0.34 |
| Unappropriated | (1,076,663) | (6.18) | (1,155,337) | (7.49) | (626,349) | (4.28) | 544,401 | 3.83 | 330,358 | 2.60 | (66,010) | (0.51) |
| Other components of equity | 769,890 | 4.42 | 764,873 | 4.96 | 766,023 | 5.24 | - | - | - | - | - | - |
| Equity attributable to owners of the parent | 9,808,178 | 56.32 | 8,297,126 | 53.83 | 8,809,728 | 60.26 | 10,659,353 | 74.97 | 9,017,948 | 71.05 | 8,604,044 | 66.10 |



Financial Statements

Business Overview and Performance



| Unit : Baht in Thousand | Consolidated Financial Statement | | | | | | Separated Financial Statement | | | | | |
|------------------------------|----------------------------------|--------|------------|--------|------------|--------|-------------------------------|--------|------------|--------|------------|--------|
| | 2021 | | 2020 | | 2019 | | 2021 | | 2020 | | 2019 | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Non-controlling interests | 1,052,277 | 6.04 | 1,027,791 | 6.67 | 901,499 | 6.17 | - | - | - | - | - | - |
| Total equity | 10,860,455 | 62.36 | 9,324,917 | 60.50 | 9,711,227 | 66.42 | 10,659,353 | 74.97 | 9,017,948 | 71.05 | 8,604,044 | 66.10 |
| Total liabilities and equity | 17,415,350 | 100.00 | 15,415,111 | 100.00 | 14,620,045 | 100.00 | 14,218,079 | 100.00 | 12,692,954 | 100.00 | 13,017,233 | 100.00 |



Financial Statements

Business Overview and Performance



Statement of Comprehensive Income of Principal Capital Public Company Limited and it Subsidiaries For the year ended December 31

| Unit : Baht in Thousand | Consolidated Financial Statement | | | | | | Seperated Financial Statement | | | | | |
|---|----------------------------------|-------------|------------------|----------------|------------------|---------------|-------------------------------|--------------|----------------|---------------|------------------|----------------|
| | 2021 | | 2020 | | 2019 | | 2021 | | 2020 | | 2019 | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Revenue from hospital operations | 4,742,678 | 93.75 | 2,290,329 | 86.40 | 2,296,171 | 79.97 | 1,370,517 | 95.84 | 184,675 | 52.38 | 227,379 | 44.05 |
| Revenue from sale and services | 316,097 | 6.25 | 360,377 | 13.60 | 575,270 | 20.03 | 59,490 | 4.15 | 167,890 | 47.62 | 288,754 | 55.95 |
| Cost of hospital operations | (3,389,283) | (67.00) | (2,025,166) | (76.40) | (1,879,283) | (65.45) | (821,272) | (57.43) | (261,760) | (74.24) | (251,700) | (48.77) |
| Costs of sales and services | (254,853) | (5.04) | (307,009) | (11.58) | (353,286) | (12.30) | (39,699) | (2.78) | (118,739) | (33.68) | (137,816) | (26.70) |
| Gross profit (loss) | 1,414,639 | 27.96 | 318,531 | 12.02 | 638,872 | 22.25 | 569,036 | 39.79 | (27,934) | (7.92) | 126,617 | 24.53 |
| Other income | 61,904 | 1.22 | 59,685 | 2.25 | 46,890 | 1.63 | 101,193 | 7.08 | 94,047 | 26.68 | 30,703 | 5.95 |
| Gain on disposal of a business unit | - | - | - | - | - | - | - | - | 704,703 | 199.88 | - | - |
| Gain on bargain purchase | - | - | 30,696 | 1.16 | - | - | - | - | - | - | - | - |
| Gain on disposal of investment in subsidiaries | - | - | 17,0798 | 0.64 | 240,375 | 8.37 | - | - | - | - | (45,000) | (8.72) |
| Selling expenses | (61,655) | (1.22) | (56,160) | (2.12) | (66,870) | (2.33) | (11,658) | (0.28) | (13,377) | (3.79) | (20,485) | (3.97) |
| Administrative expenses | (1,059,461) | (20.94) | (714,666) | (26.96) | (842,341) | (29.34) | (283,110) | (19.80) | (207,623) | (58.89) | (250,915) | (48.61) |
| Other expenses | (15,011) | (0.30) | (15,780) | (0.60) | (16,965) | (0.59) | - | - | - | - | - | - |
| Finance costs (loss) | (146,638) | (2.90) | (132,591) | (5.00) | (153,190) | (5.33) | (84,437) | (5.90) | (115,066) | (32.64) | (100,982) | (19.57) |
| Share of profit from an associate | 73 | 0.00 | (111) | (0.00) | 161 | 0.01 | - | - | - | - | - | - |
| Profit (loss) before income tax expenses | 193,852 | 3.83 | (493,318) | (18.61) | (153,069) | (5.33) | 291,023 | 20.35 | 434,751 | 123.31 | (260,061) | (50.39) |
| Income tax (expense) income | (100,973) | (2.00) | (44,174) | (1.67) | (2,434) | (0.08) | (65,714) | (4.60) | (18,019) | (5.11) | 5,814 | 1.13 |
| Profit (Loss) from continuing operations | 92,878 | 1.84 | (537,493) | (20.28) | (155,503) | (5.42) | 225,309 | 15.76 | 416,732 | 118.20 | (254,247) | (49.26) |
| Loss from discontinued operations | - | - | - | - | (31,439) | (1.09) | - | - | - | - | - | - |
| Profit (Loss) for the year | 92,878 | 1.84 | (537,493) | (20.28) | (186,942) | (6.51) | 225,309 | 15.76 | 416,732 | 118.20 | (254,247) | (49.26) |
| Other comprehensive income (expense) | | | | | | | | | | | | |
| Remeasurements of employee benefit obligations | 13,204 | 0.26 | 293 | 0.01 | 4,155 | 0.14 | - | - | (3,535) | (1.00) | 1,406 | 0.27 |

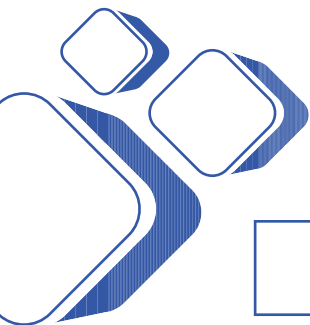


Financial Statements

Business Overview and Performance



| Unit : Baht in Thousand | Consolidated Financial Statement | | | | | | Seperated Financial Statement | | | | | |
|--|----------------------------------|-------------|------------------|----------------|------------------|---------------|-------------------------------|--------------|----------------|---------------|------------------|----------------|
| | 2021 | | 2020 | | 2019 | | 2021 | | 2020 | | 2019 | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| Deferred income tax on Premeasurements of employee benefit obligations | (2,641) | (0.05) | (59) | (0.00) | (831) | (0.03) | - | - | 707 | 0.20 | (281) | (0.05) |
| Items that will not be reclassified to profit or loss | 10,563 | 0.21 | 234 | 0.01 | 3,324 | 0.12 | - | - | (2,828) | (0.80) | 1,125 | 0.22 |
| Other comprehensive income (expense) for the year, net of tax | 10,563 | 0.21 | 234 | 0.01 | 3,324 | 0.12 | - | - | (2,828) | (0.80) | 1,125 | 0.22 |
| Total comprehensive income (expense) for the year | 103,441 | 2.04 | (537,258) | (20.27) | (183,618) | (6.39) | 225,309 | 15.76 | 413,904 | 117.40 | (253,122) | (49.04) |
| Other comprehensive income | | | | | | | | | | | | |
| Profit (loss) attributable to: Owner of the parent | 79,376 | 1.57 | (511,686) | (19.30) | (181,717) | (6.33) | 225,309 | 15.76 | 416,732 | 118.20 | (254,247) | (49.26) |
| Non-controlling interests | 13,502 | 0.27 | (25,806) | (0.97) | (5,225) | (0.18) | - | - | - | - | - | - |
| | 92,878 | 1.84 | (537,493) | (20.28) | (186,942) | (6.51) | 225,309 | 15.76 | 416,732 | 118.20 | (254,247) | (49.26) |
| Total comprehensive income (expense) attributable to | | | | | | | | | | | | |
| Owner of the parent | 89,939 | 1.78 | (511,452) | (19.29) | (178,726) | (6.22) | 225,309 | 15.76 | 413,904 | 117.40 | (253,122) | (49.04) |
| Non-controlling interests | 13,502 | 0.27 | (25,806) | (0.97) | (4,892) | (0.17) | - | - | - | - | - | - |
| | 103,441 | 2.04 | (537,258) | (20.28) | (183,618) | (6.39) | 225,309 | 15.76 | 413,904 | 117.40 | (253,122) | (49.04) |
| Earnings (loss) per share (Baht) | 0.022 | | (0.148) | | (0.056) | | 0.061 | | 0.12 | | (0.078) | |



Financial Statements

Principal Capital Public Company Limited and it Subsidiaries
Summary of Statement of Cash Flow
For the Year ended December 31

| Unit : Baht in Thousand | Consolidated Financial Statement | | | Separated Financial Statement | | |
|--|----------------------------------|-------------|-----------|-------------------------------|-----------|-------------|
| | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 |
| Cash flows from operating activities | 63,085 | (158,153) | 193,019 | (110,590) | (308,586) | (79,702) |
| Cash flows from investing activities | (1,175,599) | (1,119,975) | (400,965) | (678,867) | 994,316 | (1,708,802) |
| Cash flows from financing activities | 1,424,843 | 1,058,582 | 161,906 | 932,642 | (717,951) | 1,749,774 |
| Net increase (decrease) in cash and cash equivalents | 312,329 | (219,546) | (46,040) | 143,185 | (32,221) | (38,730) |
| Cash and cash equivalents at the beginning of the year | 176,319 | 395,865 | 441,905 | 20,859 | 53,080 | 91,810 |
| Cash and cash equivalents at the end of the year | 488,648 | 176,319 | 395,865 | 164,044 | 20,859 | 53,080 |

Significant Financial Ratio

| Key Financial Ratio | Unit | Consolidated Financial Statement | | | Separated Financial Statement | | |
|-------------------------------|------|----------------------------------|---------|---------|-------------------------------|--------|---------|
| | | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 |
| Liquidity Ratio | | | | | | | |
| Current Ratio | Time | 1.62 | 0.35 | 0.68 | 1.06 | 0.11 | 0.75 |
| Quick Ratio | Time | 1.12 | 0.30 | 0.60 | 1.03 | 0.09 | 0.22 |
| Activity Ratio | | | | | | | |
| Accounts Receivables turnover | Time | 8.72 | 12.44 | 17.76 | 5.11 | 8.45 | 14.97 |
| Average collection period | Day | 42 | 29 | 21 | 71 | 43 | 24 |
| Fixed assets turnover | Time | 0.46 | 0.26 | 0.34 | 0.82 | 0.18 | 0.19 |
| Accounts payable turnover | Time | 19.79 | 15.45 | 16.60 | 25.24 | 15.90 | 15.00 |
| Average payment period | Day | 18 | 24 | 22 | 14 | 23 | 24 |
| Cash cycle | Day | 33 | 16 | 7 | 64 | 26 | 5 |
| Inventory turnover | Time | 36.30 | 35.60 | 41.08 | 50.91 | 68.73 | 71.14 |
| Average selling period | Day | 10 | 10 | 9 | 7 | 5 | 5 |
| Total assets turnover | Time | 0.31 | 0.21 | 0.22 | 0.11 | 0.03 | 0.04 |
| Profitability Ratio | | | | | | | |
| Gross profit margin | % | 27.96 | 12.02 | 22.25 | 39.79 | (7.92) | 24.53 |
| Net profit margin | % | 1.55 | (18.55) | (5.75) | 14.71 | 93.31 | (46.49) |
| Return on equity | % | 0.88 | (5.98) | (2.15) | 2.29 | 4.73 | (3.07) |
| Return on assets | % | 0.57 | (3.58) | (1.29) | 1.67 | 3.24 | (2.08) |
| Financial Policy Ratio | | | | | | | |
| Debt to equity ratio | Time | 0.67 | 0.73 | 0.56 | 0.33 | 0.41 | 0.51 |
| Debt ratio | Time | 0.38 | 0.40 | 0.34 | 0.25 | 0.29 | 0.34 |
| Interest coverage ratio | Time | 1.68 | 0.42 | 2.61 | (0.22) | (1.01) | 0.06 |
| Debt service coverage ratio | Time | 0.05 | (0.06) | 0.00 | 0.11 | 0.15 | (0.04) |
| Information per share | | | | | | | |
| Basic Profit (loss) per share | Baht | 0.022 | (0.148) | (0.056) | 0.061 | 0.120 | (0.078) |
| Book value per share | Baht | 2.58 | 2.40 | 2.54 | 2.80 | 2.60 | 2.49 |



Business Overview and Performance

4. Management Discussion and Analysis

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

For 2022, the hospital business continues to have a positive impact on the spread of Covid-19 in the country for at least 6 months. This will be an important factor affecting the hospital business in terms of revenue from medical treatment for infected patients and providing vaccination against such diseases. However, the overall situation will be better than 2021, with the situation may return to a more normal life. This will allow normal patients to start returning to the hospital more. Both in patients with congenital disease and pediatric patients, which have decreased from normal in the past 2 years.

Moreover, businesses still have to prepare to cope with the changes after the spread of Covid-19 to deal with increasingly uncertain situations. As well as to consider the introduction of medical technology or Health Tech to be used in hospital management and in the treatment of patients including providing more convenience to patients. As well as expanding the customer base who use the service into the local community level and expanding the services to be more diverse to respond the treatment and patients' need.

For the healthcare business of the Company in 2021, the revenue growth mostly came from the number of inpatients and outpatients as a result of the severe spread of Covid-19 causing the number of daily infections to increase and from Covid-19 related services i.e., Covid-19 screening test, admission of Covid-19 patients both the patients who received the screening from all hospitals in the group, field hospitals, and hospitals. The revenue stream also came from selling alternative Covid-19 vaccines and providing vaccination service for the public. In the last quarter of 2021 in November, businesses also have additional support from travelers as the relaxation of the government's lockdown measures has improved economic activities and the permission for tourists from low- risk countries without quarantine (Test and GO), has brought back both domestic and foreign patients. As a result, the revenue of all hospitals in the group amounted 2,452.3 million Baht (107.1%), especially the revenue contribution of Princ Hospital Suvarnabhumi of 1,183.7 million Baht (641.0%) which is higher compared to that period of last year.



4. Management Discussion and Analysis

Business Overview
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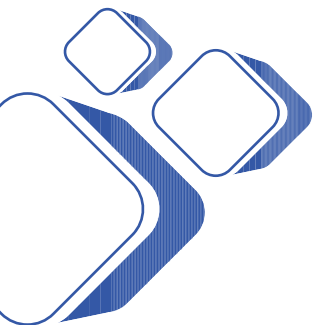
For the real estate business of the Company, since the beginning of 2020, when the Covid-19 pandemic started, our business has continuously experienced a negative impact due to the Covid-19 outbreak that occur in many areas around the world and in Thailand this results in control and restrictions on both domestic and international travel, including new normal lifestyle. As a result, the revenue of hotel business significantly decreased 34.5 million Baht or 14.85% compared to 2020. Because in the first quarter of 2020, continues to operate normally. But after the government announced the relaxation of measures a permission for foreign tourists from low- risk countries without quarantine tourists effective on November 1, 2021 cancel a nighttime curfew in all areas and measures to promote Thai tourism, resulting in the last quarter of 2021 the revenue in hotel business increased 15.9 million baht or 35.69% compared to that period of 2020. The Company expects that in 2022 after more widespread distribution of vaccines. As a result, the number of foreign and Thai travelers has continued to increase. This will make the hotel business will have a rising trend of post pandemic recovery.

Major developments in Year 2021

On 28 March 2021, the Company has opened a new hospital of Principal Healthcare - Lamphun Company Limited, PRINC Hospital Lamphun, with 59-bed and extended its operation of specialized medical departments including innovative tools and medical equipment in response to the expanding city and support social security patients. PRINC Hospital Lamphun will provide comprehensive medical services which will give people in Lamphun and Chiangmai access to better public health system together with connecting to the medical network for reffering specialists in the northern area.

On 1 April 2021, the Company has opened the PRINC Hospital Sisaket, the second private hospital in Sisaket province, a 59-bed hospital with medical services to provide people easy access to treatment and help alleviate the congestion of the large hospitals. It is also an alternative treatment for people in the area and nearby provinces including neighboring countries such as Cambodia, and encouraging medical personnel to work in their home provinces. Furthermore, it is providing the opportunities to the employees who working in different areas are able to earn the same income as working in a major city and return to work at their own hometown.

On 25 May 2021, the Company sold and received the payment of THB 346.23 million newly - issued ordinary shares from RATCH Group Public Company Limited (RATCH) which is the newly- issued ordinary shares approved by AGM 2021 held on 26 April 2021 under the General Mandate basis. The offering price is THB 4.09 per share (comparing with volume weighted average price of the Company's shares on the Stock Exchange of Thailand for the past 15 consecutive business days prior to the first offering date of the newly-issued ordinary shares to RATCH (i.e. 25 May 2021) at the price of THB 4.45 per share, the offering price of the newly-issued ordinary shares is the price having discount from the market price of 8.13 percent) which accounts for the total amount of THB 1,416.1 million. The payment was divided into the par value and the share premium of 346.2 and 1,069.9 million Baht, respectively. The Company has completed the registration of the increase in the Company's paid-up capital with the Department of Business Development, Ministry of Commerce on 25 May 2021.



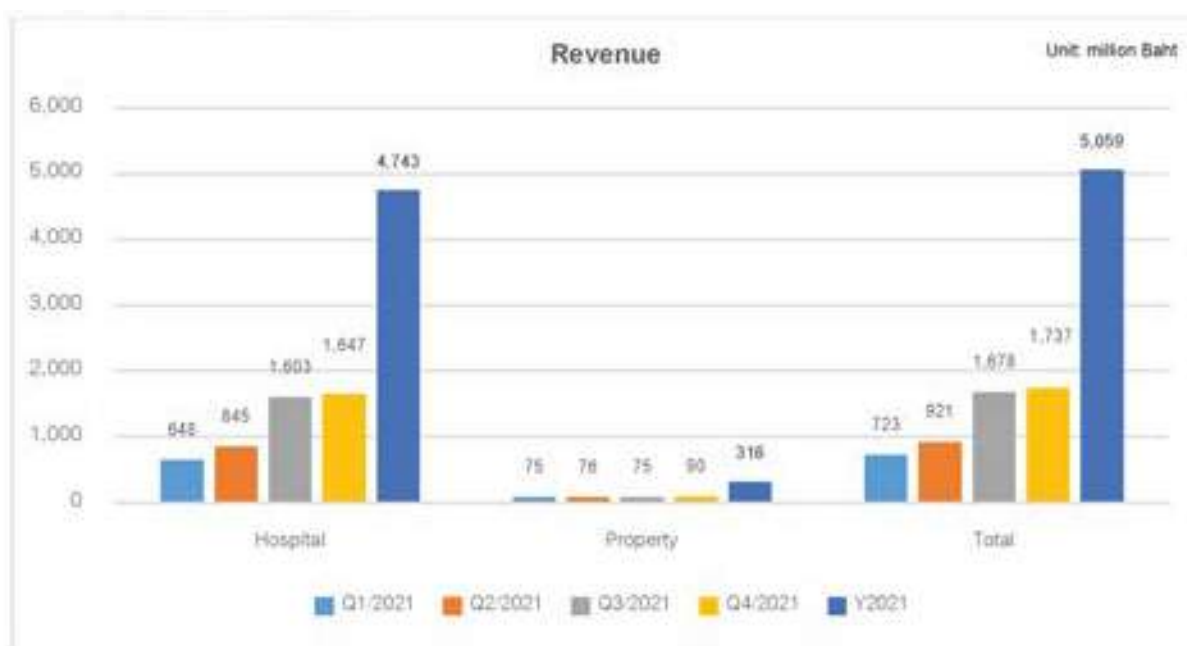
4. Management Discussion and Analysis

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On 23 December 2021, Principal Healthcare Company Limited, a subsidiary of the Company established a new subsidiary, Principal Healthcare – Sakon Nakhon Company Limited, for long-term land lease and construction of a 59-bed hospital by joint shareholding with Ratch Group Public Company Limited. The hospital will play an important role in improving the quality of life of the people in Sakon Nakhon and neighboring provinces for better access to public health system and also focus on the people who living near the border and who is disadvantaged, to have equal access to public health by providing medical equipment information technology system. Construction is expected to be completed and start to open for service in 2023 by the medical service that will start providing services in the first phase is expected to cover Medicine. Obstetrics, Surgical, Pediatrics, including Accident & Emergency which necessary for people in the area to access comprehensive and standardized health care services.

Operating results for Year 2021



In 2021, the company had the total revenues totaling 5,058.8 million Bath. In Q3 and Q4, the Hospital Business's revenue increased significantly from the last 2 quarters from the income of the screening Covid-19, the Covid-19 treatment, the sale of alternative vaccines including the vaccination services. For the Real Estate Business, income in the last quarter after the government has relaxed the country's lockdown measures, resulting in higher income from the past 3 quarters.

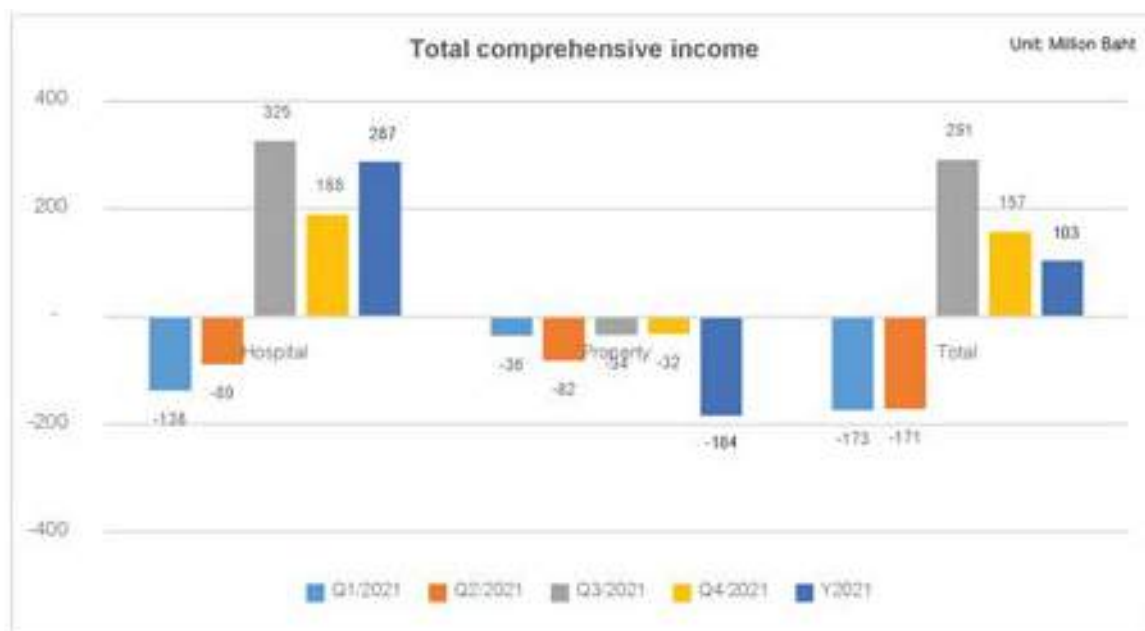


4. Management Discussion and Analysis

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Operating results for Year 2021



In 2021, the company had a total comprehensive income of 103.4 million baht, which the operating results in each quarter were in the same direction as the revenues. Except in the second quarter of the real estate business which had a loss more than other quarters because the subsidiary had a loss on write-offs of asset 43.3 million Baht, which is a one-time transaction.

| Consolidated | Year 2021 | Year 2020 | Increase (decrease) | Change % |
|--|----------------|----------------|------------------------|--------------|
| Unit: million | | | | |
| Revenues from hospital operations | 4,742.7 | 2,290.3 | 2,452.4 | 107.1 |
| Revenues from sales and services | 315.1 | 360.4 | (44.3) | -12.3 |
| Costs of hospital operations | 3,389.3 | 2,025.2 | 1,364.1 | 67.4 |
| Costs of sales and services | 254.9 | 307.0 | (52.1) | -17.0 |
| Gross Profit | 1,414.6 | 318.5 | 1,096.1 | 344.1 |
| Other income | 61.9 | 107.5 | (45.6) | -42.4 |
| Selling and Administrative expenses | 1,136.1 | 786.6 | 349.5 | 44.4 |
| Finance costs | 146.6 | 132.6 | 14.0 | 10.6 |
| Profit (loss) before income tax expense | 193.9 | (493.3) | 687.2 | 139.3 |
| Income tax expense | (101.0) | (44.2) | (56.8) | -128.5 |
| Profit (loss) for the year | 92.9 | (537.5) | 630.4 | 117.3 |
| Other comprehensive income | 10.6 | 0.2 | 10.4 | 5200.0 |
| Total comprehensive income (expense) for the year | 103.4 | (537.3) | 640.7 | 119.2 |



4. Management Discussion and Analysis

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Operating results for Year 2021

In 2021, the Company and the subsidiaries generated revenue totaling 4,742.7 million Baht from the Hospital business and incurred costs totaling 3,389.3 million Baht from the hospital business, and revenues from sales and services totaling 316.1 million Baht and incurred costs of sales and services totaling 254.9 million Baht. Selling and administrative expenses totaling 1,136.1 million Baht and financial cost totaling 146.6 million Baht. As a result, the Company has a profit for the year of 92.9 million Baht, which is a higher performance than the previous year by 630.4 million Baht or 117.3% (In 2020, there is a loss for the year 537.5 million Baht) The Company had other comprehensive income from remeasurements of employee benefit obligations net of tax 10.6 million Baht, resulting in 2021 having a total comprehensive income of 103.4 million Baht, higher than the previous year by 640.7 million Baht or 119.2% (In 2020, there was a total comprehensive expense of 537.3 million Baht.)

The following explains the operating in Year 2021 results by business group.

Total Revenues

| Unit; million Baht | Year 2021 | Year 2020 | Increase (decrease) | Change % |
|---|----------------|----------------|------------------------|--------------|
| <u>Hospital Business</u> | | | | |
| - Existing Hospitals | 3,906.8 | 2,104.1 | 1,802.7 | 85.7 |
| - New Opening Hospitals | 835.9 | 186.2 | 649.7 | 348.9 |
| <u>Property development and rental business</u> | <u>316.1</u> | <u>360.4</u> | <u>(44.3)</u> | <u>-12.3</u> |
| Total Revenues | 5,058.8 | 2,650.7 | 2,408.1 | 90.8 |



4. Management Discussion and Analysis

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The Company and the subsidiaries generated revenues 5,058.8 million Baht, increase of 2,408.1 million Baht or 90.8% resulted from the following;



The Hospital business



Existing hospitals: The hospital that was opened for the full two years had a revenue increasing 1,802.7 million Baht (85.7%) from all hospitals, especially, PRINC Hospital Suvarnabhumi which income increased to 1,183.7 million Baht (641.0%). Also, PRINC Hospital Paknampo increasing 221.4 million Baht (46.2%), and PRINC Hospital Lamphun increasing 157.0 million Baht (172.1%) from customers who test and treat Covid-19 in the hospitals, field hospitals and hospitels.



New opening hospitals: The hospital opened during year 2020 or year 2021 which are Virajsilp Hospital, PRINC Hospital Ubonratchthani, PRINC Hospital Sisaket and Klai Baan Klai Jai Clinics which revenue increasing same as the existing hospitals as a result of the test and treat of Covid-19.



The property development had a revenue decreasing 44.3 million Baht (12.3%) mainly due to the pandemic of Covid-19 that effected from the second quarter of 2020 until the present as following;



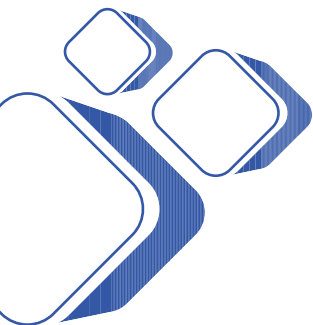
Bangkok Business Center office building had a revenue decrease of 9.3 million Baht because the revenue from rental fee and utility fees had reduce due to the pandemic of Covid-19 resulting to the non-extended lease contract for some tenants and mostly the tenants are Work from Home, and,



The Marriott Executive Apartment Sathorn Vista - Bangkok Project, had a revenue decreasing 34.1 million Baht because the Average Daily Revenue (ADR) reduce from 3,478 Baht to 2,775 Baht and the occupancy rate decreasing from 47.9% in 2020 to 41.4% in this year because during the Q1/2020 the Covid-19 situation has not affected the hotel's operating results, while,



The Somerset Ekamai Bangkok Project had a revenue decreasing only 0.4 million Baht or 0.3% from the increasing of occupancy rate from 46.3 % to 49.9% from the promotion and discount providing for the customers, including seek for the long-term customers of service apartment in tower A. and try to keep old customers and find new long-term customers.



4. Management Discussion and Analysis

Business Overview and Performance



Gross Profit

| Unit: million Baht | Year 2021 | Year 2020 | Increase (decrease) | Change % |
|---|----------------|--------------|------------------------|--------------|
| Hospital Business | | | | |
| - Existing Hospitals | 1,089.8 | 236.3 | 853.5 | 361.2 |
| - New Opening Hospitals | 263.8 | 28.8 | 234.7 | 813.9 |
| <u>Property development and rental business</u> | <u>61.2</u> | <u>53.4</u> | <u>7.9</u> | <u>14.8</u> |
| Total Gross Profit | 1,414.6 | 318.5 | 1,096.1 | 344.1 |

The Company and its subsidiaries had gross profit of 1,414.6 million Baht, increasing 1,096.1 million Baht or 344.1 % as a result of both businesses.



Hospital business



The existing hospitals: The gross profit increasing 853.5 million Baht (361.2%) from all hospitals, especially, PRINC Hospital Suvarnabhumi has gross profit increasing 644.6 million Baht or 840.2 % (the previous year, gross profit was -76.7 million Baht), PRINC Hospital Paknambo has gross profit increasing 113.1 million Baht (229.8%), and PRINC Hospital Lamphun has gross profit increasing 44.2 million Baht (222.7%) from the revenue increasing.



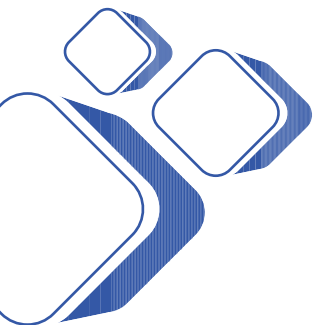
The new opening hospitals: All hospitals has gross profit increasing.



Real estate business has gross profit increasing 7.9 million Baht (14.8 %) due to the subsidiary company has reclassify investment property 1,010.7 million Baht which will sell to third party to be non-current assets held-for-sale resulting to the non-calculated depreciation.

Selling and administrative expenses

| Unit: million Baht | Year 2021 | Year 2020 | Increase (decrease) | Change % |
|--|----------------|--------------|------------------------|-------------|
| Hospital Business | | | | |
| - Existing Hospitals | 818.6 | 567.7 | 250.9 | 44.2 |
| - New Opening Hospitals | 112.8 | 48.5 | 64.3 | 132.4 |
| <u>Property development and rental business</u> | <u>204.8</u> | <u>170.2</u> | <u>34.6</u> | <u>20.3</u> |
| Total Selling and administrative expenses | 1,136.1 | 786.6 | 349.5 | 44.4 |



4. Management Discussion and Analysis

Business Overview and Performance



In 2021, total sales and administrative expenses were 1,136.1 million Baht, an increase of 349.5 million Baht (44.4%) from the previous year. The existing hospitals increasing in employee expense, marketing expense and other operating expenses from the expansion of the number of beds and others resources to support the Covid-19 patients. The new hospitals that opened in the year, namely PRINC Hospital Sisaket, and Klai Baan Klai Jai Clinics, increasing in marketing and public relations expenses and other expenses. Furthermore, in the real estate business had increase of 34.6 million Baht according to the above table.

