

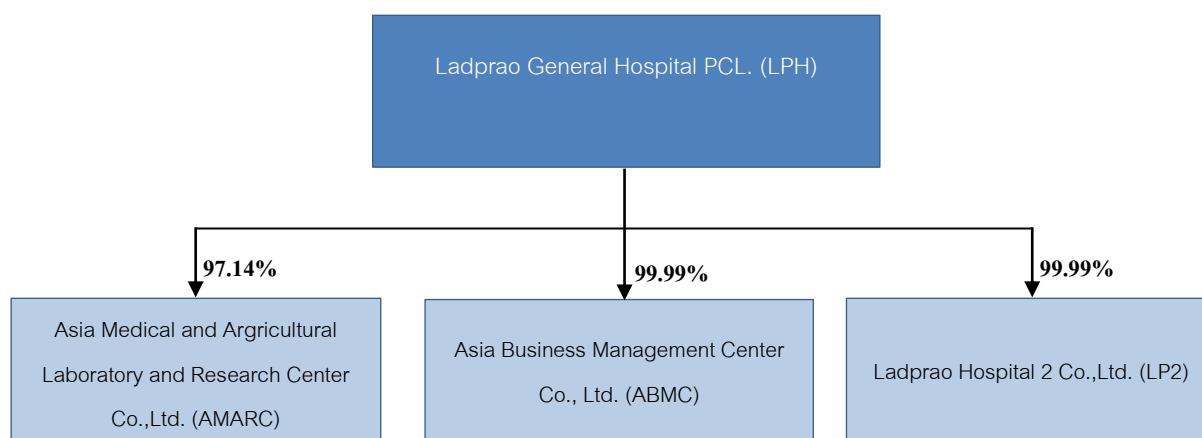
Part 1: Business Operations

1. Policies and Overall Business Operations

The Company is engaged in the business of a private hospital by providing general medical treatment services and serving as a center for various medical specializations. The Company has an expert team of doctors with regular treatment knowledge and technology training along with service provision using modern medical equipment, causing the Hospital to have service provision which received international standard acceptance. The Hospital received Level 3 Hospital Accreditation, which was the highest level for the aforementioned accreditation, from the Healthcare Accreditation Institute (Public Organization). This accreditation certifies that the Hospital has good work system management capable of facilitating quality and safe service provision with the determination to work with quality and continual quality improvement in addition to regular self-examinations to create confidence in service recipients with regard to international standard treatment quality and professional management.

Ladprao General Hospital Public Co., Ltd. (the Company) is engaged in the following three businesses: (1) hospital service businesses operated by the Company and Ladprao General Hospital 2 Co., Ltd., (2) food, agricultural and medicinal product analysis, testing and research services operated by a subsidiary, Asia Medical and Agricultural Laboratory and Research Center (AMARC) and (3) the business of supporting medical services and business development by a subsidiary, Asia Business Management Center Co.,Ltd. (ABMC). The first two businesses are considered the Company's primary businesses while the third business is operated to support internal performance by the Company and its subsidiaries.

The corporation's shareholding structure as of 31 December 2016 had the following details:



Vision :

A private hospital leader in Ladprao area

Mission :

Health care for people with modern technology, Impressive services, Social responsibility and with continuous quality development.

The hospital is a business with competition concerning readiness in terms of modern medical equipment, specialist medical personnel in each field and comprehensive and quick service provision in response to higher service recipient needs. Therefore, the Company has guidelines to develop the Hospital's treatment service provision capacity with the following goals:

- To become a holistic medical center in each field of medicine with emphasis on specialist medicine center development leading to medical excellence beginning with the support of rising senior adult population trends such as the Gastrointestinal and Liver Center, the Eye Center, the Orthopedic Surgery Center, the Brain and Nerve Center and the Skin and Beauty Center. Senior adults are seeking treatment in larger numbers at the aforementioned medical centers such as laparoscopic treatment of patients with food-related illnesses, treatment of patients with eye conditions such as cataracts or glaucoma, treatment of patients with orthopedic problems such as senior adults with arthritis of the knee or osteoporosis including patients with dementia or Alzheimer's Disease, etc. Furthermore, skin and complexion treatments for senior adults such as laser treatments to erase marks, blemishes and freckles are also escalating.