EBITDA :

| Unit: million Baht | Year 2021 | Year 2020 | Increase (decrease) | Change % |
|-------------------------------|-----------|-----------|------------------------|-------------|
| EBITDA | 940.0 | 211.0 | 729.0 | 345.4 |
| Finance costs | 146.6 | 132.6 | 14.0 | 10.5 |
| Depreciation and amortisation | 599.5 | 571.8 | 27.8 | 4.9 |
| Income tax expense | 101.0 | 44.2 | 56.8 | 128.5 |
| Profit (loss) for the year | 92.9 | (537.5) | 630.4 | 117.3 |

EBITDA for 2021 was 940.0 million Baht, 729.0 million Baht higher than the previous year (the previous year EBITDA 211.0 million Baht) or 345.4 % from the revenue increasing in the existing and new hospitals. Finance costs were 146.6 million Baht, increasing 14.0 million Baht (10.5%) due to an increase in borrowing from financial institutions. Depreciation is 599.5 million Baht, increasing 27.8 million Baht from new hospitals in 2020 and 2021 and tax expenses increasing due to the operating result of all hospitals in the year especially, PRINC Hospital Suvarnabhumi, PRINC Hospital Lamphun and Virajsilp Hospital had a profit as a result, the consolidated financial statements have increased income tax expense.

Profit (loss) for the year: The Company and its subsidiaries had a profit in this year of 92.9 million Baht. When compared to 2020, the loss was 537.5 million Baht, seems that the operating result is better than the previous year 630.4 million Baht or 117.3 % from the increasing significantly revenue of the hospital business

Financial Position

| Statement of Financial Position | 31 December | 31 December | Increase | Change |
|---|-------------|-------------|------------|--------|
| Unit: million Baht | 2021 | 2020 | (Decrease) | % |
| Total assets | 17,415.3 | 15,415.1 | 2,000.2 | 13.0 |
| Total liabilities | 6,554.9 | 6,090.2 | 464.7 | 7.6 |
| Equity attributable to owners of the parent | 9,808.2 | 8,297.1 | 1,511.1 | 18.2 |
| Debt to Equity Ratio (times) | 0.67 | 0.73 | | |



4. Management Discussion and Analysis

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and Performance



As of 31 December 2021, the Company and its subsidiaries had total assets of 17,415.3 million Baht, increasing 2,000.2 million Baht, compared to total assets as at 31 December 2020, resulting from;

- ◊ Trade receivables and other receivables increasing 1,337.9 million Baht from the advances for goods and service-Vaccine 631.7 million Baht (Moderna vaccines paid to the Government Pharmaceutical Organization that has not yet been received) and from the accounts receivable 699.0 million Baht (National Health Security Office (NHSO) and Social Security Office for the cost of UCEP Covid-19 in the amount of 592.3 million Baht)
- ◊ Financial assets measured at fair value through profit or loss increasing 366.5 million Baht from short-term investments in mutual funds that the Company use to hold excess cash while waiting to be paid
- ◊ Cash and cash equivalents increasing 312.3 million Baht from increased deposits at financial institutions from reserves to pay for vaccines by depositing it in a special savings account that receives a higher interest rate than a regular savings account.

As of 31 December 2021, the Company and its subsidiaries had total Liabilities of 6,554.9 million Baht, increasing from total liabilities as at 31 December 2020 by 464.7 million Baht, for the following reasons;

- ◊ Advances received from customers increasing 622.6 million Baht from the advance payment for vaccines 614.4 million Baht (Moderna vaccines and Sinopharm vaccines that customers have already paid for vaccines, but the vaccines have not arrived yet or have not yet exercised the service).
- ◊ Long-term borrowing from the financial institutions, increased by 139.1 million Baht, resulting from the investment in PRINC Hospital Ubonratchthani and for the construction of PRINC Hospital Sisaket and PRINC Hospital Lamphun. While PRINC Hospital Paknampo has partially repaid the loan to financial institutions by borrowing the excess cash funds from the parent company
- ◊ Income tax payable increasing 66.7 million Baht from PRINC Hospital Suvarnabhumi, Pitsanuvej Hospital, Virajsilp Hospital and PRINC Hospital Lamphun which has a high profit that cause the Income tax payable increasing.

Shareholders' equity increased from 31 December 2020 by 1,511.1 million Baht, from the payment of the newly-issued ordinary shares 1,416.1 million Baht was divided into the par value and the share premium of 346.2 and 1,069.9 million Baht respectively and the operating result for this year which is a profit

The debt-to-equity (D/E) ratio stood at 0.67, reduced from 0.73 on 31 December 2020, resulting from the liabilities and the shareholders' equity increase during the year.



Business Overview and Performance



5. General Information and other important informationa

5.1 General information of the Company

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 | 23rd Floor Bangkok Business Center Building 29 Sukhumvit 63, Klongtan Nua, Wattana, Bangkok 10110 |
| Branch location | 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 ordinary shares at par value of Baht 1 per share |
| Paid-up capital | Baht 3,808,570,502.00 consisting of 3,808,570,502 ordinary shares at par value of Baht 1 per share |
| Website | http://www.principalcapital.co.th |
| Telephone | 02-714-2171-3 |
| FAX | 02-714-2185 |



Business Overview and Performance



5. General Information and other important informationa

5.2 Other References

1) Registrar

Thailand Securities Depository Company Limited
93 Ratchadapisek Road, Dindaeng, Bangkok 10400
Telephone : 02 009 9000
Fax : 02 009 9991

2) Auditor

Miss Sanicha Akarakittilap CPA No. 8470
PricewaterhouseCoopers ABAS Company Limited
179/74-80 South Sathorn Road, Sathorn, Bangkok
10120
Tel. 02 344 1000 02 824 5000
Fax 02-286-5050

5.3 Legal Dispute

- None -



PRINCIPAL CAPITAL PUBLIC COMPANY LIMITED

CORPORATE GOVERNANCE

02



Corporate Governance

6. Corporate Governance Policy

6.1 Overview of Corporate Governance Policy

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

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

Section 1 Rights of Shareholders

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



6.1 Overview of Corporate Governance Policy

Corporate Governance



Section 1 Rights of Shareholders

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

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

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

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

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



6.1 Overview of Corporate Governance Policy

Corporate Governance



Section 1 Rights of Shareholders

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

5.1 To approve the minutes of the previous shareholders' meeting

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

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

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

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

5.6 To consider and approve the remuneration of the directors

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

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

6 The Company allows shareholders to propose the shareholders' meeting agenda and nominate the qualified person to be a director for at least 3 months every year and not less than 3 months prior to the meeting day by mailing to the corporate secretary as per the details notified on the Company's website.

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

8 The Company will prepare meeting minutes and submit them to the Securities Exchange of Thailand within 14 days from the date of the meeting in accordance with the requirements of the Securities Exchange of Thailand. The information submitted includes meeting minutes, votes, and details of important ques-

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



6.1 Overview of Corporate Governance Policy

Corporate Governance



Section 2 Equitable Treatment of Shareholders

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

1. The Company allows shareholders to propose the meeting agenda item and nominate candidates for directorship in accordance with the criteria prescribed by the Company and published on the Company's website <http://www.principalcapital.co.th>. Shareholders shall send the information to the Company for at least 3 month period of every year not less than 3 months prior to the shareholders' meeting day by sending the original letter by mail to the corporate secretary according to the details shown on the Company's website. The Board of Directors shall disclose the result of such consideration on the Company's website and the website of the Securities Exchange of Thailand.
2. The Company will not add any meeting agenda item or change of important information without notifying shareholders in advance.
3. Shareholders are entitled to appoint a proxy to attend the shareholders' meeting. Shareholders have the right to receive a proxy form and instructions to complete the form. Any legitimate proxy who submits a completed proxy form to the committee at the shareholders' meeting shall be allowed to attend the meeting and vote on behalf of the shareholders. Alternatively, a shareholder may appoint an independent director as his proxy to attend the meeting and vote on behalf of him/her. Shareholders also have the right to receive the background and personal information of the nominee.
4. In the election of directors, the Board of Directors allows shareholders to vote for the individual nominee. The voting procedures and equipment used for vote counting shall be transparent, convenient, efficient, and effective; therefore, the vote results can be announced quickly.
5. The Board of Directors and executives shall disclose their interests and related persons to the Board of Directors to consider the transactions of the Company which may have conflicts of interest or connected transaction; then make a decision for the best interests of the Company. Directors and executives who have any related interests with the transactions of the Company shall not attend the meeting to decide on such matter. All processes shall be in line with the policy and procedure on approval of connected transactions of the Company.



6.1 Overview of Corporate Governance Policy

Corporate Governance



Section 3 Roles of Stakeholders

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

1. The Company's stakeholders include customers, employees, trade partners, shareholders or investors, creditors, competitors, or public sector and relevant agencies. The communication channels shall be adequately provided for each group of stakeholders to communicate and respond to their needs.
2. The Company commits to customers to continuously develop products and services and to set fair prices in each circumstance. The company shall not take advantage of customers and shall operate neutrally and fairly without taking advantage of trade partners.
3. The Company shall consider the welfare of its personnel. Their employment contracts shall be fair. The remuneration shall be reasonable and appropriate to the employee's capability to build motivation. Training and opportunity to pursue their education shall be provided to enhance the performance of employees. The Company shall also create a pleasant working environment by setting high safety standards and working discipline to ensure all employees are well- taken care. An appropriate compensation plan shall be drawn up if, under any circumstances, an employee must stop working.
4. The Company consistently and continuously addresses the Company's consideration and concern for the stakeholders.



6.1 Overview of Corporate Governance Policy

Corporate Governance



Section 4 Disclosure and Transparency

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

1. The Board of Directors or the person assigned by the Board of Directors must disclose both financial and non-financial information. Such disclosures should be adequate, reliable, and up-to-date. Shareholders and stakeholders shall obtain information equally as stipulated by the law and the Company's regulation. The information published on the Company's website shall be regularly updated to ensure its completeness and timeliness and shareholders can conveniently and efficiently access all relevant information and contact the business unit responsible for its disclosure.
2. The Company's information system must be prepared with care, accuracy, and transparency. Important information should be conveyed in simple and concise language. The Company shall disclose information regularly regardless of the positive or negative impact it may cause to the Company.
3. Corporate communications department shall be established to regularly and efficiently publish useful information for shareholders, investors, employees, related parties, and the general public and to clarify the misunderstanding. In addition, the investor relations department shall represent the Company in collaboration with institutional investors, creditors, securities analysts, and shareholders and provide information about the Company's operations and investment through convenient, quick, and accessible communication channels.
4. The Board of Directors must ensure that the Company's statements of financial position and statements of comprehensive income and the Company's audit report, as well as the report of the Board of Directors, are prepared and presented to the shareholders at the annual general meeting of shareholders for their approval.



6.1 Overview of Corporate Governance Policy

Corporate Governance



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

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

Section 5 Responsibilities of the Board

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



Corporate Governance

6. Corporate Governance Policy

6.2 Code of Business Ethics

The Company has established a code of conduct and code of business ethics to be a guideline for directors, executives, and employees to adhere with transparency and placed the importance of the customers responsibility to the community and environment, respect the law, political neutrality, considering all stakeholders, respect human rights, anti-corruption, caring for the company's assets, maintain confidential information, not using inside information for personal benefits, giving or acceptance of gifts, not violate intelligence properties, disclose information equally and fairly. The company distributes this manual to the directors, executives and employee of the company in order to communicate and create the awareness. The details are disclosed in the corporate governance policy.



Corporate Governance 2

6. Corporate Governance Policy

6.3 Significant Change and Development of Policy, Practices and System of Corporate Governance in the Previous Year

In 2021, the company continuously adhered to corporate governance by creating awareness through various channels and documents and by organizing a training on how to use the corporate governance manual for employees at all levels to move towards in the same direction. Additionally, the company received good co-operation from directors, employees at all levels and management has reviewed governance policy. in accordance with internal regulations and proposed to the Board of Directors for approval.

The unapplied topic are as follows;

1. The establishment of a Nomination and Remuneration Committee: However, the Board has applied practice guideline of the Nomination and Remuneration Committee recommended by the Stock Exchange of Thailand (SET) as the Company's practices where every director have fully required qualifications and performed the best following the committees' charters. Additionally, the remuneration of the directors was considered using the other companies' in the similar industry and market capitalization remuneration's information.

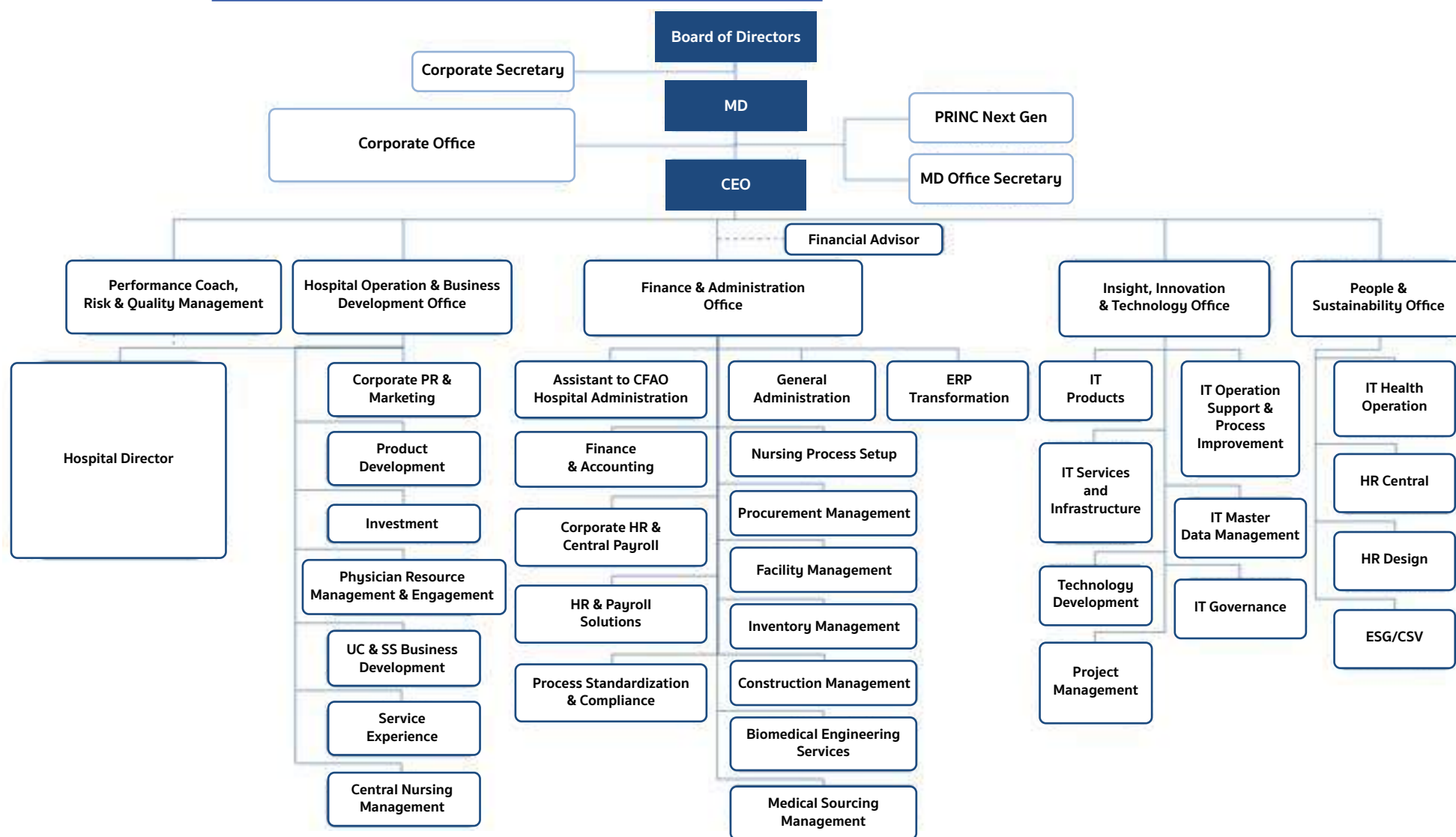
The investors can obtain more details on corporate governance information from Enclosure no.5

7. Management Structure/Director, Sub-committee, Management, Employee and other information

Corporate Governance



7.1 Management Structure as of December 31, 2021



Corporate Governance

7. Management Structure/Director, Sub-committee, Management, Employee and other information

7.2 Information of the Board of Directors

As of December 31, 2021, the Company's Board of Directors consist of 9 members as follows:

1. Executive Director 5 persons
2. Non-Executive Directors 6 persons as follows:
 - Independent Directors 3 persons (account for one-third of Board members)
 - Non-executive Directors 3 persons (account for one-third of Board members)

Definition

Executive Directors: The directors hold a position in the management and are involved in the day-to-day operations of the organization.

Non-Executive Directors: The directors who do not hold a position in the management, may or may not be independent directors and are not involved in the day-to-day operations of the organization.

Independent Directors: Independent or outside directors who are not engaged in the day-to-day management of the organization and are not major shareholders. Furthermore, independent directors must have no such connection with a major shareholder, group of major share-

Qualifications of Independent Director

The independent director shall be the person who has knowledge and ability in compliance with the minimum requirements of the Securities Exchange of Thailand (SET) and Securities and Exchange Commission (SEC)'s regulations as follows:

1. Not holding more than 1% of a total number of shares with voting rights of the company, the parent company, subsidiary, associated company, major shareholder or entity with controlling power, including shares held by persons related to the respective independent director.
2. Not being or having been a director with management authority, employee, staff member, an advisor who receives a salary, or is an entity with controlling power over the Company, its subsidiary, associated company, major shareholder or the entity with controlling power.



7.2 Information of the Board of Directors

Corporate Governance



Qualifications of Independent Director

3. Not being a person who has a relationship by blood or legal registration as a parent, spouse, sibling, or children of an executive, a major shareholder, an entity with controlling power over, or person to be nominated as director, executive or entity with controlling power over the company, its subsidiary, or associated company.

4. Not being or having been a person with a business relationship with the company, its parent company, subsidiary, associated company, major shareholder or entity with controlling power over the Company, in such a manner that may interfere with his/her independent judgment, and neither is nor has ever been a significant shareholder or entity with controlling power over any person having a business relationship with the company, its parent company, subsidiary, associated company, major shareholder or entity with controlling authority.

5. Not being or having been an auditor of the company, its parent company, subsidiary, associated company, major shareholder or entity with controlling authority, and not be a significant shareholder, entity with controlling authority, or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, associated company, major shareholder, or the entity with controlling authority.

6. Not being or having been a person providing of any professional services including the legal advisor or financial advisor who receives service fees exceeding 2 million baht per year from the Company, its parent company, subsidiary, associated company, major shareholder, or the entity with controlling power over, and not be a significant shareholder, entity with controlling power over or partner of the provider of professional services.

7. Not being a director appointed as representative of the Board of Directors, major shareholder or shareholder who is related to a major shareholder of the Company.

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

9. Not being a person who is in a position to not be able to exercise judgments in a fully independent manner with regards to the operations of the Company.



7.2 Information of the Board of Directors

Corporate Governance



7.2.1 Composition of the Board of Directors

1. The Board of Directors consists of at least 5 Directors and at least half of the total number of Directors must reside within the Kingdom of Thailand and the directors must have qualifications as specified by laws.

2. The Directors of the Company are appointed and must possess the complete qualifications as well as do not possess any disqualifications as specified by the Public Company Act and the Stock Exchange of Thailand. Directors must possess the knowledge, capabilities, extensive expertise, and experience that will be genuinely beneficial for the Company. They must also be a person with good moral and ethical standards and have a good track record and possess the dedication and be able to devote much time in genuinely discharging their required duties in accordance with their assigned responsibilities.

3. The Company's Independent Director must have qualification as specified in the definition of Independent Director of the Company which comply with the announcement of the Securities Exchange and Commission or related regulation of Stock Exchange of Thailand.

4. The Chairman of the Board of the Company is not an executive and is not the same person as the Chairman of the Executive Committee.

5. The Board of Directors of the Company has appointed a Company Secretary and has disclosed details regarding the appointed Company Secretary in Enclosure 1. The Company Secretary is responsible for making recommendations regarding the related law, regulatory requirements, and duties of directors in order to that Directors be aware of and know, and is required to comply with; arranging the Board of Directors meetings and the Annual General Meeting of Shareholders; liaising with regulatory agencies and overseeing information disclosure and reporting to the regulatory agencies and general public to be correct and complete according to the laws.



7.2 Information of the Board of Directors

Corporate Governance



7.2.2 Information of the Board of Directors and the Controlling Person

As of December 31, 2021, the Board of Directors consisted of 9 members as follows:

| Name | Position |
|---|--|
| 1. Mr. John Lee KohShun | Chairman of the Board |
| 2. Dr. Satit Viddayakorn | Director/Managing Director and Chairman of the Executive Committee |
| 3. Mr. Veera Srichanachaichok | Executive Director |
| 4. Dr. Achara Ratanaphunsri | Executive Director |
| 5. Mr. Sakarin Tangkavachiranon ^{1/} | Director |
| 6. Mr. Nattawuth Prasertsiripong ^{2/} | Director |
| 7. Mrs. Unakorn Phruithithada ^{3/} | Independent Director and Chairman of the Audit Committee |
| 8. Associate Professor Dr.Sillapaporn Srijunpetch ^{4/} | Independent Director and Chairman of the Audit Committee |
| 9. Dr. Jutamas Ingpochai | Independent Director and Chairman of the Audit Committee |

Remark : Director no. 2-4 are authorized directors

- 1/ Mr. Sakarin Tangkavachiranon^{1/} was appointed as a director to replace Mr. Yarnsak Manomaiphiboon effective June 29, 2021.
- 2/ Mr. Nattawuth Prasertsiripong was appointed as a director to replace Dr. Pongsak Viddayakorn effective on December 15, 2021.
- 3/ Mrs. Unakorn Phruithithada was appointed as Audit Committee and Independent Director to replace Miss Aranya Chalernpornvarodom who was retired by rotation effective on April 26, 2021.
- 4/ Associate Professor Dr. Sillapaporn Srijunpetch was appointed as Audit Committee and Independent Director effective on April 26, 2021. 2564

Authorized Directors

Dr. Satit Viddayakorn or Mr. Veera Srichanachaichok or Dr. Achara Rattanaphunsri, 2 of 3 directors co-sign with company's seal affixed.



7.2 Information of the Board of Directors

Corporate Governance



7.2.3 Responsibilities of the Board of Directors

According to the Company's regulation, the Board of directors has the authority and responsibility to operate business in compliance with the law, objectives, articles of association and the resolution of the shareholders' meeting based on the "Good code of conducts for directors of the listed company" as set by the Stock Exchange of Thailand with integrity and care of the company's benefits as well as the utmost benefits for the shareholders. Therefore, the Company set out the roles and Board of directors' practice to be a role model for all level employee and to increase confidence for the shareholders and other investors.

Roles and responsibilities of the Board of Directors are as follows

1. To carry out the Company's business operations and perform their duties in accordance with the law, the Company's objectives, the Articles of Association, and the resolutions of the shareholders' meetings with circumspection and caution (Duty of Care), responsibility (Duty of Accountability), honesty and integrity (Duty of Loyalty), Anti-corruption, and ethics (Duty of Ethics) for the best interests of the Company, conforming to good corporate governance principles, and considering the benefits for all shareholders.
2. To evaluate the performance of the managing director on the annual basis and to determine the remuneration for the managing director.
3. To determine the Company's vision, important policies and strategies, financial objectives, business plans, annual budget, risk and to monitor and supervise the management to ensure implementation of those policies and plans effectively and efficiently, and be responsible for the operating performance and executives' performance with best effort and carefulness.
4. To ensure that the accounting system, financial reports and accounting audit are accountable and ensure that the Company has procedures for assessing and monitoring the appropriateness, effectiveness and efficiency of internal control financial reports, and internal audit.
5. To monitor and resolve conflict of interests among stakeholders of the Company and set the guidelines on conducting transactions with conflict of interests so that the transactions are conducted for the best interests of the Company and all shareholders. Persons who have vested interests in a given transaction should not participate in decision-making process. The guidelines shall describe procedures and disclose information of transactions which may create a conflict of interest to ensure the accuracy and completeness.
6. To determine the risk management policy of the organization having management team as a policy operator and prepare risk management report to the Board of directors via an audit committee every quarter and evaluate the efficiency of risk management at least 1 time per year and place the importance to the alarm signals and the abnormal transactions.



7.2 Information of the Board of Directors

Corporate Governance



7.2.3 Responsibilities of the Board of Directors

Roles and responsibilities of the Board of Directors are as follows

7. To consider appointment of the independent directors by considering their qualifications with no prohibited characteristics under the Public Company Act B.E. 2535 and the laws governing securities and exchange and any relevant rules, regulations and/or notifications of the Capital Market Supervisory Board and propose to the Shareholders' meeting for appointment.

8. To consider appointment of the independent directors who have qualifications according to the definition of an independent director and pursuant to the notification of the Stock Exchange Commission as well as relevant rules and regulations of Stock Exchange of Thailand and propose to the shareholders' meeting for appointment.

9. To consider appointment of the audit committee members who possess the qualifications according to the laws governing securities and exchange and any relevant rules, regulations and/or notifications of the Stock Exchange of Thailand.

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

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

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

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

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

- Having a direct or indirect interest in any contract which is made by the Company during an accounting period;
- Change in proportion of securities holding in the Company and affiliated companies



7.2 Information of the Board of Directors

7.2.3 Responsibilities of the Board of Directors

Roles and responsibilities of the Board of Directors are as follows

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

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

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

18. The board of directors can appoint and change the names of the authorized signatory director.

19. The board of director has a duty to verify and certify the Company's financial statement in compliance with the laws, accounting standard with the transparency.

Roles and responsibilities of Chairman of the Board

Chairman of the Board of Directors and Chairman of the Executive Committee shall not be the same person. The Chairman of the Board of Directors has the following roles.

1. To call the Board of Directors meeting and acting as the Chairman of the Board and Chairman of the shareholders' meeting. Participate in setting meeting agenda with the Board of Directors and Chief Executive Officer.

2. To effectively control the Board of Directors and shareholders' meeting to comply with the Company's rules and regulations.

3. To support and give an opportunity to the Company's directors to show their opinions independently and equally.

4. To support and encourage the Board of Directors to perform their duty to their full capacity based on the scope of responsibilities in good corporate governance principle.

5. To monitor and follow up the Board of Directors' work as well as Sub-Committee's work to achieve the Company's objectives.

6. In case there is a vote by the Board of Directors and the votes are equal, the Chairman of the Board shall vote as an additional vote and be deemed to be a decisive vote.



Corporate Governance 2

7. Management Structure/Director, Sub-committee, Management, Employee and other information

7.3 Information of Sub-committees

The 3 Sub-committees under the Board of Directors include audit committee, executive committee and risk management committee.

1. Audit Committee

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



7.3 Information of Sub-committees

Corporate Governance



1. Audit Committee

As of December 31, 2021 the Audit Committee consisted of 3 members as follows:

| Name | Position |
|--|-----------------------------|
| 1. Mrs. Unakorn Phruithithada ^{1/} | Chairman of Audit Committee |
| 2. Associate Professor Dr. Sillapaporn Srijunpetch ^{2/} | Member of Audit Committee |
| 3. Dr. Jutamas Ingpochai | Member of Audit Committee |

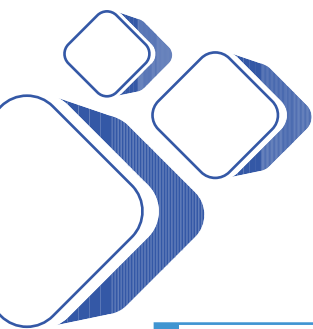
Remark : 1/ Mrs. Unakorn Phruitithada

was appointed as the Audit Committee member and Independent Director to replace Miss Aranya Chalempornvarodom who was retired by rotation

2/ Associate Professor
Dr. Sillapaporn Srijunpetch

was appointed as the Audit Committee member and Independent Director effective on April 26, 2021.

Please find the additional information regarding composition, qualifications, period in the position, roles and responsibilities of the Audit Committee which are specified in the Charters of the Audit Committee in the Enclosure no. 5 and the report of the Audit Committee is in the Enclosure no. 6.



7.3 Information of Sub-committees

Corporate Governance



2. Executive Committee

Executive Committee is appointed by the Company's Board of Directors to support the Board of Directors to manage the day-to-day operation in compliance with the business policy and target under the authority assigned by the Board of Directors

| Name | Position |
|--|---|
| 1. Dr. Satit Viddayakorn | Chairman of the Executive Committee |
| 2. Mr. Veera Srichanachaichok | Executive Director |
| 3. Mr. Tanee Maneenut ^{1/} | Executive Director |
| 4. Dr. Achara Ratanaphunsri | Executive Director |
| 5. Miss Preeyaporn Apiwartwittaya | Executive Director |
| 6. Mr. Jatuphol Chavapatanakul ^{2/} | Executive Director |
| 7. Dr. Athiwat Noiprasit, M.D. ^{3/} | Executive Director |
| 8. Miss Ritima Jirasuradate | Executive Director and Secretary of the Executive Committee |

Remark : 1/ Mr. Tanee Maneenut was appointed as an Executive Committee member on June 29, 2021. effective on April 26, 2021.

2/ Mr. Jatuphol Chavapatanakul was appointed as an Executive Committee member on June 29, 2021.

3/ Dr. Athiwat Noiprasit, M.D. was appointed as an Executive Committee member on June 29, 2021.

Please find the details of authorities and responsibilities of the Executive Committee in the Enclosure no. 5.



7.3 Information of Sub-committees

Corporate Governance



3. Risk Management Committee

Risk management committee comprises at least 3 members appointed by the Board of Directors, and at least 1 member being a director of the Company. Each member can be the Risk Management Committee member of not exceed 5 listed companies. As of December 31, 2021, there were 6 members of Risk Management Committee consisting of

| Name | Position |
|------------------------------------|--|
| 1. Dr. Satit Viddayakorn | Chairman of Risk Management Committee |
| 2. Mr. Veera Srichanachaichok | Member of Risk Management Committee |
| 3. Mr. Sirichai Towiriyawate | Member of Risk Management Committee |
| 4. Miss. Preeyaporn Apiwathwittaya | Member of Risk Management Committee |
| 5. Dr. Achara Ratanaphunsri | Member of Risk Management Committee |
| 6. Miss Ritima Jirasuradate | Member of Risk Management Committee and Secretary of Risk Management Committee |

Please find the additional information regarding composition, qualifications, period in the position, authorities and responsibilities of Risk Management Committee which are specified in the Charters of the Risk Management Committee in the Enclosure no. 5.

Corporate Governance

7. Management Structure/Director, Sub-committee, Management, Employee and other information

7.4 Information of the Executives

- The list of Company's executives on December 31, 2021 is as follows:

| Name | Position |
|-----------------------------|--|
| 1. Dr. Satit Viddayakorn | Managing Director |
| 2. Mr. Tanee Maneenut | Chief Executive Officer |
| 3. Dr. Achara Ratanaphunsri | Chief Finance and Administrative Officer |
| 4. Miss Atiya Awachanakarn | Chief People & Sustainability Office |
| 5. Dr. Athiwat Noiprasit | Performance Coach, Risk & Quality Management |

- List of the executives of the subsidiaries that operate main business
Principal Healthcare Co., Ltd. (PRINH)

List of PRINH's executives as of December 31, 2021 is as follows:

| Name | Position |
|-----------------------------|--|
| 1. Dr. Satit Viddayakorn | Managing Director |
| 2. Mr. Tanee Maneenut | Chief Executive Officer |
| 3. Dr. Achara Ratanaphunsri | Chief Finance and Administrative Officer |
| 4. Miss Atiya Awachanakarn | Chief People & Sustainability Office |
| 5. Dr. Athiwat Noiprasit | Performance Coach, Risk & Quality Management |



7.4 Information of the Executives

Corporate Governance



Remuneration for the Executives

1) Monetary remuneration

In 2021, the Company paid the remuneration consisting of salary and bonus to executives of the Company and its subsidiaries total amounting to Baht 67 million

2) Other remuneration

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

Corporate Governance

7. Management Structure/Director, Sub-committee, Management, Employee and other information

7.5 Information of Personnel

1. Number of employee

In 2019-2021, the number of employee of Company and subsidiaries are summarized as follows:

| Company Name | 2019 | | 2020 | | 2021 | |
|--|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
| | Operational Level (person) | Executive Level (person) | Operational Level (person) | Executive Level (person) | Operational Level (person) | Executive Level (person) |
| Principal Capital PCL. | 150 | 26 | 193 | 20 | 239 | 21 |
| Principal Healthcare Co., Ltd. | 180 | 8 | 181 | 62 | 224 | 87 |
| Pitsanuloke Medical Co., Ltd. | 649 | 16 | 627 | 15 | 622 | 15 |
| Union Phichit Doctors Co., Ltd. | 184 | 3 | 322 | 2 | 157 | 2 |
| Pitsanuvej Uttaradit Hospital Co., Ltd. | 107 | 2 | 107 | 2 | 112 | 2 |
| Paknampo Hospital Co., Ltd. | 372 | 13 | 380 | 12 | 409 | 10 |
| Principal Healthcare – Uthai Co., Ltd. | 54 | 3 | 63 | 3 | 68 | 1 |
| Principal Healthcare – Lamphun Co., Ltd. | 113 | 5 | 116 | 7 | 206 | 8 |
| Principal Healthcare – Chumphon Co., Ltd. | - | - | 232 | 3 | 228 | 5 |
| Principal Healthcare – Ubonratchathani Co., Ltd. | - | - | 58 | 2 | 87 | 4 |
| Principal Healthcare – Sisaket Co., Ltd. | - | - | 2 | - | 75 | 2 |
| V Residence Co., Ltd. | 55 | 1 | 55 | 1 | 49 | 1 |
| Total | 1,864 | 77 | 2,336 | 129 | 2,476 | 158 |

2. Employee Remuneration

The remuneration to the employee include salary, overtime, bonus, social security and other employee welfare etc.

| | 2019 | 2020 | 2021 |
|----------------------------------|--------|--------|----------|
| Salary, bonus and other benefits | 954.99 | 906.20 | 1,246.25 |

Corporate Governance

7. Management Structure/Director, Sub-committee, Management, Employee and other information

7.6 Other Important Information

7.6.1 Information of Chief Accountant, Company Secretary, Head of Internal Audit and Head of Compliance

Chief Accountant

Miss Preeyaporn Apiwartwittaya, Chief Accountant had been appointed as the person supervising accounting of the Company since November 1, 2013. The detail of the Chief Accountant is shown in the Enclosure no. 3.

Company Secretary and Head of Compliance

The Board of Directors appointed Miss Ritima Jirasuradate as a Company Secretary with the duties to prepare the Invitation to Board of Directors' meeting, minutes of the Board of Directors' meetings, annual report, Invitation to the shareholders' meetings, minutes of the shareholders' meetings. Not only being a Company Secretary, but she is also Head of Compliance. The details of a Company Secretary and Head of Compliance is shown in the Enclosure no.3.



7.6 Other Important Information

Corporate Governance



7.6.1 Information of Chief Accountant, Company Secretary, Head of Internal Audit and Head of Compliance

Head of Internal Audit

The Audit Committee has approved to hire an independent external auditing firm, namely AM Advisor Audit Co., Ltd., as an internal auditor who is independent and have expertise to set up the controlling system to the Company and its subsidiaries. The internal auditor shall audit on a quarterly basis, in which Miss Karntima Kongsomyuti is the main responsible person in internal auditing of the Company and its subsidiaries. The details of Head of Internal Audit is shown in the Enclosure no. 3.

7.6.2 Head of Investor Relations

Mr. Veera Srichanachaichok acts as Head of Investor Relations of the Company, who is a central resources for the important information disclosure to the investors, disclose the financial information and key operating performance together with quarterly MD&A every quarter. There are press conferences for analysts, investors and general public on the quarterly basis.

The investors can contact the Company to request information about the Company via website, telephone, fax, email or access the Company's information through the Company's website <http://www.principalcapital.co.th/investor> or contact to request for information from the Company's Investor Relation Department as follows:

Telephone : 02-714-2171-3

Fax : 02-714-2185

Email : secretarywhistle@principalcapital.co.th

7.6.3 Audit Fee

1. Audit fee

In 2021, the Company paid the audit fee to PricewaterhouseCoopers ABAS Co., Ltd. for the auditing and reviewing financial statement of the Company amounting to Baht 2,802,000 and for the 16 subsidiaries of Baht 13,675,350.

2. Other non-audit service

For the fiscal year ended December 31, 2021, the Company paid non-audit fee for the Company and its subsidiaries amounting to Baht 214,694.



Corporate Governance

8. Corporate Governance Report

8.1 Summary of the Performance of the Board of Directors

8.1.1 Nomination, Development, Performance Evaluation of the Board of Directors

Nomination of Independence Directors

The Company has a policy to recruit and appoint the independent director by nominating the person who has knowledge and ability in compliance with the minimum requirements of the Securities Exchange of Thailand (SET) and Securities and Exchange Commission (SEC)'s regulations as disclosed in 7.2 qualification of the independent director.

Following appointment as an independent director, he or she may be assigned by the Board of Directors to make collective decisions involving the business of the company, the parent company, subsidiary, associated company and a major shareholder or an entity with controlling authority.

In the event that a person appointed by the Company as an Independent Director is or has been a person with a business relationship with or providing professional services, the Company may exempt the requirement in the event that it views that the appointment of the person in question will not have any effect on the person's ability to discharge the assigned responsibilities and to express opinions in a fully independent manner; whereby the Company has disclosed this matter and following relevant information in the supporting documents relating to the respective Agenda Item for consideration as sent to Shareholders in advance together with the Letter of Invitation to the Shareholders Meeting.

a. Nature of the business relationship or professional services provided that disqualifies the person in question by having a qualification that is not in accordance with the established criteria.

b. Reason and necessity for retaining or appointing the person in question as an Independent Director of the Company.

c. Opinion of the Board of Directors in proposing the nominee to be appointed as an Independent Director

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



8.1 Summary of the Performance of the Board of Directors

Corporate Governance



8.1.1 Nomination, Development, Performance Evaluation of the Board of Directors

Appointment of the Board members

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

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

2. A director of the Company must have knowledge, ability, transparency and honesty, has business ethics and has sufficient time to devote his/her knowledge, ability to perform the duty for the Company.

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

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

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

1. Each shareholder shall have 1 vote per 1 share

2. Each shareholder shall use all his or her votes under no. 1 to select one or several candidates as a Director. However, he or she may not divide his or her votes among the candidates.

3. Those who receive the highest number of votes shall be elected as directors of the Company on descending basis until the required number of directors is appointed. In the event of a tie, the chairman of the meeting shall have the decisive vote.



8.1 Summary of the Performance of the Board of Directors

Corporate Governance



8.1.1 Nomination, Development, Performance Evaluation of the Board of Directors

Appointment of the Board members

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

Directors and Management Development

1. The Company encourages and facilitates training related to corporate governance for directors, specific committee, executives, and company secretary to enable them to continuously improve their performance.
2. The Company prepares and dispatches orientation documents to new directors containing useful information to perform their duties. The Company also holds an orientation for new directors by introducing the nature of the Company's businesses and business operations. The Company's directors attended the training courses organized by the Thai Institute of Directors Association (IOD).
3. The Company has an executive development plan to build the required competencies for internal job rotation. The Company also conducts a competency assessment for senior executives as a part of a succession plan for the senior executives.
4. The Company encourages members of the Board and senior executives to attend the seminar that is useful to their duty and also meet with the Board of Directors and senior executives of various organizations to exchange ideas and apply their knowledge and experience for further development of the Company.



8.1 Summary of the Performance of the Board of Directors

Corporate Governance



8.1.1 Nomination, Development, Performance Evaluation of the Board of Directors

Performance evaluation of the Board of Directors

1. The Company has the policy to evaluate the Board of Directors on the annual basis. The evaluation is based on the performance of the Committee collectively. The director shall evaluate the Board of Director's performance as a whole. The evaluation result will be analyzed and summarize to improve the working efficiency of the Board of Directors in the future.
2. The Company submits the evaluation report and comment to the Board of Directors' meeting to support and improve the performance of the Board of Directors.
3. Chief Executive Officer should participate in explaining his expectation to obtain support from the Board of Directors.

Performance evaluation of Chief Executive Officer

1. The Company shall conduct the performance evaluation of the Chief Executive Officer annually for the Board of Directors' consideration.
2. The Company has set 3 evaluation criteria with different weights given to each criterion
 - 2.1) Corporate key performance indication (KPI)
 - 2.2) Leadership competency
 - 2.3) Budget and project management
3. The evaluation result shall be taken into consideration for salary adjustment of the Chief Executive Officer and shall be proposed to the Board of Directors' meeting for approval.

Corporate Governance

8. Corporate Governance Report

8.1 Summary of the Performance of the Board of Directors

8.1.2 Meeting Attendance and Remuneration of Each Director

| Director name | Position | Number of Attendees | | | |
|--|---------------------------------------|------------------------|---------------------|---------------------------|-----------------|
| | | The Board of Directors | Executive Committee | Risk Management Committee | Audit Committee |
| Dr. Pongsak Viddayakorn, M.D. ^{1/} | Director | 7/10 | | | |
| | Honorary Director | | | | |
| Mr. John Lee KohShun | Chairman of The Board | 10/10 | | | |
| Mr. Yarnsak Manomaiphiboon ^{2/} | Independent Director | 6/10 | | | 2/5 |
| | Chairman of Audit Committee | | | | |
| Mrs. Unakorn Phruithithada ^{3/} | Independent Director | 7/10 | | | 3/5 |
| | Chairman of Audit Committee | | | | |
| Dr. Satit Viddayakorn, Ph.D. | Director | 10/10 | 11/11 | 4/4 | |
| | Managing Director | | | | |
| | Chairman of Executive Committee | | | | |
| | Chairman of Risk Management Committee | | | | |
| Miss Aranya Chalermponvarodom ^{3/} | Independent Director | 2/10 | | | 2/5 |
| | Member of Audit Committee | | | | |
| Dr. Jutamas Ingpochai, Ph. D. | Independent Director | 10/10 | | | 5/5 |
| | Member of Audit Committee | | | | |
| Associate Prof. Dr. Sillapaorn Srijunpetch ^{4/} | Independent Director | 7/10 | | | 3/5 |
| | Member of Audit Committee | | | | |
| Mr. Veera Srichanachaichok | Director | 10/10 | 11/11 | 4/4 | |
| | Executive Director | | | | |
| | Member of Risk Management Committee | | | | |
| Mr. Sakarin Tangkavachiranon ^{5/} | Director | 4/10 | | | |
| Dr. Achara Ratanaphunsri, Ph.D | Director | 10/10 | 11/11 | 4/4 | |
| | Executive Director | | | | |
| | Member of Risk Management Committee | | | | |
| Dr. Nattawuth Prasertsiripong, M.D. ^{6/} | Director | 1/10 | | | |
| Miss Preeyaporn Apiwathwitthaya | Director | | 11/11 | 4/4 | |
| | Member of Risk Management Committee | | | | |



8.1 Summary of the Performance of the Board of Directors

Corporate Governance



8.1.2 Meeting Attendance and Remuneration of Each Director

| Director name | Position | Number of Attendees | | | |
|---|---|------------------------|---------------------|---------------------------|-----------------|
| | | The Board of Directors | Executive Committee | Risk Management Committee | Audit Committee |
| – Mr. Tanee Maneenut ^{7/} | – Executive Director | | 4/11 | | |
| – Dr. Athiwat Noiprasit, M.D. ^{8/} | – Executive Director | | 5/11 | | |
| – Mr. Jatuphol Chavapatanakul ^{9/} | – Executive Director | | 5/11 | | |
| – Mr. Sirichai Towiriyawate | – Member of Risk Management Committee | | | 4/4 | |
| – Miss Ritima Jirasuradate | – Executive Director – Member of Risk Management Committee – Executive Director – Company Secretary and secretary of all Sub-Committee | 10/10 | 11/11 | 4/4 | 5/5 |

- Remark : 1/ Dr. Pongsak Viddayakorn resigned from the director position effective on December 15, 2021.
- 2/ Mr. Yarnsak Manomaiphiboon resigned from the director position effective on June 20, 2021
- 3/ Mrs. Unakorn Phruitthithada was appointed as a director and independent director to replace Miss Aranya Chalernpornvarodom who was retired by rotation effective on April 26, 2021.
- 4/ Associate Professor Dr. Sillapaporn Srijunpetch was appointed as a director and independent director effective on April 26, 2021.
- 5/ Mr. Sakarin Tangkavachiranon was appointed as a director to replace Mr. Yarnsak Manomaiphibonn effective on June 29, 2021.
- 6/ Dr. Nattawuth Prasertsiripong was appointed as a director to replace Dr. Pongsak Viddayakorn effective on December 15, 2021.
- 7/ Mr. Tanee Maneenut was appointed as an Executive Director effective on June 20, 2021.
- 8/ Dr. Athiwat Noiprasi was appointed as an Executive Director effective on June 20, 2021.
- 9/ Mr. Jatuphol Chavapatanakul was appointed as an Executive Director effective on June 20, 2021.



8.1 Summary of the Performance of the Board of Directors

Corporate Governance



8.1.2 Meeting Attendance and Remuneration of Each Director

Remuneration for the Board of Directors and Sub-committee

1) Monetary remuneration

In 2021, the Company paid the meeting allowance to all board members totaling Baht 1,057,500. There was Executive Committee meeting and Risk Management Committee meeting. However, all members of the Executive Committee and Risk Management Committee disclaimed for 2021 monetary remuneration. The Company paid an annual bonus to all directors totaling Baht 1,404,918.03. In addition, the Company also paid a medical allowance amounting to Baht 103,271.45. The total remuneration for the year was Baht 2,565,689.48.

| Name of directors | Meeting allowance for members of Board of Directors, and Audit Committee (Baht) | Annual bonus for directors (Baht) | Medical Allowance (Baht) | Total (Baht) |
|---|---|-----------------------------------|--------------------------|---------------------|
| 1. Dr. Pongsak Viddayakorn, M.D. | 105,000 | 150,000 | - | 255,000 |
| 2. Mr. John Lee Kohshun | 150,000 | 225,000 | - | 375,000 |
| 3. Mr. Yarnsak Manomaiphiboon | 90,000 | 225,000 | - | 315,000 |
| 4. Mrs. Unakorn Phruithithada | 122,500 | - | - | 122,500 |
| 5. Dr. Satit Viddayakorn, Ph.D. | 100,000 | 150,000 | 14,955.00 | 264,955 |
| 6. Miss Aranya Chalermponvarodom | 30,000 | 150,000 | - | 180,000 |
| 7. Dr. Jutamas Ingpochai, Ph.D. | 125,000 | 150,000 | - | 275,000 |
| 8. Associate Prof. Dr. Sillapaorn Srijunpetch | 85,000 | - | - | 85,000 |
| 9. Mr. Veera Srirachanaichok | 100,000 | 150,000 | 73,740.45 | 323,740 |
| 10. Dr. Achara Ratanaphunsri | 100,000 | 20,901.64 | 14,576.00 | 135,480 |
| 11. Mr. Sakarin Tangkavachiranon | 40,000 | - | - | 40,000 |
| 12. Dr. Nattawuth Prasertsiripong, M.D. | 10,000 | - | - | 10,000 |
| 13. Dr. Soontorn Sritha, M.D. | - | 54,918.03 | - | 54,918.03 |
| 14. Miss Tanatarn Viddayakorn | - | 129,098.36 | - | 129,098.36 |
| Total remuneration | 1,057,500.00 | 1,404,918.03 | 103,271.45 | 2,565,689.48 |

Remark : 1/ Dr. Soontorn Sritha

resigned from the director position effective on May 14, 2020.

2/ Miss Tanatarn Viddayakorn

resigned from the director position effective on November 11, 2020.

The bonus for the director was derived from the operating performance of 2020 recorded as expenses in 2021



8.1 Summary of the Performance of the Board of Directors

Corporate Governance



8.1.2 Meeting Attendance and Remuneration of Each Director

Remuneration for the Board of Directors and Sub-committee

2) Other remuneration

Medical allowance and Annual Health Check-up

The Company's director and the directors of PRINC's wholly-owned subsidiaries will obtain a medical allowance of Baht 1,000,000 per person per year at Princ Hospital Suvarnabhumi.

Discount medical fee

- The Company's directors and the directors of PRINC's wholly-owned subsidiaries receive a 50% discount for medical expenses exceeding Baht 1,000,000 at Princ Hospital Suvarnabhumi
- Spouse, son/daughter, and parents of the Company's directors and the directors of PRINC's wholly-owned subsidiaries receive 30% for medical expenses at Princ Hospital Suvarnabhumi along the period that they are in the director position.

Insured amount

The insured amount for the responsibility of the director and executive and the compensation to the Company (Director and Officers Liability and Company Reimbursement Policy: D&O) was Baht 500 million.



Corporate Governance

8. Corporate Governance Report

8.1 Summary of the Performance of the Board of Directors

8.1.3 Corporate Governance of Subsidiary Companies and Associated Companies

The Company's Board of Directors has determined the operating framework for the corporate governance of the subsidiary companies and the joint venture in which the company invested in to be at an appropriate level to protect the overall interest of the Company's investment by:

1. Assigning persons as representatives of the Company to be Board Directors, senior Management or a party with controlling power over the companies. This will be based on the percentage shareholding held by the Company and with the concurrence of the Board of Directors' meeting.
2. Determining the clear scope of authority, duties and responsibility of the Directors or senior Management members who have been assigned to be representatives of the Company.
3. Establishing the operating mechanisms to oversee the required disclosures of information relating to the financial status and operating performance of these organizations, the related transactions with connected parties, the acquisition or disposal of assets, or any other important transactions undertaken by these companies. This is so that these transactions are undertaken in a correct and comprehensive manner, based on the same principles of information disclosures of the Company that are to be made through a central unit involving the finance and accounting departments to enable using the relevant information in preparing the financial statements of the Company in accordance with the established standards and required time frame of the Security and Exchange Commission and the Stock Exchange of Thailand.
4. Establishing the appropriate and adequate internal control systems which enable to process the transaction in compliance to the law and related regulation whereby the internal control system shall be reviewed and audited by the internal audit unit of the Group.



Corporate Governance

8. Corporate Governance Report

8.1 Summary of the Performance of the Board of Directors

8.1.4 Monitoring Compliance with the Corporate Governance Policy and Practices

The Company places an importance to the good corporate governance by setting the policy and relevant guidelines as well as business ethics, also train and communicate such information to the employee. The Company encourage them to put into action to enhance all stakeholders' confidence. The 4 monitoring issues to ensure the good corporate governance practice are as follows:

1. Prevention of Conflict of Interest

The Company has in place a policy to prevent conflict of interest based on prudence, honesty, rationale, and independence within the ethical framework for the Company's interests. The policy stipulates that a person who may have conflict of interest and/or a connected person as well as related parties involving in a transaction who discloses the information on the interests of his/her own and related parties' to the Company for acknowledgement and have no authority to approve the transaction in which he/she has interests.

The Company has a policy to do connected party transaction and the transactions with conflict of interests according to the law and regulation of SEC and also disclose such transaction in the annual report.



8.1 Summary of the Performance of the Board of Directors

Corporate Governance



8.1.4 Monitoring Compliance with the Corporate Governance Policy and Practices

2. Misuse of inside information for personal benefits

The Company set the guidelines in the Code of Ethics to control its personnel not to disclose inside information to others including using it for their benefits. The main guidelines include not exploiting the Company's inside information for personal or others' interests such as trading share of the Company when the Company will announce performance outcomes, purchasing land or investing in the business in the vicinity of the area that the Company plans to expand the business. Also, the Company has the policies and procedures to oversee executives as follows:

2.1) Educate the directors and executives to acknowledge their duties to report the securities holding by themselves, by their spouses and by their underage children as well as penalty under the Securities and Exchange Act B.E 2535 and the requirements of the Stock Exchange of Thailand.

2.2) Designate the executives to report the movement of their securities holdings to the Securities and Exchange Commission and submit a copy of such report to the Company on the same day of submitting the report to Securities and Exchange Commission.

When any related persons violate the relevant provisions with regard to the use of such inside information, it shall be deemed guilty of violating the Company's regulations and strict disciplinary action shall be taken against such persons. Also, when any actions are done in the belief that they are illegal by laws, regulations, and governmental instructions, the Company shall submit the case to state authorities for further action.

3. Anti-corruption

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



8.1 Summary of the Performance of the Board of Directors

Corporate Governance



8.1.4 Monitoring Compliance with the Corporate Governance Policy and Practices

3. Anti-corruption

3.1) The Board members, executives and all employees of the Company or third parties in their relationship with the Company shall not perform or accept or support any form of fraud and corruption practices, whether direct or indirect to any related persons or entities, whether in a form of offering, promising, soliciting, demanding, giving or accepting bribes or having behaviors implied in fraud and corruption. The Company shall support all relevant entities, customers, suppliers, contractors, sub-contractors, and government officers to follow the Company's policies as well as to review all guidelines to be in line with policies, regulations, notification, laws, and the business change.

3.2) The Company adopts a political neutrality policy and shall not participate in any activities that might bring the understanding that the Company has a relationship with or provide political contribution to any political party or a political power group. The Company shall be neutral and not concentrate on any political party or political power group and shall not use the Company's resources to support any political party or to assist any political candidate. However, the Company recognizes that its employees have the freedom on their rights as a good citizen under the terms of the Constitution, related laws, and regulations.

3.3) Regarding the Company's operations, the Company does not have the policy to give or accept all forms of bribery. The Company shall operate its businesses and contact with governmental and private agencies with transparency, integrity, and complying with relevant laws, and regulations.

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

3.5) The Company shall provide the control and the inspection on internal control properly and consistently, to prevent all employees act in contrary to this policy.

3.6) The Company shall arrange the training to provide knowledge on countering fraud and corruption to the Board, executives, and all employees of the Company or third parties in their relationship with the Company, to promote their integrity and responsibilities on duties as well as to be acknowledged on the Company's intention.



8.1 Summary of the Performance of the Board of Directors

Corporate Governance



8.1.4 Monitoring Compliance with the Corporate Governance Policy and Practices

Fraud and Corruption Prevention

Fraud and Corruption Prevention helps reduce the risk from corruption in the organization therefore, the appropriate internal control and create the awareness and value against the corruption to the personnel in the organization is important to prevent the corruption in the organization. Fraud and corruption prevention measures consists of 5 activities as follows:

1. Corruption risk assessment

The corruption risk assessment has an objective to enable all business units to actively identify, evaluate and review corruption risk of the organization and build the awareness of the risk that may incur and the effect to the organization to ensure that the risk from corruption is managed immediately. There are 4 risk assessment processes as follows:

- Step 1: Determine the criteria to assess the impact and opportunity to incur and also determine the acceptable risk level.
- Step 2: Identify corruption risk, major cause and impact as well as analyse the severity and opportunity to incur before considering the existing internal control system.
- Step 3: Evaluate existing internal control system analyse the severity and opportunity to incur after having the internal control system.
- Step 4: Determine the measures to reduce risk to the acceptable level in case the existing internal control measures is not adequate to protect the corruption risk.

2. Set the related anti-corruption policy

The Company has set a policy, manual and measure against the fraud and corruption, anti-corruption risk management manual, good corporate governance and business ethics, guideline to support the politic, guideline for donation and business sponsor, accept and give the present etc. for the Company's personnel to understand the ethics and good conduct to create awareness and value against the fraud and corruption to the personnel of the organization.

However, the related policy must be approved by the Company's Board of the Directors. In addition, the Company shall review and improve the policy, and related manual every 2 years to ensure that risk from fraud and corruption is manageable and having appropriate legal coverage.



8.1 Summary of the Performance of the Board of Directors

Corporate Governance



8.1.4 Monitoring Compliance with the Corporate Governance Policy and Practices

3. Communication and Training

The communication and training is important to prevent fraud and corruption in order to understand and aware of the importance to follow the guideline and related anti-fraud and corruption manual as well as the anti-corruption measures and also encourage the employee to participate in corruption and fraud risk management of the organization and being a part to prevent and notify the corruption event in the organization and to show the determination against fraud and corruption and transparent business operation of the Company. Therefore, Human Resource department will prepare the written anti-corruption policy and the communication plan to the company's personnel and relevant stakeholders via various channels including Company's newsletter, training, Company's intranet and website etc. as appropriate. The communication plan and communication channel must be reviewed and approved by the Chairman of Executive Committee on annual basis. Also, such plan must be reviewed and evaluated the internal control system by the Internal Audit Department.



8.1 Summary of the Performance of the Board of Directors

Corporate Governance



8.1.4 Monitoring Compliance with the Corporate Governance Policy and Practices

4. Review the personal record of personnel and stakeholders

To review personal data of the personnel and relevant stakeholders is major factor to prevent fraud effectively. The Company assigns Human Resources Department to review personal data of the prospective employee before the employment or promotion. Purchasing Department is also responsible for reviewing the personal data of the supplier before entering into the agreement or doing related transactions. The review is allowed with the consent from those persons or related stakeholders as follows:

- Review person data of the applicant before the employment to ensure the suitability of the applicants in term of qualification and experiences.
- Review person data of the candidate before the appointment of a significant position in the Company. For example, Board of Directors, Senior executives, personnel in the finance department etc. to check the qualifications, experiences and reliability, reference person or conflict of interest that may incur from being in a new position.
- Review personal data of other stakeholders especially suppliers, contractors and service providers to the Company to be able to check the reliability, financial status, reputation and qualification related to the products and services of such stakeholders as well as director, executives and personnel who are in the significant position.

Human Resources and other related party will report the conflict of interest that may incur to the Chairman of Executive Committee and Board of Directors annually and during the year in case of change that causes the conflict of interest. The Company will not allow those who have conflict of interest in the procurement process and will punish those who do not report the conflict of interest immediately.



8.1 Summary of the Performance of the Board of Directors

Corporate Governance



8.1.4 Monitoring Compliance with the Corporate Governance Policy and Practices

5. Internal Control and Monitoring

The Company place an importance on the internal control which is set by Board of Directors, executives and personnel at all level to ensure that the operation guideline would help the company to achieve its target. The executives in each department will design appropriate controlling measures to match with their scope of work. The written internal control procedures for every department must be put in place for the review and approval by the Company's executive to ensure the transparent, independent operation and prevent the corruption. In addition, the Company will monitor, investigate fraud transaction, error and misconduct to reduce risk and bring in the technology to investigate corruption. The internal auditor will be responsible to check and review the operating procedure on a yearly basis to ensure that it complies with the guideline and make sure that the Company has sufficient and effective internal control system to control corruption risk that may incur and report to the Audit Committee.



8.1 Summary of the Performance of the Board of Directors

Corporate Governance



8.1.4 Monitoring Compliance with the Corporate Governance Policy and Practices

Whistleblowing

The Company has the reliable and independent channels to report corruption clue and provide an opportunity to everyone including Company's personnel and the outsiders to report corruption clue without disclosing his/her identity and having protection measure to protect the corruption reporter from hitting or threatening. This will increase the confidence and safety for those who report the fraud and corruption event.ที่บริษัทฯ

The company's personnel can report doubts of corruption through the channels set by the Company. The punishment will be made to those who know the corruption information and those who intentionally inform untrue corruption information.

Currently there are several reporting channels. The outsiders can send their complaints and recommendations via the following channels:

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

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

The condition and process to consider the complaints and opinions are disclosed in details in the "Corporate Governance Policy" and the Company's website that can be accessible by the Company's personnel and the outsiders.



Corporate Governance

8. Corporate Governance Report

8.2 Performance Report of the Audit Committee during the past year

8.2.1 Number of Meeting Attendance

The number of meeting attendance of the Audit Committee is shown in 8.1.2

8.2.2 Explanation of Performance Results of the Audit Committee

(Appear in Enclosure no. 6 : Performance of the Audit Committee)



Corporate Governance

8. Corporate Governance Report

8.3 Performance summary of Other Committee

8.3.1 Number of Meeting Attendance of other Committee

- Risk Management Committee

The number of meeting attendance of the Risk Management Committee is shown in 8.1.2

8.3.2 Report of other Sub-committee

- Risk Management Committee

(Appear in Enclosure no.6 : Performance of the Risk Management Committee)



Corporate Governance

9. Internal Control and Related Party Transaction

9.1 Internal Control

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

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

The Company has set the following internal control guidelines.



9.1 Internal Control

Corporate Governance



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

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

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

4. Audit and evaluation procedures shall be conducted in a constructive way for the improvement in working process. Internal audit report, which is agreed by owner of work process, shall be proposed to audit committee for approval before implementation. In case that there is any improvement required to enhance efficiency and effectiveness, it deems as the responsibilities of all related departments to fix and improve the process. This function shall be a part of performance evaluation of related personnel.



Corporate Governance

9. Internal Control and Related Party Transaction

9.2 Related Party Transaction

As of December 31, 2021 there was no related party transaction with possible conflict of interest. There were only normal business transactions between the Company and its subsidiaries that have been disclosed in the notes to financial statement for the year 2021.

Related Party Transaction Policy

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

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



9. Internal Control and Related Party Transaction

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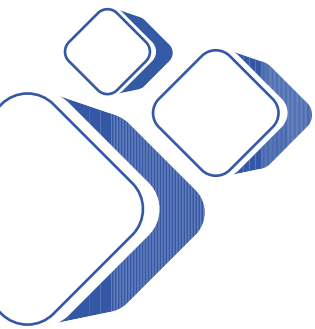


9.2 Related Party Transaction Policy

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

If there is the related party transaction, the Company shall process to approve such transaction without the involvement of those who may have a conflict of interest. As such, the Audit Committee is responsible for giving an opinion regarding the entering into such transaction. The approval process to enter into connected transaction is based on the requirements or notifications of the Securities and Exchange Commission, requirements on connected party transactions of the Stock Exchange of Thailand as well as other relevant rules and guidelines strictly. The price, remuneration or any fees related to related party transactions must be quoted with reference to the market price as well as the accounting standard specified by the Federation of Accounting Professions of Thailand, including taking into account the reasonableness of transactions and the benefits to the Company as a major priority and shall disclose the relevant details in the Company's notes to financial statement and annual report.

For the related party transaction in due course of business, management team of the Company will report such transactions and inform Audit Committee for their acknowledgement.



Part 3 Financial Statements

Responsibility of the Board of Directors to the Financial Statements

The Board of Directors is responsible for the separate and consolidated financial statement of Principal Capital Public Company Limited and its subsidiaries including financial information presented in the annual report and the annual financial statements for the year ended December 31, 2021, which are prepared according to Accounting Standards and Financial Reporting Standards as announced by Thailand Federation of Accounting Professions (FAP) and correspond with the Generally Accepted Accounting Standards of Thailand. The Board of Directors has selected and consistently followed an appropriate accounting policy. The aforementioned financial statements are prepared using careful judgment and the best estimation. In addition, important information is adequately disclosed in the notes to the financial statements. The financial statements have been examined by an independent external auditor and the auditor has expressed an unqualified opinion. Therefore, the financial statements accurately and transparently reflect the Company's financial status and operating performance in the past year and can be used for the benefit of shareholders and investors.

The Board of Directors has appointed the Audit Committee, which comprises of independent directors, to review the quality of the financial reports and to evaluate the internal control system, risk management system, and various systems to support effective financial documentation to ensure that accounting records are correct, complete, timely, adequate to protect its asset, as well as able to prevent fraud or materially irregular operations. The Audit Committee's opinion is presented in the Audit Committee's report which is a part of this annual report.

The Board of Directors believes that the effectiveness of the Company's overall internal control system is satisfactory and able to create credibility and reliability for the separate and consolidated financial statements of Principal Capital Public Company Limited and its subsidiaries for the period ended December 31, 2021

(Mr. John Lee KohShun)
Chairman

(Dr. Satit Viddayakorn)
Managing Director



PRINCIPAL CAPITAL PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 202

03

Independent Auditor's Report

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

My opinion

In my opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Principal Capital Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 31 December 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

What I have audited

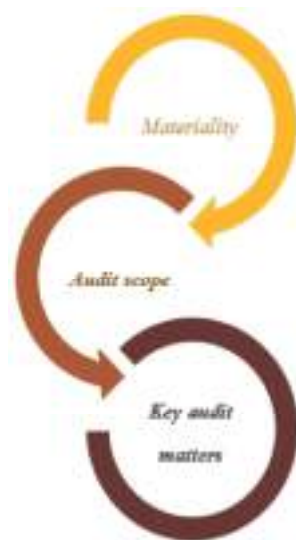
The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

My audit approach - overview



Materiality

Overall group materiality: Baht 48.0 million (1% of the Group's total revenue).

Audit scope

I conducted with audit work of the consolidated financial statements by focusing on the significant components which account for 79% of the Group's total revenue and 79% of the Group's total assets.

Key audit matter

I determined goodwill impairment assessment as key audit matters.

Materiality

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

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

Rational for the materiality benchmark applied

I chose revenue as the critical measure because the Group's operation results in previous years were volatile. In my view, using revenue as a critical measure was more appropriate to the Group than the net profit before tax in the current year.

I agreed with the audit committee that I would report to them misstatements identified during my audit above Baht 2.4 million.