- To maintain leadership as a leading hospital for mothers and children on Ladprao Rd. by providing comprehensive obstetricsgynecology services and pediatric treatments with specialist doctors in every field.

- To become a comprehensive health examination center and dental center provide annual health examination services for individual customers, annual health examination services for employees and executives of organizations who are party to contracts inside and outside the facilities, health examinations for life insurance, health examination before working and health examinations before going to work overseas, etc.

The Company services with the following primary service recipients: General service recipients and Service recipients according to Social Security Scheme rights

1. At present, the Hospital is able to provide services in every field of medicine with 110 treatment service rooms and procedure rooms capable of providing services for customers at the maximum number of approximately 3,400 patients per day. Center details are as follows:

- | | |
|--------------------------------------|--------------------------------------|
| 1. Eye and Lasik Center | 10. Dental Center |
| 2. Aesthetics and Laser Center | 11. General Internal Medicine Center |
| 3. Gastrointestinal and Liver Center | 12. Cardiology and Neurology Center |
| 4. Orthopedic Surgery Center | 13. General Surgery Center |
| 5. Brain and Nerve Center | 14. Otolaryngology Center |
| 6. Women's Health Center | 15. Skin and Cosmetic Surgery Center |
| 7. Pediatric Center | 16. Hemodialysis Center |
| 8. Child Development Center | 17. Accident and Emergency Center |
| 9. Health examination | 18. Physical therapy Center |

2. The Hospital has a total of 109 rooms and 180 beds to provide services for patients. Inside hospital rooms, the Hospital focuses on patients' cleanliness and hygiene in a warm, home-like setting, which is a factor contributing to positive mental health among patients. The Hospital has prepared many types of rooms to provide service based on service recipient needs such as rooms with eight beds, rooms with four beds, special double bed rooms, special single bed rooms, VIP rooms, suites, ICU rooms and quarantine rooms.

The business Food, Agricultural and Medicinal Product Analysis, Testing and Research Service : AMARC is engaged in of performing laboratory analysis research classified by laboratory service capacity as follows: (a) fresh food and processed food product analysis, agricultural, animal husbandry and fishery product testing with microorganism and contaminant test/research capacity, chemical analysis including analysis for physical

contaminants of the aforementioned products for service recipients to use findings for various objectives such as import or export permission requests in addition to requests for various quality certificates, etc.; (b) pharmaceutical analyses such as tests for compounds in drugs or contaminants; (c) medical analysis to providing findings from analysis of patients' symptoms as a key factor for correct and accurate treatment and (d) measuring device calibration services to support accurate calibration results for devices such as weighing machines and thermometers, etc

The business of Supporting Medical Services and Business Development: ABMC, a subsidiary in which the Company holds 99.99 percent of registered and paid-up capital. This business supports the Hospital's work and business development in the Company and its subsidiaries with the objective to operate and provide services in support of the Hospital's medical statistics work by employing experts to prepare treatment statistics for social security patients. Furthermore, ABMC also provides support services for the Hospital's legal work by providing legal consultation, pressing charges and following-up to collect debts, etc., along with providing support in management work and business management. ABMC employed personnel with appropriate qualifications to perform the duty of providing consultation and participating in business management and development, making plans and setting business policies for the Company and its subsidiaries.