How I tailored my audit scope

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

Key audit matters

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

| Key audit matter | How my audit addressed the key audit matter |
|---|--|
| <p>Goodwill impairment assessment</p> <p>Refer to Note 8 to the financial statements for critical estimates, assumptions and judgements and Note 20 to the financial statements for goodwill.</p> <p>According to Thai Accounting Standards, TAS 36 - Impairment of assets, the Group shall test the impairment of goodwill annually.</p> <p>Goodwill of the Group was allocated to a group of cash generating units (CGUs) identified according to hospital segment by management. The goodwill had a book value of Baht 1,824 million.</p> <p>The management determined the recoverable amount for the group of CGUs based on their value in use by a discounted forecast of future cash flows and compared this to the book value to consider the need to set up an impairment allowance.</p> <p>In this regard, the Group considered there was no need to set up an allowance for goodwill impairment allocated to the group of CGUs because the recoverable amount exceeded the net book value.</p> <p>Current business volatility, both external and internal factors, significantly affected assumptions used in the projected cash flows such as revenue growth rate and discount rate. In response, the management determined that the assumptions used in the cash flow projections reflect the current situation as precisely as possible. This is my key focus because they have considerable impact on the recoverable amount and as well as on the goodwill impairment due to current sensitivities.</p> | <p>I obtained information about the forecasted future cash flows of the CGUs provided by the Group's management and gained an understanding of the procedures used to prepare the forecast.</p> <p>I challenged the reasonableness of the procedures and assumptions relating to management's forecast for the revenue growth rate and discount rate, as to whether they were in line with current business volatility, comparable component of weighted average cost of capital considered by my valuation expert.</p> <p>I mathematically tested key figures derived from the estimation according to the above assumptions to calculate the recoverable amount and compared this to the net book value.</p> <p>From the procedures performed above, I found that the recoverable amount assessment and management's key assumptions were within the acceptable range.</p> |

Other information

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

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers ABAS Ltd.

Sanicha Akarakittilap
Certified Public Accountant (Thailand) No. 8470
Bangkok
24 February 2022

| | | Consolidated financial statements | | Separate financial statements | |
|---|----|--------------------------------------|-----------------------|----------------------------------|-----------------------|
| | | 2021 Baht | 2020 Baht | 2021 Baht | 2020 Baht |
| Notes | | | | | |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 10 | 488,647,627 | 176,318,618 | 164,043,605 | 20,858,969 |
| Financial assets measured at fair value through profit or loss | 7 | 400,466,134 | 34,007,325 | 400,458,166 | 17,999,679 |
| Short-term fixed deposits | | 1,404,843 | 1,387,654 | - | - |
| Restricted deposits at financial institutions - current | 15 | 360,000 | 5,000,000 | - | 5,000,000 |
| Trade receivables, other receivables and prepayments, net | 12 | 1,680,693,992 | 342,837,497 | 792,736,650 | 49,512,830 |
| Current portion of receivables under lease agreement, net | | - | - | 1,731,469 | 1,669,941 |
| Short-term loans to subsidiaries | 34 | - | - | - | 9,986 |
| Inventories, net | 14 | 128,867,848 | 71,903,534 | 27,807,000 | 6,012,852 |
| Other current assets | | 12,705,368 | 18,603,849 | 2,892,354 | 4,281,427 |
| Non-current assets held-for-sale | 11 | 1,010,754,130 | - | - | - |
| Total current assets | | 3,723,899,942 | 650,058,477 | 1,389,669,244 | 105,345,684 |
| Non-current assets | | | | | |
| Restricted deposits at financial institutions | 15 | 2,804,444 | 2,803,328 | - | - |
| Receivables under finance lease, net | | - | - | 3,342,356 | 5,073,825 |
| Investment in an associate | | 372,995 | 299,509 | - | - |
| Investments in subsidiaries | 16 | - | - | 8,012,155,283 | 7,976,853,340 |
| Financial assets measured at fair value through profit or loss | 7 | 330,000 | 330,000 | 330,000 | 330,000 |
| Long-term loans to a subsidiary | 34 | - | - | 2,821,572,651 | 2,629,296,437 |
| Investment property, net | 17 | 136,472,488 | 1,155,055,192 | - | - |
| Property, plant and equipment, net | 18 | 11,058,733,437 | 10,987,584,661 | 1,882,101,139 | 1,848,741,827 |
| Intangible assets, net | 21 | 245,676,447 | 286,875,527 | 3,778,288 | 2,922,290 |
| Right-of-use assets, net | 19 | 347,076,608 | 425,304,673 | 98,777,415 | 116,667,799 |
| Goodwill | 20 | 1,823,978,253 | 1,823,978,253 | - | - |
| Deferred tax assets | 22 | 13,383,284 | 11,523,835 | - | - |
| Other non-current assets | | 62,622,725 | 71,297,865 | 6,352,574 | 7,722,621 |
| Total non-current assets | | 13,691,450,681 | 14,765,052,843 | 12,828,409,706 | 12,587,608,139 |
| Total assets | | 17,415,350,623 | 15,415,111,320 | 14,218,078,950 | 12,692,953,823 |

Director _____ Director _____

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

| | Notes | Consolidated financial statements | | Separate financial statements | |
|--|--------|--------------------------------------|----------------------|----------------------------------|----------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | Baht | Baht | Baht | Baht |
| Liabilities and equity | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 24 | 729,768,798 | 921,419,874 | 200,505,165 | 100,269,656 |
| Advances received from customers | 25 | 657,501,562 | 34,882,064 | 210,109,443 | 1,846,387 |
| Short-term borrowings from related parties | 23 | 287,270,815 | 298,257,836 | 520,132,119 | 482,381,530 |
| Current portion of finance lease liabilities | 23 | 84,471,255 | 68,709,087 | 34,593,821 | 29,294,509 |
| Current portion of long-term borrowings from financial institutions | 23 | 328,105,067 | 273,322,761 | 274,156,362 | 181,466,746 |
| Current portion of promissory notes from a related party | 23, 34 | - | 120,973,014 | - | 120,973,014 |
| Income tax payable | | 76,164,402 | 9,474,254 | 52,100,495 | 720,439 |
| Deposits received from customers - current | | 45,441,843 | 29,444,461 | - | - |
| Other current liabilities | | 95,034,551 | 92,595,737 | 22,615,138 | 18,131,856 |
| Total current liabilities | | 2,303,758,293 | 1,849,079,088 | 1,314,212,543 | 935,084,137 |
| Non-current liabilities | | | | | |
| Finance lease liabilities | 23 | 164,275,247 | 224,059,326 | 49,585,330 | 82,103,596 |
| Long-term borrowings from financial institutions | 23 | 3,490,899,214 | 3,406,617,022 | 2,012,778,184 | 2,171,079,655 |
| Long-term borrowings from related parties | 23, 34 | - | - | - | 300,000,000 |
| Deposits received from customers | | - | 19,069,550 | - | - |
| Deferred tax liabilities | 22 | 371,648,703 | 382,867,599 | 156,677,335 | 158,365,040 |
| Employee benefit obligations | 26 | 151,642,574 | 144,585,923 | 23,980,043 | 21,078,832 |
| Hospital acquisition payables | | 53,735,061 | 46,675,112 | - | - |
| Other non-current liabilities | | 18,936,518 | 17,240,266 | 1,492,823 | 7,294,573 |
| Total non-current liabilities | | 4,251,137,317 | 4,241,114,798 | 2,244,513,715 | 2,739,921,696 |
| Total liabilities | | 6,554,895,610 | 6,090,193,886 | 3,558,726,258 | 3,675,005,833 |

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

| Note | Consolidated | | Separate | |
|--|----------------------|-----------------|----------------------|----------------|
| | financial statements | | financial statements | |
| | 2021 | 2020 | 2021 | 2020 |
| | Baht | Baht | Baht | Baht |
| Liabilities and equity (Cont'd) | | | | |
| Equity | | | | |
| Share capital | 27 | | | |
| Authorised share capital | | | | |
| Ordinary shares, 3,808,570,502 shares at par value of Baht 1 each | 3,808,570,502 | 3,808,570,502 | 3,808,570,502 | 3,808,570,502 |
| Issued and paid-up share capital | | | | |
| 3,808,570,502 paid-up ordinary shares at a par value of Baht 1 each | 3,808,570,502 | - | 3,808,570,502 | - |
| 3,462,336,820 paid-up ordinary shares at a par value of Baht 1 each | - | 3,462,336,820 | - | 3,462,336,820 |
| Premium on paid-up share capital | 6,233,379,469 | 5,163,517,392 | 6,233,379,469 | 5,163,517,392 |
| Retained earnings (deficits) | | | | |
| Appropriated - legal reserve | 73,001,321 | 61,735,874 | 73,001,321 | 61,735,874 |
| Unappropriated | (1,076,663,397) | (1,155,337,368) | 544,401,400 | 330,357,904 |
| Other components of equity | 769,889,936 | 764,873,173 | - | - |
| Equity attributable to owners of the parent | 9,808,177,831 | 8,297,125,891 | 10,659,352,692 | 9,017,947,990 |
| Non-controlling interests | 1,052,277,182 | 1,027,791,543 | - | - |
| Total equity | 10,860,455,013 | 9,324,917,434 | 10,659,352,692 | 9,017,947,990 |
| Total liabilities and equity | 17,415,350,623 | 15,415,111,320 | 14,218,078,950 | 12,692,953,823 |

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

| | Notes | Consolidated financial statements | | Separate financial statements | |
|---|-------|--------------------------------------|-----------------|----------------------------------|---------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | Baht | Baht | Baht | Baht |
| Revenues from hospital operations | 9 | 4,742,677,789 | 2,290,328,940 | 1,370,517,567 | 184,675,401 |
| Revenues from sales and services | 9 | 316,097,834 | 360,376,746 | 59,490,000 | 167,889,732 |
| Costs of hospital operations | | (3,389,283,415) | (2,025,165,828) | (821,272,171) | (261,759,992) |
| Costs of sales and services | | (254,853,299) | (307,009,269) | (39,698,690) | (118,738,747) |
| Gross profit (loss) | | 1,414,638,909 | 318,530,589 | 569,036,706 | (27,933,606) |
| Other income | | 61,904,181 | 59,684,854 | 101,193,042 | 94,047,474 |
| Gain from disposal of a business unit | | - | - | - | 704,702,645 |
| Gain on bargain purchase | | - | 30,695,503 | - | - |
| Gain on disposal of investment in subsidiaries | | - | 17,079,077 | - | - |
| Selling expenses | | (61,655,538) | (56,159,970) | (11,658,595) | (13,376,764) |
| Administrative expenses | | (1,059,460,840) | (714,666,019) | (283,110,326) | (207,622,886) |
| Other expenses | | (15,010,878) | (15,779,772) | - | - |
| Finance costs | 29 | (146,637,646) | (132,591,466) | (84,437,640) | (115,065,546) |
| Share of profit (loss) from an associate | | 73,486 | (111,214) | - | - |
| Profit (loss) before income tax expense | | 193,851,674 | (493,318,418) | 291,023,187 | 434,751,317 |
| Income tax expense | 31 | (100,973,027) | (44,174,169) | (65,714,244) | (18,019,266) |
| Profit (loss) for the year | | 92,878,647 | (537,492,587) | 225,308,943 | 416,732,051 |
| Other comprehensive income (expense) : | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Remeasurements of employee benefit obligations | 26 | 13,203,966 | 293,113 | - | (3,534,618) |
| Deferred income tax on remeasurements of employee benefit obligations | 22 | (2,640,793) | (58,623) | - | 706,923 |
| Total items that will not be reclassified to profit or loss | | 10,563,173 | 234,490 | - | (2,827,695) |
| Other comprehensive income (expense) for the year, net of tax | | 10,563,173 | 234,490 | - | (2,827,695) |
| Total comprehensive income (expense) for the year | | 103,441,820 | (537,258,097) | 225,308,943 | 413,904,356 |

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|----------------------|----------------------------------|--------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | Baht | Baht | Baht | Baht |
| Profit (loss) attributable to: | | | | | |
| Owner of the parent | | 79,376,245 | (511,686,226) | 225,308,943 | 416,732,051 |
| Non-controlling interests | | 13,502,402 | (25,806,361) | - | - |
| | | <u>92,878,647</u> | <u>(537,492,587)</u> | <u>225,308,943</u> | <u>416,732,051</u> |
| Total comprehensive income (expense) | | | | | |
| attributable to: | | | | | |
| Owner of the parent | | 89,939,418 | (511,451,736) | 225,308,943 | 413,904,356 |
| Non-controlling interests | | 13,502,402 | (25,806,361) | - | - |
| | | <u>103,441,820</u> | <u>(537,258,097)</u> | <u>225,308,943</u> | <u>413,904,356</u> |
| Profit (loss) per share | 32 | | | | |
| Basic profit (loss) per share | | <u>0.022</u> | <u>(0.148)</u> | <u>0.061</u> | <u>0.120</u> |

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

| Consolidated financial statements | | | | | | | | | | |
|--|----------------------------------|----------------------------------|------------------------------|------------------------|---|--|----------------------------------|----------------------------|---------------------------|-----------------------|
| Attributable to owners of the parent | | | | | | | | | | |
| Notes | Retained earnings (deficits) | | | | Other components | | | Total owners of the parent | Non-controlling interests | Total equity |
| | Issued and paid-up share capital | Premium on paid-up share capital | Appropriated - legal reserve | Unappropriated | Difference arising from business combination under common control | Difference arising from change in ownership interest in subsidiaries | Total other components of equity | | | |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Opening balance as at 1 January 2020 | 3,462,336,820 | 5,163,517,392 | 44,199,790 | (626,349,548) | 764,129,669 | 1,893,497 | 766,023,166 | 8,809,727,620 | 901,499,070 | 9,711,226,690 |
| Legal reserve | - | - | 17,536,084 | (17,536,084) | - | - | - | - | - | - |
| Proceeds from ordinary shares issued of a subsidiary | - | - | - | - | - | - | - | - | 40,000,000 | 40,000,000 |
| Proceeds from a new subsidiary establishment | - | - | - | - | - | - | - | - | 4,900,000 | 4,900,000 |
| Entire business transfer | - | - | - | - | - | - | - | - | 106,048,841 | 106,048,841 |
| Change in ownership interest in subsidiaries | - | - | - | - | - | (1,149,993) | (1,149,993) | (1,149,993) | 1,149,993 | - |
| Total comprehensive expense for the year | - | - | - | (511,451,736) | - | - | - | (511,451,736) | (25,806,361) | (537,258,097) |
| Closing balance as at 31 December 2020 | <u>3,462,336,820</u> | <u>5,163,517,392</u> | <u>61,735,874</u> | <u>(1,155,337,368)</u> | <u>764,129,669</u> | <u>743,504</u> | <u>764,873,173</u> | <u>8,297,125,891</u> | <u>1,027,791,543</u> | <u>9,324,917,434</u> |
| Opening balance as at 1 January 2021 | 3,462,336,820 | 5,163,517,392 | 61,735,874 | (1,155,337,368) | 764,129,669 | 743,504 | 764,873,173 | 8,297,125,891 | 1,027,791,543 | 9,324,917,434 |
| Legal reserve | - | - | 11,265,447 | (11,265,447) | - | - | - | - | - | - |
| Proceeds from share issuance | 27 346,233,682 | 1,069,862,077 | - | - | - | - | - | 1,416,095,759 | - | 1,416,095,759 |
| Proceeds from ordinary shares issued of a subsidiary | 16 - | - | - | - | - | - | - | - | 60,000,000 | 60,000,000 |
| Change in ownership interest in subsidiaries | - | - | - | - | - | 5,016,763 | 5,016,763 | 5,016,763 | (49,016,763) | (44,000,000) |
| Total comprehensive income for the year | - | - | - | 89,939,418 | - | - | - | 89,939,418 | 13,502,402 | 103,441,820 |
| Closing balance as at 31 December 2021 | <u>3,808,570,502</u> | <u>6,233,379,469</u> | <u>73,001,321</u> | <u>(1,076,663,397)</u> | <u>764,129,669</u> | <u>5,760,267</u> | <u>769,889,936</u> | <u>9,808,177,831</u> | <u>1,052,277,182</u> | <u>10,860,455,013</u> |

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

Principal Capital Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2021



| Separate financial statements | | | | | |
|---|--|--|---|------------------------|-------------------------|
| Note | Issued and paid-up share capital Baht | Premium on paid-up capital Baht | Retained earnings (deficits) | | Total equity Baht |
| | | | Appropriated - legal reserve Baht | Unappropriated Baht | |
| Opening balance as at 1 January 2020 | 3,462,336,820 | 5,163,517,392 | 44,199,790 | (66,010,368) | 8,604,043,634 |
| Legal reserve | - | - | 17,536,084 | (17,536,084) | - |
| Total comprehensive income for the year | - | - | - | 413,904,356 | 413,904,356 |
| Closing balance as at 31 December 2020 | <u>3,462,336,820</u> | <u>5,163,517,392</u> | <u>61,735,874</u> | <u>330,357,904</u> | <u>9,017,947,990</u> |
| Opening balance as at 1 January 2021 | 3,462,336,820 | 5,163,517,392 | 61,735,874 | 330,357,904 | 9,017,947,990 |
| Legal reserve | - | - | 11,265,447 | (11,265,447) | - |
| Proceeds from share issuance | 27 346,233,682 | 1,069,862,077 | - | - | 1,416,095,759 |
| Total comprehensive income for the year | - | - | - | 225,308,943 | 225,308,943 |
| Closing balance as at 31 December 2021 | <u>3,808,570,502</u> | <u>6,233,379,469</u> | <u>73,001,321</u> | <u>544,401,400</u> | <u>10,659,352,692</u> |

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

| | Notes | Consolidated | | Separate | |
|--|-------|----------------------|---------------|----------------------|---------------|
| | | financial statements | | financial statements | |
| | | 2021 Baht | 2020 Baht | 2021 Baht | 2020 Baht |
| Cash flows from operating activities | | | | | |
| Profit (loss) before income tax expense | | 193,851,674 | (493,318,418) | 291,023,187 | 434,751,317 |
| Adjustments for: | | | | | |
| Depreciation and amortisation | 30 | 599,532,743 | 571,767,555 | 99,528,577 | 132,184,286 |
| Allowance for (reversal of) | | | | | |
| - expected credit losses - trade and other receivables | | 4,648,326 | 4,577,817 | 1,638,569 | 3,924,091 |
| - obsolete inventories | | (83,975) | 33,303 | - | - |
| Write-offs withholding tax receivables | | 14,775,270 | 1,438,754 | 1,223,286 | 1,438,561 |
| Realised gains on disposals of financial assets | | | | | |
| measured at fair value through profit or loss | 13.2 | (458,014) | (1,003,960) | (29,822) | (789,736) |
| Unrealised (gains) loss on changes in financial assets | | | | | |
| measured at fair value through profit or loss | 13.2 | (458,203) | 565 | (458,166) | 321 |
| Gain on disposal of a business unit | | - | - | - | (704,702,645) |
| Gain on bargain purchase | | - | (30,695,503) | - | - |
| Gain on disposal of investment in subsidiaries | | - | (17,079,077) | - | - |
| Gain on lease agreement termination | | - | (88,354) | - | (88,354) |
| (Gain) loss on disposals of equipment | | (2,863,497) | 77,490 | (2,655,514) | (79,536) |
| Loss on write-offs right-of-use assets | 19 | 41,936,231 | - | - | - |
| Loss on write-offs of equipment | | - | 702,925 | - | 115,542 |
| Loss on write-offs building under construction | | 2,524,492 | - | - | - |
| Gain on disposals of investment property | | - | (7,767,605) | - | - |
| Loss on write-offs of intangible assets | | 199,349 | - | - | - |
| Loss on impairment of investment in a subsidiary | | - | - | 698,057 | - |
| Employee benefit expenses | 26 | 22,784,553 | 28,003,332 | 2,901,211 | 4,930,698 |
| Interest income | | (882,167) | (1,073,370) | (88,972,885) | (76,798,113) |
| Finance costs | 29 | 146,637,646 | 132,591,467 | 84,437,640 | 115,065,546 |
| Share of profit (loss) from an associate | | (73,486) | 111,214 | - | - |
| Profit (loss) from operating activities before changes | | | | | |
| in operating assets and liabilities | | 1,022,070,942 | 188,278,135 | 389,334,140 | (90,048,022) |
| Trade and other receivables | | (1,402,547,678) | (53,965,000) | (744,862,787) | (5,370,886) |
| Inventories | | (56,880,339) | (12,816,733) | (21,794,148) | (954,144) |
| Other current assets | | 2,879,843 | 9,217,680 | (1,629,565) | 2,588,742 |
| Other non-current assets | | (7,978,156) | (9,254,321) | (1,718,516) | (1,100,364) |
| Trade and other payables | | 69,319,677 | (72,963,599) | 155,031,892 | (4,198,806) |
| Advances received from customers | | 622,619,498 | (1,914,624) | 208,263,056 | (8,713,636) |
| Deposits received from customers | | (3,072,168) | (604,244) | - | (7,187,000) |
| Other current liabilities | | 2,438,815 | 35,945 | 4,483,282 | 11,685,170 |
| Employee benefits paid | 26 | (5,164,729) | (14,339,959) | - | (3,212,789) |
| Other non-current liabilities | | 2,287,916 | 24,571,739 | (5,801,750) | (10,142,414) |
| Cash generated from (used in) operations | | | | | |
| Interest paid | | (140,424,074) | (143,186,288) | (80,757,702) | (170,023,283) |
| Income tax paid | | (42,464,560) | (71,211,821) | (11,137,978) | (21,908,983) |
| Net cash generated from (used in) | | | | | |
| operating activities | | 63,084,987 | (158,153,090) | (110,590,076) | (308,586,415) |

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

| | Notes | Consolidated | | Separate | |
|--|-------|----------------------|-----------------|----------------------|-----------------|
| | | financial statements | | financial statements | |
| | | 2021 | 2020 | 2021 | 2020 |
| | | Baht | Baht | Baht | Baht |
| Cash flows from investing activities | | | | | |
| Proceeds from disposals of | | | | | |
| short-term investments | | 1,434,457,408 | 674,227,734 | 368,029,501 | 655,358,351 |
| Purchases of short-term investments | | (1,800,017,189) | (182,792,124) | (750,000,000) | (188,000,000) |
| (Increase) decrease in restricted deposits | | | | | |
| at financial institutions | | 4,638,884 | (2,690,775) | 5,000,000 | - |
| Cash received from short-term loans to subsidiaries | 34 | - | - | 20,000,000 | 471,283,237 |
| Cash received from long-term loans to a subsidiary | 34 | - | - | 2,017,000,000 | - |
| Cash received from short-term loans to third parties | | - | 32,000,000 | - | 32,000,000 |
| Payments of short-term loans to subsidiaries | 34 | - | - | (20,000,000) | (1,038,083,207) |
| Payments of long-term loans to a subsidiary | 34 | - | - | (2,170,000,000) | (716,999,962) |
| Cash received from short-term loans to director | | - | 70,000 | - | - |
| Payments of short-term loan to a related person | | - | (16,474,826) | - | - |
| Payments of a new subsidiary establishment | | - | - | - | (5,100,000) |
| Payments for increased in share capital of a subsidiary | 16 | - | - | (40,000,000) | (8,500,000) |
| Payments for entire business transfer | | - | (728,499,790) | - | - |
| Cash received from receivables under lease agreement | | - | - | 1,669,941 | 1,887,480 |
| Cash received from interest income | | 882,167 | 7,394,867 | 49,707,055 | 94,326,696 |
| Proceeds from partial disposal of investment in a subsidiary | 16 | - | - | 4,000,000 | - |
| Proceeds from disposals of investment in | | | | | |
| subsidiaries - net of cash disposed | | - | 16,392,855 | - | - |
| Proceeds from partial business transfer | | - | - | - | 1,966,000,000 |
| Proceeds from disposals of equipment | | 10,269,243 | 684,137 | 6,464,668 | 859,194 |
| Purchases of investment property | | (777,662) | (1,326,073) | - | - |
| Purchases of property, plant and equipment | | (811,817,957) | (861,100,110) | (169,225,579) | (270,268,639) |
| Purchases of intangible assets | | (13,233,518) | (43,549,787) | (1,512,924) | (446,814) |
| Payments for right-of-use assets | | - | (14,311,428) | - | - |
| Net cash generated from (used in) investing activities | | (1,175,598,624) | (1,119,975,320) | (678,867,338) | 994,316,336 |
| Cash flows from financing activities | | | | | |
| Payments for financing fee | | (100,000) | (3,597,200) | - | - |
| Proceeds from borrowings from financial institutions | | 1,200,674,962 | 3,727,275,201 | 129,984,962 | 2,833,529,728 |
| Repayments of borrowings from financial institutions | | (1,062,430,194) | (2,623,643,041) | (196,192,680) | (2,034,033,613) |
| Proceeds from borrowings from related parties | 34 | - | - | 682,000,000 | 393,679,580 |
| Repayments of borrowings from related parties | 34 | (120,441,750) | (52,000,000) | (1,065,232,481) | (1,884,700,000) |
| Payments of lease liabilities | | (84,956,131) | (61,352,432) | (34,013,510) | (26,426,418) |
| Dividends paid to non-controlling interests | | - | (6) | - | - |
| Proceeds from share issuance | 27 | 1,416,095,759 | - | 1,416,095,759 | - |
| Proceeds from a new subsidiary establishment | | - | 4,900,000 | - | - |
| Proceeds from subsidiaries' ordinary shares issued | | 60,000,000 | 40,000,000 | - | - |
| Proceeds from partial disposal of investment in subsidiaries | | 16,000,000 | 27,000,000 | - | - |
| Net cash from (used in) financing activities | | 1,424,842,646 | 1,058,582,522 | 932,642,050 | (717,950,723) |

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------|----------------------------------|-------------------|
| | 2021 Baht | 2020 Baht | 2021 Baht | 2020 Baht |
| Increase (decrease) in cash and cash equivalents | 312,329,009 | (219,545,888) | 143,184,636 | (32,220,802) |
| Cash and cash equivalents at the beginning of the year | 176,318,618 | 395,864,506 | 20,858,969 | 53,079,771 |
| Cash and cash equivalents at the end of the year | 488,647,627 | 176,318,618 | 164,043,605 | 20,858,969 |
| Non-cash transactions | | | | |
| Significant non-cash transactions for the year ended 31 December are as follows: | | | | |
| Purchases of plant and equipment not yet paid for | 44,894,579 | 304,857,207 | 4,551,610 | 59,347,993 |
| Purchases of intangible assets not yet paid for | - | 65,831,811 | - | - |
| Asset under leases contracts | 31,735,741 | 82,723,864 | 3,720,535 | 24,688,985 |
| Short-term loan from a subsidiary | - | - | - | 417,219,011 |
| Long-term promissory notes from a related party | - | 390,068,100 | - | - |
| Hospital acquisition payables | - | 294,091,218 | - | - |

1 General information

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

No. 29, 23rd floor, Bangkok Business Center Building, Sukhumvit 63 Road, Klongtonnua, Wattana, Bangkok.

In addition, the Company has branches located at No.35/2, Moo 12, Bangna-Trad Road, Bangkaew, Bangphli, Samut Prakan.

The principal business operations of the Group are operating private hospitals, serviced apartments, office building for rent and property development and for rent.

These consolidated and separate financial statements are presented in Thai Baht and rounded to the nearest thousand, unless otherwise stated.

These consolidated and separate financial statements were authorised for issue by the Board of Directors on 24 February 2022.

2 Significant events during the current year

Coronavirus Disease 2019 outbreak

The outbreak of Coronavirus Disease 2019 (“COVID-19”) in early 2020 has adverse effects on the Group’s hospital and hotel business groups. The hotel business has continued to be affected up to the current year.

The outbreak of COVID-19 occurring in many areas worldwide resulted in control measures and travel restrictions imposed by governments in many countries. Also, it led to changes in lifestyles and economic activities, resulting in a significant decline in the Group’s hotel business operating performance both in 2020 and 2021. Specifically, revenue during 2021 decreased by Baht 34.5 million or 14.85% from the previous year as the first quarter’s operations were still normal. However, due to the government’s relaxation of strict measures, such as opening the country to foreign tourists from low-risk countries without quarantine (test and go), effective from 1 November 2021, the end of curfew in all areas and measures to promote Thai tourism, the Group’s revenue in the fourth quarter of 2021 increased by Baht 15.9 million or 35.69% from the same period last year. The Group expects that the hotel business is likely to gradually recover in 2022 as the crisis gradually subsides, thanks to the widespread distribution of vaccines. As a result, the number of foreign and Thai travellers will continue to increase.

3 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS") and the financial reporting requirements issued under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except certain financial assets and liabilities (including derivative instrument), and employee benefit obligations.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 8.

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

4 Accounting policies

4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2021 and have significant impacts to the Group

a) **Revised Conceptual Framework for Financial Reporting** added the following key principals and guidance:

- Measurement basis, including factors in considering difference measurement basis
- Presentation and disclosure, including classification of income and expenses in other comprehensive income
- Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
- Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

b) **Amendment to TFRS 3, Business combinations** amended the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers and to exclude returns in the form of lower costs and other economic benefits.

c) **Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors** amended to definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also clarified when information is material and incorporates some of the guidance in TAS 1 about immaterial information.

4.2 Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2022 and have significant impacts to the Group

Certain amended TFRSs have been issued that are not mandatory for the current reporting period and have not been early adopted by the Group.

5 Accounting policies

5.1 Principles of consolidation accounting

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases.

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

b) Associates

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

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

c) Equity method

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

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

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

d) Changes in ownership interests

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

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

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

e) Intercompany transactions on consolidation

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

5.2 Business combination

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

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

Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group initially recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

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

Acquisition-related cost

Acquisition-related cost are recognised as expenses.

As in fair value of contingent consideration paid/received

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

5.3 Foreign currency translation

a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency and the Company's and the Group's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the date of revaluation where items are re-measured.

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

5.4 Cash and cash equivalents

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

5.5 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The impairment of trade receivables are disclosed in Note 6.1.2 b).

5.6 Inventories

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

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

5.7 Financial assets

a) Classification

The Group classifies its debt instrument financial assets in the following measurement categories depending on i) business model for managing the asset and ii) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments, the Group has an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss (FVPL) or at fair value through other comprehensive income (FVOCI) except those that are held for trading, they are measured at FVPL.

b) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Group measures a financial assets at its fair value plus, in the case of a financial assets not at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

d) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item the statement of comprehensive income.
- **FVOCI:** Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income is included in other income. Impairment expenses are presented separately in the statement of comprehensive income.
- **FVPL:** Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

e) Equity instruments

The Group measures all equity investments at fair value. Where the Group has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of comprehensive income.

Impairment losses and reversal of impairment losses on equity investments are reported together with changes in fair value.

f) Impairment

The Group applies the TFRS 9 simplified approach in measuring the impairment of trade receivables, which applies lifetime expected credit loss, from initial recognition, for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled services provided work and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected credit loss rates are based on payment profiles, historical credit losses as well as forward-looking information and factors that may affect the ability of the customers to settle the outstanding balances.

As at 1 January 2021, the Group ceases applying the temporary exemption guidance to relieve the impact from COVID-19 (temporary measures to relieve the impact from COVID-19) announced by The Federation of Accounting Professions (TFAC) which were effective for reporting periods ending between 1 January 2020 and 31 December 2020. There is no significant impact of the ceasing the guidance to the financial performance in the year ended 31 December 2021.

For other financial assets carried at amortised cost, the Group applies TFRS 9 general approach in measuring the impairment of those financial assets. Under the general approach, the 12-month or the lifetime expected credit loss is applied depending on whether there has been a significant increase in credit risk since the initial recognition.

The significant increase in credit risk (from initial recognition) assessment is performed every end of reporting period by comparing i) expected risk of default as of the reporting date and ii) estimated risk of default on the date of initial recognition.

The Group assesses expected credit loss by taking into consideration forward-looking information and past experiences. The expected credit loss is a probability-weighted estimate of credit losses (probability-weighted present value of estimated cash shortfall). The cash shortfall is the difference between all contractual cash flows that are due to the Group and all cash flows expected to receive, discounted at the original effective interest rate.

When measuring expected credit losses, the Group reflects the following:

- probability-weighted estimated uncollectible amounts
- time value of money; and
- supportable and reasonable information as of the reporting date about past experience, current conditions and forecasts of future situations.

Impairment and reversal of impairment losses are recognised in profit or loss and included in administrative expenses.

5.8 Investment property

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

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

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

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

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

| | |
|------------------------------------|--------------|
| Building and building improvements | 5 - 20 years |
|------------------------------------|--------------|

5.9 Property, plant and equipment

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

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

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

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

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

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

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

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

5.10 Goodwill

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

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

5.11 Intangible assets

Acquired intangible assets

Separately acquired intangible assets such as trademark, customer relationships and computer software are measured at historical cost.

The assets with infinite useful life are subsequently measured at cost less impairment losses.

The assets with limited life are subsequently carried at cost less accumulated amortisation and impairment losses. The amortisation is calculated using the straight-line method or other method of depreciation over their estimated useful lives, as follows:

| | |
|------------------------|--------------|
| Trademark | 20 years |
| Customer relationships | 10 years |
| Computer software | 3 - 10 years |

5.12 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

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

As at 1 January 2021, the Group ceases applying the temporary exemption guidance to relieve the impact from COVID-19 (temporary measures to relieve the impact from COVID-19) announced by The Federation of Accounting Professions (TFAC) which were effective for reporting periods ending between 1 January 2020 and 31 December 2020. There is no significant impact of the ceasing the guidance to the financial performance in the year ended 31 December 2021.

5.13 Leases

Leases - where the Group is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment, small items of office furniture and billboard.

Leases - where the Group is the lessor

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

Rental income under operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

5.14 Financial liabilities

a) Classification

Financial instruments issued by the Group are classified as either financial liabilities or equity securities by considering contractual obligations.

- Where the Group has an unconditional contractual obligation to deliver cash or another financial assets to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Group's own equity instruments.
- Where the Group has no contractual obligation or has an unconditional right to avoid delivering cash or another financial assets in settlement of the obligation, it is considered an equity instrument.

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

b) Measurement

Financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

c) Derecognition and modification

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expired.

Where the terms of a financial liability are renegotiated/modified, the Group assesses whether the renegotiation/modification results in the derecognition of that financial liability. Where the modification results in an extinguishment, the new financial liability is recognised based on fair value of its obligation. The remaining carrying amount of financial liability is derecognised. The difference as well as proceed paid is recognised as other gains/(losses) in profit or loss.

Where the modification does not result in the derecognition of the financial liability, the carrying amount of the financial liability is recalculated as the present value of the renegotiated/modified contractual cash flows discounted at its original effective interest rate. The difference is recognised in other gains/(losses) in profit or loss.

5.15 Borrowing costs

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

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

5.16 Current and deferred income taxes

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

Current tax

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

Deferred income tax

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

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

5.17 Employee benefits

a) Short-term employee benefits

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

b) Defined contribution plan

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

c) Defined benefit plans

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

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

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

Past service costs are recognised immediately in profit or loss.

5.18 Provisions

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

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

5.19 Share capital

Ordinary shares with discretionary dividends are classified as equity.

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

5.20 Revenue recognition

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

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

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

Revenues from hospital operations

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

Revenues from services

Revenue from hotel ownership comprises amounts earned in respect of rental of rooms, food and beverage sales, and other ancillary services. Revenue is recognised over the period when rooms are occupied or services are performed. Revenue from the sale of food and beverages and goods is recognised at the point of sale when the food and beverages and goods are delivered to customers. Payment is due immediately when the hotel guest occupies the room and receives the services and goods.

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

Revenues from rental operations

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

Other income

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

Contract assets and liabilities

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

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

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

5.21 Dividend distribution

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

5.22 Legal reserve

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

6 Financial risk management

6.1 Financial risk factors

The Group exposes to a variety of financial risks: market risk (currency risk, fair value risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors provides written principles for overall risk management which is carried out by a central treasury department (the Group treasury), including identification, evaluation and hedge of financial risks in close co-operation with operating units. The Risk Management Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and liquidity risk.

6.1.1 Market risk

a) Foreign exchange risk

The Group is exposed to foreign currency risks, primarily the US Dollar from consulting fees and expenses under the serviced apartment management agreements that are denominated in foreign currencies. However, the Group does not apply hedge accounting as the management believes that the circumstances of foreign exchange risk does not affect operational results of the Group.

b) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow risk.

The Group's borrowings and receivables are carried at amortised cost. The borrowings are periodically contractually repriced (see the table below) and to that extent are also exposed to the risk of future changes in market interest rates.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

| | Consolidated financial statements | | | |
|--------------------------|-----------------------------------|------------------|---------------|------------------|
| | 2021 | | 2020 | |
| | Thousand Baht | % of total loans | Thousand Baht | % of total loans |
| Variable rate borrowings | 3,819,004 | 93 | 3,679,940 | 90 |

| | Separate financial statements | | | |
|--------------------------|-------------------------------|------------------|---------------|------------------|
| | 2021 | | 2020 | |
| | Thousand Baht | % of total loans | Thousand Baht | % of total loans |
| Variable rate borrowings | 2,286,935 | 81 | 2,352,546 | 72 |

The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings. An analysis by maturities is provided in note 6.1.3.

6.1.2 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost as well as credit exposures to customers, including outstanding receivables and loans.

a) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only trustworthy financial companies are accepted from independently credit ratings agencies.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on the assessments in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

Sales to retail customers are required to be settled in cash or using major credit cards to mitigate credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers or specific industry sectors.

The Group's investments in debt instruments are considered to be low risk investments.

b) Impairment of financial assets

The Group and the Company has 3 types of financial assets that are subject to the expected credit loss model:

- Trade and other receivables
- Contract assets
- Debt investments carried at amortised cost

While cash, cash equivalents and cash at bank are also subject to the impairment requirements of TFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the TFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled services provided work and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 24 - 36 months before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance was determined as follows for both trade receivables and contract assets

| | Consolidated financial statements | | | | | Total Thousand Baht |
|--------------------------------------|------------------------------------|---------------------------------------|----------------------------------|-----------------------------------|--|---------------------------|
| | Not yet due Thousand Baht | Up to 3 months Thousand Baht | 3 - 6 months Thousand Baht | 6 - 12 months Thousand Baht | More than 12 months Thousand Baht | |
| As of 31 December 2021 | | | | | | |
| Gross carrying amount (Note 12.1) | | | | | | |
| - trade receivables | | | | | | |
| - third parties | 141,052 | 424,797 | 162,325 | 174,995 | 40,289 | 943,458 |
| - trade receivables | | | | | | |
| - related parties | 232 | - | - | - | - | 232 |
| - contract assets | 61,665 | - | - | - | - | 61,665 |
| Loss allowance | 933 | 2,497 | 623 | 1,088 | 11,517 | 16,658 |
| As of 31 December 2020 | | | | | | |
| Gross carrying amount (Note 12.1) | | | | | | |
| - trade receivables | | | | | | |
| - third parties | 107,411 | 101,923 | 10,396 | 9,894 | 14,819 | 244,443 |
| - trade receivables | | | | | | |
| - related parties | 240 | - | - | - | - | 240 |
| | 16,579 | 68 | - | - | - | 16,647 |
| Loss allowance | 3,666 | 2,764 | 781 | 637 | 4,162 | 12,010 |
| | Separate financial statements | | | | | Total Thousand Baht |
| | Not yet due Thousand Baht | Up to 3 months Thousand Baht | 3 - 6 months Thousand Baht | 6 - 12 months Thousand Baht | More than 12 months Thousand Baht | |
| As of 31 December 2021 | | | | | | |
| Gross carrying amount (Note 12.1) | | | | | | |
| - trade receivables | | | | | | |
| - third parties | 10,126 | 170,567 | 150,540 | 168,846 | 6,877 | 506,956 |
| - trade receivables | | | | | | |
| - related parties | 14,568 | 2,581 | 1 | 45 | - | 17,195 |
| - contract assets | 18,167 | - | - | - | - | 18,167 |
| Loss allowance | 86 | 449 | 460 | 524 | 5,308 | 6,827 |
| As of 31 December 2020 | | | | | | |
| Gross carrying amount (Note 12.1) | | | | | | |
| - trade receivables | | | | | | |
| - third parties | 10,914 | 19,449 | 1,603 | 4,931 | 5,182 | 42,079 |
| - trade receivables | | | | | | |
| - related parties | 5,626 | - | - | - | - | 5,626 |
| - contract assets | 1,480 | - | - | - | - | 1,480 |
| Loss allowance | 1 | 25 | 2 | 14 | 5,146 | 5,188 |

| | Consolidated financial statements | |
|---|-----------------------------------|-----------------------|
| | Trade receivables | |
| | 2021 Thousand Baht | 2020 Thousand Baht |
| Opening loss allowance at 1 January | 12,010 | 7,432 |
| Increase in loss allowance recognised in profit or loss during the year | 8,310 | 5,930 |
| Receivable written off during the year as uncollectible | (3,617) | (804) |
| Unused amount reversed | (45) | (548) |
| Closing loss allowance at 31 December | 16,658 | 12,010 |
| | Separate financial statements | |
| | Trade receivables | |
| | 2021 Thousand Baht | 2020 Thousand Baht |
| Opening loss allowance at 1 January | 5,188 | 1,264 |
| Increase in loss allowance recognised in profit or loss during the year | 5,008 | 4,031 |
| Receivable written off during the year as uncollectible | (3,369) | - |
| Partial business transfer | - | (107) |
| Closing loss allowance at 31 December | 6,827 | 5,188 |

Impairment loss for trade receivables and contract assets will be presented as net impairment loss within profit before finance costs and income taxes. The repayment will be a reversal transaction of the loss.

Debt investments

Debt investments measured at amortised cost include other receivables and loans to related parties.

All of the debt investments at amortised cost and FVOCI, except loans to related parties, are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Certain loans to related parties are considered have low default rate. Therefore, management did not record expected credit losses for the year of 2021.

6.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Group held deposits at call of Baht 488.6 million (2020: Baht 176.3 million) that are expected to readily generate cash inflows for managing liquidity risk.

Due to the dynamic nature of the underlying businesses, the Group treasury maintains flexibility in funding from financial institutions committed credit facilities.

Management monitors i) rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below); and ii) cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary, monitoring balance sheet liquidity ratios and maintaining financing plans.

a) Financing arrangements

The Group has access to the following undrawn credit facilities as at 31 December as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Floating rate | | | | |
| Expiring within one year | | | | |
| - bank overdraft | 250,000 | - | - | - |
| Expiring beyond one year | | | | |
| - bank loans | 309,260 | 585,950 | 180,850 | 180,850 |
| | 559,260 | 585,950 | 180,850 | 180,850 |

b) Maturity of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

| Consolidated financial statements | | | | | | |
|---|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|---------------------------|-----------------------------------|
| | On demand Thousand Baht | Within 1 year Thousand Baht | 1 - 5 years Thousand Baht | Over 5 years Thousand Baht | Total Thousand Baht | Book Value Thousand Baht |
| As at 31 December 2021 | | | | | | |
| Trade and other payables | - | 631,614 | - | - | 631,614 | 631,614 |
| Short-term borrowings from related parties | - | 287,271 | - | - | 287,271 | 287,271 |
| Other current liabilities | - | 95,035 | - | - | 95,035 | 95,035 |
| Lease liabilities | - | 90,181 | 142,520 | 104,048 | 336,749 | 248,747 |
| Long-term loans from financial institutions | - | 329,182 | 2,773,718 | 719,900 | 3,822,800 | 3,819,004 |
| Deposits received from customers | - | 45,442 | - | - | 45,442 | 45,442 |
| Hospital acquisition payables | - | 100,000 | 55,000 | - | 155,000 | 151,889 |
| Other non-current liabilities | - | - | 18,937 | - | 18,937 | 18,937 |
| Total | - | 1,578,725 | 2,990,175 | 823,948 | 5,392,848 | 5,297,939 |

| Consolidated financial statements | | | | | | |
|--|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|---------------------------|-----------------------------------|
| | On demand Thousand Baht | Within 1 year Thousand Baht | 1 - 5 years Thousand Baht | Over 5 years Thousand Baht | Total Thousand Baht | Book Value Thousand Baht |
| As at 31 December 2020 | | | | | | |
| Trade and other payables | - | 674,004 | - | - | 674,004 | 674,004 |
| Short-term borrowings from related parties | - | 298,258 | - | - | 298,258 | 298,258 |
| Current portion of promissory notes from a related party | - | 120,973 | - | - | 120,973 | 120,973 |
| Other current liabilities | - | 92,596 | - | - | 92,596 | 92,596 |
| Lease liabilities | - | 78,447 | 206,839 | 105,849 | 391,135 | 292,768 |
| Long-term loans from financial institutions | - | 273,323 | 2,392,766 | 1,017,056 | 3,683,145 | 3,679,940 |
| Deposits received from customers | 880 | 28,564 | 19,070 | - | 48,514 | 48,514 |
| Hospital acquisition payables | - | 250,000 | 55,000 | - | 305,000 | 294,091 |
| Other non-current liabilities | - | - | 17,240 | - | 17,240 | 17,240 |
| Total | 880 | 1,816,165 | 2,690,915 | 1,122,905 | 5,630,865 | 5,518,384 |

| | Separate financial statements | | | | | Book Value Thousand Baht |
|---|-------------------------------|--------------------------------|------------------------------|-------------------------------|------------------------|-----------------------------|
| | On demand Thousand Baht | Within 1 year Thousand Baht | 1 - 5 years Thousand Baht | Over 5 years Thousand Baht | Total Thousand Baht | |
| As at 31 December 2021 | | | | | | |
| Trade and other payables | - | 200,505 | - | - | 200,505 | 200,505 |
| Short-term borrowings from related parties | - | 520,132 | - | - | 520,132 | 520,132 |
| Other current liabilities | - | 22,615 | - | - | 22,615 | 22,615 |
| Lease liabilities | - | 34,594 | 50,937 | - | 85,531 | 84,179 |
| Long-term loans from financial institutions | - | 274,702 | 1,882,877 | 131,023 | 2,288,602 | 2,286,935 |
| Other non-current liabilities | - | - | 1,493 | - | 1,493 | 1,493 |
| Total | - | 1,052,548 | 1,935,307 | 131,023 | 3,118,878 | 3,115,859 |

| | Separate financial statements | | | | | Book Value Thousand Baht |
|--|-------------------------------|--------------------------------|------------------------------|-------------------------------|------------------------|-----------------------------|
| | On demand Thousand Baht | Within 1 year Thousand Baht | 1 - 5 years Thousand Baht | Over 5 years Thousand Baht | Total Thousand Baht | |
| As at 31 December 2020 | | | | | | |
| Trade and other payables | - | 100,270 | - | - | 100,270 | 100,270 |
| Short-term borrowings from related parties | - | 482,382 | - | - | 482,382 | 482,382 |
| Current portion of promissory notes from a related party | - | 120,973 | - | - | 120,973 | 120,973 |
| Other current liabilities | - | 18,132 | - | - | 18,132 | 18,132 |
| Lease liabilities | - | 32,312 | 85,450 | - | 117,762 | 111,398 |
| Long-term loans from financial institutions | - | 181,467 | 1,578,515 | 594,231 | 2,354,213 | 2,352,547 |
| Long-term borrowings from related parties | - | - | 300,000 | - | 300,000 | 300,000 |
| Other non-current liabilities | - | - | 7,295 | - | 7,295 | 7,295 |
| Total | - | 935,536 | 1,971,260 | 594,231 | 3,501,027 | 3,492,997 |

6.2 Capital management

6.2.1 Risk management

The objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

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

Consistent with others in the industry, the Group monitors capital based on the basis of the following gearing ratio and net debt from financial institutions to equity ratio.

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Net debt | 6,554,896 | 6,090,194 | 3,558,726 | 3,675,006 |
| Total equity (including non-controlling interests) | 10,860,455 | 9,324,917 | 10,659,353 | 9,017,948 |
| Net debt to equity ratio | 60% | 65% | 33% | 41% |

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Net debt from financial institutions | 3,819,004 | 3,679,940 | 2,286,935 | 2,352,546 |
| Total equity (including non-controlling interests) | 10,860,455 | 9,324,917 | 10,659,353 | 9,017,948 |
| Net debt from financial institutions to equity ratio | 35% | 39% | 21% | 26% |

The net debt to equity ratio and net debt from financial institutions to equity ratio decreased from 65% to 60% and from 39% to 35%, respectively. The decrease resulted from the increase of equity from profit presented in consolidated and separate financial statements and share issuance to third party (Note 27).

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- the gearing ratio must be not more than between 125% and 233%, and
- the ratio of adjusted DSCR must be not lower than between 115% and 125%

The Group has complied with these covenants throughout the reporting period as at 31 December 2021. However, some entities can not maintain the ratio of adjusted DSCR. Therefore, these entities received waiver letters from financial institutions.

7 Fair value

The following table presents fair value of financial assets and liabilities recognised or disclosed by their fair value hierarchy.

| Consolidated financial statements | | | | | | | | |
|--|----------|-------------|----------|-------------|----------|-------------|----------|----------|
| Level 1 | | Level 2 | | Level 3 | | Total | | |
| 31 December | | 31 December | | 31 December | | 31 December | | |
| 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2020 |
| Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand |
| baht | baht | baht | baht | baht | baht | baht | baht | baht |
| Assets | | | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | | | |
| Debt investments (Note 13) | 400,466 | 34,007 | - | - | - | - | 400,466 | 34,007 |
| Equity investments (Note 13) | - | - | - | - | 330 | 330 | 330 | 330 |
| Separate financial statements | | | | | | | | |
| Level 1 | | Level 2 | | Level 3 | | Total | | |
| 31 December | | 31 December | | 31 December | | 31 December | | |
| 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2020 |
| Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand | Thousand |
| baht | baht | baht | baht | baht | baht | Baht | Baht | baht |
| Assets | | | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | | | |
| Debt investments (Note 13) | 400,458 | 18,000 | - | - | - | 400,458 | 18,000 | 18,000 |
| Equity investments (Note 13) | - | - | - | - | 330 | 330 | 330 | 330 |

Fair values are categorised into hierarchy based on inputs used as follows:

Level 1: The fair value of financial instruments is based on the closing price by reference to the Stock Exchange of Thailand or the Thai Bond Dealing Centre.

Level 2: The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.

Level 3: The fair value of financial instruments is not based on observable market data

The fair value measurement of financial assets and financial liabilities is in accordance with accounting policies disclosed in Note 5.7 and 5.14.

Transfer between fair value hierarchy

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

The Group's valuation processes

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

8 Critical estimates assumptions and judgements

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

a) *Goodwill impairment*

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The calculations use cash flow projections based on financial budget approved by management covering a 5-year - 10-year period.

Cash flows beyond the 5th - 10th year period are extrapolated using the estimated growth rates stated in note 20. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

b) *Useful life of intangible asset*

The Group estimates the useful life of intangible assets as follows:

| | |
|------------------------|----------|
| Trademark | 20 years |
| Customer relationships | 10 years |

Reference to expected used in hospital operations by the Group and historical data of customer's demographic information.

c) *Defined retirement benefit obligations*

The present value of the retirement benefit obligations depends on a number of assumptions. Key assumptions used and impacts from possible changes in key assumptions are disclosed in note 26.

d) *Determination of lease terms*

Critical judgement in determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended or terminated.

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

Most extension options on offices and vehicles leases have not been included in the lease liability, because the Group considers i) the underlying asset condition and/or ii) insignificant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Group.

e) *Determination of discount rate applied to leases*

The Group determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.
- Make adjustments specific to the lease, e.g. term, country, currency and security.

f) *Determination of discount rate applied to hospital acquisition payable*

The Group determines the incremental borrowings rate using third-party financing of the Group, adjusting to reflect changes in its financing conditions.

9 Segment information

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

| | Hospital business | | Property development and rental business | | Other businesses | | Eliminations | | Total | |
|---|-------------------------|-------------------------|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2021 Million Baht | 2020 Million Baht | 2021 Million Baht | 2020 Million Baht | 2021 Million Baht | 2020 Million Baht | 2021 Million Baht | 2020 Million Baht | 2021 Million Baht | 2020 Million Baht |
| Revenues from sales and services | | | | | | | | | | |
| External customers | 4,742.7 | 2,290.3 | 316.1 | 360.4 | - | - | - | - | 5,058.8 | 2,650.7 |
| Inter-segment | 307.3 | 122.2 | 60.3 | 56.7 | - | - | (367.6) | (178.9) | - | - |
| Total | 5,050.0 | 2,412.5 | 376.4 | 417.1 | - | - | (367.6) | (178.9) | 5,058.8 | 2,650.7 |
| Timing of revenue recognition: | | | | | | | | | | |
| At a point in time | 3,595.3 | 2,006.6 | 6.6 | 38.3 | - | - | (50.1) | (10.1) | 3,551.8 | 2,034.8 |
| Over time | 1,454.7 | 405.9 | 369.8 | 378.8 | - | - | (317.5) | (168.8) | 1,507.0 | 615.9 |
| Total | 5,050.0 | 2,412.5 | 376.4 | 417.1 | - | - | (367.6) | (178.9) | 5,058.8 | 2,650.7 |
| Gross profit (loss) | 1,660.0 | 407.5 | 81.6 | 107.6 | - | - | (327.0) | (196.6) | 1,414.6 | 318.5 |
| Selling and administrative expenses | (1,205.6) | (788.8) | (319.5) | (186.6) | - | (1.0) | 404.0 | 205.6 | (1,121.1) | (770.8) |
| Profit (loss) before income tax expense | 312.9 | (477.4) | 1,282.8 | 766.6 | - | (1.1) | (1,401.8) | (781.4) | 193.9 | (493.3) |
| Income tax (expense) income | (105.0) | (12.4) | (8.7) | (29.7) | - | - | 12.7 | (2.1) | (101.0) | (44.2) |
| Profit (loss) for the year | 207.9 | (489.8) | 1,274.1 | 736.9 | - | (1.1) | (1,389.1) | (783.5) | 92.9 | (537.5) |
| Non-current asset held-for-sales | - | - | 1,010.8 | - | - | - | - | - | 1,010.8 | - |
| Investment property, net | 15.6 | - | 120.9 | 1,155.1 | - | - | - | - | 136.5 | 1,155.1 |
| Property, plant and equipment, net | 7,617.3 | 7,437.0 | 3,441.4 | 3,550.4 | - | 0.2 | - | - | 11,058.7 | 10,987.6 |
| Goodwill | 1,824.0 | 1,824.0 | - | - | - | - | - | - | 1,824.0 | 1,824.0 |
| Total assets | 12,382.4 | 10,675.5 | 11,732.6 | 10,779.9 | - | 10.1 | (6,699.6) | (6,050.4) | 17,415.4 | 15,415.1 |

10 Cash and cash equivalents

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Cash at bank and on hand | 486,641 | 176,319 | 164,044 | 20,859 |
| Short-term bank deposits | 2,007 | - | - | - |
| Total | 488,648 | 176,319 | 164,044 | 20,859 |

11 Non-current assets held-for-sale

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Investment property (Note 17) | 1,009,666 | - | - | - |
| Property, plant and equipment (Note 18) | 1,088 | - | - | - |
| Total assets | 1,010,754 | - | - | - |

As at 31 December 2021, the Group's lands and buildings of net book value of Baht 1,010.8 million (2020: Baht 1,092.3 million) has been pledged as securities for borrowing facilities from a financial institution (Note 23).

On 17 March 2021, at the Company's Board of Directors' Meeting No.3/2021, the Company approved to dispose land and office building for rent of a subsidiary to a trust with investment objectives in office leasehold real estate. This transaction had been approved from Trust Unitholders' Meeting on 27 April 2021. Consequently, the Group classified land and building as non-current assets held-for-sale during the year.

12 Trade receivables, other receivables and prepayments, net

12.1 Trade and others receivable

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Trade receivables - third parties | 943,458 | 244,443 | 506,956 | 42,079 |
| Trade receivables - related parties (Note 34 b) | 232 | 240 | 17,195 | 5,626 |
| Accrued income, net | 61,665 | 16,647 | 18,167 | 1,480 |
| Less allowance for expected credit losses (Note 6.1.2) | (16,658) | (12,010) | (6,827) | (5,188) |
| Trade receivables, net | 988,697 | 249,320 | 535,491 | 43,997 |
| Prepaid expenses | 30,549 | 20,828 | 6,952 | 3,589 |
| Advance expenses | 5,059 | 2,007 | 2,575 | 327 |
| Advances for goods and service - Vaccine | 631,655 | - | 243,054 | - |
| Shares subscription receivable | - | 60,000 | - | - |
| Other receivable - related parties (Note 34 b) | 1,914 | 2,823 | - | - |
| Other receivables - third parties | 22,820 | 7,859 | 4,665 | 1,600 |
| | 1,680,694 | 342,837 | 792,737 | 49,513 |

12.2 Impairments of trade receivables and financial assets

Information about the impairment of trade and financial assets is disclosed in note 6.1.2 b).

13 Financial assets and liabilities

The Group's financial assets and financial liabilities are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Financial assets | | | | |
| Financial assets at amortised cost | | | | |
| Cash and cash equivalents | 488,648 | 176,319 | 164,044 | 20,859 |
| Short-term fixed deposits | 1,405 | 1,388 | - | - |
| Restricted deposits at financial institutions - current | 360 | 5,000 | - | 5,000 |
| Trade receivables, other receivables and prepayments, net | 1,645,086 | 320,002 | 783,210 | 45,597 |
| Current portion of receivables under finance lease, net | - | - | 1,731 | 1,670 |
| Short-term loans to subsidiaries | - | - | - | 10 |
| Other current assets | 12,017 | 16,169 | 2,892 | 4,281 |
| Restricted deposits at financial institutions | 2,804 | 2,803 | - | - |
| Receivables under lease agreement, net | - | - | 3,342 | 5,074 |
| Long-term loans to subsidiaries | - | - | 2,821,573 | 2,629,296 |
| Other non-current assets | 62,623 | 39,550 | 6,353 | 4,385 |
| Financial assets measured at fair value through profit or loss - current | 400,466 | 34,007 | 400,458 | 18,000 |
| Financial assets measured at fair value through profit or loss | 330 | 330 | 330 | 330 |
| Financial liabilities | | | | |
| Financial liabilities at amortised cost | | | | |
| Trade and other payables | 729,769 | 921,420 | 200,505 | 100,270 |
| Short-term borrowings from related parties | 287,271 | 298,258 | 520,132 | 482,382 |
| Current portion of lease liabilities | 84,471 | 68,709 | 34,594 | 29,295 |
| Current portion of long-term borrowings from financial institutions | 328,105 | 273,323 | 274,156 | 181,467 |
| Current portion of promissory notes from a related party | - | 120,973 | - | 120,973 |
| Deposits received from customers - current | 45,442 | 29,444 | - | - |
| Other current liabilities | 95,035 | 92,596 | 22,615 | 18,132 |
| Lease liabilities | 164,275 | 224,059 | 49,585 | 82,104 |
| Long-term borrowings from financial institutions | 3,490,899 | 3,406,617 | 2,012,778 | 2,171,080 |
| Long-term borrowings from related parties | - | - | - | 300,000 |
| Deposits received from customers | - | 19,070 | - | - |
| Hospital acquisition payables | 53,735 | 46,675 | - | - |
| Other non-current liabilities | 18,937 | 17,240 | 1,493 | 7,295 |

13.1 Other financial assets at amortised cost

a) Classification of financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group.

b) Fair values of other financial assets at amortised cost

Due to the short-term nature of the financial assets, their carrying amount is considered to be the same as their fair value.

As at 31 December 2021 loans to related parties at a carrying amount of Baht 2,821.6 million (2020: Baht 2,629.3 million) have a fair value of Baht 2,393.4 million (2020: Baht 2,621.7 million). The fair values were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

c) Loss allowance

Information about the impairment of financial assets at amortised cost and the Group's exposure to credit risk is disclosed in Note 6.1.2.

13.2 Financial assets at fair value through profit or loss

a) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has irrevocably not elected at initial recognition to recognise fair value gains and losses through OCI.

b) Amounts recognised in profit or loss

The following gains/(losses) were recognised in profit or loss during the year as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Fair value gains on debt instruments at FVPL recognised in other gains/(losses) | 916 | 1,003 | 488 | 789 |

14 Inventories, net

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Medicines | 75,681 | 40,525 | 15,000 | 2,770 |
| Medical supplies | 52,280 | 30,741 | 12,807 | 3,243 |
| Goods for sales | - | 54 | - | - |
| General supplies | 820 | 548 | - | - |
| Food and beverage | 160 | 193 | - | - |
| | 128,941 | 72,061 | 27,807 | 6,013 |
| <u>Less</u> Allowance for obsolete inventories | (73) | (157) | - | - |
| | 128,868 | 71,904 | 27,807 | 6,013 |

During the year ended 2021 and 2020, amounts recognised as cost of sales in profit or loss are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Inventories recognised as cost of sales | 832,789 | 379,359 | 211,897 | 25,264 |
| Write-down of inventories to net realisable value | - | 33 | - | - |
| Reversal of write-down inventories to net realisable value | (84) | - | - | - |

15 Restricted bank deposits

As at 31 December 2021, the Company has no restricted deposits represents fixed deposits (2020: Baht 5.0 million with the interest rate of 0.50 % per annum pledged as collateral for letters of guarantee).

As at 31 December 2021, the Group's restricted deposits represents savings and fixed deposits totalling Baht 3.2 million with the interest rate of 0.20% to 0.38% per annum (2020: Baht 7.8 million with the interest rates of 0.20% to 0.50% per annum) pledged as collateral for letters of guarantee (Note 35).

16 Investments in subsidiaries

As at 31 December 2021, the Group included the following subsidiaries in the preparation of consolidated financial statements. The subsidiaries have ordinary shares and preference shares in which the Group directly holds those shares. The proportion of ownership interests held by the Group is equal to voting rights in subsidiaries held by the Group.

Investments in subsidiaries as at 31 December comprised the following:

| Company's name | Country of incorporation | Nature of business | Ownership interests held by the Group | | Ownership interests held by non-controlling interests | |
|--|--------------------------|---|---------------------------------------|-----------------|---|-----------------|
| | | | 2021 Percent | 2020 Percent | 2021 Percent | 2020 Percent |
| Direct: Subsidiaries under Principal Capital Public Company Limited | | | | | | |
| Klai Baan Klai Jai Co., Ltd. | Thailand | Medical services | 92.00 | 99.99 | 8.00 | - |
| Bangkok Center District Co., Ltd. | Thailand | Property development | 99.99 | 99.99 | - | - |
| V Brilliant Group Holding Co., Ltd. | Thailand | Property development | 99.99 | 99.99 | - | - |
| Principal Healthcare Co., Ltd. | Thailand | Investment holding and hospital management services | 99.99 | 99.99 | - | - |
| Principal NKG Co., Ltd. | Thailand | Medical services | 51.00 | 51.00 | 49.00 | 49.00 |
| Indirect: Subsidiaries under V Brilliant Group Holding Co., Ltd | | | | | | |
| V Intelligence Co., Ltd. | Thailand | Office rental | - | 99.99 | - | - |
| V Residence Co., Ltd. | Thailand | Service apartment rental | 99.99 | 99.99 | - | - |
| Ban Chang Business District Co., Ltd. | Thailand | Property development | 99.99 | 99.99 | - | - |
| VMEA Co., Ltd. | Thailand | Service apartment rental | 99.99 | 99.99 | - | - |
| Indirect: Subsidiaries under Principal Healthcare Co., Ltd. | | | | | | |
| Pitsanuloke Medical Co., Ltd. | Thailand | Hospital | 60.00 | 60.00 | 40.00 | 40.00 |
| Paknampo Hospital Co., Ltd. | Thailand | Hospital | 91.53 | 91.43 | 8.47 | 8.57 |
| Principal Healthcare - Uthai Co., Ltd. | Thailand | Hospital | 99.99 | 99.99 | - | - |
| Principal Healthcare - Lamphun Co., Ltd. | Thailand | Hospital | 86.67 | 86.67 | 13.33 | 13.33 |
| Principal Healthcare - Sisaket Co., Ltd. | Thailand | Hospital | 60.00 | 60.00 | 40.00 | 40.00 |
| Principal Healthcare - Chumphon Co., Ltd. | Thailand | Hospital | 90.00 | 90.00 | 10.00 | 10.00 |
| Principal Healthcare - Ubon Ratchathani Co., Ltd. | Thailand | Hospital | 80.00 | 80.00 | 20.00 | 20.00 |
| Principal Healthcare - Sakonnakhon Co., Ltd. | Thailand | Hospital | 99.99 | - | - | - |
| Indirect: Subsidiaries under Pitsanuloke Medical Co., Ltd. | | | | | | |
| Union Pichit Doctors Co., Ltd. | Thailand | Hospital | 60.00 | 60.00 | 40.00 | 40.00 |
| Pitsanuvej Uttaradit Hospital Co., Ltd. | Thailand | Hospital | 60.00 | 60.00 | 40.00 | 40.00 |

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

| | Separate financial statements | |
|------------------------|--------------------------------------|----------------------|
| | 2021 | 2020 |
| | Thousand Baht | Thousand Baht |
| As at 1 January | 7,976,853 | 7,963,254 |
| Additions | 40,000 | 13,599 |
| Disposal of investment | (4,000) | - |
| Loss on impairment | (698) | - |
| As at 31 December | 8,012,155 | 7,976,853 |

Share increase

At the Extraordinary General meeting of Klai Baan Klai Jai Co., Ltd. held on 28 December 2020, the shareholders have passed a resolution to approve increase and decrease its authorised share capital of Baht 8.5 million both at once with a par value of Baht 10 each in proportion to the number of shares held by each of them for reversal the company's deficit retained earnings. The subsidiary received all called share subscription on 18 December 2020. The Company's subsidiary registered the increased and decreased share capital with the Ministry of Commerce on 29 December 2020 and 4 February 2021 respectively.