2 Business Operation Characteristics

The corporation and subsidiaries were engaged in the following three businesses: Overall Business Operations of the Company and its Subsidiaries

Business Type	Operated By	Service Characteristics
(1) Hospital Service Businesses	LPH Registered Capital: 375.00 Million Baht Paid-Up Capital: 375.00 Million Baht Par Value: 0.50 Baht	Private hospital business services in providing general treatment for diseases and medical center services including out-patient, in-patient and emergency patient services with the following primary service recipients: <ul style="list-style-type: none"> ● General service recipients. ● Service recipients according to Social Security Scheme rights.
	A Subsidiary (LP2) 99.99 Percent Shares Held by the Company Registered Capital: 50.00 Million Baht Paid-Up Capital 12.50 Million Baht Par Value 10.00 Baht	LP2 currently has no business operations. However, the Company has a project to construct and operate the new hospital in the future through LP2. The Company is currently studying investment possibility.
(2) Food, Agricultural and Medicinal Product Analysis, Testing and Research	A Subsidiary (AMARC) 97.14 Percent Shares Held by the Company Registered and Paid-Up Capital: 100.00 Million Baht Par Value: 10.00 Baht.	Laboratory analysis/research services divided according to AMARC laboratories as follows: <ul style="list-style-type: none"> ● Food and Agricultural Product Analysis Laboratory. ● Medical and Pharmaceutical Laboratory. ● Instrument Calibration Laboratory. ● Scientific Research and Development Laboratory.
(3) Support for Medical Service Provision and Business Development	A Subsidiary (ABMC) 99.99 Percent Shares Held by the Company Registered and Paid-Up Capital: 100.00 Million Baht Par Value: 10.00 Baht.	Provision of services in support of medical service provision and business development as follows: <ul style="list-style-type: none"> ● Medical statistics support for the Company. ● Legal support for the Company. ● Business development support for the Company and its subsidiaries.

(1) Hospital Service Business

Hospital service businesses are currently operated by the Company as a private medical facility admitting patients for overnight stays (a private hospital) under the name of Ladprao General Hospital (the Hospital) with a capacity of 180 beds. The Hospital was opened to provide public health services with continual service development emphasizing treatment quality and efficiency combined with health promotion, disease prevention and patient recovery to help the public have better health and quality of life. The Hospital provides services meeting all standards in every field of medicine such as internal medicine, pediatrics, women's health, ophthalmology,

otolaryngology, general surgery, orthopedic surgery, cardiology and neurology, skin and beauty, dentistry and hemodialysis, etc. Furthermore, the Company aims to achieve medical excellence by developing capacity to treat various diseases in support of domestic population structure changes which will have more senior adults in order to become a community hospital that covers service recipients from every age group living in the Ladprao neighborhood and nearby areas. The Company provides services for out-patients with expert teams of physicians in each field. Moreover, the Hospital provides in-patient services with various types of patient rooms based on service recipient needs with doctor and nursing teams ready to provide care for patients 24 hours a day.

Service Characteristics Classified by Patient Service Provision

1) Out-Patient Service

The Hospital is able to provide services in every field of medicine with 110 treatment service rooms and procedure rooms capable of providing services for customers at the maximum number of approximately 3,400 patients per day.

2) In-Patient Services

The Hospital has a total of 109 rooms and 180 beds to provide services for patients.

Ratio of Service Classified by Service Recipients

1) General Service Recipients– General service recipients consisted of the following:

- 1.1) Personal payers are service users who paid for treatment in real treatment costs without exercising any insurance entitlements, including member groups with special discounts according to the Hospital's conditions.
- 1.2) Contracted parties are service users where the Company of original affiliation has made medical service contracts with the Hospital and are composed of service recipients who have insurance policies with the insurance company on a daily basis and service recipients who are under the jurisdiction of organizations that are party to contracts with the Hospital such as educational institutes and companies which are party to contracts, etc., and service recipients with rights according to the Protection for Motor Vehicle Accident Victims. The Company will collect treatment costs from the insurance company of contract parties or directly from the contract party organization.
- 1.3) Other groups such as civil services and government enterprises, foreign patients including service recipients with other rights such as the Workmen's Compensation Fund for persons who encountered work-related hazards and three emergency foundations established by the National Health Security Office, etc.

2) Social Security – The Hospital provides services under social security entitlements and the Hospital will receive treatment expenses from the Social Security Office based on the conditions specified by the Social Security Office.

(2) Food, Agricultural and Medicinal Product Analysis, Testing and Research Service

AMARC is engaged in the business of performing laboratory analysis research classified by laboratory service capacity as follows: (a) fresh food and processed food product analysis, agricultural, animal husbandry and fishery product testing with microorganism and contaminant test/research capacity, chemical analysis including analysis for physical contaminants of the aforementioned products for service recipients to use findings for various

objectives such as import or export permission requests in addition to requests for various quality certificates, etc.; (b) pharmaceutical analyses such as tests for compounds in drugs or contaminants; (c) medical analysis to providing findings from analysis of patients' symptoms as a key factor for correct and accurate treatment and (d) measuring device calibration services to support accurate calibration results for devices such as weighing machines and thermometers, etc.

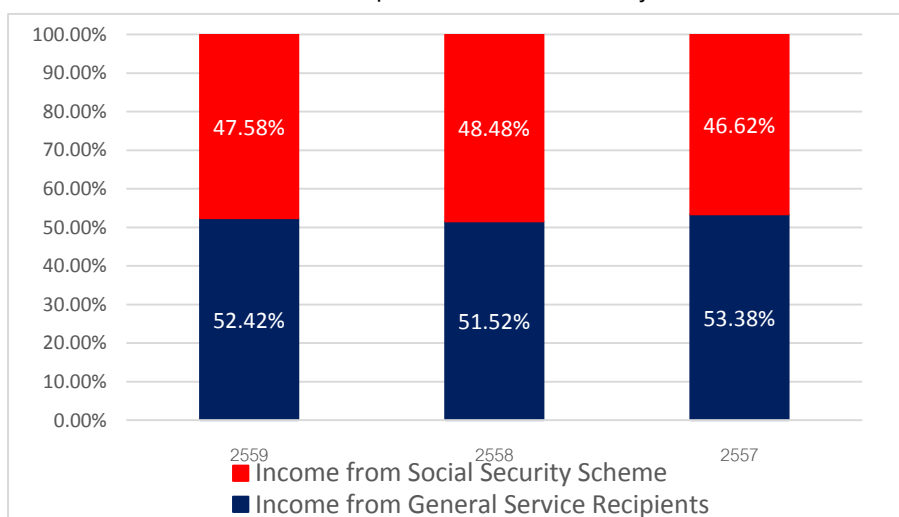
(3) The Business of Supporting Medical Services and Business Development

The business of supporting medical services and business development is operated by ABMC, a subsidiary in which the Company holds 99.99 percent of registered and paid-up capital. This business supports the Hospital's work and business development in the Company and its subsidiaries with the objective to operate and provide services in support of the Hospital's medical statistics work by employing experts to prepare treatment statistics for social security patients. Furthermore, ABMC also provides support services for the Hospital's legal work by providing legal consultation, pressing charges and following-up to collect debts, etc., along with providing support in management work and business management. ABMC employed personnel with appropriate qualifications to perform the duty of providing consultation and participating in business management and development, making plans and setting business policies for the Company and its subsidiaries.

Income Structure

Income	Operated By	2016		2015		2014	
		MB.	%	MB.	%	MB.	%
1. Treatment Income	LPH	1,213.16	89.01	1,145.71	91.24	1,044.08	91.86
- Personal Payment and Other Income		635.88	46.66	590.27	47.01	557.37	49.04
- Social Security Scheme Income		577.28	42.36	555.44	44.23	486.71	42.82
2. Service Income	AMARC	115.32	8.46	98.40	7.83	84.40	7.43
- Analysis Income		115.32	8.46	98.40	7.83	84.40	7.43
3. Other Income		34.44	2.53	11.59	0.93	8.09	0.71
- รายได้จากเงินลงทุนสุทธิของกองทุนส่วนบุคคล		21.94	1.61	-	-	-	-
- Rent Payments		5.33	0.39	4.61	0.37	4.15	0.36
- Other		7.17	0.53	6.98	0.56	3.94	0.35
รวม		1,362.92	100.00	1,255.70	100.00	1,136.57	100.00