At the Extraordinary General meeting of Klai Baan Klai Jai Co., Ltd. held on 1 March 2021, the shareholders have passed a resolution to approve increase its authorised share capital from 1,000,000 ordinary shares of par Baht 10 each to be 2,000,000 ordinary shares of par Baht 10 each. The subsidiary received all called share subscription on 2 March 2021 and registered the increased share capital with the Ministry of Commerce on 3 March 2021.

At the Extraordinary General meeting of Klai Baan Klai Jai Co., Ltd. held on 2 April 2021, the shareholders have passed a resolution to approve increase its authorised share capital from 2,000,000 ordinary shares of par Baht 10 each to be 5,000,000 ordinary shares of par Baht 10 each. The subsidiary received all called share subscription and registered the increased share capital with the Ministry of Commerce on 5 April 2021.

At the Annual General meeting of Principal Healthcare - Ubon Ratchathani Co., Ltd. held on 9 April 2021, the shareholders have passed a resolution to approve increase its authorised share capital from 30,000,000 ordinary shares at par Baht 10 each to be 36,000,000 shares at par Baht 10 each. The subsidiary registered the increased share capital with the Ministry of Commerce on 22 April 2021. Then on 18 June 2021, Principal Healthcare Co., Ltd. as a major shareholder has entered into the share sale and purchase agreement with a private company for selling 20% of the total authorised share capital of Principal Healthcare - Ubon Ratchathani Co., Ltd. to the counterparty. Principal Healthcare - Ubon Ratchathani Co., Ltd. has transferred 1,200,000 shares and 6,000,000 shares on 4 August 2021 and 10 September 2021 respectively.

At the Extraordinary General meeting of Principal Healthcare Co., Ltd. held on 4 January 2022, the shareholders have passed a resolution to approve increase its authorised share capital from 267,003,000 ordinary shares of par Baht 10 each to be 507,003,000 ordinary shares of par Baht 10 each. The subsidiary registered the increased share capital with the Ministry of Commerce on 18 January 2022 and received all called share subscription on 7 February 2022.

At the Extraordinary General meeting of Principal Healthcare - Sakonnakhon Co., Ltd. held on 12 January 2022, the shareholders have passed a resolution to approve increase its authorised share capital from 100,000 ordinary shares of par Baht 10 each to be 30,000,000 ordinary shares of par Baht 10 each. The subsidiary received all called share subscription on 24 January 2022 and registered the increased share capital with the Ministry of Commerce on 25 January 2022.

Entire business transfer

At the Annual General meeting of V Brilliant Group Holding Co., Ltd. held on 23 April 2021, the shareholders have passed a resolution to approve the entire business transfer of V Intelligence Co., Ltd. The transaction was completed on 30 April 2021.

Share sales

According to the Sunpasit Inter Hospital business transfer agreement dated 9 July 2020, Principal Healthcare Co., Ltd. agreed to sell 20% of the total shares that it held in Principal Healthcare - Ubon Ratchathani Co., Ltd. to the existing shareholders of Ruamphaet Sapphasit Co., Ltd. Then on 30 March 2021, Principal Healthcare Co., Ltd. entered into a memorandum of agreement, changing this proportion from 20% to 10% of the total shares that it held. On 16 August 2021, Principal Healthcare Co., Ltd. entered into a memorandum of agreement to terminate the share sale and purchase agreement. Therefore, the Group has considered this change in the risk and reward of the non-controlling interests from from 20% to be none of non-controlling interests, decreased subscriptions receivable to the agreed price of Baht 60 million, and recognised the difference arising from the change in equity interest on the amendment dates.

According to memorandum of share sale and purchase dated 3 August 2021, the Company agreed to sell 8% of total shares that it held in Klai Baan Klai Jai Co., Ltd. to a third party. The Company transferred 400,000 ordinary shares of par value of Baht 10 each by transferred 300,000 shares and 100,000 shares on 13 August 2021 and 17 December 2021 respectively.

The company liquidation

At the Extraordinary General meeting of V Intelligence Co., Ltd. held on 2 May 2021, the shareholders have passed a resolution to register for the dissolution with the Ministry of Commerce on 7 May 2021 and the process of the subsidiary's liquidation is completed.

At the Extraordinary General meeting of Bangkok Center District Co., Ltd. held on 1 September 2021, the shareholders have passed a resolution to register for the dissolution with the Ministry of Commerce on 2 September 2021. Currently, it is in the process of liquidation.

The company establishment

At the Board of Directors' meeting of Principal Capital Public Company Limited held on 15 December 2021, the Board of Directors have passed a resolution to approved establishment of Principal Healthcare - Sakonnakhon Co., Ltd. with authorised share capital of Baht 1.0 million which consisted of 100,000 ordinary shares of a par value of Baht 10 each. Principal Healthcare Co., Ltd held in the properties of 99.99 of this subsidiary. The subsidiary registered the establishment with the Ministry of Commerce on 23 December 2021.

Summarised financial information on subsidiaries with material non-controlling interests

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

Summarised statement of financial position

| | As at 31 December | | | | | | | | | |
|-------------------------------------|-------------------------------|--------------------------|-----------------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|--------------------------|---|--------------------------|
| | Pitsanuloke Medical Co., Ltd. | | Paknampo Hospital Co., Ltd. | | Union Pichit Doctors Co., Ltd. | | Pitsanuvej Uttaradit Co., Ltd. | | Principal Healthcare-Ubon Ratchathani Co., Ltd. | |
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Current assets | 504,665 | 293,564 | 243,166 | 71,705 | 54,741 | 32,671 | 62,130 | 21,712 | 312,204 | 117,873 |
| Current liabilities | (299,088) | (178,754) | (170,948) | (175,863) | (89,470) | (57,204) | (230,887) | (155,694) | (180,684) | (263,567) |
| Total net current assets | 205,577 | 114,810 | 72,218 | (104,158) | (34,729) | (24,533) | (168,757) | (133,982) | 131,520 | (145,694) |
| Non-current assets | 1,371,240 | 1,393,974 | 1,596,867 | 1,656,455 | 174,551 | 184,788 | 531,577 | 558,480 | 508,618 | 529,811 |
| Non-current liabilities | (195,396) | (227,794) | (811,129) | (706,567) | (44,217) | (49,162) | (245,433) | (257,363) | (307,555) | (55,544) |
| Total net non-current assets | 1,175,844 | 1,166,180 | 785,738 | 949,888 | 130,334 | 135,626 | 286,144 | 301,117 | 201,063 | 474,267 |
| Net assets | 1,381,421 | 1,280,990 | 857,956 | 845,730 | 95,605 | 111,093 | 117,387 | 167,135 | 332,583 | 328,573 |
| Non-controlling assets | 552,568 | 512,396 | 72,669 | 72,479 | 38,242 | 44,437 | 46,955 | 66,854 | 66,517 | 65,715 |

Summarised statement of comprehensive income

| | For the year ended 31 December | | | | | | | | | |
|--|--------------------------------|--------------------------|-----------------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|--------------------------|---|--------------------------|
| | Pitsanuloke Medical Co., Ltd. | | Paknampo Hospital Co., Ltd. | | Union Pichit Doctors Co., Ltd. | | Pitsanuvej Uttaradit Co., Ltd. | | Principal Healthcare - Ubon Ratchathani Co., Ltd. | |
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Revenue | 1,177,493 | 1,043,425 | 704,883 | 481,711 | 171,045 | 147,284 | 162,107 | 111,963 | 173,374 | 20,868 |
| Profit (loss) | 100,445 | 94,877 | 12,225 | (78,023) | (15,489) | (20,990) | (49,750) | (68,360) | (15,271) | (13,299) |
| Other comprehensive income | 3,590 | - | 1,476 | - | - | - | - | - | - | - |
| Total comprehensive income (expense) | 104,035 | 94,877 | 13,701 | (78,023) | (15,489) | (20,990) | (49,750) | (68,360) | (15,271) | (13,299) |
| Profit (loss) allocated to non-controlling interests | 41,614 | 37,951 | 1,160 | (6,687) | (6,196) | (8,396) | (19,900) | (27,344) | (3,054) | (2,660) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - |

Summarised statement of cash flows

| | For the year ended 31 December | | | | | | | | | |
|---|--------------------------------|--------------------------|---------------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|--------------------------|---|--------------------------|
| | Pitsanuloke Medical Co., Ltd. | | Paknam Hospital Co., Ltd. | | Union Pichit Doctors Co., Ltd. | | Pitsanuvej Uttaradit Co., Ltd. | | Principal Healthcare - Ubon Ratchathani Co., Ltd. | |
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Net cash generated from (used in) operating activities | 165,355 | 138,743 | (14,110) | 44,188 | 5,719 | 8,149 | (1,051) | (62,953) | (8,889) | (11,092) |
| Net cash flow generated from (used in) investing activities | (131,703) | (84,658) | (30,978) | (28,838) | (2,431) | 2,925 | 4,612 | (2,668) | (50,699) | (288,599) |
| Net cash flow generated from (used in) financing activities | (36,751) | (55,021) | 46,874 | (16,951) | (5,138) | (4,525) | (12,745) | 71,369 | 159,691 | 300,000 |
| Increase (decrease) in cash and cash equivalents | (3,099) | (936) | 1,786 | (1,601) | (1,850) | 6,549 | (9,184) | 5,748 | 100,103 | 309 |
| Cash and cash equivalents at the beginning of the year | 23,724 | 24,660 | 3,477 | 5,078 | 11,716 | 5,167 | 8,681 | 2,933 | 309 | - |
| Cash and cash equivalents at the ending of the year | 20,625 | 23,724 | 5,263 | 3,477 | 9,866 | 11,716 | (503) | 8,681 | 100,412 | 309 |

17 Investment property, net

| | Consolidated financial statements | | |
|---|-----------------------------------|--|---------------------------|
| | Land Thousand Baht | Building and improvements Thousand Baht | Total Thousand Baht |
| As at 1 January 2020 | | | |
| Cost | 992,798 | 816,708 | 1,809,506 |
| <u>Less</u> Accumulated depreciation | - | (233,130) | (233,130) |
| Net book amount | 992,798 | 583,578 | 1,576,376 |
| For the year ended 31 December 2020 | | | |
| Opening net book amount | 992,798 | 583,578 | 1,576,376 |
| Additions | - | 1,326 | 1,326 |
| Disposition | (111,594) | - | (111,594) |
| Disposition of subsidiaries | (278,538) | - | (278,538) |
| Entire business transfer - investment property | - | 17,037 | 17,037 |
| Depreciation charges | - | (49,552) | (49,552) |
| Closing net book amount | 602,666 | 552,389 | 1,155,055 |
| As at 31 December 2020 | | | |
| Cost | 602,666 | 841,099 | 1,443,765 |
| <u>Less</u> Accumulated depreciation | - | (288,710) | (288,710) |
| Net book amount | 602,666 | 552,389 | 1,155,055 |
| For the year ended 31 December 2021 | | | |
| Opening net book amount | 602,666 | 552,389 | 1,155,055 |
| Reclassified as non-current asset held-for-sales (Note 11) | (482,166) | (527,500) | (1,009,666) |
| Additions | - | 777 | 777 |
| Depreciation charges | - | (9,694) | (9,694) |
| Closing net book amount | 120,500 | 15,972 | 136,472 |
| As at 31 December 2021 | | | |
| Cost | 120,500 | 314,376 | 434,876 |
| <u>Less</u> Accumulated depreciation | - | (298,404) | (298,404) |
| Net book amount | 120,500 | 15,972 | 136,472 |

As at 31 December 2021, fair value of investment properties in the consolidated financial statements including blank land, and land with buildings are as follows:

| | Consolidated financial statements | |
|---|-----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht |
| Blank land measured by Market approach | 279,295 | 279,295 |
| Land with bulidings measured by Income approach | 6,433 | 1,245,000 |
| Total fair value | 285,728 | 1,524,295 |

Revaluation of land with building, which was classified as investment properties, was recalculated by independent appraiser by using market approach (Maximum benefits from observed data in a market and using minimum reference data from client's forecasting in level 2 of fair value estimation). In addition, appraiser used income approach (Discounted cash flow method). Therefore, the Group classified revaluation of investment properties in level 3 of fair value estimation.

As at 31 December 2021, the Group's buildings of net book value of Baht 15.6 million (2020: Baht 1,017.9 million) has been pledged as securities for borrowing facilities from financial institutions (Note 23).

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

| | Consolidated financial statements | |
|--|--|--------------------------|
| | 2021 | 2020 |
| | Thousand Baht | Thousand Baht |
| Rental income | 35,774 | 105,921 |
| Direct operating expense arise form investment property that generated rental income | 17,142 | 45,666 |
| Direct operating expense arise from investment property that did not generate rental income | 149 | 5,576 |

18 Property, plant and equipment, net

| | Consolidated financial statements | | | | | | |
|--|-----------------------------------|--|--|--|------------------------------|--|---------------------------|
| | Land Thousand Baht | Building and improvements Thousand Baht | Medical equipment Thousand Baht | Furniture, fixtures, and office equipment Thousand Baht | Vehicles Thousand Baht | Construction in process Thousand Baht | Total Thousand Baht |
| At 1 January 2020 | | | | | | | |
| Cost | 2,711,974 | 8,463,295 | 1,211,111 | 681,566 | 96,788 | 122,391 | 13,287,125 |
| <u>Less</u> Accumulated depreciation | - | (2,158,004) | (681,295) | (476,904) | (74,752) | - | (3,390,955) |
| Net book amount | 2,711,974 | 6,305,291 | 529,816 | 204,662 | 22,036 | 122,391 | 9,896,170 |
| For the year ended 31 December 2020 | | | | | | | |
| Opening net book amount | 2,711,974 | 6,305,291 | 529,816 | 204,662 | 22,036 | 122,391 | 9,896,170 |
| Adjustments from change in accounting policy TFRS16 on 1 January 2020 | - | (8,743) | (244,504) | (14,942) | (14,346) | - | (282,535) |
| Entire business transfer - property, plant and equipment | 152,664 | 508,621 | 79,316 | 16,113 | 71 | - | 756,785 |
| Additions | 74,211 | 242,782 | 57,799 | 22,427 | 12,170 | 626,101 | 1,035,490 |
| Disposition of subsidiaries | - | (2,173) | - | (2) | - | - | (2,175) |
| Disposals and write-offs | - | (43) | (3) | (373) | - | (396) | (815) |
| Transfer in (out) | - | 74,430 | 240 | 708 | - | (75,378) | - |
| Depreciation charge | - | (252,841) | (92,905) | (64,310) | (5,279) | - | (415,335) |
| Closing net book amount | 2,938,849 | 6,867,324 | 329,759 | 164,283 | 14,652 | 672,718 | 10,987,585 |
| At 31 December 2020 | | | | | | | |
| Cost | 2,938,849 | 10,404,241 | 1,095,180 | 751,984 | 80,357 | 672,718 | 15,943,329 |
| <u>Less</u> Accumulated depreciation | - | (3,536,917) | (765,421) | (587,701) | (65,705) | - | (4,955,744) |
| Net book amount | 2,938,849 | 6,867,324 | 329,759 | 164,283 | 14,652 | 672,718 | 10,987,585 |

| | Consolidated financial statements | | | | | | |
|---|-----------------------------------|--|--|--|------------------------------|--|---------------------------|
| | Land Thousand Baht | Building and improvements Thousand Baht | Medical equipment Thousand Baht | Furniture, fixtures, and office equipment Thousand Baht | Vehicles Thousand Baht | Construction in process Thousand Baht | Total Thousand Baht |
| For the year ended 31 December 2021 | | | | | | | |
| Opening net book amount | 2,938,849 | 6,867,324 | 329,759 | 164,283 | 14,652 | 672,718 | 10,987,585 |
| Additions | - | 85,578 | 210,459 | 75,627 | 15,561 | 163,528 | 550,753 |
| Reclassified as non-current asset held-for-sales (Note 11) | - | (1,088) | - | - | - | - | (1,088) |
| Disposals and write-offs | - | (856) | (4,034) | (2,311) | - | (2,730) | (9,931) |
| Transfer in (out) | - | 801,247 | 1,179 | 16,375 | - | (818,801) | - |
| Depreciation charge | - | (301,571) | (95,890) | (65,342) | (5,783) | - | (468,586) |
| Closing net book amount | 2,938,849 | 7,450,634 | 441,473 | 188,632 | 24,430 | 14,715 | 11,058,733 |
| At 31 December 2021 | | | | | | | |
| Cost | 2,938,849 | 10,270,484 | 1,300,018 | 800,458 | 88,717 | 14,715 | 15,413,241 |
| <u>Less</u> Accumulated depreciation | - | (2,819,850) | (858,545) | (611,826) | (64,287) | - | (4,354,508) |
| Net book amount | 2,938,849 | 7,450,634 | 441,473 | 188,632 | 24,430 | 14,715 | 11,058,733 |

The Group's land and building and improvements of net book value as at 31 December 2021 of Baht 7,921.7 million (2020: Baht 6,530.5 million) has been pledged as a security for borrowings (Note 23).

| | Separate financial statements | | | | | | |
|--|-------------------------------|--|--|--|------------------------------|--|---------------------------|
| | Land Thousand Baht | Building and improvements Thousand Baht | Medical equipment Thousand Baht | Furniture, fixtures, and office equipment Thousand Baht | Vehicles Thousand Baht | Construction in process Thousand Baht | Total Thousand Baht |
| At 1 January 2020 | | | | | | | |
| Cost | 595,992 | 3,488,706 | 149,579 | 231,436 | 18,900 | 66,911 | 4,551,524 |
| <u>Less</u> Accumulated depreciation | - | (1,320,184) | (26,000) | (157,747) | (13,774) | - | (1,517,705) |
| Net book amount | 595,992 | 2,168,522 | 123,579 | 73,689 | 5,126 | 66,911 | 3,033,819 |
| For the year ended 31 December 2020 | | | | | | | |
| Opening net book amount | 595,992 | 2,168,522 | 123,579 | 73,689 | 5,126 | 66,911 | 3,033,819 |
| Adjustments from change in accounting policy TFRS16 on 1 January 2020 | - | (8,742) | (101,350) | (2,226) | (5,126) | - | (117,444) |
| Additions | - | 227,120 | 16,054 | 11,062 | - | 48,757 | 302,993 |
| Partial business transfer - land, building and equipment | (227,517) | (984,980) | - | (47,188) | - | - | (1,259,685) |
| Disposals and write-offs | - | (43) | (768) | (340) | - | - | (1,151) |
| Transfer in (out) | - | 61,779 | - | 558 | - | (62,337) | - |
| Depreciation charge | - | (85,930) | (6,556) | (17,304) | - | - | (109,790) |
| Closing net book amount | 368,475 | 1,377,726 | 30,959 | 18,251 | - | 53,331 | 1,848,742 |
| At 31 December 2020 | | | | | | | |
| Cost | 368,475 | 3,360,300 | 53,863 | 102,814 | 2,467 | 53,331 | 3,941,250 |
| <u>Less</u> Accumulated depreciation | - | (1,982,574) | (22,904) | (84,563) | (2,467) | - | (2,092,508) |
| Net book amount | 368,475 | 1,377,726 | 30,959 | 18,251 | - | 53,331 | 1,848,742 |

| | Separate financial statements | | | | | Total Thousand Baht |
|--|-------------------------------|--|--|--|--|---------------------------|
| | Land Thousand Baht | Building and improvements Thousand Baht | Medical equipment Thousand Baht | Furniture, fixtures, and office equipment Thousand Baht | Construction in process Thousand Baht | |
| For the year ended 31 December 2021 | | | | | | |
| Opening net book amount | 368,475 | 1,377,726 | 30,959 | 18,251 | 53,331 | 1,848,742 |
| Additions | - | 37,152 | 53,645 | 11,298 | 12,334 | 114,429 |
| Disposals and write-offs | - | - | (3,392) | (268) | (149) | (3,809) |
| Transfer in (out) | - | 63,759 | - | 142 | (63,901) | - |
| Depreciation charge | - | (60,868) | (8,923) | (7,470) | - | (77,261) |
| Closing net book amount | 368,475 | 1,417,769 | 72,289 | 21,953 | 1,615 | 1,882,101 |
| At 31 December 2021 | | | | | | |
| Cost | 368,475 | 3,461,211 | 101,438 | 111,818 | 1,615 | 4,044,557 |
| <u>Less</u> Accumulated depreciation | - | (2,043,442) | (29,149) | (89,865) | - | (2,162,456) |
| Net book amount | 368,475 | 1,417,769 | 72,289 | 21,953 | 1,615 | 1,882,101 |

The Group's land and building and improvements of net book value as at 31 December 2021 of Baht 1,787.9 million (2020: Baht 1,746.0 million) has been pledged as a security for borrowings (Note 23).

For the year ended 31 December 2021, borrowing costs totalling Baht 2.1 million (31 December 2020: Baht 0.8 million), arising from financing specifically entered into for the construction of plant and equipment installation.

19 Right-of-use assets, net

| | Consolidated financial statements | | | |
|--|-----------------------------------|--|------------------------------|---------------------------|
| | Property Thousand Baht | Machinery and furniture Thousand Baht | Vehicles Thousand Baht | Total Thousand Baht |
| At 1 January 2021 | 158,782 | 251,044 | 15,479 | 425,305 |
| Additions | 15,560 | 10,919 | 5,257 | 31,736 |
| Reclassify in (out) | 17,311 | (18,153) | 842 | - |
| Lease termination | (41,927) | (9) | - | (41,936) |
| Depreciation | (12,306) | (50,160) | (5,562) | (68,028) |
| Net book amount as at 31 December 2021 | 137,420 | 193,641 | 16,016 | 347,077 |

| | Separate financial statements | | | |
|--|-------------------------------|--|------------------------------|---------------------------|
| | Property Thousand Baht | Machinery and furniture Thousand Baht | Vehicles Thousand Baht | Total Thousand Baht |
| At 1 January 2021 | 18,303 | 92,456 | 5,909 | 116,668 |
| Additions | - | 2,868 | 852 | 3,720 |
| Depreciation | (4,268) | (15,297) | (2,046) | (21,611) |
| Net book amount as at 31 December 2021 | 14,035 | 80,027 | 4,715 | 98,777 |

The expense relating to leases that not included in the measurement of lease liabilities and right-of-use assets is as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Expense relating to short-term leases and leases of low-value assets | 28,225 | 3,710 | 5,471 | 1,123 |

20 Goodwill

| | Consolidated financial statements | |
|---------------------------------------|--|--------------------------|
| | 2021 | 2020 |
| | Thousand Baht | Thousand Baht |
| At 1 January | | |
| Cost | 1,823,978 | 1,657,153 |
| <u>Less</u> Provision for impairment | - | - |
| Net book amount | 1,823,978 | 1,657,153 |
| For the year ended 31 December | | |
| Opening net book amount | 1,823,978 | 1,657,153 |
| Entire business transfer | - | 166,825 |
| Closing net book amount | 1,823,978 | 1,823,978 |
| At 31 December | | |
| Cost | 1,823,978 | 1,823,978 |
| <u>Less</u> Provision for impairment | - | - |
| Net book amount | 1,823,978 | 1,823,978 |

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

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

| | Consolidated financial statements | |
|--------------------------------|--|--------------------------|
| | 2021 | 2020 |
| | Thousand Baht | Thousand Baht |
| Goodwill allocation to; | | |
| Hospital business | 1,823,978 | 1,823,978 |

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering 5 years - 10 years period. Cash flows beyond the 5th - 10th year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

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

| | Hospital (%) |
|---------------|----------------|
| Gross margin | 25.56 - 39.07% |
| Growth rate | 4.00 - 9.26% |
| Discount rate | 8.50% |

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

Key assumption which affects value-in-use is the discount rate. The sensitivity of change in discount rate that affect to some CGU which value-in-use exceeding book value approximately Baht 411.4 million. In this case, if pre-tax discount rate increases by 0.50% per annum, the Group need to settle allowance for goodwill impairment Baht 203.4 million.

21 Intangible assets, net

| | Consolidated financial statements | | | | |
|--|------------------------------------|--|----------------------------|---|------------------------|
| | Computer software Thousand Baht | Computer software in progress Thousand Baht | Trademark Thousand Baht | Customer relationships Thousand Baht | Total Thousand Baht |
| At 1 January 2020 | | | | | |
| Cost | 169,312 | 3,443 | - | - | 172,755 |
| <u>Less</u> Accumulated amortisation | (78,778) | - | - | - | (78,778) |
| Net book amount | 90,534 | 3,443 | - | - | 93,977 |
| For the year ended 31 December 2020 | | | | | |
| Opening net book amount | 90,534 | 3,443 | - | - | 93,977 |
| Entire business transfer | - | - | 101,500 | 30,000 | 131,500 |
| Additions | 100,117 | 9,266 | - | - | 109,383 |
| Transfers in (out) | 1,094 | (1,094) | - | - | - |
| Amortisation charge | (41,276) | - | (4,216) | (2,492) | (47,984) |
| Closing net book amount | 150,469 | 11,615 | 97,284 | 27,508 | 286,876 |
| At 31 December 2020 | | | | | |
| Cost | 260,266 | 11,615 | 101,500 | 30,000 | 403,381 |
| <u>Less</u> Accumulated amortisation | (109,797) | - | (4,216) | (2,492) | (116,505) |
| Net book amount | 150,469 | 11,615 | 97,284 | 27,508 | 286,876 |

| | Consolidated financial statements | | | | |
|--|------------------------------------|--|----------------------------|---|------------------------|
| | Computer software Thousand Baht | Computer software in progress Thousand Baht | Trademark Thousand Baht | Customer relationships Thousand Baht | Total Thousand Baht |
| For the year ended 31 December 2021 | | | | | |
| Opening net book amount | 150,469 | 11,615 | 97,284 | 27,508 | 286,876 |
| Additions | 2,834 | 9,390 | - | - | 12,224 |
| Write off | (71) | (128) | - | - | (199) |
| Transfers in (out) | 3,161 | (3,161) | - | - | - |
| Amortisation charge | (45,150) | - | (5,075) | (3,000) | (53,225) |
| Closing net book amount | 111,243 | 17,716 | 92,209 | 24,508 | 245,676 |
| At 31 December 2021 | | | | | |
| Cost | 266,190 | 17,716 | 101,500 | 30,000 | 415,406 |
| <u>Less</u> Accumulated amortisation | (154,947) | - | (9,291) | (5,492) | (169,730) |
| Net book amount | 111,243 | 17,716 | 92,209 | 24,508 | 245,676 |

| | Separate financial statements Thousand Baht |
|--|--|
| Computer software | |
| At 1 January 2020 | |
| Cost | 18,969 |
| <u>Less</u> Accumulated amortisation | (14,338) |
| Net book amount | 4,631 |
| For the year ended 31 December 2020 | |
| Opening net book amount | 4,631 |
| Additions | 471 |
| Entire business transfer | (531) |
| Amortisation charge | (1,649) |
| Closing net book amount | 2,922 |
| At 31 December 2020 | |
| Cost | 8,651 |
| <u>Less</u> Accumulated amortisation | (5,729) |
| Net book amount | 2,922 |
| For the year ended 31 December 2021 | |
| Opening net book amount | 2,922 |
| Additions | 1,513 |
| Amortisation charge | (657) |
| Closing net book amount | 3,778 |
| At 31 December 2021 | |
| Cost | 10,164 |
| <u>Less</u> Accumulated amortisation | (6,386) |
| Net book amount | 3,778 |

22 Deferred income taxes

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

| | Consolidated financial statements | | | | | | Total Thousand Baht |
|--|--|---|---|--|--|--|---------------------------|
| | Impairment of financial assets Thousand Baht | Change in fair value of financial assets Thousand Baht | Property, plant and equipment Thousand Baht | Intangible assets Thousand Baht | Lease liability Thousand Baht | Employee benefit obligations Thousand Baht | |
| Deferred tax assets: | | | | | | | |
| At 1 January 2020 | 1,000 | - | 3,780 | 14,590 | (1,030) | 23,569 | 41,909 |
| Entire business transfer | - | - | - | - | - | 2,674 | 2,674 |
| Charged/(credited) to profit or loss | (58) | 2 | (933) | (12,749) | 4,089 | 2,733 | (6,916) |
| Credited to other comprehensive income | - | - | - | - | - | (59) | (59) |
| At 31 December 2020 | 942 | 2 | 2,847 | 1,841 | 3,059 | 28,917 | 37,608 |
| At 1 January 2021 | 942 | 2 | 2,847 | 1,841 | 3,059 | 28,917 | 37,608 |
| Charged/(credited) to profit or loss | 455 | - | (1,326) | 2,554 | (6,386) | 4,052 | (651) |
| Credited to other comprehensive income | - | - | - | - | - | (2,641) | (2,641) |
| At 31 December 2021 | 1,397 | 2 | 1,521 | 4,395 | (3,327) | 30,328 | 34,316 |

| | Consolidated financial statements | | | | | |
|--------------------------------------|--|---|--|---|--|---------------------------|
| | Right-of-use assets Thousand Baht | Change in fair value of financial assets Thousand Baht | Employee benefit obligations Thousand Baht | Property, plant and equipment Thousand Baht | Intangible assets Thousand Baht | Total Thousand Baht |
| Deferred tax liabilities: | | | | | | |
| At 1 January 2020 | - | (93) | (6) | (352,412) | - | (352,511) |
| Entire business transfer | (15,304) | - | - | (26,308) | (26,300) | (67,912) |
| Charged/(credited) to profit or loss | (4,046) | 90 | 6 | 14,080 | 1,341 | 11,471 |
| At 31 December 2020 | (19,350) | (3) | - | (364,640) | (24,959) | (408,952) |
| At 1 January 2021 | (19,350) | (3) | - | (364,640) | (24,959) | (408,952) |
| Charged/(credited) to profit or loss | 4,044 | (92) | 54 | 10,750 | 1,615 | 16,371 |
| At 31 December 2021 | (15,306) | (95) | 54 | (353,890) | (23,344) | (392,581) |

| | Separate financial statements | | |
|---------------------------------------|---|------------------------------------|------------------------|
| | Employee benefit obligations Thousand Baht | Lease liabilities Thousand Baht | Total Thousand Baht |
| Deferred tax assets: | | | |
| At 1 January 2020 | 3,708 | 133 | 3,841 |
| Credited to profit or loss | (198) | (2,000) | (2,198) |
| Charged to other comprehensive income | 707 | - | 707 |
| At 31 December 2020 | 4,217 | (1,867) | 2,350 |
| At 1 January 2021 | 4,217 | (1,867) | 2,350 |
| Charged/(credited) to profit or loss | 580 | (5,433) | (4,853) |
| At 31 December 2021 | 4,797 | (7,300) | (2,503) |

| | Separate financial statements | | | | |
|--------------------------------------|--------------------------------------|---|---|--|------------------------|
| | Right-of-use assets Thousand Baht | Change in fair value of financial assets Thousand Baht | Employee benefit obligations Thousand Baht | Property, plant and equipment Thousand Baht | Total Thousand Baht |
| Deferred tax liabilities: | | | | | |
| At 1 January 2020 | - | (90) | (6) | (168,534) | (168,630) |
| Charged to profit or loss | 804 | 90 | 6 | 7,016 | 7,916 |
| At 31 December 2020 | 804 | - | - | (161,518) | (160,714) |
| At 1 January 2021 | 804 | - | - | (161,518) | (160,714) |
| Charged/(credited) to profit or loss | 3,577 | (92) | - | 3,055 | 6,540 |
| At 31 December 2021 | 4,381 | (92) | - | (158,463) | (154,174) |

Deferred income tax assets are recognised for tax loss and carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of Baht 573.3 million (2020: Baht 610.6 million) in respect of losses amounting to Baht 2,866.3 million (2020: Baht 3,053.1million) that can be carried forward against future taxable income. Losses amounting to Baht 359.5 million (2020: Baht 483.8 million which will be expired in 2025) will be expired in 2026.

23 Borrowings

| | Consolidated financial statements | | Separate financial statement | |
|--|--------------------------------------|--------------------------|---------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Current | | | | |
| Current portion of long-term borrowings | | | | |
| - Bank borrowings | 327,221 | 272,562 | 273,818 | 181,120 |
| - Accrued interest | 884 | 761 | 338 | 347 |
| - Finance lease liabilities | 84,471 | 68,709 | 34,594 | 29,295 |
| Borrowings from related parties (Note 35 d) | | | | |
| - Borrowings from related parties | 265,000 | 265,000 | 516,160 | 478,951 |
| - Accrued interest | 22,271 | 33,258 | 3,972 | 3,431 |
| Current portion of long-term promissory notes (Note 34 e) | | | | |
| - Long-term promissory notes from a related party | - | 120,442 | - | 120,442 |
| - Accrued interest | - | 531 | - | 531 |
| Total current borrowings | 699,847 | 761,263 | 828,882 | 814,117 |
| Non-current | | | | |
| Long-term borrowings | | | | |
| - Bank borrowings | 3,490,899 | 3,406,617 | 2,012,778 | 2,171,080 |
| - Finance lease liabilities | 164,275 | 224,059 | 49,585 | 82,104 |
| - Long term borrowing from a related party (Note 34 d) | - | - | - | 300,000 |
| Total non-current borrowings | 3,655,174 | 3,630,676 | 2,062,363 | 2,553,184 |
| Total borrowings | 4,355,021 | 4,391,939 | 2,891,245 | 3,367,301 |

The borrowings include secured liabilities in a total amount of Baht 3,822.8 million (2020: Baht 3,680.6 million). Borrowings from financial institutions are secured by land and buildings (Note 17 and 18).

The movement of borrowings during 2021 are presented in Note 33.

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

| | Consolidated financial statements | | Separate financial statements | |
|-----------------|--------------------------------------|---------------------------|----------------------------------|---------------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Bank overdrafts | MOR | MOR | - | - |
| Bank borrowings | MLR - 2.00% to - 3.10% | MLR - 2.00% to - 3.10% | MLR - 2.45% to - 3.10% | MLR - 2.45% to - 3.10% |

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

| | Consolidated financial statements | | | |
|--|--|----------------------|----------------------|----------------------|
| | Carrying amounts | | Fair values | |
| | 2021 | 2020 | 2021 | 2020 |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Long-term borrowings from financial institutions | 3,490,899 | 3,406,617 | 3,345,263 | 3,408,846 |
| | Separate financial statements | | | |
| | Carrying amounts | | Fair values | |
| | 2021 | 2020 | 2021 | 2020 |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Long-term borrowings from financial institutions | 2,012,778 | 2,171,080 | 1,861,575 | 2,172,561 |
| Long-term borrowings from a related party | - | 300,000 | - | 299,963 |

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

The fair values of long-term borrowings are based on discounted cash flows using a discount rate based upon the borrowing market rate of MLR - 2.00% to MLR - 3.10% (2020: MLR - 2.00% to MLR - 3.10%) and are within the level 2 of the fair value hierarchy.

| | Consolidated financial statements | | Separate financial statements | |
|---|--|----------------------|--------------------------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Maturity of long-term borrowings (excluding finance lease liabilities) | | | | |
| Not later than 1 year | 328,105 | 394,296 | 274,156 | 302,440 |
| Later than 1 year but not later than 2 years | 511,347 | 434,100 | 374,047 | 255,097 |
| Between 2 years and 5 years | 2,259,856 | 1,955,811 | 1,507,713 | 1,621,835 |
| Over 5 years | 719,696 | 1,016,706 | 131,018 | 594,148 |
| Total long-term borrowings | 3,819,004 | 3,800,913 | 2,286,934 | 2,773,520 |

Maturity of lease liabilities are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Minimum lease payments of lease liabilities: | | | | |
| Not later than 1 year | 92,060 | 78,447 | 36,474 | 32,312 |
| Later than 1 year but not later than 5 years | 142,520 | 206,839 | 50,937 | 85,450 |
| Over 5 years | 104,049 | 105,849 | - | - |
| <u>Less</u> Future finance charges on leases liabilities | (89,882) | (98,367) | (3,232) | (6,363) |
| Present value of lease liabilities | 248,747 | 292,768 | 84,179 | 111,399 |
| Representing lease liabilities: | | | | |
| - short-term | 84,471 | 68,709 | 34,594 | 29,295 |
| - long-term | 164,276 | 224,059 | 49,585 | 82,104 |
| | 248,747 | 292,768 | 84,179 | 111,399 |
| Present value of lease liabilities | | | | |
| Not later than 1 year | 84,471 | 68,709 | 34,594 | 29,295 |
| Later than 1 year but not later than 5 years | 132,299 | 191,704 | 49,585 | 82,104 |
| Over 5 years | 31,977 | 32,355 | - | - |
| | 248,747 | 292,768 | 84,179 | 111,399 |

24 Trade and other payables

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Trade accounts payable - third parties | 215,874 | 149,872 | 36,316 | 11,268 |
| Trade accounts payable - related parties (Note 34 b) | 898 | 1,564 | 18,298 | 2,335 |
| Other payables - third parties | 206,350 | 373,122 | 48,631 | 66,087 |
| Current portion of hospital acquisition payables | 98,154 | 247,416 | - | - |
| Accrued expenses | 184,773 | 130,079 | 30,184 | 20,370 |
| Accrued contract expense | 23,720 | 19,367 | 67,076 | 210 |
| | 729,769 | 921,420 | 200,505 | 100,270 |

25 Advances received from customers

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Advances received for vaccine | 614,434 | - | 205,389 | - |
| Advances received for office and service apartment rental | 13,481 | 8,601 | - | - |
| Advances received for from customers - other | 29,587 | 26,281 | 4,720 | 1,846 |
| | 657,502 | 34,882 | 210,109 | 1,846 |

26 Employee benefit obligations

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Statement of financial position: Retirement benefits | 151,643 | 144,586 | 23,980 | 21,079 |
| Profit or loss charge included in operating profit for: Retirement benefits | 25,425 | 28,003 | 2,901 | 4,930 |
| Remeasurement for: Retirement benefits | (13,204) | (293) | - | 3,535 |

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| At 1 January | 144,586 | 117,848 | 21,079 | 18,535 |
| Entire business transfer | - | 13,368 | - | - |
| Partial business transfer of subsidiary in the Group | - | - | - | (2,708) |
| Current service cost | 22,488 | 25,562 | 2,733 | 4,277 |
| Past service cost | 574 | 591 | - | 473 |
| Interest expense | 2,364 | 1,850 | 168 | 180 |
| | 170,012 | 159,219 | 23,980 | 20,757 |
| Remeasurement: | | | | |
| Gain from change in demographic assumptions | (2,480) | (341) | - | - |
| (Gain) loss from change in financial assumptions | (8,818) | 4,159 | - | 3,535 |
| Experience gain | (1,906) | (4,111) | - | - |
| | (13,204) | (293) | - | 3,535 |
| Benefits paid | (5,165) | (14,340) | - | (3,213) |
| As at 31 December | 151,643 | 144,586 | 23,980 | 21,079 |

The significant actuarial assumptions used were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|-----------------|----------------------------------|-----------------|
| | 2021 Percent | 2020 Percent | 2021 Percent | 2020 Percent |
| Discount rate | 0.72 - 2.95 | 0.72 - 2.54 | 0.72 - 1.49 | 0.72 - 1.49 |
| Salary growth rate | 0.00 - 5.00 | 0.00 - 5.00 | 3.50 - 4.00 | 3.50 - 4.00 |
| Staff turnover rate (depending on age) | 0.00 - 33.00 | 0.00 - 29.00 | 0.00 - 28.00 | 0.00 - 28.00 |

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

| | Consolidated financial statements | | | | | |
|---|--|------|------------------------|------------------------|------------------------|------------------------|
| | Impact on defined employee benefit obligations | | | | | |
| | Change in assumption | | Increase in assumption | | Decrease in assumption | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Discount rate | 1% | 1% | Decreased by 9.06% | Decreased by 9.45% | Increased by 10.56% | Increased by 11.07% |
| Salary growth rate | 1% | 1% | Increased by 10.08% | Increased by 11.12% | Decreased by 8.71% | Decreased by 9.54% |
| Staff turnover rate (depending on age) | 1% | 1% | Decreased by 9.63% | Decreased by 10.02% | Increased by 4.83% | Increased by 5.06% |

| | | Separate financial statements | | | | |
|---|------|--|-----------------------|------------------------|-----------------------|-----------------------|
| | | Impact on defined employee benefit obligations | | | | |
| Change in assumption | | Increase in assumption | | Decrease in assumption | | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Discount rate | 1% | 1% | Decreased by 3.72% | Decreased by 3.67% | Increased by 3.34% | Increased by 3.26% |
| Salary growth rate | 1% | 1% | Increased by 4.24% | Increased by 3.14% | Decreased by 3.80% | Decreased by 2.78% |
| Staff turnover rate (depending on age) | 1% | 1% | Decreased by 3.96% | Decreased by 3.89% | Increased by 1.22% | Increased by 1.10% |

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

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

The duration of the defined benefit obligation of each entity in the Group is 7.61 to 29.00 years (2020: 8.30 to 30.00 years).

27 Share capital and premium on share capital

| | Number of shares | Ordinary shares Thousand Baht | Share premium Thousand Baht | Total Thousand Baht |
|------------------------|---------------------|--|--------------------------------------|---------------------------|
| As at 1 January 2020 | 3,462,336,820 | 3,462,337 | 5,163,517 | 8,625,854 |
| Issuance of shares | - | - | - | - |
| As at 31 December 2020 | 3,462,336,820 | 3,462,337 | 5,163,517 | 8,625,854 |
| Issuance of shares | 346,233,682 | 346,234 | 1,069,862 | 1,416,096 |
| As at 31 December 2021 | 3,808,570,502 | 3,808,571 | 6,233,379 | 10,041,950 |

The total number of authorised and paid-up ordinary shares is 3,808,570,502 shares (31 December 2020: 3,462,336,820 shares) with a par value of Baht 1 per share (31 December 2020: Baht 1 per share).

At the Shareholders meeting held on 26 April 2021, the shareholders have passed a resolution to approve decrease and increase its authorised share capital of 346,233,682 shares at once with a par value of Baht 1 per share. The Company registered the increased share capital with the Ministry of Commerce on 25 May 2021.

As at 25 May 2021, the Company received share payment from a shareholder amount of Baht 1,416.1 million for 346,233,682 ordinary shares with par Baht 1 each at Baht 4.09 per share. The total receiving amount separated to par value and premium on paid-up share capital as Baht 346.2 million and Baht 1,069.9 million respectively.

28 Liabilities relating to contracts with customers

28.1 Contract liabilities

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

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Contract liabilities - current | 657,502 | 33,588 | 210,109 | 1,846 |

Revenue recognised in relation to contract liabilities

Revenue recognised in 2021 reporting period relates to carried-forward contract liabilities.

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Revenue recognised that was included in the contract liability balance at the beginning of the period | | | | |
| - Medical services | 13,704 | 9,588 | 1,235 | 1,822 |
| - Building and office services | 5,117 | 20,981 | - | 8,453 |
| | 18,821 | 30,569 | 1,235 | 10,275 |

28.2 Unsatisfied long-term contracts

As at 31 December 2021 and 2020 the unsatisfied performance obligations resulting from contracts are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------------|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Building and office service contracts | 65,162 | 81,362 | - | - |

Management expects that 69.03% of the transaction price allocated to the unsatisfied contracts as of 31 December 2021 will be recognised as revenue during the next reporting period amounting to Baht 44.98 million. The remaining 30.97% amounting to Baht 20.18 million will be recognised in the 2023 to 2025.

29 Finance costs

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Borrowings from financial institutions | 116,427 | 96,914 | 64,842 | 59,418 |
| Borrowings from related parties | 19,910 | 23,819 | 16,522 | 51,518 |
| Interest and finance cost of lease liabilities | 10,301 | 11,858 | 3,074 | 4,130 |
| | 146,638 | 132,591 | 84,438 | 115,066 |

30 Expense by nature

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Employee benefit expenses | 1,246,254 | 906,198 | 236,247 | 168,932 |
| Depreciation (Notes 17, 18 and 19) | 546,308 | 523,784 | 98,872 | 130,535 |
| Amortisation (Note 21) | 53,225 | 47,984 | 657 | 1,649 |
| Utilities expenses | 117,729 | 106,435 | 20,027 | 25,868 |
| Management fees | 9,915 | 13,302 | - | 5,783 |
| Operating lease payments | 28,225 | 18,899 | 5,471 | 2,475 |

31 Income tax expense

Income tax expense for the year comprises the following:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Current tax: | | | | |
| Current tax on profits for the year | 116,693 | 48,729 | 67,402 | 23,737 |
| Total current tax | 116,693 | 48,729 | 67,402 | 23,737 |
| Deferred tax: | | | | |
| Decrease in deferred tax assets (Note 22) | 652 | 6,916 | 4,853 | 2,198 |
| Decrease in deferred tax liabilities (Note 22) | (16,372) | (11,471) | (6,541) | (7,916) |
| Total deferred tax | (15,720) | (4,555) | (1,688) | (5,718) |
| Income tax expense | 100,973 | 44,174 | 65,714 | 18,019 |

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-----------------------------------|--|-----------------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Profit (loss) before tax | 193,852 | (493,318) | 291,023 | 434,751 |
| Tax calculated at a tax rate of 20% (2020: 20%) | 38,770 | (98,664) | 58,205 | 86,950 |
| Tax effect of: | | | | |
| Associate's results reported net of tax | (15) | 22 | - | - |
| Expenses not deductible for tax purpose | 27,693 | 29,637 | 17,385 | 6,051 |
| Additional expenses deductible for tax purpose | (77,400) | (49,566) | (9,876) | (7,700) |
| Utilisation of previously unrecognised tax losses | (6,246) | - | - | - |
| Tax losses for which no deferred income tax assets were recognised | 118,171 | 162,745 | - | (67,282) |
| Income tax expense | 100,973 | 44,174 | 65,714 | 18,019 |

32 Earnings (loss) per share

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--|---------------|--|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| From continuing operations attributable to the ordinary equity holders of the Company (Thousand Baht) | 79,376 | (511,686) | 225,309 | 416,732 |
| Weighted average number of ordinary shares outstanding (shares) | 3,671,974,200 | 3,462,336,820 | 3,671,974,200 | 3,462,336,820 |
| Gain (loss) per share (Baht per share) | 0.022 | (0.148) | 0.061 | 0.120 |

There are no diluted earnings per share during the year 2021 and 2020.

33 Change in liabilities arising from financing activities

| | Consolidated financial statements | | |
|---|-----------------------------------|---|---------------------------|
| | Leases Thousand Baht | Borrow due within 1 year Thousand Baht | Total Thousand Baht |
| Liabilities as at 1 January 2020 | 269,730 | 3,465,561 | 3,735,291 |
| Cash flows - proceeds from borrowings | - | 3,727,275 | 3,727,275 |
| Cash flows - repayments | (61,353) | (2,675,129) | (2,736,482) |
| Payment of short-term borrowing from a related party (non-cash) | - | (390,068) | (390,068) |
| Adjustment from adoption of TFRS 16 on 1 January 2020 | 24,541 | - | 24,541 |
| Acquisitions - lease liabilities | 58,183 | - | 58,183 |
| Lease modifications and reassessments | 1,723 | - | 1,723 |
| Lease termination | (56) | - | (56) |
| Interest expense | - | 118,197 | 118,197 |
| Interest repayments | - | (143,186) | (143,186) |
| Financing fee | - | (4,082) | (4,082) |
| Other non-cash movements - amortisation of financing fee | - | 603 | 603 |
| Liabilities as at 31 December 2020 | 292,768 | 4,099,171 | 4,391,939 |
| Cash flows - received from borrowings | - | 1,200,675 | 1,200,675 |
| Cash flows - repayments | (84,956) | (1,182,872) | (1,267,828) |
| Acquisitions - lease liabilities | 30,634 | - | 30,634 |
| Interest expense | 10,301 | 128,943 | 139,244 |
| Interest repayments | - | (140,424) | (140,424) |
| Financing fee | - | (143) | (143) |
| Other non-cash movements - amortisation of financing fee | - | 925 | 925 |
| Liabilities as at 31 December 2021 | 248,747 | 4,106,275 | 4,355,022 |

| | Separate financial statements | | |
|---|-------------------------------|---|---------------------------|
| | Leases Thousand Baht | Borrow due within 1 year Thousand Baht | Total Thousand Baht |
| Liabilities as at 1 January 2020 | 117,941 | 3,978,823 | 4,096,764 |
| Cash flows - proceeds from borrowings | - | 3,227,209 | 3,227,209 |
| Addition - short-term borrowing from a related party (non-cash) | - | 417,219 | 417,219 |
| Cash flows - repayments | (26,427) | (4,308,802) | (4,335,229) |
| Adjustment from adoption of TFRS 16 on 1 January 2020 | 8,045 | - | 8,045 |
| Acquisitions - lease liabilities | 16,644 | - | 16,644 |
| Remeasurement of lease liabilities | 1,831 | - | 1,831 |
| Partial business transfer | (1,080) | - | (1,080) |
| Lease termination | (5,556) | - | (5,556) |
| Interest expense | - | 111,845 | 111,845 |
| Interest repayment | - | (170,023) | (170,023) |
| Other non-cash movements - amortisation of financing fee | - | (370) | (370) |
| Liabilities as at 31 December 2020 | 111,398 | 3,255,901 | 3,367,229 |
| Cash flows - proceeds from borrowings | - | 811,985 | 811,985 |
| Cash flows - repayments | (34,014) | (1,261,425) | (1,295,439) |
| Acquisitions - lease liabilities | 3,721 | - | 3,721 |
| Interest expense | 3,074 | 80,759 | 83,833 |
| Interest repayment | - | (80,758) | (80,758) |
| Other non-cash movements - amortisation of financing fee | - | 605 | 605 |
| Liabilities as at 31 December 2021 | 84,179 | 2,807,067 | 2,891,246 |

34 Related party transactions

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

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

The Company are control by the Viddayakorn Family in the proportions of 73.10%. The remaining 26.90% of the shares are widely held.

The investments in subsidiaries are disclosed in Note 16.

Related transaction pricing policy as follow;

| Related transaction | Pricing policy |
|---|--|
| Revenue from service, rental and its related service fees | Arm's Length Price |
| Interest income/expense | The Company's finance cost plus margin |

The following transactions were significant transactions with related parties:

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| For the year ended 31 December | | | | |
| Revenue from services | | | | |
| Subsidiaries | - | - | 56,145 | 51,811 |
| Related parties | 2,626 | 3,064 | 2,626 | 3,064 |
| | 2,626 | 3,064 | 58,771 | 54,875 |
| Revenue from rental | | | | |
| Related parties | 1,457 | 1,377 | - | - |
| Interest income | | | | |
| Subsidiaries | - | - | 88,303 | 75,937 |
| Rental and its related service fees | | | | |
| Subsidiaries | - | - | 544 | 523 |
| Related parties | 6,622 | - | - | - |
| | 6,622 | - | 544 | 523 |
| Service fees | | | | |
| Subsidiaries | - | - | 99,082 | 9,739 |
| Related parties | 14,998 | 16,018 | 6,278 | 7,749 |
| | 14,998 | 16,018 | 105,360 | 17,488 |
| Interest expense | | | | |
| Subsidiaries | - | - | 15,673 | 44,280 |
| Related parties | 12,111 | 20,461 | 849 | 7,238 |
| | 12,111 | 20,461 | 16,522 | 51,518 |
| Revenue from disposals of investment in a subsidiary | | | | |
| A related person | - | 297,857 | - | - |
| Revenue from land disposals | | | | |
| A related person | - | 119,362 | - | - |

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

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

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Accounts receivable | | | | |
| Subsidiaries | - | - | 16,965 | 5,396 |
| Related parties | 2,146 | 3,063 | 230 | 230 |
| | 2,146 | 3,063 | 17,195 | 5,626 |
| Deposits | | | | |
| A subsidiary | - | - | 993 | 993 |
| Lease receivables | | | | |
| Subsidiaries | - | - | 5,074 | 6,744 |
| Accounts payable | | | | |
| Subsidiaries | - | - | 18,200 | 1,660 |
| Related parties | 898 | 1,564 | 98 | 675 |
| | 898 | 1,564 | 18,298 | 2,335 |
| Accrued expenses | | | | |
| Subsidiaries | - | - | 64,619 | 32 |
| Related parties | 6,178 | - | - | - |
| | 6,178 | - | 64,619 | 32 |

c) Loans to subsidiaries

The movements of short-term loans to subsidiaries can be analysed are as follows:

| | Separate financial statements | |
|---|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht |
| At 1 January | 10 | 1,355,989 |
| Loans advanced during the period | | |
| - principle | 20,000 | 1,038,082 |
| - interest | 47 | 35,654 |
| Loans repayment received | | |
| - principle | (20,000) | (398,283) |
| - interest | (57) | (10,111) |
| Reclassified as long term loan to related parties | - | (2,021,321) |
| At 31 December | - | 10 |
| Short-term loans to subsidiaries | - | - |
| Accrued interest income | - | 10 |

Short-term loan to subsidiaries met the terms and conditions of borrowing. An interest rate from source of borrowings plus 1.00% are due within 6 months from the borrowing date. The Group did not record allowance for expected credit losses account for the year of 2021 and 2020.

The movements of long-term loans to a subsidiary can be analysed are as follows:

| | Separate financial statements | |
|---|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht |
| At 1 January | 2,629,296 | - |
| Reclassified from short-term loan to subsidiaries | - | 2,021,321 |
| Loans advanced during the period | | |
| - principle | 2,170,000 | 717,000 |
| - interest | 88,055 | 40,006 |
| Loans repayment | | |
| - principle | (2,017,000) | (73,000) |
| - interest | (48,778) | (76,031) |
| At 31 December | 2,821,573 | 2,629,296 |
| Long-term loan | 2,767,500 | 2,614,500 |
| Accrued interest income | 54,073 | 14,796 |

Long-term loan to a subsidiary met the terms and conditions of borrowing. Long-term loans to a subsidiary have bear an interest rate MLR - 2.10% per annum and interest rate 12-month fixed deposit plus 1.00% per annum and an interest rate from source of borrowings plus 1.00% are due within 3 years from the borrowing date. The Group did not record allowance for expected credit losses for the year of 2021 and 2020.

d) Borrowings from related parties

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

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| At 1 January | 298,258 | 348,416 | 481,554 | 1,886,111 |
| Borrowings received during the period | | | | |
| - principle | - | - | 682,000 | 810,899 |
| - interest | 11,263 | 13,223 | 15,673 | 43,449 |
| Borrowings repaid during the period | | | | |
| - principle | - | (52,000) | (644,791) | (1,884,700) |
| - interest | (22,250) | (11,381) | (14,304) | (74,205) |
| Reclassified as long-term loan from subsidiaries | - | - | - | (300,000) |
| At 31 December | 287,271 | 298,258 | 520,132 | 481,554 |

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Short-term borrowing | | | | |
| Subsidiaries | - | - | 516,160 | 478,951 |
| Related parties | 265,000 | 265,000 | - | - |
| Accrued interest expense | | | | |
| Subsidiaries | - | - | 3,972 | 2,603 |
| Related parties | 22,271 | 33,258 | - | - |

The Company has short-term borrowings from subsidiaries for its normal operation with interest rate of 3.25% and of 12-month fixed deposit plus 1.00% per annum is due within 6 months from the borrowing date.

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

The movements of long-term borrowings from a related can be analysed are as follows:

| | Separate financial statements | |
|--|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht |
| At 1 January | 300,828 | - |
| Reclassified from short-term loan to a subsidiary | - | 300,000 |
| Borrowings received during the period | | |
| - interest | 7,266 | 828 |
| Repayments | | |
| - principle | (300,000) | - |
| - interest | (8,094) | - |
| At 31 December | - | 300,828 |
| Long-term borrowings | - | 300,000 |
| Accrued interest expense due within 1 year | - | 828 |

Long-term borrowings from a related party meets the terms and conditions of borrowing and have bear an interest rate 3.25% and are due within 3 years from the borrowing date.

e) Long-term promissory notes from a related party

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Current portion of long-term promissory notes | | | | |
| Related party | - | 120,442 | - | 120,442 |
| Accrued interest expense | | | | |
| Related party | - | 531 | - | 531 |

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

| | Consolidated and separate financial statements Thousand Baht |
|---------------------------|---|
| Opening balance | 120,973 |
| Additions - Interest | 849 |
| Promissory note repayment | |
| - principle | (120,442) |
| - interest | (1,380) |
| Closing balance | - |

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

f) Key management compensation

Key management compensation of the Group and the Company is as follows:

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Short-term employee benefits | 67,022 | 58,389 | 28,348 | 23,655 |
| Retirement benefits | 4,512 | 5,207 | 1,384 | 2,259 |
| | 71,534 | 63,596 | 29,732 | 25,914 |

35 Letter of guarantees

As at 31 December 2021, the Company had letters of guarantee issued by financial institutions of Baht 8.5 million (2020: Baht 18.5 million) in respect of certain performance bonds in relation for medical services and obligation of electricity usages with Metropolitan Electricity Authority. These letters of guarantee are required in the normal course of business.

As at 31 December 2021, the Group had letters of guarantee issued by financial institutions of Baht 25.0 million (2020: Baht 35.5 million) in respect of certain performance bonds in relation for medical services, obligation of guaranteeing electricity usages with Metropolitan Electricity Authority and Provincial Electricity Authority and guaranteeing gasoline filling as required in the normal course of business.

36 Commitments

36.1 Capital expenditure commitments

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

| | Consolidated financial statements | | Separate financial statements | |
|---------------------|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Plant and equipment | 18,142 | 132,361 | 3,118 | 9,733 |

36.2 Operating lease commitments

The Group has entered into low-value assets leases agreements and short-term leases agreements with leases term less than 1 year which are non-cancellable lease agreements in respect to leases of equipment and its related service agreements. The lease terms are between 1 to 5 years. The future aggregate minimum lease payments which were not recognised as lease liabilities are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2021 Thousand Baht | 2020 Thousand Baht | 2021 Thousand Baht | 2020 Thousand Baht |
| Not later than 1 year | 34,599 | 21,622 | 86 | 134 |
| Later than 1 year but not later than 5 years | 23,462 | 9,404 | 23 | 69 |
| More than 5 years | 6,073 | - | - | - |
| | 64,134 | 31,026 | 109 | 203 |

36.3 Long-term service commitments

On 24 January 2007, the Group entered into management agreements with a group company of a well known international standard hotel chain, appointing the hotel group to manage the Group's serviced apartments. Under the conditions of the agreements, the Group has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 30 years, starting from the commencement of operations, and could be extended for a further period of at least 10 years, depending upon certain conditions specified in the agreements. Consulting fees and expenses under the contract for the year ended 31 December 2021 were Baht 2.5 million (2020: Baht 5.8 million).

On 14 January 2016, the Group entered into management agreements with a group company of a well known international standard hotel chain, appointing the hotel group to manage the Company's serviced apartments. Under the conditions of the agreements, the Company has to pay service fees to the hotel group at the rates stipulated in the agreements. The terms of the serviced apartment management agreements are 10 years, starting from the commencement of operations, and could be extended for a further period of at least 10 years, depending upon certain conditions specified in the agreements. Consulting fees and expenses under the contract for the year ended 31 December 2021 were Baht 7.4 million (2020: Baht 7.5 million).

37 Events occurring after the reporting period

The Company has requested to transfer the land and buildings of the Group's subsidiary to a commercial bank under the asset warehousing scheme. The transaction, which is valued at Baht 1,500.0 million, was approved by the Bank of Thailand on 17 February 2022. The registration of assets transfers to settle the loans is expected to be completed within the first quarter of 2022.



PRINCIPAL CAPITAL PUBLIC COMPANY LIMITED

ATTACHMENT



Age 78 years

Mr. John Lee KohShun

Chairman

Date of Appointment as a Director

26 February 2019 - present

Education

- ◆ Bachelor of Philosophy MA, Adventist University of the Philippines.
- ◆ Master of Philosophy MA. Adventist University of the Philippines.
- ◆ Master of Public Health (MPH), Loma Linda University.

Training Programs

- ◆ Role of the Chairman Program 2018 Class 43 (RCP 43/2018)
- ◆ Director Certification Program (DCP) 23/2002

Clinical Training

- ◆ St Lukes Medical Center, Quezon City, Phillipines 1969
- ◆ Loma Linda University Medical Center, Loma Linda CA, USA 1973

Board Member/ -None-
Management in Other Listed Company

Position in other Company/
Organization/Institution 11 Companies

Work Experiences

2020 – present

- ◆ Director of Principal NKG Co., Ltd.
 - ◆ Director of Principal Healthcare – Ubonratchathani Co., Ltd.
 - ◆ Director of Principal Healthcare – Chumphon Co., Ltd.
 - ◆ Director of Principal Healthcare – Sirsakot Co., Ltd.
 - ◆ Director of Principal Healthcare – Uthai Co., Ltd.
 - ◆ Director of Principal Healthcare – Lamphun Co., Ltd.
 - ◆ Director of Pitsanuvej Uttaradit Hospital Co., Ltd.
 - ◆ Director of Pitsanuloke Medical Co., Ltd.
 - ◆ Director of Paknampo Hospital Co., Ltd.
 - ◆ Director of Union Phichit Doctors Co., Ltd.
 - ◆ Director of Principal Healthcare Co., Ltd.
- 2017 – 2019**
- ◆ Chairman of Premiere Home Healthcare Co., Ltd.

Shareholding in the Company (as of February 4, 2022)

Held personally - None -
Held by spouse/minor children - None -

**Family Relationship among
Directors and Executives** - None -



Age 59 years

Dr. Satit Viddayakorn

**Managing Director/
Director/ Chairman of the Executive
Committee/ Chairman of Risk
Management Committee**

Date of Appointment as a Director
24 April 2013 - present

Education

- ◆ Bachelor of Engineering, Mechanical Engineering Chulalongkorn University
- ◆ Master of Business Administration (MBA) Golden Gate University, San Francisco, USA.
- ◆ Ph.D in Business Administration Joint Program of Bangkok, Bangkok University and University of Nebraska-Lincoln, USA.

Training Programs

- ◆ Senior Executive Program, Sasin, Graduate Institute of Business Administration of Chulalongkorn University
- ◆ Executive Education, Harvard Business School
- ◆ Director Certification Program (DCP) 199/2015

Board Member/ -None-
Management in Other Listed Company

**Position in other Company/
Organization/Institution** 16 Companies

Work Experiences

2021 – present

- ◆ Director of Principal Healthcare – Sakonnakhon Co., Ltd.

2020 – present

- ◆ Director of VMEA Co., Ltd.
- ◆ Director of Principal Healthcare – Ubonratchathani Co., Ltd.
- ◆ Director of Principal NKG Co., Ltd.

2019 – present

- ◆ Director of Principal Healthcare – Chumphon Co., Ltd.
- ◆ Director of Principal Healthcare – Srisaket Co., Ltd.
- ◆ Director of VMS Development Co., Ltd.

2018 – present

- ◆ Director of Principal Healthcare – Lamphun Co., Ltd.
- ◆ Director of Principal Healthcare – Uthai Co., Ltd.
- ◆ Director of Banchang Business District Co., Ltd.
- ◆ Director of Paknampo Hospital Co., Ltd.

2017 – present

- ◆ Director of Principal Healthcare Co., Ltd.
- ◆ Director of Pitsanuvej Uttaradit Hospital Co., Ltd.

2016 – present

- ◆ Director of Union Pichit Doctors Co., Ltd.
- ◆ Director of V Brilliant Group Holding Co., Ltd.
- ◆ Director of V Residence Co., Ltd.

Shareholding in the Company (as of February 4, 2022)

| | |
|-------------------------------|----------|
| Held personally | 21.76% |
| Held by spouse/minor children | - None - |

**Family Relationship among
Directors and Executives** - None -



Age 64 years

Mrs. Unakorn Phruithithada

**Chairman of Audit Committee/
Independent Director**

Date of Appointment as a Director
26 April 2021 - present

Education

- ◆ Bachelor of Accounting (1st Class Honour), Thammasat University
- ◆ Master of Accounting (1st score level), Thammasat University
- ◆ Master of The Computer Application and Information System with Distinction, New York University, USA
- ◆ Certified Public Accountant of Thailand
- ◆ Certified Public Accountant, New York, USA.