Ratio of General Service Recipient and Social Security Income to Total Income



3. Risk Factors

The risk factors in the Company's business operations can be categorized as follows:

3.1 Strategic Risks

3.1.1 Risks from Competition in the Private Hospital Business

Currently medical service businesses are likely to be in high competition including quality of medical treatment & services, location wise, and pricing of among private hospitals. Regarding the risks associated with such rivalry. Those factors thus drives the Company to make effort to satisfy & build customer loyalty and gain competitive advantage striving for achieving the sustainable growth by offering better efficient services, emphasizing on high-ages patients, implementing advanced and high standard technology medical equipment, and serving with experienced physicians and staff as Excellence Center.

3.1.2 Investment Expansion Risk

According to the change of plan in utilizing the new established building as the Excellent Center instead of Social Security Service Center aimed to serve elderly and ones needed special care, caused the construction delay off what had formerly planned. The building structure and facilities have to be more to be modernized with safety design to be in lines with the new strategy. The construction work is expected to complete and ready for soft opening in the 2nd quarter. Full operating scale is planned to be in the third quarter of this year.

Meanwhile, the investment in Ladprao Lamlukka Hospital is well going by plan of which currently on process of building and facilities blueprint for the official submission that aimed to start the construction in early 2018.

3.1.3 Government Health Policy, Regulations, and Standard Risks

Currently, revenues from social security medical program have been relatively high, thus the Company may be at risk to be affected by the change of official insurance scheme. However, the management believes that the social security is the country-based system and is perceived to be quite stable. However, the management has considered setting up the policy for an appropriate reserve for doubtful account closely monitored the change of official policy through various channels including through the Hospitals Association for Development of Social Security.

3.1.4 Interest Rate Risks

The Company and its subsidiaries are exposed to interest rate risk relates primarily to its cash at banks and some parts of bank overdrafts facility. The Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market. However, the management believed that the future fluctuation on market interest rate would not significantly affect their operations and/or cash activities, therefore no financial derivatives was adopted to manage such risks.

3.2 Operation Risks

3.2.1 Medical Personnel Shortage Risks

According to the nature of hospital business which has much relied on high quality health care personnel in various specialized fields, then the Company may possibly face a shortage of qualified medical specialists and health care personnel especially specialty fields in the future.

Therefore, the Company has set the policy aimed to reduce such risks by providing attractive and competitive remuneration benefit package, offering grants and special contractual benefits to target specialists, and developing unblemished employee evaluation process via performance base.

3.2.2 Risks of being lawsuits

Businesses engaged in providing medical services have practically involved risk of being sued by either patients or groups of patients' relatives due to their unsatisfaction of the standard of services or treatment. The Company has realized such those risk factors when conducting business. It has been committed to enhance the standards of treatment process and also evaluate and continuously fulfill customer satisfaction through the quality improvement program. These proactive actions would assist to lessen risks of being lawsuits. As of December 31, 2016 the Company has had no legal dispute case that would significantly affect the Company's business which is neither able to quantify nor affect against the Company's assets of assessed value in excess of 5 percent of shareholders' equity.

3.3 Financial Risks

3.3.1 The Risk Associated With Uncertain Receivable

The general practice and ethic for providing medical treatment and service to patients, excluding of Social security scheme, has to be at first without attention on prepaid or deposit. The Company may then face risks of being unable to collect parts or all medical bills after completion of such services.

Thus, the Company has set the policy to progressively notify patients on the incurred costs of treatment and service during their admission and also has a receivable management unit to monitor, prevent, and minimize such risks as well as expedite the collection or even work altogether with them to solve any collectible problems.