Training Programs

- ◆ Advanced Audit Committee Program (AAP) Class 37/2020
- ◆ Director Certification Program (DCP) Class 48/2004
- ◆ Director Examination (Exam) Class 14/2004
- ◆ The Executive Program "Thammasat for Society" Class 3
- ◆ The Executive Program "Thammasat for Society and World" Class 1

Board Member/ Executive in other listed company

2019 – present

Independent Director and Audit Committee of Sritrang Glove (Thailand) Public Company Limited

Position in other Company/ Organization/Institute 1 Organization

Work Experiences

2020 – present

- ◆ Chairperson of the Subcommittee to study and follow the development of IFRS, Federation of Accounting Professions under the Royal Patronage of His Majesty the King

2017 – 2020

- ◆ Member of Accounting Standard Setting Committee, Federation of Accounting Professions under the Royal Patronage of His Majesty the King.

1994 – 2018

- ◆ Partner of PricewaterhouseCoopers Ltd.

Shareholding in the Company (as of February 4, 2022)

| | |
|-------------------------------|----------|
| Held personally | - None - |
| Held by spouse/minor children | - None - |

Family Relationship among Directors and Executives - None -



Age 58 years

Associate Professor Dr. Sillapaporn Srijunpetch

Independent Director/ Audit Committee

Date of Appointment as a Director

26 April 2021 - present

Education

- ◆ Bachelor of Accounting (Honour), Thammasat University
- ◆ Master of Accounting, Thammasat University
- ◆ Master of Business Administration, George Washington University, USA
- ◆ Ph. D. in Accounting, Manchester Business School, Manchester University, UK
- ◆ Certified Public Accountant

Training Programs

- ◆ Director Accreditation Program (DAP) 51/2006
- ◆ Corruption Protection in the Organization by PricewaterhouseCoopers Consulting (Thailand) Co., Ltd.

Board Member/ Management in Other Listed Company -None-

Position in other Company/ Organization/Institution 3 Organization

Work Experiences

2017– present

- ◆ Audit Committee of Automotive Institute

2016 – present

- ◆ Head of Accounting Department, Faculty of Commerce and Accounting, Thammasat University
- ◆ Audit Committee of Small & Medium Industrial Institute

2548 – 2018

- ◆ Independent Director and Audit Committee of CS Loxinfo Public Company Limited

Shareholding in the Company (as of February 4, 2022)

Held personally - None -
Held by spouse/minor children - None -

Family Relationship among Directors and Executives - None -



Age 46 years

Dr. Jutamas Ingpochai

**Independent Director/
Audit Committee**

Date of Appointment as a Director
22 April 2014 - present

Education

- ◆ B.A. in Business Management, Pine Manor College, Boston, USA.
- ◆ M.Sc. in Business Administration (Financial Economics, Boston University, USA.
- ◆ Ph.D. in Business Administration, Bangkok University in cooperation with University of Nebraska-Lincoln, USA.

Training Programs

- ◆ Executive Development Program (EDP 19/2019) / TLCA
- ◆ Director Diploma Examination (62/2018) / Thai IOD
- ◆ Family Business Governance 2018 (FBG 12/2018) / Thai IOD
- ◆ Directors Certification Program 2017 (DCP 248/2017) / Thai IOD
- ◆ IT Governance and Cyber Resilience Program 2017 (ITG 4/2017) / Thai IOD
- ◆ Strategic CFO in Capital Markets (4/2016) / The Stock Exchange of Thailand
- ◆ Advance Audit Committee Program 2016 (AACP 22/2016) / Thai IOD
- ◆ Risk Corporate Leader 2016 (RCL 5/2016) / Thai IOD

Board Member/ Executive in other listed company

2011 – present

- ◆ Vice President, Investor Relations Department of GFPT PCL.

2009 – present

- ◆ Corporate Secretary of GFPT PCL.

Position in other Company/ Organization/Institute

2 Company

Work Experiences

2015 – present

- ◆ Director of Minimax Venture Co., Ltd.

2021 – present

- ◆ Director of Millionpix Studio Co.,Ltd.

Shareholding in the Company (as of February 4, 2022)

Held personally - None -
Held by spouse/minor children - None -

Family Relationship among Directors and Executives

- None -



Age 62 years

Mr. Veera Srichanachaichok

**Director/ Executive Director/
Member of Risk Management Committee**

Date of Appointment as a Director
1 November 2015 - present

Education

- ◆ Bachelor of Accounting, Thammasat University
- ◆ Master of Accounting, Thammasat University

Training Programs

- ◆ Director Certification Program (DCP) 71/2006
- ◆ Advanced Management Program (EDP)
- ◆ Risk Management,
Allianz Management Institute

Board Member/ -None-
Management in Other Listed Company

**Position in other Company/
Organization/Institution** 15 Companies

Work Experiences

2021 – present

- ◆ Director of Principal Healthcare
– Sakonnakhon Co., Ltd.

2020 – present

- ◆ Director of VMEA Co., Ltd.
- ◆ Director of Principal Healthcare
– Ubonratchathani Co., Ltd.
- ◆ Director of Principal NKG Co., Ltd.

2019 – present

- ◆ Director of Principal Healthcare
– Chumphon Co., Ltd.
- ◆ Director of Principal Healthcare
– Srisaket Co., Ltd.

2018 – present

- ◆ Director of Principal Healthcare
– Lamphun Co., Ltd.
- ◆ Director of Principal Healthcare - Uthai Co., Ltd.
- ◆ Director of Banchang Business District Co., Ltd.
- ◆ Director of Paknampo Hospital Co., Ltd.

2017 – present

- ◆ Director of Principal Healthcare Co., Ltd.
- ◆ Director of Pitsanuvej Uttaradit Hospital Co., Ltd.

2016 – present

- ◆ Director of Union Phichit Doctors Co., Ltd.
- ◆ Director of V Brilliant Group Holding Co., Ltd.
- ◆ Director of V residence Co., Ltd.

2019 – 2021

- ◆ Acting Chief Financial Officer Principal
Capital Public Company Limited

2015 – 2019

- ◆ Chief Executive Officer Principal Capital
Public Company Limited

Shareholding in the Company (as of February 4, 2022)

| | |
|-------------------------------|-------|
| Held personally | 0.04% |
| Held by spouse/minor children | 0.13% |

**Family Relationship among
Directors and Executives** - None -



Age 48 years

Dr. Achara Ratanaphunsri

**Director/ Executive Director/
Chief Finance and Administrative Officer**

Date of Appointment as a Director

11 November 2020 - present

Education

- ◆ Bachelor of Computer Science, Assumption University
- ◆ Master of Information Management, Asian Institute of Technology
- ◆ Ph.D. in Organization Development, Assumption University

Training Programs

- ◆ Director Certification Program (DCP) 279/2019
- ◆ e-Learning CFO's Orientation Course

**Board Member/
Management in Other Listed Company** -None-

**Position in other Company/
Organization/Institution** 6 Companies

Work Experiences

2021 – present

- ◆ Director of Principal Healthcare - Sakonnakhon Co., Ltd.

2020 – present

- ◆ Director of Principal Healthcare - Ubonratchathani Co., Ltd.

2019 – present

- ◆ Director of Principal Healthcare - Chumphon Co., Ltd.
- ◆ Director of Principal Healthcare - Lamphun Co., Ltd.
- ◆ Director of Principal Healthcare - Uthai Co., Ltd.

2018 – present

- ◆ Director of Principal Healthcare Co., Ltd.

Shareholding in the Company (as of February 4, 2022)

| | |
|-------------------------------|-------|
| Held personally | 0.13% |
| Held by spouse/minor children | 0.03% |

**Family Relationship among
Directors and Executives** - None -



Age 56 years

Mr. Sakarin Tangkavachiranon

Director

Date of Appointment as a Director

29 June 2021 – present

Education

- ◆ Bachelor of Engineering, Mechanical Engineer
Kasetsart University
- ◆ Master of Political Science (Honour), NIDA

Training Programs

- ◆ Director Certification Program (DCP 221/2016),
Thai Institute of Directors Association
- ◆ Executive Energy Management Program
(Class 11), Ministry of Energy
- ◆ Mini Master of Management, National
Institute of Development Administration
- ◆ Plant Maintenance Engineering Program,
Japan International Corporation Agency (JICA)
- ◆ Energy Sustainability and Conservation
Program, Department of Alternative Energy
Development and Efficiency, Ministry of Energy
- ◆ General Information of Railway System Program,
Kasetsart University

Board Member/ Executive in other listed company

2021 – present

Board of Directors Member, Nomination and
Remuneration Committee Member and Co-
Chairman of Executive Committee,
Sahacogen (Chonburi) PCL.

2020 – present

Chief Business Development Officer of
Ratch Group PCL.

Position in other Company/ Organization/Institute 9 Companies

Work Experiences

2021 – present

- ◆ Chairman of the Board of Directors,
RATCH Cogeneration Co., Ltd.
- ◆ Board of Directors Member, Innovation
Holding Co., Ltd.
- ◆ Chairman of RATH-LAO Services Co., Ltd.

2020 – present

- ◆ Director of RH International (Singapore)
Corporation Ltd.
- ◆ Director of An Binh Energy and Infrastructure Fund
- ◆ Director of An Binh Energy Group Joint Stock Company
- ◆ Board of Directors Member, Hin Kong Power
Holding Co., Ltd.
- ◆ Board of Directors Member, Hin Kong Power Co., Ltd.
- ◆ Board of Directors Member, Nexif Ratch Energy
Singapore Pte. Ltd.

Shareholding in the Company (as of February 4, 2022)

Held personally - None -
Held by spouse/minor children - None -

Family Relationship among Directors and Executives - None -



Age 63 years

Dr. Nattawuth Prasertsiripong, M.D.

Director

Date of Appointment as a Director

15 December 2021 – present

Education

- ◆ Bachelor of Medicine, Rama Hospital, Mahidol University
- ◆ Master of Political Science, NIDA

Training Programs

during training Director Certification Program (DCP 318/2022)

Board Member/ -None-
Management in Other Listed Company

Position in other Company/
Organization/Institution 1 Organization

Work Experiences

2020 – present

- ◆ Advisor of Principal Capital Public Company Limited

2019 – present

- ◆ The Village Health Volunteer Cremation Association of Thailand

2018 – 2019

- ◆ Director General of Department of Health Service Support

Shareholding in the Company (as of February 4, 2022)

Held personally - None -
Held by spouse/minor children - None -

Family Relationship among
Directors and Executives - None -

Age 45 years

Mr. Tanee Maneenut

**Executive Director/
Chief Executive Officer**

Date of Appointment as a Director

29 June 2021 - present

Education

- ◆ Bachelor of Mechatronics Engineering, Japanese International Cooperation Agency (JICA) scholarship.
- ◆ Master of Business Administration, International Business, NIDA

**Board Member/
Management in Other Listed Company** -None-

**Position in other Company/
Organization/Institution** 6 Companies

Work Experiences

2021 – present

- ◆ Director of Principal Healthcare – Sakonnakhon Co., Ltd.
- ◆ Director of Paknampo Hospital Co., Ltd.
- ◆ Director of Pitsanuloke Medical Co., Ltd.
- ◆ Director of Pitsanuvej Uttaradit Hospital Co., Ltd.
- ◆ Director of Union Phichit Doctors Co., Ltd.
- ◆ Director of Klaibaan Klaijai Co., Ltd.

2020 – 2021

- ◆ Assistant Managing Director of Principal Capital Public Company Limited.

2015 – 2020

- ◆ Chief Business Development Officer Bumrungrad Hospital Plc.

**Shareholding in the Company
(as of February 4, 2022)**

Held personally - None -
Held by spouse/minor children - None -

**Family Relationship among
Directors and Executives** - None -

Age 37 years

Mr. Jatuphol Chawapatanakul

Executive Director

Date of Appointment as a Director

29 June 2021– present

Education

- ◆ Bachelor of Engineering, King Mongkut's Institute of Technology Ladkrabang
- ◆ Master of Business Administration, Marketing, Thammasat University
- ◆ Masters of Science in Product and Process Development, Production and Logistics Malardalen University, Sweden

**Board Member/
Management in Other Listed Company** -None-

**Position in other Company/
Organization/Institution** 3 Companies

Work Experiences

2021 – present

- ◆ Chief Executive Officer, Human Centric Co., Ltd.

2019 – present

- ◆ Chief Executive Officer, MEDcury Co., Ltd.

2015 – present

- ◆ Co-founder/Business development of Backyard Co., Ltd.

2016 – 2017

- ◆ Business Development Manager of Happy Fresh Co., Ltd.

**Shareholding in the Company
(as of February 4, 2022)**

Held personally - None -
Held by spouse/minor children - None -

**Family Relationship among
Directors and Executives** - None -

Age 51 years

Dr. Athiwat Noiprasit, M.D.

Executive Director

Date of Appointment as a Director

29 June 2021– present

Education

- ◆ Bachelor of Medicine (1st Class Honor), Srinakharinwirot University
- ◆ Master of Business Administration, Sukhothai Thammathirat Open University
- ◆ Board of Internal Medicine, Chiang Mai University
- ◆ Diploma of Gastroenterology, Khon Kaen University

Training Programs

- ◆ Senior Executive Program (SASIN)
- ◆ Certificate in Good Governance for Medical Executives, King Prajadhipok's Institute and the Medical Council of Thailand
- ◆ Director Certification Program (DCP) Class 257/2018
- ◆ Diploma for passing examination of Director 'Certification Program by Thai Institute of Director

Board Member/ -None-
Management in Other Listed Company

Position in other Company/
Organization/Institution 2 Companies

Work Experiences

2021 – present

- ◆ Director of Principal Healthcare – Sakonnakhon Co., Ltd.
- ◆ Director of Princ Hospital Suvarnabhumi
- ◆ Chief Performance Coach, Risk and Quality Officer of Principal Healthcare Co.,Ltd.

2020 – 2021

- ◆ Assistant Managing Director and Acting Pitsanuvej Hospital Director, Pitsanuloke Medical Co., Ltd.
- ◆ Assistant Managing Director and Acting Pitsanuvej Phichit Hospital Director, Union Phichit Doctors Co., Ltd.
- ◆ Assistant Managing Director and Acting Pitsanuvej Uttaradit Hospital Director, Pitsanuvej Uttaradit Hospital Co., Ltd.

2019 – 2021

- ◆ Director, Pitsanuvej Uttaradit Hospital, Pitsanuvej Uttaradit Hospital Co., Ltd.

2017 – 2021

- ◆ Director, Princ Hospital Pitsanuvej Phichit, Union Phichit Doctors Co., Ltd.

2015 – 2021

- ◆ Director, Pitsanuvej Hospital, Pitsanuvej Co., Ltd.

2014 – 2015

- ◆ Director, Paknam Hospital Co., Ltd.

2013 – 2014

- ◆ Assitant Director, Bangkok Hospital Nakornratchasima

2011 – 2013

- ◆ Assitant Director, Bangkok Hospital Hua-Hin
- ◆ Assitant Director, Bangkok Hospital Trad

Shareholding in the Company (as of February 4, 2022)

Held personally - None -
Held by spouse/minor children - None -

Family Relationship among Directors and Executives

- None -

Age 46 years

Miss Preeyaporn Apiwartwittaya

**Executive Director/
Member of Risk Management
Committee/ Chief Accountant**

Date of Appointment as a Director

1 Novemeber 2013 - present

Education

- ◆ Bachelor of Accounting (2nd Class Honor), Thammasat University
- ◆ Master of Real Estate Business Program, Thammasat University
- ◆ Certified Public Accountant

Training Programs

- ◆ The Executive Program for Professionals of Fiscal Policy Class 3, Research Institute Foundation
- ◆ Orientation Course - CFO focus on financial reporting Class 6
- ◆ Chief Transformation Officer : CTO Course Class 1 by Stock Exchange of Thailand

Board Member/ -None-
Management in Other Listed Company

**Position in other Company/
Organization/Institution** 6 Companies

Work Experiences

2020 - present

- ◆ Director of VMEA Co., Ltd.

2018 - present

- ◆ Director of Banchang Business District Co., Ltd.
- ◆ Director of Wiwatta Co., Ltd.

2017 - present

- ◆ Director of V Brilliant Group Holding Co., Ltd.
- ◆ Director of V Residence Co., Ltd.
- ◆ Director of Principal Healthcare Co., Ltd.

Shareholding in the Company (as of February 4, 2022)

Held personally - None -
Held by spouse/minor children - None -

**Family Relationship among
Directors and Executives** - None -

Age 45 years

Miss Ritima Jirasuradate

**Corporate Secretary/
Executive Director /
Secretary of Risk Management Committee**

Date of Appointment as a Director

14 May 2018 - present

Education

- ◆ Bachelor of Law, Thammasat University
- ◆ Barrister-At-Law (Thai Bar) The Thai Bar Association

Training Programs

- ◆ Corporate Secretary
- ◆ Effective Minute Taking
- ◆ Board Reporting Program
- ◆ Company Reporting Program

Board Member/ -None-
Management in Other Listed Company

**Position in other Company/
Organization/Institution** 1 Company

Work Experiences

2020 - present

- ◆ Vice President, Office of Management, Principal Capital Co., Ltd.

2019 - present

- ◆ Director of Go Green Cleaning Co., Ltd.

2018 - present

- ◆ Corporate Secretary of Principal Capital Public Company Limited

2016 - 2018

- ◆ Vice President, Compliance & Risk Management, Gland REIT Management Co., Ltd.

Shareholding in the Company (as of February 4, 2022)

Held personally - None -
Held by spouse/minor children - None -

**Family Relationship among
Directors and Executives** - None -

Attachment 2 Details of Subsidiaries' Directors

| Name | Subsidiaries (The Company has more than 50% shareholdings) | | | | | | | | | | | | | | | | |
|-----------------------------|--|----------------------------|---------------------------|----------------------------------|--|--|--|---|---|---|---|--------------------------|-------------------------|-----------------------------|-----------------------|---------------------------------------|----------------|
| | Principal Healthcare Co., Ltd. | Pajamas Hospital Co., Ltd. | Pajamas Medical Co., Ltd. | Union Phatchai Doctors Co., Ltd. | Pitakavej Universal Hospital Co., Ltd. | Principal Healthcare - Union Co., Ltd. | Principal Healthcare - Lampoon Co., Ltd. | Principal Healthcare - Chumphon Co., Ltd. | Principal Healthcare - Sriracha Co., Ltd. | Principal Healthcare - Ubonrathasit Co., Ltd. | Principal Healthcare - Sakon Nakhon Co., Ltd. | Kan Guan Int'l Co., Ltd. | Principal NKO Co., Ltd. | V Brilliant Group Co., Ltd. | V Residence Co., Ltd. | Ban Chang Business District Co., Ltd. | WHEA Co., Ltd. |
| Mr. John Lee Kohshun | C,D,Ad | C,D | C,D,Ad | C,D | C,D | C,D | C,D,Ad | C,G,Ad | C,D | C,D,Ad | - | - | C,D | - | - | - | - |
| Dr. Saur Vekdayakorn | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad | C,D,Ad | - | D, Ad | C,D,Ad | C,D,Ad | C,D,Ad | C,D,Ad |
| Mr. Veera Sanchanachachok | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad | - | D, Ad | D, Ad | D, Ad | D, Ad | D, Ad |
| Dr. Achana Rattanaphansri | D, Ad | - | - | - | - | D, Ad | D, Ad | D, Ad | - | D, Ad | D, Ad | - | - | - | - | - | - |
| Dr. Ashwan Noprasit, M.D. | - | D | - | - | - | - | - | - | - | - | D, Ad | - | - | - | - | - | - |
| Mr. Tanee Maneeum | - | D | D | D | D | - | - | - | - | - | D, Ad | D, Ad | - | - | - | - | - |
| Mr. Jaluphol Chwapanakul | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Mr. Nantawuth Praserturong | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Mr. Sakorn Tanglavachiranon | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Mrs. Unakorn Phrutthithada | D, Ad | - | - | - | - | - | - | - | - | - | - | - | - | D, Ad | D, Ad | D, Ad | D, Ad |
| Mr. Ratanak Angkasakulchai | - | - | - | - | - | - | - | - | - | D, Ad | - | - | - | - | - | - | - |
| Mr. Yosuke Inoue | - | - | - | - | - | - | - | - | - | - | - | - | D | - | - | - | - |
| Mr. Yuki Furuya | - | - | - | - | - | - | - | - | - | - | - | - | D | - | - | - | - |

C – Chairman

D – Director

Ad - Authorized Director

Attachment 2 Details of Subsidiaries' Directors

| Name | Subsidiaries (The Company has more than 50% shareholding) | | | | | | | | | | | | | | | | |
|-----------------------------------|---|----------------------------|----------------------------|---------------------------------|--------------------------------------|---|--|---|--|---|---|----------------------------|--------------------------|-------------------------|-------------------|---------------------------------------|---------------|
| | Principal Healthcare Co., Ltd. | Bangkok Hospital Co., Ltd. | Prasanna Medical Co., Ltd. | Union Pacific Doctors Co., Ltd. | Prasanna Uthairat Hospital Co., Ltd. | Principal Healthcare - Uthairat Co., Ltd. | Principal Healthcare - Lamphun Co., Ltd. | Principal Healthcare - Chumphon Co., Ltd. | Principal Healthcare - Sisaket Co., Ltd. | Principal Healthcare - Ubonratsathani Co., Ltd. | Principal Healthcare - Sakon Nakhon Co., Ltd. | Q&A Baan Khamjai Co., Ltd. | Principal NAKS Co., Ltd. | Pratana Group Co., Ltd. | Pratana Co., Ltd. | Ban Chong Borshees District Co., Ltd. | Q&A Co., Ltd. |
| Dr. Bunchana Petchpolakong, M.D. | | D, Ad | | - | - | D | - | - | | - | | | | | | | |
| Ms. Satira Viddaekorn | - | - | | - | - | - | - | - | | - | - | - | - | D, Ad | D, Ad | - | Q, Ad |
| Mrs. Nipaporn Nimphathakphong | | - | D, Ad | D, Ad | D, Ad | - | - | - | | - | | | | | | | |
| Ms. Wansiri Nimphathakphong | - | - | D | D | D, Ad | - | - | - | | - | - | - | - | - | | - | - |
| Ms. Khongchaengk Thirawongkarn | - | - | (i) | (i) | D | - | - | - | | - | - | - | - | - | | - | - |
| Mr. Woratit Palakawong Na Ayudhya | - | - | | - | - | D, Ad | - | - | | - | - | - | - | - | | - | - |
| Dr. Chote Nisoong, M.D. | - | - | | - | - | - | D, Ad | - | | - | - | - | - | - | | - | - |
| Dr. Kintchari Uruwankul, M.D. | - | | | | | D, Ad | | | | | | | | | | | |
| Dr. Wasin Aviruttana, M.D. | - | D | | - | - | - | - | - | | - | - | - | - | - | | - | - |
| Dr. Thasarin Takkametha, M.D. | - | - | | - | - | - | - | - | D, Ad | - | - | - | - | - | | - | - |
| Mr. Siripong Anglesakulbhai | - | - | | - | - | - | - | - | (i), Ad | - | - | - | - | - | | - | - |
| Ms. Datchanee Pontaporn | | - | | - | - | - | - | - | | | | D, Ad | | | | | |
| Mrs. Samerkae Saltapong | - | - | | - | - | - | - | - | | | - | D, Ad | - | - | | - | - |

C – Chairman

D – Director

Ad – Authorized Director

Attachment 3 Details of Head of Internal Audit and Head of Compliance

Age 41 years

Ms. Kantima Kongsomyuti

**Internal Auditor from
A.M. Advisor Audit Co., Ltd.**

Education

- ◆ Bachelor of Accounting, Ramkamhaeng University
- ◆ Master of Finance and Banking Ramkamhaeng University
- ◆ Certified Public Accountant (CPA)

Training Program

- ◆ Training Program for the Certificate of Internal Audit Class 7 of Federation of Accounting Profession
- ◆ Anti-Corruption in the Organization Class 9 of Federation of Accounting Profession
- ◆ Risk Based Audit of The Institutes of Internal Auditors of Thailand
- ◆ Certified Tax Accountant Program (Advanced Tax Accountant Class 2 of Tax School)
- ◆ Preparation course for International Certified Internal Auditor Program Pre-CIA Class 24
- ◆ Systematic Audit
- ◆ Internal Control Review Class 1/60

Work experience

2013 – present

- ◆ Director of A.M. Advisor Audit Co., Ltd.

2011 – present

- ◆ Internal Auditor of Principal Capital Public Company Limited

Remark : Head of Compliance is Miss Ritima Jirasuradate who is also a secretary of the Company
(Please see the detail in the attachment 1)

Attachment 4 Operating Assets and Details of Asset Assessment

Operating Assets

Property, plant and equipment

As of December 31, 2021 property, plant and equipment of the Company and subsidiary companies were summarized as follows:

| Property, plant and equipment | Value (million Baht) |
|---|----------------------|
| Land | 4,069.02 |
| Building and improvements | 7,467.70 |
| Medical equipment | 441.47 |
| Furniture, fixture and office equipment | 188.63 |
| Vehicles | 24.43 |
| Work in process | 14.71 |
| Total | 12,205.96 |

Intangible assets

As of December 31, 2021, intangible assets of the Company and subsidiary companies were summarized as follows:

| Intangible assets | Value (million Baht) |
|-------------------------|----------------------|
| Goodwill | 1,823.98 |
| Other intangible assets | 245.67 |
| Total | 2,069.65 |

Goodwill incurred from the acquisition of subsidiary company's shares. Intangible assets include computer software, trademark and customer relationships.

Right-of-use assets

As of December 31, 2021 right-of-use assets of the Company and subsidiary companies were summarized as follows:

| Right-of-use assets | Value (million Baht) |
|-------------------------|----------------------|
| Property | 137.42 |
| Machinery and furniture | 193.64 |
| Vehicles | 16.02 |
| Total | 347.08 |

Attachment 5 Corporate Governance Policy

Details as shown in the Company's website www.principalcapital.co.th

- 1. Corporate Governance Policy**
- 2. Anti-Corruption Policy and Fraud and Corruption Risk Assessment Manual**
- 3. Business Ethics**
- 4. Charter of the Board of Directors**
- 5. Charter of the Audit Committee**
- 6. Charter of the Risk Management Committee**

Attachment 6 Performance of the Audit Committee

Performance of the Audit Committee

The Audit Committee has performed its duties independently according to the scope, duties and responsibilities assigned by the Board of Directors, in alignment with the requirements and the best practice guidelines of the Securities and Exchange Commission and the Stock Exchange of Thailand. In 2021 the Audit Committee has held 5 meetings with the executives, the external auditor and the internal auditor. In the Audit Committee meeting, Audit Committee Member consider issues/problems, exchange the opinions, listen to a clarification and provide useful suggestions to the Company's management. The main points are as follows;



To review the quarterly financial report and the financial report for the year 2021,

by making an Inquiry on issue/problems and listening to a clarification from the external auditor regarding completeness, accuracy, reliability of the Company's financial statement as well as adequacy disclosure of sensitive information and changes in key accounting policies/practices and the connected transactions.

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

In addition, the Audit Committee has suggested Executives to prepare for the adjustment of the key accounting policies used to prepare the consolidated and separate financial statements according to the amended financial reporting standard of Federation of Accounting Professions under the Royal Patronage of His Majesty the King.

New and amended financial reporting standards that are effective for accounting period beginning from 1 January 2021 are as follows:

- ◇ Revised conceptual framework for financial reporting
- ◇ Amendment to TFRS 3 Business combinations
- ◇ Amendment to TAS 1 Presentation of financial statement and TAS 8 Accounting policies, changes in accounting estimates and errors.

Attachment 6 Performance of the Audit Committee

Performance of the Audit Committee



2. To consider and review the report of internal audit findings and the evaluation results of internal Control system as well as risk evaluation and analysis on various key systems, connected transactions also held a meeting with internal auditor and the Committee concluded that the Company's internal audit system was adequate, appropriate, and effective. In case the Audit Committee considers that there is a point that can improve or enhance the internal control system to be more efficient or more effective, the recommendations from the Committee were given to the Company's Management which obtain very good cooperation. The Committee also considered that the Company's internal audit operations were in line with internal audit guidelines prescribed by the Stock Exchange of Thailand and Standards for the Professional Practice of Internal Auditing, which aim at independence, fairness and neutrality also approve the internal audit plan for the year by focusing on preparing internal audit plan both for the Company and its subsidiaries to be consistent with the evaluation result of internal control system, the assessment and analysis on various key activities as well as the evaluation on risk management of the organization. In 2021, the Audit Committee assigned additional work for an internal auditor to set the standard procedure for the hospital, to build the internal control system to become the culture of the organization, also set the norm of the internal control system which can operate practically and ensure its security according to international standard with transparent operation. It also suggested the Management the Company that fast-growing should be prepared of planning and succession plan is important in the next year.



3. To consider and review connected transaction the acquisition and disposal transaction and the transaction that may have conflict of interests. The Audit Committee examine or review the connected transaction or transaction that may have conflict of interest to be appropriate and to comply with the law and related regulations. In 2021 the Company has no transaction that may have conflict of interest, the Company has only the ordinary business transaction between the Company and its subsidiaries which the Audit Committee considered the transactions are appropriate and under general commercial conditions with fair price and conditions.



4. To consider the report on compliance with the laws governing securities and exchange market, regulations of the Stock Exchange of Thailand and other laws related to the Company's businesses as well as compliance with the Company's rules and regulations to be operated correctly and in line with the requirement of relevant organizations. Moreover, in 2021 Personal Data Protection Act and National Cyber Security Act were announced which affect the operation as the company has the database of the patients from the service. The Company has prepared the operation to comply with the laws.

Attachment 6 Performance of the Audit Committee

Performance of the Audit Committee



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



6. To consider the appointment of external auditor and audit fee for the year 2021. The Audit Committee has considered the performance of an external auditor from Pricewaterhouse Coopers ABAS Co., Ltd. and concluded that such external auditor is an expert in the profession, independent and has performed his duty well and effectively. Then, the Committee proposed the appointment of Miss Sanicha Akarakittilap CPA No. 8470 or Mr. Paiboon Tankul CPA No.4298 or Miss Amornrat Permpoonwattanasuk, CPA No.4599 from PricewaterhouseCoopers ABAS Co., Ltd., any of the above auditor as the Company's external auditor and allow any of the auditors in the above list to express the opinion on the financial reports. If the auditors in the above list cannot perform the work, PricewaterhouseCoopers ABAS Co., Ltd. shall find other auditor to replace the auditors listed above. Such appointed auditors shall not have any relationship or conflict of interest with the Company or executives or shareholders or related party that may have an impact to his/her duty to perform his/her work independently.

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

Attachment 6 Performance of the Risk Management Committee

Performance of the Risk Management Committee

The Company gives an importance to risk management by applying ISO 31000 standard to develop the framework for risk management with reference to internal control guideline of The Committee of Sponsoring Organizations of the Treadway Commission: COSO. The Risk Management Committee performs its duties in accordance with the scope of responsibilities assigned by the Board of Directors so the management of the Company by executives and executive directors be in accordance with the good governance and best benefits to shareholders.

In 2021, The Risk Management Committee attended the meeting, discussed and exchanged ideas with the executives, internal auditor and auditors in related issues as follows:



1. Board of Directors appointed Risk Management Committee to help screen the risk management work for the Audit Committee. The Risk Management Committee will monitor and report on the issues that are risky in a timely manner. So that each department can manage the risks of the organization to create opportunities and reduce obstacles in business operations including reducing unforeseen impacts on the organization in order to be ready to promote good corporate governance.



2. Risk Management Committee shall consider and formulate risk management policy and the operational guideline as well as oversee internal risks. Each department shall use risk map and risk management tools according to risk management manual in order to find, identify risk factors and risk models that affect the operation, analyze and evaluate the identified risks, specify the risk level as well as the acceptable criteria, formulate operational guidelines/measures or risk management plan that shall prevent, mitigate, avoid or control risk effectively as well as supervise, monitor, review and evaluate the results of risk management in order to improve risk management process.

Moreover, the Risk Management Committee communicated through management to inform personnel in all departments to know the importance of risk management and the Company's risks. The Company's personnel must be able to show the status of risks involved in the work and use them in decision-making to manage the department including formulate operational guidelines and contingency plans to cope with that risks.



3. Risk Management Committee review the operates business under 6 areas of risk, consisting of investment, finance, operation, politic and governmental policies, good corporate governance and regulation, and the reputation/brand image to manage risk systematically and regularly both at the organization and project level by using the same standard set by the Company every quarter. The responsible persons of each department shall report the monitoring and evaluation result on risk management as required by the Company to the Risk Management Committee. Also, the Risk Management Committee shall summarize and report the results of risk management to the Board of Directors.