4. Properties Used in Business Operations

As of 31 December 2016, the Company and its subsidiaries had the following primary properties used in business operations:

Assets	Accounting Value (Million Baht)	Ownership	Obligations
Land, Buildings and Equipment	949.21	Company	None
Land	147.66	Company	None
Buildings and Modifications	386.47	Company	None
Medical Equipment and Instruments	237.72	Company	None
Office Equipment and Instruments	23.63	Company	None
Vehicles	9.41	Company	None
Structures on Lease Rights	10.91	Company	None
Works Under Construction	133.41	Company	None
Real-Estate for Investment	74.48	Company	None
Land Lease Rights	20.40	Lease Rights	10 – 30 Years
Intangible Assets	36.26	Company	None

Details on Land and Buildings Used in Business Operations

Property Details	Utilization Characteristics	Ownership	Obligations
1. Land			
1.1 Land Title Deeds No. 28794, 28795, 28804, 28805 and 28806 located at Wangthonglang, Bangkok, with the area of 1-2-5 rai.	Ladprao General Hospital Building Location (Building 1)	Company	None
1.2 Land Title Deeds No. 28790, 28791, 28802, 134716 and 148730 located at Wangthonglang, Bangkok, with the area of 0-3-14rai	Specialty Medical Center Building Location (Building 2)	Company	None
1.3 Land Title Deeds No. 8178 – 8180 and 39324 located at Wangthonglang, Bangkok, with the area of 1-3-13rai	Ladprao General Hospital Dormitory Location (Building 1)	Company	None
1.4 Land Title Deeds No. 7022, 239799-239802 located at Wangthonglang, Bangkok, with the area of 0-3-45 rai	Rental Building Location. The building is currently rented by two tenants, namely, AMARC (a subsidiary) and Siam Commercial Bank.	Company	None

Property Details	Utilization Characteristics	Ownership	Obligations
2. Buildings and Modifications			
2.1 Building and modifications for Ladprao General Hospital (Building 1) with 15 floors and the area of 19,412 square meters.	Business Operation Facility	Company	None
2.2 Hospital building and modifications (specialty medical centers – Building 2) with six floors and the area of 5,176 square meters.	Business Operation Facility	Company	None
2.3 Modifications to Building No. 2687, Ladprao Rd. (Building 4).	Business Operation Facility with Part of the Area Leased by ABMC (A Subsidiary)	Company	None
2.4 Dormitory building and modifications. A residential building with seven floors and the area of 5,015 square meters.	Business Operation Facility	Company	None
2.5 The Asia Medical and Agricultural Research Center Building with five floors and the area of 4,796.40 square meters (including building and public utility systems)	Rented Out	Company	None

Real-Estate for Investment

Property Details	Utilization Characteristics	Ownership	Obligations
1. Land Land Title Deeds No. 8277 – 8281, 8818, 133603 and 138160, Wangthonglang, Bangkok, with the area of 4-1-42rai.	Rented out to be the location and service section for a language teaching school.	Company	None
2. Land, Modifications and Sports Field Land Title Deeds No. 6607, 8275, 8276, 8817, 108966, 16641, 20754, 34238 – 34245, Wangthonglang, Bangkok, with the area of 6-2-59rai.	Development project being studied.		

Land Lease Rights

Type of Property with Land Lease Rights	Utilization Objectives	Contract Parties	Significant Contract Contents
<p>1. Land</p> <p>Land Title Deeds No. 24210 – 24211</p> <p>located at Wangthonglang, Bangkok, with the area of 1-1-18 rai.</p> <p>(formerly used as a parking service section).</p>	<p>New Medical Center</p> <p>Construction Site (Expansion)</p>	<p>1. Mr. Chawalit Sensatian</p> <p>2. Mr. Prasert Sensatian</p> <p>3. Mrs. La-iad Sensatian</p> <p>4. Mrs. La-uab Makaew</p>	<p>Lease begins on 1 April 2013 with the lease period of 20 years and ends on 31 March 2033 with the following lease payment specifications.</p> <p>- Lease payment from 1 April 2013 to 31 March 2023 at 447,368.42 baht per year.</p> <p>- Lease payment from 1 April 2023 to 31 March 2033 at 492,105.26 baht per year.</p> <p>Remarks: The company has extended the land lease duration by an additional ten years for a total of 30 years (lease ends on 31 March 2043) according to the lease dated 31 August 2013.</p>
<p>2. Land</p> <p>2.1 Land Title Deeds No. 24214 – 24215 located at Wangthonglang, Bangkok, with the area of 1-1-98 rai.</p> <p>2.2 Land Title Deed No. 24213 located at Wang Thong Lang, BangKapi,</p>	<p>Parking Space for Medical Facility Service Recipients</p>	<p>Mrs. Sunee Sensatian</p>	<p>- Lease begins on 1 January 2014 for a period of ten years and ends on 31 December 2023 with the specified lease payment of 490,989.47 baht per year.</p>

Type of Property with Land Lease Rights	Utilization Objectives	Contract Parties	Significant Contract Contents
Bangkok, with the area of 1-0-56rai.			- Lease begins on 1 January 2014 for a period of ten years and ends on 31 December 2023 with the specified lease payment of 374,400 baht per year.
3. Land Land Title Deeds No. 210279 – 24212 located at Wang Thong Lang, BangKapi, Bangkok, with the area of 1-0-33 rai	Parking Space for Medical Facility Service Recipients	1. Mr. Usah Sensatian. 2. Mrs. La-o Hanafée. 3. Mrs. Supaporn Onwan 4. Miss. Wareeporn Sensatian	Lease begins on 1 January 2014 for a period of ten years and ends on 31 December 2023 with the specified lease payment of 355,515.79 baht per year

Intangible Assets

Property Details	Utilization Characteristics	Ownership	Obligations
1. Computer Programs	Business Operation	The Company and AMARC	None
2. Computer Network	Business Operation	The Company	None
3. Computer Programs Being Installed	Business Operation	The Company	None
4. Testing Certification Standard Mark	Business Operation	AMARC	None
5. Testing Standard Mark Being Considered	Business Operation	AMARC	None

6. Legal Disputes

As of 31 December 2016, the Company and its subsidiaries have no legal disputes in which the Company was a litigant or contender with potential to damage the Company at more than five percent of shareholders' equity and the Company has no other legal disputes which may cause significant impact on business operations.

7. General Information and Other Significant Information

Company Name	Ladprao General Hospital Public Company Limited (The Company)
Company Name (English)	Ladprao General Hospital Public Company Limited (LPH)
Business Type	Private medical facility business which admits patients for overnight stays under the name of Ladprao General Hospital
Company Registration No.	0107536000161
Main Office Location	2699, Ladprao Rd., KlongchaokunSsng, Wangthonglang, Bangkok, 10310
Tel.	02-530-2244, 02-530-2556-69
Fax.	02-539-8490
Home Page	http://www.Ladpraohospital.com
E-mail Address	Ladprao@Ladpraohospital.com
Registered Capital	375,000,000 baht (three hundred and seventy-five million baht)
Paid-Up Capital	375,000,000 baht (three hundred and seventy-five million baht)
Common Shares	750,000,000 shares (seven hundred and fifty million shares)
Par Value	0.50 baht per share
Securities Registrar	Thai Securities Depository Company Limited, 93, Stock Exchange of Thailand Building, Ratchadaphisek, Dindaeng, Dindaeng, Bangkok, 10400, Tel: 02-009-9000, Fax: 02-009-9991
Auditor	Dharmniti Auditing Co., Ltd., 178 Soi Permsap (Prachachuen 20) Prachachuen Road, Bang Sue, Bangkok, 10800, Tel: 02-555-0600, Fax: 02-555-0664